CONSULTATIONS UNDER ARTICLE XII.4(b) WITH FINLAND

First Draft of the Basic Document prepared by the Secretariat

I. SYSTEM AND METHODS OF THE RESTRICTIONS

(a) Legal Basis of the Restrictions

The statutory basis of the current Finnish import controls is the Act of 28 December 1956 for the purpose of safeguarding foreign trade and the country's economy and the Act of 23 April 1948 concerning foreign currency controls. On 21 December 1956 the latter Act was extended for the year 1957. These laws are implemented by Cabinet decrees which, however, must be approved by Parliament. In certain cases where the restrictive measures relate to a limited group of commodities or apply to a single item only, regulations may be proclaimed by a Cabinet order.

An Act of 23 April 1956, together with a Cabinet Decree of 2 June 1953 on foreign trade regulations (which came into effect on 1 September 1953), and the Statute of March 1954 on the functions of the Licensing Office, form the legal basis of the present controls on imports. Foreign currency controls are governed by the Act of 23 April 1948.

The Cabinet Decree of 2 June 1953 specifies that "all imports and storage of merchandise in customs warehouse" are forbidden except when an appropriate import licence has been obtained. Certain types of imports, however, are exempt from licensing requirements, e.g., travellers' luggage and personal effects not exceeding Fmk. 50,000 in value, items for use of foreign diplomatic representation, and gift parcels up to Fmk. 50,000.

(b) Administrative Basis of the Restrictions

The Licensing Office in its present form is organized on the basis of a Decree of 12 March 1954. This office is a temporary institution established for the purpose of controlling foreign trade, and is subordinate to the Ministry of Trade and Industry.

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The Licensing Office is organized as a central administrative office under a Board appointed by the Government and consisting of a director and representatives of the Bank of Finland, the Foreign Ministry and the Ministry of Commerce and Industry. This Board is supervised by a council of five members, likewise nominated by the Government. The Licensing Office is at present divided into nine divisions dealing with various groups of imports. In their functioning those divisions may consult committees of experts representing the various branches of industry.

The exchange control system is administered on the basis of regulations laid down in a Cabinet Decision of 15 January 1953 and is operated by the Bank of Finland. The Bank has the right to give the Board instructions concerning foreign currency controls.

In accordance with these regulations the Bank of Finland supplies the Board of the Licensing Office at regular intervals with information concerning the amounts of foreign currency for which licences may be issued.

The Licensing Office must determine the use of the amounts of foreign currency which have been allotted by the Bank of Finland. The Board first attempts to fulfill the commitments undertaken in trade agreements and to meet the requirements of raw materials essential to the national industrial production. Licences are then as far as possible issued for imports of semi-finished goods and finished manufactures from traditional sources of supply.

Applications for licences are examined by the specialized divisions of the Licensing Office under the supervision of the Director-General, except in the case of applications concerning compensatory and parallel deals, on which decisions are taken by the Board itself. In cases where a division examining an application finds that it cannot take a decision, the Director-General of the Office may refer the application to the Board. A special division deals with applications for alternations in licences, but if modifications are substantive the matter is dealt with as an application for a new licence.

The Licensing Office must ensure the publicity of information concerning the granting of licences. For example, all licensing programmes drawn up by the Board must be made known to the import and export trade. Whenever the Board makes foreign exchange allocations it also specifies how advance information
on such matters as the currencies and amounts allotted and the time-limit for
applications is to be made public. All applications submitted within the
specified period are taken up for consideration at one and the same time.
Furthermore, a list of the licences granted must be published indicating the
date on which the decision was taken, the type of goods licenced, the amount
of foreign currency allotted, the countries of sale, and the name of the firms
or persons to whom the licences were issued. Whenever an application for
a licence is refused, the reasons must be stated and made known to the applicant.

When applying for a licence the importer must submit a pro forma invoice
and furnish additional information concerning delivery, payment conditions, etc.
Applications for the importation of ships and major machinery must be accompanied
by a plan for the financing.

(c) Methods used in Restricting Imports

All imports require individual licences. Until recently a large number of
products were included in an automatic licensing list, and could be imported
freely against licences which were granted automatically. This free list
included mainly raw materials, fuels, semi-manufactures, industrial equipment,
a number of foodstuffs, and certain consumer goods. Only one part of the list
applied to goods originating in the dollar area.

