

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

COM.TD/W/170/Add.1
17 October 1972

Limited Distribution

Committee on Trade and Development
Twenty-second Session
23 and 24 October 1972

Original: English

ACTION BY GOVERNMENTS RELEVANT TO THE PROVISIONS OF PART IV

Addendum

The following information has been received from the delegation of Finland in connexion with the implementation of Part IV.

For a small country like Finland, which has very limited resources, participation in the international division of labour is one of the basic elements in the policy of economic growth. Therefore, Finland has adopted a liberal trade policy. She has taken an active part in the liberalization of trade within the General Agreement on Tariffs and Trade, and the Finnish Government has expressed its willingness to contribute to the further dismantling of barriers to trade on a world-wide scale. Together with central organization of trade and industry, the Finnish authorities are striving to enlarge the trading possibilities between Finland and the developing countries and to further the mutual knowledge of trading possibilities.

It has become an established feature of Finnish trade policy not to treat the developing countries as trade partners on an equal footing, until they have reached a higher level of material development. This is reflected in certain elements of support and assistance also in the trade policy towards the developing countries.

1. Quantitative restrictions

(a) With a few exceptions, the developing countries are included in Finland's multilateral import-system. Thus no quantitative restrictions are imposed on imports from the developing countries apart from a few products - crude oil and certain agricultural products - where Finland is entitled in GATT to maintain import restrictions for balance-of-payment reasons. The trade subject to import restrictions makes up, however, for only some 5 per cent of the total multilateral imports of Finland, and even this means in most cases in practice only supervision of imports within the framework of licensing.

As regards agricultural products, Finland is still experiencing considerable difficulties in adjusting the levels of demand and supply without causing disturbances in other sectors of the Finnish economy. Therefore definite abolishment of the limitations does not seem possible in the foreseeable future.

2. Commodity agreements

Finland has supported the conclusion of international commodity agreements because such agreements seem to have a stabilizing effect on markets, prevent excessive price fluctuation as well as maintain and increase the export earnings of the developing countries and ensure mutually beneficial conditions of trade in these commodities. Finland has actively participated in the International Wheat Agreement, Coffee Agreement and Sugar Agreement, but not in the agreements in tin and olive oil as they are of lesser importance to her. Finland has, furthermore, together with the other Nordic countries, supported the efforts to conclude a Cocoa Agreement. She would also support negotiations for additional agreements, provided they will be of help in stabilizing markets, be of assistance to the developing countries by boosting their export earnings and that at least a major portion of the world trade of the commodity in question falls within the agreement. Finland is in principle prepared to consider in casu initiatives from individual countries or international organizations for negotiations in this field.

3. Tariffs: General System of Preferences. Kennedy round reductions. Other reductions.

Finland implemented her Generalized System of Preferences, comprising mainly industrial and some few agricultural products, on 1 January 1972. The Finnish GSP is based on duty-free entry for goods eligible for preferential treatment without any tariff quota or ceiling limitations. The list of beneficiary countries covers all those countries of the Group of 77 which are members of the United Nations. This makes 94 countries. The industrial products of BTN Chapters 25-99 are, with some exceptions, included in the GSP. The agricultural products of Chapters 1-24 receiving Finnish GSP treatment include fish and shrimp products, tropical fruits and berries, olives, peaches, plums, apricots, figs, cocoa and tobacco. The value of the imports to Finland in 1971 of products eligible for duty-free entry after the introduction of the GSP, was US\$88 million or about 63 per cent of the total Finnish imports from the developing countries included as beneficiaries in the Finnish GSP.

The Finnish GSP has been operative for too short a time to allow for a comprehensive evaluation of its effects and importance to the developing countries. In a number of cases, however, the GSP appears to boost imports from the developing countries by offering improved access to markets and thus also encouraging diversification efforts.

However, in order to benefit from the GSP it is of primary importance that all developing countries, on their part, take the administrative measures required to make the preferences eligible to them. As regards Finland, only twenty-eight developing countries had, by September 1972, completed the measures making the Finnish GSP operative for their part. The Government of Finland considers it important that effective information on the GSP will be spread also in the preference-giving countries. Finland has taken appropriate action in this respect.

The product coverage of the Finnish GSP, as well as the list of beneficiary countries, are preliminary and will probably be expanded taking into account also the principle of reasonable burden sharing between the preference-giving countries. Also, the simplification of the procedures preceding the application of the Finnish scheme has been taken under advisement, mainly to avoid possible accumulation of administrative difficulties.

On 1 January 1972, the last Kennedy Round tariff reduction was realized in Finland, including also products of interest to the developing countries.

As a consumption incentive the import charges for citrus fruits were lowered temporarily from 15 November 1971 to 30 June 1972.

(b) No changes influencing imports from the developing countries have been made during 1972 in the quantitative restrictions applied by Finland.

(c) Nothing to report.