

### **III. TRADE POLICIES AND PRACTICES BY MEASURE**

#### **(1) OVERVIEW**

1. Since its last TPR in 2000, Norway has continued to implement trade liberalization reforms, albeit at a somewhat slower pace than during the preceding four-year period. Its average applied MFN tariff has fallen from 8.1% in 2000 to 7.2% in 2004, with a maximum rate of 2,355.9%. However, tariffs on agricultural goods (WTO definition) remain high, with an average rate of 38.2%. The average MFN tariff on non-agricultural products is low, having fallen from 2.3% in 2000 to 0.9% in 2004; some 94% of non-agricultural tariff lines now carry the zero rate.

2. Most of Norway's trade is conducted under the EEA and other preferential agreements, although preferential margins have been substantially eroded. Norway expanded its GSP scheme in 2000 by extending product coverage and simplifying rules of origin requirements; in July 2002, it extended duty-free and quota-free market access for all products originating in least developed countries. The average tariff on imports from GSP ordinary beneficiaries (all beneficiaries, excluding LDCs, Botswana, and Namibia) was 5.5% in January 2004.

3. Internal indirect taxes (VAT and excise duties) are relatively high. They apply equally to imports and locally produced goods, but in some cases (motor vehicles, alcoholic beverages, tobacco) fall mainly on imports, since there is no substantial domestic production. A food production tax and inspection fees are levied at varied rates. Norway has not carried out any anti-dumping or countervailing investigations since its last TPR, nor has it taken, maintained or initiated any safeguard measures. Most Norwegian standards and technical regulations follow those of the EU.

4. Import licences are maintained mainly for MFN and preferential quota administration purposes; and import controls and prohibitions, on sanitary and phytosanitary grounds, as well as under international conventions. Export licences are required for arms and other strategic goods and minke whale products. Exports of fish and fish products are subject to a levy that varies from 0.25% to 1.05% of the value, depending on the product. Norway continues to grant substantial agricultural export subsidies, although outlays declined by more than 45% between 1998 and 2003.

5. A new Competition Act entered into force in May 2004, with expanded definitions of and stronger measures against anti-competitive conduct. Norway's public procurement regime does not discriminate against EEA members and parties to the WTO Government Procurement Agreement. While the degree of state ownership in the economy remains high, since 2000, the Government has reduced its assets in a number of sub-sectors, notably oil and gas, telecommunications, and hydro-power, through a series of partial privatizations. Norway continues to grant substantial support for regional development, promotion of research and development (R&D), economic restructuring and sector-specific programmes. Total expenditures for regional assistance and R&D activities have increased since Norway's last TPR. The agriculture sector is the main beneficiary of support. Norway's legislation on intellectual property rights has been amended with a view to fully complying with its international obligations in this area.

#### **(2) MEASURES DIRECTLY AFFECTING IMPORTS**

##### **(i) Documentation, and customs procedures and valuation**

6. In Norway, trading activities are generally open to nationals and foreigners with a valid residence and work permit. The same registration requirements apply to all companies, including trading enterprises. There are no special registration requirements for exporters or importers. Documentation requirements have remained unchanged since Norway's previous TPR and include:

an import declaration specifying customs value; an invoice; a bill of lading or a transport document; a certificate of origin when preferential treatment is requested; and an import licence or certificate when required. The TVINN electronic system allows speedy clearance of goods, which on average takes 3-5 minutes, provided there are no mistakes in the forms submitted or that the clearance system does not require further examination by customs officers. Prior checking of declared values is carried out for 5% of all declarations. Selection criteria include declared product value compared to normal price, and volume and weight compared to the declared product value. Post audit controls may be performed by local customs authorities. The TVINN system processed some 3.7 million import declarations in 2002 and about 3.8 million in 2003.

7. The authorities indicate that a main overhaul of the national customs legislation is under consideration with a view to further simplifying and modernizing its legal structure and increasing transparency. To this end, several pilot projects have already been launched, such as simplification of border passage and declaration procedures. Most of the simplified procedures are expected to enter into force on 1 January 2005.

8. The Norwegian Customs and Excise cooperates with other European countries within the framework of the EFTA/EU. In particular, there is extensive cooperation through EFTA as regards procedures relating to free-trade agreements and customs issues. Norway has entered into 14 customs agreements covering 17 countries<sup>1</sup>, aimed at information exchange in connection with customs controls. In addition, Protocol 11 to the EEA Agreement and Annex I of the EFTA Convention cover mutual assistance in customs matters.

9. Norway has notified WTO Members that preshipment inspection is not required on imports.<sup>2</sup> It indicated that its customs valuation procedures follow the provisions of the WTO Customs Valuation Agreement (CVA).<sup>3</sup> The transaction value (as declared by importers) was used for customs valuation of roughly 97% of all imports in 2003. When the use of the transaction value is not possible, the alternative methods of valuation stated in the CVA are used. No minimum or reference prices are used for customs valuation.

10. If customs valuation is delayed, importers with a "credit status" may be permitted to release the imported goods from customs. A final declaration must be submitted and accepted within ten days. Importers are entitled to receive an explanation from customs regarding the customs value of imported goods. In case of disagreement over a decision concerning customs value, classification of products or duties, importers may appeal to the Directorate of Customs and Excise through local customs authorities. There are between 550 and 600 appeals per year, including on excise duties. According to the authorities, about 10% to 20% of the appeals lead to a reversal of the initial decision. The time taken to deal with complaints depends on the complexity of the case at hand. There is no maximum storage period for non-cleared goods. The storage fees vary between the different private customs warehouses.

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<sup>1</sup> The countries are: Czech Republic, Denmark, Estonia, Finland, Germany, Hungary, Iceland, Italy, Latvia, Lithuania, the Netherlands, Poland, Russian Federation, Slovakia, Spain, Sweden, and the United Kingdom.

<sup>2</sup> WTO document G/PSI/N/1/Add.3, 12 October 1996.

<sup>3</sup> WTO document G/VAL/N/1/NOR/1, 31 January 1996, and GATT document VAL/1/Add.11 of 21 August 1981.

**(ii) Rules of origin**

11. Norway has no precise criteria regarding non-preferential origin, deemed to be the country of last substantial working or processing that gives the final product its essential character. Self-certification is allowed and usually applied.

12. Preferential rules of origin are applied under trade agreements to which Norway is a party. Under the EEA Agreement, origin criteria are generally product specific.<sup>4</sup> They stipulate processes that need to be followed or materials to be used, and usually fix a minimum threshold for value added through transformation in the EEA. A "tolerance rule" allows the use of non-originating materials provided these do not account for more than 10% of the ex-works price of the good. The tolerance rule does not apply to textiles and clothing products. The provisions on diagonal cumulation confer EEA origin to products that incorporate materials originating in a number of countries<sup>5</sup>, provided that the transformation made goes beyond a certain minimal set of operations, though the stricter criteria for sufficient transformation generally applicable to non-EEA countries do not have to be satisfied.

13. The rules of origin under the free-trade agreements between EFTA and third countries are closely modelled on the EEA rules of origin. Originating status is conferred on wholly obtained products, or semi-manufactured or manufactured products that satisfy product-specific processing rules, based on minimum levels of value added. Tolerance rules exist, but they do not cover textiles and clothing.

14. Under the 1998 Norwegian Regulations Concerning the Origin of Goods Under the Generalized System of Preferences<sup>6</sup>, products are considered as originating from GSP countries if they are either wholly obtained (in the case of primary products) or, in the case of manufactured products, if they are deemed to be sufficiently worked or processed. The basic criteria in the latter case are that all non-originating (i.e. imported) materials used should be classified under an HS four-digit tariff heading different from that of the obtained export product, and be subject to transformation that goes beyond a set of activities (listed in the regulations) considered as minimal operations. For a range of tariff headings, certain product-specific rules must be satisfied, either in lieu of or in addition to the basic change of heading criterion. These rules, *inter alia*, set upper limits on the value of imported material as a percentage of the ex-works price of the final product. They also specify in detail the non-originating materials that may be used; this is particularly evident in the case of textile products. The regulations contain a tolerance rule, which allows that materials accounting for up to 5% of the finished value of the product do not satisfy either the change-of-heading or specific processing criteria that may apply. The tolerance rule does not apply to textile products.

15. Regional cumulation of origin is possible provided that the materials used in processing are imported by the GSP beneficiary country and originate from other countries within its regional economic group. Processing must go beyond the minimal required operations, and the value added must be greater than the highest customs value of the products originating from the other countries within the regional economic group. The rules of origin regulating regional cumulation between the countries of the regional economic group must be identical to those set out by the Norwegian GSP system. Furthermore, each country of the group must undertake to ensure compliance with the

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<sup>4</sup> Article 4 of the EEA Agreement, as amended up to 2003. For details of the last revision, see European Union, Decision of EEA Joint Committee, No. 38/2003, *Official Journal of the European Union*, L136, June 2003.

<sup>5</sup> Bulgaria, Iceland, Latvia, Liechtenstein, Lithuania, Norway, Romania, Switzerland, and Turkey. This provision also applied to the Czech Republic, Estonia, Hungary, Poland, the Slovak Republic, and Slovenia before their accession to the EU.

<sup>6</sup> WTO document WT/COMTD/N6/Add.2, 18 January 2001.

Norwegian regulations, and to cooperate in ensuring that certificates of origin are correctly issued and verified. Once this has been notified to the Norwegian authorities, the latter will communicate their decision to approve regional cumulation. In practice, the only countries to make use of the regional cumulation provisions of the Norwegian GSP scheme are ASEAN members.

16. The rules of origin also allow for bilateral cumulation, enabling GSP beneficiaries to use Norwegian originating materials without restriction, and irrespective of any requirements regarding tariff heading change, or emanating from product-specific rules set out in the regulations. However, in the case of fish and fishery exports, the GSP eligibility criterion has not been removed, despite the reduction of MFN rates to zero. Diagonal cumulation with material originating in the European Communities and Switzerland has been allowed since 1 April 2001.

### (iii) Tariffs

#### (a) MFN applied tariff structure

17. The Norwegian Customs Tariff is based on the Harmonized Commodity Description and Coding System (HS).<sup>7</sup> Tariffs are applied on the c.i.f. value of imports. The 2004 tariff contains 7,119 lines at the eight-digit level, of which 89.6% carry *ad valorem* duties and 10.4% bear non-*ad valorem* tariffs (Table III.1). Non-*ad valorem* tariffs comprise specific (9.7% of total tariff lines), compound (3 tariff lines), and other types of duty (0.6% of the total); they apply mostly to agricultural products. The tariff comprises 563 bands, including the *ad valorem* equivalents of the non-*ad valorem* tariffs. Some 84% of all tariff lines are duty-free, up from 67.4% in 2000; this makes zero the modal rate (Chart III.1). Some 10.3% of all tariff lines carry rates between zero (excluded) and 50% (included). Some 94% of the tariff lines for non-agricultural products bear the zero rate, while only 46.2% of those for agricultural products are duty free.

**Table III.1**  
**Overview of MFN tariffs in Norway, 2004**

	Applied rates	Bound rates
1. Bound tariff lines (% of all tariff lines)	100.0	100.0
2. Duty free tariff lines (% of all tariff lines)	83.9	43.8
3. Non- <i>ad valorem</i> tariffs (% of all tariff lines)	10.4	15.3
4. Tariff quotas (% of all tariff lines)	0.4	0.4
5. Non- <i>ad valorem</i> tariffs with no AVEs (% of all tariff lines)	2.3	6.4
6. Simple average tariff rate	7.2	29.5
Agricultural products (HS01-24)	33.7	128.2
Non-agricultural products (HS25-97)	0.8	4.2
Agricultural products (WTO def.) <sup>a</sup>	38.2	150.2
Non-agricultural products (WTO def.) <sup>b</sup>	0.9	3.6
7. Domestic tariff "peaks" (% of all tariff lines) <sup>c</sup>	5.0	8.8
8. International tariff "peaks" (% of all tariff lines) <sup>d</sup>	5.7	10.2
9. Overall standard deviation of applied rates	44.1	93.2
10. "Nuisance" applied rates (% of all tariff lines) <sup>e</sup>	1.2	3.0

a WTO Agreement on Agriculture.

b Exclude petroleum.

c Domestic tariff peaks are defined as those exceeding three times the overall simple average applied rate (indicator 6).

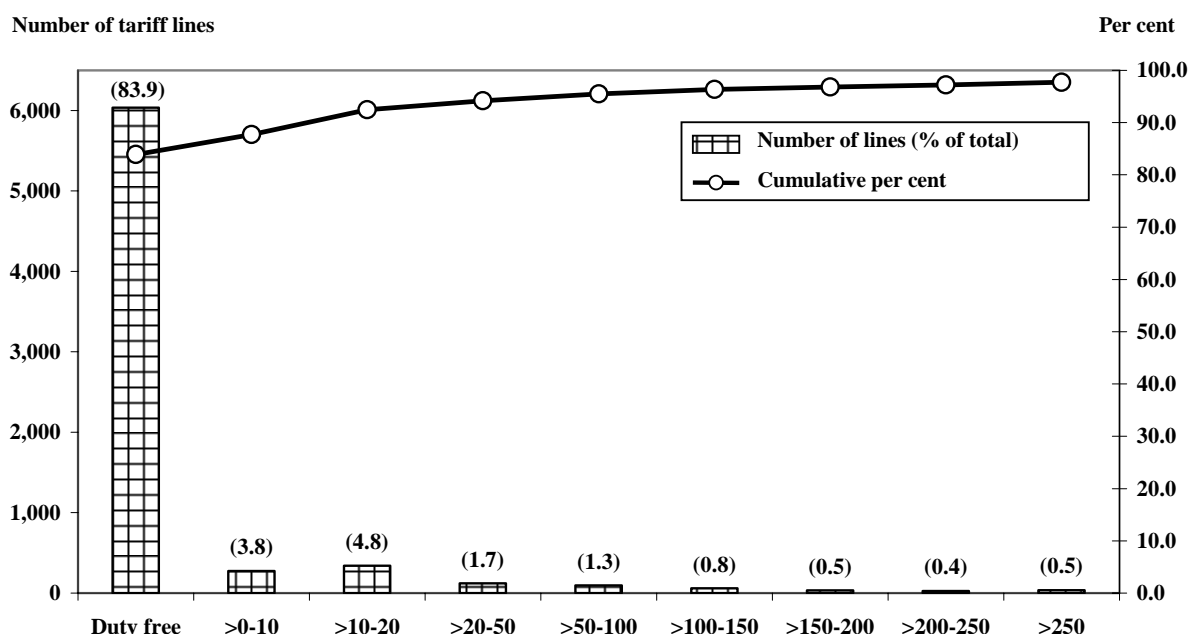
d International tariff peaks are defined as those exceeding 15%.

e Nuisance rates are those greater than zero, but less than or equal to 2%.

Source: WTO Secretariat calculations, based on data provided by the Norwegian authorities.

<sup>7</sup> The Customs Tariff is passed annually by Storting. Its printed version specifies both MFN and preferential rates. It is also available online (in Norwegian) at: <http://www.toll.no/tariff>.

**Chart III.1**  
**Applied MFN tariff distribution, 2004**



Note: Data in parentheses are the share of total lines.

Source: WTO Secretariat estimates, based on data provided by the Norwegian authorities.

18. Subsectors with no or little domestic production, are generally subject to zero or relatively low tariffs, for example, coffee, tea, spices; vegetable extracts and plating materials; sugar for human consumption; and tobacco. Subsectors of domestic interest are generally subject to higher tariff rates, e.g. live animals, dairy products, meat and preparations of meat, and grains. Live poultry and juices and extracts of meat are the most tariff protected subsectors, with rates ranging between 500% and 2,356%.

19. Seasonal tariffs apply to most fresh fruit, vegetables, and indoor plants (Table AIII.1). Most seasonal tariffs on fruit and vegetables are specific and remain unchanged since Norway's last TPR; their *ad valorem* equivalents remain relatively high. Dispersion between the in-season and out-of-season rates is large; for example, tariffs on fresh or chilled tomatoes vary between zero and Nkr 12.21 per kg., and on cauliflowers between zero and Nkr 5.82 per kg. The out-of-season period, during which tariffs are lower, varies according to the product. In many cases, seasonal tariffs may be lowered through administrative decision. Imports from least developed countries may enter duty-free throughout the year.

20. The average applied MFN tariff in 2004 is 7.2%, down from 8.1% in 2000; it is still relatively high given the large proportion of lines carrying the zero rate. The coefficient of variation of 6.2 indicates high tariff dispersion, with rates ranging up to 2,355.9%, an *ad valorem* equivalent (Table III.2).<sup>8</sup> MFN tariff rates on non-agricultural products (WTO definition) are generally low

<sup>8</sup> The authorities indicate that imports of products normally liable to the duty of 2,355.9% were duty free in 2004 by administrative decision (Chapters II(1) and IV(2)(ii)). The present analysis is based on the official Customs Tariff (MFN tariff rates) as adopted by the Storting. The increase in the AVEs (over their 2000

(0.9% on average), with non-zero rates (ranging up to 14%) applying mostly to apparel, textile and clothing items (Table AIII.2). MFN tariffs on agricultural products (WTO definition) remain high, with an average tariff of 38.2% and rates varying considerably between product groups. Using ISIC (Revision 2) definition, agriculture remains the most tariff protected sector, with an average tariff of 22.2%, followed by manufacturing (6.1%); imports of mining and quarrying products are duty free.

