NORWAY

TRADE SUMMARY

U.S. goods exports in 2014 were $4.4 billion, down 3.2 percent from the previous year. Norway is currently the 46th largest export market for U.S. goods. Corresponding U.S. imports from Norway were $5.4 billion, down 2.7 percent. The U.S. goods trade deficit with Norway was $913 million in 2014, a decrease of $7 million from 2013.

U.S. exports of services to Norway were $4.1 billion in 2013 (latest data available), and U.S. imports were $2.7 billion. Sales of services in Norway by majority U.S.-owned affiliates were $6.8 billion in 2012 (latest data available), while sales of services in the United States by majority Norway-owned firms were $1.8 billion.

The stock of U.S. foreign direct investment (FDI) in Norway was $44.3 billion in 2013 (latest data available), down from $44.9 billion in 2012. U.S. FDI in Norway is led by the nonbank holding companies, mining, and manufacturing sectors.

TECHNICAL BARRIERS TO TRADE / SANITARY AND PHYTOSANITARY BARRIERS

Sanitary and Phytosanitary Barriers

Agricultural Biotechnology

With limited exceptions, since 1996 Norway has effectively banned the importation of agricultural biotech products with extremely restrictive policies to crops derived from agricultural biotech. Norwegian legislation – which is not fully aligned with the relevant European Union legislation – requires that biotech varieties meet criteria that are not related to the protection of health, food safety, or the environment. These restrictive policies cost U.S. stakeholders an estimated $100 million in lost soybean sales annually. The United States continues to press Norway to open its market to U.S. exports of those products.

Beef and Beef Products

Norway imposes problematic barriers on agricultural products, including application of EU regulations that ban imports of beef from animals treated with hormones, despite decades of scientific evidence demonstrating that this practice poses no risks to health.

IMPORT POLICIES

Norway, along with Switzerland, Iceland, and Liechtenstein, is a member of the European Free Trade Association (EFTA). EFTA members, with the exception of Switzerland, participate in the European Union (EU) single market through the European Economic Area (EEA) accord. Norway grants preferential tariff rates to EEA members. As an EEA signatory, Norway assumes most of the rights and obligations of EU member states, except in the agricultural and fishery sectors.

Norway has implemented, or is in the process of implementing, most EU trade policies and regulations. Except for agricultural products, Norway’s market is generally open. Norway has continued to dismantle tariffs on industrial products on a unilateral basis. The average most favored nation (MFN) tariff on nonagricultural products has fallen from 2.3 percent in 2000 to 0.5 percent in 2013. More than 95 percent of industrial tariff lines are currently duty free.

Agricultural Tariffs and Tariff-Rate Quotas

Norway bound its tariffs for agricultural commodities in 1995 as part of its WTO commitments. Tariffication of agricultural nontariff barriers as a result of the Uruguay Round led to the replacement of several quotas with high *ad valorem* or specific tariffs on agricultural products. According to the WTO, Norway's simple average applied tariff in 2013 was 51.3 percent for agricultural goods and 0.5 percent for non-agricultural goods. These averages often change annually.

Although the EEA accord does not generally apply to agricultural products, it includes provisions on raw material price compensation that are meant to increase trade in processed food. Norway has a special agreement with the EU within the EEA framework that results in the application of a preferential duty on EU processed food products. The agreement covers a wide range of products, including bread and baked goods, breakfast cereals, chocolate and sweets, ice cream, pasta, pizza, soups, and sauces. This preferential access for EU suppliers disadvantages U.S. exporters of these processed foods.

Although Norway is less than 50 percent self-sufficient in agricultural production, it maintains tariff rates on agricultural products as high as several hundred percent to protect domestic agricultural interests. Domestic agricultural shortages and price surges are offset by temporary tariff reductions.

However, a lack of predictability in tariff adjustments and insufficient advance notification of these adjustments – generally only two days to five days before implementation – favor nearby European suppliers and make products from the United States, especially fruits, vegetables and other perishable horticultural products, very difficult to import. For a number of processed food products, tariffs are applied based on a product formula, requiring the Norwegian importer to provide a detailed disclosure of product contents. Many exporters to the Norwegian market refuse to provide all requested details and, as a result, their products are subject to maximum tariffs.

Although Norway has 232 tariff-rate quota (TRQ) commitments in its WTO tariff schedule (or 16 percent of total WTO Member TRQs), most of these are not active as current applied rates are either equal to or lower than the in-quota bound rate. Norway has TRQs for 64 agricultural and horticultural products, and the Norwegian Agricultural Authority holds online auctions for the allocation of quotas for 54 of these products. Norwegian importers are primarily interested in TRQs for grains or niche products. However, participating in the auctions is inexpensive, and importers that secure a quota allocation are not actually required to import any products. The Agricultural Authority does not have a system to reallocate any unused quota.

Agricultural Subsidies

Although agriculture accounts for only 1.5 percent of gross domestic product (based on 2013 data), support provided by Norway to its agricultural producers as a percentage of total farm receipts is, at 53 percent in 2013, the third highest in the world according to the OECD. Norway emphasizes the importance of "non-trade concerns," which include food security, environmental protection, rural employment, and the maintenance of human settlement in sparsely populated areas, as justification for high domestic support levels. One of Norway's concerns in the WTO Doha Development Round has been the preservation of its highly subsidized agricultural sector.

Raw Material Price Compensation

Norway maintains a price reduction regime that includes subsidies for using certain domestically-produced raw materials in processed foods. Products for which such subsidies are paid include chocolate, sweets, and ice cream (for milk and glucose), and pizza (for cheese and meat). The purpose of the system is to help compensate the domestic food processing industry for the high costs of domestically produced raw materials.

Wines and Spirits

It is difficult for U.S. wine exporters to sell in the Norwegian market. The wine and spirits retail market in Norway is controlled by the government monopoly, Vinmonopolet. Obtaining approval to include wines and other alcoholic beverages on Vinmonopolet's retail list is cumbersome, and Vinmonopolet's six-month marketing and product plans for selecting and purchasing wines significantly constrain competitive supply. Products chosen for sale through Vinmonopolet must meet annual minimum sales quotas or they are dropped from the basic inventory list. Existing wine suppliers benefit from exposure in Vinmonopolet stores, and the situation for U.S. wines is exacerbated by the strict ban on advertising alcoholic beverages.

INTELLECTUAL PROPERTY RIGHTS PROTECTION

Norway was not listed in the 2014 Special 301 Report. Private sector stakeholders have raised concerns about Norway's efforts to combat online piracy. Norway's copyright laws were amended in 2013 and include clarifications of the legal basis for the collection of information on illegal file-sharing activity as well as other mechanisms to combat copyright piracy over the Internet.

SERVICES BARRIERS

Financial Services

For certain types of financial institutions, Norway requires that at least half the members of the board and half the members of the corporate assembly be nationals and permanent residents of Norway or another EEA country.

INVESTMENT BARRIERS

Norway generally welcomes foreign investment and grants national treatment to foreign investors, with exceptions in the mining, fisheries, hydropower, maritime, and air transport sectors. Foreign companies wishing to own or use various kinds of real property must seek prior approval from the government. In the petroleum sector, Norway's concession process continues to be operated on a discretionary basis with the government awarding licenses based on subjective factors other than competitive bidding. Direct foreign ownership of hydropower resources is prohibited, except in rare instances when the government may permit foreign investment limited to 20 percent equity.