# TRADE POLICY REVIEW MECHANISM

## NORWAY

### MINUTES OF MEETING

Chairman: Mr. Lars Anell (Sweden)

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I. OPENING REMARKS BY THE CHAIRMAN OF THE COUNCIL

1. The Chairman introduced the review of Norway, held pursuant to the Council Decision of 12 April 1989 (L/6490). He noted that the attendance at the meeting was lower than usual, due to competition from Uruguay Round meetings. The discussion would be based on the report of the Government of Norway contained in document C/RM/G/16 and the report by the Secretariat contained in documents C/RM/S/16A and 16B and 16A/Corr.1.

2. The report by the Government of Norway followed the outline format for country reports agreed by the Council in July 1989 (L/6552). In line with the Decision establishing the Trade Policy Review Mechanism, the Secretariat had sought clarification from Norway on its trade policies and practices, as far as factual information contained in the six factual Chapters of the Secretariat report was concerned.

3. Two contracting parties had given advance notice in writing of points they wished to raise at the meeting. He encouraged other countries to do the same. He expressed his gratitude to the two discussants, Ambassador Morland and Mr. Kaczurba, for their willingness to assist the Council in its deliberations. He proposed to conduct the discussion in accordance with the new structure of the reviews introduced in July 1991. The procedures were set out in document C/RM/8. Minor points, in particular purely factual corrections to the reports, should be communicated to the Secretariat in writing after the meeting so that the Council discussion could focus on major issues. Before publication the reports could be revised with due consideration to any such comment.

4. The review could be developed along three main themes: general objectives in relation to trade policies covering questions relating to bilateral, regional and multilateral trade liberalization; the use of major policy instruments, including customs duties and excise taxes, import licensing, State trading enterprises and private producer co-operatives, product requirements and standards pertaining to imports, government procurement and subsidies; and sectoral aspects of Norway's trade policies and practices, including the policy approaches to agriculture and support policies to primary industries and industrial sectors.

5. He invited Ståle Secretary Nælund to make his introductory remarks on behalf of Norway, to be followed by the discussants. The discussants would introduce the debate under each of the three main themes.
II. INTRODUCTORY STATEMENT BY THE REPRESENTATIVE OF NORWAY

6. We welcome this opportunity to assess Norway's full range of trade policies and practices.

7. Norway has consistently supported an open multilateral trading system and we have emphasised and supported the need for increased transparency and review within the GATT in order to contribute to improved adherence to rules, disciplines and commitments. The establishment of the Trade Policy Review Mechanism is thus in our view a positive contribution to the improvement of the GATT.

8. I wish to voice my appreciation to the Secretariat for the very extensive report prepared. I am impressed by the amount of information amassed and the abundance of sources drawn upon.

9. We have worked closely with the Secretariat in providing comprehensive background information and have provided access to policy makers. However, in light of the very extensive reliance on newspaper clippings as a source it is not surprising that the report contains some errors and misunderstandings. A number of further clarifications and revisions remain which will be taken up bilaterally with the Secretariat. Read in conjunction with our own submission, the report represents a useful basis for an examination of Norway's trade policies.

10. Norway has an open economy with a high dependence on foreign trade. Exports amounted to 44 per cent of GDP and imports for 37 per cent in 1990. Norway's overriding trade objective is thus to provide for an open, liberal and predictable trading environment. A liberal Norwegian trade régime has, moreover, consistently been perceived as an important means of promoting growth and structural adjustment domestically. Support for an open multilateral trading system has therefore not only been a fundamental trade policy objective in itself, but has also been and remains an integral part of Norwegian economic policy, where emphasis is increasingly put on structural policy measures.

11. The Norwegian economy has since 1986 gone through a period of painful economic adjustment. However, after a tightening of fiscal policy in 1986 and 1987 the macroeconomic policy stance has gradually become more expansive. The present unemployment rate is unacceptably high, and a reduction in unemployment is the highest priority. In this process the challenge is to avoid a significant and lasting weakening of the Fiscal Budget.

12. There is probably a link between industry's willingness to invest and uncertainties about future trade régimes. A successful early conclusion of
the Uruguay Round and the European Economic Area negotiations will contribute to an environment conducive to growth.

13. Approximately one third of Norwegian exports are goods, one third is oil and gas, and the final third is services. The shipping industry is by far the major service industry, accounting for some 60 per cent of services exports. Norway has for many decades ranked among the major shipping nations in the world. The importance of this sector for the Norwegian economy has also contributed to support for a liberal trade régime. As 90 per cent of the Norwegian fleet is engaged in cross trades, the Norwegian shipping industry depends on open market solutions and a well functioning multilateral trading system.

14. Norwegian imports of industrial goods, including fish and fish products, are generally unrestricted, and the customs tariff is simple and transparent with more than 90 per cent bound tariff lines. M.f.n. duties are generally low for all products with a 3.3 per cent weighted average for m.f.n. imports. Thirty-one per cent of m.f.n. duties are zero-duties. In addition, nearly 90 per cent of Norwegian imports enter duty free as a result of the Generalized System of Preferences and our free trade agreements with the EC and EFTA.

15. The Norwegian import régime for agriculture is highlighted in the report as complex and providing a high level of protection. When compared to industrial goods this is certainly the case. However, the import régime for agricultural goods cannot be seen in isolation from the motivations behind the régime. As indicated in our country submission, a number of non-economic goals relating to regional development, environmental protection and conservation, social concerns and food security are inherent to Norwegian agricultural policies. The high level of bindings of agricultural tariffs at very low levels - more than 40 per cent are bound duty-free rates - has made it difficult to streamline the import régime.

16. Norway is participating actively, together with the other Nordic countries, in the negotiations on agriculture in the Uruguay Round with the goal of achieving greater market orientation through substantial and progressive reductions in support and protection in the long term. As Council members will be aware, Norway has in this context made an initial offer to transform the import régime for agriculture significantly by tariffifying existing border measures for all products except for milk, some milk products, reindeer, elk and venison.

17. Norway has been actively engaged in reducing support to industry in recent years, and as indicated in our own submission, the Government is continuing a critical review of transfers to industry with the intention of further reducing the level of support. The remaining support takes the
form of general research programmes and regional support, which aims at offsetting the extra cost of economic activity in geographically disadvantaged regions. The support figures for 1990 in the Secretariat report are misleading to some extent, as they also reflect the current costs related to restructuring of previous State owned enterprises. The costs account for 75 per cent of the total support to State owned enterprises in 1990 and will not figure in the 1991 support statistics.

18. The Secretariat's summary observations attempt to indicate the salient features of Norwegian trade policies. However, in many respects the chapter is only an extract of the description in the bulk of the report. As others, we have had no prior opportunity to comment on this part of the report. We miss a résumé of the main features of Norwegian trade policy and would have expected to see a number of conclusions drawn in the report itself reflected in the summary.

19. The Norwegian GSP scheme is one element which is missing in the summary. As indicated in the report itself, it is one of the most comprehensive schemes among the developed countries. It accords duty free treatment for all products covered in the scheme without quantitative ceilings or price limitations. All products imported from the least developed countries receive duty free treatment regardless of whether the products are covered by the scheme or not.

20. The substantial liberalization of the import régime for textiles since 1984 is described in the report but not adequately reflected in the summary.

21. The report touches on the Norwegian services sector only fleetingly, yet nevertheless suggests in the summary that most services are not directly exposed to foreign competition. This is certainly not true for Norwegian shipping services including coastal shipping, tourism, consultancy, audio-visual services, telecommunications, construction and financial services to mention a few.

22. Norway's strict adherence to GATT rules and disciplines should be stressed. Selective protective measures are rarely used. It is an understatement to point out that Norwegian recourse to anti-dumping procedures "have not been used frequently"! Norway has initiated two investigations in the 1980s. The reference to investigations initiated since 1957 is misleading, given that other country reports have focused on the number of cases initiated in the 1980s. Norway has introduced countervailing duties on one occasion only and has implemented a safeguard
action on only one occasion. It is therefore totally misleading when the Secretariat writes that "Norway last implemented a safeguard action...".1

23. A major problem with the report as we see it, is that it does not clearly distinguish between trade policy measures and other types of measures. Moreover, it does not clearly indicate which Norwegian trade policy measures are covered by GATT obligations and which are not. It also uses GATT terminology, for example the terms "subsidy" and "discrimination", out of context and incorrectly, which may result in a misleading picture of Norwegian trade policies. Given that the aim of this exercise is to contribute to greater adherence to obligations, such lack of clarity is not helpful.

24. A case in point is the reference to Norway's use of excise taxes to implement environmental, social and other policies. It is correct that such taxes in some cases fall predominantly on imported goods, but this is certainly not in order to protect Norwegian production. The examples referred to are products which are not produced in Norway. Norway also taxes consumption of products of which we are net exporters, for example petroleum products. Such taxes are non-discriminatory and are not trade policy measures.

25. Moreover, when referring to Norwegian public procurement, the report does not adequately distinguish between those purchases covered by our GATT obligations and those which are not. The report focuses on sectors which are not covered, for example local procurement, and implies that Norwegian practices are extremely restrictive. Local procurements in Norway, however, have considerable imported inputs. The figures for both total foreign import penetration in public procurement and the share of code covered procurements awarded to foreign suppliers give a totally different picture. The import share in all public procurements, including imported inputs, is 35 per cent. The share of Code covered contracts above the threshold awarded to foreign suppliers is 60 per cent.

