NATIONAL AGRICULTURAL POLICIES

A. General Objectives

Price and income support policy is based on the long-term objective of assuring the farming sector a standard of living comparable with that of the other sectors of the population. Furthermore, the Government aims at a greater equality of income within the agricultural sector and at creating such conditions as will enable well-managed farms to reach a competitive position in relation to other industries. The achievement of these objectives requires a high degree of rationalization and productivity.

A production programme established by the Government in 1955 aims at providing the domestic requirements for milk, butter, cheese, meat, pigmeat and eggs, the highest possible share of the demand for fruit and vegetables, and a reasonable part of the domestic requirements for cereals.

B. Special Measures

Protection granted to agriculture is based on direct price intervention for some commodities and a system of subsidies supplemented by quantitative restrictions on imports (see Section V).

At the end of each year an independent body of experts (the Budget Committee for Agriculture) computes total agricultural labour income. On the basis of these data the Government and the professional agriculture associations negotiate with a view to ensuring a reasonable income for the farming sector. An Agricultural Agreement...
between the Government and the farmers' organizations covering the period 1 July 1958 to 30 June 1961 covers milk products, beef, pigmeat, poultry meat, eggs, grain, potatoes, fruits and vegetables and berries. For milk and milk products the agreement determines maximum wholesale and retail prices. For meat and eggs the farmers' organizations are obliged to keep prices to producers on or below a fixed yearly average price. In addition, a price ceiling is fixed, the function of which is partly to allow for seasonal variations in prices, and partly to permit an automatic release of free imports. When domestic prices are less than the upper price limit, imports are subject to restrictions. Licences are given for the quantities necessary to cover the demand at the "normal" price level fixed in the agreement. For fruits and vegetables, the "normal" price for domestic production is fixed in the agreement which prescribes the restrictions of imports during the normal marketing season of the products grown in Norway. However, if the domestic price during two consecutive weeks exceeds the upper price limit, imports will automatically be freed. Outside the seasons, imports are completely free. See Chapter V below. The new price agreement covering the years 1958-61 results, for most products, in a limitation of the volume of national production, since the imports will be free if the domestic prices exceed a certain level.

Except for grain, for which there is a State monopoly, the marketing system is based on the self-governing, producer-operated co-operatives which endeavour to regulate supplies and exert an influence on prices. Pursuant to the Agricultural Marketing Act the associations impose a levy varying from ½ per cent to 2 per cent of the price received by the farmer on milk, meat, eggs, vegetables and fruit. The funds thus received are controlled by the Agricultural Marketing Council and are used to meet the costs of the market regulating measures such as stockpiling and losses on exports for those commodities on which they were levied. When export prices of butter, cheese and eggs are higher than the subsidized domestic wholesale price an export levy is imposed payable to the Guarantee Fund; however, no such levies have been imposed in recent years.

The prices for grain, trade in which is under the monopoly control of the State Grain Corporation (see Section IV), and the maximum retail prices for milk and milk products are fixed by the Government pursuant to the price negotiations referred to above.

Prices for meat and eggs are free, but in practice prices are influenced by the activities of the marketing associations which announce "guiding" wholesale prices. In the case of meat the Government determines a fixed profit margin for retailers. The authorities fix prices for potato starch, which indirectly serve to stabilize the prices for industrial potatoes within the limit of a certain processing quota.

The Norwegian Meat Marketing Association purchases all wool offered to it at prices determined in consultation with the Ministry of Agriculture. The scheme is, in effect, similar to a deficiency payment.

II.

SUBSIDIES

As part of the Government's policy to check the trend towards a rise in the cost of living it has been considered necessary to grant subsidies on milk products to the amount of Kr. 295 m. in 1959-60 mainly as consumers' subsidies.
With a view to diminishing production costs and stimulating yields, the Government subsidizes fertilizers, indigenous seed cultivation and feeding-stuffs. In addition grants are made for research and land improvement schemes, favourable credit facilities are provided for the purchase of farm machinery, and the 10 per cent purchase tax is refunded on petrol used on farms, fertilizers, weedkillers, seeds, etc.

