

GENERAL AGREEMENT ON

TARIFFS AND TRADE

RESTRICTED

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STATE TRADING

Notifications Pursuant to Article XVII:4(a)

NORWAY

The attached communication, dated 14 September 1987, has been received from the Permanent Mission of Norway.

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In Norway there are four State monopolies concerned with foreign trade: the Norwegian Grain Corporation, the Wine Monopoly, the Norwegian Fishing Equipment Corporation and the Norwegian Medical Depot. 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 (Statens Kornforretning)

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. The Norwegian Fishing Equipment Corporation (Norges Fiskeredskapsimport)

Fishing gear and raw materials and semi-manufactures for the domestic production of fishing gear.

D. Norwegian Medical Depot (Norsk Medisinaldepot, NMD)

Pharmaceutical products and drugs.

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

A. The Norwegian Grain Corporation (Statens Kornforretning)

The Corporation was established for the purpose of ensuring the country's supplies of grain and flour, including grain seed. It has also responsibilities in connection with support schemes for domestic grain production. Such schemes include price supports and assistance for construction of grain drying plants. The Corporation is required by law to maintain emergency stocks of grain. As Norway might be cut off from regular sources of supply of these essential products, the Corporation is considered to be an essential part of national defence preparedness.

B. The Wine Monopoly (A/S Vinmonopolet)

The Wine Monopoly was established in 1922 with concession and rules laid down by Royal Decree of 31 March and decision by Parliament of 1 August. Formally the Wine Monopoly is a stock company. The share capital is now owned by the State.

The Wine Monopoly was established for social reasons in order to neutralize the private sales interests. The sales policy is directed at preventing the abuse of alcohol and promoting temperance.

As from 1 July 1932 the Wine Monopoly is organized according to the Act of 19 June 1931, No. 18, and its activity is exercised in pursuance of a new concession laid down by Royal Decree of 13 May 1932, with later amendments.

C. The Norwegian Fishing Equipment Corporation (Norges Fiskeredskapsimport)

The Corporation was established in 1953 in order to ensure sufficient supplies of fishing gear at reasonable and stable prices to the fishermen. Norway has only a very limited production of a few types of synthetic fibres and is wholly dependent on imported raw materials for the domestic production of fishing gear. The Corporation therefore maintains a large stock of raw materials.

In Norway fishing gear is owned individually or collectively by the fishermen themselves. Any profit from the activities of the Corporation is to be used for the adjustment of the prices of fishing gear.

As of July 1, 1975 the Corporation is organized according to the Act of 25 June 1965 relating to certain State Corporations, and from the same date the name was changed from "Statens Fiskeredskapsimport" to "Norges Fiskeredskapsimport".

D. Norwegian Medical Depot (Norsk Medisinaldepot, NMD)

The Norwegian Medical 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 also to contribute to stabilizing prices of pharmaceutical products to consumers. NMD is able to influence prices of raw materials by choosing their suppliers. Prices for pharmaceutical specialities are fixed by the Norwegian Medicines Control Authority (SLK).

III. Description of the functioning of the State-trading enterprises

A. The Norwegian Grain Corporation (Statens Kornforretning)

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

Private traders may not import or export products for which the Corporation has been granted the exclusive right to import and export, except in respect of exports of herring meal, which are carried out by private exporters.

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.

B. The Wine Monopoly (A/S Vinmonopolet)

The Wine Monopoly has the exclusive right to import and export wine and spirits. It has also the exclusive right to produce liquor within the country. Further only the Wine Monopoly has the right to sell spirits and wine to public caterers, such as restaurants, hotels, bars etc. as well as to private consumers, and to sell imported beer to caterers and retailers. The Monopoly has also the exclusive right to the import and sale of isopropanol and spirits for technical and medical use.

The quantities and qualities imported by the Monopoly are determined by public demand.

The export of spirits is relatively modest and depends on foreign demand. The export prices are fixed on a commercial basis.

The retail prices for spirits and wine consist mainly of taxes stipulated by Parliament. These taxes have specific as well as ad valorem elements. Equivalent taxes are levied on Norwegian and foreign brands.

The practice of the Monopoly is to purchase mainly on short-term contracts. The Monopoly operates as an independent trader, according to general rules laid down by the Government.

C. The Norwegian Fishing Equipment corporation (Norges Fiskeredskapsimport)

The Corporation deals with imports only. It sells the imported commodities to domestic manufacturers of fishing gear, to wholesalers and repair shops. The greater part of the raw materials used for the production of fishing gear is imported.

Both production and exports of fishing gear are handled by private enterprises. The Corporation may issue permissions to private enterprises to import fishing gear themselves. The quantities to be imported are determined by demand.

The Corporation operates in accordance with normal commercial policy.

D. Norwegian Medical Depot (Norsk Medisinaldepot, NMD)

NMD has in principle the exclusive right to import pharmaceutical products and drugs and to sell such products to dispensing chemists. In principle NMD also has the exclusive right to export pharmaceutical preparations.