On 13 December 1956 the Licensing Board was instructed to reduce the
automatic licensing and during the period from 13 December 1956 to 1 April 1957
the total of automatically granted licences in Western currencies was not to
exceed 20 per cent of the average quarterly level of such licensing during the
period from 1 December 1955 to 30 November 1956. In March 1957, the Government
directed the Licensing Board to revise the import licensing system, and to
discontinue automatic licensing.

A new régime came into force on 1 April 1957, first on a provisional basis
in order to permit the Finnish authorities to renegotiate its trade and payments
agreements with some of its Western European trading partners. Recently
a protocol concerning multilateral trade and payments was signed between Finland
and Austria, the BLEU, Denmark, France, the Federal Republic of Germany, Italy,
the Netherlands, Norway, Sweden and the United Kingdom. The protocol is valid
from 1 April 1957 until 30 September 1957 during which period a reduced volume of imports into Finland from the signatory OEEC countries will be regulated by a global quota system. At the same time these countries undertook to maintain or extend liberalization to imports from Finland, and to give facilities for any balances earned by Finland to be transferable among them.

The general policy is to consider applications for licences individually on their merits. In practice, licences are allocated to individual importers primarily on the basis of past imports, but in so far as possible account is taken also of the past record of firms with regard to price and quality of their imports. Approximately 10 per cent of the exchange allocations are usually reserved for new importers.

The Bank of Finland periodically sends the Licensing Office a report on the amount of Western currencies available and within these limits licences are granted for each quarter of the year. The final decision to issue a licence is taken in the light of the balance-of-payments position, and when an import transaction entails settlement in an inconvertible currency, the decision depends on the state of payments with the country or currency area in question, and, sometimes on the commitments undertaken in trade agreements.

Under the present control system, the methods used in regulating imports may be conveniently described under the following headings:

A. Global quotas.
B. Bilateral agreements.
C. Compensation deals.
D. Discretionary licensing of imports (case by case method).

Global quotas

Commodities which can be imported under the global quota import system are subdivided in three categories. The lists of goods in each category are given in Annex I to this document.

I. Globalized imports: Importers of goods contained in this category are free to choose the commodity to be imported as well as the country of purchase. Each importer’s share in the different global quotas is determined on the basis of the amount of licences he obtained in the period from 1 July 1955 to 31 December 1956.
(ii) Partly regulated imports: For imports of goods contained in this category the licensing authorities designate the importer as well as the commodity to be imported within the limits of global quotas; the holder of the licence is free to choose the country of purchase.

(iii) Regulated Imports: The procedure for the importation of goods contained in this category is the same as that set out in section (ii), except that the licensing authorities also indicate the country of purchase.

B. Bilateral agreements

The bulk of Finnish imports are effected in accordance with the provisions of trade and/or payments agreements. These bilateral arrangements take various forms.

Most agreements concluded with member countries of the OEEC are being fundamentally revised and no information on the results of the negotiations is yet known. As they existed at the beginning of 1957, such agreements usually provide for bilateral quotas for the part of trade not benefiting from automatic licensing. Payments arrangements usually provided for the transferability of all or part of Finland's export earnings. The global quota procedure does not apply to Greece, Iceland, Ireland, and Turkey so that all the trade with these countries is conducted bilaterally. The trade agreements with these countries are discussed in the following paragraph.

The agreements concluded with most State-trading countries and with Argentina, Brazil, Greece, Iceland, Ireland, Israel, Paraguay, Portugal, Spain, Turkey and Yugoslavia are of a more rigidly bilateral type with swing credit margins and trade and payments conducted in fairly strict accordance with the quotas and clearing provisions. In this type of agreement settlement of excess balance is often effected through the restriction of exports from the creditor country, by additional exports from the debtor country or by settlement in specified currencies. Sometimes the agreements also provide for negotiations to determine the method of settlement. Therefore, when applications for licences are considered due attention is paid not only to the quotas contained in the agreement but also to the bilateral payments situation with the country concerned. Thus, in case the Finnish indebtedness exceeds the swing credit import licence may be refused even for goods covered by a bilateral quota. On the other hand
when the bilateral balance is favourable the licensing authorities are usually prepared to approve import licences even for goods not included in the lists appended to the relevant agreement. With respect to quotas which relate to a general category of goods, e.g. "iron and metal products", "machinery and apparatus", "pharmaceutics" and "miscellaneous", the Licensing Office has the right to decide which types of goods respond to the description or definition set forth in the trade agreements.