26. The Secretariat report suggests repeatedly that Norwegian trade policies are discriminatory due to the free trade arrangements with EFTA and the European Communities and our GSP. Norway's support for the m.f.n. principle is also indirectly questioned as a consequence of these arrangements. In order to avoid misunderstanding, let me underline that there is no doubt as to Norway's support for the m.f.n. principle. Preferential treatment is accorded imports from the developing countries,

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1This reference was rectified in the Corrigendum to the Secretariat Report (C/RM/S/16A/Corr.1).
but this is wholly consistent with our GATT obligations and certainly aims to liberalize trade.

27. Nor does the existence of free trade agreements with the European Communities and EFTA, or the ongoing EEA negotiations in any way diminish Norwegian support for the m.f.n. principle or for the multilateral trading system as such. The agreements have been negotiated under Article XXIV of the GATT and have served to liberalize and expand trade, not to restrict it. Studies carried out in other international organizations, such as the OECD, bear witness to the trade promotion effects of such regional free trade agreements and conclude that there is little evidence to support the allegation that such agreements are trade restricting.

28. Another suggestion in the report which I would wish to dispute is that the use of specific tariffs has provided greater protection than if ad valorem tariffs had been used. Theoretically this could have been correct if one had looked at tariffs at a given point of time. However, most of the specific tariffs Norway employs were bound in previous negotiating Rounds and provide virtually no protection today, due to the inflation experienced over the last twenty years.

29. I have also noticed that the conclusions the Secretariat draws concerning specific tariffs are not drawn in the report before us on Switzerland - a country which exclusively uses specific tariffs.

30. I hope that these introductory remarks can contribute to a meaningful assessment of Norwegian trade policies. I would wish to underline that Norway is one of the founding fathers of the GATT, has participated actively in all negotiating rounds and is a signatory to all MTN codes. Moreover, Norway stresses that a successful conclusion of the Uruguay Round is fundamental to improving and strengthening the multilateral trading system.

31. Given our relatively small size and marginal negotiating leverage, Norway has stressed the importance of multilateral rules and disciplines to assure that all countries, small and large, have the same rights and abide by the same obligations. A successful conclusion of the Uruguay Round is fundamental to this end, and remains a priority objective for Norwegian trade policy.
III. GENERAL OBJECTIVES OF TRADE POLICY

(1) Statement by the first discussant

32. I thank the Government of Norway and the GATT Secretariat for the high quality reports before the Council and congratulate State Secretary Nålsund for his comprehensive and trenchant opening statement. His challenges to some of the statements in the Secretariat report should help us to have a lively debate. Participating in my personal capacity, I am particularly pleased to be able to contribute to the review of a country which has close historical ties with the United Kingdom and strong economic and trading links.

33. The opening sentence of the Secretariat's summary observations notes that Norway accounts for less than one per cent of world merchandise trade. True enough, but this figure belies the economic importance of the country and the leading role it plays in the international trading system.

34. A few examples from the documents before us underline the point. Norway is expected to be the largest non-OPEC oil exporter this year. She is the operator of one of the world's largest shipping fleet, an important exporter of services generally and a major producer of certain metals, notably aluminium.

35. In Geneva, we have all witnessed at first hand the contribution of Norway and her Nordic partners to the Uruguay Round. Both reports underline the strong commitment of the Norwegian authorities to a successful conclusion of the Round. State Secretary Nålsund again underlined the point in his introductory remarks.

36. Before turning to specific aspects of Norway's trade policies and practices I would like to try and focus our debate against one or two of the essential characteristics of Norway's economy and trade patterns. These are well documented in both reports, but worth highlighting briefly here.

37. Norway has clearly become highly dependent upon petroleum revenues over the past twenty years, with economic indicators tending to react to changes in the oil price in recent times, despite the Government's continuing programme of diversifying the country's economic base. According to secretariat figures, oil and gas currently account for more than 41 per cent of Norway's merchandise exports. Accordingly the process of economic adjustment has been a difficult one, but with merchandise trade and the current account returned to surplus and inflation sharply reduced, the immediate outlook is relatively encouraging.
38. The contrast between the trade regimes is quite marked when one compares the agricultural and industrial sectors. Norway is not the only such case. As a general point, it would be useful to know if the Norwegian authorities have made any attempts to evaluate the level of agricultural assistance and the effects on the cost of living index from the regime operating in this sector.

39. For Norway's pattern of trade, the graphs on pages 7 and 8 of the Norwegian Government's report and the statistics in Table I.8 of the Secretariat paper speak for themselves. The European Community accounts for two-thirds of export revenues and half Norway's imports with Sweden representing a significant proportion of the remainder. Norway's major trading partners enjoy duty free and unrestricted access as a result of the Free Trade Agreement with the European Community and Norway's membership of EFTA. Against this background, the Norwegian delegation may care to comment further on the prospects for trade development.

40. Without going into details, the Council may wish to consider the benefits to Norway from a successful conclusion to the current negotiations on the European Economic Area with the European Communities, which is clearly a priority on Norway's agenda at present. The Secretariat report highlights the major hurdles to be overcome if these negotiations are to be completed, including the sensitive question of access to fisheries resources. Council members may also care to comment on how they see their trade prospects with Norway being affected as a result of the EEA.

41. Another pillar of Norway's trade policy is the link between trade and development. There are numerous examples of bilateral agreements listed in the reports, including active Norwegian participation in the 1986 agreement between the Nordic countries and the Southern African Development Coordination Conference (SADCC). It would be interesting to hear if, for example, the Norwegian Government's continuing negotiations with central and eastern European countries are making progress in the area of trade.

42. Paragraphs 168 to 175 of the government report detail the scope and coverage of Norway's GSP preferences. It is an impressive list, even though a number of agricultural products of export interest to developing countries are excluded, e.g. meat and dairy products. However, all exports from least developed countries are eligible for GSP treatment. Developing contracting parties may wish to comment, particularly on the apparent fact that these preferences have a rather low utilization rate.
Statement by the second discussant

43. I would also like to state my appreciation of the high quality of the documents submitted for this session by the Government of Norway and by the GATT Secretariat. I also greatly appreciate the introductory remarks made by the representative of Norway.

44. The review of the trade policies of Norway offers a welcome opportunity to look into economic features of one of the founding members of the GATT, a country with a distinguished record of active involvement in the mainstream of the international trading system.

45. One of these essential features which command our attention is a very dynamic process of structural transformation, generated by the discovery of oil and gas and consequently by the exposure of the economy to the uncertain fortunes of the international energy market.

46. As the experience of a number of countries clearly indicates, a substantial degree of dependence on primary commodity production and exports, and the resulting vulnerability to the vagaries of the international commodity market, may encourage such countries to conduct trade policies which are basically conservative, non-transparent, unpredictable and restrictive. In other words, commercial policies are all too often the first victim of such uncertainties.

47. This is evidently not the case of Norway, where major economic and trade policy instruments display a high degree of clarity, stability and fairness. Among the factors which have contributed to this situation I would mention at least two. The first is the intensive diversification of the economic and trade structures, including both manufacturing and services sectors. The second factor consists in the expanding interrelationships with the European Community and EFTA partners, which together account for about 80 per cent of Norwegian merchandise exports and over 50 per cent of imports.

48. The concentration of trade, particularly on the export side, in the European region does not imply a seclusion from non-European partners. In particular, one should note a relatively dynamic growth of imports from developing nations, whose share in total Norwegian imports has doubled during the last ten years.

49. Considering the usefulness that this experience may have for policy formulation in some other countries, I believe it would be beneficial to invite the delegation of Norway to share with us its assessment of the prospects of the Norwegian economy, and especially its possible further structural diversification in the coming years.
50. The preponderance of Europe in Norway's trade has already been mentioned. One may note, however, that the eastern part of the continent participates very marginally in such trade flows, with less than 2 per cent share in exports and 3 per cent share in imports, despite the geographical proximity of the region. I would appreciate some comments on how the Norwegian authorities see the future of this trade, considering the present dynamic political and economic changes in the area and the imminent prospects of closer institutional ties of some of those countries with EFTA.

51. A visible improvement of the relative position of the developing countries in the Norwegian market has certainly been assisted by the high quality of the Norwegian GSP scheme, which is one of the most comprehensive among developed countries, although the utilization rate of the scheme does not appear to be particularly high. Developing contracting parties may care to comment on the benefits which they have obtained in the Norwegian market under GSP and on possible problems resulting from exceptions from the preferential treatment.

(3) Statements and questions by members of the Council

52. Members of the Council thanked the Norwegian Government and the Secretariat for their reports and the discussants for their interventions. Both documents were considered very informative and useful, and gave an accurate picture of the present state of Norway's economy and trade. Members appreciated Norway's support for an open and multilateral trading system, seen as an integral part of Norwegian economic policy. Norway, one of the founding members of the GATT, had participated in all negotiating rounds and signed all the Tokyo Round Codes. Its active participation in the Uruguay Round and the high priority given by Norway to a successful conclusion of the Round was welcomed. However, several speakers were concerned about the high levels of support and protection afforded to Norwegian agriculture. Questions were also raised regarding the small share of imports from m.f.n. sources into Norway, and the effects further European integration could have on its trade relations with third countries.

53. The representative of Sweden, speaking also on behalf of Finland and Iceland, referred to the very close historical, linguistic and cultural links between the Nordic countries. Nordic integration - the passport union, a common labour market, the EC and EFTA free trade agreements and other measures - had led to the development of something close to a Nordic domestic market.

54. While Norway promoted an open and liberal trading system, he expressed understanding for the need to safeguard other national objectives
such as regional development and environmental protection and the resulting specific trade policy practices in agricultural trade. However, he appreciated the fact that Norway was currently reviewing its agricultural policy.

