



# Agenda

## **Norwegian agricultural policy and its impact on market accessibility for the Latvian food industry**

- **Norway and norwegian agriculture**
- **Norwegian agricultural policy**
- **Norwegian food market –players, products and trends**



# Norway

- population of 4.6 million
- high GDP per-capita (\$90 000)
- 1st place in the world in the UNDP Human Development Index
- 30% higher cost of living than in the US... and maybe 2,5 times the Latvian?
- Defensive interests on agriculture
- Offensive interests on fish





# Employment

- **58.000 man labor years in agriculture**
- **40.000 man labor years in the food industry**



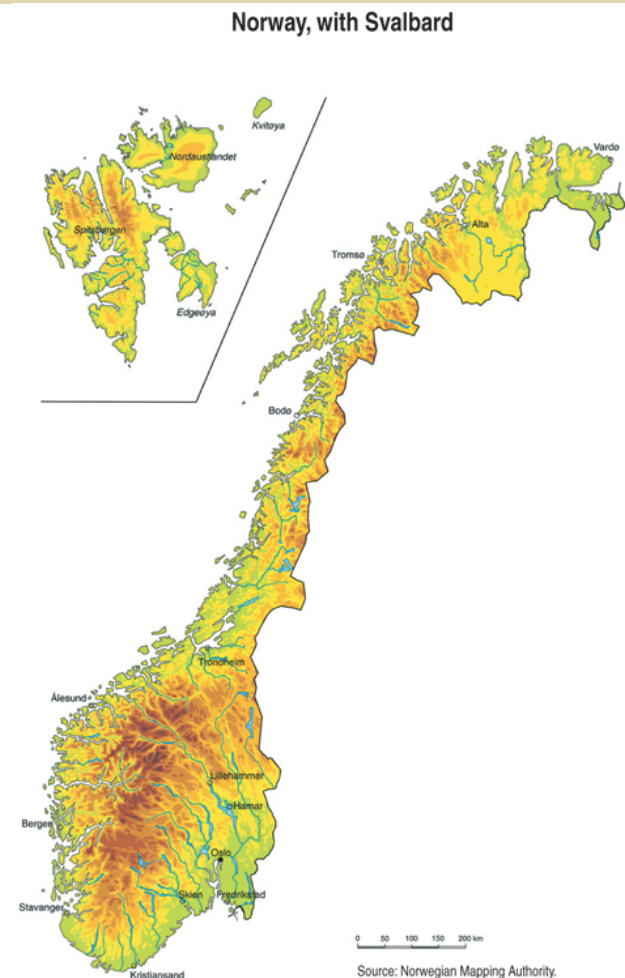
# Norwegian Agriculture (2006)

Land use in Norway:

<b>Area in agriculture</b>	<b>1.023 870</b>
<b>hectares</b>	
<b>Arable land</b>	<b>3%</b>
<b>Forest</b>	<b>22%</b>
<b>Mountains and lakes etc.</b>	<b>75%</b>

Farm structure:

<b>Number of farms</b>	<b>49.300</b>
<b>Average size of a farm</b>	<b>20</b>
<b>hectares</b>	





# An agricultural sector with many social objectives

## **TO MEET SOCIETY'S NEEDS, AGRICULTURE SHALL:**

- produce safe and healthy food of high quality in the light of consumer preferences
- produce other goods and services according to industry's overall resources
- produce public goods as viable districts, a broad range of environmental and cultural benefits, and long term food production

## **FOOD SECURITY**

- National objective to maintain domestic production and, within existing multilateral trade commitments, cover the national demand for those products that naturally grow in Norway

