

GENERAL AGREEMENT ON
TARIFFS AND TRADE

RESTRICTED

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Limited Distribution

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SUBSIDIES

Notifications of Contracting Parties

Addendum

NORWAY

Notification of 28 June 1961

By letter of 28 June 1961 the Government of Norway has transmitted to the secretariat a notification on subsidies in Norway.

NOTIFICATION OF 28 JUNE 1961

I

A. Subsidies provided for in Chapter 791 of the State Budget

Agricultural products

- (a) Allocations made in Chapter 791 of the State Budget provide for price support on milk and dairy products, Norwegian domestic grain, concentrated animal feed and fertilizers. Appropriations for subsidies are fixed through annual parliamentary decisions.

The main purposes of the subsidy arrangement is to avoid a heavy increase in price and cost levels, while at the same time the subsidies are regarded as a counter measure to the general excise tax for alimentary goods. A social goal is also fulfilled through the fact that the subsidies are tied to goods which are of main importance to the large families and to people in the lower income brackets. Considerations for normal and sufficient alimentation have played a part in determining the particular stress which is put on subsidizing milk products. The subsidy arrangement further on has an economic aim. Their presence will direct the development of agricultural production and influence the income stratification in the agricultural sector.

- (b) Subsidies on milk and dairy products are paid to the producers represented by the Cooperative Milk Marketing Pools (Melkesentralene) and the Norwegian Dairies' Sales Association (Norske Meieriers Salgssentral). Subsidies are given as fixed amounts per unit of produce.

Subsidies on Norwegian domestic grain are made in the way of grain bonuses (korntrygd) and premiums given through state purchases of Norwegian grain at prices somewhat about those for imported grain. The grain bonus is a monetary contribution to the producer for grain which he mills for his own uses, either for human consumption or for feeding purposes. The bonus is paid to the producer through the local mills. Premium on Norwegian grain equals the difference between buying prices of the State Grain Corporation (Statens Kornforretning) for Norwegian grain, including costs, and the prices for imported grain. The premiums will fluctuate because of variations in import prices.

Subsidies on concentrated animal feed are supplied through discounts on purchases made by the individual farmer. These subsidies are arranged as fixed rates per kilo for a limited quantity of feeding stuff. The quantity of feeding stuff for which discounts are made, fluctuate according to the size of the farms and the difference in live-stock species. With regard to milk-cows, discounts are made according also to output. The state Grain Corporation arranges for payment of these subsidies through feeding stuff merchants according to discount coupons issued by the different local Agricultural Councils (jordstyrer).

Fertilizers are subjected to a particular arrangement through which support is granted to small sized farms. The support is granted to farms, the size of which varies between 10 and 75 dekar (approximately 2,5 to 20 acres) with added limitations introduced according to income and

capital value of the relevant farm unit. For farms in Northern Norway and hill farms in Southern Norway, there are no upward area limitations. The support is granted upon request by the individual consumer.

Subsidies for fertilizers are given partly by way of freight allowances. These rates will vary according to freight costs. A similar freight allowance has been established for limestone and silo preservative acid. Freight allowances are made to the wholesale distributors.

The Treasury also provides the means for a general price reduction for phosphate fertilizers, potassic fertilizers and complete fertilizers. Means for this general write-off are paid to the producers and importers of fertilizers through the Price Regulatory Fund for Fertilizers. The general price reduction is only partly covered through Treasury means. For details about financing the remaining part of this write-off, one is referred to what is said about artificial fertilizers under I B.

- (c) The amounts charged to Chapter 791 of the State Budget in respect to the subsidy arrangement in force on 1 January 1961 and which also operated on 1 July 1960 were, for the period 1 July 1960 - 30 June 1961, estimated to be as follows:

Milk and dairy products	425 mill. N. Kroner
Grain bonuses	20 " " "
Premiums on domestic grain	100 " " "
Discounts on concentrated animal feed	56 " " "
Write-offs on artificial fertilizers	37 " " "

- (d) By 1 January 1961, the price compensation found the following distribution according to unit of production:

Milk and dairy products

Subsidies granted for milk deliveries to the dairies	Apprpx. 22	øre	per	Litre
Special compensation for consumer milk (domestic sales)	" 20,7	"	"	"
Special compensation for cheese (domestic sales)	" 99	"	"	"

Grain bonuses

Bonus for bread grain of wheat or rye up to 1.000 kilo per farm unit	" 19	"	"	Kilo
Basic bonus paid for wheat or rye (exceeding 1.000 kilo per farm Unit) as well as for oats, barley, mixed grain and peas	" 6	"	"	"
Additional bonus paid for wheat or rye (exceeding 1.000 kilo per farm unit), and for barley and peas	" 8	"	"	"
Additional bonus paid for oats and mixed grains	" 4	"	"	"

Additional bonuses are paid only for fixed grain quantities calculated per head of cattle or other domestic animals possessed by the grain producer.

