

TRADE POLICY REVIEW (TPR) OF NORWAY

9. – 11.OCTOBER 2012

REPLIES TO QUESTIONS BY MEMBERS

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I. QUESTIONS FROM ARGENTINA

WT/TPR/S/269, Report by the Secretariat

III. TRADE POLICIES AND PRACTICES BY MEASURE

(2) Measures Directly Affecting Imports

(ii) Ordinary customs duties

Paragraph 13 explains that Norway's applied tariff rates are established annually by Parliament as it adopts the State budget for the following fiscal (i.e. calendar) year. In the course of the year, the Norwegian Agricultural Authority (NAA) may reduce the applied rates on agricultural goods either through time-limited general reductions for specific products, applicable automatically to all importers with no quantitative restrictions, or through individual tariff reductions, granted to importers upon application to the NAA for the product in question. While the general tariff reductions reflect developments in the domestic market, the intention behind the individual tariff reductions is to protect local products, as well as substitutes, while allowing imports of products, distinctly different in taste or use, as a supplement to domestic agricultural production.

Would Norway kindly detail the criteria for determining time-limited general reductions and individual reductions.

Answer:

There are two criteria for applying general administrative tariff reductions: a) when the domestic price increases above a certain predetermined level on products which have administrated prices (certain vegetables, milk, swine meat, egg and sheep meat), the tariff is reduced to allow for imports at the same price as the domestic price for these products. b) when there is a shortage in the domestic supply for the products mentioned above, the duty can be administered down to remedy the market shortage.

Individual tariff reductions are granted on application and apply to defined products for a defined period of time. Normally there are no quantitative restrictions on imports that are granted individual tariff reductions.

Would Norway kindly explain in which cases individual reductions protect local products.

Answer:

Individual tariff reductions are only granted for products which are not in direct competition to Norwegian products. Individual tariff reductions are generally given for products which have a distinct different use and/or taste than domestically produced products.

Would Norway please indicate the duration of the time-limited reductions.

Answer:

Individual tariff reductions are normally given for a period of one year.

(vii) Import prohibitions, restrictions, and licensing

According to Table III.8 (page 39), imports of counterfeit goods are subject to non-automatic licensing requirements, with a view to protecting intellectual property rights.

Would Norway kindly provide further information on the import licensing regime for counterfeit goods.

Answer:

We regret to inform Argentina that the information in table III.8 is slightly misleading. There is no licensing regime for counterfeited goods; unfortunately the table does not differentiate between licensing requirements from ordinary restrictions and prohibitions applicable to imported goods in table III.8. Counterfeit goods are not strictly subject to ordinary restrictions or prohibitions under public law. However, the Customs Act provides the Customs with authority to temporarily detain goods that appear to be counterfeit goods. The Customs will simultaneously notify the IP right holder.

Would Norway please explain how it is established in advance that imports involve counterfeit goods.

Answer:

We refer to the previous answer regarding table III.8. The Norwegian Customs does not know in advance that an importation contains counterfeited goods, unless there is intelligence information available.

(3) Measures Directly Affecting Exports

(ii) Export taxes, fees and charges for services rendered, application of internal taxes to exports

Paragraph 46 explains that a customs warehousing scheme authorizes the refund of customs duties on imports for the production of exports provided the export takes place within two years. Customs duties may also be refunded on inputs for domestically produced goods that are substitutes for previously imported goods if the domestic goods are of the same kind and quality.

Would Norway please explain more fully how the customs warehousing scheme operates.

Would Norway please provide a more detailed explanation of the customs duty refund mechanism for inputs for domestically produced goods that are substitutes. What

conditions must producers meet to be eligible for this refund? What procedure must importers follow in order to obtain a refund?

Answer:

Paragraph 46 relates to the Customs Act sections 6-3 and 6-4 regarding goods imported for repair or processing with subsequent re-export, and the relief from customs duty for such goods. Paragraph 47 relates to customs duty drawback in case of re-exportation. It seems your questions relate to the latter.

In the Norwegian Customs Act, chapter 11 authorizes customs duty drawback in case of re-exportation. The drawback may be claimed for different type of goods, and the criteria vary somewhat depending on the type of goods. Among other type of goods, the drawback may be claimed for goods that are re-exported because of error or special circumstances; goods that are re-exported for sale in an unchanged and unused condition and goods that have been used as a raw material, processing aid or semi-manufacture in business activity in connection with that business's production, repair or processing of finished goods. Although the criteria for drawback vary depending on the type of goods, most have in common that the goods must be re-exported or placed in a customs warehouse within two years of importation, and that drawback claims must reach the customs authorities no later than one year after the goods were re-exported or placed in a customs warehouse. A customs warehouse is a warehouse with a special licence from the customs authorities to store goods that have not yet been cleared by the customs authorities for free circulation. There are detailed rules regarding the registration and keep of the goods until they are declared, customs is paid and they are cleared for free circulation. When goods that are previously cleared by the customs authorities are placed in a customs warehouse, they are taken out of free circulation.

(iv) Export subsidies, finance, and guarantees

(c) Export guarantees

Paragraph 58 states that the statutes of the Norwegian Guarantee Institute for Export Credits (GIEK), established by Royal Decree on 22 December 1999, were amended in September 2010 to extend its mandate to projects "that significantly promote Norwegian interests". The new principle was applied for the first time in February 2012, allowing the GIEK to guarantee sales to Romania by the Kverneland Group without requiring a minimum 30 per cent of the order to be filled from its production plant in Norway.

Would Norway please specify the eligibility requirements for export guarantees.

Answer:

The purpose of the Guarantee Institute for Export Credits (GIEK) is to promote Norwegian export and investments abroad through the issue of guarantees on behalf of the Norwegian government. GIEK shall provide cover for commercial and political risk for export.

Export is understood to mean the delivery of goods and provision of labour and services, including the transfer of technical expertise, license and patent rights and similar, when

settlement is to be undertaken from abroad. Guarantees may be provided in connection with the financing of export transactions which to a considerable degree promote Norwegian interest. Norwegian interests are understood to mean export transactions between Norway and foreign countries or transactions made abroad.

Guarantees may also be issued for the following deliveries to Norwegian buyers:

- deliveries of equipment to ships and mobile facilities built abroad*
- deliveries of ships, mobile facilities and equipment for ships and mobile facilities when these units will generate their income from overseas trade and offshore activities.*

An export guarantee can be provided for:

- The risk related to credit sales.*
- The risk related to buyer financing.*
- The risk related to other credit provision and similar in connection with Norwegian export.*
- The risk related to the financing of export inventories as well as the production and delivery of export goods under fixed sales contracts.*
- The risk related to the completion of contracts for delivery.*
- The risk related to the tender, pre-payment and completion guarantees that a Norwegian company has to provide to the buyer and the risk that they buyer will exploit the Norwegian guarantee in an unauthorized manner.*
- The risk related to sales work abroad and other export measures.*
- The risk related to deliveries from foreign contract partners which are to be included in deliveries from Norwegian export trade.*

A guarantee as detailed above can be given for Norwegian exports that are related to a contract between foreign contract partners in such a way that settlement for the Norwegian exporter is dependent on payment being made by the final buyer. The guarantee recipient can be anyone who receives risk coverage.

(4) Measures Affecting Production And Trade

(iii) Sanitary and phytosanitary measures

Paragraph 95 states that eight genetically modified organisms (GMOs) authorized in the EU are prohibited in Norway as they are considered to involve a risk to health or the environment or to be otherwise contrary to the requirements of the Gene Technology Act.

Would Norway kindly provide further substantiation for this ban, in particular the scientific basis for the measure.

Answer:

Norway has prohibited eight EU-approved products on the basis of the requirements of the Gene Technology Act. The prohibition against two genetically modified vaccines (vaccines towards rabies and pseudorabies) is based on insufficient documentation from the notifier relating to possible severe non-target effects on human health and the environment.

Regarding six genetically modified plant products (maize, chicory, three oil seed rape lines, GM bacteria for detection of residues of antibiotics in milk) they all possess antibiotic resistance marker genes, and risks for detrimental effects on human and animal health cannot be excluded. For some of the products there is a risk for gene flow to wild plants and crops.

II. QUESTIONS FROM AUSTRALIA

REPORT BY THE SECRETARIAT WT/TPR/S/269

III Trade Policies and Practices by Measure

(2) Measures Directly Affecting Imports

(ii) Ordinary custom duties

Page 29 Paragraph 12

Norway's average applied rate for agriculture (40.9%) remains a significant barrier to trade. What, if any, plans does Norway have to reduce tariff peaks for agricultural products?

The gap between Norway's average agricultural bound and applied MFN tariff rates is considerable (142.8% versus 40.9%). Given the significant binding overhang, how could Norway play a more constructive role in future WTO agricultural market access negotiations?

Answer:

The AVEs of the specific duties reflect the relationship between the specific duties and the international prices at present. When these AVEs are compared with the bound ad valorem duties, there will inevitably be gaps. Norway is a strong supporter of the multilateral system. The importance of agreed and predictable rules for cross-border trade is fundamental for Norway. From the outset of the Doha negotiations, Norway has played an active and constructive role in order to find good solutions. Norway remains committed to conclude the DDA.

Page 30 Paragraph 14

Australia notes that Norway's participation in regional and preferential trade agreements is based on the principle of free trade in industrial goods and the mutual exchange of concessions in the area of agriculture and food. Australia also notes that in Table III.3 – Tariffs under preferential agreements, 2012 – the simple average tariff on agriculture remains very high (30-40%).

Given the exclusion of significant amounts of agriculture for these preferential and regional agreements, can Norway explain how the agreements meet the 'substantially all the trade' provisions in Article XXIV of GATT 1994?

Answer:

Norway considers its FTAs to be fully consistent with the rights and obligations in Article XXIV of the GATT 1994. This provision requires, in paragraph 8 (b), that duties and other restrictive regulations of commerce (ORRC) are eliminated on substantially all the trade (SAT) in originating products between the parties. The requirement is not to eliminate duties and ORRCs for all the trade or in all sectors. Thus the requirement is linked to coverage of "substantially all the trade" and not to coverage of "trade in substantially all the products or sectors". Furthermore the trade liberalisation established

through the FTAs is the result of negotiations between parties, with due consideration given to the requirements of GATT Article XXIV. The tariff treatments, and notably exclusions from tariff elimination, thus reflect what the parties of each FTA consider to be an appropriate balance between their specific interests and respective sensitivities.

(2) Measures Directly Affecting Imports

(iv) Tariff-rate quotas, tariff exemptions

Page 33 Paragraph 17

Australia notes that Norway included 232 tariff-quota commitments in its Schedule. However, according to the Secretariat's report "most of these TRQs are not administered, as current applied rates are either equal to or lower than the in-quota bound rate. Given this, has Norway considered eliminating a number of these TRQs permanently?"

Answer:

Norway supports the elimination of such "phantom quotas".

Page 33 Paragraph 18

Australia notes Norway's GSP scheme allows beef to be imported duty-free from Namibia and Botswana, but only within an annual 'ceiling' of 2,700 tonnes and additional ceiling of 500 tonnes from Swaziland. Sheep and lamb meat can also be imported duty-free from the three countries, but again only within an annual 'ceiling' of 400 tonnes. Can Norway please explain whether it considers the imposition of such 'ceilings' as within the spirit of GSP schemes?

Answer:

The rationale of the General System of Preferences is to provide preferential market access for products from developing countries. The Norwegian GSP scheme provides for preferential market access for meat from Botswana, Namibia and Swaziland. Norway considers the granting of preferences to be "within the spirit of GSP schemes".

IV. Trade policies by sector - Agriculture

(ii) Policy framework

Page 75 Paragraph 5

How does Norway propose to increase its domestic land-based food production in-line with the projected population increase of 20 per cent over the next 20 years as stated in Norway's White Paper No. 9 (2011-2012)?

Answer:

The government will, within our WTO commitments, facilitate the increased production of agricultural commodities in accordance with the country's natural conditions and the

demands of the market. Increased agricultural production requires skilled farmers with sound management and agronomical expertise. New know-how and technology have facilitated a significantly increased labour efficiency, increased yields, reduced unit costs and the development of new products. Norway forecasts continued productivity growth in the coming years. The government wants to facilitate the upkeep of a varied farm structure throughout the entire country. Emphasis is placed on the use of domestic resources such as grazing and forage production. Agricultural production shall be environmentally sustainable.

Page 75 Paragraph 7

Australia notes target prices for beef were abolished with effect from 1 July 2009, and replaced by volume-based regulation. What has been the effect of this change on beef production?

Answer:

Market prices for beef are no longer supported by a target price, and measures such as export subsidies and storage of surplus beef have been discontinued. The new system has only been in effect since July 2009, and it is therefore too soon to conclude on the effects. Beef production in Norway has decreased from 84500 tons in 2009 to 81300 tons in 2011, but this is mainly due to the reduced number of milking cows. During the same period, demand has increased.

(iv) Border measures

Page 79 Paragraph 15, 16

Fill rates for tariff-rate quotas continue to remain uneven. The Secretariat's Report mentions some possible causes, including the use of in-quota tariffs and certain quotas being too small to be economically meaningful. What steps is Norway taking to improve quota fill rates on quotas that are consistently under filled?

Answer:

Low TRQ fill-rates are mainly due to economic reasons such as low demand and difficulties in meeting quality specifications. The quotas are well known among importers and are utilised when it is economically attractive to do so.

(v) Domestic programmes

Page 83 Box IV.1: Norway's "butter crisis", December 2011

Australia notes the unfortunate "butter crisis" that occurred in late 2011, when many Norwegian supermarkets 'ran out' of butter. While there were numerous factors that contributed to the situation, the levels of regulation both at the border (high tariffs) and behind the border (e.g. production quotas and target prices) are notable. The WTO Secretariat report highlights that nine different instruments regulate the milk and dairy

sector (paragraph 20, page 81). Australia also notes in recent media articles that Tina SA, the Norwegian market regulator for milk, has imported 200 tonnes of butter to avoid a repeat of the situation in the second half of 2012.

Given the “butter crisis”, has Norway undertaken a wholesale review of the regulation of the entire sector?

Does Norway acknowledge that the situation warrants the possible deregulation of the existing producer cooperative, Tina SA, who is the market regulator for milk?

Answer:

There were numerous factors that contributed to the situation. The system has functioned well for decades, and it would be premature to review the system based on a single incidence.

The agricultural cooperatives have special responsibilities for the market regulation of major commodities and the achievement of target prices. The cooperative has thus been given important societal responsibilities beyond ordinary commercial operations. The cooperative organisation of the industry has enabled primary producers to achieve a market position that has been crucial for their sales of commodities and has thus contributed to securing a reliable income base for the farmers. The cooperative structure of the industry has also helped to level out producer unit prices, independently of the operating unit's production volume or geographic location. This has been a significant factor in order to ensure a viable agriculture throughout Norway.

In this particular situation, Tine, the dairy cooperative, did not fulfil their responsibility as market regulator when they reacted too late to the emerging imbalance between supply and demand. However, this does not imply that the system in itself is not well-functioning. When the “crisis” was a fact, our trade regime did handle supply in the planned way. The “butter crisis” did not give rise to a review of the regulation of the sector or a need for deregulation of the sector.

Has Norway considered a more open trading regime to ensure consumer demand is met and smooth market fluctuations?

Answer:

Norway has not considered changing the trading system as a result of the “butter crisis”.

Does Norway acknowledge that the “butter crisis” highlights the opportunity for trade in the food security debate and the need for more open markets?

Answer:

Trade and national production of food both play important parts in the food security debate.

(vi) Export Measures

Page 87, Paragraph 45

The Norwegian system discourages farmers from engaging in export production, but rather invites them to focus on commodities where the domestic market is not saturated by local produce. This policy potentially increases dependence on agricultural subsidies, reduces the incentive to diversify agriculture into areas where there is comparative advantage and the ability to access new markets. What policies does Norway have in place to facilitate structural adjustment and ensure agricultural industries become competitive and efficient?

Answer:

New know-how and technology have facilitated significant increases in labour efficiency, increased yields, reduced unit costs and the development of new products. Growth in total productivity, measured as output in relation to all inputs, has been approximately 2.2 per cent annually during the period from 2001 to 2011, and the labour productivity in agriculture has increased by 6 per cent annually the last decade. Norway expects continued productivity growth in the coming years. Production costs will, however, remain higher than in most other countries.

Page 88, Paragraph 46

The Secretariat Report notes “Norway’s actual expenditure on export subsidies have been well below the bound levels for most products in recent years.” Can Norway please outline what plans it has to reduce export subsidy spending further in order to meet the Doha Round export subsidy commitments to eliminate all export subsidies by 2013?

Answer:

Norway remains committed to eliminating all forms of export subsidies as an integral part of a balanced outcome of the DDA.

(vii) Evolution of support and protection

Page 88, Paragraph 47-48

The Secretariat’s Report acknowledges a shift to less distorting support, with payments based on output now around one third of the 1986-88 level. This is an important beginning, but with the potentially most distorting forms of support still accounting for over half of the support to agriculture, and with overall support to agriculture the highest within the OECD, there is still significant room for further reform. What steps is Norway planning to take to continue the momentum in favour of less distorting support?

Answer:

Agriculture plays a vital role for settlement and employment in most parts of the country and contributes to value added productions through the production of commodities, services and public goods. Securing agricultural production throughout the country is an overall goal for Norway's agriculture and food policy, as a contribution to maintaining and further developing agriculture's role in the rural areas. To increase national food production available resources must be utilised by safeguarding agricultural production throughout Norway. The government emphasises the use of domestic resources such as grazing and forage production. Support measures are carefully designed with an aim of achieving these overall goals for Norway's agriculture and food policy as adopted by the Parliament.

(6) Services

(i) Financial Services

Page 104 Paragraph 108

Australia notes that Norway's GATS commitments cover the full spectrum of financial services, however cross-border supply of banking and insurance services from non-European Economic Area countries is restricted. We further note that banks from non-EEA countries must establish a subsidiary and/or branch in Norway to provide banking services in Norway.

Are there any plans to review the current restrictions on cross-border supply of banking and insurance services from non-EEA countries?

Answer:

No, Norway does not have any current plans to review its current restrictions on cross-border supply of banking and insurance services.

(ii) Telecommunications

Page 107-108, Paragraph 119

Australia notes that the 2009 EU telecoms reform package is currently being transposed into national legislation in Norway.

Could Norway please provide further information on the 2009 EU telecoms reform package and explain whether the reforms go beyond current levels of market openness?

Answer:

The telecommunications market is fully liberalised, and the only remaining restrictions are licensing regimes with regards to frequency spectrum, names and numbers. The EU eCom/telecom-package from 2002 is part of the EEA agreement and implemented in Norway. The intention is to implement the 2009 EU telecoms reform package; this will give the same level of market openness as the EU countries. The implementation is delayed because the EFTA EEA States formal participation in the Body of European Regulators for

Electronic Communications (BEREC) is still being negotiated and is not clarified. To prevent further delays for our national market, the intention is to present a white paper to the Parliament in 2012, suggesting to implement most parts of the 2009 EU telecoms reform package. The implementation of the telecoms package will increase the level of harmonisation and reduce barriers to entry for the actors in the market. Some minor parts of the package will have to await clarification of the EFTA EEA States BEREC status.

III. QUESTIONS FROM BRAZIL

1. On pages 87 and 88, the report by the Secretariat indicates that subsidies provided by Norway for the exportation of swine meat have increased sharply between 2008 and to 2010, from Nkr 2.4 million to Nkr 72.2 million (almost 3.000%). Preliminary figures indicate that those export subsidies were maintained at a high level in 2011. Could Norway explain the reasons for such an increase in export subsidies for swine meat and indicate if it intends to control and reduce that kind of support?

Answer:

Swine meat production fluctuates over the years in Norway as well as in other countries. There has been some surplus production of swine meat since 2008. In addition, in 2012 a new import quota for swine meat from the European Union was introduced.

We do not foresee an improvement in the domestic swine meat market in the short run. Norway will always respect our WTO commitments on export subsidies.

2. Norway has a highly protected agriculture sector. According to the report by the Secretariat, the average bound rate for imported agriculture goods is 142.8%. For some subsectors (live animals, meat and dairy), the average bound rate has exceeded 300% during the latest years. That situation prevents some Brazilian key exports, such as beef, from having a more significant share in the Norwegian market. On the other hand, Brazil is one of the main importers of the salted cod produced by Norway. Could Norway explain if it envisages to reduce protection in the bovine meat sector, for example, by reducing applied in- and out-of-quota rates, and increasing the quota sizes?

Answer:

For Norway it is important to ensure a viable agricultural sector throughout the country, and tariffs are necessary in order to achieve this. The tariff level is a reflection of the price level in Norway resulting from high production costs. In other words, the tariff levels in Norway might not lead to more significant barriers to trade than lower tariff levels in more competitive countries. Imports of agricultural products to Norway are very high and increasing, and the self-sufficiency is less than 50 per cent. During the ten year period from 2002 through 2011 the import of agricultural products has more than doubled from approximately 18 billion NOK in 2002 to 40 billion NOK in 2011. Imports from Brazil constituted more than 9 per cent of the total imports of agricultural products, making Brazil the third largest exporter of agricultural products to Norway. Norway is not envisaging unilaterally reducing the protection in the import regime for the bovine meat sector.

IV. QUESTIONS FROM CANADA

Report by the Secretariat (WT/TPR/S/269)

Part III. Trade Policies and Practices by Measure; (1) Measures Directly Affecting Imports; (iv) Tariff-rate quotas, tariff exemptions; paragraph 20, page 35:

The Report by the Secretariat notes that "an auction plan is made available, setting out the auctioning dates, and goods and quantities up for auction".

1. What factors are used to determine whether a product's TRQ is allocated based on the auction methodology versus other allocation methods?

Answer:

In general Norway uses auctioning system for nearly all import quotas. In case other systems are used, this is related to historic explanations or specific conditions linked to the quota in question.

2. Is there a reserve price set for the auctioning of TRQs?

Answer:

The reserve price for the auctioning is 0,01 NOK/kg.

Part III. Trade Policies and Practices by measure; (4) Measures affecting production and trade; (viii) State trading, state-owned enterprises, and privatization; paragraph 120 and table III.11, pages 63-65:

The Secretariat report notes that in 2006, Norway presented a report (white paper) to Parliament on the Government's policy and strategies that defined four general categories of state-owned enterprises (SOEs) as the basis for the State's involvement: (i) enterprises with commercial objectives; (ii) enterprises with commercial objectives and national anchoring of their head office functions; (iii) enterprises with commercial and other specifically defined objectives; and (iv) enterprises with sectoral policy objectives. The table III.11 in the secretariat report (S269, pages 64-65) lists a number of SOEs under each of these categories.

Based on the table III.11, Canada notes that some SOEs listed under the general category "Companies with sectoral policy objectives" are included in the indicative list of procuring entities which are bodies governed by public law in Annex 2 and the indicative list of other entities (utilities) in Annex 3 of the final Appendix 1 offer of Norway under WTO revised Agreement on Government Procurement (GPA/113).

3. Could Norway indicate if the procurement of all the SOEs listed in Table III.11 under the general category "Companies with sectoral policy objectives" will be covered by the obligations of the revised GPA?

Answer:

The revised GPA will be incorporated into national domestic legislation. The Norwegian procurement system delegates the responsibility to consider obligations under the revised GPA and national legislation entity. In light of this system, Norway cannot indicate if the procurement of all the SOEs listed in Table III.1 1 under the general category "Companies with sectoral policy objectives" will be covered by the obligations of the revised GPA. Should an entity fail in its assessment and not consider itself to be subject to the scope of the procurement rules, the entity and its assessment may be challenged and subject to demands for remedies.

4. Based again on the table III.11, p.64, could Norway indicate if the procurement of any of the SOEs listed under the three other general categories, "Companies with commercial objectives", "Companies with national objectives and national anchoring of their head office functions" and "Companies with commercial and specifically defined objectives" will be covered under the revised GPA obligations? If so, could Norway indicate which ones are considered covered entities?

Answer:

As mentioned above, it is for each entity to consider its obligation in light of the requirements and definitions listed in Annex 1-3 in Norway's offer to the revised GPA.

Part IV. Trade Policies by Sector; (1) Agriculture; (iv) Border measures; paragraph 15, pages 78-9:

The Report by the Secretariat notes that "[t]he in-quota tariff rate may discourage some imports" while "[o]ther factors may also be at play, for example certain quotas may be too small to be economically meaningful".

5. What measures is Norway taking to address this problem?

Answer:

Low TRQ fill-rates are mainly due to economic reasons such as low demand and difficulties in meeting quality specifications. All quotas are well known among importers and are utilised when it is economically attractive to do so.

Part IV. Trade Policies by Sector; (1) Agriculture; (vi) Export measures; paragraph 46, page 88:

The Report by the Secretariat indicates that Norway has increased export subsidies for swine meat substantially since 2008.

6. Could Norway please explain the reasons for this increase and indicate whether or not it expects this trend to continue?

Answer:

Swine meat production fluctuates over the years in Norway as well as in other countries. There has been some surplus production of swine meat since 2008. In addition, in 2012 a new import quota for swine meat from the European Union was introduced.

We do not foresee an improvement in the domestic swine meat market in the short run. Norway will always respect our WTO commitments on export subsidies.

Part IV. Trade Policies by Sector; (1) Agriculture; (vii) Evolution of support and protection; paragraph 49, page 88:

The Report by the Secretariat indicates that "the gap between the prices received by Norwegian farmers and world market prices has narrowed significantly since the mid-1980s, but the current ratio is still close to 2:1".

7. What measures is Norway taking to improve the competitiveness of its agricultural sector?

Answer:

New know-how and technology have facilitated significant increases in labour efficiency, increased yields, reduced unit costs and the development of new products. Growth in total productivity, measured as output in relation to all inputs, has been approximately 2.2 per cent annually during the period from 2001 to 2011, and the labour productivity in agriculture has increased by 6 per cent annually the last decade. Norway expects continued productivity growth in the coming years. Production costs will, however, remain higher than in most other countries.

Agricultural policies are targeted towards the development of a competitive and sustainable agricultural sector, first of all through measures aimed at developing more competitive and profitable volume productions, and secondly by creating a broader income base by promoting production of goods and services based on the full scope of agricultural resources.

Part IV. Trade Policies by Sector; (1) Agriculture; (vii) Evolution of support and protection; paragraph 50, page 88

According to paragraph 50 of the Report by the Secretariat, Norwegian authorities indicated that certain elements of the 2008 draft agriculture modalities, such as reductions in trade-distorting domestic support and TRQ expansion, were in line with policy priorities for the agricultural sector.

8. Could Norway please elaborate on this statement by providing more detailed information on how it relates to the specific policy priorities in question?

Answer:

It seems that there might be a misunderstanding with respect to the view of the Norwegian authorities in paragraph 50. As is stated in that paragraph, the Norwegian government

estimates the December text of 2008 to be very close to the limit of what Norway would consider acceptable.

V. QUESTIONS FROM CHILE

Paragraph 140: "Norway is a member of the World Intellectual Property Organization. It has not yet acceded to the WIPO Copyright Treaty (WCT) or Performances and Phonograms Treaty (WPPT)."

Question: Why has Norway not acceded to the WIPO Internet Treaties? Why, according to footnote 132, does Norway intend to accede to the WIPO Internet Treaties in connection with the on-going revision of the Copyright Act?

Answer:

Norwegian law is in accordance with the WIPO Internet Treaties as Norway has implemented the 2001 EU Infosoc Directive. Norway will formally accede to the WIPO Internet Treaties WCT and WPPT in the near future.

Paragraph 143: Table III.12

Question: How is the use of homonymous geographical indications regulated under Norwegian legislation? Does the new Trademarks Act contain relevant provisions?

Answer:

The use of homonymous geographical indications on foodstuffs is regulated through the Regulation on the protection of designations of origin, geographical indications and designations of specific traditional character on foodstuffs. The regulation has its legal basis in the Norwegian Food Law (Matloven). The regulation entered into force July 5th, 2002 for agricultural products and for fish and seafood from Oct. 2003.

The Norwegian regulation is similar to the equivalent EU regulations for geographical indications (No 509/2006 and 510/2006).

The regulation includes three kinds of designations;

PDO (Protected Designation of Origin)

PGI (Protected Geographical Indication)

TSG (Traditional Specialty Guaranteed)

The Competent Authority in Norway is the Norwegian Food Safety Authority (Mattilsynet) in cooperation with KSL Matmerk (Norwegian Food Labelling Foundation). Ministry of Agriculture and Food and Ministry of Fisheries and Coastal Affairs are court of appeal.

With regard to spirit drinks, the GI "Norwegian aquavit" is protected through Regulation 11 October 2006 No 1148 on spirit drink, which also has its legal basis in the Food Law. The Regulation states that aquavit produced in Norway labelled and placed on the market with the protected geographical indication (GI) "Norwegian aquavit" must be:

- *produced in Norway,*
- *from ethyl alcohol obtained from at least 95 % Norwegian potatoes distilled in Norway*
- *aged in oak barrels.*

There are no specific provisions in the Trademarks Act that regulate the use of homonymous geographical indications. Nevertheless, two provisions may be of relevance. Section 5 paragraph 2 lit b) states (unofficial translation):

“The trademark right does not prevent others from using the following in accordance with honest practices in industrial or commercial matters:

.....

b) indications concerning the kind, quality, quantity, purpose, value or geographical origin of the goods or services,.....

.....”

