Norway's Sixth Trade Policy Review, Geneva
9 -11 October 2012

Opening Statement by the Head of the Norwegian Delegation,
Mr. Dagfinn Sørli, Deputy Director General, Ministry of Foreign Affairs

Mister Chairman,

Thank you for your introductory remarks.

Let me start by commending the Secretariat for the comprehensive report they have prepared for the sixth Trade Policy Review of Norway. I know that both the Secretariat and our own administration have devoted a lot of time and effort in preparing for this Review.

I would also like to thank the discussant, Ambassador Fred Agah, for accepting to lead the subsequent discussion. Ambassador Agah was Chair of the TPRB at the occasion of our last review, so he knows Norway and its policies well. I look forward to hearing his intervention.

Let me also thank the 24 members [Argentina, Australia, Brazil, Canada, Chile, China, Colombia, Costa Rica, Ecuador, the EU, Hong Kong China, India, Japan, Korea, Mexico, Pakistan, Peru, Philippines, Singapore, South Africa, Switzerland, Thailand, Turkey and the United States] for their written questions and comments.

(Value of the TPRs)

Mr Chairman,

Transparency is one of the fundamental tenants of the multilateral trade system. Norway finds the TPR to be an extremely valuable exercise. Its importance tends to be underestimated.

The monitoring and peer review functions of the WTO produce insight which in turn can inspire reform, simplification and change. In 2009, changes to our agricultural policy were undertaken as a direct result of questions raised by the secretariat's report and members' questions during our 2008 TPR. While we make no promises that similar changes will happen this time, we do promise that your concerns and suggestions will be considered.

All tools need to be sharpened every once in a while. That is why Norway actively supported and championed the new procedures in the fourth review of the TPRB that took place last autumn. Our TPR today is being conducted under the so-called "alternative approach". We hope the new approach will result in a more focused and dynamic exercise.

Mr. Chairman,

We received 292 written questions on a multitude of topics. We thank members for their interest and for giving us the opportunity to go into our policies in sometimes excruciating detail. Some questions were received at a very late stage, but we are doing our best to have our replies ready today.

With the new format, members have had a week to consider our replies. We hope that our replies have helped shed light on your queries. We are looking forward to hearing what members have to say in the course of today’s meeting, and we are of course prepared to respond to any follow-up questions when we meet again on Thursday.

Let me start by saying a few words on how Norway has been impacted by the recent global crisis. Secondly, I’d like to make a few remarks on topics which have been particularly prevalent in the questions from Members, and at the same take the opportunity to update the membership on some trade relevant proposals included in the national budget for 2013 that was presented to the Parliament yesterday.

(Economic outlook and the crisis)

Mr. Chairman,

The economic crisis has affected us all. For Norway, the effects of the crisis have so far, fortunately, turned out to be manageable. Norway is blessed with a magnitude of natural resources. Revenues from natural resource exploitation provide us with fiscal space. While petroleum revenues are important to the Norwegian economy and have helped us weather the crisis, we believe that economic policies have contributed to foster a stable economic environment.

The Norwegian business structure helped shield the Norwegian economy from the large drop in global demand from 2008 onwards. Both the service sector and the manufacturing sector profited from continued high activity and demand from the petroleum sector. Norway also has a large public sector and well-developed social safety nets, which contributed to stabilising the economy. Furthermore, the solid financial situation of the Norwegian state has most likely strengthened confidence among households, businesses and participants in financial markets.

The current system of financial market regulation and supervision in Norway has to a large degree been developed on the basis of experiences and lessons learned during a very serious banking crisis some twenty years ago. Comprehensive and consistent regulation has been established across all relevant parts of the financial sector. A series of measures to improve banks' access to liquidity were introduced during the crisis in 2008, both to help maintain banks' lending activities and to prevent payment problems for otherwise solvent banks.

Overall, a stable macroeconomic environment, sound financial market regulation and targeted policy measures were key factors contributing to the stabilisation of the financial markets and the real economy. While Norway's mainland GDP contracted by 1.8% in 2009, it rebounded to growth the following year and has since remained positive. We expect this positive growth to continue although we see clear signs that the present slowdown in Europe is affecting parts of Norwegian industry, and the exchange rate is under upward pressure.

