NORWAY

TRADE SUMMARY

Norway, as well as Switzerland, Iceland, and Liechtenstein, is a member of the European Free Trade Association (EFTA). Norway, along with Iceland and Liechtenstein, participate in the European Union (EU) single market through the European Economic Area (EEA) accord. As an EEA member, Norway assumes most of the rights and obligations of the EU, and grants preferential tariff rates to EEA members. However, as Norway is not a member of the EU, it has limited ability to influence EU decisions. U.S. exports to Norway face many of the same trade and investment barriers that limit U.S. access to the EU, including non-tariff barriers related to labeling and approval for agricultural goods produced through bioengineering or the use of growth hormones.

In 2003, the U.S. goods trade deficit with Norway was $3.7 billion, a decrease of $691 million from the previous year. U.S. goods exports to Norway were $1.5 billion in 2003. In 2003, U.S. imports from Norway totaled $5.2 billion, a decrease of $630 million from the level of imports in 2002. U.S. exports of private commercial services (i.e., excluding military and government) to Norway were $1.5 billion in 2002 (latest data available), and U.S. imports were $1.1 billion. The stock of U.S. foreign direct investment in Norway in 2002 was $7.3 billion, an increase of 29.8 percent from 2001. Such investment is concentrated in the mining, manufacturing, and wholesale sectors.

IMPORT POLICIES

Norway bound its WTO commitments on tariffs for agricultural commodities in July 1995. Tariffication of agricultural non-tariff barriers as a result of the Uruguay Round led to the replacement of quotas with higher product tariffs. Tariff-rate quotas exist for grains and a number of horticultural products. Domestic agricultural shortages and price surges have been addressed through temporary tariff reductions. Lack of predictability in tariff adjustments and insufficient advance notification (generally only 2-5 days before implementation) have made the import of fruit, vegetables, and other perishable horticultural products from the United States much more difficult and favors nearby European suppliers.

In addition to its own requirements related to the import of food products, beginning January 1, 1999, Norway adopted the rules and regulations of the EU. As a result, imported animal products for food use must come from an EU-approved plant and be accompanied by the necessary certificates. The importer in Norway must be registered and notify authorities 24 hours in advance for plants and 30 days in advance for animals of the arrival of any shipment. Except for fish products, shipments must enter through either Oslo harbor or Oslo airport. Twenty entrance locations exist for fish products.

STANDARDS, TESTING, LABELING AND CERTIFICATION

Sanitary and Phytosanitary Measures

Although Norway has implemented EU Directive 90/220 on the deliberate release into the environment of agricultural biotechnology products, Norway has more stringent regulations in place that require approval for marketing products already approved in other EEA countries. Under the authority of Norway’s 1993 Gene Technology Act, the government may ban the import of agricultural biotechnology products based on several criteria, including ethical issues, sustainable development, and social justification. To date, Norway has only approved four agricultural biotechnology products for import, one type of tobacco plant only grown in France and the other three are types of carnations grown as greenhouse plants, and has rejected fourteen biotech products approved for use in the EU. As a result, the United States lost access to an approximately $80 million market for soybeans for which the United States had been the major supplier.

The Norwegian Food Law of 1997 includes regulations on labeling and approval of agricultural products derived from biotechnology. The Norwegian Food Control Authority (NFCA) labeling requirements took effect in October 1997 and apply to all agricultural biotechnology products, whether or not their properties or characteristics are different from those of comparable conventional food products. According to the NFCA, products must be labeled whenever more than 2 percent of any ingredient is derived from biotechnology.

Prior to approval of an agricultural product derived from biotechnology (even if the product does not require labeling), a risk assessment must be conducted according to the Norwegian guidelines for the health risk assessment of novel foods. Although Norway's guidelines are based on EU guidelines, Norway is constantly broadening its analysis of possible unintended effects caused by bioengineering, which expand the application of those guidelines beyond that within the EU itself.

As one of many EU harmonization measures under the EEA agreement, on April 19, 1996, the Norwegian Ministry of Agriculture issued a regulation banning the import of meat from animals treated with growth hormones.

EXPORT SUBSIDIES

Agriculture Export Subsidies

Norwegian farming has been highly subsidized and protected for years. This has occasionally contributed to surplus production in excess of domestic demand. However, Norwegian farm production policy has focused on national food self-sufficiency and providing incentives for farmers to remain in sparsely-populated areas of the country, rather than exports. Surpluses, at prices much higher than international price levels, have been disposed of via official government subsidies or producer-financed subsidies. Of the total export subsidies in 2000, only 9 percent were direct support and 91 percent were producer-financed. For 2001, the percentages were 13 percent and 87 percent, respectively. Additionally, Norway provides subsidies for agricultural product inputs used by the food-processing sector to make Norwegian processed products more competitive.