Section 5 paragraph 3 states (unofficial translation):

“An exclusive right to a geographical indication of origin acquired by registration as a collective mark does not prevent others from using the indication when such use is in accordance with honest practices in industrial or commercial matters.”

Paragraph 145: "A special allocation for fighting IPR-related crime in its budget for 2010 led to the seizure of 220,000 counterfeit articles with an estimated street value of NKr 39 million, more than the combined value of all seizures prior to 2010."

Question: How do you explain the fact that, despite the new special allocation introduced in the 2010 budget, the infringing goods that were seized in 2011 had a greater value than in 2010 (NKr 49 million)?

Answer:

The rise of value of the seized goods in 2011 was caused by the seizures of counterfeit products that were infringing more valuable original goods than in 2010. In other words; there was a slight decrease in the number of seized goods but an increase in value, due to larger seizures of luxury brands and other more valuable items. The budget for combating counterfeit was not increased in 2011, but maintained at the same level.

Is the rise in the seizure of counterfeit articles due to more effective action on the part of the Customs Service or an increase in the number of goods infringing intellectual property rights that are commercially available in Norway?

Answer:

Increased resources contributed to an increase in seizures even though there probably was an overall increase in the total number of counterfeited goods imported to Norway. Due to new resources the Norwegian Customs has been able to work more effectively. First of all the Norwegian Customs now have personnel dedicated to work with counterfeits. Secondly we have established several platforms for the exchange of experiences, intelligence and best practices, inter alia a yearly Nordic seminary that not only has led to close cooperation between the Nordic countries, but also with US-ICE through their liaison in Copenhagen

and Europol and OHIM. Norway also participates in the WCO-CAP group. Thirdly, Customs have contributed to raising awareness towards counterfeited goods in the society. This has made the rights holders more aware of the customs effort on their behalf and thereby increased the number of cases against the illicit importers, all in all resulting in an increased number of successful seizures.

VI. QUESTIONS FROM CHINA

PART I: QUESTIONS REGARDING THE Secretariat Report

II TRADE policy regime: framework and objectives

Page 21 (Para 22)

The launch of the report in early 2012 marked the beginning of a period of public debate on Norway's relationship with the EU. The Government has also signalled that it will be preparing a white paper to the Storting on the matter.

Question 1:

The trade between Norway and the EU accounts for the majority of Norway's foreign trade. In view of EU's current economic situation, does Norway have any plan to adjust its relationship with the EU? Does Norway have any plan to open up new markets?

Answer:

The EEA Agreement has been the main platform for Norway's relation with the EU for the last twenty years. It has provided a predictable framework and a level playing field for business, economic operators and citizens across the EEA. The EEA Agreement has proven to be a robust agreement and there are no plans to change Norway's relations with the EU.

Regarding the issue of opening up new markets, Norway is actively pursuing a strategy of negotiating new free trade agreements bilaterally and with our EFTA partners.

Page 22 (Para 28)

140 developing countries and territories are eligible for GSP treatment,...

Question 2:

How is this GSP scheme covering more than 140 developing countries and territories implemented? How are the imports under the scheme administered?

Answer:

The Norwegian GSP scheme is available for all countries on the OECD list of countries eligible for official development assistance – the so-called "DAC-list". In order to implement the GSP system in relation to eligible countries, relevant national authorities will have to provide certain details regarding responsible authorities, official stamps and signature etc. The Directorate of Customs and Excise will confirm and announce implementation of the system as soon as these formalities have been completed.

Imports of goods eligible for preferential treatment are administered in the same way as other goods. All imports are registered in the electronic Customs Clearance System (TVINN). Upon entering a certain code, TVINN will recognise that the goods originate from a GSP-country and preferential treatment is granted.

Page 22 (Para 29)

However, according to a recent study, the GSP reform does not appear to have led to any significant increase in imports from LDCs and low-income countries since 2008.

Question 3:

What are the reasons, in Norway's view, that the GSP reform has not led to significant increase in imports from GSP benefiting countries?

Answer:

We have seen a number of success stories of increased imports from LDCs and low-income countries since the extension of duty-free market access in 2008, but the successes are too few. Market access is obviously not sufficient in order for trade to flourish. The reasons may be complex, but supply side challenges related to production capacity and infrastructure are probably among the most prominent, thus underlining the need for trade related development cooperation.

Page 22 (Para 30)

With a few exceptions, Norway's investment regime is open to private (domestic and foreign) investors on the basis of equal treatment.

Page 23 (Para 31)

Consistent with Norway's acceptance of the "four freedoms" under the EEA Agreement, Norway may not restrict investments from citizens of another EEA member unless the restrictions are derived from the pursuit of specific policy objectives and the same restrictions apply to Norwegian citizens. Exceptionally, provisions prohibit more than 40% foreign ownership of an enterprise that owns (directly or indirectly) a Norwegian-registered fishing vessel. Non-EEA investors face restrictions in certain activities related to audio-visual services, air transport, and maritime transport. Other ownership restrictions, e.g. in relation to fish-farming concessions or under the Media Ownership Act, apply to all investors irrespective of nationality.

Page 23 (Para 32)

The most restricted sectors are fishing, transport, real estate, and business services.

Question 4:

In addition to the above-mentioned restricted sectors, could Norway please indicate other sectors that have restrictions on foreign direct investment (FDI)? Could Norway please specify the requirements for foreign capital to enter into those sectors that have restrictions on FDI ?

Answer:

The only sector with restrictions on foreign ownership is the fishing sector (fishing vessels). Other ownership restrictions are irrespective of nationality.

Question 5:

Could Norway please further elaborate on the precondition, i.e. “the pursuit of specific policy objectives”, of those restrictions?

Answer:

What “the pursuit of specific policy objectives” entails would depend on an interpretation of the EEA Agreement in each specific situation. Norway cannot discriminate towards an investor from another EEA member even if such specific policy objectives are present, i.e. EEA investors must be given the same treatment as Norwegian investors.

Question 6:

Will there be any change for the restrictions on foreign investment, including introducing new restrictions or easing the current restrictions? If yes, could Norway please specify the changes and indicate the reason for such changes.

Answer:

There are at present no proposed or planned changes to legislation and regulations regarding foreign investments.

Question 7:

What are the encouraged sectors for foreign investment? What measures does Norway take to encourage foreign investment in those sectors?

Answer:

Norway does not pursue a policy of encouraging foreign investment in particular sectors.

III TRADE POLICIES AND PRACTICES BY MEASURE

Page 25 (Para 3)

Norway does not maintain any general registration requirements for importers (or exporters), but importers (or exporters) of certain goods must be registered prior to importation.

Question 8:

Is there an unified registration code system for importers or exporters? If yes, can this registration code system be applied universally in different government authorities, e.g. Police, Customs and Food Safety authorities?

Answer:

The registry sited on page 25 is the Central Coordinating Register for Legal Entities. The register issues a unique register number which can be used for identification purposes for most governmental authorities and for private entities such as banks and insurance as well. There are no other Customs specific registration requirements for importers or

exporters as such, but the nature of the goods may necessitate further registration of an importer or exporter.

Question 9:

Is it necessary for declaration enterprises (declaration agents) to register with Customs?

Answer:

Yes, all business entities wanting to submit declarations through the Customs Clearance System (TVINN) must acquire an authorisation from their local Customs authority.

Page 25-26 (Para 4)

Like other EFTA states and EU members, Norway uses the single administrative document (SAD) for customs clearance.

Question 10:

How does Customs in Norway regulate its customs clearance process? Should the documents, including those attached documents be submitted to the Customs in the form of paper or electronic data? How can the importers or exporters submit those documents?

Answer:

Due to the principle of self-declaration only the information required by the SAD document is submitted into the TVINN-system. The TVINN-system does currently not allow for submission of any supplementary documents. By submitting the declaration the importer/exporter warrants that all necessary information, documents, invoices, licences and certificates are in place. Customs may order the importer to submit all relevant documents for further inspection or inspect the goods themselves if deemed necessary. There are no formal requirements regulating the submission of the documents, and normally customs allows for a copy of the requested documents to be submitted by e-mail or fax. However, if required by the customs or other authorities the original documents must be made available.

Page 26 (Para 5)

an advance electronic summary declaration became mandatory for all movements of goods between Norway and third countries from 1 January 2011.

Question 11:

Does this requirement mean the first declaration of the two declarations? What's the contents of the declaration? Does this declaration serve the trade security purpose?

Answer:

The advance summary declaration (= pre-arrival declaration/pre-departure declaration) has been implemented for trade security purpose in line with WCOs SAFE Framework of Standards. The content is goods details, transport details, routing, information on seller/buyer/transporter etc.

Page 35-36 (Para 22)

Since the last TPR of Norway, the customs regulations have been changed: with effect from 1 March 2009 postal and express services have the option of lodging periodic declarations for low value consignments (Nkr 200-1,000) delivered to private customers.

Question 12:

Could Norway please introduce the background under which the customs regulations were changed? What are the current customs clearance procedures for postal and express enterprises? What's impact of these changes to postal and express enterprises?

Answer:

The change in regulation came as a codification of a practice that was indirectly codified under the prior regulation regime. The background for this practice was both the UPU-WCO agreement (KYOTO Specific Annex J) allowing for certain facilitations for postal consignments and the close cooperation between the postal service and customs, where post officials were trained by customs to help rationalise the declaration of small value consignments. As the postal services were privatized such close cooperation was no longer admissible and an authorisation system was set up. For reasons concerning free competition the authorisation was made accessible for all enterprises handling small consignments on a certain scale. The authorisation is limited to manufactured goods not entailing any import duties or any restrictions or prohibitions.

Question 13:

Are the customs regulations also applied to the foreign invested companies in Norway?

Answer:

Yes, the scope and extent of the Customs Act according to article 1-2 to 1-4 is made applicable to any goods imported to or exported from the customs territory, and does not consider the physical or juridical status of a company. (Some exceptions do apply for military or diplomatic missions etc.).

Page 42 (Para 46)

A customs warehousing scheme authorizes the refund of customs duties on imports for the production of exports provided the export takes place within two years. Customs duties may also be refunded on inputs for domestically produced goods that are

substitutes for previously imported goods if the domestic goods are of the same kind and quality.

Question 14:

Will customs duties be fully refunded under the above-mentioned conditions? It seems that the refund of customs duties on imports for the production of exports and on inputs for domestically produced goods constitute the prohibited subsidies defined by the WTO rules. Could Norway please explain the conformity of such duty refund policies with relevant WTO rules?

Answer:

Provided that the criteria for relief from customs duties is fulfilled according to the Customs Act section 6-3 (industrial goods) and section 6-4 (agricultural goods), the customs duties will be refunded. Norway's practice is WTO conform, i.a. related too GATT article III (Most-Favoured Nation Treatment). There is no transfer of funds, no contribution of due government revenue and no form of income or price support. The mentioned refunds are for temporarily collected customs duties on goods imported for repair or processing and then re-exported. Refund is made also for goods which have replaced imported goods. The refunds are fully in accordance with the provisions of the Agreement on Subsidies and Countervailing Measures. They are also in accordance with the standards in the Revised Kyoto Convention, and the provisions in the Istanbul Convention.

Page 45 (iv) Export subsidies, finance, and guarantees

Question 15:

Could Norway please introduce its policies and practices of export credit and export credit insurance for the export of ships?

Answer:

The Norwegian Guarantee Institute for Export Credits (GIEK) adheres to the principles set out in the OECD Arrangement on Officially Supported Export credits, including the sector agreement on export credits for ships. For further details:

[http://search.oecd.org/officialdocuments/displaydocumentpdf/?doclanguage=en&cote=tad/pg\(2012\)9](http://search.oecd.org/officialdocuments/displaydocumentpdf/?doclanguage=en&cote=tad/pg(2012)9)

Page 46 (Para 54)

On 18 November 2011, the Prime Minister announced that a new, fully state-owned export credit agency would be established by 1 July 2012. The new agency will take over the government-supported credit scheme administered by Eksportfinans and, with an initial loan commitment of Nkr 30 billion, provide a state-funded export financing scheme that should be "robust, reliable, and cost-effective"...

Question 16:

It seems that an export credit agency, Eksportkreditt Norge AS (Export Credit Norway) started operation from 2 July, 2012. Could Norway please introduce the operation and effectiveness of this agency? Could Norway specify the differences between Eksportkreditt Norge As and GIEK (Garanti-instituttet for eksportkreditt)?

Answer:

Export Credit Norway administers loans; CIRR-loans (according to the OECD Arrangement on Officially Supported Export Credits) and loans at a market-based rate for projects that qualify for CIRR-loans (so-called CIRR-qualifying market loans). All loans are to be guaranteed either by The Norwegian guarantee institute for export credits (GIEK), other guarantee institutes or private banks with high rating. GIEK offers guarantees (i.e. takes credit risk). GIEK and Export Credit Norway are separate entities. When Export Credit Norway was created, GIEK continued its operations as before.

Further detail on Export Credit Norway operations can be found here:

Proposition 102 L (2011-2012):

http://www.regjeringen.no/pages/37862854/PDFS/PRP201120120102000EN_PDFS.pdf

Export Credit Norway's web page: <http://www.eksportkreditt.no/en-gb/>

Details on GIEK's operations can be found here:

GIEKs web page: <http://www.giek.no/en>

Page 54 (Para 83)

While Norway notified 16 draft technical regulations during 2004-07, only 3 have been notified since then.... Norway does not notify technical regulations that have been adopted.

Question 17:

Are there only 3 regulations that need to be notified since 2007? Could Norway please comment on the its failure to notify the adopted technical regulations considering its transparency obligations under WTO TBT Agreement?

Answer:

Norway is a part of the European Economic Area and as such a member of the European Single Market. Norway applies the harmonised rules of the Single Market and therefore only notifies TBT and SPS measures and technical regulations that are either purely national or differ substantially from those harmonized throughout the EEA.

Page 58 (Para 103)

Authorizations that simplify procedures, such as the "authorized consignor" may specify categories of goods excluded from a streamlined process.

Question 18:

What are the rationales for the "authorized consignor" to specify categories of goods excluded from a streamlined process? Will the categories of goods excluded from a streamlined process that have been specified by "authorized consignor" be confirmed by the Customs in Norway?

Answer:

In accordance with the regulations for "Authorised consignor" in the Common Transit Convention, the authorisation may specify prohibited categories or movements of goods. An operator may, for instance, exclude "Sensitive goods" from his authorisation. (The exclusion of sensitive goods will be registered in the electronic transit system (NCTS)). By excluding goods involving greater risk of fraud, the operator may be granted a reduction in the guarantee amount for the Comprehensive guarantee. By excluding sensitive goods he may also apply for a guarantee waiver.

Page 61 (Para 114)

According to Statistics Norway, the public procurement market amounted to nearly Nkr 381 billion in 2010, corresponding to 15.1% of Norway's GDP.... Procurement by general government enterprises amounted to Nkr 77 billion in 2010, roughly at the same nominal level as in 2006. This segment of public procurement is dominated by purchases in the petroleum sector, which fluctuate substantially from one year to another

Question 19:

Is the data for procurements covered by the GPA in 2011 available right now? Does Norway have statistics for procurements covered by the GPA in terms of goods, construction projects and services? Could Norway indicate the ratio of offering entities and public bidding?

Answer:

The data for procurements covered by the GPA in 2011 remains to be completed. Regarding the statistics for procurement covered by the GPA in terms of goods, construction projects and services, Norway refers to the webpage of WTO where the available statistics can be found.¹

Question 20:

Government procurement in Norway includes the procurement by general government enterprises. Is there any special regulation or rule for the procurement by general government enterprises in Norway?

¹ http://wto.org/english/tratop_e/gproc_e/gpstat_e.htm

Answer:

The general government enterprises referred to, operate in the utilities sector and are subject to compliance with the Regulation No. 403 on public procurement for the utilities sector of 7 April 2006.

Question 21:

Could Norway please briefly introduce its practice and requirements of government procurement and indicate the main differences between its practice and what has been regulated by WTO Agreement on Government Procurement (GPA)?

Answer:

In addition to the WTO/GPA obligations, Norwegian procurement legislation is subject to EEA-legislation. Further, Norway has chosen to regulate procurements below the thresholds in GPA/EEA, included "B-services". This legislation provides a detailed procedural system for the procurements in question. The system is shaped by EEA-rules and procedures. In addition, the EEA/Norwegian legislation covers private operators within the utilities sector when operating on the basis of special or exclusive rights granted by a competent authority of an EEA-State.

The Agency for Public Management and eGovernment (Difi) provides information and guidance on legislation and best practices on its website www.anskaffelser.no. The agency has a special focus on developing guidance and templates that can assist contracting authorities and purchasers in making efficient and high quality purchases. The agency has also developed a process tool for implementing a procurement strategy, and is working on a process tool and guidance for internal audits in the field of public procurement.

Question 22:

Does Norway have any supporting policies for the procurement of energy-saving products and innovative products or from small and medium-sized enterprises in its government procurement practice? If yes, could Norway please give a brief introduction?

Answer:

Energy-saving: The Norwegian Public Procurement Act of 16 July 1999 no. 69, Article 6, obliges all public procurements to take into account the life cycle costs of the procurement, and environmental costs.²³ The act was extended to include public procurement in regional

² <http://www.lovdatab.no/all/hl-19990716-069.html>

³ The preparatory works to the provision imposing requirements to take into account environmental and life cycle costs, hereunder considerations relating to the energy efficiency of products, are found in Ot. prp. no. 71 (1997-98), see especially section 19.4:
<http://www.regjeringen.no/nb/dep/nhd/dok/regpubl/otprp/19971998/otprp-nr-71-1997-98-.html?id=159179>

and local municipalities in 2006.⁴ There is a persistent focus on energy efficiency and environmental aspects in public procurement. For instance, procurement of lighting products has to meet eco-design requirements for energy-using products.

Innovation: Government agencies are currently preparing a strategy for enhancing the innovative effect of public procurement. Specific policy measures have not yet been decided.

Small and medium enterprises: A chapter in the 2012 Government strategy for SMEs⁵ addresses public procurement. The Government will stimulate improved transparency regarding smaller procurements and improve the knowledge amongst contracting authorities of the possibilities that exist within the legislation. The strategy also addresses development of standard contracts for use in public procurement relations.

Page 66 (Para 128)

The Ministry also adopted a new regulation on 21 December 2011 to incorporate relevant EEA regulations and ensure full EEA compliance.

Question 23:

Could Norway please provide more information on this new regulation?

Answer:

The new regulation compiles all former EEA-regulations into a single regulation, aiming at a better overview of relevant regulations. The new regulation does not entail any material changes.

Page 67 (Para 130)

Regulations providing temporary exemptions from the Competition Act for certain professions are set to expire in 2012.

Question 24:

What will Norway do once those temporary exemptions are expired?

Answer:

The exemption for clinical veterinarian emergency service was discontinued, while the exemption for doctors, psychologists and physiotherapists will be continued for three more years.

⁴ Cf. the preparatory works to amendment act of 30. June 2006 no. 41 in Ot. prp. nr. 3 (2000-2001): <http://www.regjeringen.no/nb/dep/nhd/dok/regpubl/otprp/20002001/otprp-nr-3-2000-2001-/7.html?id=162250> See also act of 11. juni 1976 no. 79 regarding control with products and consumer services, section 4 a: <http://www.lovdato.no/all/hl-19760611-079.html>

<http://www.lovdato.no/for/grafikk/32008r1275u.pdf>

⁵ <http://www.regjeringen.no/en/dep/nhd/Whats-new/News/nyheter-2012/lanserte-strategi-for-sma-og-mellomstor.html?id=676374>

IV TRADE Policies by Sector

Page 78 (Para 14)

It is well-known that Norway's agricultural products are heavily protected by various border measures. According to Part IV of the Secretariat Report, “the average bound rates exceed 300% for live animals, meat, and dairy products, and 200% for cereals”. Although TRQs have been established for most heavily assisted agricultural goods, which ensure imports of certain quantities, the in-quota tariff rates concerned are so high that “may discourage some imports”. In addition, sanitary concerns also “prevent the importation of eggs and poultry from many sources”. The Secretariat report also noted that “despite the leeway for unilateral action in anticipation of future multilaterally agreed parameters, there are no signs yet that Norway has taken determined steps to prepare for a negotiated outcome in the WTO” (Paragraph 5 of Summary).

Question 25:

In such context, we would like to know, how Norway would like to comment on those measures, both the necessity of those measures as well as their negative effect on trade. In addition, does Norway have any plan to carry out autonomous trade liberalization in this regard, even if without considering the possible reduction commitment in Doha Round, in order to mitigate the negative effect and promote agricultural trade?

Answer:

For Norway it is important to ensure a viable agricultural sector throughout the country, and tariffs are necessary in order to achieve this. The tariff level is a reflection of the price level in Norway resulting from high production costs. In other words, the tariff levels in Norway might not lead to more significant barriers to trade than lower tariff levels in more competitive countries. Imports of agricultural products to Norway are high and have increased from approximately 18 billion NOK in 2002 to 40 billion NOK in 2011. Norway has no plans to plan to carry out autonomous trade liberalization in agriculture. As to sanitary concerns we follow the same rules as the European Union.

Page 91 (Para 62)

According to the Secretariat Report, the Norwegian government stipulates that “no single operator may control more than 25% of the total production capacity for farmed salmon and trout”, which is said to “ensure fair allocation of benefits from the use of common sea areas”. There has always been discussion on the relationship between efficiency and fairness when decision is to be made on specific economic issue.

Question 26:

Could Norway elaborate its considerations regarding the restrictions on salmon and trout farming? Whether it is equally important to consider the need for production efficiency and to ensure the need for the development of fish farming industry?

In addition, Norwegian Aquaculture Act also states that any bids to acquire majority control of more than 15% of all salmon and trout growing licences must be approved by the Ministry of Fisheries & Coastal Administration. Could Norway explain the necessity of such provision, especially in the context of the restriction on the production capacity of the fish farming entities? How does Norway evaluate its possible restrictiveness on investment?

Answer:

Aquaculture activity plays an important long-term role in the economy of fragile coastal regions in Norway. The purpose and scope of the Aquaculture Act is to promote the profitability and competitiveness of the fish farming industry within the framework of sustainable development, and to contribute to value creation along the Norwegian coast. The provision in question is one of several policy instruments to reach these goals. The provisions do not represent a regulation of ownership in the involved companies (e.g. in the form of a total amount of shares permitted etc.), but rather allocation of production capacity. These provisions seek to balance the objectives of competitiveness and freedom for the industry with objectives related to, inter alia, regional policy and a just allocation of the benefits stemming from the use of common sea areas.

Page 94 (Para 74)

Moreover, the recently concluded Treaty concerning Maritime Delimitation and Cooperation in the Barents Sea and the Arctic Ocean between Norway and the Russian Federation will open a further part of Barents Sea South for petroleum activities.

Question 27:

Could Norway please share more information on petroleum activities in the Barents Sea South?

Answer:

On 7 June 2011, the agreement between the Norwegian and Russian authorities on the marine demarcation line between Norway and Russia in the Barents Sea and the Arctic Ocean entered into force. Norwegian Petroleum Directorate started its seismic activity in the summer of 2011. The Norwegian Government has initiated an impact assessment which will provide the foundation for a recommendation to the Parliament on whether the new area should be opened for petroleum activities and granting of production licences.

Page 97 (Para 82)

The Norwegian State also owns about 90% of the main transmission grid, which is administered by the transmission system operator Statnett SF, while local authorities and county councils own most of the regional transmission and distribution grids. Foreign ownership is limited and concentrated in trading companies.

Question 28:

Could Norway please introduce its foreign investment policies in energy sectors? Is the low foreign ownership in electricity sector caused by the policies or the market?

Question 29:

Some enterprises complained that it is difficult for foreign investors to get business licenses in hydropower area. Could Norway please explain the reason?

Answer to questions 28 and 29:

Norwegian legislation lays down the principle of public ownership to hydropower resources. Only Norwegian public bodies or companies owned directly or indirectly by such public bodies can obtain concession for acquiring ownership to waterfalls above the concession limit.

According to the Industry Concession Act of 1917 only public entities can acquire ownership to waterfalls above the concession limit, i.e. waterfalls which can provide an output exceeding the limit of 4,000 natural horsepower. "Public entities" means Norwegian public entities that are organized pursuant to the Act relating to state-owned enterprises, counties and municipalities, or companies where such entities own at least 2/3 of the capital and voting rights.

Private companies, including foreign companies, may acquire up to a maximum 1/3 of the capital and voting rights in the companies mentioned above, provided that the overall ownership clearly remains a true public ownership. All companies are treated in the same manner under the 1/3 provision, including foreign private or public companies. In addition, companies may rent a waterfall with installations for hydro power production for a period up to 15 years. These provisions only relate to electricity generation based on hydropower, and do not discriminate against private and foreign undertakings.

Page 99 (Para 92)

a complex set of import duties based on product formulas, internal price rebates, and export restitutions apply to ensure that Norwegian food processors may compete on equal terms with the EU industry (Table AIV.1). ... However, the system appears to be complicated by the fact that the price data for the "agricultural component" has not been adjusted since 1994.

Question 30:

Does Norway have any plan to adjust or reform its import duty regime for processed agricultural products with an aim to simplifying it?

Answer:

Imports of processed agricultural products into Norway have increased substantially over the last two decades. This illustrates that the import regime for these products functions and that trade opportunities are present with the current system. The Norwegian import regime for processed agricultural products, and the related prices used in the system, is a

result of negotiations between Norway, Iceland and the European Union. New negotiations are not envisaged for the time being.

Page 105 (Para 111)

The Financial Supervisory Authority introduced a temporary ban on short selling in financial shares in October 2008.

Question 31:

Could Norway introduce and assess the implementation of this policy? Is this policy still in effect at present?

Answer:

In press releases of 8 and 9 October 2008 The Financial Supervisory Authority of Norway announced that investment firms and investors making short sales, covered or uncovered, in shares or primary capital certificates issued by financial institutions would be acting in contravention of the Securities Trading Act section 3-9 prohibiting unreasonable business methods. The announcement was prompted by the extraordinary market situation and unusual market movements. In a press release of 28 September 2009 the Authority stated that the market situation had changed so that trading short in the shares and primary capital certificates in question were no longer considered on a general basis to contravene the Securities Trading Act section 3-9.

Norway has had a ban on uncovered short selling applying to investment firms' mediation and execution of such transactions since 1997. New rules relating to short selling in the Securities Trading Act entered into force on 1 July 2010. The new rules imply an expansion of the ban on uncovered short selling, as it now also applies to investors (short sellers) directly, and a provision to temporarily ban all forms of short selling.

Page 105 (Para 112)

The State Finance Fund began operations in May 2009 and set a deadline for applications for capital injections of 30 September 2009. In all, 28 banks were granted funding totalling Nkr 4.1 billion

Question 32:

Which government authority is responsible for capital injections to the 28 banks through the State Finance Fund? What role has Norwegian Central bank played in the process?

Answer:

The establishment of the State Finance Fund ensured that all Norwegian banks fulfilling prudential requirements had access to core capital at reasonable market terms. The purpose was to temporarily provide core capital to enable the banks to maintain normal lending in a period with difficulties in the financial markets.

The supervisory authority (Finanstilsynet) had to confirm that banks which applied for injection of capital from the Fund, met ordinary prudential requirements. Specific terms and conditions for injection of capital were determined in agreements between the Fund and the individual banks applying for capital. The Ministry of Finance determined general terms for the instruments the Fund used. The Norwegian Central bank did not play any formal role with regard to the State Finance Fund.

Page 106 (Box IV.2 Para 2)

The Norwegian deposit insurance scheme (since 1996) fully guarantees deposits up to Nkr 2 million per depositor per bank.

Question 33:

The above-mentioned threshold of Nkr 2 million per depositor per bank is much higher than that of the EU. Could Norway please explain the reason?

Answer:

Norway experienced a severe and systemic banking crisis in the period 1988-1993. Private share capital was wiped out, and the government had to provide new capital to the banks in order to keep the banking system open. Following the banking crisis the Norwegian financial regulation was strengthened in order to have a sound and consistent regime. Preventing new financial crises was one of the main objectives. A deposit guarantee scheme with high coverage level is an integrated part of the total financial regulation and important to ensure financial stability. The deposit guarantee scheme does, since 1996, cover 250.000 euro per depositor per bank, and is prepaid with a 21 billion NOK fund.

The Norwegian Deposit Guarantee Scheme is well known among Norwegian depositors and in the public more generally. There were no bank runs in Norway during the international financial crisis autumn 2008, largely because of a robust and consistent financial regulation covering all financial sectors, but also due to the depositors' awareness of the high coverage level of the deposit guarantee scheme.

Page 108 (Para 120)

The sector is supervised and regulated by the Norwegian Post and Telecommunications Authority (NPT), an autonomous agency under the Ministry of Transport and Communications. The NPT is primarily financed by operator and spectrum fees. It is a member of the Independent Regulators Group (IRG), and participated as an observer in the European Regulators Group (ERG); the ERG was replaced by the Body of European Regulators for Electronic Communications (BEREC), and the head of the NPT has been participating as observer in the BEREC Board of Regulators. However, the precise arrangements for NPT's participation in BEREC have yet to be determined.

Question 34:

The Norwegian Post and Telecommunications Authority (NPT) is the supervisor but is primarily financed by operator and spectrum fees that are supervised by it. How could NPT ensure its independence and fairness in its operation and supervision?

Answer:

The fees are stipulated by Parliament in the annual national budget and levied upon the operators as a designated tax on the telecommunications sector.