Premiums for domestic grain

It is estimated that the average premium for domestic grain bought by the State Grain Corporation is 33 øre per kilo.

Concentrated animal feed

The present returnable discount on feeding stuff is 20 øre per kilo.

Fertilizers

Those farm units mentioned under letter (b) above enjoy, when located in the northern part of the country, (North Norway) or in certain southern sections, a 50% price reduction on fertilizers. For the rest of the country this write-off is 30%. The material available is insufficient, however, to make possible a calculation of the average price reduction in øre per kilo. The amount spent on this scheme totals 24 mill. N. kroner per year. Some 8 mill. N. kroner are spent on transportation allowances. The Treasury contributes approximately 5 mill. N. kroner for general price reductions on superphosphates, potassic fertilizers and complete fertilizers. These allocations cover only a part of the general write-off. For further details about the reduction scheme on fertilizers one is referred to section I B and to what is said there about fertilizers.

Fish

- (a) Chapter 791 of the State Budget provides for Treasury support to the cod and herring fisheries. This is granted partly as aid to purchases of bait and gear, partly as a premium on the prices on fish.

The objective of these arrangements is to improve the difficult economic conditions of the Norwegian fishing population.

- (b) State aid to investments in fishing gear are made partly as settlements with the State Gear Import Concern (Statens Fiskeredskapsimport) and other importers, partly to the Norwegian manufacturers of fishing equipment. This subsidy arrangement is effected through percentagewise price reductions made applicable to buyers' prices for mounted and not depreciated fishing gear.

Payments made to aid the aquisition of frozen baits of herring, mackerel and squid are made in part directly to the freezing plants, partly also to the central fish distributing organs. This bonus is given as a fixed amount per box of bait..

Price subsidies to landed fish are paid to the individual fishermen through their respective sales associations (fiskesalgslag). The premium paid per landed unit varies with the geographical districts according to

the kind of fish brought ashore. It has been left to the local fishermen's sales associations to further determine the distribution of the amounts thus granted for price supplements.

Subsidies for herring are paid to the individual working fishermen through their local sales associations. These price supplements are made partly by way of fixed amounts to be divided on the total catches, partly by way of rates fixed per unit of landed fish. This subsidy will therefore vary according to the different kinds of herring.

- (c) Based on agreements presently in force between the state authorities and the various fishermen's organizations, the price support granted with authority in Chapter 791 of the State Budget has for 1961 been fixed at 59,7 mill. N. kroner. This amount is divided as follows:

Fishing gear	18,0	mill. N. Kroner
Bait	5,5	" " "
Landed fish to be used for drying, salting or freezing purposes	11,5	" " "
Special arrangements of support	2,7	" " "
Premiums on prices for herring sold as landed	21,5	" " "
Aid to classification and measurements of fat content	0,5	" " "

- (d) With respect to the individual rates of price support, the following should be noted:

Fishing gear. The price reduction is effected through a discount of approximately 20% on users' prices for mounted fishing equipment. The reduction per unit will therefore fluctuate according to the different types of gears.

Bait. A basic subsidy of 15 N. kroner is paid for each $\frac{1}{2}$ box weighing 50 kilo. For baits sold in Northern Norway or Greenland, allowances are granted for transportation totalling 5 N. kroner per box.

Landed fish. The premiums paid for landed fish fluctuate from region to region and within the regions from one sales association to the other. Budgeted premium amounts are distributed to the fishermen's sales associations which will themselves determine how the amounts received shall be further allocated.

With regard to herring, it has previously been observed that the premium amounts will vary according to the different kinds of herring.