**Table III.2**  
Norway's MFN tariff structure, 2004

Analysis	No. of lines <sup>a</sup>	Applied 2004 rates				2003	
		No. of lines used	Simple avg. tariff (%)	Range tariff (%)	Std-dev (%)	CV	Imports (c.i.f.) (US\$ million)
<b>Total</b>	<b>7,197</b>	<b>7,032</b>	<b>7.2</b>	<b>0-2,355.9</b>	<b>44.1</b>	<b>6.2</b>	<b>39,258.0</b>
<b>By WTO definition<sup>b</sup></b>							
Agriculture	1,352	1,190	38.2	0-2,355.9	98.9	2.6	2,663.4
Live animals and products thereof	154	121	130.2	0-555	115.9	0.9	73.4
Dairy products	34	27	58.8	4-164.8	30.0	0.5	37.5
Coffee and tea, cocoa, sugar, etc.	241	208	20.0	0-427	50.3	2.5	797.8
Cut flowers and plants	81	81	33.5	0-249	67.0	2.0	134.4
Fruit and vegetables	354	328	30.5	0-429.8	61.1	2.0	613.0
Grains	27	23	58.5	0-246.6	82.6	1.4	74.4
Oil seeds, fats, oils and their products	169	124	15.7	0-334.1	38.8	2.5	214.4
Beverages and spirits	82	80	24.4	0-368	66.4	2.7	388.0
Non-agriculture	5,810	5,807	0.9	0-588.5	10.9	12.7	35,457.3
Fish and fishery products	272	270	5.5	0-588.5	49.1	8.9	570.5
Textiles and clothing	1,021	1,020	3.4	0-13.7	5.3	1.5	2,223.0
<b>By ISIC sector<sup>c</sup></b>							
Agriculture and fisheries	544	513	22.2	0-550	58.9	2.7	1,163.0
Mining and quarrying	113	113	0.0	0	0.0	-	517.8
Manufacturing	6,539	6,405	6.1	0-2,355.9	42.9	7.0	36,795.9
<b>By stage of processing</b>							
Raw materials	999	959	14.6	0-550	51.8	3.5	2,236.8
Semi-processed products	2,077	2,059	1.1	0-293.9	12.0	11.1	6,623.0
Fully-processed products	4,121	4,014	8.5	0-2,355.9	51.6	6.1	30,169.5

a Frequencies are listed. Tariff rates are based on a lower frequency of lines since lines with no *ad valorem* equivalents are excluded. Estimated *ad valorem* equivalents are based on 2003 unit prices.

b 35 tariff lines are excluded from both WTO agriculture and non-agriculture definitions (essentially petroleum products).

c ISIC (Rev.2) classification. Electricity, gas and water are excluded (1 tariff line).

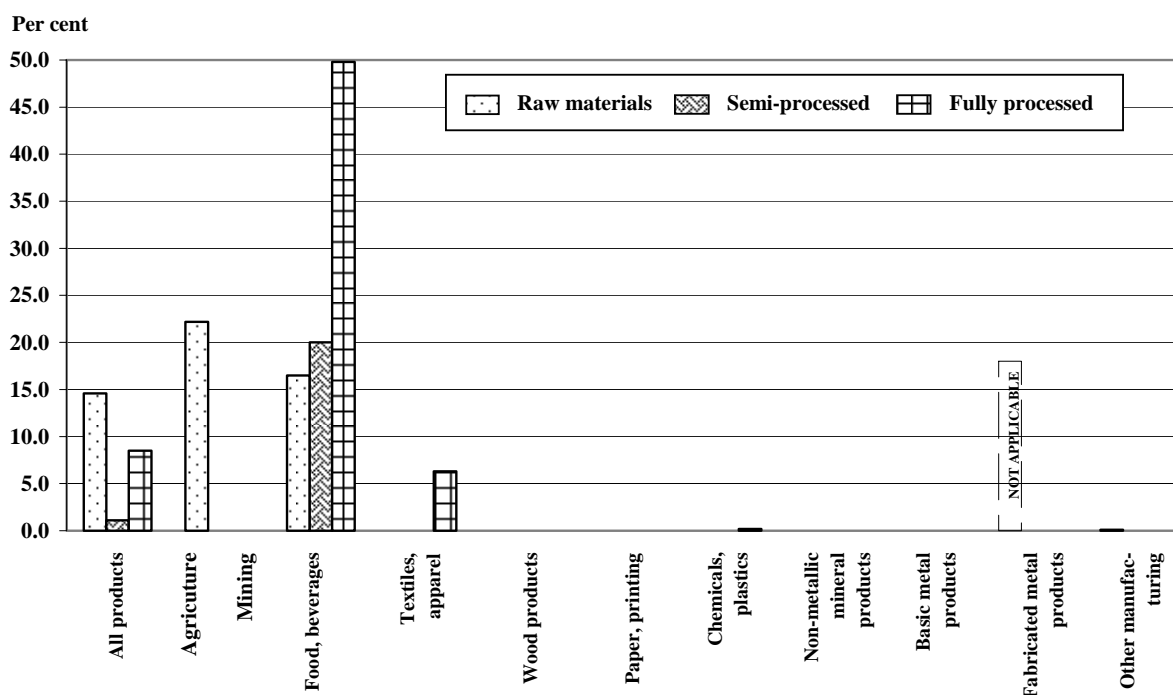
Note: CV = coefficient of variation.

Source: WTO Secretariat estimates, based on data provided by the Norwegian authorities. Import data for 2002 are extracted from UNSD, Comtrade database.

21. In aggregate, mainly due to high protection of agricultural commodities, the tariff displays mixed escalation, negative from the first stage of processing (with an average tariff of 14.6%) to semi-finished products (with an average rate of 1.1%), and then positive to fully processed goods on which tariffs average 8.5%. Further disaggregation of the tariff at ISIC (Revision 2) two-digit level depicts positive escalation mainly in the food processing industry with average tariffs of 16.5% for raw materials, 20.0% for semi-processed goods, and 49.8% for fully processed goods; and in the textile and leather industries with average tariffs of zero on raw materials and semi-finished goods, and 6.3% on finished products (Chart III.2).

levels) on certain goods, agricultural products in particular, is due mainly to a downward trend in their import prices. The fluctuation of AVEs (the level of tariff protection) because of changes in import prices is a main shortcoming of non-*ad valorem* duties, specific duties in particular. See WTO (2000b).

**Chart III.2**  
**Tariff escalation by ISIC 2-digit, 2004**



Source : WTO Secretariat estimates, based on data provided by the Norwegian authorities.

22. Tariff revenue has declined over recent years; in 2002, it was Nkr 1.65 billion (0.3% of total tax revenues). An estimated 52% is collected from non-EEA trading partners. Other import-related revenue amounted to Nkr 60.8 billion from VAT, Nkr 32.2 billion from motor vehicle taxes, and Nkr 29.3 billion from specific taxes.

(b) MFN tariff bindings

23. In the Uruguay Round, Norway bound its entire tariff schedule. The average bound rate in 2004 is 29.5%, with rates ranging from 0% to 2,355.9%.<sup>9</sup> While tariffs for agricultural products (WTO definition) have been bound at an average rate of 150.2%, the average bound rate for non-agricultural products is just 3.6%. Bound tariffs on agricultural goods are both specific and *ad valorem*, Norway having reserved the right to apply the highest of either rate. The highest bound tariffs are on live animals, meat, and dairy products (Table AIII.3). As indicated by the averages, tariffs are mostly bound at ceiling rates; this leaves substantial margins for discretionary tariff increases and does not ensure predictability of the trade regime as regards customs tariffs.

(c) Tariff preferences

24. Norway's foreign trade largely takes place under preferential conditions, mainly the EEA and EFTA agreements. In addition, Norway grants preferential tariff treatment, under free-trade

<sup>9</sup> The increase in the average bound rate, over the rate calculated for Norway's previous TPR in 2000 (27.0%), is caused by the downward trend in various prices, which has increased *ad valorem* equivalents for a number of goods. Specific bindings and the methodology used for the calculation of averages have remained the same.

agreements, on imports from Bulgaria, Chile, Croatia, the Faroe Islands, Greenland, Israel, Jordan, Macedonia, Mexico, Morocco, the Palestinian Territories, Romania, Singapore, and Turkey (Table III.3). However, preferential margins are generally very low, reflecting the elimination of most MFN tariffs on non-agricultural products and the non-liberalization of trade in most agricultural products under most agreements.

**Table III.3**  
Average tariffs under Norway's preferential agreements<sup>a</sup>, 2004

		Average tariffs (%)										
		N° of lines	MFN- Applied	EFTA	EEA	EEC	Bulgaria	Croatia	Faroe Islands	Greenland	GSP - Botswana/ Namibia	GSP- LDC
Total			7.2	6.5	6.5	6.3	6.4	6.3	6.6	6.3	1.0	0
By WTO category												
Agriculture		1,352	38.2	38.1	38.2	37.0	37.6	36	38.1	36.8	5.1	0
Non-agriculture (excl. petroleum)		5,810	0.9	0.3	0.3	0.3	0.3	0.2	0.3	0.3	0.1	0
By ISIC sector												
Agriculture and fisheries		544	22.2	22.1	22.2	19.9	21.3	22	22.2	19.9	2.6	0
Mining and quarrying		113	0	0	0	0	0	0	0	0	0	0
Manufacturing		6,539	6.1	5.4	5.4	5.3	5.4	5.1	5.5	5.3	0.9	0
Manufacturing (excluding food processing)		5,527	0.7	0	0	0	0	0	0	0	0	0
By HS section												
I	Live animals & prod.	422	44.8	44.3	44.7	44.7	44.5	44.6	44.8	44.3	2.4	0
II	Vegetable products	539	28	27.9	28	25.4	26.9	27.8	28	25.3	5.5	0
III	Fats	125	12.3	12.1	12	12.1	12	10.9	12.2	12.1	5.3	0
IV	Prepared food etc.	438	35.6	36	35.9	35.5	36.2	29.4	35.2	35.5	6.7	0
V	Minerals	195	0	0	0	0	0	0	0	0	0	0
VI	Chemicals & prod.	974	0.8	0.6	0.6	0.6	0.7	0.8	0.8	0.6	0	0
VII	Plastics & rubber	304	0	0	0	0	0	0	0	0	0	0
VIII	Hides & skins	95	0	0	0	0	0	0	0	0	0	0
IX	Wood & articles	146	0	0	0	0	0	0	0	0	0	0
X	Pulp, paper, etc.	181	0	0	0	0	0	0	0	0	0	0
XI	Textiles & articles	993	3.5	0	0	0	0	0	0	0	0	0
XII	Footwear, headgear	72	0	0	0	0	0	0	0	0	0	0
XIII	Articles of stone	177	0	0	0	0	0	0	0	0	0	0
XIV	Precious stones etc.	54	0	0	0	0	0	0	0	0	0	0
XV	Base metal & prod.	680	0	0	0	0	0	0	0	0	0	0
XVI	Machinery	1,076	0	0	0	0	0	0	0	0	0	0
XVII	Transport equipment	218	0	0	0	0	0	0	0	0	0	0
XVIII	Precision equipment	294	0	0	0	0	0	0	0	0	0	0
XIX	Arms and ammunition	27	0	0	0	0	0	0	0	0	0	0
XX	Miscellaneous manuf.	180	0	0	0	0	0	0	0	0	0	0
XXI	Works of art, etc.	7	0	0	0	0	0	0	0	0	0	0
		Average tariffs (%)										
		GSP- ordinary	Israel	Jordan	Macedonia	Mexico	Morocco	Palestinian Authority	Romania	Singapore	Turkey	
Total		5.5	6.5	6.5	6.2	7	6.4	6.5	6.4	6.5	6.4	
By WTO category												
Agriculture		30.8	38.1	37.8	35.4	37.5	37.3	37.7	37.5	38.2	37.6	
Non-agriculture (excl. petroleum)		0.4	0.3	0.3	0.2	0.8	0.3	0.2	0.3	0.3	0.3	
By ISIC sector												
Agriculture and fisheries		17.2	21.8	21.9	21.4	22.1	21.2	21.8	21.3	22	21.7	
Mining and quarrying		0	0	0	0	0	0	0	0	0	0	
Manufacturing		4.6	5.4	5.4	5.1	6	5.3	5.4	5.3	5.4	5.3	
Manufacturing (excluding food processing)		0.2	0	0	0	0.7	0	0	0	0	0	
By HS section												
I	Live animals & prod.	38.3	44.8	44.6	44.6	44.6	44.7	44.6	44.6	45.1	44.7	
II	Vegetable products	21.2	27.4	27.6	27.1	27.6	26.4	27.6	26.9	27.8	27.1	
III	Fats	7.6	12.1	12.2	10.8	10.9	12.2	11.7	11.9	12.3	12.1	
IV	Prepared food etc.	29.0	36.5	36.3	29.6	34.2	35.6	35.9	35.8	36.1	35.6	
V	Minerals	0	0	0	0	0	0	0	0	0	0	
VI	Chemicals & prod.	0.8	0.8	0.6	0.6	0.8	0.7	0.6	0.7	0.6	0.6	
VII	Plastics & rubber	0	0	0	0	0	0	0	0	0	0	
VIII	Hides & skins	0	0	0	0	0	0	0	0	0	0	
IX	Wood & articles	0	0	0	0	0	0	0	0	0	0	
X	Pulp, paper, etc.	0	0	0	0	0	0	0	0	0	0	
XI	Textiles & articles	1.2	0	0	0	3.5	0	0	0	0	0	
XII	Footwear, headgear	0	0	0	0	0	0	0	0	0	0	

Table III.3 (cond't)

		Average tariffs (%)									
		GSP-ordinary	Israel	Jordan	Macedonia	Mexico	Morocco	Palestinian Authority	Romania	Singapore	Turkey
XIII	Articles of stone	0	0	0	0	0	0	0	0	0	0
XIV	Precious stones etc.	0	0	0	0	0	0	0	0	0	0
XV	Base metal & prod.	0	0	0	0	0	0	0	0	0	0
XVI	Machinery	0	0	0	0	0	0	0	0	0	0
XVII	Transport equipment	0	0	0	0	0	0	0	0	0	0
XVIII	Precision equipment	0	0	0	0	0	0	0	0	0	0
XIX	Arms and ammunition	0	0	0	0	0	0	0	0	0	0
XX	Miscellaneous manuf.	0	0	0	0	0	0	0	0	0	0
XXI	Works of art, etc.	0	0	0	0	0	0	0	0	0	0

a For certain product categories (e.g. prepared food), the average rates of applied and preferential tariffs are not to be compared, because their calculation bases are different due to lack of data for AVE estimates, mainly in the case of preferential tariffs.

Source: WTO estimates, based on data provided by the Norwegian authorities.

25. Tariffs on intra-EFTA trade in manufactured products were removed by 1966; this was extended to fish and fish products in 1990. Although the EEA agreement does not cover agriculture, Norway grants preferential tariff treatment on a number of products (mainly fruit and vegetables), and an evolutionary clause ensures progressive mutual liberalization of agricultural trade. An agreement with the EU of 1 July 2003 extended duty-free treatment to a number of agricultural products (especially plants, fruit, and vegetables) and expanded various quotas. Seasonal tariffs on some agricultural imports from EEA and EFTA countries are also lower than MFN rates (Table AIII.1). However, in aggregate, preferential tariffs on agricultural products originating in EEA or EFTA states are only slightly below MFN rates. Imports from third countries with which EFTA has free-trade agreements face a similar tariff structure, with preferential tariffs being at the zero rate for most manufactured goods, and slightly below or identical to MFN rates for agricultural products.

26. Since accession to the EU on 1 May 2004 of the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, the Slovak Republic, and Slovenia their imports take place under the EEA agreement, replacing former individual agreements of these countries with EFTA. Tariff preferences are granted to Greenland and the Faroe Islands pursuant to an agreement between Denmark/Faroe Islands and Norway of 28 August 1992.

27. Norway's GSP provides for duty-free access of most non-agricultural goods from beneficiary developing countries.<sup>10</sup> Non-agricultural goods that do not benefit from duty-free treatment include various finished textile and clothing products. Duty-free treatment is also accorded to selected agricultural products and on the industrial component of some processed foodstuffs: nuts, bananas, citrus fruit, grapes, and rice. Various other agricultural products benefit from tariff reductions of 10% to 50%: grains, meat and meat products, and feeding stuff (10%); honey, some live plants, cut flowers, potatoes, pasta, jam, and juices (15%); and certain oils and fats (50%). For certain vegetables, tariff reductions are confined to certain months of the year. Norway's GSP scheme does not contain a graduation mechanism.

28. On 1 July 2002, Norway extended duty-free and quota-free market access to all products originating in least developed countries, subject to a special safeguard mechanism for flour, grains, and feedingstuffs. Eligible countries must be on the United Nations' LDC list.<sup>11</sup> Botswana and Namibia have retained duty-free access for all products, except flour, grains, and feedingstuffs. The authorities indicate that Laos, Tanzania, and Uganda are the main users of this scheme.

<sup>10</sup> Directorate of Customs and Excise (2004).

<sup>11</sup> The Norwegian authorities noted that a number of LDCs have not yet communicated their institution certifying proof of origin.

## (iv) Other taxes and charges

29. With the exception of customs tariffs, Norway bound all other import duties and charges at zero.

## (a) Value-added tax (VAT)

30. Norway applies a VAT on locally produced and imported goods and services. On 1 January 2001, the VAT rate was increased from 23% to 24% and, as of 1 July 2001, a reduced rate of 12% was introduced for food products. In January 2004, a rate of 6%, applicable to passenger transportation and public broadcasting services, was added. The sale and letting of real property, as well as health, social, educational, and financial services are exempt. VAT is imposed on the c.i.f. value of imports plus the customs duties and taxes; it is based on the ex-factory price of locally produced goods and services.

31. Fiscal revenue from VAT and the investment tax (levied on certain capital goods used in registered businesses, and abolished in October 2002) increased from Nkr 114 billion in 1999 to Nkr 128 billion in 2002 (Table III.4). Over the same period, fiscal income from customs tariffs decreased from Nkr 2,395 million to Nkr 1,650 million.

