

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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Special Distribution

WORKING PARTY 5 ON BALANCE-OF-PAYMENT IMPORT RESTRICTIONS

Statement by the Finnish Delegation

At the beginning of the year 1952 it could be stated that the exports of Finland, which in 1951 had amounted to about £ 290 million, would considerably decrease during the current year due to a marked deterioration on the world market for the main Finnish export products. Because of this there was effected a stocktaking of import licences in circulation which showed that licences for more than £ 150 million were still unused. As the total exports for the year 1952 at that time were estimated to be £ 225 million the outstanding licences represented the equivalent of 8 months' calculated export earnings.

Taking into consideration:-

- (a) that Finland has practically no other income in foreign exchange than the amounts earned by export of merchandise;
- (b) that the reserves of foreign exchange of the Bank of Finland have continually been very moderate owing to the Bank's policy of using them in a liberal manner in order to promote multilateral trade (inter alia through triangular trade arrangements);
- (c) that Finland in recent years, in spite of her war reparation deliveries to the Soviet Union, has been able to obtain only insignificant foreign loans; and
- (d) that Finland, not being a member of EPU, has not had the possibilities offered by that organization to equalize her balance of payments.

The Finnish authorities found themselves compelled, temporarily, to introduce a restrictive policy of import licences in accordance with Article XII:2(a)(i) of the General Agreement. During the period of adjustment, when the purchases already licenced had to be financed in the first place, it was necessary to reduce new import purchases to a minimum.

Notwithstanding all these measures, the balance of trade of Finland showed a deficit of £ 43.5 million as per 31 August 1952. The financing of this deficit has practically exhausted the foreign exchange reserves of the Bank of Finland. The export to Finland's principal market, the United Kingdom, which last year amounted to £ 88 million will this year, probably, not exceed £ 60 million.

In view of this it will still be necessary to pursue a restrictive import policy although the most difficult phase may have passed, the import licences granted during the boom having now been liquidated.