



16 July 2021

(21-5633)

Page: 1/21

**Committee on Subsidies and  
Countervailing Measures**

Original: English

## **SUBSIDIES**

### NEW AND FULL NOTIFICATION PURSUANT TO ARTICLE XVI:1 OF THE GATT 1994 AND ARTICLE 25 OF THE AGREEMENT ON SUBSIDIES AND COUNTERVAILING MEASURES

NORWAY

The following communication, dated and received on 22 June 2021, is being circulated at the request of the delegation of Norway.

---

---

**TABLE OF CONTENTS**

<b>1 INTRODUCTION .....</b>	<b>3</b>
<b>2 ASSISTANCE TO RESEARCH AND DEVELOPMENT SCHEMES .....</b>	<b>3</b>
2.1 The Bioenergy Scheme.....	3
<b>3 ASSISTANCE TO DISADVANTAGED REGIONS.....</b>	<b>3</b>
3.1 Regional Transport Aid .....	3
3.2 Regional Development Aid Scheme .....	4
3.3 Aid Scheme for Economic Development in Svalbard .....	5
<b>4 ASSISTANCE TO SPECIFIC INDUSTRY SECTORS.....</b>	<b>6</b>
4.1 The Press Grant Scheme .....	6
4.2 The Innovation and Development Grant Scheme .....	7
4.3 National Programmes for the Promotion of Norwegian Space Industry.....	8
4.4 National Nuclear Waste Management and Operation of Nuclear Facilities .....	9
<b>5 EXCISE DUTIES .....</b>	<b>9</b>
5.1 Exemptions in the CO <sub>2</sub> Tax on Mineral Products.....	9
5.2 Exemptions and Reduced rates in the Base Tax on Mineral Oil.....	11
<b>6 TEMPORARY GRANT SCHEME FOR UNDERTAKINGS SUFFERING A SUBSTANTIAL LOSS OF TURNOVER.....</b>	<b>12</b>
<b>7 ASSISTANCE TO THE FISHERY SECTOR .....</b>	<b>13</b>
7.1 Transport Support .....	13
7.2 Sealing.....	14
<b>8 ASSISTANCE TO FORESTRY SECTOR.....</b>	<b>15</b>
8.1 Subsidies for Forest Management Planning .....	15
8.2 Subsidies for Industrial and Environmental Purposes in Forestry.....	16
8.3 Subsidies for Forest Infrastructure.....	16
<b>9 THE AGRICULTURAL SECTOR.....</b>	<b>17</b>
9.1 Introduction to Subsidies on the Expenditure Side of the Budget .....	17
9.2 Information on the Subsidy Programmes .....	17
9.2.1 The Milk Sector .....	18
9.2.2 The Meat and Egg Sectors .....	18
9.2.3 The Grain Sector .....	18
9.2.4 Potatoes and Horticultural Products.....	18
9.2.5 Headage Support.....	18
9.2.6 National Environmental Program.....	18
9.2.7 Vacation and Replacement.....	19
9.2.8 Market Regulation.....	19
9.3 Expenditures and Market Structure.....	19

## 1 INTRODUCTION

This report covers state aid programmes and schemes that were in operation in 2019 and 2020. The amount of subsidies which are reported, refers to actual payments in the fiscal years 2019 and 2020. As regards the agricultural sector, the notification covers schemes in force from 1 January 2018 and until 31 December 2019, as numbers for 2020 were not available at the time of writing.

Through Norway's participation in the European Economic Area (EEA), Norwegian legislation, under which subsidies are granted, is consistent with the legislation of the European Union (EU). However, agriculture and fisheries are not part of the EEA Agreement.

## 2 ASSISTANCE TO RESEARCH AND DEVELOPMENT SCHEMES

### 2.1 The Bioenergy Scheme

1. The authority responsible for the subsidy

Administered by Innovation Norway on behalf of the Ministry of Agriculture and Food.

2. Legislation under which the subsidy is granted

- The Annual Agricultural Agreement.
- The Annual State Budget.

3. Policy objective of the subsidy

The objective of the scheme is to promote the production and use of bioenergy as an environmentally friendly alternative to fossil energy.

4. Form of the subsidy

Grants.

5. To whom and how the subsidy is provided

The scheme applies to all types of companies, all regions and all sectors.

6. Amount of subsidy

2019: NOK 77 million.  
2020: NOK 87 million.

7. Duration of the subsidy

The scheme was established in 2003, and the duration is dependent on annual allocations.

8. Trade effects of the subsidy

Statistical information indicating trade effects are not available.

## 3 ASSISTANCE TO DISADVANTAGED REGIONS

### 3.1 Regional Transport Aid

1. The authority responsible for the subsidy

The Ministry of Local Government and Modernisation, the County Municipalities of Sør-Trøndelag, Nordland and Troms.

2. Legislation under which the subsidy is granted

The Annual State Budget.

