

GENERAL AGREEMENT ON TARIFFS AND TRADE

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Notifications Pursuant to Article XVI:1

FINLAND

The Permanent Mission of Finland has submitted an additional notification concerning the Finnish price compensation scheme on processed agricultural products. This notification is also intended to serve as background material in the work of the Committee on Trade in Agriculture.

The Finnish price compensation scheme is designed to neutralize the competitive disadvantage for Finnish producers of certain processed agricultural products, resulting from the price difference between domestic agricultural raw materials and those available internationally at world market prices.

Because of the said price difference it has been necessary to create a compensation system for the agricultural raw materials incorporated in processed agricultural products, in order to enable domestic agricultural producers to supply raw materials for the processing industry. The system does not provide the processors with any additional advantage, compared to a situation, where they would buy their raw materials from abroad at the world market price.

To compensate the price differences mentioned above, Finland has applied since the 1960's a compensation scheme, according to which the domestic producers of processed agricultural products receive price compensation corresponding to the price difference of the agricultural raw materials incorporated in the processed agricultural products.¹

The domestic agricultural raw materials, for which price compensation is payable, are the following: wheat flour, barley, malt barley, oats, rye, sugar, whole milk powder, skimmed milk powder, butter, margarine, hens' eggs, beef, pork, potato starch, flour and meal of potato, pea and dehydrated milk fat.

¹In the summary tables notified to the Committee on Trade in Agriculture, in the section dealing with export measures, this scheme is referred to as "export refund" (ER).