55. The representative of Canada doubted whether all Norway's policies were well designed to further the objectives of reduced reliance on the petroleum sector, increased employment and the promotion of structural adjustment. He pointed out that the international competitiveness of firms supplying goods and services to petroleum exploration and development had not been advanced by measures requiring that oil exploration and production companies give preference to Norwegian firms in their procurement.

56. Similarly, the large scale of assistance to agriculture diverted resources from the general promotion of adjustment and from other, targetted programmes to support environmental and social objectives currently incorporated into agricultural programmes. However, he was encouraged that the current review of Norwegian agricultural policies in large part was driven by the objectives of the Uruguay Round. He looked forward to a further exposition from the Norwegian delegation concerning this review, as well as responses to a series of detailed written questions forwarded by Canada in the areas of agriculture, government procurement, investment policies, fisheries, shipbuilding, standards and the EEA negotiations.

57. The representative of New Zealand appreciated the transparency in the international trading system provided by the Trade Policy Review Mechanism. Contracting Parties should participate actively in the reviews to demonstrate their continued commitment to the exercise.

58. Norway had experienced a process of difficult economic adjustment since 1986. Reforms undertaken to improve the functioning of the Norwegian economy were welcome. Norway was facing a policy dilemma which could only be overcome by expanding the traded goods sector. Like New Zealand, Norway was seeking export-led growth. Such growth could only be sustained by internationally competitive economies.

59. Recent Norwegian reforms appeared to be moving towards that goal. However, long-term protection of individual sectors, most apparent in agriculture, imposed serious costs on internationally competitive sectors. Fundamental reform, particularly in agriculture, was accordingly required in order to sustain Norway's wider economic aims.

60. Recalling all contracting parties' commitment to substantial progressive reductions in agricultural support and protection, she warmly welcomed moves to prepare Norway for a more market-oriented agricultural trading system. The phasing out of Government support for exports of meat
and eggs, the reorganization of the Norwegian Grain Corporation and proposed reductions in support to agriculture were all noteworthy steps. She hoped that fundamental reforms could be extended to other agricultural sectors, notably dairying. New Zealand endorsed the reduction of subsidies to beef and milk production and generally welcomed Norway's offer, in the Uruguay Round, to tariffize and subsequently reduce existing quantitative restrictions. Details of the Norwegian proposal, including the proposed 'corrective factor', nevertheless gave grounds for concern. She looked forward to greater commitment by Norway, in the Uruguay Round, to more market-oriented policies in agricultural trade.

61. The representative of Australia referred to Norway as a relatively small economy where trade played an important role in overall economic activity. Norway's trading system was generally open, transparent and in line with GATT principles. However, this description did not fit all sectors, in particular agriculture.

62. Norway's trading patterns and priorities were closely linked to those of Europe and would become even more so on the conclusion of the EEA negotiations. He was encouraged by the Norwegian Government's determination that the EEA would complement, rather than substitute for, the multilateral trading system.

63. The representative of Japan appreciated recent trade liberalization measures and reforms undertaken by Norway, and its obliging attitude towards developing countries on trade issues in spite of the macroeconomic difficulties experienced since 1986. Norway's active participation in the Uruguay Round, particularly in the rule making area, was encouraging.

64. Norway's trade policy, based on multilateral free trade, included active creation and promotion of regional economic integration. Japan believed that such integration should be open and enable non-member countries to share the positive effects. He asked how Norway viewed the relationship between the multilateral trading system and regionalism, and how Norway would balance the free trade principles with further integration with other European economies. While the EC and other EFTA countries were important trading partners for Norway, he also recommended an examination of market opportunities and strengthened ties with open and rapidly growing economies in North America and the Asian-Pacific region.

65. The representative of Hungary noted Norway's strong commitment to the multilateral trading system, although only about 15 per cent of its imports were subject to m.f.n. treatment. He shared Norway's wish for a timely and successful conclusion of the Uruguay Round. Improved GATT rules, disciplines and dispute settlement procedures were necessary to maintain a
predictable trading environment and ensure the same rights and obligations for all countries in international trade.

66. Countries in central and eastern Europe had traditionally accounted for a very small share of Norway's imports and exports. Trade between Hungary and Norway had been only modest. Recent positive developments could pave the way for more intensive economic and trade relations. Following the signature of the EFTA-Hungarian Joint Declaration in June 1990, a Joint Committee had been established to review cooperation in all fields. A free trade area between Hungary and EFTA countries was under negotiation.

67. He noted that the EC had demanded improved access to EFTA markets for 72 agricultural products in the EEA negotiations. The Norwegian delegation was invited to provide information concerning any extension of such access to non-EC suppliers.

68. The representative of the European Communities emphasised the close historic and economic ties between Norway and the EC. He commended Norway's adherence to GATT rules and provisions, its acceptance of all GATT protocols and codes and its low tariffs, virtually fully bound. Norwegian practices in Government procurement and indirect taxation were non-discriminatory. Few restrictions remained with respect to imports of textiles and clothing. Norway's deregulation of foreign exchange transactions, efforts to maintain a stable nominal exchange rate and the unilateral linkage of its currency to the ECU were also positive elements.

69. The picture was less positive in areas such as agriculture, fisheries and State trading. However, Norway was currently addressing these issues. The Norwegian offer in the Uruguay Round regarding its import régime for agricultural products was very generous. The review of agricultural policies in Norway was likely to result in a reduction in subsidies. The Community believed that problems related to State trading, particularly in grains and pharmaceuticals, would be solved in the EEA negotiations.

70. Norway had responded well to the economic difficulties experienced since 1986 and would continue in this vein. Council members should give credit to Norwegian assurances that European integration was not seen as an end in itself and would not replace or substitute for global integration.

71. The representative of Switzerland highlighted the Trade Policy Review Mechanism as an occasion to examine the qualities and weaknesses of a country's policies. It also provided an opportunity for the country under review to disclose and explain the link between trade policy and, for instance, social, political and geographical characteristics. The review mechanism provided a better understanding of contracting parties'
constraints and interests. The Swiss representative asked Norway to elaborate on its view of the relationship between the EEA negotiations and the Uruguay Round.

72. The representative of Yugoslavia noted that while her country’s relations with Norway had traditionally been friendly, their mutual trade was not substantial. Yugoslavia would like to expand its trade with Norway, and hoped that a better understanding of Norwegian trade policies and practices could contribute to this goal. Norway was encouraged to elaborate on the apparent desire to expand its export and import-competing sectors, taking into account any related trade policy aspects.

73. Although she did not question Norway’s respect of GATT principles, the low share of m.f.n. treatment in Norway’s trade was striking. She invited Norway to give an assessment of the possible implications of a European Economic Area on its economic relations with third countries.

74. Developing countries held a stable share of Norway’s trade. Yugoslavia appreciated the comprehensive and liberal nature of Norway’s GSP scheme. Against this background, questions arose with respect to the importance of other factors influencing market shares in Norway, for example the possibility of improved marketing of products from non-OECD countries.

75. The representative of Chile pointed to the remarkable growth of the Norwegian economy. Norway had moved from a standard of living inferior to most countries in Latin America in the 19th century to one of the best functioning economies in the world. Meanwhile Norway had constantly maintained its commitment to developing countries through direct assistance, cooperation projects and firm support for humanitarian causes.

76. Despite recent considerable efforts to liberalize the economy, large gaps remained in certain areas like agriculture and agro-industrial products. The trade régime included prohibitions of imports and exports. The contrast with GATT principles was probably most notable in agriculture. OECD estimates revealed very high levels of support to Norwegian farmers, more than US$3 billion annually. In addition to budgetary support, farmers were protected by a whole range of trade measures. He asked whether the Norwegian Government intended to change this system, and, if so, when such changes would take effect. He recognised that the Norwegian authorities were aware of the costs to consumers of this policy and were slowly but consistently bringing the agricultural sector into line with the underlying principles of the GATT. For Chile it was essential that such liberalization would take place in all countries.
77. He commended the possible improvement of market access for agricultural products from developing countries into Norway as from 1 January 1992, and encouraged other countries to take similar steps. Recognising the unilateral nature of this initiative, he hoped that such a commitment could be bound under the GATT.

78. The representative of the United States stated that the Norwegian Government report made quite clear Norway's strong belief in the importance of strengthening and expanding the multilateral trading system. The United States shared the desire to work for multilateral rules that would try to balance productive trade policies while being environmentally beneficial.

79. He was satisfied that Norway was working for a significantly strengthened set of institutional and consultative links across the trade and economic spectrum in Europe. He expected that countries involved in the EEA process would ensure that the resulting agreements were consistent with GATT provisions and that the standard of treatment for third country trade would not be eroded. Norway's assurances that it did not view the EEA negotiations as a substitute for the GATT negotiations to improve the multilateral trading system gave some comfort.

80. There had been many indications that Norway's trade policy was on the right track to greater liberalization. Despite tremendous domestic political difficulties, a real effort appeared to be made to prepare for further reductions in agricultural trade barriers and subsidization. Import restrictions on textile products had been liberalized. The Government had taken steps to reduce surplus steel capacity significantly and fish exports were being gradually deregulated. Perhaps most importantly, Norway had at the same time participated actively and constructively in the Uruguay Round and repeatedly demonstrated a commitment to preserve and improve the system. The United States welcomed Norway's statement that the successful conclusion of the Uruguay Round remained a high priority on Norway's agenda.

(4) Responses by the representative of Norway

81. The representative of Norway thanked the delegates participating in the discussion for their many kind remarks about his country's trade policy. His main message had been understood and had also, as far as he could see, been accepted. Questions concerning agriculture would be postponed to a later stage of the meeting in order to co-ordinate the answers.