Margarine

- (a) For the purposes of keeping the cost-of-living index down, Chapter 791 of the State Budget provides a certain amount intended to subsidize consumer prices on margarine.
- (b) These subsidies are paid to the producers of margarine as fixed rates per kilo.

- (c) The total expenditures involved in this subsidy arrangement are approximately 40 mill. N. kroner per year.
- (d) The price subsidy equals 45 ore per kilo of margarine.

B. Arrangements for price support under the Agricultural Agreement

Subsidy arrangements pertaining to agricultural products which are mentioned under Section I A, and which are financed through the State Budget, are either included in or are pre-supported by the Agricultural Agreement presently in operation. This Agreement has been negotiated between the state authorities on one hand and the Norwegian Farmers Union (Norges Bondelag) and the Norwegian Farmers and Smallholders Union (Norges Bonde-og Smabrukarlag) on the other. As from 1 July 1958 the Agreement is valid until 30 June 1961. The Agreement has been published in the Pristidende No. 18, 1958. Negotiations are presently being conducted for a new Agreement succeeding the one which expires on 30 June 1961.

In addition to the arrangements for price support on agricultural products and means of production which are mentioned under Section I A, the Agricultural Agreement contains provisions for assistance financed from other sources than the Treasury.

Milk and dairy products

- (a) 40 mill. N. kroner may be used annually, according to Section I B and 9 of the Agricultural Agreement to secure the farmers a certain minimum price on the sales of milk products. This minimum price has been arrived at through separate negotiations. The 40 mill. N. kroner in question shall be taken from means set aside through levies on concentrated animal food. In addition, a certain part of a 5 mill. N. kroner amount intended for general supporting purposes for milk, meat, bacon, eggs and poultry, may be used.

Section I B of the Agricultural Agreement stipulates that efforts shall be made so that food quantities which are not traded in the domestic market shall be marketed elsewhere. Losses incurred through such marketing may be covered by means taken from the Feed Fund.

10 mill. N. kroner shall, according to Sections I C and 2 of the Agreement, be used to maintain a fund for freight allowance on milk. The fund is aimed to even out disparities in production prices. The rules governing this arrangement are laid down each year by the Ministry of Agriculture in co-operation with the Norwegian Milkproducers' Sales Association.

The above mentioned Feed Fund is provided through levies on concentrated animal feed charged on inland sales of Norwegian and imported feeding stuffs.

- (b) Compensation for losses incurred through exportation of alimentary goods is paid to the Norwegian Milkproducers' Sales Association. According to the Agricultural Agreement, this compensation shall, with regard to butter, be kept so high that it will secure a price of 7,50 N. kroner per kilo net f.o.b. price calculation.

Exported cheese received an equally large compensation based on the same prices for unprocessed milk going into butter and cheese production.

- (c) The total amount used to compensate for losses incurred through exportation of butter was in the period 1 July 1959 - 30 June 1960, totalling 12,0 mill. N. kroner. 11,2 mill. N. kroner were spent on the return of butter to the milk producers and on sales of butter at reduced prices to social institutions.

An amount somewhat in excess of the above mentioned 10 mill. N. kroner were used for freight allowances.

- (d) The above mentioned price compensation in connexion with the export of butter and cheese averages 1,23 N. kroner per kilo for butter and 1,17 N. kroner per kilo for cheese. The freight allowance equals approximately 0,9 øre per kilo for all milk delivered to the dairies.

Meat, pork, eggs and poultry

- (a) According to Sections 2 F and 9 A of the Agricultural Agreement an amount of 9 mill. N. kroner may, during the term of the Agreement, be used from the means of the Feed Fund. The amount allocated from the Feed Fund shall be used to carry out market-regulating measures with respect to meat and pork. 4 mill. N. kroner may be allocated from the same sources to carry out similar regulatory measures for the marketing of eggs and poultry. Finally, a part of the 5 mill. N. kroner amount allocated for general supporting purposes for milk, meat, bacon, eggs and poultry may be used for market regulations.

Section 2 G of the Agricultural Agreement stipulates that an arrangement for freight allowance with respect to slaughtered animals shall be maintained. The purpose of this arrangement is to secure parity in producers' prices. 10 mill. N. kroner of Feed Fund means may be used each year for this purpose.

- (b) No amount was granted to subsidize exportation of meat or pork during the first two years of operation of the Agricultural Agreement. It is unlikely that such grants will be made during the current year.

