

GENERAL AGREEMENT ON

TARIFFS AND TRADE

RESTRICTED

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SUBSIDIES

Notification Pursuant to Article XVI:1

NORWAY

The following full notification concerning subsidies in the fields of agriculture, fisheries and industry has been received from the Permanent Mission of Norway.

A. Agricultural products

1. Nature and extent of the subsidy

Norwegian agricultural policy is implemented in pursuit of objectives concerning production, income, productivity, regional development and the environment. The level at which farm product prices are to be maintained, and the fiscal support to be accorded to agriculture, are laid down in the annual Agricultural Agreement between the farmers' organizations and the Government. Support is provided for grains and oilseeds, fruits and vegetables, milk and dairy products, beef and veal, sheep-, pig- and poultrymeat, eggs and wool. The Agreement is subject to ratification and appropriation of budget funds by the Storting (Parliament). Allocations for the Agricultural Agreement are made under Chapter 1150 (Ministry of Agriculture) of the Stage budget. Under Chapter 1580 (Ministry of Consumer Affairs and Government Administration), item 70, allocations are made for the regulation of consumer prices.

(b) Incidence

1. Milk producers receive a basic price subsidy applicable equally to all output. A quantitatively differentiated subsidy is granted to the first 30,000 litres of production and a regionally differentiated subsidy is granted with the highest rates applicable in the northern-most areas and a zero rate in central areas. Consumer subsidies are paid on milk and dairy products consumed domestically.

2. Meat production (except poultrymeat) receives a basic price subsidy applicable equally to all output. Sheepmeat producers receive a quantitatively differentiated price subsidy on the first 1,400 kg. of production. Regionally differentiated price subsidies are granted (except for poultrymeat) at rates varying both between kinds of meat and with regions. As with milk, the highest subsidy rate is achieved in the northern-most county. In order to avoid differences in farm gate return due to differences in the distance of farms from delivery points or processing plants a transport subsidy is granted.
3. The Norwegian Grain Corporation receives a subsidy to enable it to maintain the Norwegian producer price for grain above the world market price level. Part of this subsidy has been given to livestock producers to stimulate the use of feed grain produced at the farm. In order to be eligible for this payment the grain has to be milled at a registered mill. The subsidy to the Grain Corporation furthermore provides for some transport support to grain for the same reason as given above for meat. Apart from this general subsidy received by the Grain Corporation a regionally differentiated price subsidy is also applicable for grains.
4. In the eggs sector, producers delivering to authorized wholesalers under a supply management contract receives a basic price subsidy. Transport subsidies are granted as for meat and grain.
5. The Wool Department of the Norwegian Farmers' Meat Marketing Organization receives a subsidy to maintain the Norwegian producer price for wool above the world market price level.
6. Potatoes and horticultural products receive some support under schemes aiming at market regulation and improved quality.
7. In addition to price subsidies there are a number of payments based on farm labour, livestock headage or cultivated area. A subsidy on marketed crops (except cereals) is calculated on the basis of normalized labour requirements in the various productions covered. The general production subsidy on livestock is paid according to headage. General production subsidies are paid according to area planted with respectively coarse feed and cereals. These three subsidies are all differentiated according to farm size and location (region).
8. Market regulation funds are used to regulate the market for meat, eggs, fruits and vegetables to secure the target prices for the different products fixed in the Agricultural Agreement. The target price is not a guaranteed price. Market regulation support is only given within the production ceilings fixed in the agricultural policy, i.e. to adjust production to the domestic demand. Since 1983 the farmers are responsible for market regulation costs caused by a domestic production beyond these ceilings.

(c) Amount of subsidy, total cost budgeted

Chapter 1150, Agricultural Agreement, Mio NOK	1990 (Budget)
Agricultural Development Fund	431.0
Market regulation	272.1
Price subsidies	5,707.4
Other direct payments to producers	3,694.6

Source: St.prp. nr. 1 (1989-90) Landbruksdepartementet. Proposition no. 1 (1989-90) to the Storting from the Ministry of Agriculture.