Page 108 (Para 121)

With certain exceptions, licences are required for the provision of services involving the use of radio frequencies. Operators are generally free to set their own end-user rates. Disputes between services providers may be submitted to the NPT for resolution. If mediation is unsuccessful, the NPT issues a regulatory decision. A decision must go for administrative appeal to the Ministry of Transport and Communications before it can be referred to the courts.

Question 35:

What are the exceptions ? Do these exceptions apply to both domestic and foreign operators?

Answer:

Foreign and domestic operators are treated in a non-discriminatory way. The exceptions referred to are that some frequency bands are reserved for unlicensed use in the regulations concerning general authorisations for the use of radio frequencies (the licence exempt regulations). These bands are reserved for a wide range of services and applications such as alarm systems, remote control applications, medical equipment, cordless telephones, data transmission applications, wireless microphones etc. as further detailed in the said regulations. The frequency regulations are implemented in a non-discriminatory way and do not treat foreign operators different from domestic operators.

Page 109 (Para 128)

Following a dramatic decline in the Norwegian-flagged fleet in the mid-1980s, the Norwegian International Ship Register (NIS) was introduced in 1987.

Question 36:

Could Norway please provide the legal text of Norwegian International Ship Register (NIS) in English?

Answer:

The text can be found here:

[http://www.sjofartsdir.no/PageFiles/3267/48%20of%2012%20June%201987%20Act%20relating%20to%20a%20Norwegian%20International%20Ship%20Register%20\(NIS\).pdf](http://www.sjofartsdir.no/PageFiles/3267/48%20of%2012%20June%201987%20Act%20relating%20to%20a%20Norwegian%20International%20Ship%20Register%20(NIS).pdf)

Page 110 (Para 133)

Norway introduced a revised tonnage tax system for the final taxation of profits from shipping activities with effect from 1 January 2007...The Norwegian Maritime Strategy, presented by the Government in 2007, advocates global regulation of the maritime industries to prevent tax competition...

Question 37:

Could Norway please provide the legal text of tonnage tax system in English? Please introduce the objective and effectiveness of this policy.

Answer:

There is no translation of the legal text available in English. The legal text in Norwegian can be found at: <http://www.lovdatab.no/all/tl-19990326-014-038.html>.

The objective of the special tax system for shipping is to maintain and stimulate fleet development, shipping companies and their operational departments and headquarters in Norway. The tax measure has contributed to maintaining shipping activities in Norway including location of head offices.

Question 38:

Could Norway please provide the legal text of Norwegian Maritime Strategy in English? Please introduce policy considerations for Norwegian Maritime Strategy?

Answer:

The government's maritime strategy, "Steady as she goes", was presented in the autumn of 2007. The Government's vision is that Norway will be a world-leading maritime nation and that Norwegian maritime industries will deliver the most innovative and environmentally friendly solutions for the future. The strategy may be found at http://www.regjeringen.no/upload/NHD/Vedlegg/strategier2007/steadyasshegoes_2007.pdf

The strategy and its results are being evaluated during 2012. Depending on the evaluation results an updated strategy may be envisaged in 2013.

PART II: QUESTIONS REGARDING THE GOVERNMENT REPORT

Page 7 (Para 20)

It is estimated that the State owned around 37% of the Oslo Stock Exchange capitalisation at the end of 2011. The State is a major shareholder in several of the larger commercial listed companies.

Page8 (Para22)

The Government has organised the management of its ownership in such a way as to keep the role of owner separate from the roles of policymaker, regulator and supervisor.

Question 39:

Could Norway please introduce the main sectors of state ownership and the reform plans for state ownership (e.g. in the next two or three years), in particular which sectors will be covered by the reform?

Answer:

There are no plans of reforming the current policy of state ownership. For an overview state-owned companies, please see:

http://www.eierberetningen.no/2011/index.php?seks_id=148206&element=Del&lang=english

Question 40:

Re-organisation of the state ownership management in Norway is to separate the roles of owner, of policymaker, and of regulator and supervisor. Could Norway please inform in detail specific responsibilities of these roles and their corresponding government agencies respectively? Also, roles of regulator and supervisor mean the same thing, or they are different?

Answer:

The majority of the State's commercial shareholdings are administered by the Ministry of Trade and Industry, whereas the regulatory and supervisory functions are performed by the respective sector ministries. There are important exceptions, such as Statoil ASA and Posten Norge AS, which for different reasons are administered by the sector ministries. 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.

In relation to companies with commercial objectives, the State exercises its role of owner through the annual general meeting whilst respecting the distribution of roles between owner, board and general management on which company legislation is based. For many of the companies in which the State has a shareholding, sectoral policy goals are important. Many of these companies are responsible for natural monopolies (Avinor AS, Statnett SF) or regulatory monopolies (AS Vinmonopolet, Norsk Tipping AS). Other companies are entirely financed via the State budget (Enova SF, Petoro AS) or via separate charges (NRK AS). In such cases, where the element of market control is more limited and where nonfinancial goals are linked to the requirement for efficient resource use, more complex governance problems can arise, and separating the role of political sector administrator from that of owner can be more problematic. Nevertheless, the decision to place these companies in their own legal entities (limited companies, State agencies) outside the administration indicates that the principles for corporate governance must also form the basis for corporate governance here.

Page 8 (Para 23)

To enhance the transparency of State ownership the Government will in 2012 publish a new version of the document on the Government's Ownership Policy. This document presents the key issues in the Government's ownership policy and was first issued in 2007 (www.ownershippolicy.net).

Question 41:

It seems that the new version of the document on the Government's Ownership Policy has not been publicized, since we cannot find it on the website www.ownershippolicy.net. When will Norway publicize the new version? What are the main changes of the new version comparing to that of 2007?

Answer:

The new policy document was published before summer in Norwegian and is being translated. We expect the English version to be ready by the end of the year. The main changes in the strategy is the description of certain aspects of the State ownership policy to bring it line with the new white paper which was presented to the Parliament in 2011, ref Meld. St. 13 (2010–2011).

Page 8 (Para 25)

Export Credit Norway will provide loans for export financing in the form of state-subsidised CIRR (commercial interest reference rate) loans and CIRR-qualified market loans on commercial terms. CIRR loans are loans granted to borrowers on terms compliant with the OECD "Arrangement on Officially Supported Export Credits". CIRR-qualified market loans are loans priced on market terms in compliance with state aid rules of the EEA-agreement.

Question 42:

Could Norway please specify how are the lending rates of state-subsidised CIRR loans and CIRR-qualified market loans determined? What are the differences between the lending rates of the two forms of loans? How can we differentiate the two forms of loans?

Answer:

CIRR (Commercial Interest Reference Rate) is the minimum rate for fixed-interest loans according to the OECD "Arrangement on Officially Supported Export Credits". The interest rate is reviewed monthly. The rate is based on the rate for government bonds in the currency in question plus 1 percentage point.

The CIRR-qualified market loans are floating rate loans. Until an alternative method has been established and approved by the EFTA Surveillance Authority, the market loans are priced using the ESA reference rate as set out in the Communication from the Commission (2008/C 14/02) as a minimum benchmark: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:C:2008:014:0006:0009:EN:PDF>

The applicable CIRR-loan rate is set at the time of the signing of the contract between exporter and buyer and remains fixed through the loan period. Upon the disbursement of the loan, the borrower must make an irrevocable decision about the applicable rate, CIRR-loan rate or market-based interest rate.

Page 13 (Para 60)

The EFTA ministerial meeting in 2010 agreed to include a chapter on sustainable development in on-going and future negotiations of EFTA free trade agreements. The model chapter includes provisions on the environment and labour standards. The aim is to secure a high level of protection for the environment and for employees.

Question 43:

Could Norway please introduce other important provisions in addition to the above-mentioned provisions on the environment and labour standards?

Answer:

The EFTA model chapter on sustainable development does not cover other subjects than environmental principles and labour standards. The chapter refers to multilateral instruments accepted by the Parties, as environmental agreements and ILO conventions, recognizing that predictability as to such standards are relevant to trade policy.

Question 44:

Does Norway have any promotion plan for those provisions on the environment and labour standards in its future FTA negotiations?

Answer:

The inclusion of these provisions in free trade agreements is promoted through the normal negotiating process with FTA partners.

Page14 (Para64-65)

The Norwegian Generalised System of Preferences (GSP) was established in 1971 with the objective to stimulate imports from developing countries.

In 2011, the Norwegian government commissioned an independent study on the effects of the changes to the GSP that took effect from 2008. ...Partly on the basis of this study, an inter-ministerial working group is currently considering options for further improvements in the GSP scheme.

Question 45:

Could Norway please inform products currently covered by its GSP and their percentage in total tariff lines? How does the independent study find the efficacy of the GSP for both the economic and social development of the benefiting countries?

Answer:

For countries eligible for duty and quota free market access to the Norwegian market, all tariff lines (100 %) are covered. For ordinary GSP countries, industrial products have duty free access with the exception of some textile-products on a “list of sensitive products” (exception-list). Preferences are granted for 78 % of all dutiable industrial products. For agricultural products the actual GSP tariff treatment is to be found in the various lists covering such products. Preferences are granted for 81 % of all dutiable agricultural products. The study referred to was not commissioned to address the economic and social development of the benefitting countries.

Question 46:

What progress has been made on the inter-ministerial working group? How will Norway further adjust its GSP scheme?

Answer:

Adjustments to the GSP scheme will have to be approved by Parliament as part of the annual budget process. The 2013 budget proposal will be presented to the Parliament on October 8.

PART III: OTHER QUESTIONS

Question 47:

How can Norway tackle the decline of industrial competitiveness caused by the high wages? How can Norway deal with the impact of new immigration on its economy and society?

Answer:

Since the turn of the millennium profits have been high in Norwegian manufacturing due to high productivity growth and large gains in terms of trade.

The wage share has stayed fairly stable in this period and growth in wages has been higher in Norway than amongst our trading partners. According to the Technical Calculation Committee for Wage settlements the average hourly wage cost in Norwegian manufacturing was 54 pct. higher than the average for our trading partners in the EU last year.

In recent years productivity growth has abated, as in many other European countries. Favourable terms of trade and high demand from the petroleum sector have kept up profitability in parts of the manufacturing sector. Other export oriented manufacturers are however facing lower demand and some also face falling product prices. In order to sustain competitiveness in the long run productivity must increase. Also, real wage increases should be more in line with productivity growth.

Immigration to Norway from new EU-countries has been driven by high demand for labour. Since 2004, about 60 pct. of employment growth has come from immigration.

Labour immigration has contributed to an increase in labour market flexibility. Labour immigration extended the duration of the economic upturn from 2003. Further, reduced net immigration since 2008, prevented a strong increase in unemployment.

The extent to which high levels of immigration will persist is highly uncertain. Population projections suggest that immigration will fall from today's extraordinarily high levels as labour markets in other European countries are expected to recover.

There are major differences between employment rates among immigrant groups, depending on country of origin. On average, employment rates for immigrants lie about 13 percentage points below the employment rates among non-immigrants (including Norwegian-born children of two immigrant parents). Some immigrant groups however have higher employment rates than comparable groups of Norwegians. However, a Norwegian study shows that after a period of 10-12 years in Norway, immigrants fall out of the labour market at a clearly faster rate than Norwegians at the same educational level. This is true for all immigrant groups, also groups from other European countries who come to Norway with the intent to work.

Two committees have issued reports concerning immigration recently: The welfare and migration committee was appointed to study the effect of migration and the challenges the Norwegian welfare model will face due to more movement across borders. The other committee was appointed to highlight the challenges and opportunities in multicultural Norway and to propose initiatives for integration and inclusion policy. The government is following up the assessments and recommendations in these reports.

It is important, but challenging to increase labour force participation among immigrants. In the long term, this will be very important as aging of the population will demand high labour participation rates.

The Norwegian government engages to combat social dumping. During the last couples of years, the Norwegian government has implemented different measures to combat social dumping, including an action plan against social dumping.

Question 48:

Could Norway please introduce how many government bonds of Euro-zone countries are holding by its banking sectors?

Answer:

Norwegian banks and life insurance companies have fairly low exposures to sovereign bonds issued by the most heavily-indebted Euro zone countries. The banks' largest exposures in this category are to securities issued by France, Spain and Ireland, but even these exposures combined represent less than 1.5 per cent of the banks' total assets per year-end 2011. For the life insurance companies, the sovereign bond exposure to these three countries amounts to approximately 4 per cent of the companies' total assets per year-end 2011. The banks and the life insurance companies' exposures to sovereign bonds issued by Greece, Italy and Portugal amount to approximately 0.2 and 0.9 per cent of total assets per year-end 2011, respectively. We do not at this time have readily available data for

exposures to sovereign bonds issued by other Euro zone countries than the six countries mentioned above.

Does Norway have any plan to participate in the rescue of the Eurozone debt crisis, e.g. to buy the government bonds of the heavily indebted countries through its GPF?G?

Answer:

The GPF is a predictable, long term financial investor with broad based investments in equity and bond markets. It thus contributes to the financing of governments and companies internationally, as well as to stability in financial markets. The investment strategy is based on broad diversification across asset classes, countries, and sectors. Equities account for 60 per cent of the strategic asset allocation. Fixed income instruments and real estate make up the remaining 40 per cent.

The GPF is managed by Norges Bank (the Central Bank of Norway) according to a mandate set by the Ministry of Finance. Within the limits of the mandate, Norges Bank's investment decisions are made independently of the Ministry. Investment changes will therefore not be presented to the Ministry of Finance before a decision is made.

The Ministry will not instruct the bank to buy certain financial instruments. That would move responsibility for individual decisions from manager to owner, which would imply a violation of the mandate which the Ministry has established for the Fund.

Any action related to loans from Norway to a country other than that which is done through the Fund's investments, must be subject to normal budgetary procedures and requires the approval of Parliament.

Norway supports countries affected by the crisis through the IMF. Norway's credit line to the IMF currently amounts to approximately 6 billion SDR (equivalent to around 7 billion EUR). As part of a broad international effort to ensure that the IMF has sufficient financial resources during these dire times for European and global economy, Norway is about to sign a 6 billion SDR bilateral loan agreement with the IMF. This will increase Norway's total credit line to the IMF to 12 billion SDR (equivalent to around 14 billion EUR). Norway has also offered bilateral loans to Iceland and Latvia in connection with their IMF programmes.

For more information about the Fund and its investments, please see: www.government.no/gpf and www.nbim.no.

Question 49:

If the price of crude oil and the return on Government Pension Fund Global (GPF) fall at the same time, will Norway face double deficits, i.e. trade deficit and fiscal deficit? If yes, how will Norway tackle the double deficits?

Answer:

A fall in the price of crude oil will reduce Norway's current account surplus. In the Revised National Budget 2012, presented to parliament in May 2012, this surplus was forecast to

be 13.4 per cent of GDP. In the short term, oil prices are not likely to fall to a level that would result in a current account deficit. In the long term, oil and gas extraction and exports is likely to fall as reserves are being depleted. Norway will then have a trade deficit, which will be balanced by returns of net foreign financial assets – to a large part consisting of assets in the Government Pension Fund Global (GPFG). A reduction in the current account surplus and in the public sector's total net financial wealth, due to a decline in oil and gas prices combined with a decline in the return on the assets in the GPFG, will primarily be reflected by a reduction in government net financial savings and in government net financial wealth.

As stated in the 2001 Fiscal Policy Guidelines, fiscal policy shall be directed towards a gradual and sustainable increase in the use of petroleum revenues. Over time, the structural, non-oil central government budget deficit shall correspond to the expected real return on the Government Pension Fund Global, estimated at 4 per cent. Since the rule is linked to the expected real return on the Fund, the state budget is not directly influenced by annual fluctuations in actual real returns of GPFG. Furthermore, the Fiscal Policy Guidelines states that in case of unusually large changes in the value of the Fund's assets, the corresponding adjustment to the fiscal budget should be phased in over several years. Finally, it should be noted that according to the Fiscal Policy Guidelines, the spending of petroleum revenues for a particular year must be adjusted to current economic conditions.

In a situation where oil prices and the return on the assets in the GPFG fall simultaneously, an increase in the spending of petroleum revenues may be warranted, to stabilise the Norwegian economy. Indeed, in 2008 the return on the value of the assets was negative, and at the same time, the price of crude oil fell sharply. As a response, the Government increased the use of petroleum revenues, in order to stimulate economic activity.

Question 50:

Could Norway please briefly introduce its openness of postal and express market, including the approval procedures, qualification requirements as well as commercial presence for foreign investment in postal and express sectors?

Answer:

Norway still maintains a monopoly for letter post up to 50 grams and a price two and a half times the basic tariff for a normal letter. Except from the monopoly area, any business can establish a postal operator or an express delivery company in Norway within the horizontal limitations given by our GATS commitments.

Question 51:

What is the relationship between Norwegian insurance regulatory authorities and Central Bank?

Answer:

Norwegian authorities have given priority to ensuring Norway has a robust regulatory framework that covers all the financial institutions and the entire financial market and which contributes to the soundness and resilience of the financial sector. Norway also has a joint supervisory body that oversees the entire financial market. This helps ensure common standards and consistent regulation for different types of financial institutions, based on the principle of "same risk, same regulation".

In Norway, the Ministry of Finance, Central Bank and the Financial Supervisory Authority of Norway – Finanstilsynet all perform tasks to ensure financial stability. The Ministry of Finance has the primary responsibility for monitoring financial stability and defining the regulatory framework for the financial sector (including insurance). Central Bank and the Financial Supervisory Authority shall ensure that the financial system is robust and efficient and monitor the financial institutions (including insurance companies), securities markets and payment systems in order to identify matters that could pose a threat to financial stability. Finanstilsynet oversees the individual financial institutions (including insurance companies) and has the authority to intervene in crises or imminent crises by issuing requirements and instructions to individual institutions. Norges Bank is responsible for monitoring the financial system as a whole, and acts as lender of last resort.

Question 52: In Norway's opinion, what resistances have been met during the approval process of EU Solvency II Directive? When will EU Solvency II Directive be implemented in the EU?

Answer:

Norway is not a member of the European Union.

VII. QUESTIONS FROM COLOMBIA

Government Report (WT/TPR/G/269)

II. THE ECONOMIC ENVIRONMENT

(1) The Financial Crisis

According to paragraph 9 of the Government report, "[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 solvent banks from having payment problems. Among other measures, Norges Bank (the central bank) injected large amounts of liquidity into the banking system, extended the maturity of liquidity and temporarily eased collateral requirements for loans. The government established an arrangement in which banks could obtain government securities in exchange for covered bonds. Banks that participated in the arrangement were able to obtain financing directly through the sale of the government securities or by borrowing in the market using the government securities as collateral. In addition the Government Finance Fund was created to better place Norwegian banks in a position to maintain normal lending activities, by offering solvent banks core capital. To contribute to an increased supply of liquidity and capital inflow to the Norwegian credit bond market, the Government Bond Fund was established in March 2009."

What was the procedure by which the banks obtained government securities?

Answer

This procedure is described in a press release from the Ministry of Finance 24 October 2008: (<http://www.regjeringen.no/en/dep/fin/press-center/press-releases/2008/exchange-of-government-securities-for-co.html?id=533944>)

"The following guidelines will apply:

- Banks eligible to sign up for Norges Bank's fixed-rate lending facility (F-loans) are eligible to participate in the swap arrangement with the government. These include Norwegian commercial and savings banks and branches of foreign banks. Participation in the arrangement is subject to bilateral agreements between banks and the government. Norges Bank will administer the arrangement on behalf of the Ministry of Finance.*
- The government will initially accept Norwegian residential mortgage-backed securities (RMBSs) under the swap arrangement. The Ministry of Finance is considering whether to accept securities backed by the other types of assets listed in Section 2-28 of the Financial Institutions Act.*
- The banks can procure Norwegian covered bonds (OMF) either in the market or directly from a mortgage company authorised to issue Norwegian covered bonds (OMF).*
- The price of the swap agreement applying to the banks will be set by auction. The arrangement provides for auctions to be held twice a month.*

- *Banks may conclude swap agreements for up to three years. Agreements shall mature on an IMM date, i.e. on the third Wednesday in March, June, September and December. Banks may select the IMM maturity date.*
- *Covered bonds accepted as collateral by the government will be temporarily exchanged for Norwegian Treasury bills. When new agreements are entered into, banks will be offered a Treasury bill with a maturity date three to six months ahead. Bills that mature within the term of the agreement will be replaced by new bills with a six-month maturity.*
- *A general limit will be set for the difference between the yield on the covered bonds (OMF) accepted by the government and Treasury bills. This limit will apply through the life of the arrangement and shall compensate the government for risk and provide an incentive to discontinue the arrangement when market conditions become more normal.*
- *Banks must swap securities on market terms. A minimum price will be set at each auction based on NIBOR. The banks will bid by indicating a NIBOR margin that is higher than the minimum price. The margin will remain fixed through the contractual period. The banks' borrowing cost will be variable in that it will be adjusted every six months in pace with NIBOR.*
- *The value of the covered bonds (OMF) will be set by Norges Bank when the agreement is concluded, according to the same principles that apply to securities pledged as collateral in Norges Bank's lending facilities.*
- *All payments and transfers of securities under the arrangement will be settled in the Norwegian securities settlement system in Norges Bank and the Norwegian Central Securities Depository (VPS).*
- *Fixed coupon government bonds will not be included in the swap arrangement for the time being. This will be considered should demand for auctions of government bonds arise at a later time.*
- *At the beginning of November, further details concerning the arrangement will be set out in a circular. It is expected that Norges Bank and market participants will require some time to prepare for the first auction. The Ministry of Finance and Norges Bank aim to conduct the first auction in mid-November.*
- *Moreover, the Ministry of Finance, as presented in Proposition No. 5 (2008-2009) to the Storting, will consult the Financial Supervisory Authority of Norway on how best to prevent the arrangement from having unintended effects on banks' capital adequacy and pricing, and ensure that the transfer and acquisition of mortgages between companies in the same group is conducted on a commercial basis."*

(4) State ownership

According to paragraph 21 of the Government report, "Government policy is that the extent of state ownership should remain at approximately the current level. This does not imply that the Government will not privatise certain companies or participate in sensible industrial transactions. Decisions to buy or sell are taken on a case-by-case basis, and usually depend on parliamentary approval. At present the Government has parliamentary approval to decrease state ownership in three companies."

What criteria does the Parliament apply in authorizing the Norwegian Government to buy or sell a company?

Answer:

The Government has to seek approval from the Parliament to change the State's level of ownership in any company. There are no formal criteria for Parliamentary approval, each case is argued on its own economic and political merits.

(5) Export Financing

Paragraph 25 of the Government report states that "Export Credit Norway will provide loans for export financing in the form of state-subsidized CIRR (commercial interest reference rate) loans and CIRR-qualified market loans on commercial terms. CIRR loans are loans granted to borrowers on terms compliant with the OECD 'Arrangement on Officially Supported Export Credits'. CIRR-qualified market loans are loans priced on market terms in compliance with State aid rules of the EEA-Agreement."

Is there any relationship or similarity between the provisions of the OECD Arrangement on Officially Supported Export Credits and the WTO's SCM Agreement?

Answer:

The main purpose of the OECD Arrangement and the WTO SCM Agreement could be seen as similar, namely to ensure a level playing field and avoid distortion of international trade by providing regulations for public interventions. While the OECD Arrangement regulates publicly supported exported credits, the WTO's SCM Agreement disciplines subsidies and Countervailing Measures, but is, when it comes to export credits, referring to other agreements.

"Arrangement on Officially Supported Export Credits" provides a framework for the orderly use of officially supported export credits. The Arrangement seeks to foster a level playing field for official support in order to encourage competition among exporters based on quality and price of goods and services exported rather than on the most favourable officially supported financial terms and conditions. The Arrangement is developed within the OECD framework, initially came into effect in 1978 and is of indefinite duration. The participants are Australia, Canada, the European Community, Japan, Korea, New Zealand, Norway, Switzerland and the United States. Other OECD Members and non-members may be invited to become participants.

The WTO Agreement on Subsidies and Countervailing Measures (SCM Agreement) addresses multilateral disciplines regulating the provision of subsidies and the use of countervailing measures to offset injury caused by subsidized imports. Export credits is mentioned in annex I to article 3 in the SCM Agreement which states that measures referred to in Annex I as not constituting export subsidies are not prohibited. In Annex I (k) it is stated that "(...) if a Member is a party to an international undertaking on official export credits to which at least twelve original Members to this Agreement are parties as of 1 January 1979 (or a successor undertaking which has been adopted by those original Members), or if in practice a Member applies the interest rates provisions of the relevant

undertaking, an export credit practice which is in conformity with those provisions shall not be considered an export subsidy prohibited by this Agreement.”.

Report by the Secretariat (WT/TPR/S/269)

II. TRADE POLICY REGIME: FRAMEWORK AND OBJECTIVES

(1) General Framework

According to paragraph 4 of the Secretariat report, "Norway's court system comprises courts of first instance; courts of appeal; and the Supreme Court. District courts have competence both in criminal and civil cases. The courts are independent in the exercise of their judicial authority. The courts are administered by the National Courts Administration. Judges are appointed by the King-in-Council, following recommendation by the National Courts Administration. The Supreme Court, comprising 19 ordinary justices and the Chief Justice, ensures uniformity of the legal process and hears both civil and criminal cases. The Supreme Court acts wholly independently of the other organs of State in the exercise of its judicial authority. The Supreme Court and the other courts are empowered, *inter alia*, to review the legality of Government decisions and the constitutionality of legislation adopted by the Storting."

What judges⁶ are appointed by the King-in-Council following recommendation by the National Courts Administration?

Is there such a thing as a judicial career?

Answer:

All three categories of judges are appointed by King-in-Council.

In Norway, it has been a fundamental principle in the recruitment of judges that the judiciary should reflect the broadest possible professional legal background, so that they represent a broad and varied background of experience. For this reason, Norwegian judges - as opposed to judges in some other countries - are not recruited to an internal career in the courts as soon as they qualify. Nor are they recruited exclusively from one particular occupational category.

(4) Investment Regime

The Secretariat report states in paragraph 30 that "[w]ith a few exceptions, Norway's investment regime is open to private (domestic and foreign) investors on the basis of equal treatment. Norway does not have any specific legislation or policy pertaining to foreign investment. Rather, the treatment of foreign investment may be included as part of broader policies applied in specific sectors. For example, the Government's policy towards state ownership identifies eight enterprises where the Norwegian State holds equity, *inter alia*, to ensure that their corporate headquarters and essential

⁶ First instance, appeals or Supreme Court, two of these, or all three.

functions remain in Norway, but otherwise draws no distinction between (private) Norwegian and foreign capital."

What are the exceptions where private investment is restricted?

Answer:

Norwegians and foreign nationals alike are subject to restrictions in the acquisition of real estate, particularly properties that contain forests, mines, and waterfalls. Norway also maintains restrictions on foreign investment in certain activities related to audiovisual services, air transport, fisheries, and maritime transport. Under the EEA agreement, these restrictions should not apply to citizens of another EEA State; notable exceptions are the restrictions on investment in the fisheries fleet, which also apply to EEA member States. The participation of private investors is also restricted by the de jure State monopolies in certain postal services, certain railway services, and in the retail sale of alcoholic beverages.

IV. TRADE POLICIES BY SECTOR

(1) Agriculture, (i) Main features

(iii) Farmer-owned cooperatives

According to paragraph 9 of the Secretariat report, "Tine SA is a producer cooperative with more than 16,300 members, processing and selling milk and dairy products throughout Norway. The annual turnover of the Tine Group is close to Nkr 17 billion. Tine is market regulator for milk. Since 2004, all aspects related to market regulation has been handled by a separate organizational unit (Tine Råvare). The unit supplies the rest of the Tine Group and other industrial users with milk at a uniform price. As market regulator, Tine is obliged to purchase all milk offered to it by milk producers in Norway, and to purchase surplus milk fat in the form of butter from entities outside the Tine Group."

Why is the market regulator obliged to purchase all milk offered to it by milk producers in Norway?

Answer:

Market regulation measures are implemented by the market regulator in order to achieve target prices in the market, and to secure a steady commodity supply and reliable prices from the producers to the processing industry. Such measures include production regulation, technical R&D, storage, transportation, price reducing measures, information campaigns, advertisement and regulatory export. The role of the market regulator is to give advice to the Marketing Board on feasible measures in the market, and then implement the decisions of the Marketing Board.

Market regulators have obligations to buy products from farmers and to supply the market with products. The latter obligation means that the market regulators are committed to supply competing industry with raw materials at administered prices. The market

regulators also have an obligation to provide information on market prices and volumes to the processing industry.

TINE SA, as market regulator, must distinguish between the handling of raw milk and all other activities within the company. To ensure this distinction, an agreement was made between Tine SA and the Norwegian Agricultural Authority, committing Tine SA to establish and maintain Tine Råvare ("Tine Raw Milk") as a separate financial and administrative division. The budgets and accounts of this unit are monitored by the Norwegian Agricultural Authority.

Section (xi) of document WT/TPR/S/269-04 (Trade-related intellectual property regime) mentions in paragraph 140 that Norway acceded to the European Patent Convention in 2008, but has so far not acceded to the Patent Law Treaty or the Singapore Treaty on the Law of Trademarks, due to incompatibilities with domestic laws. Could you please tell us what these incompatibilities are?

