

**GENERAL AGREEMENT ON
TARIFFS AND TRADE**

RESTRICTED

IMC/INV/3/Rev.4
29 October 1984

Arrangement Regarding Bovine Meat

INTERNATIONAL MEAT COUNCIL

Inventory of Domestic Policies and Trade Measures

Reply to Part G of the Questionnaire¹

NORWAY

Revision

The participants have agreed to provide information concerning their domestic policies and trade measures including bilateral and plurilateral commitments on the basis of Parts G and H of the Questionnaire (Rule 16 of the Procedure). The documents containing replies to these parts of the Questionnaire are circulated under the symbol IMC/INV; they are revised as and when changes are notified.

This set of documents constitutes the inventory of all measures affecting trade in bovine meat, including commitments resulting from bilateral, plurilateral and multilateral negotiations, which the Council has instructed the secretariat to draw up and keep up to date, under the provisions of Article III of the Agreement (Note to Article III of the Arrangement and Rule 18 of the Rules of Procedure).

¹Norway has no bilateral or plurilateral commitments (Part H) on bovine meat.

PART G

PART G.1 INFORMATION OF DOMESTIC POLICIES AND TRADE MEASURES

General information

Norway is Europe's northmost country with more than a quarter of her total area north of the Arctic Circle. In the major agricultural areas the length of the summer (temperature above 10°C) is no more than 90-120 days.

For topographical reasons farm land is scattered, and split up in relatively small plots. Relatively large and continuous areas of farm land are found only in a few areas. Norway's total agricultural area makes up only 3 per cent of the country's total area. The agriculture is characterized by relatively small farms.

Because of climatic conditions grass is the most important crop. Two thirds of the total area of farm land are used for grass, and one third for grain, mainly feed grain.

The degree of self-sufficiency in foods, calculated in terms of energy, is about 50 per cent. Of this fish represents about 7 per cent. When this figure is corrected for the import of feed concentrate, the degree of self-sufficiency is 5 per cent less.

In many areas agriculture together with forestry and fishing are major sources of employment for the local population. In such areas, the main objective of national policies is to stimulate economic development through expansion of existing industries and creation of new jobs. Agricultural policy plays an important rôle in this respect. If such areas shall not become too sparsely populated, measures must be taken to maintain a higher number of people in agriculture than would have otherwise been the case.

The income objective in agriculture is that the income per man year on rationally operated holding shall be at a level corresponding to the average income per man year in industry. Efficiency norms have been laid down to calculate the income per man year in agriculture. These norms are differentiated according to regional criteria and the size of the farms.

In assessing the size of agricultural production in Norway two main factors are of importance, first the degree of self-sufficiency and secondly the contribution of agriculture to the stabilization of settlement in remote areas.

Norwegian agriculture is primarily a producer of livestock products. For such products the aim is to meet domestic requirement, mainly through production based on home-grown fodder.

Production shall be adjusted closely to the actual demand, so that the surplus production is reduced to a minimum. To a great extent the surplus production is disposed of on the home market. Cheese is the only agricultural product exported on a more permanent basis. A large part of this export is related to the seasonal fluctuation in milk production, which necessitates a somewhat larger total milk production - to meet the requirements for liquid milk - than would be the case if the production had been constant throughout the year.

The level of farm product prices, the support to be accorded to agriculture and the actual regulations affecting the marketing of farm products are determined in negotiations between the Government and the farmers' organizations (The Agricultural Agreement).

There are guaranteed prices for grain and wool only; for other products the prices established in the Agreement are target prices. The farmers' co-operatives - which have national associations for the different branches - are responsible for regulating the markets and consequently for securing the target prices for the products. The necessary funds for these market regulations are provided in accordance with the Agreement.

Beside the prices there are a great number of programmes and measures in the agricultural policy. Part of these are comprehensive programmes but there are also special programmes for the promotion of agriculture in remote areas and on small farms.