Chapter 1150, Price subsidies, Mio NOK	1990 (Budget)
(a) Milk and milk products	3,470.6
(b) Beef and veal, sheepmeat, pigmeat	1,121.0
(c) Cereals	848.9
(d) Wool	194.7
(e) Other	72.2
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Total	5,707.4

Chapter 1150, Other direct payments to producers, Mio NOK	1990 (Budget)
(a) Production subsidy on livestock	1,816.5
(b) Production subsidy on coarse feed	1,226.7
(c) Production subsidy on cereals	101.0
(d) Production subsidy on marketed crops	54.4
(e) Transport subsidies on meat and eggs	87.5
(f) Other	368.5
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Total	3,694.6

Chapter 1580, Consumer price subsidies, Mio NOK	1990 (Budget)
(a) Whole and low fat milk	469.8
(b) Skim milk	120.2
(c) Cheese	153.7

Source: St.prp. nr. 1 Tillegg nr. 3 (1989-90) Finans- og tolldepartementet. Proposition no. 1 Amendment No. 3 (1989-90) to the Storting from the Ministry of Finance.

(d) Price subsidies, amount per unit

øre¹ per litre/kg.
01.07.89-30.06.90

* Basic price subsidies

Milk	46
Beef and veal	435
Pigmeat	45
Sheepmeat	630

* Price subsidies differentiated according to farm size or region

(d) Price subsidies, amount per unit (cont'd) øre¹ per litre/kg.
01.07.89-30.06.90

Regionally differentiated subsidy for milk ²	16/170
Quantitatively differentiated subsidy for milk	
up to 20,000 litres	
Southern Norway/Northern Norway	267/289
20-30,000 litres	
Southern Norway/Northern Norway	127/143
Regionally differentiated subsidy for meat ³	160/1490
Quantitatively differentiated subsidy for sheepmeat	
up to 1,400 kg.	
Southern Norway/Northern Norway	635/1010
above 1,400 kg.	
Southern Norway/Northern Norway	380/530
Regionally differentiated subsidy for grain ⁴	14/34/51

¹100 øre = 1 NOK

²9 zones, rates, lowest and highest cited

³5 zones, varying rates, lowest and highest cited (varies also for kind of meat).

⁴3 zones

* Consumer price subsidies	øre per litre/kg. 1990
Whole and low fat milk	37
Skim milk	37
Cheese	110

Source: St.prp. nr. 1. Tillegg nr. 3 (1989-90) Finans- og tolldepartementet. Proposition no. 1, Amendment no. 3 (1989-90) to the Storting from the Ministry of Finance.

The following tables show developments in production, exports, imports and consumption of major agricultural commodities.

Table 1 - Cowmilk

<u>Year</u>	<u>million litres</u>	Consumption, million kg.	
		<u>Whole, lowfat and skimmed milk</u>	<u>Cream and sour cream</u>
1981	1,825	799	
1982	1,880	736.5 ¹	29.4
1983	1,855	738.9	29.2
1984	1,857	764.8	28.1
1985	1,817	754.7	28.4
1986	1,820	744.7	28.8
1987*	1,852	749.5	29.3
1988**	1,794	753.2	29.0
1989**	1,785	754.6	29.1

* Provisional figures

** Forecast

¹ Break in the series, new method of calculation from 1982

Source: Budget Committee for Agriculture

Table 2 - Cheese (1,000 tons)

<u>Years</u>	<u>Production</u>	<u>Exports</u>	<u>Imports</u>	<u>Consumption</u>
1981	71.6	21.2	1.2	51.4
1982	73.2	20.0	1.3	50.0
1983	65.3	20.6	1.9	51.3
1984	69.9	17.6	2.0	50.8
1985	70.1	19.7	2.0	52.7
1986	74.0	19.8	2.1	55.3
1987*	76.3	22.1	2.1	57.2
1988**	76.2	23.0	1.8	56.4
1989**	80.7	24.5	2.5	58.8

