

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

BOP/51

4 October 1965

Limited Distribution

Committee on Balance-of-Payments Restrictions

Original: English

1965 CONSULTATION UNDER ARTICLE XII:4(b) WITH

F I N L A N D

Basic Document for the Consultation¹

1. Legal and administrative basis of the restrictions

The statutory basis of Finland's import controls is the Act of 19 May 1961. Under this Act, the Government is authorized to regulate the export and import of all types of merchandise. The Act is implemented by Cabinet decrees which, in certain cases, must be approved by Parliament.

A Cabinet Decree of 30 December 1961, as most recently amended by a Cabinet Decree of 30 July 1965, specifies that the importer shall, when importing commodities, produce an import licence issued by the Licensing Office. Commodities other than those set out in the list annexed to the Decree are, however, allowed to be imported without licence provided that they originate in and are purchased from any of the countries enumerated in the list referred to above. This Decree, and the Act of 19 May 1961 together with another Decree of 30 December 1961, which defines the functions of the Licensing Office, set out the basic regulations for the control of imports.

The import controls are operated by the Licensing Office which is administratively under the Ministry of Commerce and Industry. The Licensing Office is supervised by a Board of Directors, composed of a Director, a representative of the Bank of Finland, one of the Foreign Ministry, one of the Ministry of Commerce and Industry and one of the Ministry of Agriculture. The Office is divided into five divisions, viz: general administration, export, chemicals (import), textiles (import) and machinery and electrical equipment (import).

The Bank of Finland operates the foreign exchange control and supplies the Licensing Office with information or directives concerning the availability of foreign currency for import purposes.

The Licensing Office decides the use of the amounts of foreign currency which have been allotted by the Bank of Finland, taking also into consideration the commitments undertaken in trade agreements.

¹Material supplied by the Government of Finland.

The Licensing Office ensures the publication of information concerning the granting of licences; for example, all licensing programmes drawn up by the Board must be made known to the importers. Further, a list of the licences granted is published indicating the date of the decision, the type of goods licensed, the amount of foreign currency allotted, the exporting country and the names of the firms or persons to whom the licences were issued. Whenever an application is refused the reasons must be stated and made known to the applicant.

When applying for a licence the importer is required to furnish information on delivery and payment conditions, etc. Applications relating to imports of ships and major machinery must, in addition, be accompanied by a plan for the financing of the purchase, which is to be approved by the Bank of Finland.

2/3. Methods used in restricting imports and treatment of imports from different sources

Under the current import control policy, imports are admitted under the following procedures: (a) free importation, (b) global quotas, (c) licensing under bilateral agreements, (d) discretionary licensing, and (e) imports from "other countries".

(a) Free importation

All imports except those mentioned in the global quota list or appearing on the list of items subject to discretionary licensing, both of 1 January 1965¹, which together constitute the Finnish negative list, are admitted without licence when imported from countries to which the multilateral system is applicable. As of 1 January 1965, the same benefits were unilaterally extended to cover also Albania, United Arab Republic, Cuba and as of 1 August 1965 Israel. Effective from 1 January 1965 and of 1 August 1965, the multilateral import system of Finland is, at present, applicable to more than a hundred countries and almost a hundred territories (see Annex).

According to the provisions of the "Helsinki Protocol" of 1 January 1965 Finland is under obligation to maintain the level of liberalization of imports originating in the countries which are signatories to it on an average rate of at least 80 per cent against the imports in 1954. Effective from 1 August 1965, the scope of the free importation system was extended to cover a number of new commodities.² Imports to the value of 47 million marks based on the 1964 f.c.b.-import figures and covering seventy-one tariff headings and sub-headings were liberalized.

¹One copy of the document "Importation System in Finland" has been sent to each contracting party directly by the Finnish authorities.

²The details of these changes are included in documents L/2468 and L/2468/Corr.1 dated 18 August 1965 and 31 August 1965 respectively.

(b) Global quotas

Imports under global quotas are subject to licensing and are allowed from countries to which the multilateral import treatment is applicable. The importers may opt, within their respective shares, which are calculated by the licensing authorities on the basis of their previous imports, between the commodities included in the global quotas. The importer may also at discretion select the country of purchase among the countries to which multilateral import treatment is applicable.

(c) Bilateral agreements

Trade between Finland and Bulgaria, Colombia, Czechoslovakia, German Democratic Republic, Greece, Hungary, the People's Republic of China, Poland, Rumania and the USSR is based on bilateral trade and payments agreements. Imports from the above-mentioned countries are subject to licensing. The agreements, with the exception of that with Greece, are of a rigid bilateral type with swing credit margins, and trade and payments are conducted on a fairly strict basis in accordance with quota and clearing provisions. The payments agreement with Greece, without any fixed commodity quota list being attached to it and with settlement of clearing balance at regular intervals, is considered a step towards multilateralism. The agreement with Colombia covers only Finnish imports of coffee while all other imports are paid in convertible currency.