Regulation on eligible areas for investment aid and transport aid (FOR-2014-06-17-807).<sup>1</sup>

Regulation on regional aid funds (FOR-2013-12-11-1574)<sup>2</sup> with guidelines.<sup>3</sup>

3. Policy objective of the subsidy

Stimulate economic growth in less developed areas by means of reducing the competitive disadvantages caused by long distances, difficult transport conditions and scattered population.

4. Form of the subsidy

Grants.

5. To whom and how the subsidy is provided

The purpose of the scheme is to offset additional transport costs of firms located in the low population density areas of Norway. Additional transport costs are the extra costs occasioned by movements of goods within the borders of Norway. Under the scheme aid is granted in relation to transport from places within the area of finished or semi-finished goods that have undergone significant processing within the eligible area. The aid is granted ex-post on the basis of verifiable incurred transport costs.

6. Amount of subsidy

2019: NOK 5.5 million.

7. Duration of the subsidy

31.12.2021.

8. Trade effects of the subsidy

Statistical data indicating trade effects are not available.

### **3.2 Regional Development Aid Scheme**

1. The authority responsible for the subsidy

Innovation Norway on behalf of The Ministry of Local Government and Modernisation.

2. Legislation under which the subsidy is granted

Act No. 130 of 19 December 2003.

Regulation on regional aid funds (FOR-2013-12-11-1574) with guidelines of January 2015.

Regulation on eligible areas for investment aid and transport aid (FOR-2014-06-17-807). The Annual State Budget.

3. Policy objective of the subsidy

Stimulate development of undertakings within the regional assisted areas.

---

<sup>1</sup> Regulation of 01.07.2014.

<sup>2</sup> Regulation of 01.01.2014.

<sup>3</sup> Reviewed guidelines in effect from 01.01.2015.

4. Form of the subsidy

Grants and loans.

5. To whom and how the subsidy is provided

The Ministry of Local Government and Modernization allocates funding for the county authorities for use on loan and grant schemes in areas with special employment problems or a low level of economic activity. The county authorities decide how much will be allocated for such instruments within their own region. The allocation from the county authorities is transferred to Innovation Norway for decisions on approval or rejection of applications from enterprises located in the corresponding county.

6. Amount of subsidy

2017: NOK 337.83 million (NOK 262.18 million in grants, and NOK 75.65 million in loans).

2018: NOK 323.60 million (NOK 281.15 million in grants, and NOK 42.45 million in loans).

2019: NOK 264.32 million (NOK 228.36 million in grants, and NOK 35.96 million in loans).

7. Duration of the subsidy

31.12.2021.

8. Trade effects of the subsidy

Statistical data indicating trade effects are not available.

### **3.3 Aid Scheme for Economic Development in Svalbard**

1. The authority responsible for the subsidy

Innovation Norway on behalf of the Ministry of Trade, Industry and Fisheries.

2. Legislation under which the subsidy is granted

Act No. 130 of 19 December 2003 on Innovation Norway.

Letter from the Ministry of Trade, Industry and Fisheries to Innovation Norway dated 20th June 2016 (Regelverk for tilskudd til næringstiltak på Svalbard).

3. Policy objective of the subsidy

The objective is to stimulate new economic development in Svalbard.

4. Form of the subsidy

Grants.

5. To whom and how the subsidy is provided

The scheme applies to all companies and sectors, including services, based in Svalbard and registered in the Norwegian Brønnøysund Register Center. Interested businesses has to apply to Innovation Norway.

Aid is granted on the condition that aid is necessary to start up and realise a new project.

6. Amount of subsidy

2020: NOK 2 million.

7. Duration of the subsidy

Starting date: 1 January 2015.

Duration: Parliament only approved funding for this scheme in 2015. Aid was granted under this scheme, based on the 2015 funding, in 2016 and 2017.

The Parliament approved new funding for the scheme in 2020 to follow up on the government's innovation strategy for Svalbard from 2019.

8. Trade effects of the subsidy

Statistical data indicating trade effects are not available.

#### **4 ASSISTANCE TO SPECIFIC INDUSTRY SECTORS**

##### **4.1 The Press Grant Scheme**

1. The authority responsible for the subsidy

The Ministry of Culture.

2. Title of the subsidy programme

Production grants for news and current affairs media.

3. Policy objective and/or purpose of the subsidy

Production grants shall stimulate diversity in news and current affairs media characterised by high quality and independent journalism, including media in markets that are too small to be sustainable and alternatives to the leading media in major markets.

4. Background and authority for the subsidy

The scheme was first introduced in 1969 by a parliamentary decision.

Present legislation: Regulations on production grants for news and current affairs media, adopted by the Norwegian Ministry of Culture 25 March 2014.

The regulations replaced previous regulations of 7 November 1996. The purpose of the new aid scheme was to provide for platform-neutral measures, thereby accommodating the scheme to current technological developments and facilitating the press' transition to digital publishing.

5. Form of the subsidy

Grants.

