

GENERAL AGREEMENT ON TARIFFS AND TRADE

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WORKING PARTY 5 ON BALANCE-OF-PAYMENT IMPORT RESTRICTIONS

Changes in the Swedish Import Restrictions

Statement by the Swedish Delegation

1. The Swedish import from the dollar area, especially from the United States, is of course of the greatest importance to the Swedish national economy, and therefore it has always been a matter of urgency for the Swedish authorities to maintain that import at the highest possible level. Traditionally, Sweden has had an import surplus from the United States, which was before the war covered by the selling of pounds sterling. During the first postwar period, when the Swedish import from the dollar area was free from quantitative regulations, that import surplus was financed by the use of dollar reserves. Owing to the declining trend of the export development, and to the non-convertibility of the currencies which Sweden obtained from areas other than the dollar markets, and to a considerable drawing from the dollar reserves it became necessary in 1947 to introduce quantitative restrictions with regard to the import. The balance-of-payments situation in relation to the dollar area has not yet made it possible to abolish these restrictions.

2. The Swedish commercial policy, as regards the trade with the dollar area, has since then been directed on the one hand to adapt the import to available dollar resources, and on the other by various means to increase the dollar income in order to widen the frame of the import. The final aim of this export promoting policy is to abolish entirely the quantitative restrictions with respect to the dollar import.

3. In the Swedish export to the United States a small number of commodities are predominating, in the first place, paper pulp, normally representing 55 to 60% of the total export; further, newsprint (5%), iron ore (10%), iron and steel (10%). Together these articles represent between 80 and 90% of the total export to the United States.

It is evident, that this accentuated dependence on a small number of commodities - from the market point of view sensible commodities - is liable to cause fluctuations in the Swedish dollar income from one year to another. Thus, in 1951, there was a decline in the pulp export owing to the lower prices on the American market compared to other markets, and this declining trend has been further accentuated during 1952 as a result of market developments. It should also be observed in this connection that Sweden does not receive any Marshall aid during 1952.

4. As already mentioned, the Swedish import from the dollar area is adapted to the frame of the dollar income. The program for the yearly import, which is drawn up shortly before the turn of the year and revised about half a year later must not be interpreted as a fixed import plan. It is only a prognosis of the income development for the year to come in order to permit a general estimate of the import scope. At the application of this pattern, in connection with the import licensing, there is a continuous adaptation to the "currency availabilities". Certainly, it has seemed sensible to calculate with a slight decrease, say perhaps 10% in the 1952 dollar income. This, however, does by no means exclude the possibility to maintain in fact the dollar import at the same level as last year. As said before, the granting of import licences is not at all rigid but is closely adjusted to the currency availabilities, which means that should the dollar resources increase beyond the estimates made, the licensing will be adapted accordingly. And further, there is a large stock of outstanding licences, amounting to between 400 and 500 million kroner that is about half of last year's dollar import, against which importation can take place at any time. And, finally there will also be some import against the Swedish dollar reserves. Thus, it is still too early to say if the Swedish import this year from the dollar area will actually be reduced.