* Provisional figures

** Forecast

Source: Budget Committee for Agriculture

Table 3 - Butter (1,000)

<u>Year</u>	<u>Production</u> ¹	<u>Exports</u>	<u>Imports</u>	<u>Consumption</u> ¹
1981	23.1	2.8	-	19.5
1982	24.6	3.6	-	19.8
1983	26.9	7.3	-	19.6
1984	25.4	4.8	-	19.4
1985	25.0	6.2	-	20.0
1986	24.3	4.5	-	19.1
1987*	26.8	7.1	-	18.4
1988**	23.4	7.0	-	16.4
1989**	21.2	7.0	-	14.4

* Provisional figures

** Forecast

¹ Figures for 1985-87 have been changed in relation to earlier notifications due to adjustment for butter used in production of margarine.

Source: Budget Committee for Agriculture

Table 4 - Cereals (million kg)¹

<u>Year</u>	<u>Production</u>	<u>Imports</u>	<u>Exports</u>	<u>Consumption</u> ²
<u>Wheat</u>				
1981	57.7	453.0	4.1	420.0
1982	75.4	393.0	3.2	445.4
1983	96.8	267.1	3.1	345.0
1984	170.3	253.6	4.3	369.2
1985	170.0	199.5	3.6	371.0
1986	165.3	327.8	3.2	394.0
1987	142.3	247.6	-	400.9
1988	140.2	295.1	2.6	521.5
1989	156.7	279.0	-	411.8
<u>Rye</u>				
1981	2.9	24.1	2.3	39.2
1982	2.2	35.9	1.7	37.9
1983	3.4	47.5	1.6	33.5
1984	6.1	37.7	1.9	33.8
1985	3.4	28.6	1.9	33.1
1986	3.0	63.7	1.8	33.7
1987	4.4	35.4	-	37.0
1988	0.2	20.8	-	34.4
1989	2.8	40.5	-	33.6
<u>Barley</u>				
1981	609.7	14.0	-	603.5
1982	624.4	41.1	-	486.1
1983	569.3	41.3	-	567.6
1984	658.1	35.1	0.1	596.9
1985	600.9	26.3	-	559.1
1986	533.4	140.2	0.2	656.7
1987	503.1	163.3	-	792.7
1988	543.6	157.3	-	592.8
1989	584.7	117.3	-	718.1
<u>Oats</u>				
1981	464.3	2.0	13.9	374.3
1982	495.8	1.3	13.8	409.3
1983	401.1	2.9	-	467.5
1984	581.6	0.4	0.1	460.8
1985	494.2	0.8	-	519.6
1986	407.1	1.7	-	513.5
1987	337.8	-	-	376.0
1988	382.9	-	19.3	421.5
1989	420.2	2.4	-	291.5

¹Production + Import - Export may differ from the consumption figures. These differences are due to changes in stocks and storing losses.

²Consumption of food grain, feed grain and seed grain.

Source: Central Bureau of Statistics, Norwegian Grain Corporation.

