

II. TRADE POLICY REGIME: FRAMEWORK AND OBJECTIVES

(1) INTRODUCTION

1. Continuity has prevailed in the formulation of trade policy in Norway. Since Norway's last Review in 1996, the domestic institutional framework was changed by the creation of the Ministry of Trade and Industry, which was given responsibility over bilateral economic relations, maritime transport, export promotion, electronic commerce, and domestic trade. The Ministry of Foreign Affairs remains responsible for trade policy formulation and trade negotiations at the multilateral level. Norway has amended its legislation to comply with its commitments and obligations under the European Economic Area (EEA) and the WTO Agreements.

2. Norway participated in the WTO Negotiations on Financial Services and in the Negotiations on Basic Telecommunications. Both the Fourth Protocol on Basic Telecommunications and the Second Protocol on Financial Services have been ratified by Parliament. The authorities noted that the Fifth Protocol did not require ratification as it incorporated only technical changes that had already been addressed by Parliament during its review of the Second Protocol. Norway has not been involved as plaintiff or defendant in any dispute in the WTO; it has, however, reserved its third-party rights on five occasions. Norway participates in the EEA and is a member of the European Free Trade Association (EFTA). It is part of an expanding network of free-trade agreements with countries in central and eastern Europe and in the Mediterranean region through its membership in EFTA. Free-trade agreements with Morocco and the Palestinian Authority came into force in 1999, and agreements with Canada, Cyprus, Egypt, Jordan, Macedonia and Tunisia are under negotiation.

3. National treatment is granted to foreign investors except in some key sensitive areas such as fisheries and airline operations, where foreign ownership is restricted. Norway has other restrictions to investment, *inter alia*, regarding residency requirements in certain sectors and acquisition of secondary residences.

(2) TRADE POLICY FORMULATION AND IMPLEMENTATION

(i) Main trade laws

4. International treaties do not apply automatically in Norway and, thus, to take force they must be incorporated by an Act of Parliament into domestic legislation. Only after this occurs may the provisions of trade agreements be invoked in domestic courts. At the time of its last Review, Norway had already amended a number of laws and regulations to comply with its obligations under the WTO Agreements. Since then, the process has intensified and numerous changes to legislation have been introduced, particularly in the area of services and in intellectual property. A number of regulations to implement changes in legislation or EEA requirements have also been introduced since 1996.

5. Norway adopted a new general trade law in 1997 (Act No. 32 of 6 June 1997 concerning the regulation of imports and exports). The authorities have noted that, according to this Act, trade in all goods is freely permitted unless otherwise provided by specific regulations. The Act also precludes the introduction of restrictions contrary to Norway's international obligations. The main law regarding tariffs and customs administration is the Customs Act No. 5 of 10 June 1966, amended since by Act No. 35 of 6 June 1997, Act No. 65 of 19 June 1997, and Act No. 56 of 17 July 1998. The main provisions regarding tariffs are the introductory provisions of the Norwegian Customs Tariff, based on an annual decision by the Norwegian Parliament. Section 3 (amended in 1994) of those provisions deals with anti-dumping and subsidies, while section 4 (amended in 1996) covers countervailing and safeguard measures. Other main trade-related regulations and laws are shown in Table II.1.

