

# WORLD TRADE ORGANIZATION

RESTRICTED

**G/STR/Q1/NOR/1**

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**Working Party on State Trading Enterprises**

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## REPLIES TO QUESTIONS FROM THE UNITED STATES<sup>1</sup> ON THE ARTICLE XVII NOTIFICATION OF NORWAY<sup>2</sup>

The following communication, dated 26 June 1996, has been received from the Permanent Mission of Norway.

*Could Norway explain why APOTEK was omitted from the questionnaire? We understand that APOTEK has a monopoly on the distribution of pharmaceuticals.*

Pursuant to sections 3 and 4 of Act No. 17 of 21 June 1963 concerning the operation of pharmacies (the Pharmacies Act), pharmacies have a right and an obligation to stock all medicinal products. These provisions mean that pharmacies have a monopoly on sales to the public. However, from 1 January 1995 direct sales from wholesalers to hospitals have been permitted for selected groups of medicinal products which hospitals use on a large scale.

Section 7 of the Pharmacies Act states that any person who operates a pharmacy must have a licence issued by the King. The King may decide that a licence to operate a pharmacy may be granted to a person who fulfils the requirements set out in section 8, or, if justified on special grounds, to a municipality or county. Section 8.1 requires that a person who receives a licence to operate a pharmacy must have a Norwegian cand.pharm. degree or an equivalent qualification.

At the end of 1995, there were 250 privately-owned pharmacies in Norway, with a total of 78 branches. There were also 27 publicly-owned hospital pharmacies, two owned by the State and the remainder by the counties. The licensee of a privately-owned pharmacy is self-employed, and the pharmacy or company is registered as a partnership.

Given the current situation, pharmacies in certain geographical areas may in practice be local monopolies, but there is no formal obstacle to prevent any pharmacy from offering its services to customers throughout the country, for example by filling prescriptions by post.

The monopoly currently conferred on pharmacies as regards retail sales of medicinal products is not affected by the EEA Agreement. It is up to the national authorities to determine the scope of the monopoly, and the ownership structure and location of the pharmacies.

On the basis of the above, the Ministry of Health and Social Affairs does not consider that the current organization of the country's pharmacies creates problems relating to trade between countries.

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<sup>1</sup>G/STR/W/18+ Corr.1.

<sup>2</sup>G/STR/N/1/NOR.

Through the EEA Agreement, the monopoly exercised by the Norwegian Medicinal Depot was abolished. This has made possible real competition at the import and wholesale stage, and a number of new importers and wholesalers have in fact become established.

In addition, the pharmacies are required to stock all new medicinal products.

*We understand that VINMONPOL, the state-owned company that deals in wine and liquor, retains its monopoly on retail sales of these products (although its monopoly on wholesale and importation was eliminated early this year). Why was VINMONPOL omitted from the questionnaire?*

#### The State Wine and Spirits Monopoly

A/S Vimonopolet (the State Wine and Spirits Monopoly) used to have the following exclusive rights:

Production, export, import, wholesale and retail of spirits (other than ethylalcohol, see below), liqueurs, wines and fruitwines containing more than 2.5 per cent alcohol by volume (CCCN No. 2207).

Import, wholesale and retail of wine and fruitwine containing more than 2.5 per cent alcohol by volume (CCCN No. 2204, 2205 and 2206).

Retail of beer containing more than 4.75 per cent alcohol by volume.

Import and wholesale of ethylalcohol (CCCN No. 22307) and isopropanol (CCCN 2905).

#### Private traders' engagement in exports and imports

As a consequence of the European Economic Agreement, A/S Vinmonopolet no longer has an exclusive right to import beer. Such import is regulated by customs rules only. A sales licence is, however, needed in order to permit sales of imported beer to consumers.

Private agents may act as intermediaries between exporters and the Monopoly or between exporters and potential consumers (restaurants and others). Sales agreements brought about by the agents are effectuated by the Monopoly.

The export market (demand) determines the amount of liqueurs exported. (Wine is not produced on a commercial basis in Norway. No monopoly for the export of beer exists.)

There are no restrictions as to which quantities that may be imported. This depends entirely on domestic demand.

#### Fixation of prices

Export prices are fixed on a mere commercial basis.

Domestic prices are fixed on the basis of different costs, levies and taxes. The Monopoly does not aim at making profit on behalf of the Government.

Retail prices are determined by the overall costs of the product concerned, with the addition of taxes related to alcohol strength and volume.

Long-term contracts

When spirits/beverages are imported in bulk, contracts between the company and the exporter are normally signed for one year at a time. These contracts are made for purely commercial reasons. State-trading methods are not used.

New system

A/S Vimonolet's exclusive rights with regard to import, export and wholesale of alcoholic beverages have been abolished and replaced by the establishment of a new control system.

Both the retail monopoly for alcoholic beverages and the production monopoly for spirits are, however, maintained as independent units without any institutional links between them.

The reorganization of the company and the establishment of the new control system for the production and wholesale of alcoholic drinks were completed by the end of 1995.

Statistical information about the retail monopoly cannot be provided until 1997, when it will have been in operation for one year.