The trade agreements with Colombia, Uruguay, India, Indonesia, Ireland and Japan do not contain quotas for imports into Finland. The currency prescribed for settlements in the case of the four last mentioned countries is transferable sterling; in the case of Colombia and Uruguay balances on the clearing accounts are not transferable to third countries.

C. Compensation deals

Licences are required in connexion with compensation or parallel deals and are granted by the Licensing Board itself and not by a division of the Licensing Office. They are issued according to ad hoc assessment of the merits of individual applications. Some barter transactions are carried out by the clearingkunta, which is a trade clearing agency operation under the supervision of the Government.

Trade takes place on a compensation basis when the relative high price of the goods requires special arrangements. Such transactions are not recommended and account for only a very small percentage of the import trade.

D. Discretionary licensing of imports (case by case method)

When considering applications for import licences from countries with which no bilateral trade agreements are in force, the licensing authorities take account of the availability of the currency in question and the essentiality, price, quality, etc., of the commodities concerned. Licensing will also tend to secure conformity of the actual trade to Finland's trade agreements.

For the purpose of warding off frivolous applications for licences and absorbing excessive liquidity, importers are required to make an advance deposit when applying for licences. Except in special cases, as a condition for receiving an import licence the importer must deposit 10 per cent of the cif value of
the goods to be imported into an account with the Bank of Finland. This deposit, which is payable to the Licensing Office at the same time as the licence fee is paid, is refunded without interest three months afterwards.

No deposit is required for licences issued for:

(i) imports of goods, the cif value of which is under Fmk. 50,000,

(ii) the importation of gifts,

(iii) goods which in accordance with existing regulations, do not require the payment of a licence fee (State-trading imports).

If the value of a licence is raised an additional deposit of 10 per cent of the increase in its cif value must be made except when this increase does not exceed a maximum of 10 per cent of the original value of the licence or Fmk. 50,000.

Imports of a limited range of goods are subject to a special import fee amounting to 20 per cent of the import value. This fee is payable to an agency (Ulkomaankaupan Clearingkunta) which is in the nature of an equalization fund and is responsible for the subsidization of certain exports.

The validity of import licences for which a deposit is payable, except in the case of "forward licences", is six months from the day of issue. In fact, however, it is valid until the fifteenth or the last day of the month following the six-month period, except when the period expires exactly on the fifteenth or the last day of the month. Forward licences may be obtained when the payment or delivery time is expected to be longer than six months.

The validity of licences for which a deposit is payable may be extended by a maximum of one month. Applications for such extensions must be made to the licensing authorities before the original licence expires. Failure to do so entails payment of a new licence fee. For obtaining an extension an importer must show that the goods have been ordered before the expiry of the licence. Proof of this fact must be furnished by the submission of a copy of the order certified true and correct.

(d) Categories of Goods Affected

Previous sections of this document have made reference to the particular commodities included in the three global quota categories and in the various bilateral trade agreements.
As will be seen from Annex I, the two first global quota categories contain industrial raw materials, machinery and equipment, spare parts and accessories thereof, and some more essential consumer goods. It is especially in the field of consumer goods, which make up a much smaller share of total imports than before the war, that import demand exceeds the actual issue of licences.

(e) Proportion of Imports Covered by Each Method Used

(Information to be obtained from the Finnish Government.)

(f) Treatment of Imports from different Countries or Currency Areas

The main points covered by this heading have already been commented upon in the preceding sections of this document. For the purpose of the present study, Finnish imports as a whole may be sub-divided in the following main groups:

1. OEEC countries signatories to the multilateral trade and payments protocol of June 1957.
2. Bilateral Agreement partners.¹
3. Other countries.

(Further information to be obtained if available.)