6. To whom and how the subsidy is provided

Grants are given to media which:

- (1) Have as their primary objective to engage in journalistic production and the distribution of news, current affairs and social debate to the general public.
- (2) Contain a broad range of news, current affairs and debate content from different areas of society.
- (3) Have an editor in chief.

- (4) Receive genuine payment for news, current affairs and debate content, and advertising, according to a publicly available price list.
- (5) Sell at least half of their approved net circulation through subscription.

Further conditions are stipulated in section 3 to 8 in the regulations.

There are two main groups of recipients:

- (1) Leading and sole media (media which do not have larger competitors at the publishing site) receive a fixed base grant and a fixed amount for each edition (newsprint or electronic) beyond one weekly publication.
- (2) Secondary media (media which have a competitor with a larger circulation at the publishing site) receive grants calculated on the basis of per annum circulation (newsprint or electronic). The grants are based on three different grant rates reflecting the medium's competitive position: Rate 1: Nationwide media, Rate 2: Media in large cities (Oslo, Bergen, Stavanger and Trondheim), Rate 3: Other media.

A transitional scheme provides reduced grants to media that no longer qualifies for subsidy.

#### 7. Subsidy per unit

The grant per unit varies greatly i.a. according to the number of weekly editions, annual circulation and competitive position, see above. The grant amounted to a total of 358 million NOK in 2020, and was divided between 152 different news media as follows:

Secondary media	258.1 million NOK
Leading media	9.9 million NOK
Sole media	89.9 million NOK

#### 8. Duration of the subsidy

The duration of the scheme is maximum six years (time limit set by the EFTA Surveillance Authority) and by Decision No 112/14/COL, ESA approved the scheme from 12 March 2014 to 12 March 2020. By Decision 006/20/COL, ESA approved a prolongation of the scheme to 31 December 2020. On 26 June 2020 ESA granted a temporary extension of the current scheme from 31 December 2020 to 31 December 2021.

#### 9. Statistical data permitting an assessment of the trade effects of the subsidy

Support is assumed to have no trade effects due to the low level of exports/imports of newspapers.

### **4.2 The Innovation and Development Grant Scheme**

#### 1. The authority responsible for the subsidy

The Ministry of Culture.

#### 2. Title of the subsidy programme

Innovation and development scheme for news and current affairs media.

#### 3. Policy objective of the subsidy

Grants shall promote media diversity and an enlightened public discourse, and stimulate to innovation and development in news and current affairs media.

4. Form of the subsidy

Grants.

5. To whom and how the subsidy is provided

Grants are given to media which:

- (1) Have as their primary objective to engage in journalistic production and the distribution of news, current affairs and social debate to the general public.
- (2) Contain a broad range of news, current affairs and debate content from different areas of society.
- (3) Have an editor in chief.

All types of media, including broadcasters, fulfilling the eligibility criteria are eligible to apply for grants.

6. Amount of subsidy

2020: NOK 20.1 million.

7. Duration of the subsidy

The duration of the scheme is until 31 December 2022.

8. Trade effects of the subsidy

Support is assumed to have no trade effects.

#### **4.3 National Programmes for the Promotion of Norwegian Space Industry**

1. The authority responsible for the subsidy

The Ministry of Trade, Industry and Fisheries through the Norwegian Space Agency.

2. Legislation under which the subsidy is granted

The Annual State Budget.

3. Policy objective of the subsidy

Assistance for enterprises that delivers goods or services to space related programmes including programmes administered by the European Space Agency (ESA). The programme seeks to increase the spin-off effects of the Norwegian membership in ESA.

4. Form of the subsidy

Grants.

5. To whom and how the subsidy is provided

The grant is eligible for all enterprises that develop space related goods and services. The Norwegian Space Agency administers the allocation of the grant.

6. Amount of subsidy

Granted expenditure for 2019 was NOK 21 million.

Granted expenditure for 2020 was NOK 21.5 million.



7. Duration of the subsidy

Duration has not been specified, depending on Parliament appropriations.

8. Trade effects of the subsidy

Statistical data indicating trade effects are not available.

#### **4.4 National Nuclear Waste Management and Operation of Nuclear Facilities**

1. The authority responsible for the subsidy

The Ministry of Trade, Industry and Fisheries.

2. Legislation under which the subsidy is granted

The Annual State Budget.

3. Policy objective of the subsidy

All Norwegian nuclear research reactors have been shut down. The objective is to operate the nuclear facilities including the reactors in a safe and secure manner and to manage Norwegian nuclear waste and decommissioning of the Norwegian research reactors.

4. Form of the subsidy

Grants.

5. To whom and how the subsidy is provided

Subsidies for operation of and securing nuclear facilities are granted directly to the research institute, Institute for Energy Technology (IFE), which owns the reactors. Subsidies for waste management is handled through the state agency Norwegian Nuclear Decommissioning which cooperates with IFE on waste management and decommissioning.

6. Amount of subsidy

Granted expenditure in 2019 was NOK 376.9 million.  
Granted expenditure in 2020 was NOK 426.3 million.