**Table III.4**  
Government revenue from duties and main excise taxes, 1999-03

	Share in total tax revenue (%)					Value (Nkr million)				
	1999	2000	2001	2002	2003	1999	2000	2001	2002	2003
Customs revenues	0.60	0.43	0.33	0.30	0.28	2,395	2,015	1,772	1,650	1,571
Revenues from auctioning quotas	0.00	0.00	0.00	0.00	0.01	14	14	11	22	43
VAT and investment tax	28.63	26.00	24.06	23.35	22.91	114,076	121,710	130,306	128,318	128,913
Tax on spirit and wine	1.17	1.04	0.89	0.85	0.89	4,646	4,847	4,816	4,653	5,016
Tax on beer	0.91	0.78	0.67	0.65	0.62	3,606	3,646	3,655	3,546	3,470
Base-tax on non-reusable beverage packaging	0.07	0.04	0	0	0	261	165	0	0	0
Tax on tobacco	1.67	1.48	1.31	1.27	1.20	6,644	6,914	7,110	6,975	6,760
Purchase tax (vehicles)	2.18	2.06	1.86	2.23	2.27	8,705	9,629	10,073	12,248	12,750
Annual tax (vehicles)	1.11	0.99	0.99	1.02	1.03	4,442	4,636	5,348	5,583	5,780
Annual weight-based tax (vehicles)	0.06	0.06	0.06	0.06	0.05	226	273	342	314	299
Registration tax (vehicles)	0.35	0.30	0.29	0.29	0.32	1,402	1,410	1,595	1,598	1,796
Tax on petrol	2.43	2.09	1.63	1.55	1.54	9,666	9,762	8,843	8,530	8,664
Tax on autodiesel	1.12	1.03	0.75	0.72	0.76	4,465	4,803	4,087	3,955	4,278
Tax on marine motors	0.02	0.02	0.02	0.02	0.03	87	111	107	125	155
Tax on electricity	0.82	0.90	1.13	1.11	0.98	3,267	4,205	6,137	6,072	5,504
Tax on mineral oil	0	0.10	0.14	0.08	0.13	0	489	755	445	749
Tax on lubricating oil	0.02	0.02	0.02	0.01	0.01	69	88	86	80	81
Tax on CO <sub>2</sub>	0.91	0.75	0.66	0.65	0.68	3,643	3,520	3,570	3,555	3,853
Sulphur tax	0.09	0.02	0.02	0.02	0.02	344	117	131	83	94
Tax on waste	0.11	0.10	0.09	0.09	0.09	442	484	472	498	501
Taxes on trichloreten and tetrachloreten	0	0.00	0.00	0.00	0.00	0	5	9	6	6
Tax on chocolate and sweets	0.20	0.17	0.16	0.16	0.16	785	789	855	864	920
Tax on non-alcoholic drinks	0.22	0.19	0.18	0.17	0.17	878	882	959	943	937
Sugar tax	0.06	0.05	0.04	0.04	0.04	227	230	226	206	231
Tax on carbonated beverages	0.01	0.01	0	0	0	25	53	0	0	0
Base-tax on non-reusable packaging	0	0.03	0.07	0.08	0.09	0	159	363	433	483
Taxes on carton, plastic, metal, glass	0	0.03	0.03	0.04	0.03	0	176	182	187	210
Document tax	0.75	0.59	0.54	0.58	0.58	3,006	2,750	2,926	3,190	3,259
Tax on carrying aircraft passengers	0.30	0.28	0.26	0.09	0	1,200	1,298	1,428	517	0

Table III.4 (cont'd)

	Share in total tax revenue (%)					Value (Nkr million)				
	1999	2000	2001	2002	2003	1999	2000	2001	2002	2003
Tax on cassettes	0.01	0.01	0.00	0	0	48	35	-2	0	0
Tax on radio and TV equipment	0.07	0.06	0.00	0	0	276	295	2	0	0
Tax on telecommunications	0.01	0.13	0.06	0.02	0.02	32	610	310	109	89
<b>Total indirect tax revenues</b>	<b>43.93</b>	<b>39.76</b>	<b>36.27</b>	<b>35.43</b>	<b>34.91</b>	<b>175,024</b>	<b>186,133</b>	<b>196,477</b>	<b>194,704</b>	<b>196,474</b>

Source: Information provided by the Norwegian authorities.

(b) Excise duties, and environmental taxes

32. Various manufactured products (most notably alcoholic beverages, tobacco, and vehicles) face high excise duties (Table III.5); these are all specific, apart from the document tax. "Green taxes" apply on environmentally damaging chemicals, and on beverage packaging. Since Norway's last TPR, in 2000, the taxes on air passenger transport, and radio and TV material have been abolished.

**Table III.5**  
**Main excise duties, 2004**

Duty	Amount (Nkr)
<b>Alcoholic beverages</b>	
Spirits and spirits-based coolers etc. above 0.7% volume of alcohol	5.54/litre
Other alcoholic beverages with less than 0.7% volume of alcohol	1.58/litre
Other alcoholic beverages between 0.7% and 2.75% volume of alcohol	2.47/litre
Other alcoholic beverages between 2.75% and 3.75% volume of alcohol	9.35/litre
Other alcoholic beverages between 3.75% and 4.75% volume of alcohol	16.18/litre
Other alcoholic beverages from 4.75% to 22% volume of alcohol	3.61/litre
<b>Tobacco</b>	
Cigars, and smoking tobacco	177/100 grams
Cigarettes	177/100 units
Snuff, and chewing tobacco	57/100 grams
Cigarette paper	2.70/100 units
<b>Vehicles</b>	
Motor vehicles category A (passenger car)	34.00 per kg. for the first 1,150 kg.; 68.00 per kg. for the next 250 kg.; 136.01 per kg. for the next 100 kg.; and 158.18 for any weight above. To this a tax of 10.04/cm <sup>3</sup> for the first 1,200 cm <sup>3</sup> must be added; 26.28/cm <sup>3</sup> for the next 600 cm <sup>3</sup> ; 61.82 for the next 400 cm <sup>3</sup> ; and 77.23 for the rest. A tax of 131.33/kW for the first 65 kW; 479.00/kW for the next 25 kW; 958.30/kW for the next 40 kW; and 1,621.68/kW for the rest must be added.
Motor vehicles categories B, C, D, and H	20%, 13%, 55%, and 40% of the duties for the corresponding vehicle in category A
Motor vehicles categories E, and J	36%, and 35% of value
Motor vehicles category F	9,029/unit. To this 0/cm <sup>3</sup> for the first 125 cm <sup>3</sup> must be added; 31.02/cm <sup>3</sup> for the next 775 cm <sup>3</sup> ; and 68.00 cm <sup>3</sup> for the rest. A tax of 0/kW for the first 11 kW; and 401.81/kW for the rest must be added.
Motor vehicles category G	12.73/kg. for the first 100 kg.; 25.45/kg. for the next 100 kg.; and 50.89/kg. for any weight above. To this a tax of 2.66/cm <sup>3</sup> for the first 200 cm <sup>3</sup> must be added; 5.30/cm <sup>3</sup> for the next 200 cm <sup>3</sup> ; and 10.60/cm <sup>3</sup> for the rest. A tax of 33.93/kW for the first 20 kW; 67.85/kW for the next 200 kW; and 135.70/kW for the rest must be added.
<b>Petrol</b>	
Leaded; and unleaded	4.80/litre; and 3.96/litre
<b>Auto diesel</b>	
High sulphur content; and low sulphur content	2.88/litre; and 3.23/litre
<b>Marine engines</b>	132.00/hp
<b>Electricity</b>	0.0967/kWh
<b>Lubricating oil</b>	1.59/litre
<b>Mineral products</b>	
Base-tax on heating oil	Mineral oil: 0.405/litre
CO <sub>2</sub> tax	Ordinary rate: petroleum activity 0.76/litre; mineral oil 0.51/litre; petrol 0.76/litre. Reduced rate: mineral oil 0.30/litre; petrol 0.27/litre

**Table III.5 (cont'd)**

Duty	Amount (Nkr)
Sulphur tax	Ordinary rate: mineral oil 0.07/litre. Reduced rate: mineral oil 0.029/litre
<b>Landfills for waste</b>	
High environmental standard; and low environmental standard	400/ton; and 522/ton
Incineration plants	Basic tax: 83/ton. Additional tax: 250/ton.
Incineration plants by waste units	Varies
CO <sub>2</sub> tax on incinerated waste	39.70/ton
<b>Tax on health- and environmentally damaging chemicals</b>	
Tax on trichloreten, and tetrachloreten	54.51/kg
<b>Tax on greenhouse gases HFC and PFC</b>	183.24/ton CO <sub>2</sub> equivalent
<b>Chocolate and sweets</b>	15.45/kg.
<b>Non-alcoholic beverages</b>	
Finished product	1.58/litre
Concentrate (syrup)	9.64/litre
Carbonate	64.00/kg.
<b>Tax on beverage packaging</b>	
Environmental tax on glass and metals; plastics; and carton	4.36/unit; 2.63/unit; and 1.09/unit
Base tax on disposable beverage packaging	0.89/unit
<b>Sugar</b>	5.99/kg.
<b>Document tax</b>	2.5% of sales value

Source: Information provided by the Norwegian authorities.

33. Norway's excise taxes make no distinction between imported and domestic goods. Total revenue from excise duties was estimated at Nkr 66.4 billion in 2002, about one third of indirect tax revenue; excise duties collected on imports were about Nkr 61.5 billion.

34. In recent years, cross-boarder shopping to Sweden has increased due to Norway's higher food prices and its high levels of excise duties on products like alcohol and tobacco. A further decrease in excise duties in Sweden, triggered by EC rules on imports of alcohol for personal use, could further increase downward pressure on Norwegian excise duties.

(c) Control fees and foodstuff tax

35. Agricultural products are subject to control or inspection fees and a foodstuff tax.<sup>12</sup> Control fees are charged for specific controls carried out by the Norwegian Food Safety Authority; they apply at various rates to feedingstuff, imported plants, organic food produced in Norway, imports and transit of live animals and animal products, drinking water, and meat. The fees are the same for imported and domestically produced goods.

36. A food production tax is collected on all foods (except water) at different rates. It applies to raw materials produced in Norway for use in food; to all imports of foods, semi-manufactured goods and raw materials for use in food. Therefore, the taxation base for imported goods is different from the base for locally produced goods.

37. Products affected by both the inspection and the foodstuff taxes include ham, some dairy products, most vegetables, and preserved vegetables and fruit.

(d) Duty and tax concessions

38. Duty and tax concessions are provided under the inward processing, outward processing, and the customs warehousing schemes (section 3(iv)).

<sup>12</sup> The legal foundation is the Regulation relating to taxes and fees for financing food administration, of 28 January 2004.

**(v) Import prohibitions, restrictions, and licensing**

39. Norway applies import prohibitions for environmental, health, safety, sanitary and phytosanitary reasons. Products banned for these reasons include asbestos and products containing asbestos; products containing CFCs, halons, carbon tetrachloride, methyl chloroform and other ozone depleting substances; and some live plants and plants that host certain diseases. The ban may apply to specific imports from specific countries. Certain products are conditionally admitted into Norway (Table III.6). Importation into Norway of specimens and products listed in Appendix I of the Washington Convention (Convention on International Trade in Endangered Species of Wild Fauna and Flora, CITES) is prohibited, while imports of specimens and products listed in Appendices II and III are permitted.

**Table III.6**  
**Types and scope of quantitative import restrictions, 2003/2004**

	No. of lines	Value in 2002 (Nkr million)	HS Chapter(s)
<b>Prohibited and restricted items</b>			
Asbestos and products containing asbestos	13	..	25,68
Products containing CFCs	61	..	39, 44, 73, 74, 76, 84, 86, 94
Plants listed in Appendix II and III of the Regulations relating to the import of plants and parts of plants, etc. to Norway, of 10 September 1998 (elm, conifers, chestnut, beech, poplar, prunus, oak, strawberry, chrysanthemum, gerbera, berberis, plants host of fire blight, San José scale and sharka) <sup>a</sup>	Undefined	..	06, 07, 08, 12
Plants and parts of plants infected with those harmful organisms listed in Appendix IA and more than slightly infected with organisms listed in Appendix IB of the 1998 Regulations	Undefined	..	06, 07, 08, 10, 12
Consignments of plants that have been refused entry to Denmark, Finland, or Sweden	Undefined	..	06, 07, 08, 12
<b>Imports admitted conditionally</b>			
Alcoholic beverages etc.	26	..	22 (29)
Cosmetics etc. containing alcohol	15	..	33
Products for animal feeding	142	..	05, 07, 08, 10, 11, 12, 17, 23
Health control – veterinary or phytosanitary	181	..	06, 07, 08, 09, 10, 12, 25, 31
Explosives, etc.	8	..	36
Weapons	24	..	93
Products for human consumption – health control	Undefined	..	01 to 23 + 25, 29, 30, 35, 38
Pharmaceutical products	71	..	21, 28, 29, 30, 38, 40
Soil, peat, animal manure, and bark	Undefined	..	25, 27, 31, 44
Timber, wood and chips from elm, conifers, chestnuts, beech, poplar, and oak	Undefined	..	44, 94
Genetically modified organisms	Undefined	..	06, 07, 08, 12, 20
Toys containing phthalates for children less than 36 months in age	..	..	95
Plants and parts of plants	Undefined	..	06, 07, 08, 12
Imports requiring a (non-surveillance) licence	13	..	02.56 <sup>b</sup>

.. Not available.

a The ban applies to imports from all countries in the case of elm, strawberry, chrysanthemum, gerbera, berberis and mahoberberis plants and parts of plants; to imports from all countries outside Europe in the case of chestnut, beech, poplar, prunus, oak plants and parts of plants, and conifer plants and some parts of plants; and to imports of timber, wood and chips of conifers from Canada, People's Republic of China, Republic of Korea, Japan, and the United States.

b A licence is not required for goods of HS Chapter 56 originating in a country with which Norway/EFTA has a free-trade agreement.

Source: Information provided by the Norwegian authorities.

40. Norway applies automatic and non-automatic licensing to imports of certain agricultural products. For surveillance purposes, automatic licensing is maintained on imports of flour, grains,

and feedingstuff from LDCs. Non-automatic licences are required for administration purposes of both MFN and preferential tariff quotas (Table III.7). Non-automatic licences are maintained to administer 60 tariff quotas on agricultural products, including minimum access quotas resulting from the tariffication process during the Uruguay Round, other global quotas resulting from commitments predating the Uruguay Round, and bilateral quotas.

**Table III.7**  
**Tariff quotas applied by Norway in 2004**

HS heading No.	Description of goods	Quantity/value	Reference
<b>Preferential quotas</b>			
0101.1010, 0101.9011, and 0101.9019	Horses	200 head	EEA Norway-Iceland Agreement
0204.00	Meat of sheep	600 tonnes	EEA Norway-Iceland Agreement
0206.4100	Livers of swine, frozen	250 tonnes	Products originating in the EC
0210.1100	Hams, shoulders and cuts thereof, with bone in	200 tonnes	Products originating in the EC
0406.00	Cheese and curd	60 tonnes	EFTA Norway-Switzerland Agreement
		4,000 tonnes	Products originating in the EC
0407.0011, and 0407.0019	Birds' eggs in shell, of the species Gallus domesticus	290 tonnes	Products originating in the EC
0511.9911, and 0511.9921	Powdered animal blood	300 tonnes	Products originating in the EC
ex 0602	Azalea indica, cuttings without roots, pot plants with flowers	NKr 20 million	Products originating in the EC
0602.9061	(Condiaeum, Croton, Dieffenbachia, Epipremnum, Scindapsus aureum, Hedera, Nephrolepis, Peperomia obtusifolia, Peperomia rotundifolia, Schefflera, Soleirolia and Helxine, also when imported as part of mixed groups of plants) from 1 May to 14 December	NKr 4 million	Products originating in the EC
0602.9071	Grass in rolls or plates (lawn)	NKr 4 million	Products originating in the EC
0705.1111, and 0705.1121	Iceberg lettuce	600 tonnes	Products originating in the EC
0712.9011	Potatoes, whether or not cut or sliced, but not further prepared	300 tonnes	Products originating in the EC
0808.1011	Apples from 1 May to 1 August	2,000 tonnes	Products originating in the EC
0810.1023, and 0810.1024	Strawberries, fresh, from 9 June to 9 September	300 tonnes	Products originating in the EC
0811.1001, and 0811.1009	Strawberries, frozen, containing added sugar or other sweetening matter; other strawberries	500 tonnes	Products originating in the EC
0812.1000	Cherries, provisionally preserved	100 tonnes	Products originating in the EC
ex 1209.2300	Fescue seed, for lawn	130 tonnes	Products originating in the EC
ex 1209.2400	Kentucky blue grass (Poa pratensis) seed, for lawn	150 tonnes	Products originating in the EC
1209.2500	Rye grass (Lolium multiflorum Lam., Lolium, perenne) seed	600 tonnes	Products originating in the EC
1214.9091	Hay	35,000 tonnes	Products originating in the EC
1506.0021	Bone fat, bone oil, and neat's foot oil	2,360 tonnes	Products originating in the EC
1518.0041	Linseed oil, boiled	100 tonnes	Products originating in the EC
1601	Sausages and similar products of meat, meat offal or blood; food preparations based on these products	200 tonnes	Products originating in the EC
1602.4910	Bacon crisp	250 tonnes	Products originating in the EC
1602.5000	Meatballs	150 tonnes	Products originating in the EC
2009.7100, and 2009.7900	Apple juice of a Brix value not exceeding 20; other apple juice	1,000 tonnes	Products originating in the EC
2102.3000	Prepared baking powder	160 tonnes	Products originating in the EC
2103.3009	Prepared mustard, containing 5% by volume or more of added sugar	160 tonnes	Products originating in the EC
2402.2000	Cigarettes containing tobacco	410 tonnes	Products originating in the EC
2403.9990	Other tobacco	280 tonnes	Products originating in the EC
0811.10.09	Strawberries, frozen, not containing sugar or other sweetening matter	1,400 tonnes	EFTA agreements between Norway and countries acceding to the EC

Table III.7 (cont'd)

HS heading No.	Description of goods	Quantity/value	Reference
0811.20.05, 0811.20.06, and 0811.20.08	Raspberries, blackberries, mulberries, loganberries, black-, white- or redcurrants and gooseberries, frozen, not containing added sugar or other sweetening matter	950 tonnes	EFTA agreements between Norway and countries acceding to the EC
1209.25.00	Rye grass seed	100 tonnes	EFTA agreements between Norway and countries acceding to the EC
2009.79.00, and 2009.71.00	Apple juice	1,300 tonnes	EFTA agreements between Norway and countries acceding to the EC
2309.10.12	Cat food, containing meat or meat offal of land animals, put up for retail sale in airtight containers	1,000 tonnes	EFTA agreements between Norway and countries acceding to the EC
<b>GSP-quotas</b>			
0409.00	Natural honey	192 tonnes	National GSP regulation
1602.50	Corned beef	200 tonnes	National GSP regulation
1602.50	Canned tongue	50 tonnes	National GSP regulation
1602.41	Canned ham	100 tonnes	National GSP regulation
2005.40	Canned peas	200 tonnes	National GSP regulation
2005.51	Canned string beans	100 tonnes	National GSP regulation
2002.51	Canned green beans	50 tonnes	National GSP regulation
2005.90	Canned mixtures of vegetables	150 tonnes	National GSP regulation
<b>Minimum access quotas</b>			
Chapters 02 and 16	Meat to promotional fairs and product testing	25 tonnes	WTO Agreement, national regulations
ex 0202	Meat of bovine animals, frozen	1,084 tonnes	WTO Agreement
0203.2100	Meat of swine, frozen	1,381 tonnes	WTO Agreement
ex 0204	Meat of sheep and goats (fresh, chilled or frozen)	206 tonnes	WTO Agreement
0207.2100	Meat of fowl of the species Gallus domesticus	221 tonnes	WTO Agreement
0207.2200	Meat of turkeys	221 tonnes	WTO Agreement
0207.2300	Meat of poultry ducks, geese, and guinea fowl	221 tonnes	WTO Agreement
0208.1000, 9030, 9099	Meat of game	250 tonnes	WTO Agreement
0405	Butter	575 tonnes	WTO Agreement
0407.00.10	Hens' eggs	1,295 tonnes	WTO Agreement
0704.90	White and red cabbage	268 tonnes	WTO Agreement
0808.10	Apples	See para. 42 below	GATT Agreement
0808.20	Pears	250 tonnes	GATT Agreement
16.02.31	Turkey roll	20 tonnes	WTO Agreement, EFTA-Israel Agreement

Source: Information provided by the Norwegian authorities.