SERVICES BARRIERS

Financial Sector

No single or coordinated group of investors, Norwegian or foreign, may purchase more than 10 percent of the equity of a Norwegian financial institution without an exemption from the Ministry of Finance. As an exception to this, a December 1999 Amendment to the Act on Financial Activities and Financial Institutions allows the Ministry of Finance to approve ownership holdings of up to 25 percent of a Norwegian insurance company, commercial bank, or savings bank by an individual or coordinated group. Although this amendment applies without discrimination to both Norwegian and foreign institutions, there is no explicit guidance on what criteria the ministry will consider as a basis for approving the exceptions. Half the members of the board and half the members of the corporate assembly of a financial institution must be permanent residents of Norway or citizens of a state within the EEA unless an exemption from the Ministry of Trade and Industry is provided. Cross-border insurance can only be supplied through an insurance broker authorized in Norway.

Telecommunications

In January 1998, Norway fully liberalized its telecommunications services market and ended the effective monopoly of Telenor on fixed line voice services, infrastructure, and telex services. Equipment that has not been tested and certified under the EEA's common technical regulations must be type-approved by the Norwegian telecommunications authority. The Norwegian government has said that this takes about six weeks under normal procedures. In the past, U.S. companies have reported that such approval is slow and costly for companies offering new products.

INVESTMENT BARRIERS

In 1995, Norway abolished previous rules governing foreign investment in industrial companies. Under the current system, foreign investors are not required to obtain government authorization before buying limited shares of large Norwegian corporations. However, both foreign and Norwegian investors are still required to notify the government when their ownership in a large company (the definition of which depends on certain size criteria) exceeds specific threshold levels of 33 percent, 50 percent, or 67 percent. Norwegian authorities can initiate a closer examination if they believe the acquisition could have a substantial negative effect on the company, trade or the public interest, including a negative effect on employment.

In the offshore petroleum sector, Norwegian authorities encourage the use of Norwegian goods and services. The Norwegian share of the total supply of goods and services has remained approximately 50 percent over the last decade. In the past, the Norwegian government had shown a strong preference for Norwegian oil companies in awarding the most promising oil and gas exploration and development blocks. However, in 1995, the government implemented an EU directive requiring equal treatment of EEA oil and gas companies. Although U.S. oil companies competing in subsequent concession rounds agree that they received much-improved treatment, Norway's concession process still operates on a discretionary basis instead of utilizing fully competitive bids.

In December 2000, the Government of Norway proposed partial privatization of Statoil and the sale of 21.5 percent of the State Direct Financial Interest (SDFI), the state's share in oil and gas assets, to Statoil (15 percent) and other oil companies (6.5 percent). Parliament agreed to this proposal, and on June 18, 2001, 19.8 percent of Statoil was sold in an initial stock offering.

The telecommunications group Telenor was partially privatized in December 2000, leaving the government with a stake of 78 percent. In July 2003, the state sold 270 million Telenor shares to private and institutional investors, reducing the state's share to 62.6 percent.

Prompted by EU calls for liberalization, Norway's Oil and Energy Ministry announced in May 2001 that Norway's gas sales monopoly, Gassforhandlingsutvalget (GFU), which in the past had negotiated all natural gas sales to Europe, would be suspended on June 1, 2001. GFU was permanently dismantled on January 1, 2002, and all gas producers/operators on the Norwegian continental shelf are now free to negotiate gas sales contracts on an individual basis.

In April 2002, the Government of Norway presented a long-awaited White Paper proposing a reduction in state ownership in Norwegian industry. The White Paper examined state ownership in 40 individual companies (including Norsk Hydro, Telenor, NAMMO, and Kongsberg), and explored measures to strengthen private ownership. However, the opposition Progress Party in 2002 reversed its long-standing support for privatization, which has made it impossible for the government to pass comprehensive privatization legislation. In 2003, some progress was made on privatization through the Telenor share offering, the sale of a 51 percent state share in the industrial group Olivin to North Cape Minerals, and the sale of the 34 percent state share in the Arcus group to private investors.

OTHER BARRIERS

NORWAY

Pharmaceuticals

The Norwegian Association of Pharmaceutical Manufacturers, which includes U.S. pharmaceutical firms, has complained about Norway's inadequate implementation of the EU directive on transparency of measures regulating the pricing of medicinal products for human use and their inclusion in the scope of national health insurance systems. The EFTA Surveillance Authority issued a preliminary ruling in September 2001 in favor of the complaint, but there are still concerns about how the Norwegian government implements the directive. American companies have cited the Norwegian government's frequent failure to process reimbursement applications within the 90 days required under the EU transparency directive as a barrier to marketing innovative medicines in Norway.