

# WORLD TRADE ORGANIZATION

IMA/INV/5/Rev.1

19 August 1997

(97-3417)

---

**International Bovine Meat Agreement**

Original: English

## INTERNATIONAL MEAT COUNCIL

### Inventory of Domestic Policies and Trade Measures

#### NORWAY

##### Revision

Parties have agreed to "provide information on their domestic policies and trade measures including bilateral and plurilateral commitments in the bovine meat sector, and shall notify as soon as possible any changes in such policies and measures that are likely to affect international trade in bovine meat and live animals" (Article III:3). The Secretariat "shall draw up and keep up to date an inventory of all measures affecting trade in bovine meat and live animals, including commitments resulting from bilateral, plurilateral and multilateral negotiations" (Article III:4).

The documents containing the replies to the questionnaire on domestic policies and trade measures are circulated under the series IMA/INV. They will be revised as and when changes are notified.

## INTERNATIONAL BOVINE MEAT AGREEMENT

### Questionnaires G and H

### PART G

#### Part G.1 Information on Domestic Policies and Trade Measures - 1996

##### Background information

Current overall guidelines for Norwegian agricultural policy were laid down by the Norwegian Parliament in 1993. The chief aim of these guidelines is to assure a sound agriculture partly by encouraging competition and partly by providing assistance in the starting-up of new activities related to agriculture. One of the Government's principal aims is to further reduce the direct transfers made to the farmers.

Yearly adjustments in the general agricultural policy are made in the Agricultural Agreement between the farmers associations and the Government after negotiations between the parties. As a result of this year's negotiations, a system for limited and administered trade in milk quotas will be implemented as of 1 January 1997.

The relationship between various product prices are of central importance to Norwegian agricultural policy. This is particularly the case for grain and milk. Prices of feed grain and feed concentrates are regulated in order to regulate livestock production in line with demand as well as stimulate domestic fodder production. Further, in order to keep agricultural incomes at a desirable level, other mechanisms aside from price mechanisms must be relied upon. Therefore, a substantial part of agricultural income is secured by way of other measures. These measures are for the most part differentiated according to the size of the production and local conditions.

The new GATT/WTO Agreement is also part of the overall framework for Norwegian agricultural policies. It was implemented in 1995 and involved a shift from the previous quantitative restrictions on imports to a tariff based import regime. The Government has been given a mandate to adapt the new tariff based regime over time so that the Norwegian agriculture and the food industry will meet with real competition. As a result thereof, consumer prices are supposed to decrease. There will be no immediate changes in the import regime for beef and veal and sheepmeat. For poultry meat, there will be a transition to an import regime more adapted to the sector itself. This is thought to induce more competition in the sector and increased efficiency.

#### I. Production

##### (a) Description of the beef industry

From 1975 to 1982 there was a steady increase in the production of beef in Norway. During the past ten years, production has stabilized at around 75,000 tonnes to 85,000 tonnes of beef per year. In 1995, Norway produced 84,291 tonnes of beef and veal, a decrease by 2.8 per cent compared to 1994.

Almost all beef production in Norway is based on a dual purpose breed of cattle (Norwegian red cattle). Thus, in the short term, the potential to increase beef production is largely dependent upon the number of milk cows, which has been reduced for several years. For several years, there has been some increase in specialized beef production. It is likely to continue in the next years. Total production

of beef and veal is expected to increase somewhat in 1996 and 1997 as a result of changes in the support systems favouring farmers with suckling cows.

(b) and (c) Support and stabilization measures

The farmer-owned Norwegian Meat Co-operative is responsible for implementing market regulations to maintain prices at the levels laid down in the Agricultural Agreement. The Co-operative undertakes market stabilization activities by means of the setting of prices, the provision of storage, exports and imports (in co-operation with private firms) and finally sales promotion.

The Agricultural Agreement sets average target prices at the wholesale level for different categories of meat. These prices form the guideline for the market regulation activities of the Norwegian Meat Co-operative.

A base deficiency payment is granted to meat production. The base deficiency payment for beef in 1996-1997 is Nkr 3.05 per kg. (a decrease by Nkr 0.20/kg. compared to the last period). Furthermore, regionally differentiated deficiency payments are also paid for meat production in central and northern parts of Norway. This subsidy is differentiated according to four regions, the respective levels of 1996-1997 are Nkr 4.05, Nkr 6.55, Nkr 10.20 and Nkr 11.10 per kg.

