

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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CONTRACTING PARTIES
Twelfth Session

Working Party on Schedules

SCHEDULE XXIV - FINLAND - ADJUSTMENT OF SPECIFIC DUTIES

Draft Report by Working Party on Schedules

1. The Working Party examined the requests of the Government of Finland (L/688) for the adjustment, under Article II:6(a), of the specific duties in Schedule XXIV. The request was based on the fact that the Finnish Government, on 15 September 1957, changed the par value of the Finnish markka from 230 to 320 Finnish markka per United States dollar, thus increasing the markka equivalent of the United States dollar by 39.13 per cent. The representative of the International Monetary Fund confirmed to the Working Party that the devaluation was made with the concurrence of the Fund.
2. The representative of Finland informed the Working Party that his Government wished to obtain authority to take account of the devaluation by increasing all the specific duties in Schedule XXIV by 39 per cent. He also indicated that his Government wished to give effect to these adjustments on 1 January 1958 and that, in order to do so, it would have to obtain the approval of the Finnish Parliament before the latter adjourned on or about 15 December 1957.
3. The Working Party appreciated the reasons of urgency put forward by the representative of Finland. But, while taking full account of this factor, it had to concentrate on its task of recommending to the CONTRACTING PARTIES procedures which would enable the latter to concur that the proposed adjustments would not impair the value of the concessions in the Finnish Schedule. The annexed draft Decision is therefore submitted to the CONTRACTING PARTIES.
4. In view of the very tight time-table and pending agreement by the Working Party on the appropriate procedure, a note (W.12/10) was issued by the Chairman of the Working Party on 29 October 1957 informing all contracting parties that " unless some other arrangement can be worked out, it will be necessary for a contracting party which considers that such an increase in all specific duties in Schedule XXIV would impair the value of the concessions of interest to it, to so indicate before the end of the present Session ". Contracting parties were thereby given the usual period of thirty days laid down in earlier Decisions in which to examine each proposed adjustment.

5. The devaluation of the Finnish markka has occurred so recently that in the view of the Working Party it would not be easy - in the absence of statistical or other data - for contracting parties to decide definitely by the end of November 1957 in all cases whether or not any adjustment would impair the value of concessions of interest to them. It was in fact feared that if contracting parties were allowed to claim impairment only until the end of November, they might be obliged by the lack of information to exercise excessive caution and, in so doing, hold up the adjustment of so many duties as practically to defeat the Finnish intention to take urgent action in the readjustment of as many duties as possible. It is felt by the Working Party that this risk will be considerably reduced by the provision requiring contracting parties which consider, up to 29 November 1957, that the adjustment of any specific duty will impair the value of a concession to state their reason for this view when they approach the Finnish Government.

6. To ensure further that contracting parties may not be obliged to make claims of a purely precautionary character but also to allow time for a more considered examination of the effect of the Finnish devaluation, provision has been made for claims of impairment to be lodged up to three months after any particular adjustment has been put into effect by the Finnish Government. The Finnish representative for his part has undertaken to do his utmost to provide, upon request, provisional monthly statistical information thirty days after the end of each month.

7. In submitting the annexed Draft Decision to the CONTRACTING PARTIES, the Working Party wishes to draw their attention to the provision contained in both parts of the Draft that, if agreement is not reached in consultation between Finland and any other contracting party claiming impairment, the question shall be decided by the CONTRACTING PARTIES or the Intersessional Committee. It is recommended that the CONTRACTING PARTIES delegate authority to the Intersessional Committee to take such a decision if the need should arise.

A N N E X

SCHEDULE XXIV - FINLAND

Adjustment of Specific Duties

Draft Decision

Considering that the Government of Finland, with the concurrence of the International Monetary Fund, on 15 September 1957 changed the par value of the Finnish markka from 230 to 320 Finnish markka per United States dollar, which change resulted in a total increase of 39.13 per cent in the number of markka equivalent to one United States dollar,

Considering that the Government of Finland has presented a request to the CONTRACTING PARTIES under Article II:6(a) for the adjustment by not more than 39 per cent of the specific duties contained in its Schedule XXIV, annexed to the General Agreement,

The CONTRACTING PARTIES, acting pursuant to Article II:6(a) of the General Agreement,

1. Decide that the Government of Finland may give effect to such adjustment of each specific duty contained in Schedule XXIV as will take account of such devaluation of the Finnish markka. However, if, on or before 29 November 1957, a contracting party shall have declared, together with reasons therefor, that the adjustment of any particular duty would impair the value of a concession provided for in Schedule XXIV, the Government of Finland shall defer such adjustment pending consultation with the contracting party concerned. If, after such consultation, the claim concerning impairment is maintained, the question shall be decided by the CONTRACTING PARTIES or by the Intersessional Committee,
2. Decide further that, within three months after any particular adjustment made pursuant to this Decision has been put into effect by Finland, any contracting party may lodge a claim with the Finnish Government that such adjustment has impaired the value of that concession and, in such case, the Government of Finland and the government claiming impairment shall enter into consultation. If, after such consultation, the claim concerning impairment is maintained, the question shall be decided by the CONTRACTING PARTIES or by the Intersessional Committee.