Answer:

To date no formal review of the Norwegian law's compatibility with the Patent Law Treaty and the Singapore Treaty on the law of Trademarks has been performed. Norway aims to decide on whether to accede to the two treaties within two years. In this regard a formal review on the relationship between Norwegian law and the two Treaties will be performed. A preliminary assessment suggests that the new Trademark Act (Act No. 8 of 26 March 2010) and the Regulation thereto, which both entered into force on 1 July 2010, seem to be fully compatible with the Singapore Treaty on the Law of Trademarks. As regards the Patent Law Treaty it is unclear whether the obligation in the Patent Act to disclose the origin of biological material and traditional knowledge related to the invention is compatible with the Treaty.

VIII. QUESTIONS FROM COSTA RICA

PART I: QUESTIONS CONCERNING THE SECRETARIAT REPORT

Page 1 (paragraph 3)

As fossil fuels are an exhaustible resource, long-term planning is attentive to economic activity beyond the petroleum age. Norway's mineral resources are thought to be considerable, and systematic mapping has begun to determine their potential. Norway's merchant fleet is the world's seventh largest in tonnage. Fish farming, which began in the 1970s, has given a major boost to Norway's production and export of fish and seafood products. Norway is the largest producer of hydropower in Europe, and the domestic power grid is almost entirely hydropower-based. Depending on the evolution of energy prices and technological advances, Norway may also have considerable potential in other renewable forms of energy, such as wind and wave power. However, the authorities recognize that high standards of living in the future will have to be based on competitive, knowledge-intensive industries and innovative methods of production.

Question:

1. How has Norway managed to balance exploitation of natural resources with environmental sustainability?

Answer:

Concerning petroleum resources: Environmental and climate considerations have always been an integral part of the Norwegian petroleum activities. A comprehensive policy instrument scheme has been developed, which safeguards environmental and climate considerations in all phases of the petroleum activities, from licensing rounds to exploration, development, operation and decommissioning of fields. Emissions and discharges from the Norwegian petroleum activities are regulated through several acts, including the Petroleum Act, the CO₂ Tax Act, the Sales Tax Act, the Greenhouse Gas Emission Trading Act and the Pollution Control Act. The strict restrictions on flaring under the Petroleum Act contribute to keeping the general flaring level on the Norwegian shelf low, compared with the international level. In the petroleum legislation, the processes related to impact studies and approval of new development plans (PDOs/PIOs) are important. Norway has also committed to limiting some emissions and discharges through international agreements.

As a result of a continuing strong emphasis on the environment, the Norwegian petroleum sector maintains a very high environmental standard.

Concerning renewable resources: All production, transport and use of energy have an impact on the environment. Great emphasis is therefore placed on environmental aspects when decisions are made in the energy area.

Traditionally, Norway's production of electricity has come almost exclusively from hydropower. Norway has a well-established and comprehensive licensing system for renewable energy that considers the various interests in a licensing process. This includes a thorough review of the environmental impacts. Interested parties are heard and thoroughly

involved in the process. An application may be refused on environmental grounds. The authorities may also require abating measures to mitigate the environmental impacts. Examples include requirements to establish a fund for fish stock enhancement or rules on the minimum permitted rate of flow if regulation harms fish and other flora or fauna in and around the watercourse.

The environmental disadvantages, both the aesthetic impact on the landscape and the impact on biodiversity, are the main reasons why many watercourses are protected from power development. The main purpose is also to preserve a representative sample of Norwegian river ecosystems for future generations. Around 45 TWh per year of the total hydropower potential is located in protected watercourses.

In recent years, more small-scale hydropower plants have been developed (installed capacity of up to 10 MW). The Ministry of Petroleum and Energy has, in cooperation with the Ministry of the Environment, issued Guidelines for Small Hydropower plants. These guidelines are used in the licensing process to balance exploitation with environmental concerns.

Many licences for wind farms are being processed. The environmental consequences revealed in an impact assessment report and associated consultative statements will be included in the licence process. Through the licensing process, the intention is to arrive at countermeasures that reduce the negative impacts of wind farm construction. If the environmental impacts are too large, a licence will not be granted.

Page 11 (paragraph 14)

The high domestic prices of food products and certain services (e.g. car repair and dental treatment), and excise taxes on alcoholic beverages and tobacco, which are higher than in neighbouring countries, provide a considerable incentive for border trade. Statistics Norway, which began tracking day-trip purchases in 2004, estimates their value to have risen by 30 per cent. In 2011, Norwegians are thought to have brought back goods worth NOK 11.5 billion from short, purchase-motivated trips, up by 9 per cent from 2010. Almost 94 per cent of the purchases are made in Sweden.

Question:

2. What is the tax burden (internal taxes) on alcoholic beverages and tobacco?

Answer:

For 2012 the excise duties (internal taxes) on alcoholic beverages are as follows:

<i>Alcoholic beverages</i>	<i>% alcohol by volume</i>	<i>Excise duty (in NOK)</i>
	up to 0.7	duties are charged based on the rules that apply to non-alcoholic beverages
Based on distilled spirits	above 0.7	6.72 per volume per cent and litre
Others	above 0.7 and up to 2.7	3.00 per litre

	above 2.7 and up to 3.7	11.31 per litre
	above 3.7 and up to 4.7	19.59 per litre
	above 4.7 and up to 22	4.38 per volume per cent and litre
Ethanol for technical and industrial use	above 0.7	same rate as for alcoholic beverages

For 2012 the excise duties (internal taxes) on tobacco are as follows:

Product	Excise duty (in NOK)	
Cigars	2,31	per gram of the net weight of the packaging
Cigarettes	2,31	apiece
Smoking tobacco, shredded chewing tobacco, raw tobacco in consumer packaging	2,31	per gram of the net weight of the packaging
Chewing tobacco	0,93	per gram of the net weight of the packaging
Snuff	0,93	per gram of the net weight of the packaging
Cigarette paper and cigarette cases	0,0351	apiece

Page 23 (paragraph 32)

According to the OECD's FDI regulatory restrictiveness index, Norway's average score is better than the OECD average for the 14 economic sectors covered (Table II.2). Half of the covered sectors are identified as fully "open"; the most restricted sectors are fishing, transport, real estate, and business services.

Questions:

What types of restrictions does Norway impose in the business services sector?

Answer:

In the business service sector there are requirements for professional qualifications in some professions (e.g. lawyers, auditors). Furthermore there are some requirements related to establishment within corporate law.

For example, in legal services, according to the Courts of Law Act, only people working in a law firm are allowed to hold ownership in that firm. Hence, foreign law firms from outside the EEA are only allowed to establish themselves in Norway to provide legal services

concerning foreign and/or international law when its lawyers (owners) have been given special permission by the Supervisory Council.

3. Does Norway have plans for any future liberalization of this sector?

Answer:

There are no concrete plans for further liberalization of the business services sector as such. However, the government has an on-going project aiming at simplifying regulations to the benefit of businesses. The business service sector falls within the scope of this project.

For example, a comprehensive review of rules and regulations concerning legal services has been initiated.

Page 25 (paragraph 1)

The Norwegian Customs and Excise Service (Tollvesenet), an autonomous agency under the Ministry of Finance, is responsible for ensuring that goods do not enter or leave Norway illegally, and that goods cleared through customs are subject to timely and accurate payment of all established duties and taxes. The service comprises a central unit and six regional customs offices, together employing just below 2,000 people.

Question:

4. How is customs control carried out? What percentage of goods are inspected and examined by customs agents?

Answer:

Norwegian customs controls are carried out either as a border control to detect illegal or smuggled goods, a customs clearance control or by post-clearance audits.

Customs border control: *Customs border inspections are performed on the basis of risk analysis, intelligence and sometime random controls or in connection with the clearance control. The inspection may comprise documentary controls and physical controls of the goods. Official statistics focus on number of seizures and the exact numbers of controls performed are not published.*

Customs clearance control: *The customs clearance controls are conducted either by a control of documents or by a combination of control of the documents and examination of the goods. Control of relevant documents and the examination of goods are carried out to assess and verify the declared information. The declared information forms the basis for the assessment of duties and taxes, to determine if there are any restrictions and to ensure that the trade statistics are correct.*

Most of the clearance controls are based on different parameters in the electronic clearance system. Different parameters are set to select the appropriate declarations.

Post-clearance audit: *Post-clearance audit is examination of the information submitted and compliance of the set of rules. The examination takes place after the assessment of duties*

and taxes or after the declaration of exportation. The audit enforcement officers in the customs regions conduct inspection of the accounts of importer, exporters and companies liable to excise duties.

As regards to the inspection and examining of goods, Norway does not use customs agents for this purpose. If goods are to be inspected or examined, this is performed by customs officers. Official statistics of controls performed is not published.

Page 29 (paragraph 13)

Norway's applied tariff rates are established annually by Parliament as it adopts the State budget for the following fiscal (i.e. calendar) year. In the course of the year, the Norwegian Agricultural Authority (NAA) may reduce the applied rates on agricultural goods either through time-limited general reductions for specific products, applicable automatically to all importers with no quantitative restrictions, or through individual tariff reductions, granted to importers upon application to the NAA for the product in question. While the general tariff reductions reflect developments in the domestic market, the intention behind the individual tariff reductions is to protect local products, as well as substitutes, while allowing imports of products, distinctly different in taste or use, as a supplement to domestic agricultural production. In 2011, the NAA granted 298 general tariff reductions and 3,577 individual tariff reductions.

Question:

5. The fact that Norway's applied tariff rates are established annually by Parliament for the following calendar year may undermine the predictability of the Norwegian import sector (or of the export sector of its counterpart). What is the reason for establishing tariffs annually?

Answer:

Tariffs are adopted by the Parliament as a part of the annual State budget for the following fiscal (i.e. calendar) year in accordance with Section 75 a) of the Norwegian Constitution. This provides for predictability as tariffs may not be raised during the calendar year beyond the level adopted by the Parliament.

Page 35 (paragraph 19)

The TRQ regime is administered by the Norwegian Agricultural Authority, except for five value-based quotas for imports from the EU, which are allocated automatically upon declaration in the electronic TVINN system of the Norwegian Customs and Excise Service.

Question:

6. What are the five quotas that are not administered by the Norwegian Agricultural Authority?

Answer:

The five quotas concern cuttings for nursery or horticultural purposes, except of green plants, Azalea (Azalea indica); pot- or bedding plants; green pot plants from 1 May to 14 December and grass in rolls or plates (lawn).

Page 35 (paragraph 20)

TRQs are generally allocated in advance of the quota year. An auction plan is made available, setting out the auctioning dates, and goods and quantities up for auction. Bidding takes place via the Internet. Once allocated, the quotas are transferrable among the traders. The NAA may re-auction unused import quotas.

Question:

7. Is there any penalty for importers who do not use the quota?

Answer:

There is no penalty for unused quota-shares. The quotas are however tradable, meaning that there is an economic incentive in reselling unused quota-shares.

Page 38 (paragraphs 28-29)

Norway levies a "research duty" on ready-made food as well as on raw materials or semi-manufactures of animal or vegetal origin used in the production of food. The research duty is applied in accordance with Law No. 74 on research duty on agricultural products, of 26 June 1970, and Regulation No. 410 of 6 April 2001. Fish and other marine products are not considered agricultural goods and therefore not subject to the duty.

The research duty is collected on domestically produced goods at the first level of purchase, and on imported goods at the time of importation. The duty is channelled into a fund financing research projects considered relevant to the goods subject to the duty.

Questions:

8. What is the purpose of the "research duty"?

Answer:

The purpose of the law and the research fee is to secure the financial basis for research on agricultural products which are used for production of foodstuffs for human consumption, as well as feed grains.

The money collected from the research fee is placed in a fund. A board of seven people manages the fund and support is granted to research projects after a public competition. The board members are representatives from organisations in the food chain (agriculture, the processing industry and consumer's organisations) and from the Ministry of Agriculture and food.

9. Is there a website where a detailed list of the products subject to this "research duty" can be obtained?

Answer:

The fee is collected on both domestic production, and on imports of basic agricultural products, semi-processed products and processed products. There is a long list of imported products that are exempt from the duty, mainly because there are no research-activities on these products in Norway (mostly tobacco, wine, beer, coffee, tea, sugar and cocoa). More Information can be found at <https://www.slf.dep.no/no/fou-midler/landbruks-og-matforskning#fondet-for-forskningsavgift-paa-landbruksprodukter-ffl> (Norwegian only).

10. How do you control and verify that the product is at the first level of purchase and being imported into the country for the first time?

Answer:

The custom authorities have established routines to ensure correct collection of the fee. Companies importing food into Norway have to report all imports to the customs authorities which set a total fee on the goods.

Page 55 (paragraph 86)

Annex I to the EFTA Convention provides the framework for mutual recognition in relation to conformity assessment among the EFTA countries. Further to Protocol 12 of the EEA Agreement, which stipulates that the EU will negotiate mutual recognition agreements (MRAs) with third countries on the basis that the third countries will conclude equivalent and parallel MRAs with the EEA-EFTA members, such MRAs are in force with New Zealand, Australia, Canada, and the United States. A new protocol on mutual recognition of conformity assessment of products (Protocol E) was added to the EFTA-Turkey Free Trade Agreement in December 2009.

Question:

11. What results have these mutual recognition agreements had?

Answer:

The MRA-agreements remove barriers to trade in the respective areas. We are unfortunately not aware of any statistics showing the effects. It is, however, generally assumed that MRAs based on non-harmonized legislation in the parties to the agreements, have less positive effects than MRAs based on harmonized legislation.

As an example: In the maritime sector the three EEA EFTA States has made two MRA agreements in parallel to the EU MRA with the United States. These agreements apply to recreational craft and marine equipment.

The objective of the MRA's is to provide effective market access between the United States and the EEA EFTA States with regard to conformity assessment for all products covered

under the Agreements. The MRAs are designed to facilitate trade, while maintaining our high levels of health and safety protection. These agreements permit approved U.S. laboratories to conduct required conformity assessment procedures (e.g., product tests) for designated products according to EEA EFTA requirements (U.S. requirements in the case of marine equipment), and vice versa. This saves manufacturers the time and expense of additional product testing, lowers prices for consumers, and conserves regulators' resources.

The MRA's establish free competition on equal terms within the U.S. and the EU + EEA EFTA area (Single Market). This is an advantage that is actively used by the marine equipment industry. Norwegians importers of recreational crafts from the U.S. would know which standard the imported product is based on.

Page 57 (paragraph 98)

According to the Customs Duty and Movement of Goods Act (Article 4, paragraph 33), free zones or free ports may be established in Norway, and the Ministry of Finance is authorized to draft regulations for the operation of such zones or ports. Customs free zones or free ports must be approved by the Ministry of Finance.

Question:

12. Although so far Norway has not set up any free zones, do you know what benefits would be granted under this regime? What are the requirements for a company to be established in a free zone?

Answer:

Although Norwegian authorities have the authority to set up free zones there are no plans to do so. The requirements for establishing a free zone are given in the Customs Act article 4-33 and the Customs Regulation chapter 4-33. An application regarding a free zone must give an account of the commercial and industrial considerations in evidence and of how the applicant intends to meet the requirements set for operation of the free zone. The applicant must render probable the extent of the planned activity in the free zone. The application shall indicate the types of goods involved and whether the goods are to be stored or processed. If the goods are to be processed, information must be given about production processes, inputs and quantities of goods. The authorisation may set conditions in regard to types of goods, quantity of goods and the extent to which these may be processed and it may be time-limited. The applicant must provide security for any liability vis-à-vis the customs authorities and there are physical security requirements to be met. Goods entering the free zone are exempted customs and excise, but have to comply with all other prohibitions and restrictions. The free zone is under normal Norwegian jurisdiction. Goods leaving the free zone have to be declared to customs as if exported, and before importation to Norway a normal import declaration has to be submitted to Customs.

Page 66 (paragraph 125)

Competition rules, as they apply to Norwegian enterprises, are enforced either by the European Commission, the EFTA Surveillance Authority, or by the Norwegian Competition Authority. The key principles of the EU competition rules, i.e. prohibitions against the abuse of dominant position and anti-competitive practices among enterprises, as well as merger control, have been transposed into the EEA Agreement (Part IV, Chapter 1, Articles 53-60), which also sets out the division of responsibilities between the European Commission and the EFTA Surveillance Authority. Norwegian enterprises active in the markets of EU member States have been subject to EU competition rules since the late 1950s, i.e. long before the entry into force of the EEA Agreement.

Questions:

13. What is the European Commission's mode of operation in applying the competition rules - what kind of precedent is there for this supranational framework and what is the legislative basis for the creation of this body?
14. How, in practice, do you distribute the control and supervision of compliance with competition rules? With three different bodies involved, how is this responsibility coordinated?

Answers to questions 14 & 15:

The operational framework is based on the EEA-agreement. The Norwegian Competition Authority is responsible for enforcing the competition rules on a national level, the EFTA Surveillance Authority (ESA) where the EFTA-countries are affected, and if the EEA-area is affected the European Commission is responsible.

Page 66 (paragraph 127)

At the national level, Norway's legal framework comprises the EEA Competition Act (Act No. 11 of 5 March 2004), the Competition Act No. 12 of 5 March 2004, and a number of Regulations.⁷ Act No. 12 is enforced by the Norwegian Competition Authority, reporting to the Ministry of Government Administration, Reform, and Church Affairs. The Authority may issue administrative fines for infringements; its decisions may be challenged before the national courts.

Question:

15. What are the main revisions you expect to introduce to the Competition Act?

Answer:

The Norwegian Competition Act is currently under revision. The aim is to make the law an even more efficient tool to safeguard competition in the markets. Harmonization with

⁷ The Competition Act is under revision and expected to be amended in July 2013.

EU rules where appropriate and improving the leniency programme are some of the elements under consideration in the revision.

Page 68 (paragraphs 136-137)

Act No. 66 of 11 June 1993 authorizes the King to impose price controls or notification of price changes "to promote socially justifiable price developments". Controls may take the form of minimum or maximum prices, price freezes, maximum mark-ups, or the regulation of profit margins, delivery, and payment terms. It forbids "unreasonable" prices, or business terms that have unreasonable effects or are in conflict with the general interest.

At present, taxi fares are subject to maximum prices and specific fare calculation formulas established by the Norwegian Competition Authority. The regulation does not apply in major cities and agglomerations where the Authority considers the level of competition to be satisfactory.

Questions:

16. What sectors are covered by this price-setting policy and what are the reasons for price controls?

Answer:

All sectors are in principle covered by the law, but the price control mechanism has not been enforced for many years. One regulation regarding taxi fares has been adopted.

17. Price controls do not apply in major cities and agglomerations where the level of competition is considered to be satisfactory. What are the criteria for determining that the level of competition is satisfactory?

Answer:

Price control for taxi fares does not apply to major cities and agglomerations where the level of competition is satisfactory. The Competition Authority assesses the need for price control pursuant to relevant legislation:

<http://www.konkurransetilsynet.no/en/legislation/The-Price-Policy-Act/>

Page 97 (paragraph 82)

Norway's legal framework for the generation, distribution, transmission, and trade of electricity comprises the Energy Act No. 50 of 29 June 1990, the Water Resources Act No. 84 of 24 November 2000, the Watercourse Regulation Act. No. 17 of 14 December 1917, and the Industrial Licensing Act No. 16 of 14 December 1917. Norwegian waterfalls are considered part of the national wealth. The principle was codified in 1909, and inscribed in the Industrial Licensing Act of 1917. Norway's water resources have therefore been developed primarily by the public sector, as private investments have

been regulated by concessions valid for a maximum of 60 years.⁸ In 2008, some 150 enterprises owned by local authorities and county councils held around 52 per cent of Norway's electricity generation capacity and the state-owned Statkraft owned 36 per cent; the remaining capacity was in private ownership.⁹ The Norwegian State also owns about 90 per cent of the main transmission grid, which is administered by the transmission system operator Statnett SF, while local authorities and county councils own most of the regional transmission and distribution grids. Foreign ownership is limited and concentrated in trading companies.

Question:

18. With the Norwegian State owning about 90 per cent of the main transmission grid, do private generators have to sell the electricity they produce to the State, or are they authorized to distribute it themselves?

Answer:

Trading of electrical power takes place on the power exchange Nord Pool Spot, which is the Nordic market place for physical power, or directly between market participants. In 2010, about 74 per cent of power production in the Nordic countries was traded at the Nord Pool Spot; the remaining production is traded directly.

Page 106 (Box IV.2)

The Norwegian deposit insurance scheme (since 1996) fully guarantees deposits up to Nkr 2 million per depositor per bank. While membership is compulsory for Norwegian banks, branches of foreign EEA-based credit institutions operating in Norway may opt to join the scheme thus obtaining coverage additional to that provided by their home-country schemes. Three foreign-owned Norwegian banks and six branches of foreign credit institutions are members of the Fund.

Questions:

19. Are there public banks in Norway?

Answer:

There are no public deposit taking banks in Norway. However, there are some public lending institutions (i.e. Lånkassen and Husbanken) which provide lending to specific groups or specific activities.

The largest Norwegian bank, DNB, is partially (about 33 pct.) owned by the Norwegian government.

⁸ At the end of the concession period, the power stations and the watercourses are returned to the Norwegian State free of charge.

⁹ Around half of the privately held production capacity was acquired before 1909 and is therefore not subject to the return clause.

20. Do both public and private banks have to contribute on equal terms to this deposit insurance?

Answer:

All Norwegian deposit taking institutions (banks), including DNB, must contribute on equal terms to the deposit insurance.

Page 108 (paragraph 122)

The NPT uses guidelines issued by the EFTA Surveillance Authority to identify specific markets for electronic communication services and to determine the existence of significant market power (SMP). The former State monopoly Telenor is still considered to possess significant market power in most markets, but other providers also have SMP status in specific segments.¹⁰ The regulatory measures, including price caps, applied to these providers vary depending on the segment and the degree of market power. International price comparisons by the OECD find Norway consistently below the OECD average for all measured indicators.¹¹

Questions:

21. Is there any legislation for interconnection with providers having significant market power?
22. Could Norway briefly explain the interconnection process?

Answer:

The Norwegian Post and Telecommunications Authority assesses the relevant markets to decide upon the issue of significant market power (SMP). If a provider has SMP, at least one measure will be levied upon it. All providers of voice services have, by definition, SMP in the market of terminating calls to their own subscribers.

Interconnection agreements are negotiated on a commercial basis between the providers. The SMP providers have standard offers, but also offer flexible and customised solutions.

PART II: QUESTIONS CONCERNING THE GOVERNMENT REPORT

Page 8 (paragraph 28)

High demand for labour and a gradual opening up of the labour market through changes in the immigration regulations has led to an increase in the number of non-EEA nationals working in Norway. According to the new Immigration Act and Immigration Regulations that went into force 1 January 2010, non-EEA nationals who

¹⁰ In September 2011, the NPT announced that Telenor would no longer face regulation in the retail market for leased lines (market 7) or the wholesale market for leased lines above 8 Mbps (market 14). The decision took effect immediately for market 7, and six months later for market 14.

¹¹ OECD online information. Viewed at: www.oecd.org/sti/telecom/pricebaskets

intend to work or establish business in Norway must hold a residence permit. The immigration act includes provisions that are intended to ease the labour recruitment process. Three groups of workers may commence work before the permit is issued: employees of international companies, specialists and skilled workers.

Question:

23. Regarding the three groups of workers, are you referring to permanent employment only or does this also cover the temporary entry of employees of international companies, specialists and skilled workers from non-EEA countries?

Answer:

Employees of international companies, specialists and skilled workers from non- EEA- countries who have made a complete application for a residence permit, may commence work before the permit is issued. This also covers temporary work.

IX. QUESTIONS FROM THE EU

SECRETARIAT REPORT WT/WTPR/S/269

II TRADE POLICY REGIME: FRAMEWORK AND OBJECTIVES

Index and executive summary page vii, para 6:

The Report describes Norway's GSP scheme, and mentions that although the utilisation rate of the GSP scheme is high, the 2007 reform does not appear to have led to any major increase in imports from LDCs and LICs since 2008.

1. Could Norway provide data of LDC/LIC imports, with a breakdown into agricultural/manufactured goods, as well as data on the value of GSP imports as percentage of total imports?

Answer:

The value of GSP import as percentage of total import was in 2011 15,2 %.

Agricultural goods 2011	Imports in mill NOK
LDC	139
LIC	682
All countries except LDC/LIC	37 148
Total - all countries	37 969

Industrial goods 2011	Imports in mill NOK
LDC	2 090
LIC	5 818
All countries except LDC/LIC	463 119
Total - all countries	471 027

All goods 2011	Imports in mill NOK
LDC	2 229
LIC	6 500
All countries except LDC/LIC	500 267
Total - all countries	508 996

2. Does Norway contemplate taking measures in order to increase the effective utilisation of the scheme by LDCs?

Answer:

Measures include efforts to ensure that the GSP scheme is implemented for as many countries as possible and to ensure that information about the scheme is disseminated in relevant countries. Furthermore, Norway has strengthened efforts on Aid for Trade.

III. TRADE POLICIES AND PRACTICES BY MEASURE

(2) Measures Directly Affecting Imports

(iv) Tariff-rate quotas, tariff exemptions

Pages 32-33, table III.4 for cheese

The EU seeks further clarification regarding the WTO quota for cheese (0406). According to the information in the table, in-quota imports during the reporting period (2010) are higher than the volume of the WTO quota

3. Could Norway please clarify the figures regarding the volume imported within the WTO quota?

Answer:

In line with the Uruguay Round Modalities Norway bound the existing quantity permitted to be imported under the country-specific quantitative restrictions as current access quotas. These quotas are allocated to the EU, Switzerland and Iceland. The quantity of cheese notified to the WTO is higher than the binding due to expansion of the bilateral cheese quota after the Uruguay Round. In other words, the imports notified to the WTO under the cheese quota equals the actual preferential imports from the EU, Switzerland and Iceland.

(ix) Rules of origin

Page 40, paragraph 35 - non-preferential rules of origin. The report states "the Customs Duty and Movement of Goods Act of 2007 includes a set of non-preferential rules of origin in its chapter 8 para 6.

4. The EU would like to know whether Norway does require a certificate of origin for the purpose of non-preferential origin?

Answer: No.

5. If so, does Norway consider this as a proof of origin as the non-preferential rules of origin vary from one country to another?

Answer: N/A

Page 41, Para 37. The report states that "the Norwegian Customs and Excise Service may issue a binding prior assessment of the preferential origin of a good, pursuant to Article 12 of the Customs Regulations."

6. The EU wonders if upon request, the Norwegian Customs and Excise Service issues a binding prior assessment for the non-preferential origin of a good?

Answer:

Upon request, the Norwegian Customs and Excise Service may issue a binding prior assessment for the non-preferential origin of a good as well.

IV TRADE POLICIES BY SECTORS

(1) AGRICULTURE

(1) Main features

Pages 73-74, paras. 1, 4 & 5:

The Report mentions that the share of agriculture in GNP has declined constantly and that only 3% of the land is dedicated to agricultural activity. Nevertheless, the government has stated the objective of increasing domestic food production in line with population growth over the next 20 years (expected increase 20%).

7. Could Norway elaborate how it plans to increase domestic production by 20% over the next 20 years and in particular indicate whether this would be achieved by reducing or increasing the protection of its domestic production?
8. Could Norway also further detail its expectations regarding future production levels for key commodities, including those that seem to face structural surplus?

Answer:

The government will, within the limits of our WTO commitments, facilitate the increased production of agricultural commodities in accordance with the country's natural conditions and the demands of the market for productions such as beef, lamb meat, pork, dairy, chicken, fruit, vegetables and berries. Domestic cereal production plays a major role in Norwegian agriculture. Increased agricultural production requires skilled farmers with sound management and agronomical expertise. New know-how and technology have facilitated a significantly increased labour efficiency, increased yields, reduced unit costs and the development of new products. Norway expects continued productivity growth in the coming years. The government wants to facilitate the upkeep of a varied farm structure throughout the entire country. Emphasis is placed on the use of domestic resources such as grazing and forage production.

(iii) farmer-owned cooperatives

Page 77, para. 9 and page 83 box IV.1:

The Report describes Tine SA as a producer cooperative and also the market regulator for milk.

9. Could Norway provide further detail on these two roles and duties?

Answer:

Market regulation measures are implemented by the market regulator in order to achieve target prices in the market, and to secure a steady commodity supply and reliable prices from the producers to the processing industry. Such measures include production regulation, technical R&D, storage, transportation, price reducing measures, information campaigns, advertisement and regulatory export. The role of the market regulator is to give

advice to the Marketing Board on feasible measures in the market, and then implement the decisions of the Marketing Board.

Market regulators have obligations to buy products from farmers and to supply the market with products. The latter obligation means that the market regulators are committed to supply competing industry with raw materials at administered prices. The market regulators also have an obligation to provide information on market prices and volumes to the processing industry.

The market regulation measures in the dairy sector are funded by marketing fees imposed on agricultural products, paid by the producers, pursuant to the Marketing Act (Omsetningsloven). The fees are determined by the Ministry of Agriculture and Food, on recommendation by the Marketing Board. The Marketing Board decides on the allocation of the funds available for market regulation measures.

10. Box IV.1 mentions that at the end of the "butter crisis" unsold butter (purchased by Synnøve Finden AS) was withdrawn from the retail shelves and offered to industrial users. Could Norway elaborate further on this measure?

Answer:

The withdrawal of unsold butter in the aftermath of the "butter crisis" was not a market regulation measure. This was an industry based initiative to withdraw products for which there was no demand.

(iv) border measures

Page 78, para. 15 and page 79 footnote 17:

The Report states that most tariff quotas are auctioned, but that some Members consider that auctioning may reduce the value of Norway's market access concessions to them, and that it creates uncertainty for traders. Furthermore, some examples show that auctioning can lead to prices very close to the MFN level.