Within the framework of the Agricultural Agreement, subsidies are given to reduce costs of transportation of cattle from the farm to the slaughterhouse. Furthermore, freight subsidies are given for transport of carcasses of beef, from surplus regions to deficit regions.

II. Internal prices and consumption

The target price of beef, set in last year's Agricultural Agreement was Nkr 33.81 for class 1 beef and higher classes. As of 1 January 1996, the EUROP standard was introduced by the Norwegian Meat Co-operative. As a result, the target prices in this year's Agricultural Agreement are set for new representative goods. The new categorization and the new target prices are as follows:

For beef and veal:	Young ox, class O- and better (fat cover class 2-, 2 and 2+ )	Nkr 34.85/kg.
For sheep:	Lamb class O- and better (fat cover class 2-, 2 and 2+ )	Nkr 36.19/kg.
For pork:	Slaughter pigs class E (up to 90 kgs.)	Nkr 26.72/kg.

In 1995, per capita consumption of beef was 19.9 kgs., of mutton 6.2 kgs., and of pigmeat 23.1 kgs. Total consumption of beef has increased during the past five years, as has consumption per capita.

Beef and pork are examples of products with somewhat larger demand elasticities than most other agricultural products. Norwegian calculations indicate that the demand for beef is more price dependent than the demand for pork. Changes in the price relations between these types of meat will have an influence on demand for one compared to the other. The calculations imply that changes in the price of pork have less effect on consumption of beef than the reverse.

In Norway, the per capita consumption of fish is high, and the price relationship between fish and meat is also important for changes in meat consumption. Norway's moderate consumption of meat must be seen relative to the high consumption of fish and fish products. The meat consumption level must also be viewed in light of the fact that Norwegians traditionally only consume one warm meal a day. A decrease in prices is expected to prompt an increase in meat consumption.

### III. Measures at the frontier (Items (a), (b) and (e))

As a result of the Agreement on Agriculture completed in the Uruguay Round, Norway has replaced the non-tariff import restrictions by tariffs. For meat products, it has been decided to apply specific rates of duty for all products. The first reduction of the rates compared to the bound base rate of duty was done as of 1 January 1995. As of 1 July 1995, Norway applies bound rates for the year 2000 which for beef and beef products vary within the interval of Nkr 14.66 per kg. to Nkr 148.32 per kg.

#### Customs tariffs applicable as of 1 January 1996

Tariff item No.	Description	Tariff
02.01	Meat of bovine animals, fresh or chilled	
1000	carcasses and half-carcasses	Nkr 32.28/kg.
2000	other cuts with bone-in	Nkr 66.40/kg.
	boneless:	
3001	beef steaks and fillets	Nkr 119.01/kg.
3009	boned or boneless	Nkr 119.01/kg.
02.02	Meat of bovine animals, frozen	
1000	carcasses and half-carcasses	Nkr 32.28/kg.
2000	other cuts with bone-in	Nkr 66.40/kg.
3000	boned or boneless	Nkr 119.01/kg.
02.06	Edible offal of bovine animals, ...	
1000	of bovine animals, fresh or chilled	Nkr 34.28/kg.
	of bovine animals, frozen:	
2100	- tongues	Nkr 23.56/kg.
2200	- livers	Nkr 12.78/kg.
2900	- other	Nkr 26.94/kg.
02.10	Meat and edible offal salted, in brine, dried or smoked; edible flours of meat or meat offal	
2000	meat of bovine animals	Nkr 115.14/kg.
9000	other, incl. edible flours of meat or offal meat	Nkr 144.26/kg.
16.02	Other preserved meat, meat offal or blood	
5000	of bovine animals	Nkr 129.30/kg.

#### (d) Sanitary and veterinary regulations

With the entry into force of the EEA Agreement in the Veterinary field by 1 July 1994, sanitary regulations relating to trade in bovine meat and meat products have been harmonized. Norway has adopted the EU Acquis in this field, with rather few derogations. Thus national provisions regarding BSE are retained. Imports of fresh bovine meat from the EEA is subject to meat inspection, including bacteriological control.

Importation of beef from Great Britain is temporarily banned since 26 March 1996. An expert group appointed by the Government is examining in depth the possible link between BSE, Scrapie and human diseases. A possible prolongation of the import ban will be considered when the expert group has presented its conclusions.

Imports of beef from third countries must, as a minimum, comply with the EEA regulations. For the time being, an importation permit is required.

## PART H

### Part H Information on Bilateral or Plurilateral Agreements in the Field of Bovine Animals, Meat and Offal

None.