(g) State Trading or Government Monopoly and the Restrictive Operation of such Régimes

The National Grain Board, which is governed by a law of 26 October 1951 is responsible for the purchase and the storage of grain. Its purpose is to maintain stability in the domestic market and to fulfil certain functions in the field of agricultural policy. On 18 February 1954 the Government, under legislative authorization, granted the Board an import monopoly for rye, wheat, barley and oats, as well as products thereof intended for human consumption. This decision does not cover seed grains or malt barley.

The manufacture, trade and consumption of alcoholic beverages is regulated by a law of 9 February 1932. The exclusive right to import these products belongs to a State-owned company, which carries on trade according to free market principles, within the limitations imposed by considerations of public order and the balance-of-payments position.

¹Annex II
The National Grain Board and the State-owned company for alcoholic beverages are the most important State-trading undertakings in the field of import trade. In addition there is, under Government supervision, a Trade and Industry Fund which serves for the financing of certain purchases which are important for the national economy. However, actual business operations are not generally effected by the State but are carried out through the intermediary of private business.

(h) Measures taken in the preceding Years to relax Restriction

In recent years the formulation of the Finnish import policy has been influenced on the one hand by heavy demand for imports and on the other hand by the limited resources of foreign exchange, particularly Western currencies, available for import payment. In the early post-war years the economy was recovering from the aftermath of the war and was burdened with reparations. After this situation had come to an end attempts were made to liberalize imports in spite of the strong inflationary measures which gave rise to high demand for imports.

The evolution of the import policy since 1953 had by the middle of 1955 led to a very liberal régime of import control. Import licences were issued without limitation for a large number of products, especially in the raw materials sector. In fact, about 50 per cent of imports from Western countries were by that time free from quantitative restrictions. In 1954/55 about 72 per cent of Finnish imports from Western countries were subject to quota, but in 1955/56 this proportion had been reduced to about 19 per cent.

In 1956 the equilibrium in the internal economy was seriously disrupted. As a result, the already strong pressures of demand for imports was further enhanced. Under the import régime then in force, imports in 1956 reached the record level of Fmk. 203.5 billion, compared with Fmk. 121.9 billion in 1953, 152.1 billion in 1956 and 177 billion in 1955. The rapid decline in the foreign exchange reserves made it necessary for the Government to take measures to restrict imports. Instructions were first given to the licensing authorities to limit imports under the automatic licensing system to 80 per cent of the level of the previous months. By April 1957 the automatic licensing system had to be completely discontinued.
On the other hand the economic programme adopted by the Parliament in March 1957 has aimed at eventually liberalizing all imports. The law to this effect was enacted on 28 June 1957. By a decree of the same date the law was brought into force effective from 15 July 1957, to be valid until the end of the year. Under Section 1 of this law, goods included in a list can be imported without limitation from those non-dollar countries which have liberalized their imports from Finland, and which have made their currencies transferable for payment of Finnish imports from third countries.

Chronologically the principal changes since 1 January 1954 are as follows:

1 January 1954

The charge levied on certain imports effected under the "clearingkunta" system was fixed at 20 per cent of the import value, irrespective of the source of the import. Previously, such imports were subject to a charge of 30 per cent when payable in dollars.

1 July 1955

A new liberal import procedure was introduced under which licences would be issued automatically for a long list of goods comprising raw materials, foodstuffs and certain equipment. The new system would not apply to imports from dollar sources. The provision of currency would be on the basis of existing payments agreements.

Concurrently, most imports were made subject to a 10 per cent deposit on the cif value of the goods. This deposit would as a rule be refunded three months after it was paid in.

A special regime was introduced for imports from the USSR, Mainland China and the Eastern European countries. In order to benefit from the liberalization measures, organizations of importers would have to undertake commitments to import from these countries the commodities listed in the trade agreements, for the amounts specified therein.

1 September 1955

The 10 per cent deposit system was extended to embrace imports from all countries. The measure was previously not being applied to Argentina, Columbia, Iceland, Norway, Spain, Turkey, the USSR, Yugoslavia and the Eastern European countries, except Czechoslovakia.
11 November 1955

The system of automatic granting of import licences was extended to other commodities.

21 December 1955

The list of goods for which licences were issued automatically was further expanded. Concurrently the list was divided in two parts, one applicable to goods to be imported from any country, the other to imports from non-dollar sources only. The list applicable to non-dollar imports covered approximately 45 per cent of total Finnish imports.

April 1956

Several items were added to the list of goods for which import licences were issued automatically.

