

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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FINNISH IMPORT RESTRICTIONS

Further modifications in the restrictions

The following communication, dated 13 April 1957, has been received from the Finnish Permanent Representative in Geneva:

"The measures taken in December 1956, which led to a reduction of the automatic licensing, were originally intended to be of a temporary character. They have, however, not proved sufficient to overcome Finland's increasing difficulties to maintain her balance of payments in Western currencies.

"In the beginning of the year 1957, the Bank of Finland completed a thorough study of the foreign currency situation in general and the availability of foreign exchange for imports from Western countries in particular. As a result of this study it was estimated, that during 1957 import licences in Western currencies could be granted for the total value of roughly 80 billion Finnish marks, which represents a reduction of 28 per cent as compared with the corresponding figure in 1956. It is to be noted, that no increase in the currency reserves is contemplated in the Bank of Finland calculations, the entire income being reserved to cover the current expenditure.

"In these circumstances, the Finnish Authorities have been compelled to plan a complete revision of their import policy. In this connection they have also entered into detailed consultations with the representatives of the International Monetary Fund. A leading principle has then emerged, according to which the advantages of free imports ought to be maintained to the largest possible extent and any discrimination in the application of quantitative restrictions ought to be avoided, as was the case in respect of the previously practiced automatic licensing system. Taking into consideration on the one hand the requirements dictated by Finland's foreign currency situation and on the other hand the interests of her trading partners, the introduction of a global quota system has proved to offer the most expedient solution to the problem.

"According to this system, imports would fall into three principal categories: globalized imports (74%), semi-restricted imports (10%) and restricted imports (16%). The quota list has been prepared on the basis of an estimated aggregate licensing worth 77 billion marks during 1957,

excluding, however, licences to be granted for imports under long-term payment conditions. These are estimated to reach the sum of 3 billion marks, and consequently the total value will be the previously mentioned amount of roughly 80 million marks. For the implementation of a yearly licensing programme at the aforementioned level it is provided, however, that export income would not substantially differ from today's estimates.

"The countries, with which Finland has signed bilateral quota agreements, and which will be directly affected by the new system as far as the quotas are concerned, have been informed about all the necessary details in this connection. Multilateral negotiations between Finland and these countries will shortly take place."