Arrangement Regarding Bovine Meat

INTERNATIONAL MEAT COUNCIL
Inventory of Domestic Policies and Trade Measures
Reply to Part G 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 will be revised as and when changes are notified.

This set of documents will constitute 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).

Norway has no bilateral or plurilateral commitments (Part H) on bovine meat.

Note: This document has been revised in accordance with the three-year rule contained in Rule 18 of the Rules of Procedure, and replaces all previous IMC/INV/3/... documents.
PART G
INFORMATION OF DOMESTIC POLICIES AND TRADE MEASURES

General information

Norway is Europe's northmost country with more than a quarter of her total area north of the Arctic Circle. In the major agricultural areas the length of the summer (temperature above 10°C) is no more than 90-120 days.

For topographical reasons farm land is scattered, and split up in relatively small plots. Relatively large and continuous areas of farm land are found only in a few areas. Norway's total agricultural area makes up only 3 per cent of the country's total area. The agriculture is characterized by relatively small farms.

Because of climatic conditions grass is the most important crop. Two thirds of the total area of farm land are used for grass, and one third for grain, mainly feed grain.

The degree of self-sufficiency in foods, calculated in terms of energy, is about 50 per cent. Of this fish represents about 7 per cent. When this figure is corrected for the import of feed concentrate, the degree of self-sufficiency is 5 per cent less.

In many areas agriculture together with forestry and fishing are major sources of employment for the local population. In such areas, the main objective of national policies is to stimulate economic development through expansion of existing industries and creation of new jobs. Agricultural policy plays an important role in this respect. If such areas shall not become too sparsely populated, measures must be taken to maintain a higher number of people in agriculture than would have otherwise been the case.

The income objective in agriculture is that the income per man year on a rationally operated holding shall be at a level corresponding to the average income per man year in industry. Efficiency norms have been laid down to calculate the income per man year in agriculture. These norms are differentiated according to regional criteria and the size of the farms.

In assessing the size of agricultural production in Norway two main factors are of importance, first the degree of self-sufficiency and secondly the contribution of agriculture to the stabilization of settlement in remote areas.

Norwegian agriculture is primarily a producer of livestock products. For such products the aim is to meet domestic requirement, mainly through production based on home-grown fodder.
Production shall be adjusted closely to the actual demand, so that the surplus production is reduced to a minimum. To a great extent the surplus production is disposed of on the home market. Cheese is the only agricultural product exported on a more permanent basis. A large part of this export is related to the seasonal fluctuation in milk production, which necessitates a somewhat larger total milk production - to meet the requirements for liquid milk - than would be the case if the production had been constant throughout the year.

The level of farm product prices, the support to be accorded to agriculture and the actual regulations affecting the marketing of farm products are determined in negotiations between the Government and the farmers' organizations (The Agricultural Agreement).

There are guaranteed prices for grain and wool only; for other products the prices established in the Agreement are target prices. The farmers' co-operatives - which have national associations for the different branches - are responsible for regulating the markets and consequently for securing the target prices for the products. The necessary funds for these market regulations are provided in accordance with the Agreement.

Beside the prices there are a great number of programmes and measures in the agricultural policy. Part of these are comprehensive programmes but there are also special programmes for the promotion of agriculture in remote areas and on small farms.

As the disposal of surpluses normally is a costly undertaking in agriculture, a precondition for realizing the income goal is that the production is adapted to the market. In the policy to adapt the production, a wide range of measures are used.

The price relations between the various products are of great importance in our policy. Most important is the relation between prices for grain and milk. Grain prices have been fixed at a relatively high level in order to stimulate specialization in grain production in areas where extensive grain production is possible. This policy has made it possible to increase the more labour-intensive milk production in remote areas.

With the aim to stimulate domestic fodder production and to adjust as far as possible the output of livestock products to demand, prices of concentrates are regulated by a levy system.

If the income in agriculture had been obtained through prices only, the adaptation of the production to the market would have been difficult. A rather substantial part of the income in agriculture in Norway is, however, secured through other measures. Most of such measures are differentiated according to the size of the production on the farm or natural conditions.
I. Production

In 1982 Norway produced about 77 million kg of beef. From 1972 to 1980 the total production of beef increased by 19 per cent, whilst the consumption increased by 28 per cent. The sharp increase in both production and consumption occurred on red meat and especially beef.

From 1980 to 1981 the consumption of beef declined (-11 per cent) at the same time as production continued to increase. This led to a change in the market situation from deficit to surplus. The decline in consumption was first and foremost connected with a reduction in the consumer subsidies for beef. In 1982, due to promotion sales, consumption seems to have recovered, reaching its level of 1977: 17.8 kg. of beef and 0.7 kg. of veal per capita.

Beef production was until recently regarded as a by-product of milk production and less emphasis was placed on this in breeding than on milk production. This situation has changed considerably in recent years. In the period 1974 to 1981 beef production per cow per year, calculated on the total yield from cows and calves, rose from 167 kg. to 198 kg.

Almost the whole beef production in Norway is based on dual-purpose breed (Norwegian Red Cattle). Beef production based on beef breed is from an economic point of view a too extensive way of farming in Norway. The potential to increase beef production based on dual-purpose breed is, however, very much depending on the number of milk cows. The number of milk cows has been reduced from 404,000 in 1974 to 381,000 in 1981.