7. Duration of the subsidy

Duration has not been specified, but will continue until the sites are decommissioned and waste handled. The clean-up is expected to take at least fifty years.

8. Trade effects of the subsidy

No trade effects are expected.

## **5 EXCISE DUTIES**

### **5.1 Exemptions in the CO<sub>2</sub> Tax on Mineral Products**

1. The authority responsible for the subsidy

The Ministry of Finance.

## 2. Legislation under which the subsidy is granted

The Parliaments annual resolution concerning the CO<sub>2</sub> tax on mineral products and Regulation 11 December 2001 No. 1451 concerning Excise Duties.

## 3. Policy objective of the subsidy

The CO<sub>2</sub> tax on mineral products was introduced 1 January 1991. As of 2020, the tax encompasses nearly all uses of fossil fuels that are not encompassed by the European Emission Trading System (EU ETS). As of 2020, the standard rate is equivalent to 545 NOK per ton of CO<sub>2</sub>. Thus, the tax base is broad and the tax rate is high compared to similar taxes that have been established or proposed in other countries.

The policy objective of the CO<sub>2</sub> tax is to reduce emissions of CO<sub>2</sub> from combustion of mineral products (fossil fuels).

When the CO<sub>2</sub> tax was introduced in 1991, there were no realistic alternative to fossil fuels in many sectors. Some of these sectors were given a reduced rate or were exempted. Since 1991, most of these reduced rates and exemptions have been abolished, but a few still remains.

## 4. Form of the subsidy

Tax concession.

## 5. To whom and how the subsidy is granted

*Main rules:*

General tax rates 2019:

Mineral oil	NOK 1.35 per litre
Petrol	NOK 1.18 per litre
Natural gas	NOK 1.02 per Sm <sup>3</sup>
LPG	NOK 1.52 per kg

General tax rates 2020:

Mineral oil	NOK 1.45 per litre
Petrol	NOK 1.26 per litre
Natural gas	NOK 1.08 per Sm <sup>3</sup>
LPG	NOK 1.63 per kg

*Tax concession:*

Natural gas and LPG used in commercial greenhouses are exempted from the CO<sub>2</sub> tax.

## 6. Amount of subsidy

Expenditure for 2019:

Natural gas and LPG in chemical reduction etc.	NOK 50 million
Commercial greenhouses	NOK 25 million

Expenditure for 2020:

Natural gas and LPG in chemical reduction etc.	NOK 55 million
Commercial greenhouses	NOK 25 million

7. Duration of the subsidy

Starting date: 1 September 2010.

The scope of the CO<sub>2</sub> tax was extended to include natural gas and LPG from 1 September 2010.

8. Trade effects of the subsidy

Statistical data indicating trade effects are not available.

## 5.2 Exemptions and Reduced rates in the Base Tax on Mineral Oil

1. The authority responsible for the subsidy

The Ministry of Finance.

2. Legislation under which the subsidy is granted

The Parliaments annual resolution concerning the base tax on mineral oil and Regulation 11 December 2001 No. 1451 concerning Excise Duties.

3. Policy objective of the subsidy

The tax on mineral oil (base-tax on mineral oil) was introduced 1 January 2000. The objective of the tax was to avoid a switch in energy use from electricity to mineral oil when the electricity tax was increased from 1 January 2000.

Sectors where electricity was not a substitute to mineral oil are charged a reduced rate or exempted.

4. Form of the subsidy

Tax concession.

5. To whom and how the subsidy is granted

*Main rules:*

General tax rates 2019:

Mineral oil	NOK 1.65 per litre
-------------	--------------------

General tax rates 2020:

Mineral oil	NOK 1.68 per litre
-------------	--------------------

Tax concession:

Mineral oil to the fish oil and fish meal industry are exempted from the base tax on mineral oil.

Mineral oil to the pulp and paper industry and the production of pigments and colouring agents are levied a reduced tax rate.

*Reduced rates:*

Reduced tax rates 2019:

Mineral oil	NOK 0.210 per litre
-------------	---------------------

Reduced tax rates 2020:

Mineral oil	NOK 0.212 per litre
-------------	---------------------

6. Amount of subsidy

Expenditure for 2019:

Fish oil and fish meal industry, pulp and paper industry, production of pigments and colouring agents:	NOK 20 million
--	----------------

Expenditure for 2020:

Fish oil and fish meal industries, pulp and paper industry, including production of pigments and colouring agents:	NOK 20 million
--	----------------

7. Duration of the subsidy

Starting date: 1 January 2020.

8. Trade effects of the subsidy

Statistical data indicating trade effects are not available.

## **6 TEMPORARY GRANT SCHEME FOR UNDERTAKINGS SUFFERING A SUBSTANTIAL LOSS OF TURNOVER**

1. The authority responsible for the subsidy

The Brønnøysund Register Centre on behalf of the Ministry of Trade, Industry and Fisheries.<sup>4</sup>

2. Legislation under which the subsidy is granted

The legal basis for the measure is set out in the Act on a temporary grant scheme for undertakings suffering a substantial loss of turnover after August 2020 (*Lov om midlertidig tilskuddsordning for foretak med stort omsetningsfall etter august 2020*) and supplemented by Regulations adopted pursuant to this Act. The compensation is paid from the state budget. The scheme is compatible with the functioning of the EEA Agreement pursuant to its article 61(2)(b).

