

GENERAL AGREEMENT ON TARIFFS AND TRADE

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STATE TRADING

Notifications Pursuant to Article XVII:4(a)

FINLAND

The following notification on the activities of the State Alcohol Monopoly of Finland and the State Granary of Finland has been received from the Permanent Mission of Finland.

STATE ALCOHOL MONOPOLY

I. Enumeration of State-trading enterprises

According to the Finnish alcohol legislation the production, import, export and commerce of alcoholic beverages and industrial ethyl alcohol are the monopoly of Oy Alko Ab, with some modifications.

1. The production of malt beverages is done in private breweries on behalf of Alko, the prices being determined and the sales controlled by Alko.
2. Domestic bitters and liqueurs are produced by certain factories on behalf of Alko, on the same conditions as malt beverages.
3. Restaurants are granted licences to serve alcoholic beverages and paid a compensation for this function by Alko.
4. Foreign suppliers are allowed to keep representations in Finland, whose function is to, within the frame of limits set out by Alko, make known the products of his principal.
5. The production, use, import and export of beverages containing more than 2.25 per cent of ethyl alcohol are supervised by Alko.

II. Reason and purpose for introducing and maintaining State-trading enterprises

Paragraph 5 of the Alcohol Act stipulates that the purpose of the Finnish alcohol policy is to minimize the harmful effects of alcohol. In order to realize these aims a State-controlled monopoly has been regarded as the most effective operator. This method of conducting the alcohol policy has been found appropriate from the point of view of minimizing the conflict between social considerations mentioned above and private profit making aims.

III. Description of the function of State-trading enterprises

- (a) Oy Alko Ab deals with both exports and imports.
- (b) Import and export transactions by private companies are permitted under Alko supervision.
- (c) The exports are determined by the quantity of production and the demand in the foreign markets. The imports are limited by the domestic demand.
- (d) The export prices are fixed on the basis of the cost and prices and the world market prices, whereas the import prices are determined by adding the 55 per cent tax on alcoholic beverages and the 11 per cent turnover tax to the estimated cost prices. The pricing of imported and domestic products is based on the same criteria, which do not allow comparison with export prices.
- (e) There are no long-term contracts.

IV. Statistical information

An extract from the Alko Statistical Year Book has been supplied and may be consulted in the GATT secretariat.

STATE GRANARY

I. Enumeration of State-trading enterprises

The measures of the State (State Granary) concern the most important cereals: wheat, rye, oats and barley.

II. Reason and purpose for introducing and maintaining State-trading enterprises

The objectives of the measures can be divided as follows:

(a) Stabilization of domestic demand and supply

The present production target is to achieve full self-sufficiency. This goal has generally been achieved but due to the fluctuations production stocks have to be held intended to be released or accumulated according to the market situation.

(b) Stabilization of producer and consumer-price levels

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 of wheat, rye, oats and barley established every crop year by the Government is supported by the purchases of the State Granary.

Most grain products have, during the last few years, been subject to price regulation and thus kept on a certain level. To compensate the price of rye products to consumer the so-called two-price system is valid.

(c) Supporting domestic agricultural policies by means of regulating imports and exports

This is carried out by the State Granary through the monopoly and obligatory licensing of imports and exports (excluding import of malting barley and seed grain). Imports and exports are also regulated by import levies and export subsidies.

III. Description of the functioning of the State-trading enterprises

(a) The measures stated above concern both imports and exports.

(b) The import and export monopoly of grain has been concentrated on the State Granary. Private enterprises have, however, a possibility to import seed grain and malting barley.

(c) Export and import quantities depend on the rate between production and consumption. The import of wheat has been mainly for certain special purposes, such as raw material for the biscuit industry.

Export quantities are determined on the basis of production and domestic consumption possibilities.

- (d) Export and import prices are determined in accordance with the world price level.

The State Granary sells the imported grain to the industry at the domestic price level, with the exception of rye, which is sold at the import price. To keep the price level of rye products lower than the price of domestic rye the State pays mills subsidies for mixed domestic and imported rye used for milling.

- (e) A three-year contract has been made with Norway for exporting Finnish grain. Otherwise the import and export has taken place without long-term contracts.

IV. Statistical information

See annex.

V. ...

VI. ...

ANNEX

IV. Statistical Information

A. GRAIN

Imports and Exports of Grain and Domestic Production in the Years 1974-1976
according to the Customs Statistics

	Imports			Exports			Production
	Tons		US\$ '000	Tons		US\$ '000	Tons
	Enter- prise	Other	Total	Enter- prise	Other	Total	
<u>1973</u>							
Wheat	21,166	-	2,524	135,909	-	15,297	462,000
Rye	16,997	-	1,582	-	-	-	124,200
Barley	-	10,946	1,258	9,800	-	737	992,400
Oats	-	19	7	16,985	-	1,636	1,169,400
Maize	-	14,693	1,681	-	-	-	-
<u>1974</u>							
Wheat	5,448	-	1,379	55,412	-	11,108	593,100
Rye	11,936	-	1,972	-	-	-	134,400
Barley	-	11,913	1,995	303	-	66	962,900
Oats	-	-	-	11	-	5	1,112,800
Maize	178,930	-	27,831	-	-	-	-
<u>1975</u>							
Wheat	13,040	-	2,260	-	1	0	621,000
Rye	29,742	-	3,517	-	-	-	81,000
Barley	-	6,065	918	-	145	45	1,242,000
Oats	4,947	1,047	1,070	-	1	0	1,450,000
Maize	168,754	26,609	34,152	-	-	-	-