Private manufacturers may, however, export their own products provided NMD consents.

Manufacturers of pharmaceutical products or drugs are required to apply to NMD for permission to import materials used in the manufacture of such products. Narcotics are imported solely by NMD.

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 with a certain mark-up. There is no difference in the calculation of the mark-up between domestic and imported products. Norwegian raw materials form only a small part of the products manufactured in Norway.

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.

V. Statistical information

A. The Norwegian Grain Corporation (Statens Kornforretning)

| Year | Imports of grain and feeding stuffs |                | National grain production |
|------|-------------------------------------|----------------|---------------------------|
|      | Quantity                            | Value (c.i.f.) |                           |
|      | 1000 tons                           | NOK million    | 1000 tons                 |
| 1984 | 461                                 | 563            | 1.405                     |
| 1985 | 375,2                               | 523            | 1.270                     |
| 1986 | 672                                 | 550            | 1.106                     |

B. The Wine Monopoly (A/S Vinmonopolet)

See Annex

C. The Norwegian Fishing Equipment Corporation (Norges Fiskeredskapsimport)

Sales figures for 1984, 1985 and 1986 for the Norwegian Fishing Equipment Corporation (all products sold are imported).

| Products                                  | 1984    | 1985    | 1986    |
|---|---------|---------|---------|
| Yarns of synthetic fibres (continuous)    | 1.456,1 | 1.854,0 | 1.518,2 |
| Twines of synthetic fibres (continuous)   | 880,9   | 870,2   | 1.030,9 |
| Monof. yarns, synthetic                   | 32,6    | 51,2    | 202,1   |
| Yarns of synthetic fibres (discontinuous) | 142,0   | 205,5   | 167,7   |
| Cordage and ropes, synthetic              | 19,1    | 5,7     | 3,7     |
| Fishing nets, synthetic                   | 423,7   | 607,1   | 756,9   |
| Tons                                      | 2.954,4 | 3.594,6 | 3.679,1 |
| Total value in NOK million                | 83,2    | 109,5   | 111,7   |

D. Norwegian Medical Depot (Norsk Medisinaldepot, NMD)

Imports, exports and Norwegian production of pharmaceutical products.

NOK 1000

| Year | Imports by NMD | NMD's purchase from Norwegian suppliers | Exports by NMD |
|------|----------------|---|----------------|
| 1984 | 963.443        | 343.807                                 | 4.709          |
| 1985 | 1.120.993      | 345.518                                 | 4.783          |
| 1986 | 1.246.585      | 374.684                                 | 2.056          |

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

Question irrelevant.

VI. Additional information

None

ANNEX

The Wine Monopoly

Imports and Exports by the Wine Monopoly

| Commodities    |   | Imports        |             |                |             |                |             |
|----------------|---|----------------|-------------|----------------|-------------|----------------|-------------|
|                |   | 1984           |             | 1985           |             | 1986           |             |
|                |   | Litres<br>'000 | NOK<br>'000 | Litres<br>'000 | NOK<br>'000 | Litres<br>'000 | NOK<br>'000 |
| CCCN<br>Number |   |                |             |                |             |                |             |
| 2203           | Beer made from malt   | 102            | 512         | 69             | 627         | 283            | 1.753       |
| 2205           | Wine of fresh grapes etc.   | 592            | 125.989     | 20.362         | 178.654     | 22.273         | 233.815     |
| 2206           | Vermouths and other wines of fresh grapes flavoured with aromatic extracts  | 950            | 11.348      | 962            | 12.338      | 1.013          | 13.593      |
| 2209           | Spirits (other than No. 2208 liqueurs and other spirituous beverages, etc.) | 6.865          | 83.202      | 10.085         | 132.078     | 7.760          | 114.374     |
| 2904           | Isopropanol   | 4.043          | 12.088      | 4.132          | 10.906      | 2.506          | 9.214       |

| Commodities    |   | Exports        |             |                |             |                |             |
|----------------|---|----------------|-------------|----------------|-------------|----------------|-------------|
|                |   | 1984           |             | 1985           |             | 1986           |             |
|                |   | Litres<br>'000 | NOK<br>'000 | Litres<br>'000 | NOK<br>'000 | Litres<br>'000 | NOK<br>'000 |
| CCCN<br>Number |   |                |             |                |             |                |             |
| 2209           | Spirits (other than No. 2208) liqueurs and other spirituous beverages, etc. | 452            | 11.603      | 784            | 15.441      | 921            | 19.032      |



ANNEX

The Wine Monopoly

| CCCN<br>Number | Production     |             |                |             |                |             |
|----------------|----------------|-------------|----------------|-------------|----------------|-------------|
|                | 1984           |             | 1985           |             | 1986           |             |
|                | Litres<br>'000 | NOK<br>'000 | Litres<br>'000 | NOK<br>'000 | Litres<br>'000 | NOK<br>'000 |
| 2206           | 89             |             | 90             |             | 73             |             |
| 2209           | 3.544          |             | 4.411          |             | 4.224          |             |