3. Policy objective of the subsidy

The Business Compensation Scheme is part of the government's measures to mitigate the financial effects of the coronavirus and the infection control measures.

4. Form of the subsidy

Grants.

5. To whom and how the subsidy is provided

The compensation scheme offers financial compensation to enterprises which have experienced a substantial decrease in revenue as a result of the COVID-19 situation. Companies are eligible under the measure if they have suffered a decline of revenue of at least 30% per 2 months as a consequence of the COVID-19 situation. The measure applies to the whole territory of Norway and is open to all sectors of the economy with certain exceptions.

---

<sup>4</sup> Previously The Norwegian Tax Administration on behalf of The Ministry of Finance ("Compensation Scheme 1").

The authorities measure the decline in revenue by comparing the actual revenue of the beneficiary during the 2 months for which the support is sought, to the revenue in a reference period.

The aid granted to each beneficiary is calculated by multiplying the unavoidable fixed costs by the percentage loss in revenue and an adjustment factor. The adjustment factor is set to 0.7 for the first period and 0.85 for the second and third period.

Aid is limited by earlier loss of revenue, and cannot exceed  $X \cdot (Y + \text{ORFS})$ , where

X is percentage revenue loss

Y is the sum of unavoidable fixed costs

ORFS is earnings before taxes multiplied by the number of months in the aid period and divided by the number of months included in the fiscal year.

#### 6. Amount of subsidy

##### Scheme under the Norwegian Tax Administration

NOK 728.2 million.<sup>5</sup>

NOK 6,763.5 million.<sup>6</sup>

##### Scheme under the Brønnøysund Register Centre

NOK 286.7 million.<sup>7</sup>

NOK 2,239 million.<sup>8</sup>

#### 7. Duration of the subsidy

March-August 2020 (former scheme administered by the Norwegian Tax Administration).

September-December 2020 (scheme under the Brønnøysund Register Centre).

#### 8. Trade effects of the subsidy

Statistical data indicating trade effects are not available.

## **7 ASSISTANCE TO THE FISHERY SECTOR**

### **7.1 Transport Support**

#### 1. The authority responsible for the subsidy

The Ministry of Trade, Industry and Fisheries.

#### 2. Legislation under which the subsidy is granted

The Annual State Budget.

#### 3. Policy objective of the subsidy

The purpose is to support transport in order to facilitate implementations of fisheries activities in specific regions.

<sup>5</sup> Excluding services, according to classifications under the European System of Accounts.

<sup>6</sup> Total amount, including services.

<sup>7</sup> Excluding services, according to classifications under the European System of Accounts.

<sup>8</sup> Total amount, including services.

4. Form of the subsidy

Grant.

5. To whom and how the subsidy is provided

The transport support is given to the following sales organisations:

The Norwegian Raw Fish Organisation  
Fish Sales Association for Sunnmøre and Romsdal  
Fish Sales Association for Western Norway  
The Southern Fish Sea Sales Association  
The Norwegian Herring Sales Association

The sales organisations are responsible for the distribution of the transport support to the fishing industry. Each sales organisation must submit a plan showing how they intend to apply these funds so that fishing activities are secured throughout the year.

The fish farming industry is not eligible for aid under this scheme.

6. Amount of subsidy

Balanced budget for 2019: NOK 23.9 million.  
Balanced budget for 2020: NOK 23.5 million.

7. Duration of the subsidy

Duration has not been specified.

8. Trade effects of the subsidy

Statistical data indicating trade effects are not available.

## **7.2 Sealing**

1. The authority responsible for the subsidy

The Ministry of Trade, Industry and Fisheries.

2. Legislation under which the subsidy is granted

The Annual State Budget.

3. Policy objective of the subsidy

The objective is to contribute to maximum utilization of harp-seal quotas.

4. Form of the subsidy

Grants.

5. To whom and how the subsidy is provided

The sealing fleet and sealing processors can apply for subsidies.

6. Amount of subsidy

Balanced budget 2019: NOK 2.5 million.  
Balanced budget 2020: NOK 2.5 million.

7. Duration of the subsidy

Duration has not been specified.

8. Trade effects of the subsidy

Statistical data indicating trade effects are not available.

## **8 ASSISTANCE TO FORESTRY SECTOR**

### **8.1 Subsidies for Forest Management Planning**

1. The authority responsible for the subsidy

The Norwegian Agricultural Authority on behalf of the Ministry of Agriculture and Food.

2. Legislation under which the subsidy is granted

Regulation on grants for forest management planning with environmental registration of 4 February 2004. Funded by the Agricultural Development Fund (LUF) under the annual Agricultural Agreement.