11. Could Norway elaborate on the principle of auctioning? What is Norway's opinion on the argument that auctioning may reduce the value of market concessions?

Answer:

In an auction an importer would not pay fees which are higher than the rent that one can expect to gain from the import activity concerned. Hence, the auctioning fee is normally nothing else than the rent which otherwise would accrue to the importing company. For the exporter it should not make any difference whether the rent is accrued to the importing company or an equivalent fee to the government of the importing country. In both cases the exporter would get the same revenue for the products, and could export the same quantity. In other words, the auctioning fee will be reflected in retail prices rather than import prices.

(v) domestic programmes

Page 83, para 26 internal price rebates and price rebates in general

The Report describes the system of price rebates (price support) for products used in processed agricultural products.

12. Could Norway give information on amounts used in recent years from the state budget for such support?

Answer:

Norway granted the following amounts of price rebates for products used in processed agricultural products for the years 2009 – 2011:

	Support (1000 NOK)
2009	197 169
2010	207 807
2011	167 178

(3) FISHING AND ACQUACULTURE

Page 91, para 61 farming licences

On the allocation and use of farming licences, in Paragraph 61, it is stated that: "All farming of fish and shellfish and sea ranching requires a licence from the Norwegian authorities. Farming licences for Atlantic salmon and rainbow trout are allocated through special allocation rounds, and against payment. Licences for other species are not limited and are free of charge. Each licence is normally linked to a specific site, but salmon and trout licences typically cover two or three sites. The licences are transferrable and may be mortgaged."

13. Could Norway provide further information on the type of payment made by operators to obtain a farming licence?
14. Regarding the amount to be paid to obtain the licence, is this a fixed amount or is it an amount that reflects the market value of the licence?
15. Concerning transferability of these licences: does the transfer occur in the context of a commercial transaction?
16. Are licences for cod farming allocated free of charge?

Answer to questions 13-16

Aquaculture licenses for salmon, trout and rainbow trout are allocated in allocation rounds as decided by the Ministry of Fisheries and Coastal Affairs. These licenses are limited in number, and are subject to payment of a license fee upon allocation. The allocation rounds have been carried out in several different ways. In some cases there have been auctions and in other cases there has been a fixed price with an allocation based on

specific criteria. Furthermore, there have been allocation rounds where holders of licenses were allowed to increase their production capacity against a payment.

Licenses for the production of other species than salmon, trout and rainbow trout are not limited in number, can in principle be applied for at all times, and are not subject to payment. To cover the cost of case handling, however, all allocations under the Aquaculture Act require an upfront fee e.g. in cases of site clearings and license allocation. In addition to the general fees and taxes in Norway, fees that accrue during aquaculture production for supervision and control are levied.

With legal basis in the Aquaculture Act the holder of a license has the right to transfer and mortgage licenses as part of commercial transactions.

Pages 92 and 93, paragraphs 65 to 71 - Capture fisheries

The EU is aware that a report released on 13 September 2004 by the Riksrevisjonen (“The Office of the Auditor General of Norway”) Document no. 3:13 (2003-2004), which was submitted to the Norwegian Parliament (Storting), indicated that total catch capacity (technical capacity) in the Norwegian fishing fleet had not been reduced. On the contrary, the Auditor’s report refers to an increase of the capacity because, despite the significant reduction of the fleet size, larger and more powerful vessels and more efficient fishing gear are being used.

17. Could Norway provide information on which controls or measures are in place to ensure that other factors such as vessels size and technological factors (e.g. engine power, fishing gear) do not contribute to an increase in fishing capacity which undermines the objective of sustainable harvesting of fishery resources?

Answer:

Norway has throughout several decades put in place comprehensive fisheries policies that provide for sustainable harvest of fishery resources and a profitable fishing fleet. The current status of the major fish stocks and profitability indicators in the fishing fleet underpins that these policies have proven successful.

Fisheries subsidies have been phased out and are now at a minimum level, and access to most of the major commercial fisheries is strictly regulated by fixed annual quotas and licensing of participants, combined with extensive resource control systems. In addition to these measures, the fisheries authorities have developed and implemented various market-based instruments to reduce capacity and increase productivity in the fishing fleet.

For those few fisheries that still have open access there are regulations concerning the vessel size and gear restrictions.

Previously the use of scrapping schemes was the dominant instrument for capacity adjustment in the fishing fleet, but the last few years these types of instruments have been replaced by structural arrangements for consolidation of quotas. Throughout the 1990s various schemes for consolidation of quotas from two or more vessels, into a quota for one vessel, were implemented. These schemes had a main objective of adjusting the capacity of the fishing fleet to the resources available and provide for a profitable fishing fleet, and they

were voluntary arrangements financed by the industry. The programs are continued in the current Structural Quota System (SQS) established for the offshore and coastal fishing fleet.

One important condition in the programs is a scrapping requirement for the vessels that give up their quotas. Thereby their licenses to fish are permanently removed from the vessel group. Consequently, the remaining participants will have an increased share of the annual quota. We consider this emphasis on economic capacity (the number of economic entities or licenses to fish), and not the technical capacity (steel, tonnes, kwh) is highly important. When there is a system of fixed total quotas and strong output control in place, harvest capacity is primarily an economic issue.

Norway is of the opinion that the current system contributes to the objective of a sustainable harvest of fishery resources and a profitable industry, regardless of factors such as vessel sizes or other technological factors.

18. Has Norway re-assessed the evolution of total fishing capacity in the light of the findings of the 2004 Report by the Riksrevisjonen?

Answer:

Due to the continuous increasing productivity in the fishing fleet, Norwegian fisheries authorities must at all times consider and assess if the current management measures ensure a sufficient profitability and efficiency in the fishing fleet, and a sustainable harvest of the fisheries resources. This has been done several times after 2004. The current Structural Quota System (SQS) was presented by the government to the Parliament in 2007, and were endorsed.

However, as pointed out in the answer to question 17, Norway is of the opinion that in the Norwegian fisheries management system (with strong output control), harvest capacity is primarily an economic issue. The development of the policies after 2004 has therefore not been focused on technical capacity aspects, but on profitability indicators such as operating margins, return of total capital and the number of economic entities and licenses in the various fleet groups.

The structural system in place is therefore primarily designed to take economic considerations into account. However, other considerations are also accounted for, including regional policies. Some restrictions are therefore implemented, including maximum quotas, geographically limited markets and transactions only within the vessel groups.

Page 92, paragraph 69 - Income support to fishermen

According to publicly available information, the EU is informed that fishermen in Norway benefit from a sector specific income tax allowance of 150.000 NOK. It is also reported that following a period of very low prices for selected fish species (e.g. cod), Norway enhanced in 2009 the so called "Garantiordning for førstehåndsomsetning av fisk" (guarantee" scheme for the first sale of fish) to assist the fisheries sector

overcome the crisis. It appears that a total amount of 525 million NOK was allocated to this guarantee scheme.

19. Could Norway provide further information on the allowance scheme and on its intentions regarding the specific income tax allowance in the future?

Answer:

Norwegian fishermen have an income tax allowance that amounts to 30 percent of the net income from fisheries activities, up to a maximum of 150 000 NOK. Only persons that are full-time fishermen (at least occupied 130 days) are entitled to the income tax allowance.

20. Could Norway provide further information about the guarantee scheme for the first sale of fish and, inter alia, its duration, whether the scheme is intended to cover losses by fishermen in the sale of fish products?

Answer:

The guarantee scheme in question was put in place in order to reduce negative effects on fish trade following the financial crisis. Through the guarantee scheme, credits for buyers of fish through the sales organization Norges Råfisklag were increased by NOK 320 million. The guarantee scheme was undertaken by Innovasjon Norge (NOK 240 million - 75%) and Norges Råfisklag (NOK 80 million - 25%). Commercial operators must pay interests and a guarantee premium corresponding to commercial rates when drawing on the guarantee scheme.

The guarantee scheme came into effect on Feb. 23rd 2009 and was intended to last until Dec. 31st 2010. The scheme has been prolonged by one year twice. The current guarantee scheme expires on Dec. 31st 2012.

(5) MANUFACTURING

(i) Food processing industry

Page 100, para. 94:

The Report describes the present outward and inward processing schemes in Norway.

21. Could Norway give data on the yearly volume of exports carried out under these schemes?

Answer:

The yearly value and volume for imports into Norway under the outward processing scheme are as follows for the respective HS Chapters:

Chapter	2009		2010		2011	
	Value mill NOK	Quantity tonnes	Value mill NOK	Quantity tonnes	Value mill NOK	Quantity tonnes
2	16	233	28,3	374	23,5	352
4	34,2	1 463	59,1	2 793	76,6	3 809

15	160,9	19 952	137,4	19 573	142,1	16 764
16	100,9	2 539	122,7	2 889	86,3	1 762
17	0,02	0,9	0,6	11	0,2	23
18	3	87	9,6	188	0,5	16
19	14,4	407	14,6	422	9,2	269
20	27,5	1 253	27,4	1 248	33,5	1 452
21	66,6	272	14,2	77	50,6	336
23	9,5	704	10,9	806	17,2	908
Total	433	26 912	424,6	28 381	439,6	25 691

This table refers to export figures regarding inward processing:

Chapter	2009		2010		2011	
	Value NOK	Quantity KG	Value NOK	Quantity KG	Value NOK	Quantity KG
2			1 049 146	34 465	464 406	10 261
4						
15						
16			587 030	20 060	445 843	9 376
17	30 751 206	1 386 771	20 649 984	1 035 830	2 338 056	179 909
18	9 179 242	583 796	8 580 728	535 159	7 137 929	375 498
19	26 050 120	1 899 654	377 329	27 752	192 761	13 660
20	1 321 451	54 888	1 370 221	57 939	239 440	9 963
21	698 302	39 544	9 080 754	503 126	17 300 848	1 123 435
23						
Total	68 000 321	3 964 653	41 695 192	2 214 331	28 119 283	1 722 102

Page 101, paras 97 and 98. Para 98 footnote 98 - competition issues and food prices in Norway compared to neighbouring countries

It is reported that the Norwegian Competition Authority has argued that Norway's system of border protection for agricultural products contributes to high levels of concentration in the food industry and in distribution. Foreign grocery chains could be discouraged from entering the Norwegian market since when operating on the Norwegian market they can only make limited use of their established network of foreign suppliers. The Competition Authority suggests import liberalization, regulatory changes, and more effective enforcement of the Competition act on the supply side as means to enhance competition throughout the food chain.

22. Are relevant Norwegian authorities contemplating any action to deal with the above mentioned issues?

Answer:

In February 2010 the Norwegian Government appointed a Commission to inquire into the power relations in the food supply chain in Norway. According to the Commission

mandate, the main goal is to describe effects of recent and possible future development in the food supply chain. The Commission found that an increased displacement of market power in favour of the grocery chains had taken place. The changes that the Commission found in the supply chain in Norway are similar to the developments found in countries with different trade and agricultural policies. The Commission proposed a number of actions including an Act of negotiations and fair trade practises in the food supply chain, an Ombud for the food supply chain and an internet information portal for groceries. Following up on these recommendations the government has decided to appoint an expert commission, which will be mandated to study how the legislation can safeguard the principle of fair trade practices and the consumers' interests.

X. QUESTIONS FROM HONG KONG, CHINA

PART I: QUESTIONS REGARDING THE Secretariat Report

iii TRADE policies and practices by measures

Pages 27 – 30 (Paras. 10 – 13)

Tariff

Norway has bound 100% of its tariff lines with average bound rate of 3.3% for non-agricultural products, and 142.8% for agricultural products. In the agricultural sector, the difference between Norway's average bound and applied tariff rates is considerable (142.8% versus 40.9%), and the average applied rate is high.

Question:

1. Does Norway have any plan to bring down its bound rates for agricultural products so as to reduce the gap between the applied and the bound tariff rates in the agricultural sector and provide greater predictability in Norway's tariff regime?

Answer:

For Norway it is important to ensure a viable agricultural sector throughout the country, and tariffs are necessary in order to achieve this. The tariff level is a reflection of the price level in Norway resulting from high production costs. In other words, the tariff levels in Norway might not lead to more significant barriers to trade than lower tariff levels in more competitive countries. Imports of agricultural products to Norway are significant and have more than doubled from approximately 18 billion NOK in 2002 to 40 billion NOK in 2011. While Norway remains committed to conclude the DDA, Norway has no plans to unilaterally reduce its MFN duties on agriculture.

iv TRADE policies by sector

Pages 107 – 108 (Para. 119)

Telecommunications Services

Norway implements the EU *acquis communautaire* by virtue of Annex XI to the European Economic Area (EEA) Agreement on electronic communication, audio-visual services, and information society. The number of legal acts regulating the telecommunications area has risen six-fold since the EEA Agreement was signed in 1994 and transposition of the 2009 EU telecoms reform package into Norway's national legislation is under way.

Question:

2. Please share with us the scope and implementation schedule of the 2009 EU telecoms reform. Would the operation of the non-EEA companies in Norway be affected due to the legal acts regulating the telecommunications area?

Answer:

Norway has implemented the EU eCom/telecom-package from 2002, and has the intention to implement the 2009 EU telecoms reform package. The implementation is delayed because the EFTA EEA States formal participation in the BEREC is still being negotiated and is not clarified. To prevent further delays for our national market, the intention is to present a white paper to the Parliament in 2012, proposing to implement most parts of the 2009 EU telecoms reform package. Some minor parts of the package will have to await clarification of the EFTA EEA States BEREC status. Non-EEA companies have the same status as EEA companies within existing law, and there is no intention to change this.

XI. QUESTIONS FROM JAPAN

I. Report by NORWAY (WT/TPR/G/269)

III. TRADE POLICY DEVELOPMENT

(2) TRADE POLICY

(ii) Free Trade Agreements

(Question1: Page13, Paragraph 60)

Paragraph 60 of page 13 in the Trade Policy Review Report by Norway says that the “EFTA ministerial meeting in 2010 agreed to include a chapter on sustainable development in on-going and future negotiations of EFTA free trade agreements and that the model chapter includes provisions on the environment and labour standards”. According to the 50th Annual Report of the EFTA, the model chapter is included in a report by the EFTA Working Groups on “Trade and Environment” and “Labour Standards in EFTA Free Trade Agreements.” However, neither the final text of the model chapter nor the report including the text of the model chapter is available through the EFTA website. Please provide the final text of the model chapter or the report by the EFTA Working Groups above, as the model chapter on sustainable development is essential to understanding the FTAs of the EFTA.

Answer:

The model chapter on sustainable development will normally be part of an EFTA text proposal to a trading partner, and such text proposals are not publicly available. The final outcome of negotiations will be an agreement that includes a chapter on sustainable development. All EFTAs trade agreements are published on the EFTA-website (www.efta.int). See for example the agreements with Montenegro and Hong Kong, China.

(iv) Aid for Trade

(Question2: Page 14, Paragraph 68)

According to the Report by Norway, the Action Plan for Aid for Trade which focuses on three thematic areas was launched by the Norwegian Government and the priority of the plan is given to Africa and the least developed countries. Japan is interested in the plan and would like to learn some examples of each thematic area, in particular area (i).

Answer:

Examples of each thematic area of the Norwegian Action Plan for Aid for Trade:

(i) Good governance and the fight against corruption.

Norway is committed to strengthening the multilateral trading system through the WTO. It is in the interest of Norway and the global community to further develop a rules-based, multilateral trading system. The overall goal, both globally and at country level, is to develop good systems of governance, predictability and transparency in order to promote trade, investment and sustainable economic growth. Examples of projects funded by

Norway include the Doha Development Agenda Global Trust Fund, STDF on SPS, ACWL and trade-related projects under UNCTAD.

(ii) *Women and trade.*

The rights, participation and influence of women is at the core of Norwegian development cooperation efforts. Trade policy and agreements must ensure that women have the same opportunities and advantages from increased trade and economic growth as men do. Norway therefore works for the integration of the gender perspective into all Aid for Trade efforts.

ITC's "Women in Trade Programme" is one example of a specific gender project funded by Norway.

(iii) *Regional trade.*

Barriers to trade may often be greater between developing countries than between developing and industrialised countries. It is important that trade and cooperation between neighbouring countries are strengthened so that these countries may move away from non-diversified trading patterns. Examples of projects funded by Norway include regional diagnostic studies and measures through the World Bank and collaboration with UNCTAD on regional ASYCUDA centres in Africa.

II. Report by the Secretariat (WT/TPR/S/269)

III. Trade Policies and Practices by Measure

(4) MEASURES AFFECTING PRODUCTION AND TRADE

(vii) Government procurement

(Question3: Pages 60-61, Paragraphs 110-113)

According to the Secretariat's Report, the Norwegian authorities have been closely monitoring public procurement activities and have identified the causes of infringements. At which level did the infringements occur most frequently? How is the authority in charge instructing those entities?

Answer:

Norway has no general statistics assembling protocolled infringements of the public procurement legislation on municipal, regional and central level. The office of the Auditor General of Norway (Riksrevisjonen) stated in its audit for 2010-2011¹² that for entities subject to ministries at the central level, the most frequent path used to ensure compliance with the procurement legislation is through the annual procedures of allocating funds where the ministry in charge gives its instructions for the year to come. The regular meetings between ministries and subordinated agencies are also stated to be a forum for discussion on lacking compliance with the procurement legislation.

¹² Dokument 3:6 (2010-2011)

(xi) Trade-related intellectual property regime

(Question4: Page 69, Paragraph 140)

Please explain what points in the Patent Law Treaty and the Singapore Treaty on the Law of Trademarks are incompatible with Norwegian law.

Answer:

To date no formal review of the Norwegian law's compatibility with the Patent Law Treaty and the Singapore Treaty on the law of Trademarks has been performed. Norway aims to decide on whether to accede to the two Treaties within two years. In this regard a formal review on the relationship between Norwegian law and the two treaties will be performed. A preliminary review suggests that the new Trademark Act (Act No. 8 of 26 March 2010) and the Regulation thereto, which both entered into force on 1 July 2010, seem to be fully compatible with the Singapore Treaty on the Law of Trademarks. As regards the Patent Law Treaty it is unclear whether the obligation in the Patent Act to disclose the origin of biological material and traditional knowledge related to the invention is compatible with the Treaty.

IV. TRADE POLICES BY SECTOR

(6) SERVICES

(iii) Maritime Transport

(Question5: Page 110, Paragraph 133) - NHD

Please inform us of the structures of the Norwegian tonnage tax system such as:

- i) Requirements to be approved as a tonnage tax system-applied company
- ii) Number of tonnage tax system-applied companies and their vessels (as of 2011)
- iii) Applicable period of the tonnage tax system and its possibility of further extension
- iv) Is it possible for tonnage tax system-applied companies to withdraw from the tax system during the applicable period?
- v) Types of "profits from shipping activities" that can be allowed as tonnage tax profits (ex. profits derived from voyage-charter, time-charter, bareboat-charter, etc.)
- vi) Scope of vessels that can be allowed taxation based on their net tonnage (ex1: NIS/NOR vessels only, ex.2: NIS/NOR vessels and foreign-flagged vessels (excluding NIS/NOR vessels) 3 times the amount of NIS/NOR vessels, etc.)

Answers:

- i) Requirements to be approved as a tonnage tax system-applied company

The special tax system is available to Norwegian private limited companies and public limited companies. The companies may only conduct maritime transport activities and

activities closely related to maritime transport. A limited company registered and/or resident in another EEA country may also qualify for the system, if the company in question is engaged only in activities taxed under the Norwegian special tax system for shipping.

In order to be eligible for the scheme, a company must either own a ship qualifying under the scheme or own shares or interests in limited companies, partnerships or Norwegian controlled foreign companies, which own such ships. No non-shipping-related assets may be owned by companies under the special tax system.

Income from strategic and commercial management, including daily technical operations and maintenance, and other secondary activities is tax exempt under the special tax system for shipping. The secondary activities include inter alia consumption on board of goods and services, loading and unloading of cargo and operation of ticketing facilities and passenger terminals.

ii) Number of tonnage tax system-applied companies and their vessels (as of 2011)

As of 31 December 2011, 599 companies were taxed according to the special tax system for shipping. The total net tonnage within the special tax system was 5.997.511 NT.

Vessels owned by limited companies within the special tax scheme: 802

Vessel owned partly through partnerships: 262

Chartered in vessels: 236

Chartered in vessels through partnerships: 7

iii) Applicable period of the tonnage tax system and its possibility of further extension

Companies entering the special tax system for shipping commit themselves to stay within the system for a period of 10 years. When the 10 year period has expired, the companies may choose to stay within the scheme for another 10 years.

The current Norwegian special tax system for shipping companies was introduced in 2007. The tax scheme has been approved by the EFTA Surveillance Authority for a period of 10 years, i.e. until 2016. The scheme may then be re-notified to the Authority.

iv) Is it possible for tonnage tax system-applied companies to withdraw from the tax system during the applicable period?

Companies may withdraw from the system within the 10 year binding period. However, companies exiting the system prematurely may not re-enter until the 10 year period has expired.

v) Types of “profits from shipping activities” that can be allowed as tonnage tax profits (ex. profits derived from voyage-charter, time-charter, bareboat-charter, etc.)

See the answer to question i). No limitations apply concerning inclusion of incomes from chartered vessels. There is no rule regarding the proportion of tonnage/ships where the company ensures either both the crew and technical management or the commercial management, compared to the tonnage/ships where the company ensures together the crew, technical and commercial management.

vi) Scope of vessels that can be allowed taxation based on their net tonnage (ex1: NIS/NOR vessels only, ex.2: NIS/NOR vessels and foreign-flagged vessels (excluding NIS/NOR vessels) 3 times the amount of NIS/NOR vessels, etc.)

At the outset vessels qualify for the special tax system regardless of flag. However, companies within the system must fulfil one of two requirements:

- 1) 60 per cent or more of the total tonnage of the company must be registered in an EEA country, or*
- 2) The current share of the company's tonnage registered in an EEA country must be larger than the share of the company's tonnage registered in an EEA country at the time of its entry into the special tax system.*

If the total share of EEA-registered tonnage for all companies within the special tax system has increased during the previous income year, the flag requirement as described above does not apply to any of the companies within the system.

XII. QUESTIONS FROM THE REPUBLIC OF KOREA

PART I: Questions Regarding the Secretariat Report

II. Trade Policies Regime and Objectives

Page 21 (Para 26)

Norway is a party to 14 bilateral treaties on the mutual encouragement and protection of investment, but no new bilateral agreement has been concluded since the mid-1990s.

Question 1

Could Norway explain why there have been no new bilateral investment treaties (BITs) concluded since the mid-1990s?

Answer:

Norway has not entered into investment protection agreements since the mid-1990s. This is due to political concerns related to some of the provisions that are normally included in such agreements. The Norwegian position on investment protection agreements has been evaluated and a general draft Model Investment Agreement was considered by the Government in 2009. The Government decided not to continue the work on a general draft model agreement, but rather to assess the need for, and the formulation of, provisions on Investment Protection in connection with the Free Trade Agreements with selected countries.

III. Trade Policies and Practices by Measure

Page 45 (Para 52 and Footnote 48)

Eksportfinans may offer export credit on normal commercial terms, but it has also been the sole manager of government-supported credits conforming to the OECD Arrangement on Officially Supported Export Credit and the Understanding on Export Credit for Ships since 1978.⁴⁸ (Footnote 48: About 70% of the loans of Eksportfinans qualify for government support. The estimated subsidy for the interest rate support and currency risk alleviation amounted to Nkr 166.5 million and Nkr 366 million in 2010 (Table III.10), a substantial increase compared with the levels prior to the global financial crisis.)

Question 2

1. Could Norway provide the latest information on the estimated subsidy for the interest rate support and currency risk alleviation after 2010?

Answer:

The grants from the Norwegian state to the so-called 108-scheme, administered by Eksportfinans ASA, cover the scheme's annual deficits, which were 166,5 million kroner in 2007 and 366 million kroner in 2008. These figures include accrued interest from the year of deficit until disbursement from the Norwegian state two years later, respectively in 2009 and 2010. The corresponding figures for the subsidies for interest rate support and currency risk alleviation under the 108-scheme in the years 2009, 2010 and 2011 (to be

disbursed from the Norwegian state in respectively 2011, 2012 and 2013) were respectively 423 million kroner, 449 million kroner and 359 million kroner.

2. Could Norway explain the main reasons for the changes in the latest levels of the estimated subsidy after 2010 if indeed there have been any considerable changes in the levels?

Answer:

There have not been considerable changes in the levels of subsidy under the 108-scheme from 2009 to 2011.

Page 46 (Paras 54-55)

Para 54: On 18 November 2011, the Prime Minister announced that a new, fully state-owned export credit agency would be established by 1 July 2012. The new agency will take over the government-supported credit scheme administered by Eksportfinans and, with an initial loan commitment of Nkr 30 billion, provide a state-funded export financing scheme that should be "robust, reliable, and cost-effective".

Para 55: The decisions by the Ministry of Finance and the Government appear to have taken financial markets by surprise, as credit rating agencies quickly downgraded the debt of Eksportfinans. In their view, Eksportfinans no longer has a viable business model without the CIRR-loans, and doubts were expressed regarding the Norwegian Government's commitment to support Eksportfinans in the event of financial distress.

Question 3

1. Could Norway explain the differences between the business models of Eksportfinans and the newly established Eksportkreditt Norge AS?

Answer:

Eksportfinans ASA is a public limited company owned mainly by commercial banks operating in Norway and the Norwegian state (15%). Eksportfinans managed, from 1978 until 2011, the Norwegian state export financing scheme by providing loans for export financing in the form of state-subsidised CIRR-loans. The company also provides loans on market terms. All loans have been guaranteed either by the Norwegian Guarantee Institute for Export Credits or by highly rated commercial banks.

Eksportkreditt Norge AS is a state-owned limited liability company with the purpose of ensuring competitive export financing for Norwegian industry. The state owns all shares in the company, and the company is governed by an independent board. The board is responsible for the administration of the company. Eksportkreditt Norge AS manages the state export financing scheme involving CIRR-loans previously managed by Eksportfinans ASA. Eksportkreditt Norge may in addition provide CIRR-qualified loans at market terms. It is thus not a new scheme for export financing that is being established, but a new state body to continue the current scheme.

While Eksportfinans has funded itself in the market, the lending activities of Eksportkreditt Norge are entirely financed by fiscal budget allocations. The company may not raise loans or furnish security without the consent of the Norwegian Parliament. The loans are now to be recorded in the government balance sheet, and the state will thus take responsibility for all risk associated with the lending activities. The loans were previously in the balance sheet of Eksportfinans. Furthermore, Eksportfinans added a margin for the administration of CIRR-loans. Funds for the operation of Eksportkreditt Norge are allocated by the state.

Eksportkreditt Norge will, like Eksportfinans, take responsibility for the whole process associated with sale and promotion, processing of applications, and granting, disbursing and following up loans.

2. Could Norway provide its opinion on the view that a difference in ownership between Eksportfinans and Eksportkreditt Norge AS may affect operation and performance of those credit providers?

Answer:

Eksportfinans ASA has funded itself in the international capital markets based on a high international credit rating. Shortly after the company in November 2011 lost its contract for managing the Norwegian state export financing scheme Eksportfinans ASA was downgraded by the international rating agencies. As a consequence of this the company's ability to raise new funds and provide new credits was weakened.

Eksportkreditt Norge AS receives funding on competitive terms directly from the Norwegian State. A prerequisite for this funding model is that Eksportkreditt Norge AS is a state-owned company. However, as with Eksportfinans, it is the board that is responsible for the administration of the company, including all lending activities. Thus, the difference between the two lies primarily in the availability and cost of funding, whereas the running operations and performance should not be affected by the difference in ownership.

Page 68 (Para 137)

At present, taxi fares are subject to maximum prices and specific fare calculation formulas established by the Norwegian Competition Authority. The regulation does not apply in major cities and agglomerations where the Authority considers the level of competition to be satisfactory. Land-rents for homes and recreational buildings are also controlled.

Question 4

Could Norway elaborate on the control of land-rents for homes and recreational buildings?

Answer:

Regulations on ground lease agreements for permanent homes and holiday homes are set out in The Norwegian Ground Lease Act 1976. Pursuant to section 15 of the Act both the land owner and the lessees are entitled to demand the terms of the lease adjusted in

accordance with the general Consumer Price Index. However, the parties may agree that the terms of the lease are not subject to adjustments or they may also agree on an adjustment that is lower than the Consumer Price Index. Furthermore, section 11 states that the parties cannot agree on or request a ground lease fee (festeavgift) that is exorbitant compared to the agreed ground lease fees in comparable ground lease agreements in the same area.

PART II: Questions Regarding the Government Report

II. The Economic Environment

Page 7 (Para 16)

Over the past decades, demographic changes in Norway have had relatively benign effects on public finances, with an increase in the working-age population and a small decline in the share of older persons in the population. This trend has now changed, and the share of older persons in the population is set to rise rapidly in the years to come. At the same time, the pace of growth of the GPFG will gradually slow. In the coming years, expenditures on pensions, health services and care of the elderly will grow faster than the expected return on the fund.

Question 5

How does Norway plan fiscally to tackle these challenges such as aging population, slowing growth of the GPFG with accelerating expenditures on pensions and health services?

Answer:

The Norwegian government regularly presents white papers to parliament on long-term perspectives for the Norwegian economy. The most recent white paper was presented to parliament in 2009, and a new white paper is due in 2013. Generally speaking, the white papers on the long-term perspectives for the Norwegian economy give parliament an overview of the challenges facing public finances in the years ahead. The white papers also outline, in broad terms, possible options for tackling these challenges. The 2009 white paper listed a number of policy options for ensuring the long-term sustainability of public finances.