(d) Imports subject to discretionary licensing

Products appearing on the discretionary licensing list (see under (a) above) are subject to discretionary licensing. The general policy is to consider individually the applications for licences on their own merits. In addition to taking into account global bilateral quota allocations, the Licensing Office takes account of the availability of the currency needed as well as the essentiality, price and quality of the product concerned. In the allocation of licences among importers, account is taken of their past imports and the past record of the importers as to the price and quality of their imports. The general policy has been to reduce the number of commodities in the discretionary licensing category and to include them in global quotas or in the free importation list.

(e) Imports from "other countries"

Licences for imports from other countries not included in the multilateral import treatment or in bilateral quota arrangements are considered in the light of the availability of foreign exchange, essentiality and relative prices.

The period of validity of the import licence corresponds in **general** to the delivery time, provided that the payment conditions are acceptable to the Finnish authorities.

A licence fee is charged as a contribution for covering administrative costs. The charge is fixed at 3.00 or 15.00 marks (approximately US\$0.95 or US\$4.70) for every licence application, depending on whether the value of the imported goods is less or over 100.00 marks.

4. Commodities or groups of commodities affected by various forms of restrictions

The following table presents the actual imports in 1963 and 1964.

	Million marks		Per cent of total imports		Per cent of imports from free list countries	
	<u>1963</u>	<u>1964</u>	<u>1963</u>	<u>1964</u>	<u>1963</u>	<u>1964</u>
Total imports	<u>3,867</u>	<u>4,816</u>	<u>100</u>	<u>100</u>	.	.
Imports from free list countries	2,971	3,668	76.8	76.2	100	100
- imports admitted without licence	2,264	2,827	58.6	58.7	76.2	77.1
- imports under global quotas	566	704	14.6	14.6	19.1	19.2
- imports under discretionary licensing	141	137	3.6	2.9	4.7	3.7

The global quota programme for 1965 amounts to 492 million marks and as of 1 August 1965 498 million marks, while the corresponding figure for 1964 was 402 million marks.

5. Imports under State trading

The State Granary, which is governed by the Acts of 30 December 1961 and 27 July 1962, which replace the Act of 26 October 1951, is responsible for the purchase and storage of grain. Its purpose is to maintain stability in the domestic market and to fulfil certain functions in the field of agricultural policy. The State Granary is the sole agency for the import of wheat, rye, barley, oats and products thereof intended for human consumption. This, however, does not cover seed grain or malt barley or imports of grain in quantities under 50 kgs.

The manufacture, trade and consumption of alcoholic beverages are regulated by the Act of 2 February 1932. The exclusive right to import these products belongs to a State-owned company which carries on trade according to free market principles, within the limitations imposed by considerations of public order and the balance-of-payments position.

Imports on Government account represent a very small fraction of Finland's total imports.

6. Measures taken in the last year in relaxing or otherwise modifying restrictions

Since the last consultation with the CONTRACTING PARTIES in October 1964 the following changes and modifications in restrictions have taken place:

- (i) As stated under 2/3 (a) above, the scope of the free importation system was extended, effective from 1 August 1965, to cover a number of new commodities to the value of 47 million marks based on the 1964 f.o.b.-import figures and relating to some seventy-one tariff headings and sub-headings. (See document L/2468 and Corr.1.) The global quota programme as of 1 January 1965 consists of fifty-three and as of 1 August 1965 of forty-nine global quotas against fifty-two quotas in 1964. The global quotas have been increased in 1965 compared with 1964 on the average by 27 per cent, the increase of the individual quotas varying between 20 and 60 per cent.
- (ii) The multilateral import treatment area has been enlarged by the inclusion of Albania, United Arab Republic, Cuba and Israel.

7. Effects on trade and general policy in the use of restrictions for balance-of-payments reasons

Statistical evidence is not available regarding protection to domestic industries which may have resulted from import restrictions maintained for balance-of-payments reasons. Although a degree of unintentional protection cannot be excluded, in certain instances the information which is available shows continuous efforts by Finnish industries to face, by means of rationalization, the general trend towards liberalization and competition implied in the above-mentioned measures and in Finland's association with EFTA. It is the declared policy of the Finnish Government to proceed, within the limits of the balance-of-payments position, with the removal of all import restrictions. Imports still subject to discretionary licensing are, as previously, administered with a view to avoid undue protection and discrimination.

