

FINLAND

Mr Jermu LAINE, Finnish Minister of External Trade, will visit the Commission on 28 May 1984 where he will have talks with Vice-Presidents Haferkamp and Davignon and Commission Andriessen. The main topic for discussion will be EC-Finland relations after the EC-EFTA Ministerial Meeting in April and the recent EFTA Summit.

The State of EC-Finland Relations

Finland and the Community form, with the other members of the European Free Trade Association, an industrial free trade zone which comprises almost all of Western Europe and its more than 300 million consumers. Spain is the only exception but is currently negotiating membership of the Community. This is the end result of the free trade agreements which were signed in 1972 and 1973 in the wake of the decision by three EFTA Members, Britain, Ireland and Denmark, to become full members of the European Community.

Since the beginning of 1984, tariffs on industrial products have been completely eliminated on the Community side and Finland will complete its transition to free trade at the beginning of 1985. Then bilateral industrial trade will be completely free of tariffs and quantitative restrictions.

Although agriculture was not part of the original agreement, a provision was included whereby both parties would foster the harmonious development of trade. In application of this, an agreement was concluded in 1981 setting out conditions for trade in cheese. In an annex to the 1972 Agreement specific rules were also agreed clearly defining how tariff reductions would be applied to the industrial element of transformed agricultural produce.

The rules of origin

One of the annexes to the 1972 Agreement sets out the rules governing origin. They define which products will qualify for preferential treatment and ensure that goods do not enter the free trade zone through the country with the lowest external tariff. They encourage joint production between the Community and Finland of industrial products by providing a system of bilateral cumulation. This is closely in line with the economic thought behind the Free Trade Agreement which was to promote economic integration within Western Europe. In this light, a simplification of the rules as introduced in 1983 for engineering products.

Beyond the Agreement

In the past decade, cooperation has gone well beyond the original scope of the agreements. In a pragmatic way a totally new type of relationship between the Community and Finland has been established within which both sides can deal with any problem of mutual interest. Contacts at ministerial level has also intensified. In the recent past, Commission President Gaston E. Thorn has visited Finland as did Vice-President Haferkamp in 1979. The Finnish Minister of External Trade visited the Commission in 1981. As well as these exchanges at ministerial level, the regular meetings of the Joint Committee, set up by the Agreement, have consolidated the close relationship which exists between the Community and Finland and provided an impetus for further developments.

Among the areas of cooperation are:

Fish

An agreement was signed in 1983 providing for reciprocal access for Community and Finnish fishermen to each other's waters.

Science and Technology

Finland is a regular participant in the Community's Cooperation in Scientific and Technical Research programme (COST). Among the many areas of cooperation are video signal transmission, automobile research, metallurgy and marine navigation. The Community's data transmission network EURONET was interconnected with the Finnish network in 1983.

Steel

During the period of the present steel recession the Community and Finland have negotiated annual arrangements regulating trade in steel products.

Economic and Monetary Questions

Discussions have taken place between Commission and Finnish experts on monetary and economic questions.

Timber and Paper

The Commission and Finnish authorities have exchanged views on prospects for their timber and paper industries.

Trade Structure and Development

Although tariffs have not yet been completely removed, trade has expanded considerably since the agreements came into effect. Finnish exports to the Community have more than doubled between 1974 and 1982 from 2235 MECU to 5177 MECU representing 35% of total Finnish exports in 1982. Finnish imports from the Community increased over the same period by 122% from 1975 MECU to 4399 MECU which represents 33% of her total imports.

In 1982 some 68% of the Community's exports to Finland consisted of machinery, transport vehicles and other industrial goods; chemical products made up 13%. As far as Finland's exports are concerned paper is the most important item. In 1982 2.45 million tonnes of paper and paperboard were exported to the Community representing some 1458 MECU. Paper accounted for 28% of all Finnish exports to the Community in 1982 followed by wood (568 MECU, 11%), paper pulp and waste paper (458 MECU, 9%) iron and steel (250 MECU, 5%) and non-ferrous metals (155 MECU, 3%). These five product groups make up almost 58% of Finland's exports to the Community.

Consequently free access to the Community and the state of the market for these products in the Community are of great importance for the Finnish economy. Finland is similarly an important market for the Community's exports.

TRADE BETWEEN THE COMMUNITY AND FINLAND

(Million ECU)(*)

	1973	1975	1978	1980	1981	1982	1983 (10 months)
EC-Import	1624	1807	2996	4503	5006	5177	4711
EC-Export	1389	2023	2070	3466	3923	4399	3769
Balance	-235	+216	-926	-1037	-1083	-778	-942

Source: EUROSTAT

(*) The exchange rate ECU/dollar varies daily as the various EC currencies which make up the ECU vary against the dollar. One ECU was worth US\$ 1.2 in 1973, US\$ 1.37 in 1979 and US\$ 1.39 in 1980, US\$ 1.12 in 1981 and US\$ 0.98 in 1982.