41. Licences are required to administer, under preferential arrangements, tariff quotas on imports of "sensitive" agricultural products under trade agreements concluded under EEA and EFTA and under the Norwegian GSP scheme (GSP quotas on eight specific agricultural products from ordinary GSP beneficiary countries).<sup>13</sup> Imports covered include mainly cheese, meat, meat products, and various vegetables.

42. In general, quotas are allocated through auctioning.<sup>14</sup> The ceiling for individual importers is 50% of the total quota, except for importers of meat of game where the ceiling is 20%. Under the GSP system, successful bidders are allocated up to 50% of the total quota, except for importers of corned beef and canned tongue where the ceiling is 50 tons. GSP quota entitlements are allocated in

<sup>13</sup> Preferential tariff quotas on imports from former accession countries were transferred to the enlarged EU on 1 May 2004. A list of products subject to the Norwegian GSP licensing system is contained in WTO document G/LIC/N/3/NOR/2, 3 December 1997.

<sup>14</sup> Auction arrangements follow the procedures laid down in a Royal Decree of 30 June 1995.

advance of the quota year and valid until the end of the year. Import quotas on cheese from the EU and EFTA countries are allocated on the basis of historic trade performance. Import quotas on certain products from the EU, such as hay, are allocated on the principle of first-come-first-served. On apples, quotas are allocated over three periods every year: 7,000 tonnes are allocated for 1 May to 31 July; 750 tonnes for 1 August to 30 November; and 250 tonnes for 1 to 30 November. Tariff quotas on pears (250 tonnes) are allocated for 11 August to 30 November. Following reductions of out-of-quota tariff rates to the in-quota level, tariff quotas are no longer maintained on meat of deer (HS 0208.90); meat of elk (HS 0208.90); potted, flowering and decoration plants (HS 0602.99); cut flowers (HS 0603.10); and flowers in bulbs (HS 0603.10). There are no application fees or charges. Revenue collected from quota auctions was NKr 22 million in 2002 and NKr 43 million in 2003.

43. The Ministry of Agriculture has delegated the administration of tariff quotas on agricultural products and related licensing to the Norwegian Agricultural Authority; licences for imports of whale meat are issued by the Ministry of Fisheries; and under the GSP scheme, the licensing system is administered by the Directorate of Customs and Excise, in accordance with Regulation No. 627 of 30 June 1995.

44. In general, tariff quotas are allocated in advance of the quota year, and the licences are valid throughout the year. Exceptions are made for seasonal quotas for which import licences are valid throughout defined seasons. Licences granted for duty- and quota-free imports of flour, grain, and feedingstuff from LDCs are normally valid for a minimum of three months; they may require the importer to document that the trade has taken place, by presenting contracts or similar documentation.

45. Under Act No. 32 of 6 June 1997 relating to the regulation of imports and exports, the Ministry of Foreign Affairs is authorized to lay down import licensing requirements and to issue licences for industrial products. However, effective 1 January 2001, Norway eliminated all remaining quantitative restrictions on imports of textile products (fishing nets were the only item to the restriction at that time) under the WTO Agreement on Textiles and Clothing, and no industrial products have been subject to licensing requirements since that date.

#### **(vi) Contingency trade remedies**

##### **(a) Anti-dumping and countervailing measures**

46. Norway has not carried out any anti-dumping or countervailing duty investigations since its last TPR in 2000 nor introduced any changes in its anti-dumping or countervailing legislation.<sup>15</sup>

47. The Ministry of Finance is responsible for investigations relating to anti-dumping measures. Once an investigation is completed, if the Ministry considers action justified, it will prepare an official proposal of measure; the formal decision to introduce anti-dumping (or countervailing) measures is taken by the Government (the King in Council) and subsequently reported to the Storting. Decisions to impose an anti-dumping or countervailing duty or a safeguard measure may be challenged in court. The Advisory Anti-dumping Committee, which considered pending cases at the Ministry's request, was dissolved in 2001 as no requests had been made for a long period.

48. Together with other WTO Members, Norway has submitted several contributions to the Negotiating Group on Rules.<sup>16</sup> Against the background of continuing increased use of anti-dumping

<sup>15</sup> See WTO (2000a) for details on the legislation.

<sup>16</sup> WTO documents TN/RL/W/6, 26 April 2002; TN/RL/W/10, 28 June 2002; TN/RL/W/18, 4 October 2002; TN/RL/W/28/Rev.1, 22 November 2002; TN/RL/W/29, 15 November 2002; TN/RL/W/46, 24 January 2003; TN/RL/W/63, 12 February 2003; TN/RL/W/76, 19 March 2003; TN/RL/W/83,

measures, the contributions seek to clarify and improve various provisions of the Anti-Dumping Agreement and cover, *inter alia*: duration of anti-dumping measures, facts available, constructed value, assessment of injury, price undertakings, and review of anti-dumping orders.

(b) Safeguard measures

49. Norway has not taken or maintained any safeguard measures since its last TPR in 2000, nor has it initialized any investigations. The general rules for imposition of safeguard measures are contained in Section 4 of the introductory provisions of the Norwegian Customs Tariff (customs-related safeguard measures); they constitute the legal basis for implementation of Norway's obligations under the WTO Agreement on Safeguards.<sup>17</sup> Requests for application of safeguard measures are examined by the Ministry of Finance and the Ministry of Foreign Affairs. Decisions to impose measures are taken by the King in Council, after notification to and consultation with the Storting.

50. To comply with its obligations under the WTO Safeguard Agreement, Norway introduced two amendments to Section 4 as from 1 January 2003. These amendments provide for the authorization of an agreement with foreign countries on compensation for the effects of a safeguard measure introduced by Norway; and an explicit definition of rebalancing measures that could be launched on the background of a foreign country's safeguard measure against imports from Norway.

51. Following an increase in duty on imports of certain steel products by the United States, Norway proposed the suspension of its concessions on trade with the United States in accordance with Article 8.2 of the WTO Agreement on Safeguards. The proposed suspension of substantially equivalent concessions and other obligations took the form of an additional duty of 30% on imports of twelve tariff items originating in the United States (e.g. apples, wine, tobacco, and various steel products).<sup>18</sup> However, the suspension was not implemented as the U.S. safeguard duties were lifted in December 2003.

52. In 1998, the Government decided that the GSP scheme safeguard mechanism should be invoked if imports of duty-free beef from LDCs exceeded 2,700 tonnes. Similar decisions were made for each subsequent year to 2001. Since 2002, only imports of beef from Botswana and Namibia have been included in the 2,700 tonnes. However, as actual imports have remained within the set threshold, no safeguard action has been taken. Furthermore, a special safeguard mechanism on duty-free imports of flour, grains, and feedingstuffs from LDCs entered into force on 1 July 2002. This mechanism has so far not been invoked.

53. To date, Norway has not invoked the special safeguard provisions of the WTO Agreement on Agriculture. It has not made use of the transitional safeguard provisions under the WTO Agreement on Textiles and Clothing.

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25 April 2003; TN/RL/W/93, 2 May 2003; TN/RL/W/104, 6 May 2003; TN/RL/W/113, 6 June 2003; TN/RL/W/118, 12 June 2003; TN/RL/W/199, 16 June 2003; TN/RL/W/146, 11 March 2004; and TN/RL/W/150, 16 April 2004.

<sup>17</sup> WTO document G/SG/N/1/NOR/3, 2 February 1996.

<sup>18</sup> WTO document G/SG/45, 21 May 2002.

**(vii) Standards and other technical requirements****(a) Standards, testing, and certification**

54. Standards Norway (SN) is responsible for the overall management and coordination of standardization activities in Norway; it is also Norway's enquiry point under the WTO Agreement on Technical Barriers to Trade. SN represents Norway in the European Committee for Standardization (CEN) and in the International Organization for Standardization (ISO). Each year, SN adopts and publishes about 1,500 new voluntary Norwegian standards (NS). They are established on the basis of national proposals as well as on European and other international standards. The proposals are made by SN's technical bodies. The authorities noted that Norway's technical regulations were in line with international technical regulations and that no purely national technical regulations existed. At end-2003, there were more than 12,500 NS in force. Over 73% of these standards are common European Standards and are designated NS-EN.

55. Norway is integrated through the EEA into the EU single market and must apply the latter's legislation, including technical regulations. According to the authorities, there are only a few remaining substances where Norway has stricter provisions than the EU, due to differences in opinion concerning risk assessment, in climate and soil characteristics, and in consumption patterns. For example, Norway's regulations are stricter for batteries (mercury and cadmium content), the use of asbestos, and classification and labelling of dangerous substances, in particular with respect to carcinogenicity. On health and environmental grounds, Norway maintains stricter regulations on pesticides and cadmium content in fertilizers containing phosphor with a view to reducing acidification of agricultural soils.

56. Norway has concluded mutual recognition agreements on conformity assessment procedures with Australia, Canada, New Zealand, and Switzerland. It also recognizes certification from testing institutions in third countries that have been accredited according to international norms; procedures regarding testing and certification depend upon the product. The general principle is that the importer is responsible for the product and must be able to prove to the authorities its conformity with the relevant requirements. Technical regulations on imported goods are enforced both by customs and in the domestic market.

57. Between 2000 and 2003, Norway made eight notifications regarding technical regulations to the WTO Committee on Technical Barriers to Trade (Table III.8).

**Table III.8**  
**Notifications by Norway to the WTO Committee on Technical Barriers to Trade, 2000-03**

<b>Norwegian Post and Telecommunication Authority</b>
Regulations on National Approval of Radio and Telecommunications Terminal Equipment, 16 February 2000
Regulations on the Registration and Requirements Related to the Import and the Sales of Radio and Telecommunications Terminal Equipment, 17 September 2001
<b>Norwegian Maritime Directorate</b>
Regulation No. 2 of 21 March 1977 concerning Welding Equipment, etc. for the Welding Gases Acetylene and Oxygen, 13 January 2000
Draft Regulation concerning Additional Requirements for Handling, Controllability, Equipment and Operational Requirements for High-Speed Passenger Craft of less than 4 meters, 18 April 2000
Draft Regulation concerning Amendment to the Regulation of 23 December 1999 concerning Safety Management System for Passenger Ships, 18 April 2000
Draft Regulation concerning Amendment to the Regulation No. 700 of 15 September 1992 concerning Lifesaving Appliances on Passenger Ships and Cargo Ships, 18 April 2000
Draft Regulation concerning Amendment to the Regulation of 5 January 1998 concerning the Construction, Equipment and Operation of High-Speed Craft used as Passenger Craft or Cargo Craft, 18 April 2000
<b>Mutual Recognition Agreements</b>
Agreement on Mutual Recognition in Relation to Conformity Assessment between Canada and the Republic of Iceland, the Principality of Liechtenstein and the Kingdom of Norway, 28 May 2001

Source: WTO documents.

(b) Marking, labelling, and packaging

58. According to Annex II of the EEA Agreement, Norway must apply EC legislation concerning marking, labelling, and packaging in areas where this has been harmonized at the EC level. Marking and labelling are governed by the Act on Marking of Consumer Goods of 18 December 1981. The Act regulates the labelling of footwear, the noise level of household appliances, crystal glass, the fibre of textile products, and care of new garments made of textile products. In addition, the marking, labelling, and packaging of various other goods (e.g. foodstuffs, feedingstuffs, pharmaceuticals, and pesticides) are governed by sector-specific regulations.

59. Norway participates in the Nordic Ecolabel, the "Swan", a voluntary eco-labelling scheme operational since 1990; the Nordic Eco-labelling Board, under the Nordic Council of Ministers, coordinates this scheme. Norway's participation is coordinated by Ecolabelling Norway, a foundation supported by the Government, but also partly financed by eco-labelling fees. Applicants for a labelling licence must pay an application fee of Nkr 12,000 and an annual fee equivalent to 0.4% of the turnover of the labelled product in the respective participating country, with an annual maximum of Nkr 300,000. As at December 2003, the total number of licences to use the swan (a licence can cover several products) was 1,016 for all Nordic countries and 76 for Norway. The main product groups covered by the Swan are household detergents and other chemical products, tissue paper, printed matter, and printing paper. Norway also participates in the EC ecolabelling system through the inclusion of the respective EC regulation in the EEA Agreement. The authorities noted that there was an increasing effort on international cooperation in ecolabelling, most notably with the EU, Japan, and the Republic of Korea.

60. The labelling of genetically modified organisms (GMOs) is regulated by the Act on Food Production and Food Safety of 19 December 2003. All foods and feedingstuffs containing more than 2% GMOs must be labelled accordingly. According to the authorities, the purpose of the labelling requirement is to meet consumer requests for information on whether the product has been derived from GMOs, thus enabling them to make an informed choice.

(c) Sanitary and phytosanitary measures

61. Norway has traditionally applied very strict border controls with a view to maintaining high animal and plant health standards. The newly created Food Safety Authority and the Customs Administration are in general responsible for ensuring compliance with plant health standards. Norway's national enquiry point on SPS issues is the Ministry of Agriculture.

62. Since 1 January 2004, the Norwegian Food Safety Authority has been the sole competent authority for the control of food and feed safety, food and feed quality, environmentally sound and ethical production, and plant and animal (both terrestrial and aquatic) health along the entire food production chain. The Authority represents a merger of the Norwegian Animal Health Authority, the Norwegian Agricultural Inspection Service, the Norwegian Food Control Authority, the Directorate of Fisheries' Seafood Inspectorate, and local government food control authorities. Food safety legislation is prepared by the Ministries of Health, Agriculture, and Fisheries.

63. Through Annex 1 of the EEA Agreement, sanitary and phytosanitary regulations have largely been harmonized between the EU and Norway. A new Act on Food Production and Food Safety (19 December 2003) entered into force on 1 January 2004. The Act governs the entire food chain, including plant and animal health, and thus encompasses the so-called "farm and fjord to table" approach. The Law replaces a number of previous legal instruments, most notably the Food Control Act, the Meat Production Act, the Quality Control Act on Fish and Fishery Products, the Animal

Diseases Act, and the Feedingstuffs Control Act. The Act was adopted primarily to simplify legislation in this area, and introduces no major changes; it has yet to be notified to the WTO.

64. New regulations by the Ministry of Agriculture relating to plants and measures against pests became effective on 1 December 2000. Their purpose is to prevent the introduction or spread of regulated pests, to control or eradicate any outbreaks in Norway, and to safeguard the production and sale of plants of the best possible health and quality. They are principally based on the EC regulation regarding plant health. Imports of plants and certain plant products, soil, peat, compost or animal manure are subject to a certificate issued by the plant inspection authorities of the exporting country; the certificate must specify if disinfection or different chemical treatment has taken place. To be allowed entry into Norway, animals and parts and products thereof, as well as plants and parts of plants for cultivation and propagation, must have been under official surveillance during the growth period. Re-export certificates are required when the exporting country is not the country of origin of the plants or plant products. A fee set at 1.8% of the customs value must be paid to cover expenses in connection with phytosanitary import controls (section (iv)(c)).

65. The Norwegian Gene Technology Act of 2 April 1993 regulates contained use and deliberate release of genetically modified organisms (GMOs). The provisions of the Act correspond to EU directives 90/219 on the contained use of genetically modified micro-organisms, and 90/220 and 2001/18 on the deliberate release of genetically modified organisms. A GMO approved in the EU does not require approval in Norway. GMOs may, however, be prohibited in Norway, even if they are approved in the EU, if they are found not to be in compliance with the Act. Since 1993, Norway has prohibited the import of eight EU-approved GMO products.

66. Between 2000 and 2003, Norway submitted seven notifications to the WTO SPS Committee.<sup>19</sup> Six of these notifications were related to food safety and concerned draft regulations on maximum levels of pesticide residues in foodstuff; imports of Spanish olive oil; certain helva and tahini products; maximum levels of polycyclic aromatic hydrocarbons in olive residue oil; national minimum and maximum limits for vitamins and minerals in food supplements; and approval of disinfectants, cleaning agents, and similar products for use in the food industry. One notification was related to plant protection and concerned measures against pests.

#### **(viii) Other measures**

67. Norway applies the international trade sanctions adopted by the UN Security Council. It does not have any countertrade arrangements. In the defence industry, Norway requires offsetting cooperation agreements for contracts with foreign suppliers of above Nkr 75 million. It has no restrictions in place for balance-of-payments purposes, and has never invoked Article XVIII:B of the GATT. According to the authorities, there are no agreements limiting exports from foreign countries to the Norwegian market, and Norway maintains no trade-related investment measures.

68. Norway maintained reserve stocks for sugar, grain, and flour until 1 July 2003, when most stock requirements were abolished. The authorities note that Norway's food security policy has shifted in recent years from keeping governmental reserve stocks to maintaining domestic production and a functioning distribution system. However, stock requirements remain in place for Norway's northernmost parts. These stocks are set to provide the calories needed for a population of 306,000 for ten days; they currently consist of protein biscuits, tinned fish, dried products, field rations, and flour. The reserve stocks are established through contracts between the Government and private enterprises.

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<sup>19</sup> WTO documents G/SPS/N/NOR/4, 25 August 2000; and G/SPS/N/NOR/10, 19 September 2003.

**(3) MEASURES DIRECTLY AFFECTING EXPORTS**

**(i) Registration and documentation**

69. Similar registration and documentation requirements apply to importers and exporters (section (2)(i)). An export declaration is required for all exports above Nkr 5,000 for statistical purposes.

**(ii) Export taxes, charges, and levies**

70. In accordance with Act No. 9 of 27 April 1990 relating to exports of fish and fish products, exports of fish and fish products are subject to a levy that varies between 0.2% and 0.75% depending on the species and the stage of processing. This levy is used to finance the activities of the Norwegian Seafood Export Council (NSEC). In addition, exports of fish and fish products, except for fishmeal, oil, and canned fish, are subject to a levy of 0.3% for financing the Fishery and Aquaculture Industry Research Fund. Until May 2003, a levy of 2.25% was in place on exports of salmon to the EU as part of the Salmon Agreement between Norway and the European Commission (Chapter IV(4)(ii)).

