

**GENERAL AGREEMENT
ON TARIFFS AND TRADE**

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STATE TRADING

NOTIFICATION PURSUANT TO ARTICLE XVII:4(A)

NORWAY

The following communication, dated 6 October 1993, has been received from the Permanent Mission of Norway.

In Norway there are three State Monopolies concerned with foreign trade: the Norwegian Grain Corporation, the Wine Monopoly and the Norwegian Medical Depot. Within their powers these monopolies operate as independent institutions and are guided by commercial consideration in their import policy. No licensing requirements are imposed on the trading operations of these monopolies.

I. Enumeration of State trading enterprises

A. The Norwegian Grain Corporation (Statkorn)

Wheat, rye, barley (except barley for breweries) and oats, and milled products thereof as well as feeding stuffs.

B. The Wine Monopoly (A/S Vinmonopolet)

Alcoholic beverages.

C. Norwegian Medical Depot (Norsk Medisinaldepot, NMD)

Pharmaceutical products and drugs.

II. Reason and purpose for introducing and maintaining State trading enterprisesA. The Norwegian Grain Corporation (Statkorn)

The Grain Corporation was established in order to ensure a stable and adequate supply of grain, flour and grain seed, and plays a key rôle in national defence preparedness. It is responsible for the administration of support schemes for domestic grain production, including price supports and assistance for construction of grain drying plants. The Grain Corporation is also required by law to maintain emergency stocks of grain should the country ever be cut off from its regular grain sources. The Corporation has also been delegated the responsibility of administering the import regime for other non-grain agricultural products which are subject to quantitative import restrictions.

III. Description of the functioning of the State trading enterprisesA. The Norwegian Grain Corporation (Statkorn)

The Corporation deals with both exports and imports, but exports are insignificant.

For products mentioned in Article I.A. the Corporation has been granted the exclusive right to import and export, except in respect of exports of herring meal.

In making its purchases the Corporation acts on the basis of purely commercial considerations. It is, as mentioned, responsible for procuring from abroad at the most reasonable prices for the supplies required.

Long term contracts are entered into when commercial considerations so require.

IV. Statistical informationA. The Norwegian Grain Corporation (Statkorn)

Year	Imports of grain and feeding stuffs		National grain production
	Quantity	Value (c.i.f.)	
	1,000 tons	NKr million	1,000 tons
1990	600	558	1,540
1991	312	243	1,467
1992	487	399	1,010

V. Reason why no foreign trade has taken place (if this is the case) in products affected

Question irrelevant.

VI. Additional information

None.

B. The State Wine and Spirits Monopoly

"A/S Vinmonopolet (The State Wine and Spirits Monopoly) has the following exclusive rights with regard to production, import, export, wholesale and retail of spirits and beverages (containing above 2.5 per cent by volume):

- production, export, import, wholesale and retail of spirits (other than ethylalcohol see below), liquors and other spirituous beverages (CCCN No. 2207)
- import, wholesale and retail of wine and fruitwine (CCCN No. 2204, 2205 and 2206)
- import of beer and wholesale of imported beer (CCCN No. 2203) [This part of the monopoly will be repealed when the EEA agreement enters into force.]
- retail of beer containing more than 4.75 pst. alcohol by volume
- the import and wholesale of ethylalcohol (CCCN No. 2207) and isopropanol (CCCN No. 2905)

II. Reason and purpose for introducing and maintaining State trading enterprises

In order to reduce the negative consequences of alcohol consumption, it is of basic importance to restrict the availability of alcohol. This can only be done by controlling the flow of beer, wine and liquors. On this background, A/S Vinmonopolet has been established and given exclusive rights (see above) with regard to the production, import, export, wholesale and retail of the alcoholic beverages.

The existence of the monopoly makes it inter alia possible for the Government to keep down the number of outlets selling strong alcoholic beverages. It also enhances the possibility of effective control with the distribution of alcohol with the aim at preventing illegal trade and illegal profits. The Monopoly is an administrative body under full authority of the Government (The Ministry of Health and Social Affairs).

The Monopoly does not aim at making a profit on behalf of the Government.

The company does not act to protect Norwegian products, either directly or through a discriminating sales or purchase policy.

III. Description of the functioning of the State trading enterprises

The company's involvement in export and import:

As mentioned above, the State Wine and Spirits Monopoly has certain exclusive rights with regard to export and import (as well as with regard to wholesale and retail) of certain spirits and alcoholic beverages.

Private traders engagement in exports and imports

Private agents with a licence may act as intermediaries between exporters and the Monopoly or between exporters and potential consumers (restaurants and others). Sales agreements brought about by the agents are effectuated by the Monopoly.

Criteria for determining the quantities to be exported and imported

The export market (demand) determines the amount of liquors exported. (Wine is not produced on a commercial basis in Norway, no monopoly for the export of beer exists).

The imported quantities depend on domestic demand. No quantitative restrictions exist.