Freight allowance for meat and pork is made to the Norwegian Board of Meat and Pork Distribution (Norges Kjøttog Fleskesentral).

Export subsidies for eggs are given through the Norwegian Eggproducers' Association (S/L Norske Eggsentraler). These subsidies equal the difference between domestic prices for eggs and those achieved in the foreign market.

- (c) In the period 1 July 1959 - 30 June 1960 the total amount subsidizing the exportation of eggs was 2,3 mill. N. kroner.
- (d) The egg subsidy equalled an average of 1,53 N. kroner per kilo.

Wool

- (a) The prices for Norwegian wool are subsidized with authority in Section 3 of the Agricultural Agreement. The means for this operation are taken from a specially established Wool Fund. A total of 9 mill. N. kroner is transferred each year from the Feed Fund to the Wool Fund. The Wool Fund is disposed of by the Ministry of Agriculture according to certain rules aiming to stabilize prices on Norwegian wool and to further an expedient marketing of wool.
- (b) Price supports (deficiency payments) are paid to the producers through the Norwegian Board of Meat and Pork Distribution. The price support equals, for domestic sales, the difference between producers' prices and those paid by the wool industry. The latter prices are equal to the importation prices for similar qualities. Deficiency payments intended for exported wool equals the difference between producers' prices and the export prices. Export subsidies on wool will therefore fluctuate.
- (c) The present price support of Norwegian wool averages approximately 2,50 N. kroner per kilo.

Artificial fertilizers

- (a) During the previous discussion of subsidies for artificial fertilizers under I A, mention has been made of a general write-off on the prices for phosphate fertilizers, potassic fertilizers, and complete fertilizers. This discount is financed partly by the Treasury, partly through means accumulated in the Fund for Price Regulation of Artificial Fertilizers. The means of the Fund have been compiled by way of levies placed earlier on the domestic production of calcium nitrate (Norwegian salpeter) and ammonium nitrate limestone.
- (b) The means for the general discount on prices for phosphate fertilizers, potassic fertilizers, and complete fertilizers are given as fixed rates per ton and paid to the producer or to the importer. The means provided through the Treasury are for practical reasons also paid through the Fund for Price Regulation of Artificial Fertilizers.
- (c) Payments from the Fund to this general discount amount presently to approximately 10 mill. N. kroner per year. In addition the contribution of the Treasury which is also made through the Fund, must be included. As already mentioned under I A, the Treasury's contribution is approximately 5 mill. N. kroner. Total annual expenses incurred through the general discount on fertilizers will therefore arrive at approximately 15 mill. N. kroner.

(d) The rates of support currently in operation with regard to total general discounts are:

Superphosphates	(17 - 19% $P_{25}O_5$)	kr.	82,-	per 1.000 kilo		
"	" (29 - 31% ")	"	135,-	"	"	"
"	" (39 - 43% ")	"	180,-	"	"	"
Basic slag	(14 - 17% ")	"	73,-	"	"	"
(Thomas slag)	"	"				
"	" (17 - 19% ")	"	82,-	"	"	"
Dicalciumphosphate	(39 - 43% ")	"	180,-	"	"	"
Potassium magnesia	(25 - 30% K_2O)	"	21,-	"	"	"
Potassium fertilizers	(37 - 42% ")	"	32,-	"	"	"
"	" (47 - 52% ")	"	40,-	"	"	"
"	" (58% ")	"	47,-	"	"	"
Potassium sulphate	(47 - 49% ")	"	39,-	"	"	"
Complete fertilizers A		"	26,-	"	"	"
" B		"	22,-	"	"	"
" C		"	26,-	"	"	"

One may gather from information provided under part (c) that 1/3 of the discount is financed through the Treasury, while approximately 2/3 are covered by Fund means.

II

Statistics

The development, with respect to production, imports, exports and consumption of commodities which are mentioned above, can be appreciated from the following statistics:

Milk

The production of milk and the direct consumption of milk including cream (cream being here for practical purposes calculated as consumer milk) in the years 1957 - 1960:

	<u>Production</u>	<u>Consumption</u>	
	1.000 kilo	Consumer milk	Cream (as con- sumer milk)
1957	1.661.000	670	159
1958	1.632.000	667	157
1959	1.673.000	670	164
1960	appr. 1.740.000	683	170

Milk, besides being used for direct consumption, has been processed to evaporated milk, milk powder, cheese and butter.

