

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

MTN/3E/DOC/2/Add.9

12 July 1974

Special Distribution

Multilateral Trade Negotiations

Original: English

GROUP 3(e) - BASIC DOCUMENTATION

Agricultural Policies

Addendum

NORWAY

NORWEGIAN AGRICULTURE - POLICY STATEMENT

Due to difficult natural conditions and a short growing season, Norwegian agriculture has limited choices as to number of production branches in agriculture compared with most other countries. For topographical reasons farm land is scattered, partly very hilly and split up in relatively small plots. Relatively large and continuous areas of farm land are found only in the south-east part, the south-west part and in the middle of the country.

In 1973 Norway had 0.9101 million hectares of farm land or about 0.23 hectares per inhabitant. This area constitutes only 3 per cent of the total area of the country. Approximately 50 per cent of the area is considered suitable for mechanized farming.

The rate of self-sufficiency in agricultural products is very low, amounting only to 30 per cent of total consumption on a calorie basis. When adding livestock products based on imported feedingstuffs, the percentage, however, increases to 38, and if maritime products consumed in Norway are added, the percentage of self-sufficiency rises to about 50 per cent. For reasons of preparedness the Norwegian Government does consider it necessary to maintain the present level of self-sufficiency in agricultural products.

Due to the natural conditions production costs in the Norwegian agriculture are relatively high. In order to maintain agricultural production at the present level, the Norwegian authorities therefore consider it necessary to protect agriculture against competition from countries with far more favourable conditions.

Elaboration of the agricultural policy is made in the light of the following main objectives:

- The income objective, aiming at incomes per man year in agriculture at least equal to incomes in the industrial sector.

- The production target, to maintain for reason of preparedness an aggregate agricultural production at least at the present level of self-sufficiency and to adapt production of individual commodities to domestic demand.
- The demographic objective, aiming at maintaining a certain settlement for the reason of exploitation of natural resources, protection of the environment, and tourism and recreation purposes in the rural areas and particularly in the remote areas where the primary industries (agriculture, fisheries etc.) are constituting the main sources of livelihood.
- The objective of creating effective, viable farms large enough to offer a family a reasonable standard of living.

The objective of maintaining a certain rate of self-sufficiency and adaptation of production to domestic demand, requires measures aiming at limiting production of some products and stimulating production of others.

Realization of the objectives and consequently the use of regulation measures, have made it necessary to apply import restrictions.

The main policy instrument is the Agricultural Agreement negotiated between the Farmers' Unions and the Government. This Agreement contains most of the policy measures and incentives applied in Norwegian agricultural policy. They may roughly be divided into 5 groups:

1. Fixing of prices.
2. Two-price system for concentrates.
3. Investment aid.
4. Direct income support.
5. Import restrictions.

The main measures applied for adaptation of production are the two-price system for concentrates and the price-relations between main agricultural commodities. As far as milk production is concerned, a system of price-differentiation throughout the year is applied aiming at evening out seasonal fluctuations.

The agricultural co-operatives which are made responsible for implementing the Agricultural Agreement as far as market arrangements are concerned, are paying great attention to inform producers currently about market situation and prospects.

According to the fact that Norwegian agriculture is operated at relatively high costs, different investment schemes are introduced. The Agricultural Development Fund being the most important, some other investment schemes are however decided upon by the Parliament without formal negotiation within the framework of the Agricultural Agreement.

The direct income-support scheme is differentiated according to farm size and the relation between farm incomes and off-farm incomes. This scheme is not tied to volume of production.

All these schemes are however co-ordinated in the sense that they are aiming at exploiting rural resources to the benefit of the farmers, and they are aiming at adapting production to demand.