As the disposal of surpluses normally is a costly undertaking in agriculture, a precondition for realizing the income goal is that the production is adapted to the market. In the policy to adapt the production, a wide range of measures are used.

The price relations between the various products are of great importance in our policy. Most important is the relation between prices for grain and milk. Grain prices have been fixed at a relatively high level in order to stimulate specialization in grain production in areas where extensive grain production is possible. This policy has made it possible to increase the more labour intensive milk production in remote areas.

With the aim to stimulate domestic fodder production and to adjust as far as possible the output of livestock products to demand, prices of feed grain/ concentrates are regulated by a levy system.

If the income in agriculture had been obtained through prices only, the adaptation of the production to the market would have been difficult. A rather substantial part of the income in agriculture in Norway is, however, secured through other measures. Most of such measures are differentiated according to the size of the production on the farm or natural conditions.

I. PRODUCTION

- (a) In 1983 Norway produced about 72 million kg of beef. This is a decline of 7% from 1982 when the production of beef was 77 million kg. For the last years there has been a steady increase in the production (totally 25% from 1975 to 1982) until this change from 1982 to 1983.

Almost the whole beef production in Norway is based on dual-purpose breed (Norwegian Red Cattle). Until recently beef production was regarded as a by-product of milk production, and less emphasis was placed on breeding than on milk production.

The potential to increase beef production based on dual-purpose breed is very much depending on the number of milk cows. There has been a steady reduction in the number of milk cows, from 404 000 in 1974 to 380 000 in 1983.

However, the recent years more emphasis has been laid in breeding as a main product. This can be illustrated with the share of stocks without milk cows. In 1973 82% of the stocks included milk cows, whereas this was reduced to 72% in 1982.

(b) & (c) Support and stabilization measures

Market arrangements for meat are based on fixed average target prices and price ceilings, above which free importation according to special regulations is allowed. They are based on controlled seasonal price variations, subsidies for storage measures, the recovery of losses through exportation as well as through exceptional sales measures on the domestic market. The arrangements further include quota-regulated import, which usually is practised when the market price is moving towards the price ceiling.

The Norwegian Farmers' Meat Marketing Organizations is responsible for the market regulation of beef. This is a national organization - owned by producers, and accounts for approximately 75 per cent of the domestic production of cattle slaughtering.

A general price support on carcasses is given. In the Agreement 1984-86 the support is fixed at NOK 2,80 per kg.

A regional support on carcasses is given in some districts. In the Agreement 1984-86 this support varies from NOK 1.5 to NOK 6.10 per kg of beef.

Within the framework of the Agricultural Agreement, subsidies are given to reduce costs of transportation of cattle from the farm to the slaughterhouse. Furthermore, freight subsidies are given for transport of carcasses of beef, from surplus regions to deficit regions.

The market balance for 1983 came up with a surplus of beef and veal of 6800 tons.

In order to overcome this situation both A) production stabilizing measures and B) market regulatory measures has been introduced in the meat sector.

A. From 1 January 1982 a decreasing price system for heavy beef carcasses was introduced. A higher price is paid for carcasses under 280 kg, decreasing prices being paid for heavier carcasses. It is estimated that this measure has reduced the deliveries by 1700 tons in 1983.

On 1 January 1982 a measure to stimulate the production of calves was introduced. Also in 1983 there has been a premium for slaughtering of calves weighting less than 35 kg. The premium amounts to NOK 400-1000¹ per animal (maximum for female). On the detriment of heavier slaughter animals, slaughtering of calves increased from 18.600 in 1981 to 41.000 in 1983. From 1982 the slaughtering of calves weighting more than 35 kg was reduced from 20.000 to 13.300 in 1983.

It is estimated that the slaughtering of calves weighting less than 35 kg has reduced the deliveries of heavier slaughter by 1400 tons.

These measures will increase it's effect for the delivery of heavier slaughter for the coming years. For 1984 the estimate is that these measures will reduce the deliveries by 7000 tons.

¹ Approximately US\$ 55-135.