82. Commenting on the possible trade effects of the European Economic Area, he underlined that the motivation for these negotiations was the EC decision to establish a single market. This decision had changed
significantly the framework for the Norwegian economy. It was important for EFTA countries to reach an agreement which would enable their enterprises to compete on equal terms in a single market.

83. The effect of an EEA agreement on the volume of trade was difficult to predict. It depended both on the final outcome of the single market as well as the content of the EEA agreement. It was almost impossible to predict with any certainty the economic growth resulting from EC integration. Such knowledge was essential in order to evaluate the effects on trade between Norway and the EC.

84. In its revised national budget, his Government had assumed, for planning purposes, that Norwegian exports would grow by 2.5 per cent annually over the next five years. Uncertainty affected all such predictions. An EEA agreement was expected to promote economic growth and, consequently, trade.

85. Negotiations of free trade agreements were in progress with Poland, CSFR and Hungary, in parallel to the negotiations on association agreements between these countries and the EC. He was optimistic that some agreements would be concluded within a few months. Norway had taken an initiative in EFTA to seek free trade agreements with the Baltic countries. This process was still at a preparatory stage. Discussions were also being held with Turkey and Israel.

86. Norway's petroleum sector was located offshore and technology had been developed specifically for these activities. Potential export markets for such products were few, some were distant and some had been difficult to gain access to. Export shares were accordingly not a good measure of the competitiveness of major firms. He believed that Norwegian offshore enterprises were competitive and that an EEA agreement would demonstrate their ability to compete on equal terms.

87. Concerning the relationship between the European Economic Area and the Uruguay Round, he stated that Norway had many economic sectors which were global in their orientation. Norway therefore needed a multilateral trading system which was open and predictable on a global scale. Successful conclusions of both sets of negotiations were of equal importance to Norway because of its dependence on the European market and the global economy. Norway was anxious that a breakdown of the Uruguay Round could lead to excessive regionalization of world trade. Norway was concerned not only with western Europe but also with the countries currently subject to m.f.n. treatment. The Uruguay Round was therefore very important. He also stressed that, when Norway negotiated bilateral free trade arrangements, its basis was that GATT rules represented the foundation for all its trade policies and agreements.
88. Norway was also pursuing opportunities for trade outside of Europe and followed with great interest the dynamic growth in the Pacific Area, particularly in the Far East. He thought that Norway had products which could be of interest to countries in this region. Norway's maritime background could also be an excellent basis for expanding mutual contacts. There was a strong interest in Norwegian business circles to expand contacts with Japan and other countries in East Asia.
IV. USE OF MAJOR TRADE POLICY INSTRUMENTS

(1) Statement by the first discussant

89. Some of the basic facts relevant to this part of the discussion are very impressive. Norway maintains a simple average tariff of 5.7 per cent with over 90 per cent bindings. The conversion to the Harmonized System in 1988 was achieved without increasing the level of protection. The incidence of tariff escalation is relatively low. The Uruguay Round may also result in reductions of tariff peaks. Another very positive point is that Norway is a signatory to all the Tokyo Round Codes.

90. Both reports record the decline in importance of the manufacturing sector in recent years. Although Government support remains at a relatively high level, it is declining and, as the representative of Norway pointed out, a sharp reduction should be in prospect as restructuring costs have been spent. However, one cannot avoid saying something more about agriculture.

91. There is a strong contrast with the free trade prevailing in the industrial sector. Agriculture is highly protected through the application of numerous complex policy instruments based on the 1934 provisional import prohibition, the 1960 Royal Decree and subsequent legislation. These include quantitative restrictions; the role of state trading monopolies, for example the price equalization levy imposed by the Norwegian Grain Corporation and the operation of the import licensing system; the prevalence of specific, as opposed to ad valorem, duties and the imposition of seasonal tariffs; and the application of strict phytosanitary regulations.

92. The Norwegian delegation may wish to comment on the operation of these and other measures and also let the Council know of any plans to change the legal basis of its trade legislation. It is notable that a number of the measures listed in the Norwegian Government report are described as "provisional" measures.

93. Linked to the structure and content of Norway's trade legislation are the functions of each of the State Advisory and State Review Bodies. The Government report underlines that the role of these and other official and semi-official bodies serves to promote transparency in policy making. To the outsider it may look a bit complicated, particularly where the functions potentially overlap. It would also be interesting to discuss the possible effect of the EEA on the monopoly bodies, if that is not too delicate a point to make.
94. One more word about agriculture. Norway’s position in the Uruguay Round is well known. However, it would be helpful if the representative of Norway could give some explanation of the underlying policy considerations, such as the need for food security, regional development and the environment. These considerations are of enormous importance, but the economic cost is considerable given a PSE of something like 76 per cent. It would be interesting to know how the Norwegian government balances the economic costs against advantages.

95. Turning to other areas, I would like to select three separate issues where Council members may wish to comment on Norway’s policies and practices. Standards and standards making in industry reflect international criteria as a result of active Norwegian participation in bodies such as ISO, CEN and CENELEC, but studies have identified certain disadvantages in the system. For example, the cost per application for type approval for certain equipment in the telecommunications sector is reckoned to be higher than in any other OECD country. Contracting parties may want to comment if they see this area as a barrier to their trade.

96. The Norwegian authorities rely upon the revenue derived from excise taxes to fund a number of state programmes. Given the fact that new tax legislation was introduced earlier this year, is there a link here in the sense that if revenue is lost to the Government as a result of these reforms, compensatory measures may be introduced elsewhere in the system?

97. Finally, the reports before us describe Norway’s system of export insurance and guarantees. Council members may be interested in details on the substance and timing of the proposed changes to the operation of the Guarantee Institute for Export Credits (GIEK).

(2) **Statement by the second discussant**

98. The manifestations of Norway’s contribution to the credibility of the GATT system are manifold. Norway has joined all the Tokyo Round Codes. The entry into the Norwegian market for non-agricultural goods is generally open and subject to a relatively low tariff, with tariff rates bound for over 90 per cent of all tariff lines. Norwegian technical regulations, standards and procedures generally conform to international norms and recommendations and seem to be administered in a transparent fashion. Government procurement practices generally do not discriminate between foreign and domestic suppliers. Aside from agriculture, fisheries and textiles, the import system is generally free from non-tariff restrictions. The administration of anti-dumping and countervailing duty procedures appears to be fair and unobtrusive, as implied by a negligible number and a limited duration of trade relief measures taken under the relevant provisions of the GATT.
99. In export competition outside agriculture, Norway distinguishes itself by remarkable restraint with regard to subsidy practices, including virtually complete absence of direct export aids. This policy orientation appears to be supported by a consistent evolution towards further limitation of State ownership in industry.

100. Against this very positive background, one may wish to reflect upon several specific features of the Norwegian economic and commercial policies. A very high proportion of imports into Norway come under free trade arrangements. With a generally moderate volume of total imports, this has a visible crowding-out effect vis-à-vis third country suppliers. While recognising the consistency of such free trade arrangements with Article XXIV and other relevant GATT provisions, it might be useful to have some comments as to the actual or potential impact of this situation on trade interests of GATT contracting parties, non-members of such arrangements.

101. The implied bias against potential suppliers from outside the preferential EFTA/EEC free trade arrangement seems to be particularly visible in the case of industrial products subject to relatively higher nominal Norwegian tariffs, such as textiles and clothing, motorcycles, audio and video equipment or certain chemicals. One would appreciate some comments as to how this situation might be addressed in the future, including the final outcome of the Uruguay Round.

(3) Statements and questions by members of the Council

102. The representative of Australia noted that tariffs were the main trade policy instrument for imports of manufactures. Most tariffs were ad valorem, generally low and a significant proportion were bound. Specific rates applied on a number of key manufactured products and predominated in agriculture. Noting Norway's comment on the protective effect of its specific rates, he pointed out that increased protection was indeed afforded by specific rates, particularly at times of falling import prices.

103. Important aspects of Norway's policies in agriculture warranted close examination. The extensive reliance on non-tariff barriers, particularly quantitative restrictions, State trading measures and licensing, were in strong contrast to the competitive industrial sectors. Potentially conflicting signals appeared in the future direction of agricultural policy. He asked how Norway would reconcile stated intentions to liberalize the sector with proposals that "food security" should be the overriding policy objective for the 1990s. Australia, relatively distant from traditional markets, was puzzled to hear that Norway - a major shipping nation, poised to integrate itself into the world's largest
economic area - used food and national security to explain restrictive policies.

104. Two of Norway's State monopolies covered products of substantial export interest to Australia. He requested further information on the operations of these bodies, in particular to what extent they provided real opportunities for new competitive suppliers.

105. The representative of Egypt expressed appreciation for Norway's GSP scheme. The scheme could be revised from time to time to take account of the level of development of the beneficiaries and add more products to the scheme. He wanted to know to what extent bilateral textile agreements affected exports of other countries.

106. The representative of Yugoslavia stated that trading partners were affected by Norwegian trade and support measures to a varying degree. Textiles, clothing and footwear were excluded from the GSP scheme, tariffs were relatively high and there was tariff escalation. Nineteen countries, including Yugoslavia, were subject to MFA or similar restrictions. However, 82 per cent of textile and clothing imports entered from unrestricted EC and EFTA suppliers.

107. A wide range of trade measures applied in the agricultural sector, often in a cumulative manner. Yugoslav exporters had been affected by seasonal restrictions on some fruits and vegetables. Noting that Norwegian consumers would benefit from increased agricultural trade, she asked to what extent consumers or their interests were incorporated in the trade policy formulation process. Yugoslavia expected to gain improved market access to Norway through the Uruguay Round. She commended Norway for limiting the use of anti-dumping and countervailing measures, mainly due to a strict interpretation of the relevant codes.

