

GENERAL AGREEMENT ON

RESTRICTED

L/6630/Add.8/Corr.1
8 November 1990

TARIFFS AND TRADE

Limited Distribution

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SUBSIDIES

Notification Pursuant to Article XVI:1

NORWAY

The following text should be inserted after page 17 of L/6630/Add.8.

C. Industry

1. Export promotion

Amount of subsidy (net cost, million NOK)

<u>1987</u>	<u>1988</u>
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338	
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2. Sectoral aids

(i) Shipbuilding industry

(a) Authority and background

Government support for the shipbuilding industry has been provided since 1976/77, the aim of which was to soften the expected impact on employment during the restructuring of the shipbuilding industry.

In 1982 an aid scheme in which interest subsidies were given in connection with long-term financing was introduced to replace an arrangement based on direct price subsidies. In 1983 an alternative direct subsidy, the cash subsidy was introduced. Both schemes still exist in addition to an older scheme of grants for construction loans. The customs refund was phased out in 1987.

(b) Incidence

Subsidies are granted for construction loans for new vessels over 100 g.t. and for extensive conversions. The minimum weight for conversion of domestic vessels is 100 g.t., 1,000 g.t. for foreign ships.

During the period 1987 to October 1989 the grants amounted to 2.6 per cent of the contracted price for new ships ordered by domestic shipowners and 2.4 per cent for foreign owners. The rates for conversions were 1.6 for domestic shipowners and 1.5 for foreign owners. The rates were reduced 25 per cent as of 12 October 1989 so that the effective rates became:

- new vessels: 1.8 per cent-2.0 per cent
- conversions: 1.1 per cent-1.25 per cent.

Further reductions have been suggested in 1990.

Long term financing is offered in accordance with the OECDs export credit terms for export of new vessels over 100 g.t. and conversion of 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.

GOVERNMENT AID TO INDUSTRY IN NORWAY
(Million Norwegian Kroner)

	1985	1986	1987	1988
<u>1. General aids</u>	<u>146.1</u>	<u>136.2</u>	<u>203.7</u>	<u>263.4</u>
1.1 National Institute of Technology	88.1	89.8	93.5	72.5
1.2 Information and contact service	17.5	19.3	21.7	11.7
1.3 Guarantee redemptions for environment and energy saving loans	23.8	12.0	22.8	151.6
1.4 Grants for environment protection	4.9	13.2	15.2	27.5
1.5 Other general aids measures	11.8	1.9	50.5	0.1
<u>2. Regional aids</u>	<u>681.7</u>	<u>879.3</u>	<u>747.3</u>	<u>773.5</u>
2.1 Regional investment grants	263.6	400.2	302.8	327.5
2.2 Support to regional transport	130.6	145.6	77.8	93.0
2.3 Grants to company development	111.0	141.3	140.4	147.4
2.4 Grants through the National Industrial Institute of Northern Norway	14.1	19.7	20.2	11.5
2.5 Capital-related subsidies through the Regional Development Fund	153.0	161.6	192.9	173.8
2.6 Other regional aids measures	9.4	10.9	13.2	20.3
<u>3. Research and development aids</u>	<u>159.3</u>	<u>247.6</u>	<u>269.3</u>	<u>283.8</u>
3.1 Grants through the Norwegian Council for Scientific and Industrial Research	118.0	200.0	200.0	200.0
3.2 Support to R&D in industry	41.3	47.6	69.3	83.8
<u>4. Employment aids</u>	<u>78.3</u>	<u>31.8</u>	<u>0.0</u>	<u>0.0</u>
4.1 Temporary grants to certain industries and within certain areas	78.3	31.8	0.0	0.0