5 April 1956

The Bank of Finland raised the rate of the deposit from 10 per cent to 20 per cent. Goods imported under the automatic licensing procedure and certain other specified items mainly raw materials were not affected by this measure. At the same time the maximum period of deposit was reduced from twelve to six months. The minimum period was retained at three months.

1 June 1956

The Bank of Finland decided to revert the rate of the deposit to 10 per cent for all imports. Concurrently, the maximum period of deposit was reduced from six to three months.

13 December 1956

The Government instructed the Licensing Board to reduce automatic licensing. From 13 December 1956 to 31 March 1957 the total of automatically granted licences in the principal Western currencies would not exceed 80 per cent of the average quarterly level of such licensing during the year ending 30 November 1956. The commodity list remained unaltered. Licences in excess of the maximum would be granted if required by the production for exports or if the goods to be imported were of a seasonal character.
March 1957

The Government decided to revise the import licensing systems and discontinue automatic licensing. The new system is described in Section (c) of this Report.

II. EFFECTS ON TRADE

(a) Protective effects of the restrictions on domestic production
(b) Difficulties or hardships that may be expected upon relaxation or elimination of the restrictions
(c) Steps taken to reduce incidental protective effects of the restrictions
(d) Steps taken to minimize difficulties of transition to the stage where balance-of-payments restrictions may be eliminated
(e) Steps taken to avoid unnecessary damage in accordance with Article XII:3(c)(iii)

(The whole of Part II is to be drawn up after the discussions in Helsinki.)
### ANNEX I

#### A. GLOBALLIED IMPORTS

**I. Basic raw materials and essential commodities for production**

<table>
<thead>
<tr>
<th>Description</th>
<th>Global quotas in million Fin. mark</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Raw materials and auxiliary materials for steel production (ores, special pig iron, ferro-alloys, scrap, billets and non-ferrous metals in pure ingots)</td>
<td>600</td>
</tr>
<tr>
<td>2. Raw materials and auxiliary materials for woodworking export industry</td>
<td>1,800</td>
</tr>
<tr>
<td>3. Raw materials for chemical industry</td>
<td>2,000</td>
</tr>
<tr>
<td>4. Raw materials for pharmaceutical industry</td>
<td>425</td>
</tr>
<tr>
<td>5. Pharmaceutical products (subject to restrictions), dentists' material and equipment, optical material and equipment concerning spectacles, instruments, artificial limbs, cat-gut, silk for surgical dressings, X-ray films and chemicals</td>
<td>775</td>
</tr>
<tr>
<td>6. Seeds</td>
<td>20</td>
</tr>
<tr>
<td>7. Fertilizers</td>
<td>650</td>
</tr>
<tr>
<td>8. Hops</td>
<td>10</td>
</tr>
<tr>
<td>9. Basic raw material for textile industry (wool, cotton, hemp and other fibre materials, synthetic fibres)</td>
<td>2,300</td>
</tr>
<tr>
<td>10. Hides</td>
<td>200</td>
</tr>
<tr>
<td>11. Stainless and acid proof steel sheets and plates</td>
<td>600</td>
</tr>
<tr>
<td>12. Medium and heavy steel plates incl. ship plates, boiler material, sheets (uncoated), hoop and strip</td>
<td>1,700</td>
</tr>
<tr>
<td>13. Galvanized, tinned and otherwise coated sheets</td>
<td>700</td>
</tr>
<tr>
<td>14. Tubos, pipes and parts thereof</td>
<td>800</td>
</tr>
<tr>
<td>15. Non-ferrous scrap and alloys in ingots</td>
<td>50</td>
</tr>
<tr>
<td>16. Non-ferrous semi-finished products (sheets, sections, tubes etc.)</td>
<td>600</td>
</tr>
<tr>
<td>17. Special rolled and drawn steel products (flats, angles, channels, wire rods etc.)</td>
<td>1,000</td>
</tr>
<tr>
<td>18. Components and assembling parts for metalworking and electrical industry</td>
<td>2,150</td>
</tr>
<tr>
<td>19. Chemical raw materials and auxiliary materials</td>
<td>700</td>
</tr>
<tr>
<td>20. Animal and vegetable fatty substances and oils (whale oil, soya oil, peanut oil, palm oil, palm kernel oil, coconut oil, hydrogenated fats and oils)</td>
<td>650</td>
</tr>
<tr>
<td>21. Industrial yarns (incl. sewing thread for industry)</td>
<td>2,500</td>
</tr>
</tbody>
</table>