108. The representative of New Zealand noted the low share of m.f.n. imports into Norway. Although Norway's adherence to GATT principles and rules was not questioned, New Zealand was concerned that the low application of m.f.n. tariffs was an effect of Norway's preferential trading arrangements. Norway was not a unique case. She suggested that Contracting Parties needed to reflect more on this long term issue. Should Norway grant additional access for 72 agricultural products sought by the EC, she hoped that this would be extended on an m.f.n. basis.

109. New Zealand generally supported high sanitary and phytosanitary standards, provided these were scientifically justified and not used as disguised trade restrictions. Norway's regulations were generally equivalent to those applied internationally. However, stating that her country applied a scientifically-justified 'managed risk' policy, she
invited Norway to comment on observations that it appeared to apply a "no risk" policy. She also asked why a phytosanitary certificate was not required for certain horticultural imports between 1 October and 25 April.

110. The representative of Korea commended Norway for its adherence to a free trade policy consistent with GATT rules. Tariffs were mostly low and bound. Unlike many other countries, Norway implemented anti-dumping and safeguard actions in full accordance with GATT rules. He welcomed Norway's intention to grant further preferences to imports from developing countries from 1 January 1992.

111. The statement by the representative of Hungary covered both remaining subjects on the agenda. Norwegian trade measures on industrial products were generally low and transparent. However, tariffs were high on textiles and clothing and some other products. Hungary had a bilateral textile agreement under the MFA with Norway. The product coverage had been reduced at the beginning of the year. Hungary welcomed indications that Norway would not support an extension of the MFA after its expiry. He hoped that restrictions on Hungarian textile exports would be terminated with the lapse of the current bilateral agreement.

112. Norway maintained a very restrictive import régime on most agricultural products. A complex network of border protection and domestic support had contributed to a high level of self-sufficiency. Potential Hungarian fruit and vegetable exports were hampered by seasonal restrictions or prohibitions. The administration of the licensing system also caused concern. Geographically distant exporters were disadvantaged by late announcements of market opening measures. Wine exports were adversely affected by the complex and time consuming licensing and approval procedures of the wine monopoly. Restrictive sanitary regulations effectively prohibited Hungarian meat exports to Norway. The competent Hungarian authorities had proposed to hold consultations with their Norwegian counterparts, but no solution had been found yet.

113. Hungary attached importance to the Norwegian proposal to reform certain basic elements of its agricultural policy, involving significant cuts in agricultural support and protection, in the framework of the Uruguay Round. An early successful conclusion of the Uruguay Round would hopefully provide the opportunity to implement these intentions.

114. The representative of the United States commended Norway for reducing most tariff barriers to trade and the high level of tariff bindings. However, while the market for industrial products was relatively open, quantitative restrictions and other assistance to achieve non-economic goals was still dominant in agriculture. Quantitative restrictions were in some cases equivalent to a 500 per cent tariff.
115. In connection with the award of the Oslo toll ring contract to a Norwegian firm, Norway had taken steps to ensure GATT government procurement code procedures would be followed, and that the decision would not prejudice the ability of foreign companies to win future toll ring contracts in Norway. In monitoring Norway's implementation of these steps, the United States found that Norway had excluded US suppliers from the procurement of an electronic toll collection system in the city of Trondheim. The United States had sought and obtained the establishment of a dispute settlement panel as provided by Article VII:7 of the Agreement on Government Procurement, and hoped that a mutually satisfactory solution could be found expeditiously.

116. The United States was concerned about the subsidization of Norway's salmon industry. Although the industry was vital to the Norwegian economy, the subsidies had contributed to significant trade distortions in world markets. New export regulations were intended to deregulate and promote fish exports. He asked the Norwegian representative to describe the regulations and their probable effects.

(4) Responses by the representative of Norway

117. The representative of Norway proposed to provide his comments on questions relating to agriculture and textiles under the subsequent agenda item. The representative of the United States had touched upon issues which were the subject of three GATT panels. Norway would not like to prosecute the cases in a trade policy review meeting. However, he would like to state that the toll ring case concerned a research and development contract which, in the view of Norway, was covered by the GATT Code. The distance between the views of the United States and Norway was considerable in the two panel cases concerning salmon. It would be pointless to go into details as the panel procedures were about to begin. He would come back to the export regulations for salmon and other questions in his next intervention.
V. SECTORAL ASPECTS OF TRADE POLICY

(1) Statement by the first discussant

118. Norway’s practices in the area of agriculture and fisheries are comprehensively documented in its own report and paragraphs 444 to 547 of the Secretariat paper. I would like to point to one or two other aspects which concern the prospects for reform or change in Norwegian agricultural policies.

119. I recognise that there are links to the Uruguay Round which we ought to stay clear of, but I wonder if I could ask about the Inter-ministerial Working Group which is currently reviewing the trade régime for agricultural products. Could the Norwegian delegation update the Council on any progress that group is making? Does the review process include an examination of the economic rationale for maintaining the current high level of restrictions? I also note that the Norwegian Government was not able to reach an agreement with farmers’ organisations on the level of budgetary transfers to agriculture for 1991-92. I believe this has happened before, but would it be right to take it as another indication of a more general rethink of agricultural policy in the Norwegian Administration?

120. Textiles is a sector where major liberalization has taken place over recent years. Members of the Council - perhaps particularly textile exporting countries - might like to comment on this sector.

121. As a number of speakers have pointed out, Norwegian government involvement in, and support to, the industrial sector has been reduced. Could the representative of Norway comment on the objectives of the remaining support programmes?

(2) Statement by the second discussant

122. A gradual and substantial reduction of considerable government transfers to industry has already been mentioned. This trend includes traditional sectors such as steel, shipbuilding and textiles. It would be instructive to have additional comments from Norway as to the sequence of restructuring policies in industry which should be followed in order to avoid the adverse impact of such policies under conditions of a relatively small economy with a limited range of alternative employment opportunities. I believe that this information would be of interest to those of us who take interest in disciplines under Article XVI. It would also be interesting to know what are the present objectives with regard to the remaining industrial support programmes.
123. In view of the specific structure of this exercise I have taken considerable pain so far to avoid reference to agriculture. In contrast to the industrial sectors, the economic and trade policies with regard to farming and fisheries and to their products are marked by a high degree of State intervention, limited competition, high levels of direct and indirect public support including export subsidies combined with a complex and effective system of import regulations.

124. Agriculture receives about 60 per cent of the budget transfers in addition to the substantial support provided through border protection. Subsidies to exports of Norwegian surplus production are mostly financed by producer levies. Support has been given to traditional fisheries for nearly thirty years and has recently escalated because of a serious depletion of fish resources.

125. The domestic market is protected by a number of specific and seasonal tariffs and price equalization levies imposed on certain agricultural products. All these measures imply a significant degree of restriction directed against competitive external suppliers.

126. Considering the active involvement of Norway in the formulation of the Nordic position in the Uruguay Round, it may be quite legitimate to invite the Norwegian delegation to present their own assessment of how far and along which major lines such policies on agriculture might evolve, given a positive and substantial outcome of the Round with regard to domestic support, market access and export competition in agriculture and fishing.

(3) Statements and questions by members of the Council

127. The representative of New Zealand was concerned about the high level of support and protection in Norway’s agricultural sector, particularly as compared with the very open approach in other sectors. Whereas most tariffs on industrial products were ad valorem, those on agricultural products were mostly specific. This was also the case for related products such as casein and paper. She would agree that specific tariffs tended to cause distortions, particularly by discriminating against imports from cheaper sources.

128. Tariffs were probably one of the least important policy instruments affecting agriculture, since most products were subject to a range of other import controls, including licensing. She noted the absence of unlicensed imports of meats, apples and tomatoes despite the existence of free import provisions. Other measures included price regulation, price equalization levies and financial support through the biannual agricultural agreements.
Some processed agricultural products were subject to a duty to counterbalance the distortions engendered by the initial policies.

129. The most worrying distortion from New Zealand's perspective was the use of export subsidies to off-load surplus production on the international market. In Norway, overproduction had occurred in meat, eggs, dairy products and certain vegetables. Domestic target prices had generally not been lowered, and continued to give farmers price signals that made little economic sense. Farmers' organisations appeared to have a strong influence on the setting and administering of assistance levels. This raised the question of the representation of consumer interests in policy making.

130. New Zealand was pleased to see that Government support to meat exports had been phased out, but was concerned that Norway continued to subsidise exports of 200 million litres of milk in processed form each year. The international dairy market was small and fragile. Subsidized exports, whether from large or small traders, struck at the heart of New Zealand's economy by artificially depressing commodity prices. This underlined the widespread need for fundamental, substantial agricultural reform to bring this sector fully under GATT rules and disciplines.

131. She asked for further details on the linkage between imports and domestic purchases of slaughter animals, in particular whether this involved the establishment of a ratio. Details on Norway's bilateral purchase agreement of sheepmeat from Iceland were also requested.

132. The representative of Australia noted the discrepancy between the provisions for free imports of meat and the apparent absence of such unlicensed imports. He asked what forms of discretionary intervention were permissible or had been used, given observations that domestic market prices in practice were not allowed to reach the upper limits which would trigger free imports.