Table II.1
Selected trade laws and regulations

<p>1. Tariffs, customs valuation, anti-dumping, and countervailing measures</p> <p>Customs Act No. 5 of 10 June 1966 as last amended by Act No. 56 of 17 July 1998, Customs Regulation No. 8962 of 15 December 1967, last amended by Regulation No. 1338 of 21 December 1998; Section 3 of the introductory provisions of the Norwegian Custom Tariff contains the Norwegian legislation with respect to anti-dumping and subsidies; Section 4 of the introductory provisions of the Norwegian Custom Tariff contains the Norwegian legislation regarding countervailing measures and safeguards.</p> <p>2. Import prohibitions, restrictions and licensing</p> <p>Regulations of 10 September 1998 pursuant to the Plants Diseases Act of 14 March 1964; Gene Technology Act of 2 April 1993, as amended in 1996; Regulation of 28 July 1999 on the importation, production, exportation or sales of toys containing phthalates for children of less than 36 months; Act No. 65/1974 on narcotic drugs; Regulation No. 656/1997 implementing the Montreal Protocol on substances that deplete the ozone layer; Regulation No. 656/1997 on the overall amount of allowable HCFC; Act No. 16/1998 on weapons; Regulation No. 265/1997 on weapons and ammunition; the Firearms, Explosives and Fireworks Act No. 46/1977; Act No. 143/1996 on telecommunications; Regulation No. 322/1985 on subscriber equipment; Regulation No. 589/1994 on communication equipment marking; Regulation No. 479/1995 (contains a list of prohibited imports).</p> <p>3. Export prohibitions, restrictions, licensing and financing</p> <p>Act No. 4 of 7 June 1968 banning exports of certain or all goods to certain destinations; Act No. 93 of 18 December 1987 on exports of strategic goods; and Regulations of 10 January 1989.</p> <p>4. Government procurement</p> <p>Public Procurement Act No. 116 of 27 November 1992; Public Supplies Regulations of 4 December 1992; Public Services Regulations of 1 July 1994; Public Works Regulations of 4 December 1994; and Regulations of Procurement Procedures of Entities Operating in the Water, Energy, Transport and Telecommunications Sectors of 16 December 1994.</p> <p>5. Support programmes</p> <p>Act No. 117 of 27 November 1992 on state aid.</p> <p>6. Agriculture</p> <p>Marketing Act of 10 July 1936, as amended.</p> <p>7. Sanitary and phytosanitary measures; technical regulations</p> <p>Regulations concerning manufacture, import, export and use of CFCs and halons, of 21 January 1991; Regulations on tetrachloride and methyl chloroform, of 25 March 1995; Regulations concerning HCFCs, of 25 September 1996; Regulations concerning HCFCs and methyl bromide, of 14 July 1997; Revised version of Annex I, Chapter I of the EEA Agreement.</p> <p>8. Competition policy</p> <p>Competition Act No. 65 of 11 June 1993 relating to competition in commercial activity; Price Policy Act No. 66 of 11 June 1993; Act No. 109 of 27 November 1992 relating to implementation in Norwegian law of the main agreement on the EEA (EEA Act); Act No. 110 of 27 November 1992 relating to competition rules in the EEA Agreement (EEA Competition Act); Regulation No. 964 of 4 December 1992 on substantive EEA competition rules; and Regulation No. 966 of 4 December 1992 on procedural EEA competition rules; Act No. 8/1993 on competition policy (Competition Act).</p> <p>9. Intellectual property protection</p> <p>Patents Act (No. 9) of 15 December 1967, as amended by Act No. 82 of 22 December 1995, and Act No. 104 of 20 December 1996; Regulations of 20 December 1996 (patents); Designs Act, No. 33 of 29 May 1970, as amended by Act No. 2 of 8 February 1980, Act No. 82 of 22 December 1995, and Act No. 104 of 20 December 1996; Regulations on registration of designs of 20 December 1996; Trade Marks Act No. 4 of 3 March 1961, as amended by, mostly recently, Act No. 82 of 22 December 1995, and Act No. 104 of 20 December 1996; Trade Mark Regulations of 20 December 1996.</p>

Source: Information provided by the Norwegian authorities.

(ii) Agencies involved in trade policy implementation

6. Overall responsibility for trade policy formulation at the multilateral level is with the Ministry of Foreign Affairs. This includes responsibility for Norway's trade policy within the framework of the WTO, the OECD, EU/EEA, and EFTA. Other ministries participating in trade policy formulation, within their respective areas of responsibility, include: the Ministry of Agriculture; the Ministry of Industry and Trade; and the Ministries of Finance; Fisheries; Environment; Local Government and Regional Development; Petroleum and Energy; and Transport and Communications.

7. The main institutional change since the Review in 1996 was the establishment of the Ministry of Trade and Industry on 1 January 1997, which has responsibility over bilateral economic relations, maritime transport, and efforts to promote business and industry abroad. The Ministry is also responsible for coordinating government policy concerning information technology, electronic

commerce, domestic trade, and tourism. The Minister of Finance is responsible for tariff policy and other taxation issues, and the financial service sector. The Norwegian Customs and Excise is in charge of collecting tariffs and other duties applied on imports; it comprises the Directorate of Customs and Excise in Oslo and the Regional Customs Administration. The Ministry of Fisheries oversees all activities in the fisheries sector, while the Ministry of Agriculture has responsibility for agricultural policy, including the administration of most government support. The Ministry of Transport and Communications is charged with policy formulation in transport and telecommunications. Competition policy formulation is the responsibility of the Ministry of Labour and Government Administration. The Competition Authority, under the Ministry of Labour and Government Administration, is responsible for the implementation and enforcement of competition policy.