Analyses in the 2009 white paper suggested that measures designed to stimulate the labour supply could contribute significantly to meeting the challenges facing public finances. Particularly, measures that encourage more people to opt for work rather than social security can make large contributions to fiscal sustainability as well as individual welfare improvements. Changes in the tax and pension system, that increase the individual's financial gain from working, are important to promote work. The pension reform enacted over the past years increases the individual gains of prolonged working life by for example combining employment with pension. Beyond increased remuneration, a good and flexible work environment and more systematic on the job training are needed to attain prolonged work efforts. Measures that increase competence and prevent damage to health also help to

promote labour force participation and to reduce expenditure on a number of welfare schemes.

Alongside old-age pensions, disability benefits account for the largest transfers to households. The 2009 white paper showed how demographic developments, and an increase in exits from employment to health-related benefit schemes among various age groups, over time have caused strong growth in transfers to households. Improved coordination between social security, job placement and social assistance services through the new labour and welfare administration (NAV) can help get more benefit recipients back to work. Employment must be advocated wherever it is a viable option, and employers must be rewarded for employing persons with reduced capacity for work. The design and practical application of requirements imposed on the individual benefit recipient, and rules affecting the real level of compensation under the schemes, must also support the activation approach.

Furthermore, the white paper underlined the importance of getting the best possible value for resources spent in the public sector. Analyses of individual segments of the public sector in Norway indicated a clear potential for efficiency improvements if all service providers were equally efficient as the best international benchmark. Systematic collection of information on efficiency, results and user satisfaction could spur a development in this direction. The point is to adapt public services to user demands, and to develop and put to use better and more efficient solutions.

An increased element of user charges could reduce the need for public financing of a given range of services. Moreover, the demand for a service is more likely to reflect the underlying need for that service if it is charged for than if it is free or almost free of charge. However, a substantial increase in user charges would require the introduction of charging schemes in large service areas such as health and higher education. This could have significant and detrimental distributional effects which could not be countered simply by means testing. Any steps taken to shield weaker groups from higher user charges would render the charging schemes less universal and more complicated. They may also weaken the incentives to work.

Norway has a relatively high tax level by international standards, although lower than both Sweden and Denmark. Norway's generally broad tax base and its taxation of economic rent in the petroleum sector suggest, all other things equal, that Norway can tolerate a somewhat larger overall tax burden than many other countries. However, there are limits to the size of tax increases that can be pushed through without risk of weakening labour input and economic growth. Moreover, internationalisation and close economic relations with other countries limit the opportunities to tax capital income and other mobile tax bases at rates significantly higher than at present.

Page 9 (Para 29)

Working conditions in Norway are generally characterized by high standards. As Norway is becoming increasingly integrated with the larger European labour market where salary levels and working conditions vary considerably between countries,

challenges related to questionable practices and social dumping are increasing in certain sectors. Social dumping occurs when foreign workers are exposed to sub-standard working conditions and salaries. Combatting social dumping and securing decent working conditions is thus a key policy objective.

Question 6

What measures is Norway taking with regard to combatting social dumping and securing decent working conditions?

Answer:

Combatting social dumping has been high on the agenda of the current Norwegian Government since it came into office in 2005. It has launched two action plans aiming at securing foreign workers similar wages and working conditions as Norwegian workers. Among the most important measures is a substantial increase in the judicial and economic resources of the Labour Inspection Authorities and a more effective system of securing minimum wages through general applicable wage agreements.

Page 9 (Para 30)

In a broader context, Norway is concerned that the current economic downturn may result in a global deterioration of working conditions, weakened social protection and an undermining of rights, in addition to increased unemployment. Consequently, strengthening efforts to promote decent work globally is a Norwegian priority.

Question 7:

Could Norway state specifically what efforts can be made to promote decent work globally?

Answer:

The government of Norway has had in place a Decent Work strategy since 2008. This inter-agency strategy includes intensified efforts to promote workers' rights on a global level through the ILO, in foreign and development policy, in the area of trade policy, and by encouraging Norwegian companies to exercise corporate social responsibility abroad.

III. Trade Policy Development

Page 13 (Para 60)

The EFTA ministerial meeting in 2010 agreed to include a chapter on sustainable development in on-going and future negotiations of EFTA free trade agreements. The model chapter includes provisions on the environment and labour standards. The aim is to secure a high level of protection for the environment and for employees.

Question 8

Could Norway elaborate on the model chapter on sustainable development which includes provisions on the environment and labour standards?

Answer:

The model chapter on sustainable development will normally be part of an EFTA text proposal to a trading partner, and such text proposals are not publicly available. The final outcome of negotiations will be an agreement, which includes a chapter on sustainable development, and this will be published.

The chapter covers two topics, environment and labour rights, and is intended to provide a common starting point for EFTA during free trade negotiations. The main aim of the chapter on sustainable development is to create a forum for discussion of issues that may arise in connection with trade and sustainable development between parties and an agreement that it is necessary to follow basic principles in this area.

The proposed chapter confirms that international trade, including EFTA's free trade agreements, shall contribute towards sustainable development and establishes commitments for the parties to reach this goal. The Parties recognize that economic and social development and protection of the environment are interdependent and mutually supportive elements in sustainable development. The chapter contains operational clauses where the parties agree to establish in accordance with their multilateral commitments a high level of protection for the environment and labour standards through legislation, policy and practice, and to work towards improving the level of protection further. They commit to enforce their own legislation in these areas efficiently in addition to not lowering standards to get a competitive advantage or attract investments. In addition the parties confirm their commitments under environmental agreements and ILO's declarations and central conventions. The chapter obliges the parties to promote trade in goods, services and investments that are environmentally friendly and contribute to sustainable development.

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XIII. QUESTIONS FROM MEXICO

II. TRADE POLICY REGIME: FRAMEWORK AND OBJECTIVES / (4) Investment Regime

Page 22, paragraph 30

In paragraph 30, the Secretariat states that Norway does not have any specific legislation or policy pertaining to foreign investment. What would be the relevant regulatory framework? Please provide the URL of the website containing this information in English, if one exists.

Answer:

There is no horizontal legislation regarding foreign investments in Norway, and there are very few limitations in sector-specific regulation. One example can, however, be found in the legislation concerning fish and fishing processing sector, see Regulation of Participation in Fishing Act of 26 March 1999 No 15, Economic Zone Act of 17 December 1976 No 91 and The Fishing Limit Act of 17 June 1966 No 19. All Norwegian legislation can be found in English at the webpage of "Lovdata" (<http://lovdata.no/info/lawdata.html>)

Page 23, paragraph 31

In paragraph 31 of the Report, the Secretariat states that Norway restricts foreign investment from non-European Economic Area member States in certain activities related to audio-visual services, air transport, and maritime transport. Could Norway elaborate on these restrictions relating to audio-visual services for non-member State suppliers?

Answer:

There is no horizontal legislation regarding foreign investments in Norway, and there are very few limitations in sector-specific regulations.

Under the EEA agreement Norway is bound by the EU TV-directive. All TV broadcasters established within an EEA jurisdiction have an obligation to reserve at least 50 per cent of the transmission time to "European works".

III. TRADE POLICIES AND PRACTICES BY MEASURE: (4) Measures affecting Production and Trade

(ii) Standards, technical regulations, and conformity assessment

Page 53, paragraph 78

What are Norway's public standardization bodies?

Answer:

Standards Norway (SN) is a private standards body member of CEN and ISO. The Norwegian Electrotechnical Committee (NEK) is a private standards body member of CENELEC and IEC. The Norwegian Post and Telecommunication Authority (PT) is a

public authority responsible on behalf of the Norwegian Government for standardisation in ETSI. ETSI also has Norwegian companies as direct members.

What does the "sale of standards and related products" mentioned in paragraph 78 of the Secretariat Report refer to?

Answer:

Standards bodies often offer value added services related to their standards, for free or for sale. Standard Online AS sells Norwegian standards, most of these are based on standards developed by CEN, CENELEC, ISO and IEC that are protected by IPR.

Pages 53-54, paragraph 80

With respect to paragraph 80 of the Secretariat Report, why does Norway see itself as a world leader in the setting of standards within the sectors that are mentioned?

Answer:

The final text included in the TPR_report (paragraph 80) may be misinterpreted. It would be more precise to note that Norwegian standards bodies have taken a lead in international standardization committees in sectors of particular importance to Norway, c.f. the sectors mentioned in the report.

Page 54, paragraph 82

Paragraph 82 of the Secretariat Report states that time is allowed for comments from EEA members on draft national technical regulations. Is time also allowed for comments from other countries? What is the time-frame for submitting comments on draft national technical regulations?

Answer:

The deadline for other EEA member states to comment to the EFTA surveillance Authority or the European Commission (not directly to Norway) is three months.

How is the principle of mutual recognition applied within the EEA once a national technical regulation has been adopted?

Answer:

The principle of mutual recognition as defined in several rulings of the European Court of Justice (ERC) is in the EEA applicable to all products originating within the EEA States. The practical application in the EEA of the principle of mutual recognition will be defined by EU Regulation 764/2008 (soon to be included in the EEA). Possible exemptions to the principle of mutual recognitions defined by Article 13 of the EEA Agreement, c.f. the relevant rulings of the ERC.

Page 55, paragraph 85

What factors determine whether only a supplier's declaration of conformity (SDOC) or third-party intervention is required?

Answer:

The requirements are specified in the EEA legislation relevant to the product. The level of risk (for consumers, workers, the environment) determines what kind of conformity assessment procedures the relevant legislation requires (from no third party involvement to strong third party involvement).

Page 55, paragraph 86

Could Norway elaborate on and outline the procedure for concluding mutual recognition agreements?

Answer:

The EEA EFTA states (Iceland, Liechtenstein, and Norway) or, the EFTA states Iceland, Liechtenstein, Norway, and Switzerland, negotiate jointly the MRA, in the first instance under Protocol 12 of the EEA Agreement and in the latter case as part of a FTA. The EFTA Secretariat in Brussels and Geneva provides technical support in the negotiations.

What mutual recognition agreements on conformity assessment has Norway negotiated to date? Are there any mutual recognition agreements under negotiation?

Answer:

MRAs are in force with New Zealand, Australia, Canada, and the United States.¹³ A new protocol on mutual recognition of conformity assessment of products (Protocol E) was added to the EFTA-Turkey Free Trade Agreement in December 2009.

There are no on-going negotiations under protocol 12 of the EEA Agreement. TBT issues are part of on-going EFTA FTA negotiations, c.f <http://www.efta.int/free-trade.aspx>

(iii) Sanitary and phytosanitary measures

Page 56, paragraph 91

The Government of Norway has implemented a law on food safety that entered into force on 1 January 2004. Could Norway provide a link to this law?

Answer:

The law can be found at <http://www.ub.uio.no/ujur/ulovdata/lov-20031219-124-eng.pdf>

Please note that this is an unofficial translation.

¹³ Norway has not signed any MRAs that are not based on Protocol 12.

Page 57, paragraph 95

With respect to genetically modified organisms (GMOs), how does the Government of Norway determine whether a GMO poses a risk to health or the environment?

Answer:

Norway has prohibited eight EU-approved products on the basis of the requirements of the Gene Technology Act. The prohibition against two genetically modified vaccines (vaccines towards rabies and pseudorabies) is based on insufficient documentation from the notifier relating to possible severe non-target effects on human health and the environment. Regarding six genetically modified plant products (maize, chicory, three oil seed rape lines, GM bacteria for detection of residues of antibiotics in milk) they all possess antibiotic resistance marker genes, and risks for detrimental effects on human and animal health cannot be excluded. For some of the products there is a risk for gene flow to wild plants and crops.

The Norwegian Government has prohibited eight GMOs approved by the EU. What are the non-authorized GMOs?

Answer:

Norway has in regulations pursuant to section 10 sixth paragraph of the Gene Technology Act prohibited eight EU-approved products;

- *Deliberate release, including the placing on the market, in Norway of genetically modified oral vaccine rabies, Raboral V-RG, approved by Commission decision of 19.10.93.*
- *Deliberate release, including the placing on the market, in Norway of genetically modified maize, approved by Commission decision of 23.01.97.*
- *Deliberate release, including the placing on the market, in Norway of genetically modified chicory, approved by Commission decision of 20.05.96.*
- *Deliberate release, including the placing on the market, in Norway of genetically modified swede-rape, approved by Commission decision of 06.02.96.*
- *Deliberate release, including the placing on the market, in Norway of genetically modified vaccine Nobi-Porvac Aujeszky live, approved by Commission decision of 18.12.92 and 18.07.94.*
- *Deliberate release, including the placing on the market, in Norway of genetically modified oilseed-rape from Aventis (previously Plant Genetic Systems), Belgium, approved by Commission Decision 97/392/EC and 97/393/EC of 6 June 1997*
- *Deliberate release, including the placing on the market, in Norway of genetically modified oilseed-rape from AgrEvo, United Kingdom, approved by Commission Decision 1998/291/EC of 22 April 1998*
- *Deliberate release, including the placing on the market, in Norway of a testkit containing genetically modified bacterias for detection of residues of antibiotics in*

milk from Valio Oy, Finland, approved by Commission Decision 1997/549/EC of 14 July 1997

(ix) Competition policy

Page 66, paragraph 127

How does the judicial review procedure work in practice?

Answer:

When the Competition Authority imposes administrative fines on an undertaking, the undertaking can challenge this decision before the national courts. The courts have power to review all sides of the decision. Decisions adopted by the Authority to stop infringements of the Competition Act, without any fines, will be reviewed by the Ministry if it is challenged by the undertaking. The review will be done in accordance with national legislation for legal procedures by the courts, and the Administration Act by the Ministry.

Page 66, paragraph 128

What are considered to be attenuating/aggravating factors when imposing administrative fines pursuant to the regulations mentioned in paragraph 128?

Answer:

When imposing administrative fines the Authority will conduct an overall evaluation in each specific case in accordance with a regulation:
<http://www.konkurransetilsynet.no/en/legislation/Regulation-on-the-calculation-of-and-leniency-from-administrative-fines/> . The regulation states some of the elements that will be relevant in the assessment. Please note that the elements listed are not exhausted.

Page 67, paragraph 129

Does the Norwegian Competition Authority take into account whether there are efficiencies that offset the anti-competitive effect of a merger?

If so, what type of evidence is taken into account in practice to prove that the benefits obtained from any economic efficiency resulting from specific economic integration actually exceed the operation's potential negative impact?

Answer:

Yes, the Competition Authority will take efficiencies into account in the merger control. Evidence such as analysis and reports from the merging companies, or from independent consultants will be relevant in the assessment. The assessment will be done according to the principle of rational proof. For more information about the control of mergers and acquisitions:
http://www.konkurransetilsynet.no/iKnowBase/Content/430360/CONTROL_CONCENTRATIONS.PDF

Page 67, paragraph 130

Is the Norwegian Competition Authority empowered to issue binding opinions on sector regulations that are inconsistent with the provisions of Competition Act No. 12?

Answer:

The Authority cannot issue binding opinions on sector regulations, but can call the attention to any restrictive effects on competition of public measures in accordance with section 9 e) in the Competition Act.

Page 67, paragraph 131

Has it been considered whether reactive methods for detecting cartels (for example, formal system of denunciation, clemency programme, assistance from informers) have been more/less effective in practice than proactive methods (for example, interinstitutional cooperation with other competition bodies, assistance from government entities, monitoring of the press and/or trade associations, competition policy dissemination programmes)?

Answer:

The Competition Authority has received several leniency applications over the last few years that have led to cartel detection. Our experience shows that the leniency programme is an efficient tool to detect cartels.

Has it been clarified what type of evidence is needed to prove that an agreement is anti-competitive, and what type of proof a potential offender may put forward in its favour to show that it has not engaged in such a practice?

Answer:

The evidence needed to establish an infringement of the competition law follows from the procedural legislation. Since administrative fines are considered criminal, the assessment of evidence in such cases must meet the standards set by the European Convention on Human Rights. The burden of proof lies with the Competition Authority or the prosecuting authority. The evidence will need to be examined and assessed in each case, and it is difficult to say what kind of evidence that will be sufficient to prove that a certain behaviour is or is not anti-competitive.

What restrictions are provided for in Norway's competition legislation to penalize international cartels that adversely affect its markets? What difficulties might arise if the firms affecting Norwegian markets were located outside the EEA?

Answer:

The Norwegian Competition Act provides the legal basis to penalize cartels affecting the Norwegian markets. If the undertakings involved are located outside the EEA efficient

enforcement and collection of fines may be more difficult. Other challenges may arise if there are several jurisdictions involved in the case, but we have not had any such cases yet.

What factors are taken into account when prioritizing investigations?

Answer:

Investigations are initiated and prioritized based on the suspicion, which derives from leniency applications, tips, market investigations, and other factors.

Page 67, paragraph 132

Can the Norwegian Competition Authority apply prudential measures in the context of its investigations?

Can the Norwegian Competition Authority determine security to be deposited against the potential imposition of prudential measures in the context of its investigations?

Have its actions facilitated access to critical inputs from firms with market power?

Answer:

If the Competition Authority discover anti-competitive behaviour when they monitor specific markets, they have to proceed their investigations according to the Competition Act. Evidence cannot be secured without a decision from the court, etc.

Page 67, paragraph 133

What is the procedure for notifying mergers? Under the law, what criterion is used to determine whether a merger is approved/refused?

Answer:

Please refer to the answer to the questions for page 67, paragraph 129.

Is the merger of potentially anti-competitive operations allowed on an exceptional basis if the firm is in a crisis situation (failing firm defence)? Has this exception been applied?

Answer:

Yes, "the failing firm defence" is also applicable in Norwegian merger control. This is, however, a narrow exception, and has only been applied once: the merger between two airlines (SAS and Braathens) in 2001.

What is the procedure for investigating and imposing conditions or penalizing international mergers that have anti-competitive effects in Norway? What happens when the firms affecting Norwegian markets are located outside the EEA?

Answer:

Mergers involving Norwegian companies must be notified according to the Competition Act. The procedures are the same regardless of the nationality of the other undertakings.

Page 67, paragraph 134

What formal and informal mechanisms are available to the Norwegian Competition Authority to promote cooperation and provide the authorities mentioned in paragraph 134 with technical support?

Answer:

The NCA has bilateral cooperation agreements with the Financial Supervisory Authority of Norway, the Norwegian Post and Telecommunications Authority and the Norwegian Water and Resources and Energy Directorate, the Consumer Ombudsman and the Norwegian Consumer Council. The NCA holds regular meetings for information and contact purposes with these cooperating bodies as well as the Agency for Public Management and eGovernment.

Page 68, paragraph 135

How could international cooperation between the Norwegian Competition Authority and other competition authorities be improved?

Answer:

Norway considers international cooperation to be crucial to the efficiency of our enforcement and advocacy activities. Thus, the Competition Authority participates actively in networks like the network between the Nordic competition authorities, the International Competition Network (ICN), OECD (Competition Committee), and the EEA/ESA through the ECN network. These networks are prioritized by the Competition Authority. For instance through the EEA Agreement, the Competition Authority have the right and duty to co-operation with ESA and the European Commission. Norway shares common source of law with the EU in the field of competition. Thus, there is much to be gained from cooperating with the other EEA countries, and with the European Commission. Moreover, the Competition Authority works internationally on regulatory matters, individual cases, internal training and development and in those networks that form the basis for our contact with parties from other countries. Making comparisons with other countries is also an instrument for gauging whether things are done right and effectively.

What major efforts, besides participating in the forums mentioned in paragraph 135, are made by the Norwegian Competition Authority to advocate competition?

Answer:

According to section 9 of the Competition Act, the Competition Authority shall supervise competition in the various markets. The main task related to the promotion of competition

is to enforce the prohibition and merger regulations in the competition law. The Competition Authority may also implement measures to promote market transparency and call attention to any restrictive effects on competition of public measures (section 9e). This is done i.a. through issuing hearing statements in public consultations. Where appropriate, the Competition Authority can submit formal proposals aimed at furthering competition and facilitating access to the market by new competitors. The Competition Authority has the right to request a response from the public body responsible for the measure to be submitted within a deadline specified by the Competition Authority. The response must include inter alia a discussion of how the competition concerns will be addressed.

Page 68, paragraph 136

Has Norway assessed how the price control mechanism described in paragraph 136 distorts market efficiency?

Answer:

The price control mechanism has not been enforced for many years.

IV. TRADE POLICIES BY SECTOR: (6) SERVICES (i) Financial services

Page 104, paragraph 108

Paragraph 108 states that Norway's GATS commitments cover the full spectrum of financial services. However, cross-border supply of banking and insurance services from non-EEA countries is restricted. Banks from non-EEA countries must establish a subsidiary (within the EEA) and/or a branch in Norway to provide banking services in Norway.

What other services, besides the two that are mentioned, are subject to these conditions?

Answer:

The provisioning of the following financial activities is subject to the same conditions as banking according to Act of 10 June 1988 No 40 on Financing Activity and Financial Institutions Section 1-2 and 1-4:

Granting, negotiating, or furnishing of guarantees for credit or otherwise participating in the financing of activity other than one's own, except for:

- 1. investment of funds with financial institutions, but not the intermediation of such investments or other receipt of others' funds for reinvestment with financial institutions*
- 2. acquisition of shares or other proprietary interests*
- 3. credit provided by the seller of a good or service*
- 4. leasing of real property or chattels which does not constitute financial leasing*
- 5. loans or loan guarantees to one's employees*
- 6. isolated cases of financing.*

Similar limitations normally apply to investment firms. An investment firm with its head office outside the EEA may according to the Act of 29 June 2007 No. 75 on Securities Trading section 9-25 be authorised by the ministry to provide investment services in Norway through a branch. Such firm may in special cases also be authorised to provide services in Norway directly from a place of business outside the EEA.

An investment firm is an undertaking that provides one or more of the following services a professional basis:

- 1. reception and transmission, on behalf of clients, of orders in relation to one or more financial instruments defined in section 2–2 of the Securities Trading Act,*
- 2. execution of orders on behalf of clients,*
- 3. dealing in financial instruments on own account,*
- 4. active management of investors' portfolios of financial instruments on a client-by-client basis and in accordance with investors' mandates,*
- 5. investment advice as defined in section 2–4 subsection (1) of the Securities Trading Act,*
- 6. placing of public offerings as mentioned in chapter 7 of the Securities Trading Act, placing of issues, as well as underwriting of issues or offers to acquire financial instruments,*
- 7. operation of a multilateral trading facility (MTF) as defined in section 2–3 subsection (4) of the Securities Trading Act.*

Which restrictions under public legislation are reflected in Norway's national legislation, imposing conditions on the establishment of financial service providers from non-EEA countries?

Answer:

Foreign banks from an EEA or non-EEA country may establish a subsidiary or a branch in Norway, both of which are allowed to collect deposits locally and to carry on banking activities using the word "bank". A bank subsidiary is subject to all relevant Norwegian legislation, while a branch is subject only to certain parts, as specified by law. Except for branches of foreign banks, all banks must be organized as either a private or a public limited liability company, or as a savings bank. In line with EEA rules, the minimum capital requirement to establish a bank is €5 million regardless of nationality.

Banks from non-EEA countries may only provide banking services (including cross-border services) once they establish a branch or a subsidiary in Norway. Authorization to branches of banks from non-EEA may only be granted to a bank authorized in its home state to carry on identical activities and subject to prudential supervision there; in addition, the home supervisory authority must have established satisfactory cooperation with Finanstilsynet.

Insurance companies operating in Norway require a licence from Ministry of Finance. However, foreign companies are required to supply additional information during the application process, such as a detailed description of its operations in the home state.

Branches of insurance companies from non-EEA countries must comply with the same requirements imposed on branches of banks from non-EEA countries (see above).

IV. TRADE POLICIES BY SECTOR: (6) SERVICES (ii) Telecommunications

Page 108, paragraph 121

Paragraph 121 states that, with certain exceptions, licences are required for the provision of services involving the use of radio frequencies.

Mexico would like to know the circumstances under which these exceptions are applied to service providers from non-EEA countries.

Answer:

Foreign and domestic operators are treated in a non-discriminatory way. The exceptions referred to relate to the reservation of some frequency bands for unlicensed use. These bands are reserved for a wide range of services and applications such as alarm systems, remote control applications, medical equipment, cordless telephones, data transmission applications, wireless microphones etc. as further detailed in the said regulations.

The frequency regulations are implemented in a non-discriminatory way and do not treat foreign operators different from domestic operators.

IV. TRADE POLICIES BY SECTOR: (6) SERVICES (iii) Maritime transport

Page 110, paragraph 133

In paragraph 133, the Secretariat mentions that Norway introduced a revised tonnage tax system for the final taxation of profits from shipping activities with effect from 1 January 2007. This tax regime applies to shipping companies headquartered in Norway and may be used for most vessels registered in the NOR or NIS, or under foreign flag.

Mexico would like to know if the owners of foreign-flagged vessels are required to establish tax domicile in Norway in order use the tonnage tax system or if they can prove that they meet this requirement by appointing a national representative from the European Economic Area that is domiciled in Norway.

Answer:

The special tax system is available to Norwegian private limited companies and public limited companies. The companies may only conduct maritime transport activities and activities closely related to maritime transport. A limited company registered and/or resident in other EEA countries may also qualify for the system, if the company in question is engaged only in activities taxed under the Norwegian special tax scheme for shipping.

At the outset, any vessel, regardless of flag, may qualify for the special tax system. However, companies within the system must fulfil one of two requirements:

- 1) *60 per cent or more of the total tonnage of the company must be registered in an EEA country, or*
- 2) *the current share of the company's tonnage registered in an EEA country must be larger than the share of the company's tonnage registered in an EEA country at the time of its entry into the special tax system.*

If the total share of EEA-registered tonnage for all companies within the special tax system has increased during the previous income year, the flag requirement as described above does not apply to any of the companies within the system.

XIV. QUESTIONS FROM PAKISTAN

The Secretariat Report (page vii) states that the GSP reform does not appear to have led to any major increase in imports from LDCs and low income countries since 2008.

1. Will Norway like to explain the reasons behind the absence of any major increase in imports from LDCs and low income countries, and whether Norway is taking steps to bolster imports from these countries?

Answer:

We have seen a number of success stories of increased imports from LDCs and low-income countries since the extension of duty-free market access in 2008, but the successes are too few. Market access is obviously not sufficient in order for trade to flourish. The reasons may be complex, but supply side challenges related to production capacity and infrastructure are probably among the most prominent, thus highlighting the need for trade related development cooperation. Efforts are made to ensure that the GSP scheme is implemented for as many countries as possible and to ensure that information about the scheme is disseminated in relevant countries. Furthermore, Norway has strengthened efforts on Aid for Trade.

The Secretariat Report also notes a heavy predominance of the state owned sector and the concomitant state intervention in the economy. The Secretariat Report (page 62) notes that the Government considers it both right and important for the State to contribute to industrial development in Norway through substantial shareholdings in Norwegian industries.

2. In an era when states' role in the economy is becoming nominal in many countries, could Norway explain the rationale behind continuing with heavy state intervention?

Answer:

Compared to many countries at similar level of development, the Norwegian state is highly involved in the economy as owner. This is a historic fact that has become even more pronounced over the last 20 – 30 years due primarily to the way the income from the petroleum sector is distributed. A large part of saving in the Norwegian economy takes place through the public sector. It is estimated that the State owned around 37 per cent of the Oslo Stock Exchange capitalisation at the end of 2011. The State is a major shareholder in several of the larger commercial listed companies. 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.

The Secretariat Report (page 20) notes a “democratic deficit” in Norway’s current association with the EU, a deficit present from the entry into force of EEA (European Economic Area) Agreement and growing with the passage of time, also noting that the integration has largely proceeded in a fragmentary manner.

3. Is Norway contemplating further closer integration with the EU, and what steps are envisaged to be taken for that?

Answer:

The EEA Agreement has been the main platform for Norway's relations with the EU for the last twenty years. It has provided a predictable framework and a level playing field for business, economic operators and citizens across the EEA. The EEA Agreement has proven to be a robust agreement and generally functions quite well. Although Norway has chosen to cooperate closer with the EU in different areas, and also continuously considers further participation in some of EU's specialized agencies, Norway has no intentions of changing its relationship with the EU.

Norway is amongst the founding members of GATT and WTO, and also a very active player in the WTO. However, its agricultural liberalization is not consonant with this factor. For example, the Secretariat Report notes (page 29) that in the agriculture sector, the difference between its average bound and applied MFN rates is 142.8%, along with tariff protection. Import duties on agricultural commodities and processed agricultural products account for 70% of the total duty revenue.

4. Does Norway plan to reduce protection in the agricultural sector, and in what timeframe?

Answer:

For Norway it is important to ensure a viable agricultural sector throughout the country, and tariffs are necessary in order to achieve this. The tariff level is a reflection of the price level in Norway resulting from high production costs. In other words, the tariff levels in Norway might not lead to more significant barriers to trade than lower tariff levels in more competitive countries. Imports of agricultural products to Norway are high and have increased from approximately 18 billion NOK in 2002 to 40 billion NOK in 2011. While Norway remains committed to conclude the DDA, Norway has no plans to unilaterally reduce its MFN duties in agriculture.