ANNEX

List of countries and Territories
to which the Multilateral
Import Treatment is Applied

ANNEX

List of Countries and Territories to
which the Multilateral Import Treatment is Applied

Afghanistan
Albania
Algeria
Andorra
Argentina
Australia
 Christmas Islands
 Cocos Islands
 Norfolk Islands
 Papua
 The southern islands of Australia
 Trust territories of Nauru and New Guinea
Austria
Belgo-Luxemburg Economic Union
Bhutan
Bolivia
Brazil¹
Burma
Burundi
Cambodia
Cameroon
Canada
Central African Republic
Ceylon
Chad
Chile
 Easter Island
 Juan Fernandez Islands
Congo (Brazzaville)
Congo (Léopoldville)
Costa Rica
Cuba
Cyprus
Dahomey
Denmark
 The Farøe Islands
 Greenland
Dominican Republic
Ecuador
Galapagos Islands
El Salvador
Ethiopia and Eritrea
Federal Republic of Germany

¹ Only direct imports from Brazil are accepted. Respective payments have to be made directly to Brazil.

France

Comoro Islands (Anjouan, Mayotte and Moheli)
French Antilles (Guadeloupe, Martinique and the French part of the
Island of St. Martin)
French Polynesia
French Somalicoast
French southern islands in the Indian Ocean
Guiana
New Caledonia
New Hebrides
Saint-Pierre and Miquelon
Réunion

Gabon

Ghana

Great Britain and Northern Ireland

Ascension
Other territories in Arabia apart from Saudi Arabia, Yemen, Kuwait,
Muscat and Oman
Bahrain Islands
Bahama Islands
Basutoland
Bechuanaland
Bermuda
British Guiana
British Honduras
British Pacific Islands
British West Indies (Antigua, Barbados, Dominica, Granada, Montserrat,
St. Kitts-Nevis, St. Lucia, St. Vincent)
Brunei
Falkland Islands
Rhodesia
Fiji Islands
Gambia
Gibraltar
Hong Kong
Labuan
Maldives Islands
Mauritius, Rodriguez and Diego Garcia
New Hebrides
Qatar
Seychelles and Amirantes Islands
South Arabian Federation (Aden, Hadramaut, Kamaran, Perim, Socotra and
Kuria-Muria)
St. Helena
Swaziland
Tonga
Tristan da Cunha
Virgin Islands

Guatemala
Guinea
Haiti
Honduras
Iceland
India
 Union territories (Sikkim etc.)
Indonesia
Iran
Iraq
Ireland
Israel
Italy
Ivory Coast
Jamaica
Japan
Jordan
Kenya
Kuwait
Laos
Lebanon
Liberia
Libya
Malagasy Republic
Malawi
Malaysia (Malaya, Sabah and Sarawak)
Mali
Malta
Mauretania
Mexico
Monaco
Morocco
Muscat and Oman
Nepal
Netherlands
 Netherlands' Antilles (Aruba, Bonaire, Curaçao, Saba, St. Eustatius
 and the Netherlands' part of the Island of St. Martin)
 Surinam
New Zealand
 Chatham Islands
 Stewart Island
 Other outlying islands and Pacific Islands
Nicaragua
Niger
Nigeria
Norway
 Bouvet Island
 Jan Mayen
 Peter I Island
 Spitsbergen

Pakistan
Panama
Paraguay
Peru
Philippines
Portugal
 Angola
 Azores
 Cabinda-Landava
 Cape Verde Islands
 Macao
 Madeira
 Mosambique
 Portuguese Guinea (Bissagos and Bolama)
 Portuguese Timor
 Sao Thomé and Principe Islands
Rwanda
San Marino
Saudi Arabia
Senegal
Sierra Leone
Singapore
Somali
South Africa, Republic of
 South-West Africa
 Prince-Edward's Islands
Spain
 The Balearic Islands and Pine Islands
 The Canaries
 Spanish Africa (Ceuta, Ifni, Melilla, Spanish Sahara (Rio de Oro),
 Spanish Guinea (Rio Muni) and Fernando Poo)
Sudan
Sweden
Switzerland and Lichtenstein
Syria
Tanzania
Thailand
Togo
Trinidad and Tobago
Tunisia
Turkey*
Uganda
United Arab Republic
United States of America
 American Samoa
 Canal Zone
 Canton and Enderbury Islands
 Caroline Islands
 Howland and Baker Islands

*Negotiations, to include Turkey in the Multilateral Import Treatment, are still in progress.

Jarvis Islands
Johnston Islands
Kure Island
Mariana Islands
Marshall Islands
Midway Islands
Palmyra Island and Kingman Reef
Puerto Rico
Other trust territories in the Pacific
Swains Island
Virgin Islands of the United States
Wake Islands
Upper Volta
Uruguay
Venezuela
Western Samoa
Zambia
Yemen
Yugoslavia