**(iii) Export prohibitions, restrictions, and licensing**

71. In accordance with the Convention on International Trade in Endangered Species (CITES) of Wild Fauna and Flora, Norway prohibits exports of various endangered animal and plant species, as well as products thereof. Norway also prohibits exports of hazardous waste (included on the EU's red and amber lists) to non-OECD countries. Environmental controls on transboundary movements of hazardous waste broadly follow EC Council Regulation No. 259/93, and subsequent EU regulations. Moreover, pursuant to the Cultural Heritage Act of 9 June 1978, cultural objects may not be exported without the consent of the Ministry of Culture and Church Affairs. However, the Ministry has delegated this authority to a number of individual institutions.<sup>20</sup>

72. Norway requires licences for exports of arms and other "strategic" goods. The system is administered by the Ministry of Foreign Affairs' Section for Export Control, and enforced by the Directorate of Customs and Excise.<sup>21</sup> Licences are also required for exports of minke whale products<sup>22</sup>, and exporters must be registered with the Ministry of Fisheries, whose Directorate of Nature Management is in charge of issuing the licence. Exports are only permitted to countries that grant import licences and that are able to carry out DNA tests on the products. These tests make it possible to trace individual minke whales that have been taken as part of the Norwegian quota.

73. Export licences are required for products classified as weapons, ammunition, and other military equipment (List I) and "dual use products", which may have military as well as non-military applications (List II). List I is compiled on a national basis but covers everything described by the Wassenaar Munitions List. List II is a Norwegian version of the EU dual-use list. Products not on

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<sup>20</sup> Pursuant to Regulation No. 1420 of 14 December 2001 concerning the prohibition of export of cultural objects, the following institutions may consent to the export of cultural objects within their area of expertise: Norwegian Armed Forces Museum; National Museum of Art – Museum of Decorative Arts and Design; National Library of Norway; National Museum of Art – National Gallery; Norwegian Museum of Photography – Preus Fotomuseum; Norwegian Maritime Museum; Norwegian Museum of Science and Technology; Directorate of Cultural Heritage; National Archives of Norway; National Museum of Music and Musical Instruments – Ringve Museum; Sami Vuorka-Davvirat – The Sami Collections; and University Museum of Cultural Heritage – Historical Museum.

<sup>21</sup> Act No. 93 of 18 December 1987 and Regulations of 10 January 1989, as amended.

<sup>22</sup> Regulations Relating to the Exports of Minke Whales, issued by the Ministry of Fisheries on 29 June 2001.

Lists I and II, but used in the development, handling, maintenance, storage, detection, identification or destruction of nuclear, chemical or biological weapons, or the development, production, maintenance or storage of missiles carrying such weapons, are also subject to an export licensing requirement, as are services related to military products.

74. For products on List I, individual licences, granted to an exporter for a delivery, are required for exports to all countries. Licences for goods on List II may be individual or general; general licences are granted when there is a continuous export flow of a specified good, and apply only to exports to countries that participate in all multilateral export control regimes. As a general rule, no licences are granted for exports to countries where there is a civil war or located in an area where there is war or the threat of war; to which, on the basis of a careful assessment of their foreign and domestic policies, it is inadvisable to export arms and military equipment; and to countries affected by a sanction adopted by the UN Security Council. Weapons, ammunition, and certain types of military equipment may only be exported to the Nordic countries and member countries of NATO; however, the Ministry may also approve other countries as eligible destinations for weapons exports. Countries that do not belong to these groups may not receive weapons and ammunition, but licences may be granted for other military equipment.

75. Documentation substantiating the end-user is generally required from the exporter. Exceptions include minor components shipped for final assembly abroad in such a way that the finished product is not designated as Norwegian, and exports of dual-use goods to the EU and other countries participating in all multilateral export control regimes. The end-user must specify the type of application and the address where the equipment will be used; the importer must agree not to relocate or re-export the equipment without the consent of the Norwegian authorities. Norwegian exporters must report exports of defence material contained on List I, and related services.

76. Norway participates in five multilateral export control arrangements: the Australia Group (to prevent the spread of chemical and biological weapons); the Missile Technology Control Regime; the Nuclear Suppliers Group; the Zangger Committee (control of nuclear materials and related high technology); and the Wassenaar Arrangement (control of exports of conventional weapons and dual-use products).

**(iv) Export subsidies, and duty and tax concessions for exports**

77. Norway grants export subsidies to various agricultural products, including bovine, swine, and lamb meat; eggs and egg products; butter; cheese; and some processed agricultural products. Outlays in 2003 totalled Nkr 319.5 million, down from Nkr 582.8 million in 1998 (Chapter IV(2)(ii)).<sup>23</sup> According to the authorities, the decrease is mainly due to declining production levels.

78. A system of tariff concessions for inward processing of agricultural products intended for export has been in place since 1995. The system allows for reduction or suspension of customs duties on condition that the processed goods are exported within a time-limit specified for each applicant (inward processing). To benefit from the scheme, importers must obtain an authorization from the Norwegian Agricultural Authority before importation of the inputs. An inward processing system is also in place for non-agricultural products. For these products, there is no need to obtain an authorization. Permission for inward-processing may be subject to payment of a deposit. A system of drawbacks and customs warehousing (processing warehouse) for both non-agricultural and agricultural products also exists.

<sup>23</sup> WTO document G/AG/N/NOR/40, 11 November 2002.

79. Norway does not have export-processing or free-trade zones. With regard to the VAT, exports are zero-rated for duty and tax (on inputs) refund purposes.

**(v) Export finance, insurance, and guarantees**

**(a) Export finance**

80. Eksportfinans ASA, the Export Credit Financing Scheme under the responsibility of the Ministry of Trade and Industry, provides credit financing on CIRR (Commercial Interest Reference Rate) to foreign purchasers of Norwegian capital goods. Credits are provided in accordance with the OECD Arrangement on Guidelines for Officially Supported Export Credit and the Understanding on Export Credits for Ships. Eksportfinans is a joint institution of commercial banks and the Norwegian Government with the purpose of developing and offering competitive long-term financial services to export industries and the local government sector. According to the authorities, the objective of the scheme is to match officially supported export credits offered by other exporting nations, to enable Norwegian exporters to compete on equal grounds on price, quality, and technical solutions. Loans may be extended for up to 85% of the contract value; foreign components must not exceed 50% of the contract value. However, the value of foreign components may be as high as 70% in special situations when there is a possibility to purchase the good locally. In 2002, the programme was extended to include deliveries of domestic and exported ships. Home credits are only granted to domestic ship-owners if the ship is used for overseas trade or in the offshore industry. Subsidies granted through the scheme amounted to Nkr 43.6 million in 2002 and Nkr 40.1 million in 2003, down from Nkr 168 million in 1998.<sup>24</sup>

81. The scheme offering mixed credits for projects with high priority in developing countries was abandoned in 2002. Credits allowed under this scheme contained a grant element, but were normally tied to purchases from Norway.

**(b) Export insurance and guarantees**

82. Under the Ministry of Trade and Industry, the Norwegian Guarantee Institute for Export Credits (GIEK) is a central governmental agency responsible for furnishing guarantees and insurance for export credits. The primary objective of the Institute is to promote exports of Norwegian goods and services, and investment abroad by furnishing guarantees that reduce the credit risk borne by individual exporters in transactions with foreign partners. The scheme thus aims to enable Norwegian exporters to compete on price, quality, and technical grounds by counterbalancing similar schemes provided to foreign competitors. Guarantees are available mainly to small and medium-sized enterprises (SMEs). According to the authorities, the related conditions are in accordance with the rules of the OECD Arrangement on Guidelines for Officially Supported Export Credits and the Bern Union Understanding.

83. The guarantees cover up to 90% of commercial risk and 100% of political risk. The guarantee limit is Nkr 40 billion. The guarantee scheme is operated under a no-gain no-loss approach. In 2003, GIEK offered new guarantees amounting to Nkr 6.5 billion. GIEK also assists the Norwegian Agency for Development Cooperation in operating a special scheme for exports to and investment in developing countries.

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<sup>24</sup> WTO document G/SCM/N/95/NOR, 17 July 2003.

**(vi) Export promotion and marketing assistance**

84. Innovation Norway, a state-owned company, was established on 1 January 2004 and replaced the Norwegian Trade Council, the Government Consultative Office for Investors, the Norwegian Industrial and Regional Development Fund, and the Norwegian Tourist Board. It is in charge of export promotion and marketing assistance, internationalization, and transfer of technology. It is also responsible for marketing tourism in Norway. Innovation Norway employs more than 700 staff and has 38 international representations. The public allocations budgeted for Innovation Norway in 2004 amount to Nkr 295.1 million.

85. The Entrepreneur Programme, under the responsibility of the Ministry of Trade and Industry and through Innovation Norway, provides support to high-knowledge and technology SMEs with high export potential. The programme partly covers costs incurred by companies for services obtained from Innovation Norway in connection with market research, surveys, seminars, and training. Total public payment amounted to Nkr 12 million in 2002 and 2003; the same amount is budgeted for 2004.

86. The Norwegian Seafood Export Council (NSEC), established in 1991, is an advisory organ for the Ministry of Fisheries in all questions related to seafood exports. The activities of the Council and its seven international representations focus on the marketing of Norwegian seafood, most notably through public relations work, market analysis, and the provision of market access information. Since 1994, the NSEC has also been in charge of the domestic marketing of fish and seafood products. It is funded by a statutory fee on Norwegian fish and seafood exports; its budget for 2004 is Nkr 150 million.

**(4) MEASURES AFFECTING PRODUCTION AND TRADE****(i) Incentives****(a) Overview**

87. Norway operates state aid programmes and schemes with a view to promoting R&D activities, regional development, small and medium-sized enterprises, sustainable production and consumption, and specific industries. The basic substantive provisions on state aid are in Article 61.1 of the EEA Agreement; they are comparable to those of Articles 87 and 88 of the EC Treaty. The main rule is that public aid that distorts or threatens to distort competition and affects trade between EEA members is incompatible with the EEA agreement, with the exception of aid to agriculture and fisheries. Before implementation, all state aid is notified to the EFTA Surveillance Authority for approval.

88. Table III.9 provides an overview of Norway's support programmes; additional information may be found in Norway's notification under the WTO Agreement on Subsidies and Countervailing Measures.<sup>25</sup> Total support amounted to Nkr 14,627 million in 2002. For the majority of the programmes, data showing the trade effects of the subsidy were not available. According to the authorities, Norwegian legislation on support programmes was consistent with the EU legislation in this field.

<sup>25</sup> WTO document G/SCM/N/95/NOR, 17 July 2003.

**Table III.9**  
**Industry-wide and selected sector-specific support programmes, 2002**  
(Nkr million)

Initiation year	Expiry	Type of programme/project	Measure	Estimated subsidy in 2000	Estimated subsidy in 2002
<b>Research and development</b>				<b>743</b>	<b>591.3</b>
1994	..	Industrial research and development contracts	Grant	58.3	59.0
1968	..	Public research and development contracts	Grant	111.5	98.3
1994	..	Industrial research and development programmes	Grant	570.8	434.0
1982	2001	Swedish-Norwegian Industrial Fund	Grant/Loan/Equity	2.4	-
<b>Disadvantaged regions</b>				<b>997.2</b>	<b>963.5</b>
1987	..	Regional Development Grant	Grant/Loan	756.2	773.5
1987	..	Restructuring regions dependent on a single industry	Grant	87.8	72
1992	..	Norwegian Corporation for Industrial Estates and Development (SIVA)	No direct grants to the enterprises	65.4	64
1986	..	National programmes for regional development	Grant	87.8	54
<b>Small and medium-sized companies</b>				<b>260.8</b>	<b>174.3</b>
1993	..	Development grants	Grant	175	110.5
2001	..	Public Advisory System	Services free or partly free of charge	85.8 <sup>a</sup>	63.8 <sup>a</sup>
<b>Environment</b>				<b>493.5</b>	<b>670.825</b>
1990	..	Aid for development, and knowledge and information on sustainable production and consumption	One-off investment grant to projects. Financial support is given to some companies	36.1	38.425
1991	2011	Guarantee and loan facility to the company responsible for hazardous waste	Loan/loan guarantee	Last amount recorded is for 1997: Nkr 91 million	
2002	2005	The Energy Fund <sup>b</sup>	Grant	381	479
1998	2001	Norwegian Environmental Fund	Loan with subsidized interest rate	76.4	153.4
<b>Export promotion</b>				<b>123.077</b>	<b>94.542</b>
2002	..	Entrepreneur Programme <sup>d</sup>	Reduced prices for the services of the Norwegian Trade Council	25	12
1978	..	Export Credit Financing Scheme	Interest rate support and currency risk alleviation	50	43.6
1929	..	Export Credit Guarantee	Guarantee	48.077	38.942
<b>Specific industry sectors</b>				<b>331.908</b>	<b>1,520.3</b>
1990	2001	Contract Related Operating Aid <sup>e</sup>	Grant	1.464	1,149.8
1992 <sup>f</sup>	..	Exemption from/reduction of SO2 and CO2 taxes	Tax concession	100	84
1993 <sup>g</sup>	..			66	52
1969	..	Press grant scheme	Grant	163.704	234.5
1982	1989	Interest rate subsidies for the shipbuilding industry: Long term financing and construction loan	Interest rate subsidy to ship owners and a construction loan subsidy	0.74	-
<b>Fishery sector</b>				<b>147.82</b>	<b>73.33</b>
1964	..	Transport support	Grant	32.9	26.4
1964	2003	Support for specific fisheries	Grant	No subsidies granted	No record
1986	1989 <sup>h</sup>	Interest rate subsidies for fishing vessels for domestic deliveries	Interest rate subsidy and construction loan subsidy	1.62	0.93
2002	2002	Contract subsidies and decommissioning grant	Decommissioning grants	-	20.4
2000	2000	Contract subsidies and decommissioning grant	Grant	95.7 <sup>i</sup>	-
1989	..	Grant for purchase of vessels to the county of Finnmark and Nord-Troms	District grant	No aid	No aid
1964	..	Support to long-line baiting facilities	Grant	11.7	12.11
1964	..	Research fishery	Grant	5.9	2.6
<b>Forestry sector</b>				<b>283.8</b>	<b>242.4</b>
1965	..	Tax concessions in forestry: the Forest Trust Fund, and the Five-year Average Tax Assessment	Tax concession	70	66
1971	..	Subsidies for forest management planning	Grant	33.9	41.6
1931	2003	Subsidies for afforestation and silviculture	Grant	94.8	59
1961	..	Subsidies for construction of forest roads	Grant	67.3	62.2

Table III.9 (cont'd)

Initiation year	Expiry	Type of programme/project	Measure	Estimated subsidy in 2000	Estimated subsidy in 2002
1976	..	National grant for environmental consideration when harvesting of round wood in difficult terrain	Grant	9.4	6.5
1976	..	Subsidies for round wood sale and transport in forestry	Grant	2.1	3.5
1985	..	Subsidy for manual thinning	Grant	6.3	3.6
<b>Memorandum:</b>		<b>Total support to industry</b>		<b>2,949.485</b>	<b>4,014.767</b>
		<b>Support to agriculture, forestry and fisheries</b>		<b>10,663.12</b>	<b>10,612.63</b>
		<b>Total support</b>		<b>13,612.605</b>	<b>14,627.397</b>

.. No expiry date.

- a The figures include grants to the National Institute of Technology, the North Norwegian Institute of Technology and Innovation, the Norwegian Design Counsel, and the Euro Info Centres.
- b In January 2002, the Grant Programme for Introduction of New Energy Technology (started in 1979), and the Information and Education Measures in the Field of Energy Efficiency, were merged to form the Energy Fund. The activities of the two schemes will continue under the new scheme.
- c The expiry date was 1 January 2001, but the last payment was due in 2003.
- d The Programme for Export Development in Small and Medium-sized Enterprises (started in 1996) was renamed Entrepreneur Programme in 2002.
- e The scheme replaced the Interest Rate Subsidies for the Shipbuilding Industry: Long Term Financing and Construction Loans.
- f Coal and coke tax.
- g Mineral oil tax.
- h Some remaining interest rate subsidy payments are left.
- i The figure is the total amount of grants to decommissioning, and to contracting.

*Source:* WTO documents G/SCM/N/38/NOR, 25 August 1998; G/SCM/N/71/NOR, 25 June 2002; G/SCM/N/95/NOR, 17 July 2003; and G/SCM/N/95/NOR/Add.1, 1 October 2003.

#### (b) Research and development schemes

89. Research policy is under the overall responsibility of the Ministry of Research and Education. Norway has a number of R&D support schemes in place, which include industrial R&D programmes, as well as industrial and public R&D contracts. It also participates in the EU Framework Programmes, to which Norway contributed 2.1% of the budget in 2004; and in cooperation projects such as EUREKA and COST. A new institution, the Nordic Innovation Center (NIC), replaced the Nordic Fund for Technology and Industrial Development as of 1 January 2004. NIC is a non-profit organization financed by allocations from the Nordic Ministerial Council. Government support for industrial R&D activities was NKr 496.7 million in 2003, down from NKr 752.7 million in 1998. Total public R&D expenditure, including support for universities and research centres, was NKr 12,807 million in 2003; for 2004, an amount of NKr 13,850 million is budgeted.

90. A main objective of Norway's publicly sponsored industrial R&D programmes is to promote industrial innovation by encouraging and supporting R&D activities, with a view to improving the international competitiveness of the economy. The programmes are administered by the Research Council of Norway, with funding coming from a number of individual ministries. Eligible R&D projects must include cooperation between several enterprises and R&D institutes, with priority given to projects suggested by SMEs. Where private enterprises are contractors, the subsidy is not allowed to exceed 50% of total project costs. The bulk of projects are in the field of basic industrial research and applied research. Total public payment for these programmes was NKr 434 million in 2002; the average subsidy for new grants was NKr 502,000.

91. Industrial R&D contracts are restricted to SMEs as partners in new business relations; the subsidy component is limited to 35% of project costs. The purpose of this subsidy, administered by Innovation Norway, is to stimulate product development and build business networks. Total public

payment for industrial R&D contracts amounted to NKr 59 million in 2002 and NKr 61 million in 2003; the average grant was about NKr 1 million in both years.

92. Public R&D contracts are agreements between a Norwegian enterprise and a public authority that asks for the development of a new product or process. This subsidy aims to reinforce the capabilities of Norwegian industries to satisfy the needs of public entities and to improve the quality and effectiveness of services supplied by public entities through new technologies. The maximum aid intensity is 35%, with an additional ten percentage points for SMEs and projects with basic industrial research. Total public payment for industrial R&D contracts was NKr 98.3 million in 2002 and NKr 35.8 million in 2003; the average subsidy per project amounted to about NKr 1.1 million in both years.