8. Other bodies involved in trade policy formulation or implementation include the Norwegian Export Council, the Norwegian Tourist Board, and the Norwegian Seafood Export Council. The Business Legislative Committee, a government committee in operation since 1990, has the task of analysing business conditions, and may propose the simplification or removal of legislation restricting companies' prospects.

(3) GENERAL CONSTITUTIONAL AND LEGAL FRAMEWORK

9. Norway is a Parliamentary monarchy. The King is the Head of State, and has formal executive authority. He has the formal authority to appoint and remove the Prime Minister and the members of the Cabinet. Political power, however, lies with the Prime Minister and the Cabinet. Ministers are responsible for the administration of their respective ministries and for issuing regulations; they report to Parliament. In March 2000 there were 18 ministers. The Office of the Prime Minister acts as secretariat to the Prime Minister and to the Council of State, and in matters related to the Prime Minister's international activities. The King meets with the Council of State once a week.

10. Legislative authority is vested in the Parliament. Parliament is made up of 165 members from 19 constituencies, elected for four-year periods by secret ballot on the basis of proportional representation. It is divided in two chambers: the lower chamber (*Odelsting*) has 124 members, and the higher chamber (*Lagting*) has 41 members. The main powers of the Parliament, which may not be dissolved, include: passing laws and amending or repealing existing laws; adopting the fiscal budget, including fixing annual state revenues (direct and indirect taxes including import tariffs) and expenditures; monitoring the Government and the public administration; and authorizing plans and guidelines for the activities of the State, including foreign policy. Bills passed by the Parliament must be signed by the King, but this is merely a formality, since, under normal circumstances, the King does not refuse to approve a law passed by the Parliament. Around 90 or more bills are introduced each year in the form of a proposal to the lower chamber of Parliament, mostly by the Government, but occasionally also by individual members of the that chamber.

11. Most of the issues analysed by Parliament are first prepared by one of 12 standing committees. The Finance Committee prepares a National Budget and a Fiscal Budget Recommendation every year, and submits a recommendation regulating taxes and duties, the size of certain dividends, and framework allocations to municipalities and counties. The Parliament is the final authority in matters concerning the finances of the State. The Parliament also has the task of reviewing treaties concluded with foreign countries. In this respect, each year, the Ministry of Foreign Affairs sends information to the Parliament on all international treaties and agreements entered into by Norway, for examination and recommendation by the Standing Committee on Foreign

Affairs. If a treaty is of particular importance or necessitates a new statute or decision by the Parliament, the consent of the Parliament must be obtained before ratification.

12. The Norwegian civil court system comprises: district or city courts; courts of appeal, and the Supreme Court. Civil cases must generally be brought first to a Conciliation Board, which to a certain extent delivers judgements in first instance in addition to carrying out mediation, except for cases involving patents, layout-designs, plant breeders' rights, and trade marks. District courts have competence both in criminal and civil cases. The courts are administered by the Ministry of Justice. Judges are appointed by the King-in-Council, following recommendation by the Ministry of Justice.

(i) Trade policy objectives and formulation

13. Trade policy at the multilateral level is formulated by the Ministry of Foreign Affairs in coordination with several other Ministries; ad hoc advisory groups also contribute to trade policy formulation. The ultimate responsibility with respect to trade policy formulation and implementation rests with Parliament, which must approve all international treaties.

14. According to the authorities, Norway's trade policy has continued to follow the two main tracks of closer European integration and multilateral liberalization since the previous Trade Policy Review in 1996. Trade regulations have been adjusted in many areas to comply with EEA requirements, meaning that Norway has adopted the EU's *acquis communautaire* with some exceptions, for example with respect to customs and tariff regulations. Since 1996, trade policy has been generally liberalized with respect to market access and, with the exception of agriculture, border measures have not been used actively to pursue any short-term trade goal. However, the policy of exchange rate stability and the use of the State Petroleum Fund (SPF) to sterilize oil revenue inflows, like trade policy, acted on the relative price of exports and imports. Similarly, some of the support schemes run by Norway, although, with the main exception of shipbuilding, generally tailored to attain domestic goals, may also have an impact on trade through their effect on relative prices.

