LEASING PRACTICES IN NORWAY

Communication from the Delegation of Norway

The delegation of Norway has submitted the following communication to the Committee at its meeting in February 1982.

At its meeting on 13-15 October 1981 the Committee on Government Procurement agreed that Parties should submit information on their current practices relating to leasing and similar arrangements.

In Norway the Ministry of Industry has carried out a survey of such practices in the "GATT-entities". The results of the survey indicate that leasing and rental practices involving products covered by the Agreement on Government Procurement are used to a very limited extent compared to the entities' total purchases. In fact, only a few entities have reported that such practices are being used. The value of the products being leased or rented is 3-4 per cent of the total purchases for those entities.

Leasing and rental contracts are used only when such arrangements are advantageous compared to purchase, for instance because the need for the equipment is strictly limited in time or the entity wants to test new machinery in operation before buying it. In addition leasing arrangements are made in cases when such practices are commonly used in an industry, for instance computers.

The products involved in the leasing and rental practices are mostly computers and construction machinery.

In some cases, leasing contracts contain an option to buy the equipment after the leasing period has expired. Leasing with a commitment to buy is not used because such contracts are regarded as credit arrangements and Norwegian State entities are normally obliged to make their purchases in cash.