

**GENERAL AGREEMENT ON
TARIFFS AND TRADE**

RESTRICTED

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STATE TRADING

Notification Pursuant to Article XVII:4(a)

FINLAND

A. ALCOHOL

I. State alcohol monopoly Oy Alko Ab

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 are 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 minimizing 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 demand in the foreign markets. Similarly, imports are limited according to 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 60 per cent tax on alcoholic beverages and 16 per cent turnover tax to the estimated cost price. 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

The 1982 issue of the Alko Statistical Yearbook has been submitted to the secretariat (Non-Tariff Measures Division) where it can be consulted.

B. FINNISH STATE GRANARY

I. The import and export monopoly of grains (wheat, barley, rye, oats) and grain products has been granted to the Finnish State Granary. This organization is also obliged to hold reserve stocks and to stabilize domestic price level.

II. Starting 1 January 1981 new legislation was introduced about the State Granary. This legislation includes regulations about reserve stocks of grains and grain seeds. There is a target to create during 1981-87 reserve stocks from domestic production amounting to 900,000 tons, of which 400,000 tons bread grains (wheat and rye), 400,000 tons feed grains and 100,000 tons seed grains. These reserve stocks are to maintain self-sufficiency and to avoid unnecessary imports of grains.

III. Private traders have the possibility to import rice, seed grains and malting barley.

In the domestic market there is free competition between private traders and State-trading enterprises.

Import of grains is carried out only if domestic production does not meet consumption or reserve stocks threaten to fall below the minimum level confirmed by the government for each crop year. Exports of grains will, according to the new legislation, be possible only after the reserve target has been reached.

As the domestic price level usually exceeds the world market price level, the government has to subsidize exports with budgetary assets. Imported grain is customarily sold to the domestic market at a domestic price level confirmed yearly by the government. Wheat for the use of export-oriented industry and rye for the domestic mills are, however, sold at the import price.

Long-term contracts may be negotiated by the State Granary within the framework of general trade policy. At present there are no long-term contracts.

IV. Statistics about imports, exports and production are enclosed (see Annexes I, II and III).

Annex I

The Amount of Imports and Exports 1980-1983

Imports, million kg.

	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>
Wheat	314.3	375.4	308.2	2.2
Rye	5.0	50.4	96.4	19.2
Barley	-	126.2	138.0	-
Oats	-	41.6	176.2	-
Maize	-	-	166.0	-

Exports, million kg.

	<u>1980</u>	<u>1981</u>	<u>1982</u> ²	<u>1983</u>
Wheat	-	13.5 ¹		20.0 ¹
Barley	14.3 ¹	-		-
Oats	-	-		73.3

¹ Food Aid

² Finnish contribution to Food Aid Convention in 1981-82. Wheat 28,307 tons (US\$3.66 million), bought from the EC markets.

Annex IIThe Value of Imports and Exports 1980-1983Imports, million FIM

	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>
Wheat	238.6	269.7	260.0	1.6
Rye	3.5	47.5	77.5	13.7
Barley	-	85.9	107.8	-
Oats	-	31.0	120.5	-
Maize	-	-	103.9	-

Exports, million FIM

	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>
Wheat	-	23.5	-	20.4
Barley	9.8	-	-	-
Oats	-	-	-	65.4

Annex III

Total Production of Grains 1981-1983 (million kg.)

	<u>Wheat</u>	<u>Rye</u>	<u>Barley</u>	<u>Oats</u>
1981	235.0	63.9	1,080.1	1,007.5
1982	435.4	35.0	1,598.5	1,319.9
1983	549.5	116.1	1,764.4	1,406.5