

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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Committee on Balance-of-Payments Restrictions

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Basic Document for the Consultation

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 December 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 annex to this paper. 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 Trade and Industry. The Licensing Office is supervised by a Board of Directors, composed of a Director, and one representative each of the Bank of Finland, the Foreign Ministry, the Ministry of Trade and Industry and 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 about the use of foreign currency allotted by the Bank of Finland, taking into consideration also the commitments made in trade agreements.

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 and other relevant information. 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 1966¹, which together constitute the Finnish negative list, are admitted without licence provided that the country of purchase and that of origin are included in the list of countries to which the multilateral import treatment is applied. The same import treatment was extended as from 1 August 1966, to cover also Greece, and it will be applied to Turkey as from 1 October 1966. The multilateral import system of Finland is, at present, applicable to 113 countries and to more than one hundred territories (see annex).

According to the provisions of the "Helsinki Protocol" of 1 January 1966, Finland is under obligation to maintain the level of liberalization of imports, originating in the countries which are signatories to it, on an average level of at least 80 per cent of the imports in 1954. Effective as from 1 January 1966, the scope of the free import system was extended to cover a number of new commodities.² Imports to the value of 57 million marks based on the 1964 f.o.b. import figures and covering 220 tariff headings and sub-headings were liberalized.

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

²The details of these changes are included in document L/2559 dated 23 February 1966.

Imports from the Soviet Union with the exception of commodities appearing on a separate negative list¹ are free of licence as from 1 January 1966 until further notice, provided that the country of purchase and that of origin is the same.

Imports of a large number of commodities² from the other so-called bilateral countries listed under 2/3(c) below, are free of licence equally as from 1 January 1966 until further notice, provided that payments shall be effected as stipulated in the respective payments agreements and that the country of purchase and that of origin is the same.

(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 each global quota. The importer may also at discretion select the country of purchase among these so-called multilateral countries.

(c) Bilateral agreements

Trade between Finland and Bulgaria, Colombia, Czechoslovakia, the German Democratic Republic, 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 with the exception of the free importation as specified above under 2/3(a). The agreements are of the bilateral type with swing credit margins, the trade and payments are conducted in accordance with quota and clearing provisions. 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 the applications individually 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. When allocating licences among importers,

¹The details of this negative list are given in the "Import System of Finland".

²Listed in the "Import System of Finland".

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 arrangements are considered in the light of the availability of foreign exchange, essentiality and relative prices of the products concerned.

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 towards covering administrative costs. The charge is fixed at 3 or 15 marks (approximately US\$0.95 or US\$4.70) for every licence application, depending on whether the value of the imported goods is under or over 100 marks.

4. Commodities or groups of commodities affected by various forms of restrictions when imported from countries under multilateral import treatment

The following table presents the actual imports in 1964 and 1965..

	Million marks c.i.f.		Per cent of total imports		Per cent of imports from free-list countries	
	1965	1964	1965	1964	1965	1964
Total imports	<u>5,267</u>	<u>4,816</u>	<u>100</u>	<u>100</u>		
Imports under multi- lateral import treatment	4,205	3,669	79.8	76.2	100	100
- imports admitted without licence	3,312	2,827	62.9	58.7	78.8	77.1
- imports under global quotas	764	704	14.5	14.6	18.2	19.2
- imports under discretionary licensing	129	138	2.4	2.9	3.0	3.7

5. Imports under State trading

The State Granary, which is governed by the Acts of 30 December 1961 and 27 July 1962, 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 trades according to free market principles, within the limitations imposed by considerations of public order.

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

6. Measures taken in the last year to relax or otherwise modify restrictions

Since the last consultation with the CONTRACTING PARTIES in November 1965 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 as from 1 January 1966, to cover a number of new commodities to the value of 57 million marks based on the 1964 f.o.b. import figures and relating to 220 tariff headings and sub-headings (see document L/2559). The global quota programme for 1966 consists of thirty-four global quotas against forty-nine in 1965 and amounts to 483 million marks and to 486 million marks as from 1 August 1966, while the corresponding figure for 1965 was 498 million marks. The smaller amount of the programme reflects the fact that various goods covered by global quotas in 1965 have been transferred to the free list as from 1 January 1966. The existing global quotas have been increased in 1966 compared with 1965 on the average by 24 per cent.
- (ii) The multilateral import treatment area has been extended through the inclusion of Greece and Turkey.

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 that may have resulted from import restrictions maintained for balance-of-payments reasons. Although a certain degree of unintentional

protection cannot be excluded, in some instances the available information shows that Finnish industries continue to make an effort, by means of rationalization, to cope with the general trend towards liberalization and competition implicit in the above-mentioned measures and in Finland's association with the European Free Trade Association. 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 avoiding undue protection and discrimination.

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 Fernández Islands
Congo (Brazzaville)
Congo, Democratic Republic of
Costa Rica
Cuba
Cyprus
Dahomey
Denmark
 Faroe Islands
 Greenland
Dominican Republic

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

Ecuador
Galapagos Islands
El Salvador
Ethiopia and Eritrea
Federal Republic of Germany
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
Gambia
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
Fiji Islands
Gibraltar
Hong Kong
Labuan
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
Swasiland
Tonga
Tristan da Cunha
Virgin Islands
Greece
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)
Maldivé Islands
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
 Spitzbergen
Pakistan
Panama
Paraguay
Peru
Philippines
Portugal
 Angola
 Azores
 Cabinda-Landava
 Cape Verde Islands
 Macao
 Madcira
 Mozambique
 Portuguese Guinea (Bissagos and Bolama)
 Portuguese Timor
 São Thomé and Príncipe 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 Póo)
Sudan
Sweden
Switzerland and Liechtenstein
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
 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 Island
Upper Volta
Uruguay
Venezuela
Western Samoa
Zambia
Yemen
Yugoslavia