Table 5 - Meat (1,000 tons)¹

<u>Year</u>	<u>Gross sale + utilization by the farm- holdings</u>	<u>Imports</u>	<u>Exports</u>	<u>Consumption</u>
<u>Beef and veal</u>				
1981	75.4	3.9	2.2	70.7
1982	80.2	1.3	6.4	76.3
1983	75.0	1.5	7.6	68.9
1984	69.6	1.9	2.6	71.7
1985	73.1	2.1	0.8	74.6
1986	74.3	4.5	0.4	79.5
1987*	76.5	1.9	1.3	76.1
1988**	75.5	1.5	0.7	78.8
1988**	75.7	1.5	0.4	75.0
<u>Mutton</u>				
1981	20.8	1.8	-	20.2
1982	22.8	0.9	-	22.4
1983	22.7	0.3	-	23.8
1984	23.9	0.4	-	23.6
1985	24.2	0.4	-	24.6
1986	24.8	0.8	-	22.5
1987*	25.2	0.4	0.3	24.5
1988**	23.8	0.3	-	22.0
1989**	23.6	0.0	3.5	20.5
<u>Pork</u>				
1981	83.0	2.9	2.5	81.2
1982	81.4	4.2	12.7	75.7
1983	81.3	3.7	3.1	80.9
1984	84.2	3.7	6.0	80.8
1985	83.8	5.4	6.3	85.0
1986	85.1	3.2	0.6	86.5
1987*	92.3	2.0	4.2	87.6
1988**	89.6	2.1	10.4	84.8
1989**	84.1	1.0	4.0	81.0
<u>Poultry meat (Import and export figures include transit trade)</u>				
1981	10.7	0.5	-	10.0
1982	9.9	0.4	-	11.4
1983	10.7	0.4	-	11.1
1984	10.9	0.5	-	12.0
1985	12.1	0.6	-	13.0
1986	13.2	1.6	-	14.8
1987*	14.6	1.9	0.8	15.5
1988**	17.7	0.7	-	17.6
1989**	19.7	0.0	0.0	18.0

Table 5 - Meat (1,000 tons)¹ (cont'd)

<u>Year</u>	<u>Gross sale + utilization by the farm- holdings</u>	<u>Imports</u>	<u>Exports</u>	<u>Consumption</u>
<u>Eggs</u>				
1981	45.7	1.1	0.6	46.3
1982	48.6	0.6	1.0	48.0
1983	50.7	0.1	1.9	48.2
1984	52.4	-	2.6	48.9
1985	51.9	0.3	1.8	49.5
1986	51.4	0.8	1.3	49.7
1987*	52.2	1.8	1.1	51.6
1988**	52.6	0.8	0.4	52.6
1989	47.6	0.1	1.5	49.0

¹Production + Import - Export may differ from the consumption figures due to changes in stock.

* Provisional figures

** Forecast

Source: Budget Committee for Agriculture, Norwegian Meat Marketing Organization, Norwegian Farmers' Eggs and Poultry Association, Central Bureau of Statistics.

B. Fish

I. GENERAL POLICY

As a part of the regional development policy in Norway, financial support has been given to the traditional fishing industry during the last thirty years, during the first years very often on an ad hoc basis as a solution to short term problems.

In 1964, an agreement was concluded between the Government and the Norwegian Fishermen's Association that stipulated the main lines for future support measures to be arranged through negotiations between the parties concerned. The aim of the agreement was to co-operate about measures which could increase the profitability in the traditional fishing industry. The provisions of the agreement emphasize the importance of introducing measures which can promote more efficiency in harvesting, processing and trade, and thus increase the profitability of the traditional fishing industry and thereby make it independent of governmental support. The specific schemes for support in accordance with the general agreement are negotiated annually.

To secure a normal activity within the traditional fishing industry, and to discourage the current trend of people moving away from scarcely populated areas in the northern and western parts of Norway, it has in some years been necessary to increase the support. Without such emergency measures a great part of the labour force would move to other parts of the country in order to find new employment.

The positive development in the fishing industry changed during 1988. The stock situation for cod and haddock proved to be worse than estimated in 1987. The situation for these two species is now severe, and it is generally agreed that the exploitation of the resources has to be stabilized at a lower level for the next few years to come. The market situation has also been difficult. Prices of frozen fillet have decreased substantially over the past two years.

It is the northern part of Norway which is most seriously affected by the bad resource situation for important fish species. The relatively higher support in 1989 was granted to meet the problems in this part of the country. It is of national importance to maintain the settlement in the northern part where the traditional fishing industry is the most important industry.