The Government grants subsidies on transport costs of meat from producers to the wholesaler and between wholesalers.

A limited production subsidy is paid to producers of potatoes in Northern Norway and a silage subsidy is paid to all producers.

Export losses can be covered from the Funds of the Agricultural Marketing Board on those products on which a marketing levy is imposed, and within certain limits from the Feed Fund which is financed by a levy on concentrated feedingstuffs. It should be observed that the quantity of Norwegian exports in this field is negligible.

III.
MIXING REGULATIONS

The Norwegian Government does not maintain such regulations for agricultural products.

IV.
STATE-TRADING OPERATIONS

(Including private enterprises enjoying special privileges)

The alcohol monopoly embraces spirit, brandies, wine, fruit wine and beer of a certain alcoholic content. The monopoly is established for social and fiscal reasons and is not intended to grant protection to agriculture. Production, internal sale and export of beer are left to private trade, while importation of these products is subject to the monopoly provisions. Production, but not the sale, of alcoholic fruit wines is subject to private trade. The activities of the Wine Monopoly imply no protective elements. The production of Norwegian fruit wines, which do not compete with imported wines, counts for only 5 per cent of total consumption.

The grain monopoly, established by an Act of 22 June 1923 and extended by an Act of 23 February 1951 to fodder and feedingstuffs, (see L/784/Add.1, page 62), covers:

(a) imported and home-grown wheat, rye, barley and oats;
(b) products thereof;
(c) fodder and feedingstuffs. (The export of herring-meal, however, is still carried on by private trade.)

On the national market, the monopoly buys the products in question at fixed prices plus a support premium; it sells these products at fixed prices (which, however, for this purpose are variable enough to permit the same price to be charged to all consumers regardless of the freight costs involved) and stores quantities to ensure supplies for the needs of the population for one year, taking into account the national production. The right to import is reserved to the monopoly.
The Agreement between the Ministry of Commerce and the Wholesale Dealers' Association of 28 April 1954 (see document L/784/Add.1, page 68), gives the Association of Norwegian Grocers the exclusive right to import sugar and coffee. As there is no national production of these products no element of protection is involved.

V. IMPORT RESTRICTIONS

Imports of products which are expressly subject to quantitative restrictions and which are not imported by a State monopoly, are generally subject to licence. Licences for the import of goods contained in a global quota list or covered by bilateral trade agreements are generally allocated to importers on the basis of their imports in a representative period; where this method is impracticable or inexpedient, account is taken of requirements of importers and licences are issued according to their relative importance in trade or industry. Licences for the import of a few products are issued at the discretion of the licensing authorities.

A. Restrictions Applied to Products for which Support Measures are in Force

Cereals and Feedingstuffs
- Wheat, rye, barley, oats and milled products thereof; feedingstuffs including oilseed cake and meal
- Rice
- Most preparations of cereals and bakery products

Milk and Dairy Products
- Butter
- Cheese, curd
- Milk and cream, fresh or dry

Eggs
- Eggs in the shell or not, liquid, frozen or dried

Livestock and Meat
- Beef, mutton, lamb, pork, poultry fresh, chilled or frozen
- Canned sausages, meat extracts
- Bovine cattle, sheep and lambs, swine, poultry and other animals chiefly for food

Imports from all sources take place through the State monopoly (State Grain Corporation) .........
Imports are free when originating in GATT countries .................
Bilateral quotas and case-by-case licensing ......................
Case-by-case licensing ..............
Bilateral quotas ......................
Case-by-case licensing ..............
Global quotas and case-by-case licensing ......................
Case-by-case licensing. If prices on the domestic market exceed the fixed price level during two consecutive weeks, free imports are permitted.
Case-by-case licensing ..............
Case-by-case licensing ..............
Sugar
- Beet sugar and cane sugar, refined or not refined

Imports are supervised by a panel consisting of members of the Wholesale Dealers Association and of the Norwegian administration.

