GENERAL AGREEMENT ON
TARIFFS AND TRADE

RESTRICTED
W.7/30
22 October 1952
Special Distribution

Original: French

WORKING PARTY 5 ON BALANCE-OF-PAYMENTS IMPORT RESTRICTIONS

Statement by the Representative of Finland
at the meeting held on 17 October 1952

The Finnish Delegation wishes to refer to its Memorandum of 10 October 1952 and to the additional oral explanations given to the Working Party and has the honour to submit upon request the following additional information.

It is difficult to answer to the questionnaire of 14 October which we have received. Indeed the questionnaire speaks of "new import restrictions", whereas the Finnish import licence system in its main lines has remained unchanged since 1939.

Finland is a poor country. She has lost two wars and has had to surrender an important part of her territory. She has had to pay considerable war reparations. She is not a member of EPU and since the war she has received only limited assistance in foreign currencies. She cannot, therefore, be rich in foreign exchange. As a consequence, Finland has to adjust the volume of her imports automatically in accordance with the proceeds of her exports. When her currency receipts improve, Finland never fails to buy more from abroad. On the other hand, if Finland experiences difficulties in her exports, then she has to buy less. That is a situation which is beyond the control of the Government.

In 1951, the price of timber, pulp, paper and other forestry products which represent over 90 per cent of Finnish exports, went up considerably on the international market. Our currency position was, therefore, substantially improved. For many years, and until the spring of 1951, our country was submitted to inflationary pressures. However, it has been possible since then to stabilise the value of our national currency and economic life as a whole. To that end, we had, inter alia, to fill up the gap in consumer goods and, thanks to the above-mentioned currency resources, we could increase our imports from abroad, particularly as regards consumer goods. Thus in 1951 the Finnish import licence policy was extremely liberal.

Towards the end of 1951 and at the beginning of 1952, the boom in timber pulp and paper prices came to a stop and there was a serious trend reversal. For some time, however, licensing went on very liberally, so that last spring the aggregate value of licences in circulation exceeded the seriously reduced proceeds of our exports. We, therefore, had to cut down new import licences for the time being though we still delivered as many as possible. We had to limit licensing mostly to imports of essential goods, such as foodstuffs, fertilizers, solid and liquid fuel and raw materials. Furthermore, import

licences were delivered for other items within the quotas included in our bilateral trade agreements. None of the licences in circulation was cancelled. For the most part, they were prolonged so that we are faced today with more than 80 million pounds sterling worth of old licences. The intention of the Government is to allow the goods in.

Though licensing is now limited, our import licence system, however, does not discriminate. It should be made clear that we cannot afford considerable dollar imports because our exports to the dollar area are very limited. As regards our sterling situation, it is not at present very favourable, as indicated in our memorandum of 10 October 1952. We are up to, and in most cases even above, the ceiling of what we can draw under our bilateral clearing agreements.

To summarise, we cannot even calculate for a whole year. Our import programmes are drawn up on a monthly basis in accordance with the proceeds of our exports. It is, of course, very bad thus to depend on exports of forestry products prices of which in view of the very nature of these goods are submitted to very wide fluctuations.

Our intention is to go on as before and try to get into freer licensing as soon as our exports enable us to do so.