(Agriculture)

Mr Chairman,

Not surprisingly, many Members have asked questions about Norway’s agricultural policies and related trade policy. We welcome these questions, and we understand why this area attracts so much attention. We note that the secretariat’s report portrays Norway as “extreme” when it comes to agriculture.

We do, however, make no apologies for our agricultural policy. At the same time we acknowledge that as a country dependent on an open, rules-based trading system, we have a responsibility to be transparent and to explain our policies to the WTO membership.

Firstly, Norway continues to take the commitments and obligations in the WTO very seriously. Adherence to our WTO commitments is a fundamental premise when discussing and shaping domestic agricultural policy.

Secondly, we have a responsibility to explain why it is warranted and necessary to resort to such a set of policies. In short, our policies reflect the extraordinary challenges related to our cost structure, geography and climate. Our priority on maintaining, protecting and supporting our agricultural sector reflects an ongoing emphasis on safeguarding various non-trade concerns.

Thirdly, we have a responsibility to ensure that our policies do not unnecessarily disadvantage our trading partners in general, and our developing country trading partners in particular. Our subsidies are aimed at sustaining domestic production for the Norwegian market, and not to give our producers a competitive advantage in international markets.

Norwegians are quality conscious consumers that value diversity of tastes and experiences. Our imports of agricultural products have more than doubled from approximately 18 billion NOK in 2002 to 40 billion NOK in 2011. Imports of goods of particular interest to developing countries, such as sugar, coffee, cotton and a range of fruits, vegetables and tropical products enter our market duty free. At the same time, Norwegians strongly support maintaining a strong and viable agricultural sector throughout Norway. Our policies will always have to strike a balance between these, and other, objectives.

(the budget for 2013)

Mr Chairman,

Let me turn to the trade-related issues in the budget proposal presented yesterday.

The first point for which I know there is some interest relates to ***agriculture***. The Government has proposed to change from specific to ad valorem tariffs for a handful of tariff lines for cheese, beef and sheep meat. Protection of these products is considered essential for the fulfillment of our agricultural policy objectives.

Let me assure you that we remain squarely within our WTO obligations. Secondly, the proposal aims to ensure that imports of cheeses complementing Norwegian products do not suffer. Furthermore, measures have been proposed to ensure that the increasing imports of beef from developing countries can continue to grow. Finally, we have taken steps to inform our closest trading partners of the changes, and would like to underline our willingness to explain, through our delegation here in Geneva, all details to any interested parties.

The second point I would like to mention is related to our ***GSP scheme***, an issue several delegations have expressed an interest in. Let me recall that the Norwegian GSP scheme was established in 1971, and duty-free and quota-free market access (DFQF) for all products from LDC's was introduced in 2002. In 2008 duty-free and quota-free market access was extended to include Low Income Countries (LIC) with less than 75 million inhabitants. In total, 64 countries are eligible for DFQF.

Trade statistics tell us that imports from GSP eligible countries increased by 72 % in value terms from 2005 to 2010. And more importantly, the share of GSP imports (of Norway's total imports) increased from 10,2 % to 13,4 %. This growth is due to increased imports from middle income countries, and in particular upper middle income countries. The largest increases – in value terms – came from China, Brazil, South Africa, Vietnam and Thailand.

Unfortunately, imports from LDCs and other LICs remain marginal, despite duty-free and quota-free market access. We have, however, seen some success stories in the form of new trade flows, such as cut flowers from Kenya and Ethiopia and honey from Zambia and Ethiopia. Bangladesh and Cambodia are also doing quite well in the textiles sector. But the success stories are disappointingly few.

An independent study commissioned by the Government in 2011 identified a number of other obstacles to trade than tariffs, including the existence of numerous supply-side constraints, in particular in the case of the poorest countries. The study presented a number of proposals for improvements to the GSP, and pointed to the importance of Aid for Trade and other forms of development assistance to address the various supply-side constraints in the poorest countries.

The Government is following up along two separate tracks. The first track relates to improvements of the **GSP system** itself, which were presented yesterday as part of the national budget for 2013.