Fruit and Vegetables
- Most types of fresh fruit and vegetables, except citrus fruits, bananas, grapes and vegetables not grown in Norway

Imports are restricted only during the marketing season of Norwegian crop, and during this season the imports will be freed if prices on the domestic market in two consecutive weeks exceed a fixed level. Outside this season all products covered by the 1958 Agreement can be imported freely from all GATT countries.

- Most types of canned fruit and dried vegetables, except canned pineapples, peaches, apricots and asparagus

Bilateral quotas.

- Potatoes

Case-by-case licensing of imports. Same rule as indicated above for most types of fresh fruit and vegetables.

- Jam, marmelade, fruit jellies

Bilateral quotas.

B. Other Restrictions Applied for the Protection of Agriculture
- Natural honey

Case-by-case licensing of imports.

- Some vegetable oils

Case-by-case licensing of imports.

VI.
MEASURES WHICH TEND TO REDUCE OR REMOVE THE NEED FOR NON-TARIFF MEASURES OF PROTECTION OR SUPPORT

The policy of the Norwegian Government aims at creating such conditions for agriculture as will enable well-managed farms to reach a competitive position in relation to other industries, increase the average size of farms as net output (and consequently income) per man is higher on larger than on smaller farms. As to the measures affecting the size of farms and farm structure in Norway the Norwegian Government would like to refer to OEEC: "First Report on Agricultural Policies in Europe and North America" (Norwegian Country Chapter, paragraph 12 on pages 169 and 170) and to OEEC: "Second Report on Agricultural Policies" (Norwegian Country Chapter, paragraphs 67 to 71 on Credit Facilities, paragraphs 72 to 74 on Research and Vocational Training, and paragraph 75 on Improvement of Agricultural Structure).
Information is also given in "V. Results and Consequences", paragraph 93 on Productivity and in paragraphs 95 - 98 under "Conclusions" on page 220 and 221 in the latter report. In paragraph 98 the question is raised whether a gradual increase of competition by further relaxation of trade barriers would not stimulate productivity and contribute to a higher income per man and facilitate the food supplies of the consumer at adequate prices without laying a too heavy burden on the tax-payer.

The 1958 Agricultural Agreement, referred to above, has through its provisions regarding the obligations of the farmers' organizations to keep prices to producers on or below a fixed yearly average price contributed to an increase in imports and thus to a relaxation of trade barriers, as will be seen from the following data, covering the period 1 July to 31 December 1958, that is during a period when the prices of the domestic market were below the upper price limit.

<table>
<thead>
<tr>
<th>Commodity</th>
<th>Imported quantity (tons)</th>
<th>Yearly total commercialised domestic production 1958</th>
<th>Imports as % of yearly commercialised domestic production</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beef</td>
<td>1,200</td>
<td>ca. 40,000</td>
<td>ca. 3%</td>
</tr>
<tr>
<td>Pig Meat</td>
<td>3,800</td>
<td>ca. 36,000</td>
<td>ca. 10%</td>
</tr>
<tr>
<td>Eggs</td>
<td>90</td>
<td>ca. 21,000</td>
<td>Negligible</td>
</tr>
</tbody>
</table>

In the years preceding the conclusion of the 1958 Agricultural Agreement imports of these commodities have been very modest or nil.

Extraordinary imports of tomatoes (43 tons) and cabbage (650 tons) took place in the second half of the calendar year 1958, because the upper price limits being exceeded for two consecutive weeks.

Fishery Products. Trade restrictions and subsidies

Most imports of fish and fish products from OEEC countries were liberalized in 1950 and the remainder in 1956.

Direct subsidies to the fishermen have not been granted in the post-war period prior to 1958.

As a result of widespread subsidization in other countries, the question of permanent governmental measures in support of the fishing industry is under consideration by the Norwegian authorities.