The Secretariat Report (page 66) notes that between 1994 and 2011, the European Commission examined 47 mergers and acquisitions involving Norwegian enterprises and concluded 10 cases against Norwegian based enterprises with findings that the competition rules had been infringed. It also states (para 130), that the Competition Act exempts agriculture, fisheries and forestry, on certain conditions, from the rules against price fixing, market-sharing arrangements and abuse of dominant position.

5. Could Norway explain how it plans to improve its competition law?

Answer:

The Norwegian Competition Act is currently under revision. The aim is to make the law an even more efficient tool to safeguard competition in the markets. Harmonisation with

EU rules where appropriate and improving the leniency programme are some of the elements under consideration in the revision.

XV. QUESTIONS FROM PERU

CUSTOMS VALUATION

1. Do the Norwegian customs authorities have an import price database and, if so, is this database used to verify the declared value and replace this value where necessary or only for risk management purposes?

Answer:

The Norwegian Customs Administration does not have a database for prices or import values, but The Norwegian Statistical Bureau (SSB) monitors the level of prices and other parameters. Based on this knowledge they may set statistical control parameters in the Customs clearance system (TVINN) filtering out declaration where the declared value is deemed improbable or erroneous. These control flags/operators are used for verification purposes and the importer will have to supply corrected values.

2. What treatment is given to the value of licences for the use of software recorded on carrier media, in accordance with Decision 4.1?

Answer:

A software license is considered as an electronic service, and VAT is calculated on the purchase price of the software license.

3. Do the Norwegian customs authorities apply the mechanism of advance rulings on valuation criteria? If so, has this mechanism enabled them to expedite the customs clearance process?

Answer:

Norwegian Customs does not apply the mechanism of advanced rulings on valuation criteria. An amendment act (Act 22 June 2012 no. 37 amending the Customs Act § 12-13) which expands the scope of ARs passed through the Parliament earlier this year. Implementing provisions are expected to enter into force shortly.

4. Do the Norwegian customs authorities use a mechanism to control the value of imported goods in order to detect and prevent valuation fraud?

Answer:

Statistical control parameters are set in the TVINN-system by Statistics Norway (SSB). These parameters will filter out any declaration where the customs value is not in accordance with the other data submitted (f.ex weight/value).

5. Do the Norwegian customs authorities use a simplified procedure to determine the customs value of imported goods such as postal items, household effects and accompanied baggage?

Answer:

The import of the goods mentioned, will, based on certain criteria, be exempted from ordinary customs procedures such as the obligations to notify, present and declare the goods. The customs value of the goods however, and the method of determining the customs value, is the same whether or not the criteria for a simplified customs procedure is fulfilled.

CUSTOMS RISK MANAGEMENT AND CUSTOMS INSPECTION

6. With regard to authorized economic operators (Measures directly affecting imports, import procedures and requirements, paragraphs 5, 6, 7 and 8):

Do the Norwegian customs authorities decide whether or not to apply streamlined security controls to authorized economic operators or are such controls a right pertaining to these operators simply as a result of AEO certification?

Answer:

Yes, an AEOS (Authorised Economic Operator Security) is subject to less restrictive security controls. Norway has implemented the AEO regime in line with WCOs SAFE Framework of Standards.

It would be interesting to be informed of the regulations governing authorized economic operators in Norway, their obligations and rights, and how results are measured. Given that AEO status was introduced in Norway over three years ago, what has been achieved as regards customs facilitation and, in general, the secure international trade logistics chain?

Answer:

The AEO-S regime is based on WCO's SAFE and EU regulation (EC) No 648/2005 which are implemented through the EEA agreement protocol 10 and then incorporated in the Norwegian Customs regulation. Please note that Norway has not implemented the AEO in regards to facilitation of other Customs Procedures. The audit of the applicant's background is thorough; the management may not have committed any tax or customs violations, it is checked whether all necessary internal control systems are in place. Finally, the applicant's solvency is checked and if applicable, the applicant's security measures are evaluated.

So far around 30 AEO-S authorisations have been granted. The impact has so far not been directly quantifiable in the terms measurable impact on the supply chain. This is because the AEO-S so far only applies for goods transported directly to or from a third country (non-EU), while most import or export from Norway goes through the EU. This means that it is a manageable amount of shipments that is being controlled. As a result, the AEOs have not yet seen the full benefits of statistically fewer controls and priority in cases of control. Those AEOs exporting or importing directly to a third country are assigned a lower risk value

compared to other operators in the Risk Analysis Component (RAC) when they lodge a Summary Declarations in the NCTS system. The authorisation of AEOs has also resulted in more focus on security and the AEO's status is considered to give an added value to the company's status. So far none of the authorisations have expired. The first ones will expire in 2014, only then it will be possible to evaluate if the criteria for authorisation are still met.

7. With reference to customs controls (paragraphs 6 to 8):

Is there an increase in control activities each year or a reduction on the basis of the results of the Norwegian customs authorities' risk management policy? The respective footnote indicates that although the number of audits increased in 2010 in relation to 2009, the amount levied as a result declined.

8. We were unable to find a paragraph dealing specifically with risk management that describes the methodology used or adopted by the Norwegian customs authorities. How is the number of audits and other control measures scheduled and the level of effectiveness, etc. established?

Answer to question 7 and 8:

In the automated process of handling customs declaration there is a filter triggering automatic inspection. This filter selects declarations based on specific criteria related to risk assessment and areas of interest. The filter produces a list of possible audits/inspections, and the customs officer decides which of these should be carried out. The customs officer's decision is based on risk assessments and other relevant audit information, but the number of audits also depends on available resources. Each year, a total number of audits are agreed upon based on an estimation of the required control volume.

* * * * *

XVI.

XVII. QUESTIONS FROM THE PHILIPPINES

(Page 109, para 127 of WT/TPR/S/269)

1. Norway is one of the world's leading seafaring nations since the late 19th century. Norway's maritime industry includes shipbuilding, ship-owning, classification services, ship financing, and maritime insurance employing approximately 100,000 people directly (including some 15,000 foreign seafarers on vessels registered in Norway). It accounts for 5.5% of the total value creation in Norway. Could Norway share information in its future plans and/or direction for this important industry?

Answer:

The government's maritime strategy, "Steady as she goes", was presented in the autumn of 2007. The Government's vision is that Norway will be a world-leading maritime nation and that Norwegian maritime industries will deliver the most innovative and environmentally friendly solutions for the future. The strategy may be found at the following url:

http://www.regjeringen.no/upload/NHD/Vedlegg/strategier2007/steadyasshegoes_2007.pdf

The strategy and its results are being evaluated during 2012. Depending on the evaluation results an updated strategy may be envisaged in 2013.

(Page 103, para 103 of WT/TPR/S/269)

2. Norway's sector-specific commitments in its GATS Schedule cover 110 of the 160 sub-sectors. Could Norway provide an overview of the professional services sector, for key professions such as engineers, architects, lawyers and accountants? In particular, could information be provided in terms of how these are regulated and if any of these professions maintain a temporary licensing regime for foreign providers and if so, under what conditions? Could Norway please provide more information on its medium-term/long-term services development plan?

Answer:

For engineers og architects there are certain qualification requirements in order to use the title «civil engineer» and «civil architect»

Lawyers: In 2010, there were about 8,000 lawyers working in Norway¹⁴. Some 7,169 were registered members of the Norwegian Bar Association. 31 % of these lawyers were engaged

¹⁴StatisticsNorway:

http://statbank.ssb.no/statistikkbanken/Default_FR.asp?PXSid=0&nvl=true&PLanguage=0&tilside=selectvarval/define.asp&Tabellid=04858

in firms with 50 lawyers or more. 53 % were engaged in small firms and one-man businesses¹⁵.

Courts of Law Act No. 5 of 13 August 1915, regulated by Regulation No. 1,161 of 20 December 1996, sets out the rules and requirements for the practice of law in Norway. A lawyer wishing to offer legal services in Norway, including defending a case in a Norwegian court, must hold a Norwegian University degree in law as well as a licence issued by the Supervisory Council for Legal Practice (Tilsynsrådet), an independent public authority. To acquire a licence the candidate must have a clean record of conduct, must have practiced as an associate lawyer or as an assistant judge for two years after obtaining the law degree, and must attend a mandatory advocate course in Norwegian. The candidate must also have insurance to cover liabilities and compensation that may be incurred. To appear before the Supreme Court, there are additional conditions. There are no nationality requirements.

Law degrees from EEA countries may serve as basis for being licensed as a lawyer in Norway. A licence may also be issued if the applicant holds a corresponding licence in another EEA country, and demonstrates sufficient knowledge of Norwegian law. Notice must be given to the Supervisory Council, and proof of insurance must be provided. Where an EEA lawyer's command of Norwegian is not satisfactory, the lawyer must appear jointly with a Norwegian lawyer during litigation. To be counsel before the Supreme Court, an EEA lawyer must always appear jointly with a Norwegian lawyer entitled to appear before the Supreme Court.

Lawyers from outside the EEA who do not hold a licence to practice law in Norway, may be given permission by the Supervisory Council to practice foreign law or private international law, and to litigate under the same conditions applied to EEA lawyers.

According to the Courts of Law Act, only people working in a law firm are allowed to hold ownership in that firm. Hence, foreign law firms from outside the EEA are only allowed to establish themselves in Norway to provide legal services concerning foreign and/or international law when its lawyers (owners) have been given special permission by the Supervisory Council (see above).

A government constituted committee will by the end of 2012 start a thorough review of the rules and regulations concerning legal services. The committee will also take international aspects into consideration. The committee's findings will be presented in one or two years as an Official Norwegian Report.

External accountants must be authorised by The Financial Supervisory Authority of Norway (Finanstilsynet). Requirements to become an Authorised External Accountant are set forth in the Authorisation of External Accountants Act section 4. cf. the Regulation on External Accountants.

External accountants need a bachelor degree in business economics and the equivalent of two years of relevant work experience. In addition external accountants must be resident in

¹⁵ Norwegian Bar Association

an EEA-member state, have a place of business in Norway, be financially trustworthy, be of good repute, and not be incapacitated. External Accountants must comply with continuing professional education requirements.

Degrees from a foreign university may be accepted. The Norwegian Agency for Quality Assurance in Education (NOKUT) evaluates foreign degrees and provides formal recognition of whether it corresponds to Norwegian degrees. An additional exam in tax-law must to be taken in Norway.

Authorisation is also given to accountants who holds equivalent authorisation from another EEA-state, subject to the requirements of section 1-4 of the regulation on authorisation of accountants. Furthermore, external accountants who are legally established in another state in the EEA-area can provide accountancy services on a temporary basis in Norway without an authorisation from the Financial Supervisory Authority, subject to the requirements of section 1-5 on the regulation on authorisation of accountants. External Accountants established in countries outside the EEA-area, are subject to the ordinary requirements on the Authorisation of External Accountants Act and the regulation to the Act, but the authorisation requirement does not apply to accountancy services provided to Norwegian clients outside of Norway. In such cases, it is the client's responsibility to comply with their accounting obligations under Norwegian law, including storage of bookkeeping documentation in Norway.

(Page 15, Para 10 of WT/TPR/S/269)

3. Norway was one of the "founding fathers" of the GATT in 1948 and is an original Member of the WTO. It is worth noting that no formal complaints have been made against Norway under the WTO Dispute Settlement Mechanism. Could Norway share its good practices given its clean track record within the WTO DSU context?

Answer:

Norway's approach to compliance with the covered agreements is to respect the rules of the multilateral trading system, not to avoid complaints in the WTO dispute settlement mechanism as such. We place great importance on keeping our trade regime transparent and predictable, and always welcome dialogue with other Members concerning our trade measures. At the same time, we acknowledge that using the WTO dispute settlement mechanism is the regular way to settle trade disputes, and this mechanism provides an objective and impartial review of a contested measure.

(Page 57, Para 95 of WT/TPR/S/269)

4. Norwegian legislation pertaining to living genetically modified organisms (GMOs) corresponds to directive 2001/18/EC. However, Norway has reserved the right to apply restrictions or prohibitions on GMOs considered to involve a risk to health or the environment. On this basis, Norway has prohibited eight GMOs approved by the EU. Could Norway share its specific concerns regarding GMOs?

Answer:

On the basis of the European Economic Area Agreement, Norway participates in the processing of GMO applications under Directive 2001/18/EC as adapted for the purposes of the Agreement on the European Economic Area (EEA agreement), pursuant to Act of 2 April 1993 No. 38 Relating to the Production and Use of Genetically Modified Organisms, etc. (The Gene Technology Act). The purpose of The Gene Technology Act is to ensure that the production and use of genetically modified organisms and the production of cloned animals take place in an ethically justifiable and socially acceptable manner, in accordance with the principle of sustainable development and without adverse effects on health and the environment. As the Directive, the Gene Technology Act requires prior approval in order to avoid adverse effects on health and the environment as a consequence of deliberate release of GMO into the environment. A GMO approved pursuant to the Directive does not need an approval pursuant to the Gene Technology Act. Pursuant to the adaptation to the Directive mentioned above, the use and/or sale of that GMO may however be restricted or prohibited on the basis of the requirements of the Gene Technology Act, including the avoidance of risk of adverse effects on health or the environment and the considerable weight which shall also be given to whether the deliberate release will be of benefit to society and is likely to promote sustainable development.

Norway has prohibited eight EU-approved products on the basis of the requirements of the Gene Technology Act. The prohibition against two genetically modified vaccines (vaccines towards rabies and pseudorabies) is based on insufficient documentation from the notifier relating to possible severe non-target effects on human health and the environment. Regarding six genetically modified plant products (maize, chicory, three oil seed rape lines, GM bacteria for detection of residues of antibiotics in milk) they all possess antibiotic resistance marker genes, and risks for detrimental effects on human and animal health cannot be excluded. For some of the products there is a risk for gene flow to wild plants and crops.

(Page 29, para 12 of WT/TPR/S/269)

5. In terms of tariffs, rates are low or even zero for commodities not grown in Norway such as bananas, coffee, rice, and coconut while moderate for processed agricultural goods and other food preparations. Could Norway inform if there are standards/certification requirements applied to these commodities and if yes, please provide where relevant information on these could be found/accessed?

Answer:

All goods for human consumption and animal feed imported to Norway have to meet the requirements in the Norwegian Food Law, which are harmonized with the requirements in the EU Food Law and the Hygiene package (EF) nr. 852/2004, 853/2004 and (EF) nr. 854/2004. Reference to the Norwegian Food Law and other regulations can be found at the following internet address: <http://www.mattilsynet.no/>. Unfortunately most of the information is in Norwegian, but under "Regelverk" there is a reference to eur-lex where all the EU requirements are to be found in English.

XVIII. QUESTIONS FROM SINGAPORE

PART I: QUESTIONS REGARDING THE Secretariat Report

II Trade policy regime: Framework and objectives

QUESTIONS:

Summary

Page viii (Para 9)

1. Singapore applauds Norway's commitment to an open investment regime and equality of treatment between foreign and domestic investors. We would appreciate if Norway could clarify what the Foreign Equity conditions are, if any, that a company in Norway would have to meet in order to remain qualified for GIEK guarantee scheme for investment abroad.

Answer:

GIEK makes an assessment of the investor's qualifications for an investment guarantee in each individual case. GIEK's statutes do not contain any special requirements relating to of foreign equity.

III Trade Policies and Practices by Measure

Page 25 (Para 3)

2. We note that the requirement for importers of alcoholic beverages for commercial purposes to register with the customs authorities "concerns primarily hotels and restaurants importing alcohol on an ad hoc basis". We would like to seek clarification on whether regular importers need to register with Customs or other authorities. If not, does any authority maintain a list of importers of alcoholic beverages?

Answer:

All undertakings importing alcoholic beverages with an alcohol content of more than 2,5 vol %, are liable to pay excise taxes, on the beverages and on the packaging. Undertakings liable to pay excise taxes must be registered with the Customs Region, except when a special permit or license has been granted.

Examples of special permits are AS Vinmonopolet's (Norway's state wine monopoly) special import permit, and permits given to foreign diplomats when the imported beverage is for service use. Examples of licenses are licenses to produce alcoholic beverages pursuant to Section 6-1 of the Alcohol Act, and licenses to sell and to serve alcoholic beverages pursuant to Section 3-1 third paragraph and Section 4-2 third paragraph of the Alcohol Act, respectively. The said licenses are given by the Municipality, and the latter – the license to sell and to serve – applies typically to hotels and restaurants.

Page 25 – 26 (Para 4)

3. Norway has signed 20 customs agreements on exchange of information in connection with customs controls. We would appreciate it if Norway could share more on the scope of these agreements, as well as the provisions or arrangements that are put in place to ensure the security of the information provided.

Answer:

The agreements concerning co-operation and mutual administrative assistance in customs matters are negotiated with each country individually. The overriding objective is to provide mutual assistance through each party's Customs Administrations. The scope will vary from agreement to agreement; sometimes sharing information for capacity building purposes, other times it might be mutual assistance in recovering of customs duties, taxes or fines, and sometimes mutual exchange of enforcement intelligence to prevent, investigate and to combat customs offences. Assistance will always have to be rendered in accordance with each party's domestic law and administrative provisions. The Norwegian data protection regulation is quite strict. Therefore - when negotiating these agreements it is always important to study the other party's data protection regulations as to set limits for the possibilities to exchange protected information.

Page 26 (Para 5)

4. We understand that “the transporter, which is responsible for submitting summary declarations, lodges the required data with the Norwegian customs authorities in the new computerized transit system (NCTS)”, and note that the summary declarations for goods entering or leaving for non-EEA countries are subject to the same deadlines as in the EU. We would like to seek clarification if this is applicable for export scenarios too and whether the summary declaration is combined for both goods and cargo. Could Norway also clarify if the exporter or importer is absolved of all accountabilities in terms of accuracy and completeness of data?

Answer:

A summary declaration (= pre-arrival/pre-departure declarations) has to be lodged for exit as well as for entry for all goods/cargo to and from non-EEA countries. Although the transporter is the one responsible for lodging the declaration, other parties such as the exporter or importer will normally have to be involved in obtaining the correct data.

5. We note that “Certain goods are exempt from the summary declaration requirement, e.g. electric energy, goods transported via pipelines, travellers' luggage, goods destined for diplomatic missions, military equipment.” May we know if these goods are further scoped to those handled by Authorised Economic Operators (AEO) only, or can all such goods, regardless of the type of

company that handles them, enjoy the exemption? We would also like to seek clarification on whether the exemption of travellers' luggage from the summary declaration requirement includes commercial goods transported in travellers' luggage. If it does not, would formal customs clearance be required in the event that the commercial goods are valued at less than NOK 200 (ref. footnote 8)? Similarly, is there a value below which goods imported by individuals for personal use do not require formal customs clearance?

Answer:

The exemption is not only related to AEOs. Commercial goods transported in travellers' luggage is not exempted, only the personal luggage.

Formal customs clearance is required for commercial goods valued more than NOK 200. Formal customs clearance is not required for goods up to NOK 6000 when brought by an individual for personal use.

Page 26 (Para 6)

6. We note that the electronic TVINN (TollVesenet's Informasjonssystem med Næringslivet) system has been used to handle all import and export declarations since 1 October 1994. We would like to understand the difference in functions between the two systems, TVINN and NCTS (ref. para 5), and whether there is any form of 'communication' between the two systems, such as data exchange, to reconcile the declarations.

Answer:

The TVINN-system (The Customs-Business information system) handles the submitted Import and Export declarations and calculates the customs and excise duties due. When the declaration is accepted by the TVINN-system, either automatically or after manual control, the goods are released for free circulation. The NCTS handles the transit declarations and other associated messages (for example Notification of Crossing Frontiers) during the transit of goods between Norway and other contracting parties of the Transit Convention. There is currently no electronic communication between the two systems and after the conclusion of the transit procedure the goods will pass on to national procedures.

7. We understand that 4% of the electronic declarations are submitted manually and keyed into the TVINN system by customs officers. Para 42 also states that some declarations of goods for exports are presented to Customs manually using the single administrative document (SAD), and subsequently keyed into the system by the customs administration. May we know if Customs administrations charge a fee for keying manual submission into the system?

Answer:

Manually submitted declarations are normally only accepted from private persons and are thus free of charge. Private persons may also declare consignments with low values (below

NOK 1000) by the use of our website. Commercial companies are requested to submit their declarations electronically. All electronic submission of declaration is free of charge.

Page 27 (Para 9)

8. Norway mentions that goods will only be released from the Customs after all taxes and duties have been settled. May we know if security deposit is required to be furnished for the release of goods prior to the assessment or payment of taxes and duties? If security deposit is required, how would it be determined?

Answer:

It's a condition for customs credit that the company is registered in the Register of Business and Enterprises and the VAT Registry, cf. the Tax Payment Regulations § 14-20-1. An exemption from registration can only be given when special circumstances occur and provision of security is given. Customs credit can be granted without provision of security, which typically only will take place if the applicant is the Norwegian government or municipality.

A guarantee is required if customs credit is granted for a company that is not registered in the Register of Business Enterprises.

To be granted customs credit, there is also a condition that the company is creditworthy. Therefore the Customs Authority assesses the creditworthiness, both by the assessment of the application and later. We attach importance to information received from a credit reporting company (credit rating), information received from public departments and the Customs Authority's own experience with the company. The credit rating is based on information that is recorded in the Register of Business Enterprises and the Central Coordinating Register for Legal Entities in addition to submitted accounts, debt collection data and so on.

9. We understand that forwarding agents and traders importing goods in their own name may apply for "credit status" with the Norwegian Customs and Excise Service. We would like to seek clarification on whether these importers are required to fulfil any criteria before they can apply for "credit status".

Answer:

The creditworthiness will be assessed by the Customs Authority, cf. the Tax Payment Regulations § 14-20-3 second subsection.

The assessment addresses the willingness to pay, ability to pay, the possibilities for recovery of claims and compliance of the rules for taxes, duties, charges and so on. A guarantee can be determined corresponding to the size of the credit, or may constitute a lower proportion than the total credit. This depends on how creditworthy the entity is.

It may be necessary to demand additional guarantee or retract the approbation if the surveillance of the company shows that the creditworthiness is reduced, cf. the Tax Payment Regulations § 14-20-4 first subsection, cf. § 14-20-3 first subsection.

Page 37 (Para 26)

10. We note that purchase of electronic services from abroad have been subject to VAT since 1 July 2011, and the responsibility for assessing and collecting the VAT rests with the supplier of the electronic services. We would like to understand how the valuation of electronic services is done for VAT purposes. For instance, is the VAT based on the purchase price of the electronic services? We are also interested to know how Norway ensures that the suppliers collect the correct amount of VAT.

Answer:

Regarding valuation: The VAT is based on the purchase price of electronic services.

Regarding compliance: Suppliers that take part in the VAT on electronics services scheme (VOES) will be subject to most of the Value Added Tax Act's general administrative provisions. Among other things, this means that the suppliers will have a general duty to disclose information that has a bearing on VAT control and that the VAT authorities can obtain information about the suppliers from third parties. It also means that the VAT authorities can stipulate VAT by discretionary judgement and otherwise impose sanctions such as additional tax or penal sanctions if a supplier provides incorrect or incomplete information or fails to submit a VAT return. The VOES scheme relies on the mutual assistance agreements that Norway has concluded with other countries, regarding collection of tax and VAT debt.

For further information, see <http://www.voenorway.com/en/Legal-Information/>

Page 40 (Para 36)

11. Norway mentions a Pan-European Origin Cumulation System which is a “diagonal cumulation system” extended gradually to Faroe Islands and to Mediterranean countries. Could Norway share more on how this diagonal cumulation system is structured and implemented?

Answer:

The Pan-Euro-Mediterranean system of cumulation of origin consists of a network of Free Trade Agreements that set out identical rules of origin allowing for diagonal cumulation of origin among the member countries of the system. The Pan-Euro-Mediterranean system of cumulation of origin is foreseen to be based on the Regional Convention on Pan-Euro-Mediterranean Preferential Rules of Origin, to which the individual free trade agreements applicable between the Contracting Parties to that Convention would refer. The main objective of establishing a single regional convention is to facilitate the application of identical rules of origin for the purpose of diagonal cumulation of origin for goods traded in the pan-Euro-Mediterranean cumulation zone.

The Convention is intended to overcome the difficulties in the management of the current network of some 60 bilateral protocols on rules of origin among the countries or territories of the Euro-Mediterranean zone.

Page 42 (Para 42)

12. We note that the de minimis for which export declarations are not required is Nkr 5,000. However, it is stated in Para 6 footnote 8 that for import declarations, formal customs clearance is not required for goods valued at less than Nkr 200. We would like to understand Norway's considerations in having different de minimis amounts for import and export.

Answer:

The main reason for this is that the import of goods to Norway is subject to customs and taxes, whereas the export of goods from Norway is not.

Page 42 (Para 46)

13. We note that Norway provides refund for customs duties on inputs for domestically produced goods that are substitutes for previously imported goods if the domestic goods are of the same kind and quality. We would like to know the criteria for assessing whether the domestically produced goods are indeed of the same kind and quality as previously imported goods, and also the purpose of allowing such refund.

Answer:

This relates to the import of goods for repair or processing and subsequent re-export (Customs Act section 6-3 for industrial goods and section 6-4 for agricultural goods). The purpose of the deposit is to ensure that the imported goods are actually re-exported. Agricultural goods that are exported should belong to the same commodity code in the Customs Tariff as the goods that are to be imported for processing.

Page 58 (Para 102)

14. We understand that sensitive goods are always sealed by customs authorities, but this requirement may be waived for other goods with product description that allows clear identification of the good itself and the quantity. We would appreciate if Norway could share more on the practice for non-sensitive goods, and whether there are other criteria to be fulfilled before the sealing requirements of transit cargo can be waived.

Answer:

Transport of non-sensitive goods under the TIR procedure must according to the TIR-convention always be sealed by the customs authorities. Transport of non-sensitive goods under the Common Transit procedure, shall as a main rule always be sealed, ref the

Common Transit Convention, Appendix I, Article 31. However, the office of departure may dispense with sealing if the description of the goods in the declaration make them readily identifiable, ref Article 11(4). There are no other criteria, except for goods not suitable for sealing, but it is up to the office of departure to decide whether sealing can be waived.

15. We note that the standard guarantee for goods in transit amounts to €7,000. Could Norway clarify if this is an individual guarantee or a comprehensive guarantee, and also explain how this amount is computed?

Answer:

According to the Common Transit Convention an individual guarantee furnished by a guarantor may be in the form of an individual guarantee voucher for an amount of EUR 7000, issued by the guarantor to people who intend to act as principle. The vouchers are registered in the Guarantee Management System (GMS) which is a part of NCTS and is in an electronic format. These guarantee vouchers are valid in all Contracting Parties, but the vouchers are not for sale in Norway.

Page 58 (Para 103)

16. Norway mentions that “authorized consignor” may specify categories of goods that could be excluded from a streamlined process. We would appreciate if Norway could share more on the criteria for becoming an “authorized consignor” and the type of simplified procedures that “authorized consignor” may enjoy. We would also like to know if these criteria and simplified procedures are standardised among the EFTA states, and whether there is mutual recognition of “authorized consignors” among the EFTA states and with the EU.

Answer:

To be granted the status as “Authorised consignor” under the Common Transit Convention, the general condition in Article 45 and the special conditions in Article 60-63 to Appendix I must be fulfilled. An Authorised consignor may start up a transit operation by use of a simplified procedure without presenting the goods and the documents for the customs at the office of departure. The authorised consignor will have an automatic release in the electronic transit system (NCTS), and the Transit Accompanying Document (TAD) will be printed out at the aut. Consignor premises and a transit operation may start 24/7. Norway, Switzerland, Iceland and EU are Contracting Parties to the Common Transit Convention and the criteria and the simplifications are therefore the same. An authorised consignor will, however, only gain simplification for common transit operations beginning in the country where the authorisation was granted, ref. Article 44(2).

17. We note that Norwegian Food Safety Authority levies a fee of Nkr 490 per consignment, or a time-based fee, for goods in transit. We would appreciate if Norway could elaborate on how the time-based fee works in practice.

Answer:

The charges to cover costs occasioned by official veterinary border controls are stipulated in the Regulations of 3rd March 2010 No 307 on the payment of charges for veterinary border controls. Norway has fixed fees based on costs borne by the competent authority over a given period of time, in accordance with Article 27 (4) b) of Regulation (EC) No 882/2004. The minimum fees in Annex VI to Regulation (EC) No 882/2004 are not sufficient to cover the costs of the Norwegian Food Safety Authority. Thus, fee levels of the charges were recalculated based on stipulations of the costs associated with carrying out veterinary border inspection control, in accordance with Annex VI.

The fees applicable to transit through Norway consist of a standard, basic fee of 490 NOK. The basic fee is increased by 160 NOK per quarter of an hour for every member of staff involved in the controls. The amount of fees reflects the stipulated time and resource cost to carry out the prescribed documentary check and identity checks, and also comply with the minimum fee level in Regulation (EC) No 882/2004 Annex VI, Chapter IV. If the inspection e.g. takes one hour and only one person is involved, the total amount will be 1130 NOK (4 x 160 NOK +490 NOK). In practice the official veterinarian/official inspector register the time used from the first goods (pallet) on the ship is unloaded until the consignment has been reloaded in sealed vehicles. Until now in 2012, fees issued for consignments in transit have varied between 1000 NOK up to 2000 NOK.

XIX. QUESTIONS FROM SOUTH AFRICA

REPORT BY THE SECRETARIAT (WT/TPR/S/269)

Financial Services

Part IV. Trade Policies by Sector: (6) Services (i) Financial Services: Paragraph 107, Page 104

The Secretariat Report notes that the Ministry of Finance is responsible for the granting of licences for the banking and insurance sector.