Until recently, the fishing industry was associated with what can be regarded as the traditional fishing industry today. Fish-farming is now a new and important sector included in the Norwegian fishing industry. The salmon industry, being the most important, has undergone a rapid development since the mid 1970's. The breakthrough occurred in 1977 when the production of salmon exceeded the production of trout. A legal framework for the salmon industry was introduced in 1973 with the establishment of the first bill governing the aquaculture production. Any kind of aquaculture activity needs permission from the authorities. The licensing system is the main instrument employed to maintain the profitability in the fish-farming industry. The industry has proved to be a profitable and viable regional industry which contributes to maintain employment and settlement in scarcely populated regions. It has been generally accepted as a principle that no aid programmes, support schemes or subsidies are specifically directed towards the aquaculture industry.

II. STRUCTURE AND DEVELOPMENT OF THE FISHING INDUSTRY

A. The traditional fishing industry

Because of the resource situation, the capacity in all parts of the fishing industry must be reduced. Several rationalization programmes will be introduced in 1990 to gain profitability for those units which will continue to operate both in the fleet and in the processing industry. This will contribute to reach the aim of independence of government support.

Towards the end of 1988 the Norwegian fishing fleet consisted of 21,365 vessels, of which 9,230 were decked vessels. A large part of these vessels are small open boats, used during relatively short periods of the year. They provide only a smaller part of the total catch.

The over-capacity is a serious problem in a short- and mid-term perspective with very low quotas, but also in a longer perspective with expected higher quotas. For the fishing fleet, two types of programmes can be mentioned:

- permanent programmes: scrapping schemes and grants given if vessels are sold out of the country;
- temporary programmes: grants to cover fixed costs for vessels which temporarily are withdrawn from the Norwegian fisheries and grants given for fisheries in remote waters.

In 1980 the Ministry of Fisheries introduced measures to reduce the capacity of the purse seine and the trawling fleet, aiming at reducing the capacity of each group with 25 per cent in order to increase the profitability in the fisheries. To achieve such a reduction the Government has granted funds to support sales or scrapping of old vessels. The scrapping scheme for purse seiners has functioned satisfactorily. The scheme continued through 1988. From 1989, only sales support could be obtained.

There is also a necessity for measures to reduce the capacity in the traditional fish processing industry. Premiums for merging or closing down establishments may be granted. It is important that the remaining units are secured enough raw material to operate profitably. In order to create a competitive processing industry, means are also employed for modernization and rationalization.

B. Aquaculture

Fish-farming has undergone a rapid development during the last decade and accounts for 35 per cent of the actual Norwegian export value of fish. The breeding of salmon is the economically most important sector. Production of other species is at the moment quite modest. Sea-ranching is still in its experimental phase, with problems of know-how, management and legal nature to overcome before commercialization. Nevertheless, sea-ranching is a most interesting trend in Norwegian aquaculture.

The future prospects in aquaculture suggest that the growth, at least in the short term, will level off. The established salmon sector will probably become more differentiated, and varieties of fresh and frozen salmon will represent the main products. A major production of salmon will guarantee raw material supplies to the processing industry. With new products, new species and new forms of aquaculture on their way, the future development in aquaculture represents a great challenge for the processing industry.

III. SUPPORT SCHEMES

A. Investment

Fishing vessels

It has often proved to be difficult for the fishermen to raise capital for the acquisition of fishing craft, gear, etc., through private credit institutions. The primary objective of the National Fishery Bank (Statens Fiskarbank) is therefore to be a specialized credit institution for the fishermen in order to stimulate an adequate and effective development of the fleet and to promote a reasonable development of the traditional fishing industry.

A new financing arrangement regarding the fishing-fleet was introduced in 1986 (1.3 in the table). This arrangement is based on the OECD-articles concerning financing of ships and incorporates loans and interest for reconstruction and larger-scale rebuilding. Within a limit of NOK 1,000 million in 1988 and 800 million in 1989, the National Fishery Bank financed fishing vessels on a long term basis, charging an interest rate of 14 per cent, 12.5 per cent on contracts concluded after 12 October 1989. The actual interest is reduced with a rate of subsidy (6.5 per cent before and 5 per cent after 12 October 1989 for loans with a term of 8½ years). The subsidies are calculated on the basis of an assumed loan of 80 per cent of the contract price. The subsidies are separately granted and not dependent on the loan-giver.