3. Policy objective of the subsidy

The objective is to stimulate forest management planning as a basic measure to promote sustainable forest management including:

- Active short and long term utilisation of the forest resources.
- Preservation and enhancement of forest functions related to biological diversity, landscape, and cultural and recreational values.

4. Form of the subsidy

Grants.

5. To whom and how the subsidy is provided

The subsidy is available to forest properties with more than 1 hectare. Provided a given area coverage of pre-ordered individual forest management plans, the grant covers resource registration surveys of larger designated areas and preparation of forest management plans on individual properties. Area registrations provide data for forest inventory and resource overviews. The programme also supports capacity building on application of the forest management plan.

The sizes of the grants are decided by the county governor based on the total resource registration and plan preparation costs. Normally, subsidies are not granted to properties that have received grants from this programme within the last 10-year period.

6. Amount of subsidy

2019: NOK 28.5 million.

2020: NOK 32 million.

7. Duration of the subsidy

Starting date: 1971. Duration is not specified. Dependent on annual budgets.

8. Trade effects of the subsidy

Statistical data indicating trade effects are not available.

## 8.2 Subsidies for Industrial and Environmental Purposes in Forestry

### 1. The authority responsible for the subsidy

The Norwegian Agricultural Authority on behalf of the Ministry of Agriculture and Food.

### 2. Legislation under which the subsidy is granted

Regulation on grants for industrial and environmental purposes in forestry of 4 February 2004, founded on the Forestry Act of 2005. Funded by the Agricultural Development Fund (LUF) under the annual Agricultural Agreement.

### 3. Policy objective of the subsidy

To stimulate value-adding forestry activities and long-term investments like silviculture and forest roads, as well as to enhance environmental values related to biological diversity, landscape, cultural inheritance and recreational activities.

### 4. Form of the subsidy

Grants.

### 5. To whom and how the subsidy is provided

The grant is eligible for all categories of forest owners and all properties exceeding 1.0 hectare of productive forestland.

The Norwegian Agricultural Authority assigns the grant through the County Governor to local authorities at municipal level.

Local authorities are free to develop specific rules in accordance with the national framework. Granted measures can be silviculture, pre-commercial thinning, construction and reconstruction of forest roads, conservation and enhancement of environmental values in forest and harvesting of round wood in difficult terrain. The subsidy rates are determined by local authorities.

### 6. Amount of subsidy

2019: NOK 194 million.

2020: NOK 204 million.

### 7. Duration of the subsidy

Duration is not specified. Dependent on annual budget.

### 8. Trade effects of the subsidy

Statistical data indicating trade effects are not available.

## 8.3 Subsidies for Forest Infrastructure

### 1. The authority responsible for the subsidy

The Norwegian Agricultural Authority on behalf of The Ministry of Agriculture and Food.

### 2. Legislation under which the subsidy is granted

The Annual State Budget and the Forestry Act with amendments.



### 3. Policy objective of the subsidy

The policy objective is to develop infrastructure necessary to uphold the forest activity in marginal forest areas. The grants are mainly aimed at timber quays and forest roads.

### 4. Form of the subsidy

Grants.

### 5. To whom and how the subsidy is provided

All forest owners are eligible for grants, based on application containing plans for the infrastructure project.

### 6. Amount of subsidy

2019: NOK 202.3 million.  
2020: NOK 191.8 million.

### 7. Duration of the subsidy

Starting date: 1976.  
Duration is not specified. Dependent on annual budgets.

### 8. Trade effects of the subsidy

Statistical data indicating trade effects are not available.

## **9 THE AGRICULTURAL SECTOR**

### **9.1 Introduction to Subsidies on the Expenditure Side of the Budget**

The notification of the subsidies in the agricultural sector gives an overview of general developments in the Norwegian Agricultural Policy and of agricultural subsidy programs.

Reference is also made to the notifications on domestic support provided to the Committee on Agriculture.

### **9.2 Information on the Subsidy Programmes**

The various programs are listed under the sub headings 9.2.1 to 9.2.7 below. The notification covers schemes in force from 1 January 2018 until 31 December 2019. Numbers for 2020 were not available in time for the deadline for this notification. Norwegian agricultural policy is implemented in pursuit of the overall objectives concerning food security, agricultural production throughout the country, improved productivity and sustainable agriculture.

Target prices for farm products and the fiscal support to agriculture are agreed upon as integral parts of the annual Agricultural Agreement between the farmers' unions and the Government. The Agricultural Agreement is subject to ratification and appropriation of budget funds by the Norwegian Parliament. Allocations in the Agricultural Agreement are made under Chapter 1150, Ministry of Agriculture of the State budget (cf. table 1 below for details).

Support is provided for grains and oilseeds, fruits and vegetables, milk and dairy products, meat from bovine animals, veal, mutton, pork, poultry meat, eggs and wool. Direct payments, of which a significant part is differentiated by criteria such as region, size of farms, arable land and number of animals, play a significant role.