Cheese and brown cheese (1.000 kilo)

	<u>Production</u>	<u>Imports</u>	<u>Exports</u>	<u>Consumption</u>
1957	31.460	151	6.471	28.300
1958	36.902	231	5.748	31.200
1959	38.500	218	9.700	30.400
1960	appr. 40.000	288	10.366	30.800

Butter (1.000 kilo):

	<u>Production</u>	<u>Imports</u>	<u>Exports</u>	<u>Consumption</u> ^x
1957	15.655	-	7.314	13.300
1958	13.422	-	4.311	13.000
1959	14.870	3	6.371	12.300
1960	appr. 18.000	7	6.754	13.800

^x Including consumption of farm-made butter and mountain butter. This consumption is estimated to 4.500, 3.700, 3.500 and 3.200 tons for the years 1957 - 1960.

Feeding stuffs

Sales prices for feeding stuffs were on 1 July 1956 stipulated higher than the cost prices kept by the State Grain Corporation. The difference is mentioned as Feeding stuff Duty. Feeding stuffs were at the same time taken off rationing. The below figures are indicated in 1.000 kilo.

	<u>Production</u>	<u>Imports</u>	<u>Exports</u>	<u>Consumption</u>	<u>Consumption including discount</u>
1956/57	523.842	190.988	180.600	540.649	291.023
1957/58	523.139	196.399	137.363	580.806	271.137
1958/59	459.678	299.808	107.696	620.105	265.282
1959/60	423.407	384.699	79.759	697.621	269.129

The production as indicated covers supplies from the producers. Among these are counted also the local mills. Consumption as indicated here equals merchants' sales and sales from local mills.

Artificial fertilizers (all figures indicating 1.000 kilo)

	<u>Production</u>	<u>Imports</u>	<u>Exports</u>	<u>Consumption</u>
1956	1.224.502	111.910	948.934	-
1957	1.450.170	131.637	1.041.691	436.800
1958	1.446.069	102.637	975.588	399.400
1959	1.481.723	101.869	1.134.306	428.500
1960	-	104.091	1.204.796	452.500

The consumption as indicated here is equal to merchants' sales in the period stretching from 1 July of the previous year until 30 June of the year indicated.

Grain and flour (all figures indicating 1.000 kilo)

		<u>Production</u>	<u>Imports</u>	<u>Exports</u>
<u>Wheat</u>	1957	29.986	256.030	3
	1958	16.822	297.738	50
	1959	19.864	302.627	2
	1960	22.942	288.298	11
<u>Flour of Wheat</u>	1957		18.471	
	1958		16.575	
	1959		12.956	
	1960		10.418	
<u>Rye</u>	1957	1.302	55.891	-
	1958	1.042	59.349	-
	1959	2.316	45.796	
	1960	3.694	55.761	
<u>Barley</u>	1957	315.563	21.588	109
	1958	340.065	18.395	6
	1959	304.357	26.201	2
	1960	399.520	61.097	0.5
<u>Oats, mixed grain and peas</u>	1957	140.643	35.164	1
	1958	131.340	78.441	7
	1959	121.248	26.994	55
	1960	179.366	95.768	2
<u>Fish</u> Total catches		<u>Fish</u> 1000 hl	<u>Herring</u> 1000 hl	
	1956	421.290	1.378.438	
	1957	373.008	1.018.649	
	1958	397.209	653.980	
	1959	419.167	725.046	
	1960	appr. 362.860	appr. 630.643	

With respect to imports and exports of fresh, frozen, dried, salted or smoked fish, one is referred to the following statistics:

	<u>Imports</u> 1000 kilo	<u>Exports</u> 1000 kilo
1956	4.953	342.200
1957	5.541	312.670
1958	7.451	277.750
1959	7.248	287.277
1960	14.645	258.899

Margarine (all figures indicating 1.000 kilo)

	<u>Production</u>	<u>Imports</u>	<u>Exports</u>	<u>Consumption</u>
1957	96.027	4	10.947	85.300
1958	90.651	1	7.308	86.100
1959	92.396	32	6.597	85.800
1960	92.508	1	6.731	85.000

