

**MULTILATERAL TRADE  
NEGOTIATIONS  
THE URUGUAY ROUND**

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COMMUNICATION FROM NORWAY

The following communication has been received from the delegation of Norway with the request that it be circulated to members of the Negotiating Group on Agriculture.

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THE MEANS FOR STABILISATION OF AGRICULTURAL PRODUCTION IN  
NORWAY

Introduction

General information on Norwegian agricultural policies including policy objectives regarding level of production, regional development and farmers income will be given in the forthcoming updating of the AG/FOR series.

In assessing the size of agricultural production in Norway several basic factors have to be taken into account, including the degree of self-sufficiency and the contribution of agriculture to the stabilization of the population settlement pattern in remote areas.

The degree of self-sufficiency calculated in terms of energy, is about 53%. Of this fish represents about 8%. When this figure is corrected for imports of feed concentrates, the degree of self-sufficiency is about 4% less.

Measures to limit production

It is a precondition for pursuing the income goal that agricultural production does not exceed established production ceilings. A wide range of measures has been taken to limit production.

The price relationship between the various products as well as feedstuffs is of great importance to the level and regional distribution of agricultural production. Grain prices have been fixed at a high level in order to reduce the production of animal products. Furthermore prices of feed concentrates are regulated by a levy system.

If the income in agriculture had derived through prices only, limitation of production to the market situation would have been most difficult. A rather substantial part of the income in agriculture in Norway is therefore secured through the use of other measures. Most of these measures are differentiated according to the size of the production of the farm or to natural conditions and cover almost all products.

In most cases this support is not allocated to production exceeding certain levels. The support can also be limited in the same way according to farm size. A large part of the support is allocated to farmers in conformity with this formula. The market situation of different agricultural produce is taken into account when framing these support programs. The support programs do therefore to a large extent contribute to a limitation of production.

#### Supply programs by product

##### Milk

A dual price system on milk was introduced in 1977 the objective of which is to limit milk production.

The dual-price arrangement entailed that producers, which in 1977 reduced the milk deliveries to the dairy, got a higher price than producers which increased their deliveries. After negotiations between the farmers organizations and the government the dual-price system on milk was replaced in 1983 by a new dual-price system on milk based on a quota allocation.

These regulations apply for all producers who deliver cow's and/or goat's milk and/or milk products to approved receivers. Each farm is allocated a quota.

The size of the quota of milk that obtain full price is generally fixed on the basis of the producer's average delivery during the three previous years.

Some categories of farms can have their quotas fixed in accordance with special regulations which relate to:

- farm development
- change of ownership/starting operation
- reclamation and cultivation of newly cleared land and longterm leasehold
- breakes in operation

The final quota is fixed by means of a ratio, which may be differentiated by region and category of farm, expressed as a percentage of the basic quota. One ratio will be fixed for cow's milk and one for goat's milk.

The quotas are not transferable and tied to the farm, not to the farmer. Production beyond the quota receives a considerable lower price than the milk produced within the quota, thereby effectively discouraging surplus production.

## Beef

A scheme to reduce beef production by early slaughtering of calves was implemented in 1982 in order to limit production to demand.

Participants of this scheme received a premium for each slaughtered calf.

Provisions of this scheme are currently suspended due to the market situation. They can, however, be

immediately reintroduced if warranted by developments in the beef market.

#### Pork/poultry meat

In order to maintain the agricultural production as a family farming enterprise and to avoid uncontrolled development in production an act to limit the size of production units for pork production, poultry meat and egg production was introduced in 1975. The establishment of units exceeding 500 pigs or 7.000 chickens for slaughter or 3.000 turkeys for slaughter is generally not allowed.

#### Eggs

Limitation of egg production has mainly been pursued through contract production.

Participants of this scheme receive a price premium which are not granted to other producers.

Under this scheme production of eggs have been managed by a compulsory variation of capacity utilization at each farm.

The establishment of egg producing units with a capacity exceeding 2.000 hens is generally not allowed.

#### Grain

The Norwegian production of grain is below the total demand for feedgrain and grain for human consumption. Provisions have been made to introduce a levy if the production of grain should increase beyond demand, thereby effectively discouraging surplus production.

## Potatoes

The production of Norwegian potatoes has in recent years been lower than the consumption. A scheme is in force aiming at improving the marketing of potatoes and at monitoring the production.

Participants (producers) of this scheme receive a price premium pr. kg. potatoes which is not granted to other producers.

The scheme includes provisions that offer the possibility of introducing measures to curb surplus production.

## Assessment

During the last decade production of the most important agricultural products has on the whole increased along with the increase in consumption. However, during the first years of the eighties production of milk, meat and eggs tended to exceed consumption.

It was as a response to this overproduction problems that the described supply management schemes and measures were implemented.

By way of these schemes and measures production has since been adapted to consumption and for the most important agricultural products Norway is currently facing only minor market imbalances.

For almost its entire agricultural sector Norway has adopted supply management schemes containing provisions which effectively ensure that production does not exceed established ceilings.