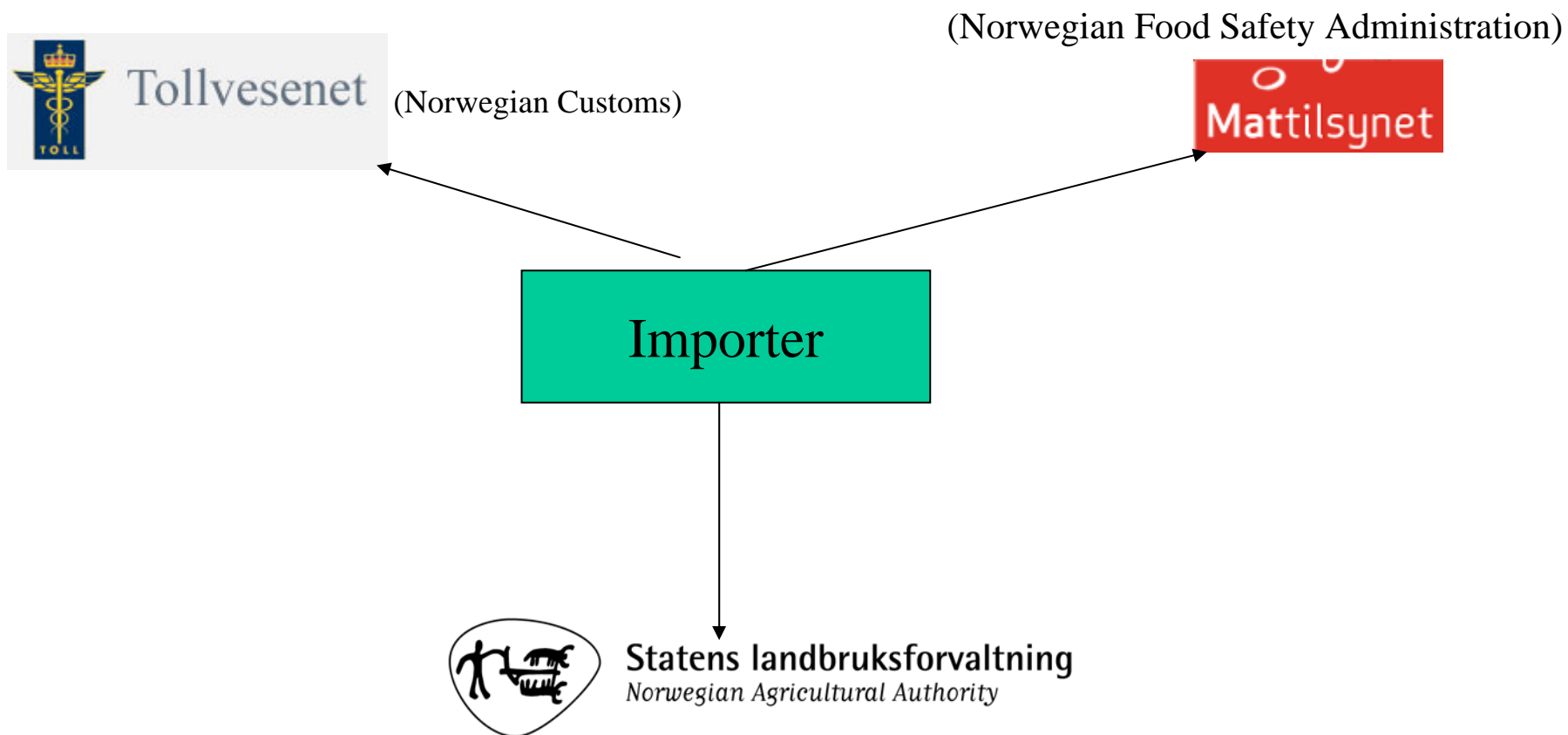


# Policy instruments

- **Border protection**
  - tariff only regime, quotas and preferences
- **Economic instruments**
  - budgetary support, levies and taxes
- **Market regulation systems**
  - Marketing levies paid by producers. Agricultural cooperatives responsible
- **Laws and regulations**
- **Research, advice and communication**

