

**GENERAL AGREEMENT
ON TARIFFS AND TRADE**

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Arrangement Regarding Bovine Meat

INTERNATIONAL MEAT COUNCIL

Inventory of Domestic Policies and Trade Measures

Reply to Parts G and H of the Questionnaire

NORWAY

Revision

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

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

PART G

Part G.1: Information of Domestic Policies and Trade Measures

General information

Norway is Europe's northernmost country, with more than a quarter of its total area above the Arctic Circle. In the major agricultural regions, the summer (temperature above 10 degrees celsius) lasts no longer than 90 to 120 days.

Because of the country's rugged topography, farm land is widely scattered and the agricultural sector is characterized by small farms. Relatively large and continuous stretches of farm land are to be found in only a few areas. Arable land covers only about 3 per cent of Norway's surface.

Due to the cool northern climate, grass is Norway's most important crop, fully two thirds of total farm land is used to grow grass. The remaining farm land is used to produce grain, for the most part feed grain, fruit and vegetables.

The degree of food self-sufficiency, calculated in terms of energy, is about 55 per cent. Fish and fish products represent about 5 per cent of this total. This self-sufficiency rate reflects the fact that Norway produces limited quantities of food grains and oilseeds, and does not produce some commodities at all, such as tropical products and sugar. Sugar and imported wheat together account for 30 per cent of human caloric intake.

In many regions of Norway, agriculture, along with forestry and fishing activities, are major sources of employment. In these regions, government policy seeks to stimulate economic development through the expansion of existing industries and the creation of new jobs. Agricultural policy plays an important role in this respect. In order to avoid a population shift away from these regions, policies to maintain a higher agricultural employment than would otherwise have been the case must be carried out.

There is an objective in agricultural policy, to give the agricultural producers opportunities to achieve income and a standard of living on a level with the rest of the population.

Thus, in assessing agricultural production in Norway, two factors should be taken into account; firstly, the relatively low level of food self-sufficiency, and secondly, the contribution agriculture makes in preventing population shifts away from rural areas.

The Norwegian agricultural sector mainly produces livestock products. The policy objective for these products is to meet domestic demand, primarily through the use of domestic grown fodder.

Production of livestock products is therefore closely adjusted to the actual domestic consumption. Surpluses that occasionally arise are generally disposed of on the domestic market. Cheese is the only agricultural product exported on a more permanent basis.

Wholesale prices, support levels and marketing arrangements are determined in annual negotiations between the government and the farmers' organizations (the Agricultural Agreement).

Guaranteed prices exist only for grain limited to the national consumption of food and feed grain, otherwise the prices determined in the Agricultural Agreement are target prices. The farmers' cooperatives, consisting of one national association for each products group, have the responsibility

of maintaining a balanced market and consequently for securing these target prices. The funds necessary for such market intervention are allocated in accordance with the Agreement over the State budget and from a producer financed levy.

In addition to target prices, there are a number of programmes and other policy measures which have been established in the agricultural sector. Some of these are comprehensive programmes designed to benefit the agricultural sector in general, while other programmes have a more narrow focus, such as seeking to promote agriculture in remote areas and on small farms.

The relationships between various product prices are of central importance to Norwegian agricultural policy. This is particularly the case for grain and milk. In the 1960s and 70s, grain prices were fixed at relatively high levels in order to stimulate grain production in central areas. This made it possible to increase the more labour-intensive milk production in remote areas.

In order to regulate livestock production in line with demand, as well as stimulate domestic fodder production, prices of feed grain and feed concentrates are regulated.

In order to maintain agricultural incomes at a desirable level, other mechanisms aside from price mechanisms must be relied upon. Therefore, a substantial part of agricultural income is secured by way of other measures. These measures are for the most part differentiated according to the size of the production and local conditions.

I. PRODUCTION

(a) Description of the beef industry

From 1975 to 1982 there was a steady increase in the production of beef in Norway. During the past 10 years, production has stabilized around 75,000 to 85,000 tons of beef per year. In 1993, Norway produced 83,070 tons of beef and veal.

Almost all beef production in Norway is based on a dual purpose breed of cattle (Norwegian Red Cattle). Therefore, in the short term, the potential to increase beef production is largely dependent upon the number of milk cows, which has been reduced for several years. However, there has for several years, been an increase in specialized beef production, which is likely to continue. The total production of beef is expected to remain stable.