133. The representative of Canada stated that many of Norway's specific trade policy instruments which caused some concern tended to be concentrated in very few sectors, especially agriculture and fisheries. Norway used combinations of specific rather than ad valorem tariffs, quantitative restrictions, State trading, an exceedingly complex import licensing system, quite stringent sanitary and phytosanitary regulations, and, for some products, export subsidies to provide exceptionally high levels of protection to these sectors. This created a sizable diversion of resources from other uses, including activities and investments which could well be more efficient and effective in promoting the various non-economic objectives pursued by Norway.
134. He welcomed Norway's acknowledgement of the need to adjust the approach in order to contribute to a successful conclusion of the Uruguay Round. The proposal to tariffy border measures was a step forward, but its generosity and impact on improving access to Norway's market depended on the level of the tariffs that would result from the process. Noting that these areas, particularly fisheries, had been a key point in the EEA negotiations, he requested some more general comments on how the international negotiations meshed with the domestic dynamics of reform. This concerned not only the timing, but also the building of understanding and support for reform, especially among affected groups.

135. The representative of the United States also expressed concern about Norway's agricultural policies. OECD estimates that up to 78 per cent of a Norwegian farmer's income was derived from Government subsidies, as well as the restrictions on market access, were disturbing. He was pleased that Norway had notified the establishment of a new quota system for apples and pears in February 1990. However, not having brought its policy into GATT conformity, Norway was open to further challenge in the GATT on apples and pears.

136. The United States applauded Norway's intention to move to a tariff-based system for most agricultural goods. He requested details about the timetable and current status of the conversion process. The United States believed that rationalization and liberalization of agricultural production and trade was essential to the health of the multilateral trading system. He urged Norway to assist in accomplishing this goal.

137. Despite plans to liberalize parts of its telecommunications market in 1987, Norway maintained regulatory procedures limiting market access for telecommunications equipment. The costs of testing and approval were extremely high. Even equipment which did not use public networks or airways were subject to the approval requirements. Further liberalization in this area would lead to greater opportunities for Norwegian and foreign firms.

138. Norway provided subsidies and other forms of assistance to its shipbuilding and ship repair industry. Most noteworthy practices included subsidized export credits, subsidized long term loans for vessel construction, preferential loans and tax policies. Norway was encouraged to reduce the overall subsidization of this sector on the basis of the 1983 OECD arrangement.

139. The representative of India recognised the importance for Norway of a supportive external trading environment in order to realise the trade policy objectives of creating employment opportunities and reducing the
dependence on petroleum. The recent initiation of antidumping and countervailing duty actions against Norwegian salmon exports was a cause for concern. India hoped that the dispute settlement mechanism to which Norway had resorted would address the Norwegian concerns in this area.

140. Norway was excessively dependent on free trade agreements with its major trading partners to boost merchandise trade. This dependence had led to a contraction of trade conducted on an m.f.n. basis. While the Trade Policy Review Mechanism might not be the appropriate forum to discuss the consequences of the declining trend in trade conducted on an m.f.n. basis, the trend should cause concern to all those who reposed their faith in multilateralism.

141. Norwegian trade measures on industrial products were generally few and transparent. Tariffs were mostly low and bound. Non-tariff measures were not used extensively with the exception of agriculture and textiles and clothing.

142. In agriculture, a complex network of border measures and domestic support had resulted in a high level of self-sufficiency. The incidence of tariff bindings was lower than for industrial products. Further, the widespread use of specific tariffs assured automatic increases in assistance to domestic producers when import prices fell. The application of seasonal tariffs and the administration of a strict import licensing régime coupled with the use of State monopolies effectively insulated domestic production from external competition. However, recent signals of reduced support in real terms to agriculture were appreciated. India hoped that the Uruguay Round would provide the appropriate opportunity to address agricultural protection in Norway.

143. In textiles and clothing, a sector of particular importance to India, the existence of comparatively high tariffs and tariff escalation was a cause of concern. The range of tariffs maintained on textiles and clothing coupled with tariff escalation posed some impediments to market access in this sector. Market access was also impeded by quantitative restrictions under MFA and similar arrangements. The unrestricted access provided to textile imports from Norway's free trade partners, apparent from the predominant supplier position of the EC, was a case of glaring discrimination in the trade régime. It would have been possible for countries restrained under MFA to improve their market share to an extent if textiles and clothing were covered under the Norwegian GSP scheme. Unfortunately, the Norwegian GSP scheme excluded textiles and clothing. India welcomed the reduction in the coverage of restraint arrangements for textiles and clothing, but was disappointed that Norway did not live up to earlier intentions of removing all import restrictions at the expiry of MFA IV.
144. The import régime for footwear and travel goods was also discriminatory because of the duty-free treatment accorded to imports from the EC and EFTA partners. Most footwear items were excluded from the GSP scheme. India sincerely hoped that Norway would soon implement its objective to accord full duty-free treatment to developing country imports similar to the coverage of the free trade agreements with EFTA countries and the EC, thus paving the way for elimination of discriminatory treatment in imports of products of great importance to developing countries.

(4) Responses by the representative of Norway

145. The representative of Norway emphasized that Norway was a net importer of agricultural products; imports accounted for 45.8 per cent of domestic consumption of agricultural products on a calorie basis. Norway did not produce important products, such as sugar and protein feed stuffs, as a result of political decisions. Budget transfers to exports were insignificant. Production control through supply control measures formed an integral part of Norwegian agricultural policies. The aim was to limit production to domestic demand.

146. A Government appointed committee on agricultural policies established in 1987, presented a comprehensive report in December 1990, which had been submitted for comments to a wide range of Ministries, Directorates, public and private organizations. The Government had begun preparing a White Paper based on the committee report and comments received. A Parliamentary debate on the future of Norwegian agricultural policies would take place in the Spring of 1992.

147. The main conclusion of the Alstadheim report was that food security should be an overriding objective for Norwegian agricultural policies in the future. Food security in this context implied that agricultural production and resource management should be consistent with sustainable development in order to provide the population with a satisfactory food security level, today and for future generations. The food security objective in this broad sense had consequences for agricultural production and resource management, regarding agricultural land and intensity, regional allocation and level of production.

148. The Committee report pointed out that the broad aim of food security should be seen in conjunction with the aim of reducing the overall costs of agriculture. Such an overall assessment led to a number of specific suggested cost-cutting measures, including the reduction of milk production and exports of milk products.

149. Norway's price based import system for meats functioned in such a way that when prices on the domestic market rose, limited quantities of imports
were licensed, which would effectively bring prices down. Prices had thus never risen to the level which triggered free imports. Effective market regulation by the two major meat distributors aimed at maintaining stable prices on the domestic market.

150. Norway’s import quota for sheepmeat from Iceland dated back to the establishment of EFTA. The quota of 600 tonnes, as a unilateral concession open for all EFTA countries, had in practice been allotted to Iceland based on historical imports.

151. Norwegian state trading enterprises operated on a non-discriminatory and commercial basis. Purchases by the Grain Corporation were made on open tender negotiated either with the exporters, their local agents or directly with Government agencies where such existed. For grain from overseas, the tender was given from one day to the next, and the sellers’ offers were valid until the next day. Bids were made on the best offer, price or conditions. Purchases of wines and spirits did not discriminate between countries or brands. No mechanism protected the production of the Norwegian Wine Monopoly.

152. An interministerial committee was currently reviewing the import regime for agricultural products, inter alia, in light of the Uruguay Round. The Committee was expected to submit its report at the end of 1991 with suggestions as to the future policy. The importance of a successful conclusion of the Uruguay Round had already been stressed. Early results in the agricultural negotiations could be taken into account in the Committee’s suggestions for reform.

153. Norway had made an initial, conditional offer in the agricultural negotiations which would imply a significant transformation of the import regime. The EC had referred to Norway’s offer as “generous”. Further elaborations on the offer would depend both on the negotiations and on the domestic debate concerning future agricultural policies. Norway fully supported the ongoing negotiations on agriculture in the Round, and was ready to contribute to a successful outcome. Norway had, at the same time, consistently stressed the importance of non-economic objectives, and emphasized that the negotiating result should allow for some flexibility in the future pursuit of such goals. A proposal had recently been made to involve consumer interests in the yearly domestic agricultural negotiations, but no decision had been taken yet.

154. Norway had an extremely favourable zoosanitary and phytosanitary status. Stringent import measures had been introduced in order to maintain this status. The regulations were based on scientific evidence and in general did not differ greatly from international standards. Further harmonization was expected as a result of the ongoing EEA negotiations.
bearing in mind the need to maintain a favourable sanitary and phytosanitary status. The exemption for some horticultural products from certification during the Norwegian winter was made possible by Norway’s harsh climate which effectively prevented the spread of diseases and pests.

155. Norway was acutely aware of the importance of technical standards for international trade. While standards were increasingly important in protecting human and plant health and safety and the environment, common international standards should be agreed to avoid barriers to trade.

156. Concerning Norwegian standards for the import of coniferous timber, wood and chips, a cooperative research effort was being undertaken among the Nordic countries, in order to establish whether nematodes would pose a danger for Nordic forests. The nematodes affecting coniferous timber had caused considerable damage in Asia. The research programme was planned to be completed by the end of 1991, and the results would be transmitted to the European Plant Protection Organisation. Norwegian import regulations would be reviewed in the light of the results of the project.

157. Norway followed the notification provisions under the GATT TBT code. Measures which belonged under other GATT Articles or codes were not notified under the TBT code. The regulations governing imports relating to nematodes in coniferous timber were based on GATT Article XX.

158. The representative of Norway felt that OECD study on type approval costs for telecommunication equipment was somewhat misleading, as costs varied from product to product. The study did not distinguish between types of approved equipment, and therefore the results were not comparable between countries. Norway followed harmonized European standards for such equipment.

