

GENERAL AGREEMENT ON
TARIFFS AND TRADE

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FINLAND - TEMPORARY SPECIAL IMPORT
LEVY AND IMPORT DEPOSITS

Import Deposits

Addendum

The following communication, dated 15 March 1976, has been received from the Permanent Mission of Finland.

With reference to my letter of 5 February 1976, concerning the Finnish import deposit scheme, I have the honour to inform you of the following:

On 24 March 1975 the Finnish Government introduced an import deposit system in order to redress a balance-of-payments situation which during 1974 and the first months of 1975 had grown increasingly difficult.

In spite of these efforts and although the import deposit system clearly has had a moderating effect upon the growth of imports, the trade deficit continued to increase in 1975. The trade deficit rose to Fmk 7.7 billion in 1975, whereas a year earlier it was Fmk 5 billion. The current account deficit reached Fmk 8.1 billion, compared with Fmk 4.6 billion in 1974.

The Government had originally intended to gradually relax the import deposit requirement and to terminate the system not later than on 24 March 1976. A gradual termination of the import deposit system according to the time-table originally envisaged has not, however, proved to be possible in view of the fact that export demand proved to be much weaker than expected and imports also exceeded the estimates. The termination of the system on 24 March 1976 would, furthermore, have led to an injection of liquidity on a scale that would cause difficulties for monetary policy.

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The Finnish Government have therefore decided to gradually abolish the import deposits according to the following schedule:

- (a) With respect to those commodities which at present attract a 20 per cent rate of deposit, the rate is reduced to 10 per cent on 16 March 1976 and the requirement is abolished on 1 July 1976;
- (b) with respect to commodities which at present attract a 10 per cent rate of deposit, the requirement is abolished on 1 July 1976;
- (c) with respect to commodities which at present attract a 30 per cent rate of deposit, the rate is reduced to 20 per cent on 1 October 1976, to 10 per cent on 16 November 1976, and the requirement is abolished altogether on 31 December 1976.

The 5 per cent import deposit requirement was abolished already on 15 February 1976.