### **9.2.1 The Milk Sector**

Milk production is of vital importance in several rural regions as alternative forms of agricultural production are scarce. It is a policy objective to facilitate employment and economic activity in the countryside, maintenance of agricultural landscape, and to fulfil national food security policies including protecting arable land and securing a decentralized production structure.

Since 1 July 2002, base deficiency payments are granted for goat milk only. In addition, regional deficiency payments apply to rural areas. The deficiency payments are paid for each litre of milk delivered to the dairy. The amount varies according to region, and the highest support is given in the northernmost districts in Norway. Structural income support is also provided to each farm. The support is paid as a lump sum to producers with 5 or more cows or 27 or more goats for milk production. The objective of the program is to equalize income between larger and smaller holdings.

From 1 January 2019 a programme to strengthen the economy of small and medium size dairy farms in Norway was introduced. The payment is made per milk cow, to farms that have at least 6 or more cows, independently of the yield per cow. A fixed amount per cow is paid from cow 1 to cow 23. The maximum amount of support is granted to farms with 23 cows. As from cow 24, the total amount is reduced per additional cow. Farms with more than 50 milk cows do not receive any payment through this measure. All farms with 6 to 50 milk cows are eligible to receive support based on their numbers of cows.

### **9.2.2 The Meat and Egg Sectors**

Producers of meat from mutton receive a base deficiency payment on all output. Producers of beef cattle receive structural income support. The support is paid as a lump sum to producers with 6 or more suckler cows. In addition a deficiency payment is provided as a quality incentive for wool. Regional deficiency payment is provided to producers of meat and eggs in less favoured regions. The payment is differentiated by region and by type of meat. The rates are highest in the northernmost county in Norway. Transport support is granted to equalise farm gate return due to differences in distance from slaughterhouses, processing plants and major consumer markets. A small amount of transport support is granted to the egg sector based on the same rationale as for the meat sector. Producers of beef receive payments per kg beef under the quality incentive support program for beef if the quality requirement of class O or better in the EUROPE quality standard is met. The aim of the program is to increase the overall quality of Norwegian beef.

### **9.2.3 The Grain Sector**

The Grain Price Support Program aims at securing the sale of Norwegian grain and to reduce the prices on raw materials for flour and for feed purposes.

### **9.2.4 Potatoes and Horticultural Products**

Regional deficiency payments are provided to production of fruit, berries and vegetables.

### **9.2.5 Headage Support**

The headage support is based on the number of animals, and the support is differentiated by region, farm size and kind of animal.

### **9.2.6 National Environmental Program**

The aims of the national program are to ensure that various types of agricultural landscapes are maintained and that valuable biotopes and cultural heritage are attended to and taken care of. Given that agricultural land in Norway constitutes only 3 per cent of the total area, it is important to safeguard environmental goods, which are dependent upon the agricultural landscape. An essential part of the program is therefore to prevent that the agricultural land is deteriorated. Furthermore, the program is aimed at contributing to an agricultural production that leads to the least possible pollution and loss of nutrients.

The economic measures under the environmental programs shall cover the additional costs linked to the participation in the program through the maintenance of the agricultural landscape and other environmental requirements, and represent payments for the production of environmental goods. The payments under the National Environmental program include payments per decare and payments for grazing animals.

Organic production is subject to separate support programs.

### 9.2.7 Vacation and Replacement

To enable livestock farmers to have sufficient holidays and time off they are refunded expenses for hiring relief personnel under the Vacation and Replacement Scheme. Eligible farmers must document the expenses.

### 9.2.8 Market Regulation

Market regulation is mainly financed through a marketing levy. Producers become liable for the marketing levy when selling a product. The aim of the market regulation is to equalize prices to producers and consumers in different regions and to secure supply of agricultural products in all regions of the country.

## 9.3 Expenditures and Market Structure

Deficiency payments, the structural income support, support under the environmental program as well as the Vacation and replacement scheme are granted directly to farmers. The rest of the programs are market regulation schemes and other indirect schemes.

The amounts of support measured by total budget expenditures for 2018 and 2019 are listed in tables 1 to 5 below. All numbers are account figures. Tables 1 to 10 provide updated information on Agricultural Support in Norway as well as market information on major agricultural commodities. The sources are Proposition No 1 (2018-2019) and (2019-2020) to the Norwegian Parliament by the Ministry of Agriculture and Food, the Norwegian Agriculture Agency (Landbruksdirektoratet) and the Norwegian Institute of Bioeconomy Research (NIBIO).

In Table 1 Price Support and Other direct payments to producers are totals from Table 2 and Table 3. The rates in Table 5 and 6 multiplied by eligible volumes of milk and meat are equivalent to Price Support in Table 2.