(b) and (c) Support and stabilization measures

The farmer-owned Norwegian Meat Cooperative is responsible for implementing market regulations to maintain prices at the levels laid down in the Agricultural Agreement. The Cooperative undertakes market stabilization activities by means of the setting of prices, the provision of storage, exports and imports (in cooperation with private firms) and finally sales promotion.

The Agricultural Agreement sets average target prices at the wholesale level for different categories of meat. These prices form the guideline for the market regulation activities of the Norwegian Meat Cooperative. If market prices exceed the agreed upon target prices by 10 per cent, this triggers free import.

A base deficiency payment is granted to meat production. The base deficiency payment for beef in 1993-1994 is Nkr 3.35 per kg. Furthermore, regionally differentiated deficiency payments

are also paid for meat production in central and northern parts of Norway. This subsidy is differentiated according to four regions, the respective levels of 1993-1994 are NKr 4.45, NKr. 7.25, NKr 10.90 and NKr. 11.80 per kg.

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

II. INTERNAL PRICES AND CONSUMPTION

The target price of beef, set by the Agricultural Agreement for 1993-1994 is NKr 36.91 for Class 1 beef and higher classes.

In 1993, per capita consumption of beef was 19.1 kg., of mutton 6 kg., and of pig meat 21.7 kg.. Consumption of beef has increased during the past five years, as has total consumption per capita.

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

In Norway, the per capita consumption of fish is high, and the price relationship between fish and meat is also important for changes in meat consumption. Norway's moderate consumption of meat must be seen relative to the high consumption of fish and fish products. The meat consumption level must also be viewed in light of the fact that Norwegians traditionally only consume one warm meal a day.

III. MEASURES AT THE FRONTIER [Items (a), (b) and (e)]

Import measures for agricultural products seek to provide a reasonable amount of protection for Norwegian agricultural producers against competition from abroad. As a general rule, policy requires that domestic demand for the products concerned should be covered at all times, but principally by domestic output.

Import licences for supplementary imports are issued for fixed periods, and can be issued throughout the year. The decision to issue import licences is taken by the Norwegian Grain Corporation¹ after consultations with the Norwegian Meat Cooperative, which is responsible for domestic meat market regulations, and the Norwegian Independent Meat Association, which represents other operators in the market.

If, however, the domestic wholesale price reaches a level 10 per cent above the agreed upon price in the Agricultural Agreement for two consecutive weeks, import restrictions are suspended. Import restrictions are reintroduced with nine days notice when prices reach or fall below the upper price limit. In practice licences for supplementary import are issued before the market price reach the trigger level.

¹The licence processing for various agricultural products was transferred from the Ministry of Agriculture to the Norwegian Grain Corporation in 1991.

The import tariff for beef and beef products falling within tariff line 02.01, 02.02 and 02.06 is NKr 2.40 per kg. For products falling within tariff line 02.10 the tariff rate is NKr 2.00 per kg. For products falling within 16.02.50 the tariff rate is 12.5 per cent of value. Furthermore, an equalization fee is collected for licensed imports of meat. This fee equalizes the price of the imported product with the price on the domestic market. The fees are paid into a Price Equalization Fund. Import tariffs and equalization fees do not, however, play any major role in regulating imports of meat.

In case of over-production, exports are financed by a producer-financed levy.

As a result of the Agreement on Agriculture completed in the Uruguay Round, Norway has to replace the non-tariff import restrictions by tariffs. The new maximum tariffs (base rate of duty) for beef and beef products falling within tariff line 02.01, 02.02, 02.06, 02.10 and 16.02 will be fixed at (ad valorem) 405 per cent. The specific rate varies within the interval of NKr 15.04 per kg. to NKr 152.12 per kg.

(d) Sanitary and veterinary regulations

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

Exemptions to the general import ban can be granted by the Veterinary Department of the Ministry of Agriculture on sanitary grounds, depending on the zoo-sanitary conditions in the exporting country. Import licences can only be given for imports from countries which are able to meet the Norwegian zoo-sanitary requirements.

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

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

PART H

Part H.I: Information on Bilateral or Plurilateral Agreements in the Field of Bovine Animals, Meat and Offal

None.