15. Norway is seeking to liberalize the fisheries sector in the WTO, implying also an elimination of environmentally damaging and trade distorting subsidies. Norway is also favourable to the inclusion of competition policy and investment within the scope of the multilateral trading system. Norway generally maintains an open approach for the industrial sector, where all products originating in other EEA States and products from developing countries that benefit from the GSP scheme enjoy duty-free treatment. In agriculture, however, protection remains high, except for products from least developed countries, preferences are limited, market access for some products remains considerably limited, and tariffs lack predictability, since temporary adjustments are used at short notice to offset domestic supply shortages. In petroleum, the main salient objective is to spread over time the benefits of current petroleum surpluses, through the SPF. In services, the authorities have noted that Norway seeks liberalization in a number of areas, including telecommunications and information technology services, environmental services, maritime transport and maritime-related services.

(4) FOREIGN INVESTMENT REGIME

16. The authorities noted that there had been no changes to the regulatory framework governing investments since 1996. Norway's investment regime is based on a principle of equal treatment, regardless of nationality. There are, in certain areas, regulations concerning permits and licences, *inter alia*, for the purchase or building of property. These regulations equally apply to nationals and

foreigners. Norway also has obligations in accordance with the OECD Code of Liberalization of Capital Movements and Current Invisible Operations.¹

17. Norway has applied no restrictions on foreign exchange movements since 1990. Dividends, profits, interest, and contractual amortization of loans, as well as repatriation of invested capital are freely and fully remittable, but must be reported to the Central Bank.

18. Although there are no standardized formal requirements across sectors, some horizontal restrictions to foreign ownership do exist. The general manager and 50% of the board of directors of a public or private company must be residents of Norway. This condition does not apply to EEA citizens resident in an EEA State. The Ministry of Trade and Industry can make individual exceptions to this rule. These limitations are included in Norway's GATS Schedule of Commitments.

19. When an investor or a group of investors acquires a number of shares that give them an ownership of more than one third, half or two-thirds of a company's share capital, or assets representing a business undertaking, there is a reporting requirement. This requirement only applies to acquisition of companies with a minimum turnover of more than Nkr 50 million or more than 50 employees, or that has received more than Nkr 5 million in government support for R&D during the previous eight years. The requirement is based on the principle of equal treatment of all investors irrespective of whether they are foreign or not. Furthermore, the reporting requirement does not apply, *inter alia*, to the acquisition of shares in insurance companies, banks and other financial institutions regulated by special legislation. Foreigners need a licence for the purchase of real estate property for recreational use. The acquisition of shares of Norwegian enterprises that own or lease secondary residences and real estate property is also subject to a special authorization if the acquisition exceeds certain limits.

20. Foreign investment is also subject to sector-specific restrictions (Chapter IV). For example, the Petroleum Act of 1996 granted the right to apply for a licence in exploration and development of petroleum activities only to individuals resident in the EEA (Chapter IV(6)(iii)). Specific conditions apply to investment in credit institutions, insurance companies and securities firms (Chapter IV(8)(ii)), as well as fisheries and maritime transport (Chapter IV(4) and (8)(iv)(b)). Corporate profits are taxed at 28%; branches of foreign companies are taxed on income earned in Norway.

21. Small and medium-sized enterprises, entrepreneurs and inventors in Norway receive support from a public advisory system that provides government sponsored services regarding, *inter alia*, technological competence, product development and dissemination of relevant business information. Government support to these services amounted to Nkr 100.5 million in 1999. The public advisory system consists of the National Institute of Technology, the North Norwegian Institute of Technology and Innovation, the Norwegian Design Council, Euro Info and the Norwegian Government Consultative Office for Inventors. The National Institute of Technology has the task of providing nationwide information about existing technology. The North Norwegian Institute of Technology and Innovation is responsible for providing northern Norway with technological services. The Norwegian Design Council promotes the use of good design in market-oriented product development and communication. Euro Info supplies information about EU-related issues. The Norwegian Government Consultative Office for Inventors helps inventors and small enterprises to develop and commercialize their technical ideas and inventions.

¹ OECD (1995), p. 29.

(5) INTERNATIONAL RELATIONS**(i) World Trade Organization**

22. Norway is a founding Member of the WTO. Norway participated in the WTO Negotiations on Basic Telecommunications and the resulting protocol was ratified by the Norwegian Parliament on 18 June 1997 (Chapter IV(8)(ii) and (iii)). Norway has not participated directly as a plaintiff or a defendant in a dispute since the inception of the WTO. It has, however, reserved its third-party rights on five occasions. Notifications made by Norway to the WTO between 1996 and early 2000 are listed in Table AII.1.