**II. Raw materials, components and assembling parts, spare parts**

<table>
<thead>
<tr>
<th>Description</th>
<th>Global quotas in million Fin. mark</th>
</tr>
</thead>
<tbody>
<tr>
<td>22. Service and spare parts for industry and transport equipment</td>
<td>2,400</td>
</tr>
<tr>
<td>23. Electric installation materials, components and assembling parts for the production of electric installation material and telephones, special electric bulbs, dry piles, electric pocket torches and lamps</td>
<td>125</td>
</tr>
</tbody>
</table>
24. Raw materials, added substances and production materials for food industry
25. Nursery products
26. Semi-finished products and accessories for the production of shoes, brushes, bags, bodices, hats, umbrellas, furniture etc.
27. Leather
28. Undressed fur skins for industry
29. Fabrics
30. Fabrics for technical purposes
31. Hard wood
32. Cork

III. Auxiliary materials and equipment for production and certain manufactured goods

33. Lorries, special motor-cars and chassis, chassis for buses, industrial trucks
34. Tractors and farming machinery
35. Apparatus and instruments for medical and dental purposes
36. Physical measuring and precision instruments, microscopes
37. Special bolts, nuts, screws and rivets for industry
38. Types for vehicles
39. Materials for building production (linoleum and feltbase, window-glass, equipment for central heating, roofing felt)
40. Grinding material and equipment

IV. Consumer goods

41. Tea, spices and edible preparations
42. Rice
43. Fruits
44. Fish and fish products
45. Wines and spirits
46. Printing material (incl. types and clichés)
47. Yarns in packages for retail sale
48. Sensitive material
49. Cameras and accessories, cinematograph projectors and projection apparatus
50. Transparent cellulose film, disinfectants, plant protection agents, colours and laquers (in packages not exceeding 25 kg in weight), rust-proofing marine paints for underwater use, surface active agents, polishes and detergents, lithographic varnish and stand-oil
51. Manufactures of rubber
52. Ropes, twine and cordage
53. Hosiery, clothing and other sewn articles incl. headgear, carpets
54. Lace, lace decorations, ribbons, cords and passementerie, fishing nets
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Global quotas in
million Fin. marks

55. Office machinery incl. dictating machines etc. and accessories 230
56. Household machinery (incl. domestic sewing machines) 75
57. Household articles (cutlery, sewing equipment, razors, safety razors and razor blades, glass and pottery products) 50
58. Passenger cars 500
59. Articles for sports and fishing, motor-cycles, scooters, outboard motors, hunting arms and ammunition 45
60. Watches and parts thereof 140
61. Books, magazines etc. 200
62. Musical instruments 5
63. Stationery goods 50
64. Special papers and boards 5

B. PARTLY REGULATED IMPORTS

65. Metallic semi-finished products having the character of raw material, not elsewhere included 400
66. Production machinery (incl. bulldozers), special components and assembling parts 1,150
67. Certain chemicals and chemical products 280
68. Lubricating oils 400
69. Aviation fuel 100
70. Bitumen 120
71. Sugar 200
72. Plastic as semi-finished 50
73. Tools for industry, tools for agriculture 200
74. Mineral auxiliary materials and products (Refractory clay and bentonite, micaite, asbestos and asbestos products, marble, white cement, works of stone for technical use, magnesite bricks) 200
75. Iron and steel manufactures, gas cylinders, transportation barrels, wire products, chains, special springs and other special manufactures 225
76. Metallic manufactures (strong-light lanterns and lamps, blow-lamps, tubes for pastes and other special manufactures) 175
77. Elastic fabrics, rubber threads and yarns 45

C. REGULATED IMPORTS

No information is available concerning the commodities included in this category and the quotas established for them.
ANNEX II

List of Trade Agreements in force on 1 July 1957

BULGARIA

On 18 January a trade protocol was signed with Bulgaria covering the exchange of goods in 1957. The total trade was estimated at about $2.2 million. Finnish imports would principally consist of maize, tobacco, rice, fruit, rugs and carpets, hemp waste and linen waste, and various chemical products.