For contracts concluded from 1990, however, a contract subsidy will be granted instead of interest subsidies on a long term basis. The amount, which can be regarded as an investment grant, will be paid out from half to one year after the contract is concluded and delivery of the vessel has taken place. For contracts concluded between 1986 and the end of 1989, the rules have been changed allowing to discount the future flow of subsidies in a private financing institution.

In addition to the priority given within the framework of NOK 800 million, investment grants of NOK 28 million was given in 1989 in order to further secure possibilities for fishery and regional priorities - an investment grant of this kind can only be given to projects with a granted interest support and a granted loan in the National Fishery Bank. The traditional coast - and long-line vessel (10-30 metres) are given priority. This grant can be given within the limit of 15 per cent of the cost price (in special instances up to 20 per cent) to strengthen the economic base for vessels of regional - or fishery related importance (1.4).

Loan for reconstruction and larger scale rebuilding are granted as first mortgage-loans within 70 per cent of the total investment. These loans are given for a maximum period of twelve years and at an interest rate of 14 per cent, from 1990, the interest rate is reduced to 12.5 per cent (1.3). The maximum amount of other first mortgage loans is up to 60 per

cent of the total investment. These loans are given for a maximum period of fifteen years and at a rate of 11.5 per cent, 12 per cent from 1990 (1.1). The maximum amount of second mortgage loans is from 70 per cent to 80 per cent of total investment, including first mortgage loans. The maximum repayment period is fifteen years, if necessary with no repayment obligation during the first two years. The rate of interest is 10 per cent, 10.5 per cent from 1990 (1.2).

Processing

Up to 1988, the National Fishery Bank granted certain loans to the fish processing industry, it now only deals with the fishing fleet. The responsibility for the aquaculture and traditional processing industries is transferred to the Norwegian Bank for Industry (Industribanken). The bank receives no governmental support in its lending activities, and the loans are granted on the basis of commercial criteria with interest rates corresponding to regular market rates.

As a part of the regional development in Norway, the Regional Development Fund (RDF) (Distriktenes Utbyggingsfond) was established in 1961. The RDF is an institution under the Ministry of Local Government. The objectives of the RDF are to maintain and strengthen the economic base of business and industry and to maintain and increase employment in regions with a low level of economic activity. The objective is also to assist in the implementation of regional development policy. The RDF provides support, generally in the form of loans, loan guarantees and grants to appropriate economic activities in eligible areas (2.1, 2.2, 2.3 in the table).

The aquaculture industry and the traditional fish processing industry, like any other industries, may apply for loans, guarantees or investment grants provided by the Regional Development Fund or the Norwegian Bank for Industry.

B. Financial support package to the traditional fishing industry

In 1988, NOK 433 million was made available to the traditional fishing industry through the financial support package. Due to difficulties, an additional NOK 115 million was granted for extraordinary measures. Thus the total amount at disposal for the different programmes within the traditional fishing industry was NOK 548 million. In 1989, the financial support package amounted to NOK 900 million. The severe resource situation has led to increased support compared to 1987 and 1988. In addition to the support packages, loans to alleviate liquidity problems were made available both in 1988 and in 1989. The amounts were NOK 50 million and NOK 100 million respectively.

The main objective of the support has been to increase the relative share of support given to promote structural reorganization and innovations in the traditional fishing industry and processing industry. From 1990, stronger incentives are given to reduce the overcapacity through structure

programmes. As mentioned, the aim is a profitable industry independent of governmental support. To initiate the structure process however, it is necessary to give support during a certain time period.

(3.1 in the table) On the basis of expected market price, a fixed minimum price is set. For certain fish species, governmental support is granted on a decreasing basis. This means that after a vessel has landed a certain amount of fish, the support is reduced. The result is that the small vessels receive more support than bigger vessels. The largest amount of support are granted through the sales organization in the northern part of Norway. The price support is directed to the groups that have most difficulties due to the resource situation. Transport support is given for the transportation of fish from the place landed to the place of processing.