Fixation of export prices

The export prices are fixed on a mere commercial basis.

Domestic prices are fixed on the basis of different costs and levies and taxes, see below. As mentioned under paragraph II, the Monopoly does not aim at making profit on behalf of the Government.

Retail prices are determined by the overall costs of the single product, with the addition of a tax related to alcohol strength and volume and a special tax related to the retail price.

Long term contracts

When spirits/beverages are imported in bulk, contracts between the company and the exporter are normally signed for one year at a time. These contracts are made for purely commercial reasons. State trading methods are not used.

IV. Statistical information

Please find enclosed relevant figures for exports, imports and domestic production for the relevant commodities.

ANNEX

THE WINE MONOPOLY

IMPORTS AND EXPORTS BY THE WINE MONOPOLY

CCCN Number	Commodities	Imports					
		1990		1991		1992	
		Litres '000	NKr '000	Litres '000	NKr '000	Litres '000	NKr '000
2203	Beer made from malt	214	1,431	219	1,707	256	2,257
2204	Wine of fresh grapes etc.	25,746	257,022	26,406	281,658	24,864	290,729
2205	Vermouth and other wines of fresh grapes flavoured with aromatic extracts	1,074	18,608	1,407	24,794	1,505	28,579
2206	Fruitwine	202	1,332	169	1,456	130	1,396
2207	Ethylalcohol	664	2,824	4,090	11,076	6,298	16,811
2208	Spirits (other than No. 2207) liqueurs and other spirituous beverages, etc.	6,321	120,527	5,506	132,868	5,886	145,079
2905	Isopropanol	3,078	8,341	3,273	10,120	4,697	11,767
Total		37,299	410,085	41,070	463,679	43,636	496,618

ANNEX
THE WINE MONOPOLY

CCCN Number	Commodities	Exports					
		1990			1991		
		Litres '000	NKr '000	Litre '000	NKr '000	Litre '000	NKr '000
2208	Spirits (other than No. 2207) liqueurs and other spirituous beverages, etc.	768	22,895	753	22,884	860	27,601

CCCN Number	Commodities	Production					
		1990			1991		
		Litres '000	NKr '000	Litre '000	NKr '000	Litre '000	NKr '000
2208	Spirits (other than No. 2207) liqueurs and other spirituous beverages, etc.	4,198		3,817		3,655	

C. Norsk Medicinal Depot AS (NMD)

II. Reason and purpose for introducing and maintaining State trading enterprises

The Norwegian Medicinal Depot was established by the Act of 27 February 1953 No. 1 and has been in operation since 1957. This establishment was intended to rationalize the wholesale trade of drugs (pharmaceutical specialities) and of substances used for drug production and to ensure sufficient supply of such products both in ordinary times and in emergencies. The purpose of NMD is to contribute to stabilizing prices of pharmaceutical products to consumers. NMD is able to influence prices of raw materials by choosing their suppliers, but nevertheless must buy at market price. Prices for pharmaceutical specialities have hitherto been fixed by the Norwegian Medicines Control Authority. From 1 January 1993 NMD is re-organized into a private limited company with the Department of Social Security as total equity owners.

III. Description of the functioning of the State trading enterprise

- (a) The enterprise deals in both exports and imports of medicines and medicinal substances.
- (b) A new Medicines Act will come into force in Norway together with the European Economic Area Agreement. This will allow private manufactures to export their own products. They presently export their own products after given consent by NMD.

Authorized manufacturers of pharmaceutical products will be able to import medicinal products and substances when 92/25 EEC (the wholesaling directive) comes into force in Norway. They presently import medicinal substances required in production of own products after given consent by NMD.

The new Medicines Act removes the monopoly held by NMD and will open the Norwegian pharmaceutical wholesaling market to competitors.

- (c) The quantities imported by NMD are determined by demand. Sales prices of raw materials and pharmaceutical products and drugs to dispensing chemists are based on cost price to NMD and mark-up. There is no difference in the calculation of the mark-up between domestic and imported products.
- (d) Long term contracts have in certain cases been negotiated for the supply of raw materials after consideration of offers submitted by several suppliers, including suppliers from abroad.

IV. Statistical information

Year	Imports by NMD	NMD's purchase from Norwegian suppliers	Exports by NMD
1990	2,205,478	507,182	3,568
1991	2,532,574	605,310	4,960
1992	3,208,442	612,808	4,961

All figures are in NKr 1,000 at retail buying price

V. Reason why no foreign trade has taken place (if this is the case) in products affected

Question irrelevant.

VI. Additional information

The expected ratification and implementation of the European Economic Area will drastically affect NMD's market place and pharmaceutical wholesaling in Norway. These impending changes have been taken into consideration in answering the above questions as far as they are known. However, not all the new regulations adjusting Norwegian law to the new demands of the European Economic Area are as yet complete and consequently some information cannot be given e.g. Pharmaceutical wholesaling regulations, Price regulations for medicinal products.