1. Can Norway elaborate on whether any distinction is drawn between foreign and local service providers in the granting of these licenses?

Answer:

Foreign banks and insurance companies from an EEA or non-EEA country may establish a subsidiary or a branch in Norway, Except for branches of foreign banks, all banks must be organized as either a private or a public limited liability company, or as a savings bank. Insurance companies incorporated in Norway, irrespective of nationality, must be organized as joint-stock companies or mutual insurance companies.

There are no specific restrictions on foreign ownership of financial institutions. However, both national and foreign private investors require permission from Finanstilsynet for ownership reaching or exceeding the thresholds of 10%, 20%, 30% and 50%. The rules do not restrict the formation of financial groups, and prudential regulations, including fit and proper testing, apply on the basis of national treatment.

For branches of banks and insurance companies from non-EEA countries, authorization may only be granted to a bank or insurance company that is authorized in its home state to carry on identical activities and is subject to prudential supervision there. In addition, the home supervisory authority must have established satisfactory cooperation with Finanstilsynet, which is done on a case by case basis.

Telecommunications services

Part IV. Trade Policies by Sector: (6) Services: (ii) Telecommunications: paragraph 121, page 108

The Secretariat Note states that “according to the NPT, Norway had 176 operative providers of electronic communication services at end 2011.”

2. How many operative providers of electronic services are of foreign origin out of the 176 and how many are developing countries?

Answer:

The [list](#) of operators does not provide information about the origin of the company, just if there is a Norwegian subsidiary or not. There are only a few providers with an address outside Norway (mostly Denmark, Netherlands and UK) and only one of them is from outside Europe.

**Part IV. Trade Policies by Sector: (6) Services: (ii) Telecommunications:
paragraph 122, page 108**

The Secretariat Report notes that Telenor, the former state monopoly still possess significant market power (SMP) in most markets, but other providers have SMP status in specific segments.

3. Can Norway elaborate on whether there are any foreign providers who have SMP status? If yes, can Norway elaborate on how many of these are from developed and how many from developing countries.

Answer:

Every fixed and mobile voice telephony supplier has monopoly on terminating calls in its own network. At the moment there are 13 suppliers having SMP in the market of fixed telephony and 7 in the market for mobile telephony.

XX. QUESTIONS FROM SWITZERLAND

Report by the Secretariat

II. Trade Policy Regime: Framework and Objectives

(1) General Framework

Para. 6: Does the Parliamentary Ombudsman for Public Administration have any powers in the trade field? Are there any cases?

Answer:

Yes, the Ombudsman covers all fields of public administration. There have been a few cases related to trade, mostly to questions concerning customs and excise.

III. Trade Policies and Practices by Measure

(2) Measures Directly Affecting Imports

(x) Anti-dumping, countervailing duty and safeguard regime

In **para. 39**, the Secretariat's report indicates that the EEA Agreement stipulates that anti-dumping and countervailing measures may not be used against imports from other EEA members in the areas covered by the Agreement, and where the EU *acquis* has been fully incorporated. Could the Norwegian authorities explain the reasons why dumping is considered to be a potential problem when the EU *acquis* has not been fully incorporated in the Norwegian legislation but apparently no more represents a problem once the EU *acquis* has been fully incorporated in the Norwegian legislation? What is the rationale behind the proposition that private companies are no more expected to engage in dumping once the EU *acquis* has been fully incorporated in the Norwegian legislation?

Answer:

As a party to the Agreement on the European Economic Area ("the EEA Agreement"), Norway is part of the internal market and therefore obligated to abide by and enforce the same competition and state aid rules as the European Union Member States. This ensures equal treatment of any anti-competitive practices by undertakings or state aid measure initiated by the State.

As a consequence of the internal market, the EEA Parties have agreed not to make use of anti-dumping or countervailing measures in areas covered by the EEA Agreement.

The system of enforcement of the EEA competition and state aid rules is the same as for the EU competition and state aid rules. The enforcement of the EEA competition and state aid rules is carried out by the EFTA Surveillance Authority ("the Authority") and the EFTA Court (see the Agreement between the EFTA States on the Establishment of a Surveillance Authority and a Court of Justice). The Authority has similar powers to the European Commission with regard to the enforcement of the competition and state aid rules (see Protocols 3 and 4 to the Agreement between the EFTA States on the Establishment of a Surveillance Authority and a Court of Justice).

(4) Measures affecting Production and Trade

(ix) Competition Policy

Para. 135: Could Norway elaborate on cooperation taking place within the Nordic Cartel Network? For instance, can members of the Network exchange confidential information and coordinate their investigations?

Answer:

The cooperation includes discussing cases, investigation techniques and other cartel and investigation issues of mutual interest. The whole network meets once a year to exchange experience with cases, project management, IT-forensics etc., and they also cooperate by phone or meeting when necessary. There is a formal agreement on the exchange of confidential competition related information between Denmark, Iceland, Sweden and Norway. Coordination and assistance in investigations are a part of the cooperation.

IV. Trade Policies by Sector

(4) Energy

(ii) Electricity

Para. 86 states that “*the new regime for the hydropower sector allows for the continuation of industry ownership within the notion of public ownership. Owners of assets, which are to be returned to the State without compensation at the end of the concession period, may now sell these assets or merge with publicly owned energy companies as long as the private share of the merged company does not exceed one third. Hydropower production facilities may also be leased for periods up to 15 years. State support is available for energy-saving measures under the Energy Fund administered by Enova SF (see Table III.10), and to enterprises negotiating long-term power contracts jointly.*” Could the Norwegian Authorities elaborate on the further development of hydropower, particularly with regards to pumped-storage?

Answer:

Norway has about 50 per cent of the total hydro reservoir capacity in Europe. This reservoir capacity provides balancing resources without the need for pumping. In addition we currently have a total of 1344 MW pumping power in nine power stations. The pump storage stations are mainly located in the western parts of Norway. The pumps are in use for 500-2000 hours a year.

The technical potential for increasing balancing capacity in Norway is large. A preliminary case study indicates a technical potential in 12 new installations at existing stations to be about 11200 MW. This can be done by increasing the turbine/generator performance in some stations, and by installing pump turbines in stations where it is possible to pump between reservoirs. This will require new tunnels as well as new power stations in relation to existing stations.

However, costs and environmental considerations must be taken into account. Possible investments to increase the available balancing resources in Norway are not foreseen in the near future. Still, existing and new interconnectors will enable better utilisation of the balancing resources that are available today.

In the longer run (20-30 years), investments to increase balancing capacity is possible. However, such investments need to be in compliance with the prevailing regime for the hydropower sector, including ownership rules.

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XXI. QUESTIONS FROM THAILAND

QUESTIONS REGARDING THE SECRETARIAT REPORT

III. TRADE POLICIES AND PRACTICES BY MEASURE

Page 53 (Paragraph 79)

Standards Norway is Norway's enquiry point under the WTO Agreement on Technical Barriers to Trade, and the Norwegian member of ISO and CEN. SN adopts and publishes around 1,500 new standards annually. NEK, which is the Norwegian member of CENELEC and IEC, adopts and publishes some 300 new electrotechnical standards every year. As the Norwegian national member of ETSI and ITU, PT coordinates international and European work on post- and telecommunication standardization. Standards Norway and the Norwegian Electrotechnical Committee accepted the Code of Good Practice for the Preparation, Adoption, and Application of Standards in 2008. At the end of 2011, about 15,000 Norwegian standards were in effect. Approximately 95% of all new Norwegian standards originate in European standards.

Question:

With respect to the information noted by the secretariat state that “ at the end of 2011, about 15,000 Norwegian standards were in effect.”

Are the 15,000 Norwegian standards mandatory or voluntary? What major products are applied to such standards? Are the third party laboratories for products testing subject to be accredited by Norwegian authorities?

Answer:

The standards are mainly voluntary. There are standards for a wide array of products, including materials, construction, environment, petroleum and gas, machines and ICT. An overview of the standards is published here: <http://www.standard.no/en/Search-and-buy/ProductCatalog/>

Accreditation is the preferred method for documenting the competence of conformity assessment bodies.

IV. TRADE POLICIES BY SECTOR

Page 103 (Paragraph 104)

The EU Services Directive was incorporated into the EEA Agreement in April 2009. The Directive, inter alia, affects the commercial presence of EU services providers in Norway and the cross-border provision of services. For the services covered, the Directive does not oblige Norway to harmonize its legislation with the EU, but required the screening of national authorization schemes to ensure that they are non-discriminatory, justified (by an overriding reason relating to public interest), and proportionate. The Directive also provided for the establishment of a point of single contact where services providers can receive information and complete all procedures

needed for access to a services activity. Acceptance of the Directive was not without political controversy. In particular, concerns were raised in relation to possible "social dumping" and the undermining of existing labour rights.

Question:

Regarding to the statement highlighted above, please clarify the criteria of the screening of national authorization schemes for foreign investors. Will the screening process treat domestic and foreign investors similarly? If not please clarify.

Answer:

There are no screening schemes for foreign investors in Norway. However, in the financial sector specific rules exist based on prudential considerations.

The screening referred to in paragraph 104 relates to making sure that those (few) authorization schemes that exist are non-discriminatory (i.e. between domestic and foreigners), justified and proportionate – it does not relate to the actual investors/investments.

XXII. QUESTIONS FROM TURKEY

I. Report by the Norwegian Government (WT/TPR/G/269)

III. TRADE POLICY DEVELOPMENT

iv) Aid for Trade, page 14, para. 66-68 – UD/WTO

At the government report, it was noted that Norway has donated regularly to the Doha Development Agenda GTF and an action plan was launched in 2007.

Could Norway share its experiences with regard to the implementation and consequences of its various aid for trade programs.

Answer:

The main multilateral channels for Norwegian trade-related support have been EIF, UNIDO, ITC, the World Bank's Multi-Donor Trust Fund for Trade Development, the Doha Development Agenda Global Trust Fund and the other WTO Trust Funds, CFC, UNCTAD and ACWL. In 2011 we commissioned an independent study of Norwegian trade-related assistance through multilateral organizations (link: [Norway's Trade Related Assistance through Multilateral Organizations: A Synthesis Study Report 8/2011 – Study - norad.no](http://norad.no)). The study found that Norway is one of the most important donor countries in provision of funds for trade-related technical assistance to the multilateral organizations and programmes. Norway has a high level of funding to all major organizations and programmes in this field, both before and after the Action Plan was adopted. We are now in the process of updating the Action Plan on Aid for Trade.

One of the motivations for Norway to channel most of its funding for trade through multilateral organizations is to reduce the burden on recipient countries. It is also our belief that pooling resources reduces the risk of fragmentation and a proliferation of small projects. Co-operation and co-ordination usually yield better results. Whether the different trade projects deliver "value for money" in terms of actually improving trade is often hard to prove. The implementing partners are able to document that e.g. a certain number of officials have received relevant training. Increased knowledge and greater awareness is important. However, the impact in the sense of increased trade is much more difficult to document. This represents a challenge for most Aid for Trade efforts. Focussing on this issue will also be important at the Global Review of Aid for Trade 2013.

II. Report by the WTO Secretariat (WT/TPR/S/269)

I.ECONOMIC ENVIRONMENT- FINANS

Box I.1, page. 4

Could Norway clarify if the Government Pension Fund-Global may be used for macroeconomic purposes, including the exchange rate policies?

Answer:

The GPFG was established in 1990 as a fiscal policy tool to underpin long-term considerations in the phasing in of petroleum revenues into the Norwegian economy.

As a fiscal policy tool, the Fund is used for macro-economic purposes, namely managing the petroleum revenues. However, the assets in the fund can only be used for the purpose of saving these revenues. In line with this, the investment strategy is to achieve high financial returns subject to moderate level of risk. The law regulating the Government Pension Fund states that the only outflow from the GPFG is the sum needed to cover the non-oil budget deficit of the state budget. This means that the Fund is fully integrated with the state budget and that net allocations to the Fund reflect total budget surplus (including petroleum revenues). Fiscal policy, which regulates the outflow from the Fund, is anchored in the Fiscal Policy Guideline, which states that over time the use of petroleum revenues shall correspond to the real return on the Fund, estimated at 4%.

The decision to save petroleum revenues in the GPFG is in itself likely to influence the exchange rate of the Norwegian Krone, insofar as it implies building up net foreign assets. Compared to an alternative policy, where petroleum revenues were not saved abroad, would have led to an appreciation of the Norwegian Krone, all else equal. In this manner, the establishment of the GPFG has an effect on the exchange rate. The assets in the fund are, however, not invested in a manner designed to influence the exchange rate, but only to achieve high financial returns subject to moderate level of risk.

III. TRADE POLICIES AND PRACTICES BY MEASURE

(2) Measures Affecting Imports, (iv) Tariff Rate Quotas, page. 35, para.21

Could Norway clarify if, as referred in para.21, oil seeds and cereals are subject to a special import administration arrangement other than TRQ regime provided in para. 19. If yes, could Norway explain how the import regime for oil seeds and cereals works?

Answer:

The Agricultural Authority administers the tariffs on oil seeds and cereals to stimulate the importation of sufficient amounts of these products. In other words, the Agricultural Authority applies administrative tariff reductions on a fixed amount of imports each year in order to ensure that the domestic demand is met.

(2) Measures Affecting Imports, (vi) Internal Taxes, page. 38, para. 28-29

The report provides that the research fund is used for projects relevant to the goods subject to the duty.

Could Norway provide the details on disbursement of the fund in 2011?

Answer:

Approximately one half of the annual spending is granted to the food research institute (Nofima). The rest is granted to research projects after a public competition. Projects that can receive grants may be on topics such as genetics, feeding, diseases and growing methods related to productions subject to the research duty. The grants to Nofima are spent on research on e.g. food and health, the quality of raw materials, and innovation. For instance, Nofima is doing research on cereals in order to find the optimal qualities and

combinations of qualities needed for baking, the health effects of different cereals and innovation with respect to baking methods etc.

(2) Measures Affecting Imports, (x) Anti Dumping, countervailing duty and safeguard measures, page.41 , para.39

The Secretariat's report provides that some bilateral arrangements concluded between the EFTA and some of its trading partners include provisions which obliges parties to refrain from applying anti-dumping and countervailing measures.

Could Norway share its thoughts how such provisions are legally in line with the relevant WTO agreements?

Answer:

As can be seen from the Secretariat's report, Norway has not applied anti-dumping or countervailing measures during the most recent decades. In its FTAs Norway has in several FTAs covering the major part of Norway's trade, agreed with the other parties not to apply such measures. Article XXIV of the GATT 1994 requires in paragraph 8 (b) that duties and other restrictive regulations of commerce (ORRC) are eliminated on substantially all the trade (SAT) in originating products between the parties. Thus provisions on non-application of antidumping or countervailing measures in the trade between FTA partners are fully consistent with our WTO rights and obligations.

XXIII. QUESTIONS FROM THE UNITED STATES

Questions regarding the Secretariat report.

III. TRADE POLICIES AND PRACTICES BY MEASURE

(2) MEASURES DIRECTLY AFFECTING IMPORTS

(i) Import procedures and requirements

WT/TPR/S/269-04, Page 24, paragraph 3: According to the Secretariat, “Norway does not maintain any general registration requirements for importers (or exporters), but importers (or exporters) of certain goods must be registered prior to importation. We are concerned about the complexity of Norway’s import licensing requirements, including in agricultural products and alcoholic beverages. For example, we understand that gaining approvals to include wines and other alcoholic beverages on Vinmonopolet’s retail list is cumbersome. Please explain Norway’s registration procedures for certain goods including agricultural products and alcoholic beverages in light of Article 1.5 of the Import Licensing Procedures Agreement.

Answer:

Norway’s procedures are fully in conformity with the obligations contained in article 1.5 of the ILPA. The procedures are as follows:

Alcoholic beverages: The main rule is that importers need to register with the customs authorities, cf. the Alcohol Act paragraph 2-1 and 2-3, cf. the Wholesale Regulation paragraph 5-1. They need to register information about the company, including documentation on good conduct in relation to regulations relevant for the handling of alcoholic beverages, cf. the Special Duty Regulation paragraph 5-3.

For some cases, registration with the customs authorities is deemed unnecessary:

- *Hotels and restaurants importing on an ad hoc basis with the sole purpose and right of serving the imported goods in their own hotel/restaurant (with no right to resale), can do so on the basis of an addendum to the license to serve alcohol granted by the municipality, cf. the Alcohol Act paragraph 4-2.*
- *Foreign representations in Norway may import for service use, when it is free or by regulations issued by the Ministry.*
- *Private import – import by individuals for personal use is allowed, cf. the Alcohol Regulation chapter 15.*

Importers registered with the customs authorities can sell their products to others with registration or license giving the right of wholesale, sale or serving of alcoholic beverages.

As AS Vinmonopolet is a monopoly for the retail sale of alcoholic beverages containing more than 4.7 per cent alcohol by volume, the government has adopted a regulation with the aim of ensuring all products equal treatment when it comes to the right to be sold by AS Vinmonopolet. All importers can register all products to AS Vinmonopolet’s “order list” and add products to the “test list”.

Agriculture: There are two automatic licensing systems concerning agricultural products. This includes a license for certain products which might be used as feed in domestic animal production. There is also an automatic licensing of certain agricultural products that are substitutes to domestically produced grains, and are imported both duty-free and out of quota, from the 64 poorest countries (LDCs and low-income countries). The details of the two licensing systems are explained in our notifications to the Committee on Import Licensing.

The information required for the respective licensing systems is strictly necessary for the proper functioning of the licensing regime. For both licensing systems importers are required to provide basic information such as names, contact information, tariff item number, description of goods and country of origin. In addition importers of products which might be used as feed in animal production importers must provide an end-use statement. Importer of substitutes to domestically produced grains from the 64 poorest countries must provide information on the expected import date, and the authorities might require a contract as to ensure that the import materializes.

(4) Measures Affecting Production and Trade

(ii) Standards, technical regulations, and conformity assessment

(b) Technical regulations

Page 54, paragraph 83: The Secretariat report states that Norway only notifies to the WTO draft technical regulations that are purely national, i.e. those that differ from harmonized or adapted EU technical regulations. In light of the TBT Agreement commitment to notify all technical regulations that are not in accordance with the technical content of relevant international standards and that have a significant effect on the trade of other WTO Members, why does Norway not notify all such technical regulations?

Answer:

Norway is a part of the European Economic Area and as such a member of the European Single Market. Norway applies the harmonised rules of the Single Market and therefore only notifies to TBT and SPS measures and technical regulations that are either purely national or differ substantially from those harmonized throughout the EEA.

(iii) Sanitary and phytosanitary measures

Page 57, paragraph 95: The Secretariat Report states that the Gene Technology Act (1993) has been incorporated into the EEA Agreement.

- Please provide a description of requirements of the Gene Technology Act (1993) that go beyond the requirements of the EEA Agreement.

Answer:

Act of 2 April 1993 No. 38 Relating to the Production and Use of Genetically Modified Organisms, etc. (The Gene Technology Act) and the Regulations adopted pursuant to the

Act, implements, as a consequence of the Agreement on the European Economic Area (EEA agreement), Annex XX, part IV Chemicals, Industrial Risks and Biotechnology, points 24 and 25 (EU Directives 2009/41/EC on the contained use of genetically modified microorganisms and 2001/18/EC on the deliberate release into the environment of genetically modified organisms, which replace Directives 90/219/EEC and 90/220/EEC). The Gene technology Act is in conformity with and does not go beyond the requirements of the EEA Agreement.

The purpose of The Gene Technology Act is to ensure that the production and use of genetically modified organisms and the production of cloned animals take place in an ethically justifiable and socially acceptable manner, in accordance with the principle of sustainable development and without adverse effects on health and the environment. The production and marketing of GMOs in Norway require prior approval by the competent authorities, as provided for in Section 10 of the Act relating to the production and use of genetically modified organisms (the Gene Technology Act), which regulate all GMOs. Risk assessment is the basic element in the Norwegian regulatory approach. Under Section 11 of the Gene Technology Act, applications for approval of the deliberate release shall contain an impact assessment setting out the risk of any detrimental effects on health and the environment. The deliberate release of genetically modified organisms may only be approved when there is no risk of adverse effects on health or the environment. In deciding whether or not to grant an application, considerable weight shall also be given to whether the deliberate release will be of benefit to society and is likely to promote sustainable development. Applications are evaluated on a case-by-case basis by the Ministry of the Environment

The adaptations to Directive 2001/18/EC contained in the EEA Agreement allow EFTA EEA States to restrict or prohibit on its territory the use and/or sale of a genetically modified organism (GMO) as or in a product which has been properly notified and has received written consent under the Directive, when that State has detailed grounds for considering that it constitutes a risk to human health or the environment. It furthermore allows an EFTA EEA State the right to apply their national legislation in this area in relation to other concerns than health and environment, in so far as it is compatible with this Agreement.

- What are the differences between the EEA Agreement and the Gene Technology Act (1993) that resulted in Norway's prohibition of eight GMOs that were approved by the EU?

Answer:

As explained above, there are no differences between the EEA Agreement and the Gene Technology Act.

On the basis of the European Economic Area Agreement, Norway participates in the processing of GMO applications under Directive 2001/18/EC. As the Directive, the Gene Technology Act requires prior approval in order to avoid adverse effects on human health and the environment as a consequence of deliberate release of GMO into the environment. A GMO approved pursuant to the Directive does not need an approval pursuant to the

Gene Technology Act. Pursuant to the adaptation to the Directive mentioned above, the use and/or sale of that GMO may however be restricted or prohibited on the basis of the requirements of the Gene Technology Act.

- Are there any special exemptions from the approval process that are made for GMO products intended to be used as animal feed?

Answer:

Norway permits the import and use of certain GM fish feed products without any national approval requirements. For feed products already in the market 6 months after September 15th 2005, when the national feed regulation was revised, interim rules were imposed allowing companies to apply for continued use of these products. The fish industry received approval for the use of 19 GM varieties in fish feed. This derogation has been extended several times on a yearly basis.

Link to list of the 19 GM varieties:

http://www.mattilsynet.no/mattilsynet/multimedia/archive/00072/Endelig_tillatte_eks_72406a.pdf

(xi) Trade-related intellectual property regime

Page 69, paragraph 142: The document notes that the Copyright Act of 1961 is under revision and that one of the aims is to strengthen copyright enforcement on the Internet. Could you please provide more detail on the draft law, including objectives and an approximate timeline?

Answer:

The proposal contains measures against copyright infringements on the Internet and is part of the on-going overall revision of the Norwegian Copyright Act. The proposal has three main points - the two first points are clearly related:

- 1. Give right holders the opportunity to monitor and store IP-addresses which have been used for copyright infringement. Today, this activity requires a concession (license) from the Data Inspectorate. According to the proposal such concession is no longer needed, but those who monitor and save data have to report their activity to the Data Inspectorate.*
- 2. Introduce new regulation in the Copyright Act regarding access to the identity behind an IP address which has been used for copyright infringements. The proposal clarifies the procedure for courts to follow when considering imposing an ISP to reveal the identity behind such IP address to the right holder. After a judicial decision right holders can get access to the identity of the holder of the subscription that has used the IP address at the time of the infringement.*
- 3. Introduce new regulation to which ISPs could be imposed to hinder access to websites where copyright evidently and extensively is being infringed. The proposal contains two alternatives regarding which authority that could decide such an injunction: The Norwegian Media Authority or the courts of general jurisdiction.*

The proposal has been through the required public consultation process and will be presented to the Storting (Parliament) by the end of 2012.

Page 69, paragraph 142: The Secretariat report indicates that Norway's new trademark law (Act No. 8 of 26 March 2010) entered into force on 1 July 2010.

- How does Norway's trademark law incorporate article 15.1 of the TRIPS Agreement regarding the protection of "combinations of colours"?

Answer:

Section 2 of the Trademark Act states that a trademark "may consist of any sign capable of distinguishing the goods or services of one undertaking from those of another, such as words and combinations of words, including slogans, names, letters, numerals, figures and pictures, or the shape of the goods, their get-up or their packaging" (unofficial translation). Accordingly the decisive criterion is whether a sign is capable of distinguishing the goods or services of one undertaking from those of another. A combination of colours which fulfils this criterion can be protected as a trademark subject to the same conditions governing other types of signs.

- How does Norway's trademark law incorporate Article 23.1 of the TRIPS Agreement regarding protection for geographical indicators for wines and spirits?

Answer:

Section 15 paragraph 2 of the Trademark Act states that for "wine and spirits, it is not permissible to register a trademark that consists of or contains anything that is liable to be understood as a geographical indication of origin, unless the geographical origin of the goods is in accordance with the indication" (unofficial translation). According to section 31 of the Marketing Control Act it is prohibited in the course of trade to apply a geographical description to a wine or spirit which does not originate from the geographical location designated by the description. This apply even if the actual place of origin is also stated, or if the geographical description has been translated or is followed by an expression like "kind", "type", "imitation", or something similar.

- Please explain whether a geographical indication that is registered in Norway as a collective mark may be refused or challenged on the basis of whether it is a generic term in Norway.

Answer:

According to section 14 paragraph 2 lit b) of the Trademark Act a geographical indication cannot be registered as a collective mark if it exclusively, or only with insignificant changes or additions, consists of signs or indications that "constitute customary designations for the goods or services according to normal linguistic usage or to loyal, established business practice" (unofficial translation). If a geographical indication is registered contrary to this provision the registration shall be invalidated if challenged. If a geographical indication

after the registration and as a consequence of the proprietor's actions or passivity, has become the general designation in the relevant market/industry for goods or services of the type for which it is registered it shall be deleted if challenged.

IV. TRADE POLICIES BY SECTOR

(1) Agriculture

(iii) Farmer-owned opportunities

Page 77, paragraph 8: The Secretariat Report states that there are three producer organizations (Tine SA – dairy, Nortura BA – meat and eggs, and Norske Felleskjøp – grains) that perform executive functions as market regulators and received compensation for costs incurred in the performance of their duties.

- Please explain what exact functions these organizations perform and receive compensation for?
- Please explain whether compensation only covers costs or does the compensation amount include other factors?
- Has Norway notified any of these expenditures in its domestic support notification? If so, where?

Answer:

Market regulation measures are implemented by the market regulator in order to achieve target prices in the market, and to secure a steady commodity supply and reliable prices from the producers to the processing industry. Such measures include production regulation, technical R&D, storage, transport, price reducing measures, information campaigns, advertisement and regulatory export. The role of the market regulator is to give advice to the Marketing Board on feasible measures in the market, and then implement the decisions of the Marketing Board.

Market regulators have obligations to buy products from farmers and to supply the market with products. The latter obligation means that the market regulators are committed to supply competing industry with raw materials at administered prices. The market regulators also have an obligation to provide information on market prices and volumes to the processing industry.

The market regulation measures are to a large extent funded by marketing fees imposed on agricultural products, paid by the producers, pursuant to the Marketing Act (Omsetningsloven). Levies imposed on products subject to target prices are notified in Supporting table DS:5. In addition to these marketing fees, some funds are allocated to market regulation via the Agricultural Agreement. These funds are notified as Marketing services under General services in Supporting table DS:1. The fees are determined by the Ministry of Agriculture and Food, on recommendation by the Marketing Board. The Marketing Board decides on the allocation of the funds available for market regulation measures.

The administrative costs that market regulators receive compensation for shall only cover their actual costs.

Page 82, paragraph 24: The Secretariat Report states expenditures on various market regulation activities under the Norwegian Agricultural Marketing Board, and compensation to Tine for administrative costs related to market regulation, amounted to Nkr 103.2 million.

- Please provide the figure for compensation to Tine for administrative costs and disaggregated figures for any relevant factors.
- Please explain how this compensation level was determined.

Answer:

In 2010 the costs for market regulation in the dairy sector was composed of (numbers in):

	Million NOK
School milk scheme	29,7
Market regulating capacity	15,6
Transport of regulated goods	15,0
Export of butter	12,4
Storage costs	10,2
Sale for special markets	7,1
Price compensation for butter oil	2,4
Goat milk used for animal food	4,2
Price gains	-3,7
Interest rate adjustments	-0,3
Administrative costs	10,6

The market regulation measures in the dairy sector is funded by marketing fees imposed on agricultural products, paid by the producers, pursuant to the Marketing Act (Omsetningsloven). The fees are determined by the Ministry of Agriculture and Food, on recommendation by the Marketing Board. The Marketing Board decides on the allocation of the funds available for market regulation measures.

Page 85, paragraph 34: The Secretariat Report states that regulations related to occupational animal husbandry requires permission for farms to exceed established limits with regards to the number of animals. Please provide more information regarding these restrictions, including an explanation on how the limits were established.

Answer:

The regulation applies only to productions based on feed concentrates. The purpose of the regulation is to provide a basis for employment in many relatively small production units in Norway. Therefore, the limits are set so that these productions together in combination with other productions such as grains can make up a workplace. No new production units are established with a production that is greater than the limits. When the regulation of occupational animal husbandry was established, licenses were granted to the farms that already had a production that was greater than the limits. They got a license granting continuation of the volume they had at the time.

Current limits on production without special permission are:

- 1. Chicken production by up to 120,000 traded and slaughtered chickens per years, or*
- 2. Turkey production up to 30,000 traded and slaughtered turkeys per years, or*
- 3. Egg production by a maximum of 7,500 chickens at any time of the year, or*
- 4. Swine production with up to 2,100 traded and slaughtered pigs per year, or a maximum of 105 sows at any time of the year*