23. As part of the preparations for the 1999 Ministerial Conference in Seattle, Norway submitted proposals in a number of areas such as agriculture²; services³; market access for industrial goods including fish and fish products⁴; and trade and environment.⁵ Together with Bangladesh, Canada, Denmark, the Netherlands, Sweden and Switzerland, Norway also presented a joint communication regarding the financing of WTO's technical assistance activities.⁶ Norway furthermore called for negotiations aimed at developing a multilateral horizontal framework on competition covering private and public conduct. Norway also presented a joint proposal for the elimination of fisheries subsidies, together with Australia, Iceland, New Zealand, Peru, the Philippines and United States.⁷

(ii) Preferential agreements**(a) EFTA and other free-trade agreements**

24. Norway is a founding member of the European Free Trade Association (EFTA). EFTA, currently composed of Iceland, Liechtenstein, Norway and Switzerland, has provided for free trade in industrial products since 31 December 1966, and in fish and other marine products since 1992. Trade in unprocessed agricultural products is covered under separate bilateral agreements.

25. EFTA has a network of bilateral free-trade agreements (Table II.2), which provide for free trade in industrial products, including fish and other marine products, as well as in processed agricultural goods. Trade in unprocessed agricultural products is subject to bilateral protocols between individual EFTA countries and free-trade agreement partners. The agreements include evolutionary clauses on services and investment, and are generally asymmetric: while the EFTA States eliminate all duties and other restrictions for products covered by the agreements upon entry into force, their partners abolish their duties only gradually, with transition periods generally less than eight years. All bilateral free-trade agreements between EFTA and other countries have been notified to the GATT/WTO.

26. As a member of EFTA, Norway has concluded two new free trade agreements since 1996. The Agreement between the EFTA States and Morocco was signed on 19 June 1997 and entered into force on 1 December 1999. The interim Agreement between the EFTA States and the Palestinian Liberation Organization (PLO) for the benefit of the Palestinian Authority was signed on 30 November 1998 and entered into force on 1 July 1999. The agreements with Estonia, Latvia,

² WTO document WT/GC/W/238, 6 July 1999.

³ WTO document WT/GC/W/236, 6 July 1999 and WT/GC/W/325, 21 September 1999.

⁴ WTO document WT/GC/W/185, 19 May 1999.

⁵ WTO document WT/GC/W/176, 30 April 1999.

⁶ WTO document WT/GC/W/259, 21 July 1999.

⁷ WTO document WT/GC/W/303, 6 August 1999.

Lithuania and Slovenia, which were concluded before 1996, have entered into force since the last Review (Table II.2).

Table II.2
Norway's participation in free-trade agreements, January 2000

Date	Entered into force	Notified to GATT/WTO	Name of agreement
04.01.1960	04.01.1960	Yes L/3328	Convention establishing the European Free Trade Association (applies to Iceland, Switzerland, Norway and Liechtenstein)
14.05.1973	01.07.1973	Yes L/3872 and Add.1	Agreement between the EEC and Norway
31.01.1985	01.02.1985	No ^a	Trade Agreement between Norway and Greenland
10.12.1991	13.07.1992	Yes L/6989/Add.1	Agreement between the EFTA States and Turkey
04.03.1992	01.01.1993	Yes L/7041/Add.1	Agreement between the EFTA States and the Czech and Slovak Republic
02.05.1992	01.01.1994	Yes ^b	Agreement on the European Economic Area (applies to: Austria, Belgium, Denmark, Finland, France, Germany, Greece, Iceland, Ireland, Italy, Liechtenstein, Luxemburg, the Netherlands, Norway, Portugal, Spain, Sweden, and the United Kingdom)
06.08.1992	01.07.1993	No ^a	Free Trade Agreement with the Faroe Islands
17.09.1992	01.08.1993	Yes L/7129/Add.1	Agreement between the EFTA States and Israel
10.12.1992	01.09.1994	Yes L/7372/Add.1	Agreement between the EFTA States and Poland
10.12.1992	01.06.1994	Yes L/7215/Add.1	Agreement between the EFTA States and Romania
29.03.1993	01.06.1994	Yes L/7257/Add.1	Agreement between the EFTA States and Bulgaria
29.03.1993	01.06.1994	Yes L/7360/Add.1	Agreement between the EFTA States and Hungary
13.06.1995	01.09.1998	Yes WT/REG20/N/1	Agreement between the EFTA States and Slovenia
07.12.1995	01.06.1996	Yes WT/REG29/N/1	Agreement between the EFTA States and Latvia
30.08.1995	01.01.1997	Yes WT/REG30/N/1	Agreement between the EFTA States and Lithuania
07.12.1995	01.10.1997	Yes WT/REG28/N/1	Agreement between the EFTA States and Estonia
19.06.1997	01.12.1999	Yes WT/REG91/N/1	Agreement between the EFTA States and Morocco
30.11.1998	01.07.1999	Yes WT/REG79/N/1	Agreement between the EFTA States and the PLO for the benefit of the Palestinian Authority

