

# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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## FUTURES MARKETS

### Memorandum of the Government of Sweden

The following memorandum commenting on the reference to Sweden in the note submitted by the International Chamber of Commerce and circulated in L/1318, has been received from the Swedish Government.

- "1. Facilities for international transactions in futures covering primary products exist as regards commodities which are regularly and to a greater extent subject to dealings on the Commodity Exchange. This applies to; inter alia, certain metals, such as silver, copper, lead and zinc, etc., wool and cotton; as well as to a number of agricultural products such as coffee, grain, oil-yielding plants, etc.
- "2. In Sweden the goods concerned are free-listed or, as regards certain controlled agricultural products, under ordinary conditions automatically granted licences. There are thus no obstacles to direct imports from the Commodity Exchanges.
- "3. According to regulations issued by the Bank of Sweden, the foreign exchange banks are not entitled to grant any advance payments in respect of commodity imports in excess of an amount of Sw.Cr. 50,000 without special authorization granted by the Bank of Sweden. Swedish firms are therefore, not in a position to participate in futures transactions, involving larger amounts, without previous authorization in each specific case from the Bank of Sweden. The Bank of Sweden is, however, adopting a liberal attitude when granting authorizations in respect of the type of transactions in futures, which are carried out by merchants who are normally dealing in the commodity in question, in order to protect themselves against price fluctuations and where the intention is to import the commodity at the end of the accounting period (so-called hedging). On the other hand, permission is in principle not granted for speculative dealings in cases where the participating trader intends to resell the commodity on the exchange.

"4. Apart from the restrictions in respect of foreign exchange transactions, which are administrated by the Bank of Sweden, there are in Sweden also obstacles to trading in futures in such agricultural products - grain etc. - as come within the agricultural control system, taking into account varying price-equalization charges and their effects on the system. There is, however, no formal ban on transactions in futures in commodities within the sphere of interest of the National Swedish Agricultural Marketing Board, and therefore, dealings in futures in, for instance, coffee, which is not covered by the agricultural control system - contrary to what has been stated in the communication from the International Chamber of Commerce - can be carried out without any other obstacles than those by the foreign exchange authorities.

"5. As far as Sweden is concerned there are relatively little business in futures, and then principally in metals. The obstacles still remaining in Sweden against dealings in futures in commodities are, however, insignificant compared with what is the case in other countries."