(3.2) Support for the purchase of bait and to baiting stations for longliners are given.

(3.3) The Government supports experimental work for improving the efficiency in the fisheries.

(3.4) The Government guarantees a minimum weekly income for fishermen. The objective of this guarantee scheme is to secure a minimum income in case the fishing fails. If the minimum income is below this amount during the season, the difference is covered by the guarantee. In 1980 a vacation scheme for the fishermen was established. This scheme is partly financed by Governmental grants.

(3.5) There is a scheme which covers part of the fishermen's insurance costs. The arrangement in its present form was established in 1986.

(3.6) Grants are given to promote a structural reorganization of the Norwegian fishing fleet by facilitating sales, scrapping, etc., of older vessels. Similar actions are taken to support structural improvements in the processing industry. To reduce the over-capacity, structure programmes are intensified from 1990. This is further commented on under "Structure and development of the fishing industry". Special support is also given to promote readaptation in the fishing fleet and the fish processing industry.

(3.7) Other programmes. To ensure a certain, limited level of seal catches, a few vessels received support in 1988 and 1989. This is important from an ecological point of view. In 1989 a processing plant for seals also received governmental support. Part of a governmental loan to a price regulation fund was cancelled in 1989. Interest on this loan was covered both in 1988 and 1989. In 1989, an extra amount of unemployment benefit was granted. Grants for education, marketing and development in the fishing industry were also given.

(3.8) Due to extraordinary difficulties the Government has granted loans and direct grants to alleviate problems caused by scarce liquidity. The interest on these loans during the first year is usually covered by a special Government grant. If interest after the first year is to be covered, means are allocated from the support package.

IV. EFFECTS OF THE SUPPORT

The support has contributed to reach the aim of maintaining a dispersed settlement in rural areas of Norway. In addition, the support aims at securing a modern and efficient fishing fleet with better working conditions. The structure programmes have contributed to reduce the capacity in the fishing fleet as well as in the processing industry to a certain extent. This effect will be more substantial in the future as the governmental support in the 1990's to a greater extent will be channelled to structure programmes.

B. Fisheries (Annex 1)

Sectoral investment schemes from the National Fishery Fishery Bank to the fishing fleet		Million NOK	
		1988	1989
1.1	Loan schemes for investment in vessels, gear and other equipment.	92	105
	First mortgage loans; up to 60 per cent of total investments. Maximum period: 15 years. Rate of interest 11.5 per cent.		
1.2		8	29
	Second mortgage loans including first mortgage loans, from 70 to 80 per cent of total investment. Maximum period: 15 years. Rate of interest 10 per cent.		
1.3		325	161
	First mortgage loans up to 70 per cent of total investment. Rate of interest 14 per cent, interest subsidy 6.5 per cent, period 8.5 years		
1.4		27	28
	Investment subsidy. Up to 15 per cent of the vessel's cost price. In particular cases up to 20 per cent.		
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General investment schemes from the Regional Development Fund to the fish processing industry, including aquaculture		Million NOK	
		1988	1989
2.1	Loans to the fish processing industry in certain designated development regions.	84	86
	Interest rate 11.5 per cent. Maximum period: 25 years.		
2.2	Guarantees for loans from private credit institutions, financing processing plants in certain designated regions.	147	87

2.3	Investment grants for processing plants located in certain designated regions.	Grants are fixed at maximum 15-40 per cent of approved investment cost, depending on where the investment is made.	60	65
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Financial support package to the traditional fishing industry (exclusive aquaculture).			Million NOK	
			1988	1989
3.1	Support to landing prices of certain species of fish.	Subsidies are granted on a decreasing basis, depending on the amount landed by each vessel.	116	274
3.2	Grants to reduce prices of bait and support to baiting stations.	Bait	13	20
		Baiting stations	7	20
3.3	Grants to improve efficiency in fisheries.	Experimental work	37	37
3.4	Guarantee of minimum weekly income for fishermen.	Maximum aid of NOK 1,450 in 1988 and NOK 1,700 in 1989 per head per week.	143	158
	Vacation scheme		45	50
3.5	Grants to reduce insurance costs.	Per man per year: NOK 1,020 1988 NOK 1,200 1989	18	20
3.6	Structural reorganization schemes covering the fishing fleet and the processing industry.		103	110
	Readapting scheme		5	20
3.7	Other programmes		41	146
3.8	Liquidity grants		20	45
<hr/>				
	Total		548	900
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	Extraordinary liquidity loans		50	100