a Greenland and the Faroe Islands are not covered by Article XXIV of the GATT of 1994: they are not WTO Members and were not GATT contracting parties.

b Covered by individual free-trade agreements between the EU and EFTA members, as notified to the GATT.

Source: WTO documents; and information provided by the Norwegian authorities.

27. Apart from the above-mentioned agreements, declarations on cooperation, usually the first step towards the conclusion of free-trade agreements, have been signed between EFTA and Albania, Macedonia, Egypt, Jordan, Lebanon, and Tunisia. Furthermore, Norway has a bilateral free-trade agreement with the EC, the EEC-Norway Agreement, which entered into force on 1 July 1973, in addition to membership in the EEA, and with the Faroe Islands and Greenland. Free-trade agreements with Canada, Cyprus, Egypt, Jordan, Macedonia and Tunisia were under negotiation in March 2000.

28. Outside of the scope of EFTA, Norway has concluded bilateral agreements on trade and economic cooperation, with Croatia (signed on 6 March 1996, entered into force on 1 October 1997), Russia (signed on 26 March 1996, entered into force on 1 July 1996), Ukraine (signed on 27 January 1998, entered into force on 1 November 1998), and Vietnam (signed on 22 April 1997, entered into force on 1 August 1997).

(b) European Economic Area (EEA)

29. Norway has been a member of the European Economic Area (EEA) since 1 January 1994. The EEA Agreement prevails over the free-trade agreements between the EC and participating EFTA

countries, although these, as well as the Stockholm Convention of 1960 among EFTA States, remain valid. The EEA Agreement allows for free movement of goods, persons, services and capital under equal conditions of competition. EEA rules correspond to the EC *acquis communautaire* in all areas covered by the EEA Agreement, and include cooperation in other areas. The institutional framework comprises an EEA Council at ministerial level, an EEA Joint Committee, an EEA Joint Parliamentary Committee and an EEA Consultative Committee with representatives of social partners. The EEA Joint Committee is responsible for the effective implementation and operation of the Agreement. Although Norway participates in the single market through the EEA Agreement, it maintains its own MFN and preferential trade arrangements. Rules of origin in the EEA Agreement are linked to other European free-trade agreements through a pan-European cumulation regime (Chapter III(2)).

30. The EEA Agreement covers all trade in industrial products (HS Chapters 25-97), except casein, certain albumins, and dextrin. Although the EEA Agreement does not cover the EU's Common Agricultural Policy or the Common Fisheries Policy, it contains provisions on various aspects of trade in agricultural and fishery products. The Agreement introduces an evolutionary clause aimed at progressive liberalization of agricultural trade. In the case of products with agricultural and industrial components, preferential treatment under the EEA Agreement has been negotiated but a final agreement is yet to be concluded. A bilateral agreement between Norway and the EEC regulates preferential treatment for these products. A revised version of Annex 1, Chapter 1 of the EEA Agreement, establishing common procedures for imports of live animals and animal products from third countries, entered into force on 1 January 1999. This prompted an alignment of Norwegian import regulations with those of the European Union common procedures for the importation of live animals and animal products as of 1 January 1999.

31. EU legislation is applied in most sectors, e.g. technical barriers to trade, public procurement and purchases, and marketing conditions of state monopolies. Anti-dumping and countervailing measures regarding products covered by the EEA Agreement may not be applied to other EEA participants. Safeguard measures may be used, in a non-discriminatory manner, in the event of "serious economic, societal or environmental difficulties of a sectoral or regional nature liable to persist", or in response to balance-of-payments problems.