B. In the end of 1983 the regulatory stocks was about 6 200 tons. The market regulatory measures are further described in next chapter.

II. INTERNAL PRICES AND CONSUMPTION

- (a) In 1983 per capita consumption of beef was 17,8 kg, of mutton 5,2 kg and of pork 18,9 kg. From 1974 to 1980 the consumption of beef increased by 19 per cent, whilst the total consumption of meat increased by 10 per cent. The reason why the consumption of beef increased more than other categories of meat was the use of consumer subsidies.

In 1981 there was a serious cut in the subsidies. This resulted in a decline in the consumption of beef with 11% from 1980 to 1981. There was also reduction in subsidies for pork and mutton, and the consumption of this categories was also reduced. The total meat consumption fell from 48,1 kg per capita in 1980 to 41,9 kg per capita in 1981.

The amount of consumers subsidies for beef is for the time being NOK 3.00 per kg. The wholesale price of beef class 1 is NOK 30,80 per kg and of veal class 1 NOK 32,75 per kg.

Beef and pork are examples of products with somewhat larger demand elasticities than most other agricultural products. Norwegian calculations made in 1974 indicate that the demand for beef is more price dependent than the demand for pork. Changes in the price relations between these types of meat will have an influence on demand for the one compared to the other. The calculations imply that changes in the price of pork have less effect on consumption of beef than the reverse.

In Norway the per capita consumption of fish is very high, and the price relations between fish and meat is also important for the development in the consumption of meat. The rather moderate consumption of meat per capita must be viewed in connection with the very high consumption of fish.

Since 1981 when there was a decline in consumption at the same time as production continued to increase, it has not been possible to adjust production to demand only by regulatory production measures. Promotion sales and exports have been necessary. In 1983 7100 tons of beef were exported, mainly to Eastern Europe.

In 1983 more effort was spent on advertising campaigns in order to increase consumption. Also some promotion sales took place in 1983. 4400 tons fresh bovine meat and 5900 tons frozen bovine meat were thus sold.

III. MEASURES AT THE FRONTIER (items (a), (b), (e))

The customs tariff on beef and beef products is NOK 1.20 per kg.

The provisions concerning imports aim at providing a reasonable amount of protection for Norwegian agricultural producers against competition from abroad. As a principal rule it is required that demand for the products concerned shall be fully covered at all times.

In accordance with the import regulation system there are import restrictions on beef.

The Agricultural Agreement sets fixed prices for different categories of meat. If the domestic price exceeds an upper price limit (10 per cent above agreed average price) for two consecutive weeks, import restrictions are suspended to allow free import. The import restrictions are re-introduced when the weekly quotation reaches or falls below the upper price limit.

Price are based on wholesale price quotations for whole carcasses from the Norwegian Farmers' Meat Marketing Organization.

In consultations with the producers and the importers, the Ministry of Agriculture may however permit quota-regulated imports even if the requirements for free importation are not fulfilled, when it considers importation necessary in order to provide reasonable supply of the product in question.

In practice, imports have normally taken place on the basis of the lastmentioned procedure, so that market price is not allowed to reach the upper price limit. By such quantity-restricted imports a compensatory amount at the frontier is levied to equalize the price between the imported product and the corresponding price of the same product of internal origin.

If outlets on the domestic market cannot be found, the Feed Fund appropriates export subsidies on beef in accordance with the provisions of the Agricultural Agreement.

(d) Sanitary and veterinary regulations

Norway is free from the majority of livestock diseases. In order to prevent domestic livestock from being exposed to health hazards, Norway maintains a complete ban on imports of beef and other animal products.

Exemptions for imports of beef can be granted by the Ministry of Agriculture, Division of Veterinary Services. Import licences can only be given for imports from countries which are able to meet the Norwegian zoo sanitary requirements.

The beef will upon arrival be subject to an import examination, including bacteriological examination, before importation will be permitted.

Export of beef from Norway to other countries can only take place from plants specially approved for exporting.