

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

L/3653/Add.1
17 March 1972

Limited Distribution

Original: English

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.

As measures aiming at the balancing of production there can be mentioned inter alia:

- Soil bank system
- Reforestation of fields
- Retirement compensation scheme and corresponding pension scheme
- Bill concerning the limiting of acquisition of land for communities
- Land purchasing of the State and restricting of agricultural production in the State farms

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 on 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 milling (in the crop year 1970-71 it was

93 per cent for wheat and the law on agricultural price level stipulates the support prices for wheat and rye. Even the prices for coarse grain - barley and oats - are fixed by the State (the State Granary). It is a duty of the State Granary by means of its purchases to maintain the confirmed prices. The domestic price level goes considerably beyond the price level of the world market, particularly for the part of wheat and rye.

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 production by means of regulating the imports.

This is carried out through the monopoly of imports by the State Granary (excluding 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).

- (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 rye products is kept on a certain level. Most grain products have during the last few years been subject to price regulation.

Moreover, in the northern parts of the country freight allowances have been granted and under the circumstances of crop failure the consumers have received purchase cards for reducing the price of grain products.

- (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 prices (wheat, rye) and standard prices (oats, barley) established every crop year by the State Granary is supported by the purchases of the State Granary.

- (d) The measures concerning the balancing of production have been handled above in paragraph I.

- (e) The objective is not to export production. However, during the last few years, on account of the development in production techniques Finland has been obliged to export surpluses of wheat and oats (compare with the statistics in the Annex). The exports have been supported by export subsidies paid by the State. Since the crop year 1970-71 a marketing payment of 3 pennies/kg. of wheat has been collected from the producers.

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 monopoly of grain has been concentrated on the State Granary. Private enterprises have, however, had a possibility to import seed grain, malting barley and maize; the last one only for industrial purposes.

Also the export of grain has in practice been left almost exclusively to the State Granary. During the last few years private enterprises have to a certain extent exported inter alia malting barley.

In practice no competition exists between the State and private enterprises in foreign trade of grain.

(c) Export and import quantities are in the first place dictated by practical needs and closer stipulations given by the Government. According to this the import of feed containing starch is forbidden. Likewise the import quantity of wheat has been limited only to the import of so-called mixing wheat (7 per cent of milling) and to certain special purposes, such as raw material for biscuit industry. Rye is imported in the first place for price-technical reasons (15 per cent of milling).

Export quantities are determined on the base of production and domestic consumption possibilities. During the last few years Finland has been obliged to export surplus wheat and oats.

(d) Export and import prices are determined in accordance with the world price level prevailing at the moment. The domestic price level is considerably higher than the world price level, for which reason exports have to be supported by export subsidies.

The State Granary sells the imported grain to the industry at the domestic price level, with the exception of rye, which is sold at reduced price to keep the price level of rye products low.

(e) Long-term contracts have been made with Soviet Union (five-year contracts). Otherwise the import 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, and maize, imported by industry (see Annex).

V. -----

VI. -----

ANNEX

IV. Statistical Information

A. GRAIN

Import and export of grain and domestic production in the years 1968-1970 according to the customs statistics

	Import		Export		Production
	Tons	US\$'000	Tons	US\$'000	Tons
<u>1968</u>					
Wheat	40,747	3,500	-	-	515,500
Rye	23,710	1,590	-	-	133,900
Barley	19,157	1,340	60	10	717,700
Oats	-	-	-	-	1,063,700
Maize	14,361	880	-	-	-
<u>1969</u>					
Wheat	20,221	1,540	65,547	4,290	481,400
Rye	4,138	270	-	-	125,800
Barley	12,703	690	20,322	820	840,000
Oats	-	-	18,879	700	1,136,900
Maize	13,866	870	-	-	-
<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	-	-	-

B. ALCOHOL

National Production of Yeast, Vinegar and Ethyl Alcohol
in 1968, 1969 and 1970

		1968	1969	1970
Yeast	Kgs.	5,947,000	6,045,000	6,095,000
Vinegar	Litres	1,527,250	1,704,800	2,333,900
Ethyl alcohol	Kgs. 100%	22,787,741	21,997,231	23,141,041

Import of Alcohol and Alcoholic Beverages
in 1968, 1969 and 1970

	1968	1969	1970
			litres
Alcohol	752,391	-	-
Vodka, gin, genever etc.	367,225	387,066	375,788
Cognac and brandy	1,026,040	1,303,993	1,289,543
Whisky	798,987	1,026,815	1,099,758
Liqueurs	231,174	316,249	367,816
Rum and arrack	467,372	500,582	649,625
Wines	8,281,762	8,069,512	10,437,398
Beer	246,880	254,025	136,515
Total quantity, litres	12,171,831	11,858,242	14,356,443
Total f.o.b. value	Fmk 24,778,167	Fmk 29,400,000	Fmk 32,900,000

Export of Alcohol, Fusel Oil and Amyl Alcohol
in 1968, 1969 and 1970

	Kg. 100%	Fmk
<u>1968</u>		
Ethyl alcohol	4,850,232)	2,367,399
Ethyl alcohol denatured	83,876)	
Fusel oil and amyl alcohol	-)	
<u>1969</u>		
Ethyl alcohol	5,100,975)	2,541,021
Ethyl alcohol denatured	77,664)	
Fusel oil and amyl alcohol	-)	
<u>1970</u>		
Ethyl alcohol	3,495,267)	2,007,716
Ethyl alcohol denatured	94,436)	
Fusel oil and amyl alcohol	15,050	

Export of Alcoholic Beverages
in 1968, 1969 and 1970

	1968	1969	1970
Vodkas	3,322,612	3,845,309	4,515,626
Liqueurs etc.	34,996	47,270	49,859
Wines	19	9	8
Beer	1,180,394	997,359	551,683
Total quantity, litres	4,538,021	4,889,917	5,117,176
Total value	Fmk 7,848,186	Fmk 8,827,194	Fmk 9,751,360