Support and stabilization measures

Market arrangements for meat are based on fixed average target prices and price ceilings, above which free importation according to special regulations is allowed. They are based on controlled seasonal price variations, subsidies for storage measures, the recovery of losses through exportation as well as through exceptional sales measures on the domestic market. The arrangements further include quota-regulated import, which usually is practised when the market price is moving towards the price ceiling.

The Norwegian Farmers' Meat Marketing Organization is responsible for the market regulation of beef. This is a national organization - owned by producers, and accounts for approximately 75 per cent of the domestic production of cattle slaughtering.

The target price and the upper price limit are fixed in the Agricultural Agreement. In 1981 the average price received by producers was NOK 26.27/l per kg. beef.

A general price support on carcasses is given. In the Agreement 1982-83 the support is fixed at NOK 2.90 per kg.

1/US$1 = NOK 6.00.
A regional support on carcasses is given in some districts. In the Agreement 1982-83 this support varies from NOK 1.50 to NOK 5.10 per kg. of beef.

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.

Regulatory stocks for 1982 reached 62,000 tons.

The market balance for 1982 came up with a surplus of beef and veal of 11,700 tons.

In order to overcome this situation both production stabilizing measures and market regulatory measures were introduced in the meat sector.

From 1 January 1982 a decreasing price system for heavy beef carcasses was introduced. A higher price is paid for carcasses under 260 kg., decreasing prices being paid for heavier carcasses. This measure has reduced the deliveries by 1,900 tons compared with 1981 weights. This measure will have its full impact in 1983.

On 1 January 1982 a measure to stimulate the production of calves was also introduced. On the detriment of heavier slaughter animals, slaughtering of calves increased from 18,600 head in 1981 to 28,500 head in 1982, a difference of 10,000 head which represent 800 tons. As a result of this measure, it is estimated that in 1982/83, meat production will fall by about 1,000 tons.

Bovine cattle numbers continued to increase during 1982. From the 30 August 1982 a premium for regulatory slaughtering of baby calves was introduced aiming at the slaughtering of more than 30,000-35,000 head until 1 July 1983. The premium amounts to NOK 700\(^1\) per animal and it is estimated to result in a decrease of production of about 3,000 tons in 1983/84.

\(^1\) Approximately US$100
II. Internal prices and consumption

Consumer subsidies are given on beef. The amount is for the time being NOK 3.00 per kg. The wholesale price of beef class 1 is NOK 28.10 per kg, and of veal class 1 NOK 30.05 per kg.

Meat and pork are examples of products with somewhat larger demand elasticities than most other agricultural products. Norwegian calculations made in 1974 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 very high, and the price relations between fish and meat is also important for the development in the consumption of meat.

In 1981 the per capita consumption of beef was 17.2 kg, of mutton 4.7 kg and of pork 20.0 kg. The rather moderate consumption of meat per capita must be viewed in connection with the very high consumption of fish per capita.

From 1974 to 1980 the consumption of beef increased by 19 per cent, whilst the total consumption of meat increased by 10 per cent. The reason why the consumption of beef increased more than for other categories of meat was the use of consumer subsidies. In 1981 the consumption of beef declined with as much as 11 per cent. A major reason for this was a strong reduction in consumer subsidies.

In 1982 it was not possible to adjust production to demand only by regulatory production measures. Promotion sales and exports (5,600 tons mainly to Eastern Europe) have been necessary.

Four promotion sales of meat took place: 11,900 tons of frozen bovine meat and 18,500 tons of fresh bovine meat, out of a total of 34,000 tons were thus sold, representing NOK 150 million in price reductions.

III. Measures at the frontier

The customs tariff on beef and beef products is NOK 1.20 per kg.

The provisions concerning imports aim at providing a reasonable amount of protection for Norwegian agricultural producers against competition from abroad. As a principal rule it is required that demand for the product concerned shall be fully covered at all times.
In accordance with the import regulation system there are import restrictions on beef.

The Agricultural Agreement sets fixed prices for different categories of meat. If the domestic price exceeds an upper price limit (10 per cent above agreed average price) for two consecutive weeks, import restrictions are suspended to allow free import. The import restrictions are re-introduced when the weekly quotation reaches or falls below the upper price limit.

Prices are based on wholesale price quotations for whole carcasses from the Norwegian Farmers' Meat Marketing Organization.

In consultations with the producers and the importers, the Ministry of Agriculture may however permit quota-regulated imports even if the requirements for free importation are not fulfilled, when it considers importation necessary in order to provide reasonable supply of the product in question.

In practice, imports have normally taken place on the basis of the last-mentioned procedure, so that market price is not allowed to reach the upper price limit. By such quantity-restricted imports a compensatory amount at the frontier is levied to equalize the price between the imported product and the corresponding price of the same product of internal origin.

If outlets on the domestic market cannot be found, the Feed Fund appropriates export subsidies on beef in accordance with the provisions of the Agricultural Agreement.

Sanitary and veterinary regulations

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

Exemptions for imports of beef can be granted by the Ministry of Agriculture, Division of Veterinary Services. 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 will be permitted.

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