

GENERAL AGREEMENT ON TARIFFS AND TRADE

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DOCUMENTATION ON INTERNATIONAL TRADE IN GRAINS

Addendum

FINLAND

The following additional information on international trade in grains has been submitted by the Finnish delegation. This information supplements information already included in Chapter C of MTN/GR/W/8/Rev.1

Under Country Notes (pages 110 to 134) add the following:

I. MEASURES AFFECTING GRAIN PRODUCTION AND MARKETING

A. Production target

The present production target is to achieve full self-sufficiency for the most important cereals. This goal has generally been achieved except during 1973/74 and 1974/75, when a short-fall in feed grain output had to be covered by imports of maize.

B. Farm price policy

Target prices for grains are determined annually in negotiations on agricultural income. They represent wholesale prices paid by the State Granary which are somewhat above those paid to producers.

In order to support farm prices and the storage of grain at the farm level and to extend marketing activities over the whole crop year, target prices are fixed according to a schedule and increased by about 9 per cent from the beginning to the end of the season (1 April to 31 March). A regional subsidy of 8 p/kg. (US\$19.80/ton) is paid to farmers for rye produced in the central and northern part of the country.

Under a law governing trade in grains implemented in 1972, the Ministry of Agriculture and Forestry decides the quality requirements on which the fixed prices are based. The present requirements were confirmed in 1972 with subsequent amendments.

C. Marketing organization

Producers primarily sell grain to the trade which in turn supply mills and the State Granary. While most mills purchase their requirements through the trade some grain is procured directly from producers particularly by mills predominantly owned by farmers. Purchases by the State Granary which normally accounts for 25-30 per cent of marketings of annual crops, are primarily to stabilize the market and to guarantee the determined level of target price.

II. MEASURES AFFECTING GRAIN UTILIZATION

A. Measures affecting food consumption or consumer prices

The Government grants consumer subsidies in order to maintain retail prices of rye and other rye products at determined levels. For wheat, a one-price system is in operation, according to which foreign wheat is sold at the same price as domestic wheat. In the northern parts of the country a regional subsidy is granted in the form of a contribution to freight cost.

A purchase tax system has applied since 1964 under which grain and grain products are taxed on the price margin between collection and final sales. Since 1 January 1967 the purchase tax has been fixed at 11 per cent of the value added.

B. Measures affecting grain milling industries

According to regulations set by the Ministry of Agriculture and Forestry, the maximum admissible level of foreign grain in total grain milling is 7 per cent for wheat and 20 per cent for rye. Due to the good quality of domestic cereals, the milling industry generally prefers utilizing locally produced grain for most products other than certain speciality flours which are prepared entirely from imported wheat.

III. MEASURES AFFECTING FOREIGN TRADE IN GRAINS AND FLOUR

A. General commercial policy

Export and import volumes, based upon domestic production and consumption patterns are to a considerable degree committed under long-term contracts. Imports from the USSR are based on five-year contracts negotiated by the two

countries. A three-year contract for the export of wheat from Finland to Norway has also been concluded by the State Granary.

B. Export policies

In December 1973, the State Granary was granted the export monopoly for grain and grain products. Exports are handled by the Granary itself or through licensed agents. Government subsidies are granted to the brewing industry and mills for malt and rye products exported. The Government also finances various food aid programmes.

C. Import policies

The State Granary has the monopoly of importing grain, excluding malting barley and seed. Imports are regulated through a licensing system and import duties.

IV. MEASURES AFFECTING CEREAL STOCKS

A. Policy objectives

The primary objectives of Finland's cereal stock and storage programmes are to ensure that needs for domestic consumption and food aid programmes are met particularly in a situation of reduced domestic output, and to stabilize prices on the internal market.

B. Institutional structure and control

The minimum national stock level of bread grains (wheat and rye) is fixed by the Government. The State Granary, responsible to the Ministry of Agriculture and Forestry, owns the basic grain stocks. In addition, the recent strengthening in grain prices has encouraged farmers and the grain trade to increase privately owned stocks. The State Granary undertakes the buying and selling operations of government stocks.

Minimum bread grain stocks are currently fixed at 230,000 tons which corresponds approximately to seven-months' commercial consumption. However, new plans by the State Granary propose expanding present stock targets to the equivalent of one year's domestic commercial demand for (a) bread grains, (b) grains for seed, (c) coarse grains as raw material for industrial purposes and, in addition to these requirements, grain reserves for food aid. The new programme is expected to be gradually implemented over the next years.

C. Storage policy

The present storage capacity of the State Granary amounts to about 480,000 tons of bulk grain and an additional 40,000-50,000 tons of bagged grain. Under the proposed new target programme, increased storage would be required. Presently, loans at favourable terms (low interest) are available to private merchants, millers and farmers for the construction of new storehouses.

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The information in columns (5) and (10) should read: "State Control. Discretionary Licensing for 10.01 Wheat and 10.03 Barley".