159. The representative of Norway said that imports of fish and fish products were generally unrestricted. The only product subject to import licensing was mackerel; all other fish and fish products entered at zero tariffs or very low duties. The simple average tariff for the sector was 0.2 per cent. Import licensing for mackerel was, moreover, liberal, and imports in 1990 amounted to more than 37,000 tonnes.

160. While Government support to the sector existed, it was not comparable to the support given to the agricultural sector. It was the Government’s goal to reduce and eventually eliminate support to the sector. In the context of the EFTA agreement on free trade in fish and fish products, Norway had committed itself to dismantling all trade distorting support by 1 January 1993.
161. A major portion of current support schemes were directed towards restructuring the fish processing industry to bring production capacity in line with existing needs. This had to a large extent been achieved. Further restructuring would depend on the industry’s reaction to market forces. The sector had received regional support since the early 1970s.

162. The Secretariat’s report could give the impression that Norwegian regulations had tended to hamper exports of fish. This had certainly not been intentional, as fish and fish products represented approximately 10 per cent of Norwegian exports of traditional goods. Norway had consistently striven to liberalize trade in fish and fish products within EFTA - resulting in an agreement on free trade in fish and fish products - and also vis-à-vis the European Communities and within the GATT. Norwegian fish exports currently met a number of market access barriers in the form of tariff escalation within the EC and quantitative restrictions in South East Asia. Norway had therefore given strong support to the United States’ "zero-zero" initiative for the sector.

163. The new Act on export regulations for fisheries came into force on 1 July 1991. All export licensing of fish and fish products had been eliminated. In addition, a single export committee replaced the previous eleven organisations. Membership in Government-approved exporter associations was no longer a requirement for engagement in export activities.

164. As recognized by a number of delegations, the Norwegian Generalized System of Preferences was one of the most comprehensive schemes among developed countries, according duty-free treatment for all products covered by the scheme without quantitative ceilings or price limitations. An interministerial committee was currently reviewing ways and means for improving access for developing country agricultural exports to the Norwegian market. The Norwegian representative did not wish to prejudge its conclusions and any suggested implementation timeframe for improved access.

165. Some delegations had indicated correctly that as long as quantitative restrictions applied the real effects of the GSP scheme would be limited. However, Norway had offered to "tariffize" the import régime. Such re-adjustment of the agricultural import régime would consequently have implications for agricultural GSP-covered products.

166. The basic objective in the area of textiles and clothing was to bring trade in these products under the general rules of the GATT. Norway maintained the Nordic position, tabled in the Uruguay Round, that the transitional period for integration of the textile and clothing sector into GATT should be terminated not later than 31 December 1999. This position was not affected by the prolongation of MFA IV by 17 months. In contrast
to many other participants in the Uruguay Round, the Norwegian tariff offer contained all textile and clothing products, without exception. Norway had adapted a formula approach which would reduce high tariffs relatively more than low tariffs. Tariff peaks were thus well taken care of; the highest duty in HS chapters 25-97 would become 15 per cent.

167. The Norwegian textile and clothing sector did not receive any specific support. A readjustment programme was initiated in 1978 and government aid to the textile industry was last given in 1989.

168. Regulations governing investment in the offshore petroleum sector were liberalized in 1987. New licences no longer required foreign oil companies to carry the costs of Statoil or direct State participation in exploration activities. This had been an incentive to foreign oil companies to invest in the petroleum activities offshore Norway. In 1988, the Parliament also decided that State participation in new licences could be reduced. In the exploration phase the State participation could be reduced to 35 to 40 per cent; however, in the development and production phases State participation would be increased to a minimum of 51 per cent. In blocks where Statoil or direct State financial participation were not willing to take the risk of a 50 per cent share in the exploration phase, this decision opened the possibility for foreign companies to have higher financial participation in promising blocks. So far, there had been no awards of blocks with a share to Statoil/State direct financial participation less than 50 per cent. Foreign investment in the sector could also be affected by a new taxation system which would become effective as from 1 January 1992.

169. Government procurement of goods and services was regulated by the Ordinance for Central Government Procurement. This contained no requirement to use offsets or minimum local content when awarding contracts. In defence procurements, not covered by the GATT Code, offset requirements could be applied. A preferential margin on bids from domestic suppliers applied only to public utilities in the electricity supplying sector, which was not covered by the Agreement. As a general rule, Norwegian supplies in purchases to this sector were to be preferred if these were of the same quality as competing products, and could be delivered in the time required and to a price that did not exceed the lowest foreign bid, including duties, by more than 10 per cent.

170. Bidding for deliveries to the Norwegian offshore sector took place on an international basis. The operator, an oil company, selected a number of companies, foreign and domestic, that it would invite to tender for the specific goods or services needed. The operator established requirements ensuring that the companies invited to tender had the qualifications necessary to deliver the goods or provide the services in question. The
import penetration in procurement to the sector was approximately 50 per cent.

171. The Revised National Budget for 1991 stated the Government's aim to reduce the extent of transfer to industry, to change the direction of remaining support to industry neutral support schemes, and to give priority to support which would contribute most effectively to the attainment of regional and industrial development goals. Support tended to tie productive resources to unprofitable industries and enterprises, and distorted normal competitive conditions. The management of support schemes consumed administrative resources. The bulk of State transfers now went to agriculture and to some extent to fisheries. Support to manufacturing industries was largely intended to promote industry-neutral regional policy schemes, research and development. In recent years rather large amounts of state guarantees had been activated due to defaults.

172. No specific transfer programmes existed to support the textile sector. Aid to shipbuilding had been gradually reduced to a maximum 11.45 per cent of contract value, generally lower than aid received by competing shipyards in the EC. Further reductions would be considered within the framework under negotiation in the OECD Working Party on Shipbuilding. State-owned companies, notably in the steel sector and the defence industry, had been restructured or dismantled. Restructuring cost showed up in aid figures. This was to a large extent temporary and not tied to specific industries.

173. In Norway's view, any agreement on shipbuilding reached in the OECD would have to conform to GATT rules and disciplines. However, it was questionable whether existing GATT rules concerning anti-dumping and countervailing duties could apply to the shipbuilding sector. Improvements to the GATT codes might discipline the most offensive measures employed in the international shipbuilding industry. In the meantime, Norway, along with other major shipbuilding nations, would pursue the avenues available in the OECD.
VI. OTHER STATEMENTS

174. The second discussant thanked the representative of Norway for his comments. However, he felt that a question concerning government projections of economic trends, viewed in the context of structural diversification, had not been answered. He also highlighted the food security issue, which was important in a wider context. The present definition of food security was somewhat out of tune with political and economic developments in the world. The concept also had a metaphysical link which it would be beneficial to clarify.

175. The first discussant agreed that the concept of food security was very important but still somewhat diffuse. He had asked for an explanation of the underlying policy considerations, including such factors as food security, in an earlier intervention. The reply clearly stated that the Alstadheim committee had concluded that Norwegian agricultural policies should be based on food security for present and future generations. What was the reasoning behind this conclusion? What was the security directed against? As Norway was drawing closer to the EC, should food security remain confined to a national basis?

176. In reply to the questions on structural diversification, the representative of Norway stated that the revised national budget contained growth projections for various sectors. However, Norway did not pursue detailed economic planning. The Government was aware of the strong dependence on the petroleum sector and aimed to reduce the dependence by promoting traditional manufacturing sectors. Economic policy favoured diversification without emphasis on specific sectors or industries.

177. Concerning food security, it was important to be aware that Norway was a net importer of agricultural products. Food security contained no specific targets, but was a long term objective aiming to maintain productive capacity and production which was environmentally viable and geographically diversified. The food security issue was also closely related to Norway's unfavourable geographical and climatic conditions. He stressed that the proposals of the Alstadheim committee were not to be associated with the position of the Government, which had yet to define its objectives for the future agricultural policy.
VII. CONCLUDING REMARKS BY THE CHAIRMAN

178. The aim of the reviews undertaken by the Council in the framework of the Trade Policy Review Mechanism is to provide a collective evaluation of the full range of individual contracting parties' trade policies and practices and their impact on the functioning of the multilateral trading system. My closing remarks are not intended to substitute for the assessment made by the Council of Norway's trade policies and practices, but to summarize, on my own responsibility, the salient points emerging from this review. The full discussion, including Norway's responses to points raised by the participants, will be reflected in the minutes of this meeting.

179. Members of the Council commended Norway for its commitment to an open, stable trading environment, its generally liberal trade policy orientation and its consistent support for the fundamental principles of the multilateral trading system through its participation in GATT and the Tokyo Round Codes. Although Norway accounted for less than one per cent of world merchandise trade, the country played a leading role in world trade, especially in sectors such as petroleum and certain metals, as well as in services such as shipping. Members also recognized the high priority given by Norway to the successful completion of the Uruguay Round. Norway saw further European integration not as a substitute for, but as a complement to, the multilateral negotiations.

180. The Norwegian economy, increasingly dependent on petroleum revenue since the mid-1970s, had experienced a period of painful economic adjustment after the decline in oil prices in 1986. Against this background, Council members welcomed continuing reform and deregulation affecting such areas as textiles, steel and fisheries, as well as the liberalization of foreign exchange transactions.

181. Overall, Norway's trade policies were moving in a positive direction. Its markets were generally open, with few, but significant, exceptions. Norway's trade system was broadly transparent. M.f.n. tariffs were mostly low and bound at existing applied rates. Anti-dumping or countervailing measures had been very rarely used, because Norway had interpreted very strictly the rules and procedures of the relevant Codes.