93. A tax incentive scheme for R&D activities was established for SMEs in 2002 and extended to all companies in 2003. The scheme allows companies to deduct 18% (20% for SMEs) of eligible R&D costs from their tax liability, with an upper limit of NKr 4 million per year (NKr 8 million for purchases of R&D services from approved R&D institutions). The number of applications was about 2,600 in 2002 and some 4,700 in 2003. The approval rate is around 85%. The scheme is administered jointly by the Research Council, Innovation Norway, and the Directorate of Taxes. Total tax concessions granted under this scheme amounted to NKr 750 million in 2002 and NKr 1,500 million in 2003.

(c) Regional assistance

94. Regional support schemes are administered by the Ministry of Local Government and Regional Development; day-to-day operations are undertaken by Innovation Norway and 16 municipalities. Their main objective is to contribute to the development of permanent and profitable business in areas with special employment problems or a low level of economic activity, and to maintain the overall population pattern. Norway's regional support schemes are administered in accordance with the EEA Agreement, and are notified to and subject to approval by the EFTA Surveillance Authority. Four support schemes are available to enterprises: the Regional Development Grant, the Scheme for Restructuring Regions Dependent on a Single Industry, the Norwegian Corporation for Industrial Estates and Development (SIVA), and National Programmes for Regional Development. Expenditure for regional assistance totalled NKr 963.5 million in 2002, up from NKr 838.2 million in 1998. Support is geared mainly to Norway's northern regions.

95. The Regional Development Grant programme is available for enterprises located in assisted areas; priority is given to enterprises with less than 100 employees. Grants are provided for tangible investments in most sectors; exceptions include agriculture, forestry, fishery, oil and gas exploration, and financial services. Population density is the main support criterion. The assisted areas are divided into three zones. The maximum aid intensity is 25% of the investment costs in zone A (the least densely populated zone), 20% in zone B, and 10% in zone C. In addition, enterprises with less than 100 employees may obtain five percentage points in zones A and B, and ten percentage points in zone C. Total public payment under this programme was NKr 773.5 million in 2002.

96. The Scheme for Restructuring Regions Dependent on a Single Industry is aimed at enterprises located in regions that are experiencing severe structural and financial difficulties. Total public payment under this programme was NKr 72 million in 2002.

97. The Norwegian Corporation for Industrial Estates and Development has the primary objective of providing infrastructural support by offering industrial real estate locations to SMEs. Grants are

primarily paid to manufacturing enterprises. SIVA's budget for 2002 was NKr 64 million; there were 44 assistance projects.

98. The National Programme for Regional Development has a stated objective of stimulating industrial innovation by creating new structures and ways of collaboration between R&D centres and SMEs. Grants are paid mainly to SMEs located in assisted regions. Single enterprises may not receive support from this scheme unless they are involved in a pluri-annual cooperation programme of broader national interest. Total payments under this scheme were NKr 54 million in 2002.

99. As of January 2004, Norway replaced its system of regionally differentiated social security taxation with a new and more limited regional aid scheme in order to comply with EEA State aid rules. The former scheme was the main instrument for regional aid in Norway. The new scheme implies that undertakings that benefited from the former scheme will be charged reduced rates up to a maximum of €33.333 per year. The annual aid amount for eligible undertakings, stipulated in the new scheme, is adjusted to be in accordance with the *de minimis* threshold in the EEA State aid legislation. The northernmost counties of Nord-Troms and Finnmark are still exempt from social security taxation.

100. To offset the lapse of the former regionally differentiated social security tax, Norway has implemented a new direct transport aid scheme. The aim of this scheme is partly to offset the competitive disadvantages of enterprises in sparsely populated and peripheral areas due to additional transport costs. Support is granted only to cover the extra cost of transport of goods inside national boundaries, and calculated on the basis of the most economical transport mode.

(d) Assistance to small and medium-sized enterprises

101. Innovation Norway administers a nationwide innovation scheme aimed at increasing the efficiency of SMEs. The scheme includes loans, guarantees, and grants, and is available to enterprises in all sectors except for financial services, shipping, and oil and gas exploration. Payments cover up to 50% of costs under the notion of "soft aid"<sup>26</sup>; up to 35% of costs eligible for applied research and development projects; and up to 7.5% of physical investment (15% for small enterprises). Larger companies are only allowed a maximum aid intensity of 25% to R&D projects or subsidy up to €50,000 in respect of one defined category over a three-year period. Total payments under this scheme amounted to NKr 296.8 million in 2003.

102. The Public Advisory System is aimed at transferring competence and knowledge to SMEs in all sectors. Under the overall responsibility of the Ministry for Trade and Industry, the system is administered by: the National Institute of Technology (TI); the North Norwegian Institute of Technology and Innovation (VINN); the Norwegian Design Council (ND); and Euro Info Centres (EICs). While the TI and VINN provide SMEs with technical competence and knowledge, EICs disseminate information about the EU's internal market and the EEA agreement. The subsidy generally takes the form of a consulting service provided free or partly free of charge. In 2003, the grants given to the institutions to provide these services were: NKr 20 million for the National Institute of Technology; NKr 19.2 million for the North Norwegian Institute of Technology and Innovation; NKr 12 million for the Norwegian Design Council; and NKr 3 million for Euro Info Centres. As of 2004, no more public support is granted to the National Institute of Technology.

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<sup>26</sup> Costs must, *inter alia*, meet one-off requirements of up-to-date knowledge in various fields or be related to establishing network cooperation. Costs related to physical investments and operating aid are not covered.

(e) Assistance for environmental improvement

103. Norway conducts various programmes to support enterprises engaged in environmental improvement. Aid for Development of Knowledge and Information on Sustainable Production and Consumption is a programme aimed at promoting information and capacity building for more sustainable production and consumption patterns, including waste reduction and recycling. Assistance takes the form of one-off investment grants to projects, and is available to all enterprises. Payments under this programme amounted to NKr 38.4 million in 2002 and NKr 33.4 million in 2003. For 2004, NKr 28.7 million is budgeted.

104. Through the Guarantee and Loan Facility to the Company Responsible for Treatment of Hazardous Waste, Norsk Avfallshandtering AS is granted a loan on commercial terms of up to NKr 100 million and a free guarantee for up to 55%, or a maximum of NKr 250 million for its external loans, to reduce the risk related to building and operating a plant for treating hazardous waste. Total loans amounted to NKr 31 million in 1997. No payments have been made under this scheme since 2002; existing guarantees amounted to NKr 135 million in 2003.

105. The Energy Fund has as a primary objective to save energy and encourage environmentally friendly energy production.<sup>27</sup> The Fund, under the responsibility of the Ministry of Petroleum and Energy, provides grants for projects in energy saving, renewable sources of energy, new energy technologies, and information and education measures in the field of energy efficiency. The grant takes the form of investment support for energy saving systems and development of renewable energy sources, initial investment aid for new energy technologies, and support to information and education measures. All types of companies in all sectors and from all regions may apply for support. The Fund's budget in 2002 was NKr 479 million.

106. The Norwegian Environmental Fund (SMF), a subsidized loan scheme under the responsibility of the Ministry of Environment, was operational until April 2004. Its objective was to stimulate companies to invest in or develop more environmentally friendly technologies in order to reduce emissions of greenhouse gases and other harmful emissions. Interest rate subsidies in 2002 and 2003 amounted to NKr 0.8 million respectively. For 2004, an amount of NKr 0.2 million is budgeted.

(f) Risk capital schemes

107. Innovation Norway administers two seed capital arrangements which contain support elements. Between 1997 and 2000, NKr 390 million in loans and NKr 97.5 million in loss-funds were allocated to one nationwide and five regional seed capital investment companies on condition that private investors matched the loan with equity capital. The investors pay a NIBOR-based interest rate plus a spread of 3%. Three of the funds in the scheme were still investing in new firms as at June 2004.

108. Four new regional seed capital investments companies were approved by the Storting in the budgets for 2003 and 2004. These schemes are endowed with NKr 800 million in loans and NKr 200 million in loss-funds. The interest rate for the investors has been reduced to NIBOR plus 1%. The four new funds are expected to become operational in 2005.

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<sup>27</sup> The previous schemes, Grant programme for introduction of new energy technology, and Information and education measures in the field of energy efficiency, were merged to form the Energy Fund on 1 January 2002. The activities of the two schemes are continuing under the new programme.

109. Argentum, a state-owned investment company established in 2001, makes investments in venture capital funds on a commercial basis from a capital base of Nkr 2,450 million. Argentum aims, through its investments, to facilitate access to international venture capital, and to be a driving force in the development of an internationally competitive private equity environment in Norway. Argentum invests through either established or new fund management structures.

(g) Assistance to specific industries

110. Industry-specific assistance is available most notably to agriculture, fishery, forestry, and ship-building.

111. In accordance with EU Council Regulation 1177/2002 of 27 June 2002 and the subsequent change of the EEA Agreement of 6 December 2002, Norway established in March 2003 a temporary subsidy scheme for the shipbuilding industry, especially for construction of container ships and product, chemical, and LNG tankers. The scheme, which is operated by Eksportfinans ASA on behalf of the Ministry of Trade and Industry, is set to be terminated on 31 March 2005. The subsidy rate is 6% of the contract amount, and competition from a Korean yard is required in order to be entitled to support.

112. Until December 2003, the contract-related operating aid programme provided grant to shipbuilders, calculated as a percentage of the contract price of the ship. The subsidy rates were 9% for new ships worth more than €10 million, and 4.5% for new ships of a value less than €10 million and for conversions. The scheme was under the responsibility of the Ministry of Trade and Industry and operated through Eksportfinans ASA; it covered new ships greater than 100 gross tons and conversions greater than 1,000 gross tons. Total payments under this scheme were Nkr 1,149.8 million in 2002. The scheme replaced the programme Interest Rate Subsidies for the Shipbuilding Industry – Long Term Financing and Construction Loans, which expired on 1 January 2001. The authorities assume that the subsidy scheme has corrected the competitive distortions Norwegian yards have faced *vis-à-vis* foreign yards.

113. The Exemption from/Reduction of SO<sub>2</sub> and CO<sub>2</sub> Taxes programme, administered by the Ministry of Finance, consists of CO<sub>2</sub> and SO<sub>2</sub> tax concessions for the paper and pulp and fish-flour industries.<sup>28</sup> In addition, some sectors, such as international shipping and air transport, are not subject to the CO<sub>2</sub> and SO<sub>2</sub> taxes. The stated purpose of the scheme is to avoid an undesirable worsening of the concerned companies' competitive position. A CO<sub>2</sub> tax on coal and coke, with exemptions for the cement and leca industries, was abolished in 2003. Revenue losses in 2002 resulting from the tax concessions amounted to Nkr 39 million for the paper and pulp industry, Nkr 13 million for the fish flour industry, and Nkr 84 million for the cement and leca industries.

114. The Press Subsidies programme is aimed at promoting and maintaining a diversified press. Newspapers, with three or more issues per week and an average circulation of between 2,000-6,000 copies, can apply for the subsidies, also granted to newspapers in an unfavourable market position and with an average circulation of up to 80,000. The amount of the subsidy is calculated on the basis of the individual newspaper's annual circulation.

115. Additional assistance programmes exist for the agriculture sector, including fishery and forestry. In the case of fisheries, specific support (under all the programmes) amounted to

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<sup>28</sup> The CO<sub>2</sub> tax is imposed as an excise duty on mineral oil at a general rate of Nkr 0.50 per litre; the SO<sub>2</sub> tax is Nkr 0.07 per 0.25% sulphur content and per litre. For the paper and pulp industry the CO<sub>2</sub> tax is 50% of the general rate, i.e. Nkr 0.25 per litre in 2003; for the fish-flour industry, as well as for national air and maritime transport, it is Nkr 0.29.

NKr 72.3 million in 2002 and NKr 64.5 million in 2003. Assistance to the forestry subsector totalled NKr 242.4 million in 2002, while domestic support to other agricultural subsectors reached NKr 10.7 billion in 2001, up from NKr 10.38 billion in 1998. The support programmes for these subsectors are detailed in Chapter IV.

116. Industrial enterprises pay a reduced electricity tax. Energy-intensive industrial processes, such as electrolysis, are exempt from this tax (Chapter IV(6)).

**(ii) Competition policy and price controls**

117. A new Competition Act (Act No.12 of 5 March 2004) entered into force in May 2004, together with a set of secondary regulations.<sup>29</sup> Other legal instruments related to competition policy are the Price Policy Act (Act No. 66 of 11 June 1993) and Act No. 34 of 21 June 2002 on Sale of Consumer Goods. The legislation is based on EEA competition rules.<sup>30</sup> The Norwegian Competition Authority, which is under the Ministry of Labour and Government Administration, is responsible for supervising competition in the various markets and for enforcing the requirements of the Competition Act. The Act applies to all sectors, including state-owned enterprises. However, it exempts agriculture, fisheries and forestry from the general rules against price-fixing and market-sharing arrangements between undertakings.

118. The main objective of the new Competition Act is to further harmonize Norwegian competition rules with EU and EEA rules. It prohibits abuse of dominant market position and agreements that restrict competition. Its provisions are far more comprehensive than those of the previous Competition Act, and the tasks of the Competition Authority are more focused on enforcement. It also includes some changes in the rules on merger control, most notably a notification system. The Competition Authority may prohibit concentrations that would create or strengthen significant restriction to competition. Furthermore, the Authority has the power to impose administrative fines against violations of the Act. Companies or individuals that cooperate with investigators may have their fines or punishment reduced in a leniency programme.

119. During 2000-03, the Competition Authority handled over 300 cases of collusion as well as transgressions of or exemptions from the prohibitions of the Competition Act, mergers and acquisitions, and restraints of competition (Table III.10). In 2003, the Competition Authority conducted dawn raids in four cases; about 25 cartel cases were handled formally. One infringement of the Competition Act was reported to the National Prosecutor (Økokrim). The Competition Act, the Competition Authority may impose fines or imprisonment of up to six years, but so far prosecution has only resulted in fines.

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<sup>29</sup> These regulations are: Royal Decree of 5 March 2004 on the endorsement and entry into force of the Competition Act; Royal Decree of 16 April 2004 on the delegation of the King's authority (pursuant to the Competition Act No.12 of 5 March 2004) to the Ministry of Labour and Government Administration; Royal Decree of 23 April on exemptions to provisions on cooperation in the Competition Act etc. in the areas of agriculture and fishing; Regulation of 28 April 2004 on notification of company mergers (among others) adopted by the Ministry of Labour and Government Administration; and Regulation of 28 April 2004 amending supplementary regulation to the general fund for price regulation of the Directorate of Price Control.

<sup>30</sup> A new EEA Competition Act is expected to enter into force in autumn 2004. The Act empowers national competition authorities to enforce Articles 53 and 54 of the EEA Agreement. Both articles are identical to the competition rules in the EC treaty, specifying anti-competitive conduct and abuse of a dominant market position.

**Table III.10**  
**Cases handled by the Norwegian Competition Authority, 2000-03**

	2000	2001	2002	2003
Illegal collusion	101	50	99	59
Exemptions from prohibitions	147	113	72	42
Interventions in anti-competitive practices	74	65	79	62
Mergers and acquisitions	39	27	36	30

Source: Norwegian Competition Authority (2003), *Annual Report 2002*.

120. Consumer protection falls under the Sale of Consumer Goods Act. The authorities indicate that the Act is partly based on EU Directive 1999/44/EC aimed at strengthening consumer protection and harmonizing relevant rules in the member states. The Act deals with issues such as lack of conformity of goods with the contract, and remedies available to the consumer in case of breach of contract.

121. In order to promote price developments that are considered socially justifiable, the Price Policy Act No. 66 of 11 June 1993 authorizes the King, to impose maximum or minimum prices. However, this provision has never been used.

122. Norway has been among the proponents of a multilateral framework for competition policy. In the Working Group on the Interaction between Trade and Competition Policy, Norway stated that its experience over 40 years had shown that a country did not necessarily need to have a strong national competition law in order to enter into a legally binding international agreement on competition.<sup>31</sup> For developing countries, a multilateral framework could help them to prevent international companies from harming their development prospects by engaging in anti-competitive practices.<sup>32</sup>

### (iii) Government procurement

123. Norway is party to the Government Procurement Agreement (GPA). Its GPA contact point is the Ministry of Industry and Trade, which is also responsible for the implementation of the Agreement.

124. Public procurement in Norway is regulated by the Public Procurement Act No. 69 of 16 June 1999 (in force as of 1 January 2001); the Regulation on Public Procurement of June 2001; the Regulation on the Public Procurement Review Board of 15 November 2002; and the Regulation on Procurement Procedures of Entities Operating in the Water, Energy, Transport and Telecommunications Sectors of 5 December 2003. This legislation has replaced the various legal instruments described in Norway's previous TPR.<sup>33</sup>

125. As in previous legislation, the Public Procurement Act and the related regulations transpose EEA directives and the GPA into Norwegian national legislation. The main reasons for introducing new legislation were to ensure a non-discriminatory and efficient legal framework for public procurements in general (including procurements below EEA/GPA thresholds), to commit procuring

<sup>31</sup> WTO document WT/WGTCP/CP/M/11, 15 September 2000.

<sup>32</sup> WTO document WT/WGTCP/CP/M/12, 8 November 2000.

<sup>33</sup> Public Procurement Act No. 116 of 27 November 1992; the Public Supplies Regulation of 4 December 1992; the Public Services Regulation of 1 July 1994; the Public Works Regulation of 4 December 1994; and the Regulation of Procurement Procedures of Entities Operating in the Water, Energy, Transport and Telecommunications Sector of 16 December 1994.

entities to take into consideration environmental and lifecycle cost, to establish a review board for public procurement, and to reduce the total number of regulations.

126. Norway's public procurement regime provides for non-discrimination and national treatment in purchases of goods, services, and works contracts for EEA members and parties to the GPA. Any undertaking established in a country party to the GPA, the EEA Agreement, or EFTA's free-trade agreements with third countries is provided equal treatment. Firms from other countries may also participate, but have no challenge rights under Norwegian procurement regulations. The Public Procurement Act and related regulations apply to procurement by the central state, counties, municipalities, and bodies governed by public law, and cover procurement by public supply enterprises and private enterprises that have been given special rights (concessions) by the authorities in specific utilities sectors. The national oil company, Statoil, is covered, but it may use special procurement rules in accordance with the EU Utilities Directive (93/38/EEC).