32. The EFTA Surveillance Authority is responsible for monitoring the implementation of the EEA Agreement, while the EFTA Court of Justice examines complaints with respect to competition policy involving the EEA Agreement independently and in parallel with EU institutions. The EFTA Surveillance Authority has the authority to send to the Norwegian authorities Letters of Formal Notice and Reasoned Opinions regarding regulations and practices in Norway. If issues are not resolved at this level, they are examined by the EFTA Court of Justice. Among the several dozen cases brought to the EFTA Surveillance Authority, only a few reach the EFTA Court of Justice. Since 1996, Norway has been involved in eight disputes in the EFTA Court of Justice concerning obligations under the EEA Agreement (Table II.3).

33. In addition to the cases listed in Table II.3, the EFTA Surveillance Authority addressed several Letters of Formal Notice and Reasoned Opinions regarding regulations and practices in Norway in the period under review. Several of these cases involved services, others referred to subsidies. Salient cases in 1999 included: a Reasoned Opinion sent to Norway by the EFTA Surveillance Authority for failure to comply with EEA rules on freedom to provide services in the area of civil aviation by charging air transport taxes that discriminate between domestic flights and flights to other States of the EEA; the authorization by the EFTA Surveillance Authority in December 1999 of the prolongation of two Norwegian aid schemes for shipbuilding until 31 December 2000; the extension of the validity of the system of regional aid in Norway to 31 December 2006; a Letter of Formal Notice to Norway in March 1999 and a Reasoned Opinion in

December 1999, for Norway's failure to comply with EEA rules with respect to the independence of the regulatory system in telecommunications.

Table II.3

Disputes brought to the EFTA Court of Justice in which Norway was involved, 1996-1999

Case	Appellant/defendant	Judgment
E-7/97 Implementation of national provisions of Council Directive 92/104/EEC on the minimum requirements for improving the safety and health protection of workers in surface and underground mineral-extraction industries.	EFTA Surveillance Authority/ Norway	The EFTA Court ruled on 30 April 1998 that, by failing to adopt the time-limit prescribed in Council Directive 92/104/EEC, Norway had failed to fulfil its obligations under Article 13 of that Act and Art. 7 of the EEA Agreement.
E-10/97 Implementation of national provisions of Council Directive 78/610/EEC on the protection of the health of workers exposed to vinyl chloride monomer.	EFTA Surveillance Authority/ Norway	The EFTA Court ruled on 19 June 1998, that by failing to adopt, within the prescribed time-limit, the national provisions necessary to comply with Council Directive 78/610/EEC, Norway had failed to fulfil its obligations under Article 11 of that Act and Art. 7 of the EEA Agreement.
E-1/98 Protection of a direct importer's copyright.	Norway (Ministry of Health and Social Affairs)/Astra Norge AS	The EFTA Court ruled on 13 February 1998, that Articles 11 and 13 of the EEA Agreement must be interpreted as not permitting, under certain conditions, the protection of a direct importer's national copyright in a Summary of Product Characteristics.
W-6/98 EFTA Surveillance Authority's decision with respect to state aid.	Norway/EFTA Surveillance Authority	The EFTA Court dismissed on 20 May 1999, an application for annulment of decision No. 165/98/COL of 2 July 1998 of the EFTA Surveillance Authority with regard to state aid in the form of regionally differentiated social security taxes.
E-2/99 Recognition of professional education and training in the seafaring sector.	EFTA Surveillance Authority/ Norway	Case pending. In December 1999, the EFTA Surveillance Authority decided that the failure by Norway to take the necessary measures to comply with the recognition of professional education and training in the seafaring sector should be brought before the EFTA Court.

Source: Information provided by the Norwegian authorities.

(iii) Generalized System of Preferences (GSP)

34. Norway runs one of the most wide-ranging GSP schemes among industrial countries. The product coverage under the GSP was extended in January 2000. Developing countries generally enjoy duty-free and unlimited access for exports of manufactures (HS Chapters 25-97), except for certain textiles, clothing, and footwear products. The scope is more limited for agricultural products, although it was considerably enhanced as a result of the Uruguay Round. Imports of industrial and agricultural products from least developed countries are duty free with the exception of flour, grain, and feedingstuffs, to which tariff reductions of 30% within indicative (import) limits are applied. According to the scheme, imports of non-sensitive agricultural products from developing countries are duty free, while imports of other agricultural products from developing countries are subject to 10-15% tariff reductions (Chapter III(2)(iii)(e) and (v)(b)).

35. Norway also provides substantial direct aid to developing countries, amounting to some 0.9% of GNP overall.