CZECHOSLOVAKIA

On 2 February 1957 a new agreement was concluded with Czechoslovakia. Finnish exports were estimated at about Cz. crowns 96 million and imports at Cz. crowns 174 million. Of the difference, about Rbs. 10 million would be settled by a tripartite arrangement with the USSR, and the remainder by invisible transactions. Finnish imports would include sugar, hops, raw materials for the lye industry, chemicals, artificial casings, rolled products, machinery and equipment, motor cars, motorcycles and tractors, rubber goods, woollen and cotton fabrics, hat shapes and musical instruments.

MAINLAND CHINA

On 31 July 1956 a trade agreement for the period 1 May 1956 to 30 April 1957 was signed with Mainland China. The total exchange of goods, all of which is bound by quota, was estimated at Rbs. 122 million. Finland's imports would include oils and oil seeds, tea, silk and silk fabrics, and egg products.

COLUMBIA

On 22 November 1956 the validity of the trade agreement concluded on 6 March 1951 and its supplement of 23 May 1953 was extended to the end of 1957.

EASTERN GERMANY

On 10 December 1956 a new trade and payments agreement was concluded with Eastern Germany. The new agreement abolished the triangular settlements which in 1956 were estimated to be Rbs. 10 million. The planned exchange of goods was also reduced and total trade estimated at some $34.5 million. The quota list
for exports from Finland includes round wood, sawn wood, veneers and plywood, board, fibre board, chemical pulp, various qualities of paper and cheese, while the import list includes sodium sulphate, chemicals, machinery, vehicles and sugar.

Greece

The previous agreement was extended for one year on 28 May 1957. Greek exports will comprise: currants, raisins, citrus fruit, cotton, cotton yarn, woollen yarns, skins, and tobacco.

India

Letters were exchanged on 21 March 1957 between the representatives of the Governments of India and Finland extending the validity of the trade agreement of January 1951 until the end of 1957. The agreement stipulates no quotas but simply lists of commodities to be exchanged. Important items in the list of exports from India to Finland are: tobacco, hides and skins, cashew nuts, spices, jute goods, tea, coffee, shellac, coir yarn and manufactures, fibre for brushes and brooms, vegetable oils, cotton textiles, coal and iron ore.

Israel

On 20 March 1956 a trade agreement was signed with Israel valid retroactively from 1 March 1956 to 28 February 1957. Total trade was estimated at about $16.5 million. Finland's imports will consist principally of fruit, textiles and chemicals.

Poland

On 21 December 1956 a new trade and payments agreement was concluded between Finland and Poland relating to trade in 1957. Finnish exports are estimated at about $25 million, and imports at $23 million. Including deliveries under the previous agreement which were not effected during 1956, the total value of imports during the current year will amount to about $29 million.

The new agreement no longer includes tripartite arrangements with the USSR. In view of the fact that in 1956 such transfers were made to the value of $14 million, imports of coal, which form the major part of imports from Poland, cannot be continued on their former scale unless a proportion can be paid for
in third country currencies. Poland has therefore undertaken to deliver, during 1957, 1,100,000 tons of coal, 400,000 tons of which will be paid for in free currencies. In addition, Poland will deliver the 300,000 tons of coal due under the previous agreement.

RUMANIA

On 28 December 1956 Finland concluded an agreement with Rumania regulating trade in 1957. Total trade is estimated at some Rbs. 59 million. The quota list for Finnish imports includes fuel oil, gas oil, petrol, and other petroleum products, machinery, equipment, tractors and spare parts, sawn wood, and fruits.

USSR

On 28 November 1956 an agreement was signed with the USSR covering the exchange of goods in 1957. This agreement is within the framework of the five-year trade agreement signed in July 1954 covering the period 1956-1960. Finnish exports were fixed at Rbs. 616.8 million and imports at Rbs. 498.9 million. The difference between the two amounts was to be adjusted, inter alia, through triangular settlement arrangements between Finland, the USSR and other countries. Finnish imports will consist of grain and concentrated fodder, naphtha products, coal and coke, products of iron works and rolling mills, foodstuffs, spinning materials and products, motor cars and industrial machinery and artificial fertilizers.