127. Regardless of the procurement procedure, the criteria on which contracting authorities base the award of contract must be either the lowest price or the most economically advantageous tender. Criteria that may be taken into consideration when determining the most economically advantageous tender include price, delivery date, running costs, cost effectiveness, and quality. All criteria must be listed in the contract notice or in the contract documents. Technical standards applied in the procurement process must be based on international standards, if possible. Discriminatory technical specifications may not be used to tailor contracts for any supplier.

128. Procurement falling under the GPA or the EEA Agreement must be published internationally, except for direct tendering. Tenders are advertised in the *Official Journal of the EC* (OJEC) and in the database *Tenders Electronic Daily* (TED). Public agencies must also publish a general overview over planned purchases of goods and services that exceed certain thresholds, as well as general information on any major building and construction projects to be undertaken. Awards must be advertised no later than two months after taking place, through a published notice in an official EU/WTO language. Contracting authorities in the utilities sector are not obliged to state the contract value in post-contract award notices; authorities in the rest of the public sector may postpone the publication of the contract value only to guard commercial interest.

129. While public sector suppliers must publish a notice for every intended contract, procuring agencies in the utilities sector may use a permanent list of suppliers. Procuring entities in the utility sector may advertise their qualification requirements for all tenders through a single annual notice; procurement falling within these qualification requirements is not announced individually. Information on advertised contracts is also available in the national TED.<sup>34</sup> Every procurement above Nkr 200,000 (excluding VAT), with some minor exceptions, has to be published in the national TED. Any interested service provider may register to receive e-mails automatically for a chosen type of procurement notice.

130. The contracting authority can choose between open and selective tender procedures. In selective tender procedures, the number of potential suppliers may be limited to a minimum of five participants. Any firm can request to be invited to tender, but only the candidates selected are sent the tender documents and invited to bid. Suppliers must be selected on a contract-by-contract basis. Permanent lists of suppliers are not allowed, except for utilities.

131. Entities in the utilities sector may choose between open or selective tender or negotiated tender procedure with prior notification. Negotiated tender procedures may only be used when: there has been an unsuccessful tender; the nature of the works or services does not permit overall pricing;

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<sup>34</sup> Online at: <http://www.doffin.no>.

the nature or type of services makes specifications for tendering impossible; or for research and development. When these procedures are used, the contracting authority negotiates freely with previously selected suppliers on the basis of their offers. In the case of services, procuring entities may organize design contests, with prior notice, and may engage in negotiated procedures with the winner. Direct purchasing without any prior notification is only allowed in exceptional cases when the procurement cannot be postponed and the contracting authority could not foresee the state of urgency, or if only one vendor can provide the procurement in question due to artistic reasons or intellectual property rights.

132. Appeal procedures, triggered by an alleged breach of procurement rules, are open to suppliers established in an EEA/GPA country. At the national level, the supplier is generally expected to take up the matter directly with the entity concerned, but may also bring the issue before a district court of justice. The court has the power to investigate and intervene in procurement cases, and to suspend or set aside a decision made by the contracting authority; it also has the power to award damages. Complaints about an alleged breach of rules or requests for a general review of procedures may be forwarded to the EFTA Surveillance Authority, which may then request the EFTA Court to deal with the case.

133. Suppliers may choose to file a complaint with the Public Procurement Review Board, which was established in January 2003 and functions as an independent complaints board.<sup>35</sup> It consists of public procurement specialists and provides an expert opinion on compliance of a specific procurement with the procurement legislation. In contrast to ordinary courts, the Board has no legal authority to impose its conclusion. However, it is entitled to claim all tender documents and correspondence. In 2003, 265 complaints were filed. The Review Board found a possible breach of the procurements rules in about one third of the cases. The authorities indicate that practically all contracting institutions showed willingness to correct errors and to improve their procurement routines if required by the Board.

134. Total government purchases of goods and services, were Nkr 169.3 billion in 2001 and Nkr 179.6 billion in 2002, the last year for which data were available.<sup>36</sup> In addition, state-owned enterprises purchased goods and services for Nkr 33.5 billion in 2001 and Nkr 41.6 billion in 2002. Norway has notified the WTO that government procurement under the GPA covered 259 contract awards with a total value of Nkr 7.5 billion in 2001, down from Nkr 11.9 billion in 1997 (Table III.11). Both the number and the value of contracts under the GPA were lower than in 1997, mainly due to a reduction in the number and value of supply and utilities contracts. Most contracts have been awarded to Norwegian suppliers. According to the authorities, however, the apparently high number of Norwegian suppliers is misleading as it includes suppliers that are subsidiaries of foreign companies or agents for foreign suppliers.<sup>37</sup> The main foreign suppliers were located in Sweden and Denmark. Supply contracts accounting for over 80% of the procurement value in 2001 were awarded through open procedures; some 13% were awarded using negotiated procedures. In the procurement of services, negotiated procedures were used in 62% of the total value of the contracts.

135. The Committee on Government Procurement reviewed Norway's previous legislation on public procurement in June 2001.<sup>38</sup> Norway replied to questions asked by Canada and the United States.

<sup>35</sup> The board's annual report is available online at: <http://www.kofa.no>.

<sup>36</sup> Detailed statistics for 2002 and 2003 are expected to be available in autumn 2004.

<sup>37</sup> WTO document GPA/70/Add.1, 28 November 2002.

<sup>38</sup> WTO document GPA/53, 18 June 2001.

Table III.11  
Government procurement statistics, 2001

	2001			
	Number of contracts	%	Value of contracts (Nkr million)	%
<b>Supply contracts</b>	<b>104</b>	<b>100.0</b>	<b>3,253</b>	<b>100.0</b>
Awarded to domestic suppliers	100	95.8	..	..
Awarded to foreign suppliers	4	4.2	..	..
Open procedures	83	80.0	2,797	86.0
Restricted procedures	9	9.0	33	1.0
Negotiated procedures	18	17.0	423	13.0
<b>Service contracts</b>	<b>83</b>	<b>100.0</b>	<b>2,385</b>	<b>100.0</b>
Awarded to domestic suppliers	82.7	99.6	..	..
Awarded to foreign suppliers	0.3	0.4	..	..
Open procedures	37	45.0	310	13.0
Restricted procedures	10	12.0	382	16.0
Negotiated procedures	36	43.0	1,693	71.0
<b>Works contracts</b>	<b>37</b>	<b>100.0</b>	<b>1,089</b>	<b>100.0</b>
Awarded to domestic suppliers	36	97.3	..	..
Awarded to foreign suppliers	1	2.7	..	..
Open procedures	29	78.0	1,013	93.0
Restricted procedures	2	5.0	32	3.0
Negotiated procedures	6	16.0	43	4.0
<b>Utilities contracts</b>	<b>35</b>	<b>100</b>	<b>824</b>	<b>100</b>
Awarded to domestic suppliers	..	..	..	..
Awarded to foreign suppliers	..	..	..	..
Open procedures	8	23	173	21
Restricted procedures	4	11	140	17
Negotiated procedures	23	66	511	62
<b>Total contracts</b>	<b>259</b>	<b>100</b>	<b>7,551</b>	<b>100</b>

.. Not available.

Source: WTO documents GPA/70/Add.1, 28 November 2002.

#### (iv) State-owned enterprises and privatization

136. Norway has notified one enterprise, Arcus Produkter AS, to the WTO as a state-trading company.<sup>39</sup> Arcus Produkter had the exclusive right to produce spirituous beverages and to sell and distribute spirits for technical and medical purposes in Norway. The company was privatized between 2001 and 2003, and the monopoly for the production of spirits in Norway was abolished with effect from 1 July 2002.

137. State ownership remains extensive, with around 100 enterprises either fully or partly owned by the central state (Table III.12). Following the partial privatization and listing of shares of some major state-owned enterprises, notably Telenor ASA (telecommunications) and Statoil (oil and gas), state control of the Oslo Stock Exchange's capitalization rose from 17% in 1999 to approximately 41% at the end of 2003. Public enterprises typically fall under one of five categories, each with particular legal and managerial characteristics<sup>40</sup>: (i) administrative enterprises, which do not have a legal personality distinct from that of the State, which, through the Storting, fixes their budgets and investments, and exercises general operational control; (ii) statutory enterprises are legal entities distinct from the State, though entirely owned by it, with sectoral obligations and limitations on actions set through letters of association, and close operational control exercised by the designated

<sup>39</sup> WTO document G/STR/N/7/NOR, 15 November 2001.

<sup>40</sup> OECD (2003b).

Ministry, which has sole voting rights<sup>41</sup>; (iii) fully state-owned limited companies, with a considerable degree of freedom in their operation, which are intended to operate in competitive markets<sup>42</sup>; (iv) limited liability companies, in which the Government has a share, and can only exercise its ownership rights through its participation and voting in general meetings; and (v) hybrid companies, which are governed under specific legislation, and which are in a situation of either *de jure* or *de facto* monopoly. The government's objective, pursued since the mid 1990s, of ensuring that most state-owned enterprises operate on a commercial basis, has meant that most enterprises currently come under types (iii) and (iv), though many were of another type at the time of their establishment.

**Table III.12**  
**Main state-owned enterprises, May 2004**

Name of company	Type of company	Sector	Share owned by State (%)	Ministry responsible
Avinor AS	State owned limited company	Civil aviation – airports and air safety	100	Transport and Communication
BaneTele AS	State owned limited company	Infrastructure development for telecommunications	100	Trade and Industry
Cemaq ASA	Limited company with state ownership	Fish feed and farming	79.4	Trade and Industry
Cernova AS	Limited company with state ownership	Holding company for investments in grain and feed sector	100	Trade and Industry
DnB Nor	Limited company with state ownership	Banking, insurance, financial services	33.6	Trade and Industry
Eksportfinans ASA	Limited company with state ownership	Financial services for exports	15	Trade and Industry
Enova	Statutory enterprise	Promotion of energy conservation and of alternative energy use	100	Oil and Energy
Gassco AS	State owned limited company	Natural gas transportation	100	Oil and Energy
Grodengaard AS	State owned limited company	Catering and hotel services	100	Trade and Industry
Kommunalbanken	Administrative enterprise	Banking, loans to municipal sector	80	Local State and Regional Development
Kongsberg Gruppen AS	Limited company with state ownership	Defence, aerospace, marine technology	50.1	Trade and Industry
Nammo AS	Limited company with state ownership	Ammunitions manufacture	45	Trade and Industry
National Insurance Scheme Fund	Administrative enterprise	Financial services	100	Finance
Norsk Eiendomsinformasjon AS	State owned limited company	Property registration	100	Local State
Norsk Hydro ASA	Limited company with state ownership	Aluminum, fertilizer, oil, and gas	43.8	Trade and Industry
Norsk Tipping AS	Hybrid company	Lottery	100	Church and Culture
NRK AS	State owned limited company	Public broadcasting	100	Church and Culture
NSB BA	State owned limited company	Railroad passenger transportation	100	Transport and Communication
Petoro AS	State owned limited company	Management of State's direct financial interest in oil and gas	100	Petroleum and energy
Posten Norge Bank	State owned limited company	Postal services	100	Transport and Communications
Raufoss ASA	Limited company with state ownership	Automotive components	50.3	Trade and Industry
SAS AB	Limited company with state ownership	Airline	14.3	Trade and Industry
SIVA SF	Statutory enterprise	Investments and loans for regional development	100	Trade and Industry

**Table III.12 (cont'd)**

<sup>41</sup> Until 1 January 2003, the Norwegian Government guaranteed loans made to such companies.

<sup>42</sup> The Government can nevertheless set out specific obligations, sometimes of a non-commercial nature, and retains the right to overrule decisions taken by the corporate assembly.

Name of company	Type of company	Sector	Share owned by State (%)	Ministry responsible
Statens Investerings-selskap AS	State owned limited company	Investment company	100	Trade and Industry
Statkraft SF	Statutory enterprise	Production, distribution and sale of energy	100	Trade and Industry
Statnett SF	Statutory enterprise	Electricity transmission and systems operation	100	Oil and Energy
Statoil ASA	Limited company with state ownership	Oil and gas	81.8	Oil and Energy
Statskog SF	Statutory enterprise	Forest management	100	Agriculture
Store Norske Spitsbergen Kulkompani AS	Limited company with state ownership	Mining	99.9	Trade and Industry
Stor-Oslo Localtrafikk AS	Limited company with state ownership	Public transport in Oslo	33.3	Transport and communication
Telenor	Limited company with state ownership	Telecommunications	53.14	Trade and Industry
VESO AS	Limited company with state ownership	Veterinary research and services	100	Ministry of Agriculture
Hybrid	Limited company with state ownership	Retail distribution of alcohol	100	Social Affairs

Source: Ministry of Trade and Industry (various issues), *Annual Report on State Ownership*; and additional information provided by the Norwegian authorities.

138. The Government's current policy towards state-owned enterprises and privatization is contained in the April 2002 White Paper, "Reduced and Improved State Ownership". Its basic proposal is that state ownership should be limited to companies of an administrative nature unless there are "clearly and transparently politically motivated" reasons for retaining state control. Therefore, in practice, privatization is set to continue largely along the same lines as in recent years, with the Storting considering privatization on a case-by-case basis. The major full or partial privatizations concluded since Norway's last TPR include: Statoil, Norway's principal oil and gas company; Telenor, Norway's principal telecommunications operator; Den Norske Bank ASA; and Norsk Hydro SA (Table III.13). The Storting has authorized further reduction of the State's stake in a number of enterprises; ending of state ownership in others is being considered.

139. In the medium term, the Government's objectives are the further divestment of state assets, changing the legal status of certain state-owned companies to allow for private participation in their capital, and strengthening the regulatory regime by clearly separating the ownership and regulatory functions of the State. The Government sees such reforms as necessary for generating investment opportunities that will promote the diversification of the economy and reduce reliance on petroleum and gas.

**Table III.13**  
**Privatization of state-owned enterprises, 1999-03**

Company	Year of privatization <sup>a</sup>	Share owned by State (%) 31.12.1998	Share owned by State (%) 31.12.2003
Norsk Jetmotor AS	1999	33.3	0
Sydvaranger ASA	1999	87.5	0
Drevsjø trelast AS	1999	34	0
Norsk Hydro ASA	1999	51	43.8
Cermaq ASA	1999/2002 <sup>b</sup>	100	79.4
Kommunalbanken AS	2000	100	80
Norsk Vekst ASA	2000	19.71	0
Telenor ASA	2000/2003	100	62.65
Postbanken (nå DnB ASA) <sup>c</sup>	2000	100	-
DnB ASA <sup>c</sup>	2001/2003	52.2	-

Table III.13 (cont'd)

Company	Year of privatization <sup>a</sup>	Share owned by State (%) 31.12.1998	Share owned by State (%) 31.12.2003
DnBNOR <sup>c</sup>	2003	-	33.4
Norsas AS	2001	52	0
A/S Olivin	2001/2003	99.9	0
Arcus-Gruppen ASA	2001/2003	100	0
Statoil ASA	2001	100	81.8
Norsk Medisinaldepot ASA	1999/2001	100	0
Statens skogplanteskoler AS	2000/2001	100	0
VESO AS	2001	100	51
Moxy Trucks AS	2002	100	0
Grødegård AS	2003	100	52
NOAH	2003	70.9	0
SND Invest	2003	100	0

a Privatization is defined here as a reduction in the State's share of a company either by sale or by equity dilution.

b For some companies, privatization has been done in several steps.

c In autumn 1999, the Ministry of Finance authorized the merger between DnB and Postbanken. The state owned 60.6% of the new holding company. In spring 2001, state ownership was reduced to 13.4%. In 2003, there was a new merger with Sparebanken Nor. This reduced the State's share below 34 %. One of the terms of the merger was that the state share was brought back to 34%.

*Source:* Information provided by the Norwegian authorities.

140. Notwithstanding the anticipated privatizations, the Government deems that the State will be "a considerable owner and shareholder for the foreseeable future"; at the same time, it seeks to introduce private-sector providers in sectors where "interaction and competition between public and private sector actors may be beneficial".<sup>43</sup> Subsectors where such competition is foreseen or has been introduced include postal services, rail services, road construction, health care, and higher education. The Government's objective is therefore to ensure that enterprises in these subsectors operate on a commercial basis, to reduce the risk of distorting competition. This policy of commercialization has been pursued by converting administrative and statutory enterprises into limited liability companies, such as the rail and postal enterprises in 2002. The Government has also sought to establish a distinction between the State's roles as owner and as regulator. To this end, it has transferred the formal ownership of a number of enterprises to the Ministry of Trade and Industry, with regulation entrusted to sectoral ministries. Autonomous regulatory agencies have not been established.

141. Norway's EEA membership has been a factor behind various privatization measures: reforms made to the postal company, for example, were in part prompted by the EU's directive concerning the liberalization of postal services, while reforms to statutory enterprises respond to a ruling of the EFTA Surveillance Authority, which found that the State's guarantees of loans to statutory enterprises were in violation of EEA rules. These rules also prohibit the carrying out of ownership and regulatory functions by the same authority.

## (v) Intellectual property rights

### (a) Overview

142. Norway has notified its main intellectual property laws to the WTO.<sup>44</sup> The main dedicated domestic statutes for the protection of intellectual property rights (IPR) are: the Patents Act of 15 December 1967 as amended, the Designs Act of 14 March 2003, the Trade Marks Act of 3 March 1961 as amended, the Copyrights Act of 12 May 1961 as amended, the Layout-design Act of 15 June 1990 as amended, and the Marketing Act of 16 June 1972. These statutes cover the major

<sup>43</sup> Government of Norway (2002).

<sup>44</sup> WTO document IP/N/1/NOR/1, 18 June 1996.

areas referred to in the TRIPS Agreement (Table III.14). The authorities state that few amendments to Norwegian legislation were required to fully align it on the TRIPS Agreement.