Vessels over 1,000 g.t.

As an alternative to standard long term financing a shipowner may choose the cash subsidy scheme. Under this scheme shipowners are required to finance the ship on their own without a government guarantee. The present value of the subsidy was reduced from approximately 16 per cent to 12.85 per cent of the ship's value as of 12 October 1989.

The subsidy was paid in instalments over a five year period after the delivery of the ship up until 20 December 1989. For contracts signed after this date the subsidy will be paid in full after the ship is delivered.

	1985	1986	1987	1988
<u>5. Sectoral aids</u>				
5.1 Customs duty exemptions	<u>636.6</u>	<u>898.8</u>	<u>893.2</u>	<u>958.5</u>
5.2 Interest rate subsidies for the shipbuilding industry long-term financing	183.8	189.2	164.2	135.2
5.3 Interest rate subsidies for the shipbuilding industry construction loans	300.3	491.5	599.3	633.6
5.4 Construction loan guarantee arrangement }	59.1	76.9	77.0	59.8
5.5 Long-term financing guarantee arrangement }	93.4	76.3	28.5	37.6
5.6 Interest rate subsidies for the long-term financing of fishing vessels	0.0	0.0	11.7	45.2
5.7 Interest rate subsidies for the construction loans for fishing vessels	0.0	0.0	9.1	15.2
5.8 Other sectoral aid measures	0.0	64.9	3.4	0.0
<u>6. Structural adaptation and rescue</u>	<u>133.7</u>	<u>191.2</u>	<u>314.5</u>	<u>281.9</u>
6.1 Grants to mergers and to exposed companies	17.2	20.0	9.9}	90.7
6.2 Adjustment grants	63.9	93.0	113.2}	
6.3 Capital-related subsidies through the Norwegian Industrial Fund	52.6	78.2	191.4	187.8
6.4 Other structural and rescue measures	0.0	0.0	0.0	3.4
<u>7. Small firm development</u>	<u>9.7</u>	<u>13.7</u>	<u>10.9</u>	<u>7.0</u>
Capital-related subsidies through the Smallscale Industry Fund	9.7	13.7	10.9	7.0

	1985	1986	1987	1988
<u>8. Firm-specific subsidies</u>	<u>1,131.9</u>	<u>1,833.0</u>	<u>1,074.9</u>	<u>1,077.3</u>
8.1 Grants to state-owned stock companies	897.6	1,218.1	672.0	867.5
8.2 Losses on loans to state-owned stock companies	14.5	292.4	57.7	0.0
8.3 Insufficient dividend from state-owned stock companies	219.8	260.8	345.2	209.8
8.4 Guarantee redemptions for state-owned stock companies	0.0	61.7	0.0	0.0
<u>9. Export promotion</u>	<u>50.7</u>	<u>72.9</u>	<u>57.2</u>	<u>115.4</u>
9.1 Capital grants to export encouraging activities	50.7	72.9	57.2	115.4
<u>10. Miscellaneous aids</u>	<u>7.7</u>	<u>539.0</u>	<u>27.0</u>	<u>26.4</u>
10.1 Guarantee redemptions in the Copper Fund	7.7	539.0	0.7	0.0
10.2 Grants to the Swedish-Norwegian Industrial Fund	0.0	0.0	26.3	26.4
TOTAL GOVERNMENT AID TO INDUSTRY	3,035.7	4,843.5	3,598.0	3,787.2