The most significant change is the creation of a new middle tier – named "GSP plus" – encompassing 29 countries in the lower middle income category. "GSP plus" will be granted more generous preferences than "ordinary" GSP countries, but less generous than countries eligible for DFQF. The proposal also includes improvements in preferences and quotas available to all GSP countries. If adopted by Parliament, changes will take effect from 1. January 2013.

The second track relates to ***Aid for Trade***. Norway has had an Action Plan for trade-related development assistance in place since 2007. Priorities are support for good governance, women and trade and regional trade. The focus is on LDCs and other LICs. An independent evaluation of the Action Plan has been carried out, and the main points of this evaluation have been presented in this house earlier this year in the CTD in July. We are currently in the process of formulating the next generation of the Action Plan which we hope to start implementing in 2013. In the broader context of development cooperation, Norway focuses on stimulating growth and investment in LDCs and LICs through a variety of programs, including the provision of investment capital, risk alleviation and grants.

Let me also mention that the government has proposed to ***simplify applied MFN tariffs*** in the textiles and clothing sector, which also will result in somewhat lower tariffs. This is – as many will know, the only industrial sector where Norway still applies tariffs.

My fourth point in relation to the budget proposal concerns our ***investment regime***, which also has attracted some interest from other Members. Unlike most other countries Norway does not have a horizontal investment law, but rather sector specific regulations. And although we have an open investment regime in general and foreign investors are welcome, we have for many years not had an investment promotion agency. The Government is now proposing to establish an “Invest in Norway”-office in order to improve services offered to prospective investors.

Mr Chairman,

This concludes my update on trade related elements in the Government’s budget proposal for 2013. Let me then turn to a couple of other themes in the questions received from Members.

First of all, a number of questions relate to ***state-owned enterprises*** and the involvement by the Norwegian government in the economy as owner. Compared to many countries at similar levels of development, the level of state ownership in the Norwegian economy is high.

Norway has a long history of state ownership. Today, a large part of saving in the Norwegian economy takes place through the public sector. Norway is well known for its sovereign wealth fund – The Government Pension Fund Global. Through the GPFG the state acts as a financial investor with small ownership stakes in global equity and bond markets. Through its stakes in Norwegian companies, on the other hand, the state acts as an active, long-term owner, whose main aim is to contribute to the commercial companies' long-term value creation and industrial development.

In relation to trade policy and the present exercise, the main point in our view is not the ownership as such, but under what conditions the companies operate. We ensure that management of government ownership is done in such a way as to keep the role of owner separate from the roles of policymaker or regulator. The State's exercise of its ownership is based on generally accepted principles for corporate governance, and on the division of roles set out in Norwegian company legislation.

Lastly, a number of delegations have asked questions about Norway’s ***relationship to the EU.*** As described in the reports, the Government commissioned an independent study on Norway’s overall relations with the EU. The report was handed over to the Government in January this year, and will be followed up by a White Paper that will be presented to the Parliament (the Storting) in the very near future. While the details have of course not yet been revealed, it is a rather safe bet not to anticipate any radical changes in Norway’s relationship with the EU.

(Policy statement)

Mr. Chairman,

Both the Secretariat report and the Norwegian report emphasise the fundamental stability of Norwegian trade policy. There have been no major changes in Norway's trade policy since the last review in 2008. Norway's trade policy is an integral part of the Government's policy to promote economically, socially and environmentally sustainable growth, domestically and globally.

A stable, rules based trading environment is of fundamental importance to Norway's national interests, and the WTO constitutes an important element of the global governance architecture. The pillars of our trade policy remain the same:

- a stable, multilateral, rules based trading environment anchored in the WTO,

- complemented by deeper regional integration in the European Economic Area and free trade agreements with other important trading partners, primarily in cooperation with Norway's partners in EFTA, and

- supplemented by policies and measures promoting the participation of developing countries in international trade and the global trading regime.

Mr. Chairman,

As an open, market based economy, Norway is one of the benefactors of a strong and rules-based international trading system. Access to international markets is essential in order to achieve our goals related to employment and welfare. Norway firmly believes that all members stand to gain significantly from strengthening the multilateral trading system and improving market access for goods and services. Norway is strongly committed to the Doha round of trade negotiations, and would like to contribute to finding the way forward.

I look forward to exchanging information and views with other Members on issues related to our trade policy over the next couple of days.

Thank you for your attention!