**Table III.14**  
**Overview of IPR protection provided by Norway's legislation, 2004**

Subject	Coverage	Duration	Selected exclusions and limitations
Patents	Any invention susceptible of industrial application	20 years from the application filing date; additional protection of up to five years may be granted for medicinal and plant-protection products	A negative list provides for innovations that are not considered to be inventions for patent purposes, which merely consists of aesthetic creations, computer programs, methods for doing business, and presentations of information; exclusive rights granted by patent protection do not include, among others, exploitation of products protected by the patent that have been put on the market in the EEA by the patent holder, or with his/her consent; compulsory licences for a patent may be obtained if, for example, a patentable invention is not given commercial use within three years from the date the patent was granted or if it is required for the exploitation of an invention representing an "important technical advance of considerable economic importance"; compulsory licences for semi-conductors may be granted only for public non-commercial use or to remedy a practice determined to be anti-competitive by a judicial or administrative process
Designs	Designs that are novel	One or more periods of five years, up to a maximum of 25 years	Components and spare parts used for the repair of a complex product may only be protected for five years; when a registration is transferred by a judicial or administrative decision, the former holder of the registration may, subject to reasonable conditions, continue to use the design in cases where the design has already been used, or preparations have been made for its use
Trade marks	Trade marks that are capable of distinguishing the goods of the trade mark holder from others Unregistered but well-known trade marks are protected in a similar way to registered trade marks; protection is granted by use. Trade marks are also available for services	Protection from the moment the application is submitted, for ten years from the date of registration; subsequently renewable indefinitely for periods of ten years	Non-use of a trade mark for a period of five years from the date of registration may lead to revocation of the registration; compulsory licensing does not apply to trade marks
Copyrights	Literary, scientific, and artistic works, including computer programs, data compilations, photographs, databases, performing artists, producers, broadcasters	Life of the author plus 70 years; anonymous works are protected for 70 years from the end of the year in which they were publicly presented; photographs are protected for 50 years from the end of the year in which they were taken; for the performing arts, 50 years after the first relevant broadcast, fixation or performance	Compulsory licensing in general does not apply to copyrights
Geographical indications	Foreign GI's; local agricultural specialities: though an administrative system of non-exclusive marks (which are not IPRs)	Indefinite	The use of misleading geographical indications is prohibited by the Marketing Act No.47 of 16 June 1972; a local producer can apply for a decision creating a mark, including criteria for being allowed to use the mark for marketing a specific local agricultural speciality

**Table III.14 (cont'd)**

Subject	Coverage	Duration	Selected exclusions and limitations
Layout-designs of integrated circuits	Integrated circuits	Ten years from the calendar year in which the topography was first commercially exploited anywhere in the world	
Undisclosed information	Business secrets of commercial value; undisclosed data and tests	Protected from unfair commercial use by administrative practice; in the case of medicines, this protection expires six years after marketing approval has been granted	

Source: Information provided by the Norwegian authorities.

143. Since Norway's last TPR in 2000, a new Designs Act has been adopted and amendments have been introduced to its IPR legislation, including the Patents Act.

(b) Patents

144. The Norwegian Patent Office is under the Ministry of Trade and Industry. Patent applications must describe clearly the invention and be accompanied by an abstract of the description and patent claims, all of which must be drawn up in Norwegian. Applications are processed following a novelty search; applicants may request, upon payment of a fee, that the novelty search be conducted by an international search authority. Granted patents are entered in a Register of Patents kept by the Patent Office. All documents regarding a patent application are made public when the patent is granted, or at the latest 18 months after the date of filing.

145. An amendment to the Patent Act, corresponding to EU Directive 98/44/EC, entered into force on 1 February 2004. Plants and animals (except plant and animal varieties) are now in principle patentable. Inventions related to plants and animals are patentable if the technical feasibility of the invention is not confined to a particular plant or animal variety. Patentable "groups" of plants and animals may include varieties (e.g. newly developed transgenic ones). Furthermore, processes for the production of living organisms are in principle patentable, while "essentially biological" processes are excluded from patentability. Before February 2004, patent protection for plant varieties was restricted to micro-organisms. Norway has decided to maintain restrictive patentability conditions as regards naturally occurring biological material. Patent applications concerning biotechnological inventions that raise concerns about public order or morality are considered by the National Board on Ethics in Patent Matters, which should produce a non-binding Advisory Opinion within three months. The time-limit for filing oppositions with Patent Office based on such considerations was increased from nine months to three years.

146. The amendment to the Patent Act also contains a provision that imposes on the patent applicant a duty to provide information on the origin of biological material, if the invention is based on such material. This disclosure requirement is without prejudice to the granting of patent protection, but submitting false information is punishable. The duty to provide information does not apply to international patent applications under the Patent Cooperation Treaty (PCT). The amendment further establishes that compulsory licences may not only be granted by a court of law, but also by administrative decision made by the Competition Authority. The decision of the Competition Authority can be appealed to the Ministry of Labour and Administration; it can also be reviewed by a court of law. Furthermore, the amendment extended the general time-limit for including Norway in international patent applications under the PCT from 20 months to 31 months.

147. The WTO General Council Decision of 30 August 2003 on the implementation of paragraph 6 of the Doha Declaration on the TRIPS Agreement and Public Health was transposed into Norwegian law by a decision of the King in Council on 14 May 2004. The amendments, which entered into force on 1 June 2004, establish that Norwegian persons may apply for a compulsory licence with a view to producing and exporting pharmaceutical products to another country in line with the General Council Decision.

148. Oppositions to a granted patent may be presented to the Patent Office in writing within nine months of the granting of the patent (three years if the opposition is based on public order considerations). Decisions by the Patent Office may be appealed to the Patent Office's Board of Appeals; a decision by the Board refusing protection may be brought before the Oslo City Court. A decision by the Oslo City Court may be appealed in a higher court. The authorities note that the average number of oppositions filed is equivalent to about 1.4% of total patents granted.

149. An amendment to the 1970 Act on Employees' Inventions and to the 1995 University and College Act entered into force on 1 January 2003. The amendment introduced the so-called Stanford model of rules on academics' inventions in workplaces. This implies that an academic institution can choose to acquire the intellectual property right (IPR) of an academic's (but not a student's) invention made at the institution using its means and equipment. If the institution chooses to do so, it is responsible *vis-à-vis* the academic for making fair and relevant efforts to commercialize the invention in the best possible way, "within reasonable economic limits". Academics retain the right to publish the invention even if this harms the acquisition of IPR, and even if the institution has already decided to apply for the IPR arising from it. Any gains arising from the commercialization of the invention are to be fairly divided between the individual inventor, the close academic environment, and the mother institution.

150. Between 1998 and 2003, a total of 38,088 patent applications were filed and 32,575 applications were decided; 14,286 granted patents (Table III.15). The authorities noted that the main reason for patents not being granted was that many applications were withdrawn or abandoned. Less than 1% of patents issued are contested, usually because of alleged lack of novelty or degree of inventiveness. The average processing time for patents was under five years in 2003.

**Table III.15**  
**Patent, design and trade mark applications, 1998-03**

	1998	1999	2000	2001	2002	2003
<b>Patent applications</b>	6,219	6,590	6,700	6,431	6,287	5,861
National applications filed by Norwegians	1,213	1,335	1,311	1,189	1,178	1,079
National applications filed by foreigners	1,416	1,168	1,088	977	766	814
PCT-Chapters I and II (incl. Norwegian appl.)	3,590	4,087	4,301	4,265	4,343	3,968
Norwegian applications in total	20%	20%	20%	18%	19%	18%
Annual change in total number of applications (%)	1	6	2	-4	-2	-7
Decided patent applications	4,450	4,970	5,543	5,174	5,596	6,842
Applications granted	2,562	2,361	2,387	2,376	2,292	2,308
Percentage of oppositions	1.1%	1.0%	1.2%	1.1%	1.0%	1.4%
<b>Trade mark applications</b>	12,133	13,647	16,262	15,082	12,702	12,253
By Norwegians	3,001	3,186	3,802	3,321	2,971	2,905
By foreigners	3,856	4,067	4,637	3,398	2,786	2,682
Designations according to Madrid Protocol	5,276	6,394	7,823	8,363	6,945	6,666
Percentage of total	43%	47%	48%	55%	55%	54%
Annual change in total number of applications (%)	11	12	19	-7	-16	-4
Decided trade mark applications	11,569	14,847	13,910	13,543	14,823	13,603
Applications granted	9,708	12,651	11,085	10,886	11,828	11,445
Percentage of oppositions	2.3%	2.0%	1.9%	1.7%	1.2%	1.2%

Table III.15 (cont'd)

	1998	1999	2000	2001	2002	2003
<b>Design applications</b>	888	938	899	749	814	714
Decided design applications	907	953	875	870	738	447
Applications granted	695	725	653	683	549	334
Percentage of oppositions	..	..	1.1%	1.8%	0.4%	0.0%

.. Not available.

*Source:* Information provided by the Norwegian authorities.

### (c) Trade marks

151. No major changes have been introduced to Norwegian trade mark legislation since its last TPR in 2000. The protection of trade marks is regulated by the Trade Marks Act No. 4 of 3 March 1961, as amended, and the Trade Mark Regulations of 20 December 1996.

152. Trade mark rights are protected for both goods and services; they grant the exclusive commercial use of a sign, and the right to prevent its use on the same or similar goods and services covered by the mark or if there is danger of confusion. The exclusive right to use a trade mark may be given by either registration or use. Well-known marks are protected from misuse or from the lessening of their reputation. The registration of a trade mark may be opposed within two months of its publication through an opposition filed with the Patent Office, which also maintains the Register of Trade Marks.

153. Norway recognizes a right of priority on the basis of an earlier trade mark application filed by a national of a WTO Member in another WTO Member or party to the Paris Convention. The application for registration in Norway must be filed within six months of the first application for registration made abroad. Registration of foreigners' trade marks is subject to a reciprocity condition: registration in Norway requires proof that the applicant has registered the trade mark in his/her home country, except if the applicant's home country grants corresponding rights with respect to trade mark applications from owners of industrial or commercial establishments in Norway. The authorities note that this provision is not applied in practice.

154. Infringement of a trade mark is punishable with a fine or, if wilful, imprisonment of up to three months, and payment of a remuneration for the use of the trade mark and compensation for damages.

155. Between 1998 and 2003, the Office received 82,079 trade mark applications and granted 67,603 trade marks (Table III.15).

### (d) Designs

156. A new Designs Act entered into force on 1 May 2003, replacing the 1970 Act on Designs. The substantial provisions of the new Act are based on the EU Directive 98/71/EC on the Legal Protection of Designs. In contrast to the former legislation, the new Designs Act allows for the protection of parts of an object and of the appearance of non-physical articles.

157. The Norwegian Patent Office is responsible for the administration of the Designs Act, for registration, and for maintaining a Register of Designs, which is accessible to the public. Under the new Act, the Patent Office no longer carries out a novelty search on design applications. The applicant may, however, request a supplementary search. The applicant will then receive a report as an aid to decide whether to uphold the application or withdraw it. A supplementary search confirming the novelty of a design cannot lead to the rejection of the application. Oppositions concerning the

registration of a design are subject to a fee and may be submitted to the Patent Office at any time during the term of protection.

158. The new Designs Act also contains provisions implementing the main rules of the Geneva Act of 2 July 1999 of the Hague Agreement concerning the International Registration of Industrial Designs. The necessary regulations were adopted on 14 May 2004. The authorities indicate that Norway plans to adhere to the Geneva Act as soon as the Patent Office has established routines for the electronic processing of international applications and registrations under this Act.

159. Between 1998 and 2003, the Norwegian Patent Office received 5,002 design applications and granted 3,639 designs.

(e) Copyrights

160. No substantial changes have been introduced into the legal framework governing copyrights protection in Norway. Norway is a party to the Berne Convention (since 1896), the Universal Copyright Convention of 1952, and the Rome Convention. The authorities indicate that a proposal for amendments will be submitted to the Storting during 2004, in order to allow accession to the WIPO treaties of 1996 (Copyright Treaty and Performances and Phonograms Treaty).

161. Compulsory licensing in general does not apply to copyright; however, the Copyright Act allows limited use for specific purposes, either with or without remuneration, in accordance with a three-step test. For performing artists and producers there is a remuneration right for the public performance of sound fixations. For analogue reproduction in educational institutions and internal use in other institutions, as well as for cable distribution of broadcasts, and the broadcasting of published works by the Norwegian Broadcasting Corporation, there is an extended collective licensing condition by which the user negotiates an agreement with organizations representing the rights holders. The authorities noted that this was a Nordic system for managing exclusive rights.

162. The production and import levies on analogue video and audio blank cassettes were eliminated from 1 December 2000 in view of their diminishing relevance as similar (untaxed) recording devices had been developed, and the administrative costs of collecting the levies were disproportionate to their level.

(f) Geographical indications

163. The protection of geographical indications is implemented through the Marketing Act of 16 June 1972 and the Trade Marks Act of 3 March 1961. Since its last TPR, through Regulation No 698 of 5 July 2002 as amended on 13 February 2004, Norway has extended its protection of domestic and foreign geographical indications to all agricultural and fish food products. Norway's legislation provides equal protection to national and foreign geographical indications irrespective of the rightholder's residence.

(g) Parallel imports

164. No changes have been introduced into Norway's IPR legislation with regard to parallel imports since 2000. The principle of exhaustion at the EEA level is the main rule for designs, patents, integrated circuits, and plant variety rights, i.e. the protected product can be freely traded within the whole EEA once it has been placed anywhere on the EEA market by the right holder or with his or her consent.

165. In the case of trade marks, Norway has traditionally adhered to the principle of international exhaustion, i.e. that the product can be traded freely in Norway once it has been placed on the market anywhere in the world by the right holder or with his consent. As interpreted by the EFTA Court<sup>45</sup>, EEA countries are entitled to retain the principle of international exhaustion under the EEA Agreement for products originating from countries outside the EEA because, *inter alia*, this matter regards trade policy *vis-à-vis* third countries, which is not covered by the EEA Agreement. However, in line with the EC Trademarks Directive (89/104/EEC), Article 4.3 of the Norwegian Trademarks Act allows the proprietor of a trade mark to oppose further commercialization, including imports, if "legitimate reasons" exist.

166. For copyright works, the general rule is international exhaustion of the distribution right. However, this does not apply to audio and audio-visual recordings: under the EEA agreement, performing artists and producers from the EEA have an independent distribution right, covering audio and audio-visual recordings, that is regionally exhausted, i.e. the copy must be sold within the EEA for it to be allowed to be parallel-imported into Norway without consent of the right holder. In addition, the Norwegian Copyright Act prohibits parallel imports of sound or audio-visual recordings from non-EEA countries, unless the right holder in Norway does not intend to offer the product on the Norwegian market.

(h) Enforcement

167. Legislation governing IPR enforcement has remained unchanged since Norway's last TPR in 2000. Civil lawsuits concerning intellectual property rights are governed by the Civil Procedures Act No. 6 of 13 August 1915. A proposed amendment to the Civil Procedures Act was submitted to the Storting in February 2004 with a view to ensuring that courts have the competence to adopt evidence protection measures without the other party having been heard when there is a risk of evidence being destroyed. The enforcement of judgements, as well as provisional measures are governed by the Enforcement of Claims Act No. 86 of 26 June 1992. Criminal prosecution is governed by the Criminal Procedure Act No 25. of 22 May 1981. The Enforcement of Claims Act allows a court to decide upon the application of provisional measures, stipulating a time-limit within which the applicant must initiate proceedings for a decision on the merits of the case. If the applicant does not take proper action within the time-limit, the provisional measure lapses automatically.<sup>46</sup> Provisional measures may not be ordered administratively. In general, all proceedings leading to a decision are judicial; injunctions cannot be granted on the basis of administrative proceedings, but must result from a judgement by a court in an ordinary civil case. The average duration of civil law suits in the Courts of First Instance was less than seven months in 2003.

168. The remedies that may be ordered by the judicial authorities include provisional measures; damages, including expenses and attorney's fees; destruction or other disposal of infringing goods and implements for their production; and other remedies such as damages for non-pecuniary injuries (for copyright infringement) or free disposal of products during part or the whole of a patent term. Damages for infringement of intellectual property rights must be sufficient to compensate the right holder for the loss inflicted by the infringement. The compensation rules are basically the same in the Patent, Trade marks, and Designs Acts. In general, the maximum penalties prescribed for infringement of intellectual property rights involve fines and three-months imprisonment. However, the maximum penalty for copyright and layout-design infringement is three-years imprisonment.

169. Suspension of the importation of goods infringing intellectual property rights is available in respect of copyright and neighbouring rights, trade marks, patents, designs, geographical indications,

<sup>45</sup> Advisory opinion of the EFTA Court of 3 December 1997 in case E-2/97.

<sup>46</sup> WTO document IP/Q4/NOR/1, 26 February 1999.

layout-designs, and plant breeders' rights. Application for the adoption of border measures must be filed with the Enforcement of Claims Court, in the form of a request for a provisional measure. The decision to suspend imports is taken by the Enforcement of Claims Court as a provisional measure, and may be appealed to an Appeals Court, and to the Supreme Court, in the last instance. The Enforcement of Claims Court may, ex officio and at its own discretion, require the applicant to provide a security. In an ordinary civil case, an applicant not residing in Norway may be required, at the defendant's request, to provide a security for her/his possible liability for the defendant's expenses; however, exceptions to this requirement may be granted under international treaties.

170. The number of cases filed for civil enforcement of intellectual property rights was between 40 and 50 in 2003, up from 40-45 in 2001 and in 2002. Cases of criminal enforcement of intellectual property rights have been between 65 and 80 a year. Damages awarded normally range between Nkr 50,000 and Nkr 500,000 for civil cases and Nkr 5,000 and Nkr 120,000 for criminal cases.

(i) Technical assistance and policy issues

171. The Norwegian Patent Office is the contact point for technical assistance in TRIPS notifications to other WTO Members.<sup>47</sup> Norway has reported to the TRIPS Council on the implementation of Article 66.2 of the TRIPS Agreement on incentives to promote and encourage technology transfer to least-developed country Members.<sup>48</sup> Incentives for technology transfer are provided by the Norwegian Agency for Development Cooperation (NORAD) and the Norwegian Investment Fund for Developing Countries (NORFUND), through facilities for investment support, financing mechanisms for imports from Norway, support to export-related projects, and promotion of private-sector development by providing risk capital and expertise.

172. The Norwegian Patent Office, in collaboration with the World Intellectual Property Organization, has held an annual two-week course on intellectual property since 2000. The courses have been attended by about 20 participants from national industrial property offices in developing countries and have addressed either trade marks or patents. According to the authorities, similar courses are planned for the years ahead.<sup>49</sup>

173. In the context of the TRIPS Council's efforts to clarify the relationship between the TRIPS Agreement and the Convention on Biological Diversity, Norway submitted a communication underlining that there was no legal conflict between the two agreements.<sup>50</sup>

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<sup>47</sup> WTO document IP/N/7/Rev.2/Add.4, 24 April 2001.

<sup>48</sup> WTO documents IP/C/W/388/Add.5, 8 January 2003, and IP/C/W/412/Add.5, 14 November 2003.

<sup>49</sup> WTO document IP/C/W/408/Add.2, 10 November 2003.

<sup>50</sup> WTO document IP/C/W/293, 29 June 2001.