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GENERAL AGREEMENT ON
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1967 CONSULTATION UNDER ARTICLE XII:4(b) WITH FINLAND

Basic Document for the Consultation[1]

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 amended by Cabinet Decrees of 24 September 1965, and of 30 December 1966, specifies that the importer, when importing commodities, has to 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 country 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 under the administration of the Ministry of Trade and Industry. The Licensing Office is supervised by the Board of Directors, composed of a representative of the Ministry of Trade and Industry, one of the Bank of Finland, one of the Foreign Ministry, one of the Ministry of Agriculture and the Director of the Office. 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 instructions concerning the foreign currency available for import purposes.

The Licensing Office decides about the use of foreign currency allotted by the Bank of Finland, taking also into consideration the commitments made in trade agreements.

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[1] Material prepared by the Government of Finland.

The Licensing Office ensures that the informative publications concerning the granting of licences; for example, all licensing programmes drawn up by the Board will be made known to the importers. Further, a list of the granted licences 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 concerning imports of ships and major machinery must, in addition, be accompanied by a plan for financing the purchase, which has 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 1967[1], 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, with certain reservations, as from 1 July 1967, to cover also the Republic of Korea. The multilateral import system of Finland is, at present, applicable to 118 countries and to more than one hundred territories (see Annex).

According to the provisions of the "Helsinki Protocol" of 1 January 1967, 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 1967, the scope of the free import system was extended to cover a number of new commodities.[2] Imports to the value of Fmk 135 million based

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

[2] The details of these changes are included in document L/2750 dated 21 February 1967.

on the 1965 f.o.b. import figures and covering 131 tariff headings and sub-headings were liberalized.

Imports from the Soviet Union with the exception of commodities appearing on a separate negative list[1] 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. In 1966 imports admitted without licence from the Soviet Union amounted to about 38 per cent of total imports from this country.

Imports of a large number of commodities[2] 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 will be effected as stipulated in the respective payments agreements and that the country of purchase and that of origin is the same.

In 1966, imports without licence from the other bilateral countries were 40 per cent of total imports from these countries.

(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 those so-called multilateral countries.

(c) Bilateral agreements

Trade between Finland and Bulgaria, Colombia, Czechoslovakia, Eastern Germany, Hungary, Mainland 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, and 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. The Licensing Office

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

[2] Listed in the "Import System of Finland".

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, 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 now fixed from Fmk 5.00 to Fmk 85.00 (approximately from US$1.55 to US$26.40) for every licence application, depending on the value of the imported goods.

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 1965 and 1966.

	Fmk million c.i.f.		Per cent of total imports		Per cent of imports from free list countries	
	1965	1966	1965	1966	1965	1966
Total imports	5,265	5,524	100	100	-	-
Imports under multilateral import treatment	4,205	4,384	79.8	79.3	100	100
- imports admitted without licence	3,312	3,562	62.9	64.5	78.8	81.2
- imports under global quotas	764	634	14.5	11.5	18.2	14.5
- imports under discretionary licensing	129	183	2.4	3.3	3.0	4.2

5. Imports under State trading

The State Granary, which is governed according to 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 1966 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 1967, to cover a number of new commodities to the value of Fmk 135 million based on the 1965 f.o.b. import figures and relating to 131 tariff headings and sub-headings (see document L/2750). The global quota programme for 1967 consists of twenty-one global quotas against thirty-four in 1966, and amounts to Fmk 382.5 million, while the corresponding figure for 1966 was Fmk 486.4 million. The smaller amount of the programme reflects the fact that various goods covered by global quotas in 1966 have been transferred to the free list as from 1 January 1967. The existing global quotas have been increased in 1967 compared with 1966 on the average by 23 per cent.

(ii) The multilateral import treatment area has been extended through the inclusion of the Republic of Korea.

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 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 avoid 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
Barbados
Belgo-Luxemburg Economic Union
Bhutan
Bolivia
Botswana
Brazil[1]
Burma
Burundi
Cambodia
Cameroon
Canada
Central African Republic
Ceylon
Chad
Chile
  Easter Island
  Juan Fernández Islands
Congo (Brazzaville)
Congo, Dem. Rep. of
Costa Rica
Cuba
Cyprus
Dahomey

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

Denmark
  Faroe Islands
  Greenland
Dominican Republic
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 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
  Bahama Islands
  Bahrain Islands
  Bermuda
  British Honduras
  British Pacific Islands
  British West Indies (Antigua, Dominica, Granada, Montserrat, St. Kitts-Nevis, St. Lucia, St. Vincent)
  Brunei
  Falkland Islands
  Fiji Islands
  Gibraltar
  Hong Kong
  Labuan
  Mauritius, Rodriquez and Diego Garcia
  New Hebrides
  Quatar
  Seychelles and Amirantes Islands
  South Arabian Federation (Aden, Hadramaut, Kamaran, Perim, Socotra and Kuria Muria)

St. Helena
Swaziland
Tonga
Tristan da Cunha
Virgin Islands
Greece
Guatemala
Guyana
Guinea
Haiti
Honduras
Iceland
India
Union territories (Sikkim etc.)
Indonesia
Iran
Iraq
Ireland
Israel
Italy
Ivory Coast
Jamaica
Japan
Jordan
Kenya
Korea (Republic of)
Kuwait
Laos
Lebanon
Lesotho
Liberia
Libya
Malagasy Republic
Malawi
Malaysia (Malaya, Sabah and Sarawak)
Maldive Islands
Mali
Malta
Mauritania
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
  Madeira
  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 Islands
Upper Volta
Uruguay
Venezuela
Western Samoa
Yemen
Yugoslavia
Zambia