**Table 1**  
**Chapter 1150, Agricultural Agreement**  
**Million NOK**

	<b>2018</b>	<b>2019</b>
Agricultural Development Fund	1,123.7	1,193.9
Market Regulation	24.4	27.4
Price Support	3,452	3,664
Other direct payments to producers	8,790	9,197

**Table 2**  
**Chapter 1150, Price Support**  
**Million NOK**

	<b>2018</b>	<b>2019</b>
Milk	618.3	664.9
Beef, veal, mutton and pork	1,678.2	1,601.1
Cereals	648.7	847.7
Eggs	11.7	9.6
Potatoes, fruit and vegetables	150.8	185.5
Wool	122.9	116.8
Other	221.2	238.4
<b>Total</b>	<b>3,452</b>	<b>3,664</b>

**Table 3**  
**Chapter 1150, other direct payments to producers**  
**Million NOK**

	<b>2018</b>	<b>2019</b>
Structural income support	1,579.1	1,591.1
Headage support, animals	2,528.5	2,416.1
Grazing support	822.5	895.5
Acreage and cultural landscape scheme	3,498.5	3,920.9
Support to organic production	108.6	115.9
Production support on market crops	49.6	48.3
Other	203.1	209.1
<b>Total</b>	<b>8,790</b>	<b>9,197</b>

**Table 4**  
**Base deficiency payment, amount per unit**  
**(NOK per kg)**

	<b>2018</b>	<b>2019</b>
Mutton	3.81	3.81

**Table 5**  
**Regional deficiency payments, amount per unit**  
**(NOK per litre/kg)**

	<b>2018</b>	<b>2019</b>
Milk <sup>1)</sup>	0.00/1.83	0.00/1.85
Meat <sup>2)</sup>	0.00/14.20	0.00/14.40

- 1) 10 zones, varying rates, lowest and highest cited.  
2) 5 zones, varying rates, lowest and highest cited (varies also for kind of meat).

**Table 6**  
**Cow's milk**

<b>Year</b>	<b>Received by diaries</b>	<b>Consumption million kg</b>	
	<b>Million litres</b>	<b>Whole, low-fat and skimmed milk</b>	<b>Cream and sour cream</b>
2018	1,522	422	38
2019	1,481	423	37

**Table 7**  
**Cheese (million kg)**

<b>Year</b>	<b>Production</b>	<b>Exports</b>	<b>Imports</b>	<b>Consumption</b>
2018	93.2	11.4	15.5	97.3
2019	91.2	10.4	16.3	97.1

**Table 8**  
**Butter (million kg)**

<b>Year</b>	<b>Production</b>	<b>Exports</b>	<b>Imports</b>	<b>Consumption</b>
2018	19	0	0.4	19.3
2019	19	0	0.4	19.4

**Table 9**  
**Cereals (million kg)<sup>9</sup>**

<b>Year</b>	<b>Production</b>	<b>Exports</b>	<b>Imports</b>	<b>Consumption</b>
<b>Wheat</b>				
2018	126.6	0.4	429.6	667.3
2019	441	0.2	404.5	693.6

<b>Year</b>	<b>Production</b>	<b>Exports</b>	<b>Imports</b>	<b>Consumption</b>
<b>Rye</b>				
2018	12.4	0.0	9.7	36.3
2019	50	0.0	11.6	25.0

<b>Year</b>	<b>Production</b>	<b>Exports</b>	<b>Imports</b>	<b>Consumption</b>
<b>Barley</b>				
2018	408.9	0.7	37 <sup>6</sup>	545.7
2019	539	0.7	41.5	561.2

<b>Year</b>	<b>Production</b>	<b>Exports</b>	<b>Imports</b>	<b>Consumption</b>
<b>Oats</b>				
2018	146.7	0	42.4	289.1
2019	220	0	70.3	255.9

**Table 10**  
**Meat (million kg)**

<b>Year</b>	<b>Production</b>	<b>Exports</b>	<b>Imports</b>	<b>Consumption</b>
<b>Beef and Veal</b>				
2018	89.4	0.5	10.6	99.5
2019	87.0	0.7	10.7	97.0

<b>Year</b>	<b>Production</b>	<b>Exports</b>	<b>Imports</b>	<b>Consumption</b>
<b>Lamb</b>				
2018	27.1	6.7	1.9	22.3
2019	24.4	5.9	2.4	20.9

<b>Year</b>	<b>Production</b>	<b>Exports</b>	<b>Imports</b>	<b>Consumption</b>
<b>Pork</b>				
2018	137.3	6.7	1.9	132.6
2019	132.3	5.9	2.4	128.8

<b>Year</b>	<b>Production</b>	<b>Exports</b>	<b>Imports</b>	<b>Consumption</b>
<b>Poultry</b>				
2018	98.2	0.9	0.7	98.0
2019	106.8	1.2	1.0	106.6

**Table 11**  
**Eggs (million kg)**

<b>Year</b>	<b>Production</b>	<b>Exports</b>	<b>Imports</b>	<b>Consumption</b>
2018	71.6	1.5	0.4	70.1
2019	74.3	1.4	0.7	73.1

<sup>9</sup> Production data cover the marketing year 2016/2017 and marketing year 2017/2018 respectively.