

**GENERAL AGREEMENT
ON TARIFFS AND TRADE**

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STATE-TRADING

Notifications Pursuant to Article XVII:4(a)

NORWAY

The following communication, dated 21 July 1994, has been received from the Permanent Mission of Norway.

In Norway there are two State Monopolies concerned with foreign trade: the Norwegian Grain Corporation and the Wine Monopoly. Within their powers these monopolies operate as independent institutions and are guided by commercial considerations 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.

Norwegian Medical Depot (Norsk Medisinaldepot, NMD)

The exclusive right to import and distribute pharmaceutical products of the NMD which was included in the previous notification, was abolished with the entry into force of the Agreement on the European Economic Area on 1 January 1994. According to Act No. 132 of 4 December 1993 relating to Pharmaceutical Products and the regulation on Wholesale Distribution of Pharmaceutical Products of 21 December 1993, any company or person may apply for a licence to import and distribute wholesale pharmaceutical products, subject to the conditions set out in the regulations. This means that the company now falls outside the scope of Article XVII.

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

The Grain Corporation was established in order to ensure a stable and adequate supply of grain, flour and grain seed, and plays a key role 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 enterprises

A. 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 information

Year	Imports of grain and feeding stuffs		National grain production
	Quantity	Value (c.i.f.)	
	1,000 tons	NOK million	1,000 tons
1991	312	243	1,467
1992	487	399	1,010
1993	456	397	1,400

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)

I. "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 (HS No. 2207)

- import, wholesale and retail of wine and fruitwine (HS No. 2204, 2205 and 2206)
- retail of beer containing more than 4.75 pst. alcohol by volume (HS No. 2203)
- the import and wholesale of ethylalcohol (HS No. 2207) and isopropanol (HS 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

HS Number	Commodities	Exports					
		1991		1992		1993	
		Litres '000	NOK '000	Litres '000	NOK '000	Litres '000	NOK '000
2208	Spirits (other than No. 2207) liqueurs and other spirituous beverages, etc.	753	22,884	860	27,601	901	29,717

HS Number	Commodities	Production					
		1991		1992		1993	
		Litres '000	NOK '000	Litre '000	NOK '000	Litre '000	NOK '000
2208	Spirits (other than No. 2207) liqueurs and other spirituous beverages, etc.	3,817		3,655		3,341	

HS Number	Commodities	Imports					
		1991		1992		1993	
		Litres '000	NOK '000	Litre '000	NOK '000	Litre '000	NOK '000
2203	Beer made from malt	219	1,707	256	2,257	440	4,894
2204	Wine of fresh grapes, etc.	26,406	281,658	24,864	290,729	25,508	315,104
2205	Vermouth and other wines of fresh grapes flavoured with aromatic extracts	1,407	24,794	1,505	28,579	1,277	24,827
2206	Fruitwine	169	1,436	130	1,396	78	896
2207	Ethylalcohol	4,090	11,076	6,298	16,811	2,970	8,137
2208	Spirits (other than No. 2207) liqueurs and other spiritous beverages, etc.	5,506	132,868	5,886	145,079	5,630	164,655
2905	Isopropanol	3,273	10,120	4,697	11,767	2,069	5,322
Total		41,070	463,679	43,636	496,618	37,972	523,835