182. The duty-free treatment, without limitations, extended to products covered by Norway's GSP scheme - one of the most comprehensive amongst developed countries - was welcomed, although utilization of preferences was low. Norway recognized the dynamic role of trade in economic development and transformation through participation in trade arrangements with third countries, including African countries and those in central and eastern Europe.
In examining Norway's existing trade policies and practices, members of the Council raised a number of concerns:

- The share of imports from m.f.n. sources was low, only some 15 per cent. Most of Norway's imports were from preferential sources, including EFTA members, the European Communities and GSP suppliers. This should not call into question Norway's adherence to the m.f.n. principle or to GATT articles. However, the longer-term implications for the trading system raised in this, and other, cases of widespread preferential trading arrangements should be given fuller reflection by contracting parties.

- Trade policies relating to agriculture were conducted on a very different basis from those concerning industrial products. Levels of assistance to agriculture in Norway were among the highest in the world, with substantial budgetary transfers supported by a complex and restrictive trade régime, including specific and seasonal tariffs, licensing procedures, quantitative restrictions, State trading practices, health and sanitary regulations and export subsidies. Target prices established within Norway, which appeared to take little account of developments in domestic and international markets, gave wrong price signals to farmers. Subsidized exports of meat, eggs, dairy products and certain vegetables contributed to depressing world markets and affected efficient agricultural exporters. The concept of food security, which had recently been reaffirmed in the Alstadheim Committee report, was questioned.

- With regard to import licensing of agricultural products, it was observed that, although imports of some products could be allowed freely under certain conditions of shortfall in domestic supply, these conditions were generally never met in practice. Moreover, the sporadic opening of licences for certain agricultural products gave little scope for sales from distant or small exporters.

- Restrictive sanitary and phytosanitary regulations virtually precluded imports of live animals and plants from many countries. In this connection, Norway's adherence to a "no risk" policy as opposed to a "scientifically justified managed risk" policy was questioned by some members. Particular reference was made to Norway's ban on imports of wood products from certain countries.
Information was sought regarding the procurement policies of Norway's State-trading enterprises for grains, wine and spirits; in particular whether new, competitive suppliers could gain access via open tendering procedures. One participant expected issues relating to State trading in grains and pharmaceuticals to be resolved in the agreement on a European Economic Area.

Norwegian standards and technical regulations were generally based on international norms. However, concern was expressed about regulatory procedures in telecommunications, which were costly and affected a wide range of equipment.

184. Among other specific questions raised were:

- The representation of Norwegian consumers in policy formulation, particularly on agriculture;

- Conditions of access for apples and pears, where one member considered Norway's policy not yet in conformity with GATT rules;

- The effect of the expected European Economic Area on access for third parties to Norway's market, in particular the possible extension to other countries of improved access for agricultural products granted within the EEA;

- The effects on world markets of subsidies to the fishing industry, given Norway's leading position in world fish trade. Information was sought on recent deregulatory measures in Norwegian fish exports;

- The value to Norway of restrictions maintained under bilateral agreements on textiles and clothing, when over 80 per cent of imports in restricted product categories were from unrestricted preferential sources;

- The possibility of the extension of GSP treatment to new commodities;

- Government procurement practices relating to specific sectors, i.e. supplies to the petroleum industry and electronic equipment for motorway tolls.

185. Members welcomed the review being undertaken by Norway of its agricultural policies, and Norway's expressed offer, within the Uruguay
Round, of "tariffication" of import restrictions with a view to later reductions. Concern was, however, expressed regarding the levels of tariffs which might be introduced, as well as the "corrective factor" proposed by Norway.

186. In reply to these comments, the representative of Norway stressed his country's consistent support for a multilateral trading system providing for an open, liberal and predictable trading environment. Norway was an open economy with a high dependence on foreign trade. Trade was an important means of promoting growth and structural adjustment domestically.

187. In agriculture, excluding fisheries, Norway was a net importer of food and did not produce sugar and protein feedstuffs as a result of political decisions. Budget transfers to exports were insignificant. Production control, an integral part of agricultural policies, aimed to limit production to domestic demand.

188. The Government was preparing its White Paper to Parliament based on the Alstadheim report, submitted in December 1990, and comments received on it. The Parliamentary debate on Norway's future agricultural policies would take place in spring 1992. Food security, proposed in the report as an overriding objective for Norwegian agricultural policies in the future, implied that future agricultural production and resource management should be consistent with sustainable development. This had consequences for regional development and overall production. The broad aim of food security must be seen in conjunction with that of reducing overall costs of agriculture.

189. Under the price based import system for meat, aimed at maintaining stable domestic prices, limited quantities of imports could be licensed. Prices, had, however, not risen to the level which triggered free imports because of effective market regulation by the two major meat distributors.

190. A quota for sheepmeat dated back to the establishment of EFTA. In practice, it had been allotted to Iceland based on historic imports.

191. Norway's State-trading enterprises for grain, wines and spirits operated on a non-discriminatory, commercial basis. Purchases by the Grain Corporation were made on open tenders. Bids were made on the best offer, price or conditions. Purchases of wines and spirits were carried out in a non-discriminatory way.

192. A proposal had recently been made to involve consumer interests in the yearly domestic agricultural negotiations. No decision had, however, yet been taken.
193. An interministerial committee was currently reviewing the import régime, inter alia, in light of the Uruguay Round and was expected to report at the end of 1991. An early result in the Uruguay Round could be taken into account. Norway's initial, conditional offer in the agricultural negotiations implied a significant transformation of its import régime. Further elaboration of the offer would depend both on the direction of the negotiations and on the domestic debate concerning future Norwegian agricultural policies. Norway fully supported the ongoing negotiations on agriculture in the Round and was ready to contribute to a successful outcome which should include stricter GATT rules and disciplines. Norway had, however, also consistently stressed the importance of non-economic objectives.

194. Stringent import measures had been introduced in order to maintain Norway's favourable zoosanitary and phytosanitary status. Regulations were based on scientific evidence and did not differ greatly from international standards. Further harmonization could be expected as a result of the ongoing EEA negotiations. The exemption from certification for some horticultural products during the winter was made possible by the harsh climate, which effectively prevented the spread of diseases and pests.

195. Norway was acutely aware of the importance of technical standards for international trade. Common international standards were concluded in order to avoid barriers to trade. A cooperative research effort had been undertaken among the Nordic countries in order to establish whether nematodes would pose a danger for Nordic woods. Norwegian import regulations would be reviewed in the light of the results of the research project. The OECD study on type approval costs for telecommunications was misleading, with cost data among countries not comparable. Norway followed common European standards in the area.

196. Norwegian imports of fish and fish products were generally unrestricted. The only product subject to import licensing was mackerel; all other fish and fish products entered freely with zero or very low duties. The import licensing for mackerel was liberal; imports in 1990 amounted to more than 37,000 tonnes.

197. Government support to the sector was not comparable to those given to agriculture and the aim was to reduce and eventually eliminate this support. Norway had committed itself to dismantling all trade distorting support by January 1993.

198. Norwegian fish exports currently faced market access barriers, in the form of tariff escalation with the EC and quantitative restrictions in South East Asia. Norway had therefore given strong support to the
United States' "zero-zero" initiative for the sector. From 1 July 1991 exports of fish and fish products had been deregulated.

199. The comprehensive Norwegian GSP scheme accorded duty-free treatment for all products covered without limitation. An interministerial committee was currently reviewing ways and means for improving access for developing-country agricultural exports to Norway and would present its report on 28 September. The conclusions and suggested implementation of a time-frame for improved access should not be prejudged. The Norwegian offer of tariffication of the agricultural import régime would have implications for agricultural GSP-covered products.

200. The Nordic position in the Uruguay Round regarding textiles and clothing was to bring trade in these products under the general rules of the GATT not later than 31 December 1999. The Norwegian tariff offer, based on a formula approach, covered all textile and clothing products.

201. Regulations governing investment in the offshore petroleum sector had been liberalized. This decision opened the way for foreign companies to take higher financial participation in promising blocks. Foreign investment in the sector could also be affected by a new taxation system effective from 1 January 1992.

202. Central government procurement of goods and services contained no requirements for offsets or minimum local content. Defence procurement and utilities operating in the electricity-supply sector were not covered by the GATT Code. Bidding for deliveries to the Norwegian offshore sector took place on an international basis. The import penetration in procurement to the sector was approximately 50 per cent.

203. In the current Budget, the Government aimed to reduce transfers to industry; change the direction of support to industry-neutral schemes and give priority to the effective attainment of regional and industrial development goals. Aid to shipbuilding had been gradually reduced to a maximum 11.45 per cent of contract value and further reductions were being considered within the OECD Working Party on Shipbuilding. Any agreements reached in the OECD should conform to GATT rules and disciplines. However, it was questionable whether existing GATT rules concerning anti-dumping and countervailing duties in practice could be applied to the shipbuilding sector. State-owned companies, notably in the steel sector and the defence industry, had been restructured or dismantled.

204. Replying to further questions, the representative of Norway said that the concept of food security comprised the maintenance of domestic production capacity and ensuring environmentally viable production. The specific climatic and geographical conditions of Norway should be taken
into account. He emphasised that the Alstadheim Committee was not to be identified with the Government, which had yet to define its own aims and objectives for agriculture.

205. In conclusion, the Council welcomed Norway's commitment to an open multilateral trading system and its generally liberal policies regarding trade in manufactures and fisheries. It welcomed the efforts being made by Norway to reconsider the level and nature of farm support policies, and Norway's openness to negotiation in this area. The liberalization which had already taken place in Norway's textile trade régime was also welcomed. Norway was encouraged to move steadily to eliminate all remaining restrictions on textiles and clothing. The Council expressed concern about remaining barriers and distortions to trade in agriculture, and Norway's use of the concept of food security as a major element in its re-evaluation of these policies.