

# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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## STATE TRADING

### Notifications Pursuant to Article XVII:4(a)

#### Addendum

#### FINLAND

#### A. GRAIN

##### I. Enumeration of State-trading enterprises

For the part of grain (wheat, rye, oats, barley) the measures of the State meant in this connexion concern for the part of domestic production:

- (a) The balancing of production with the objective of a production level corresponding to self-sufficiency;
- (b) The balancing of demand and supply and also prices by means of purchasing and selling as well as stocking maintained by the State;
- (c) The protection of domestic production and the guaranteeing of the confirmed price level and sale to domestic production with regard to foreign products and price level.

The sale and price questions of domestic grain and also the protection of production are in the first place based on the following stipulations:

Law of promotion of the marketing of domestic grain, which gives special privileges to domestic grain with regard to foreign grain. Based on this law is e.g. stipulated the share of domestic grain in normal milling (in the crop year 1974-1975 it was 93 per cent for wheat, however, in practice it has been nowadays 100 per cent and the law on agricultural price level stipulates the support prices for wheat, rye, barley and oats. It is a duty of the State Granary by means of its purchases to maintain the confirmed prices.

The foreign trade of grain has in practice been concentrated on the State Granary. Imports and exports are also regulated by obligatory licensing and by import levies and export subsidies paid by the State.

## II. Reason and purpose for introducing and maintaining State-trading enterprises

The objectives of the measures can be divided as follows:

- (a) To protect domestic by means of regulating the imports and exports.

This is carried out through the monopoly of imports and exports by the State Granary (excluding importing of malting barley and seed grain) through licensing and import levies (barley 25 pennies/kg., oats 12 pennies/kg., rye and wheat free of import levies). After the decision given by the Government (29 December 1973) only the State Granary or a firm with a licence of the State Granary can export grain or grain products.

- (b) To compensate the price of grain products to consumers. This kind of system is valid inter alia for rye, where by means of so-called two-price system the price of rye bread and some other rye products is kept on a certain level. Most grain products have during the last few years been subject to price regulation.

- (c) The measures aiming at the maintenance of domestic producer price level are in the first place based on the laws concerning promotion of the marketing of domestic grain and the agricultural price level. The realization of the support of prices of wheat, rye, oats and barley established every crop year by the Government is supported by the purchases of the State Granary.

- (d) One of the measures which would provide security is to achieve a desirable reserve stock level for bread grain to domestic consumption and to international food-aid programmes as well as for seed and feed grain by building new storehouses and grain elevators.

- (e) The objective is not exporting of grain. Only in case of over supply the State Granary exports grain.

## III. Description of the functioning of the State-trading enterprises

- (a) The measures in question, as stated above, concern both imports and exports.

- (b) The import and export monopoly of grain has been concentrated on the State Granary. Private enterprises have, however, had a possibility to import seed grain and malting barley and also some small quantities of maize for industrial purposes.

(c) Export and import quantities are in the first place dictated by practical needs. The import quantity of wheat has been limited only to the import of wheat for certain special purposes, such as raw material for biscuit industry.

Export quantities are determined on the base of production and domestic consumption possibilities.

(d) Export and import prices are determined in accordance with the world price level.

The State Granary sells the imported grain to the industry at the domestic price level, with the exception of rye, which is sold at the import price. To keep the price level of rye products lower than the price of domestic rye the State pays mills subsidies for mixed domestic and imported rye used for milling.

(e) Long-term contracts have been made with the Soviet Union (five-year contracts and three-year contracts for exporting of Finnish wheat to Norway). Otherwise the import and export has taken place without long-term contracts.

#### IV. Statistical information

The statistics contain almost exclusively trade by the enterprises. An exception is import of barley, which is malting barley imported by industry (see Annex).

V. -----

VI. -----

ANNEXIV. Statistical InformationA. GRAINImport and Export of Grain and Domestic Production in  
the Years 1970-1972 According to the Customs Statistics

	Imports		Exports		Production
	Tons	US\$'000	Tons	US\$'000	Tons
<u>1970</u>					
Wheat	23,010	1,660	113,374	6,480	409,300
Rye	10,240	640	-	-	131,400
Barley	17,107	1,290	41	0	933,400
Oats	-	-	30,001	2,110	1,329,700
Maize	18,988	1,290	-	-	-
<u>1971</u>					
Wheat	23,614	1,809	23,835	1,614	443,400
Rye	19,820	1,318	-	-	131,800
Barley	11,673	1,207	-	-	1,054,200
Oats	-	-	66,927	4,276	1,423,700
Maize	14,224	1,081	-	-	-
<u>1972</u>					
Wheat	17,229	1,384	71,669	4,045	462,600
Rye	21,428	1,397	-	-	118,600
Barley	17,053	2,018	60,817	3,823	1,140,200
Oats	-	-	158,262	7,582	1,245,300
Maize	7,722	550	-	-	-