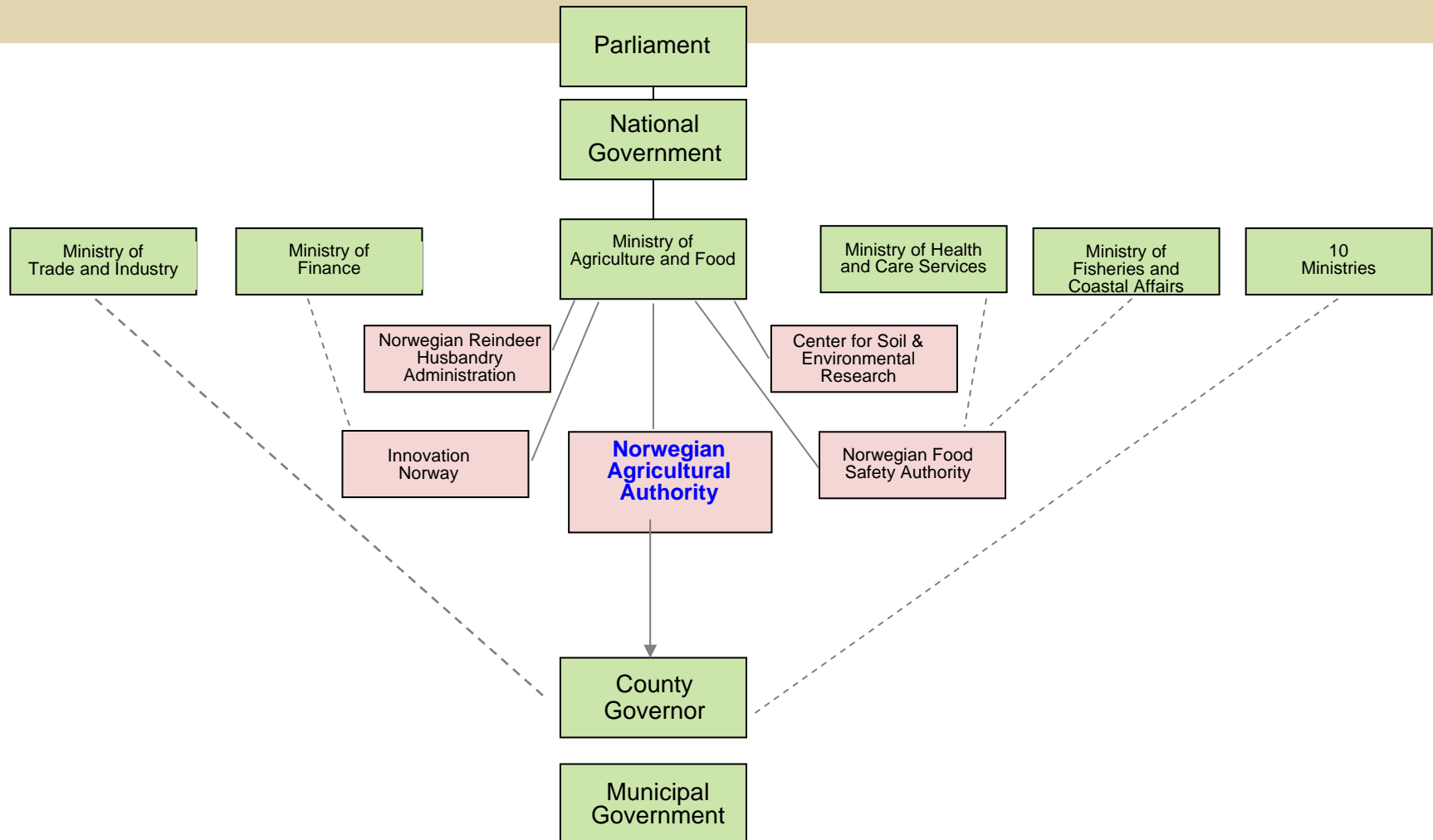


# Important governmental organisations for importers





# Agricultural Administration in Norway



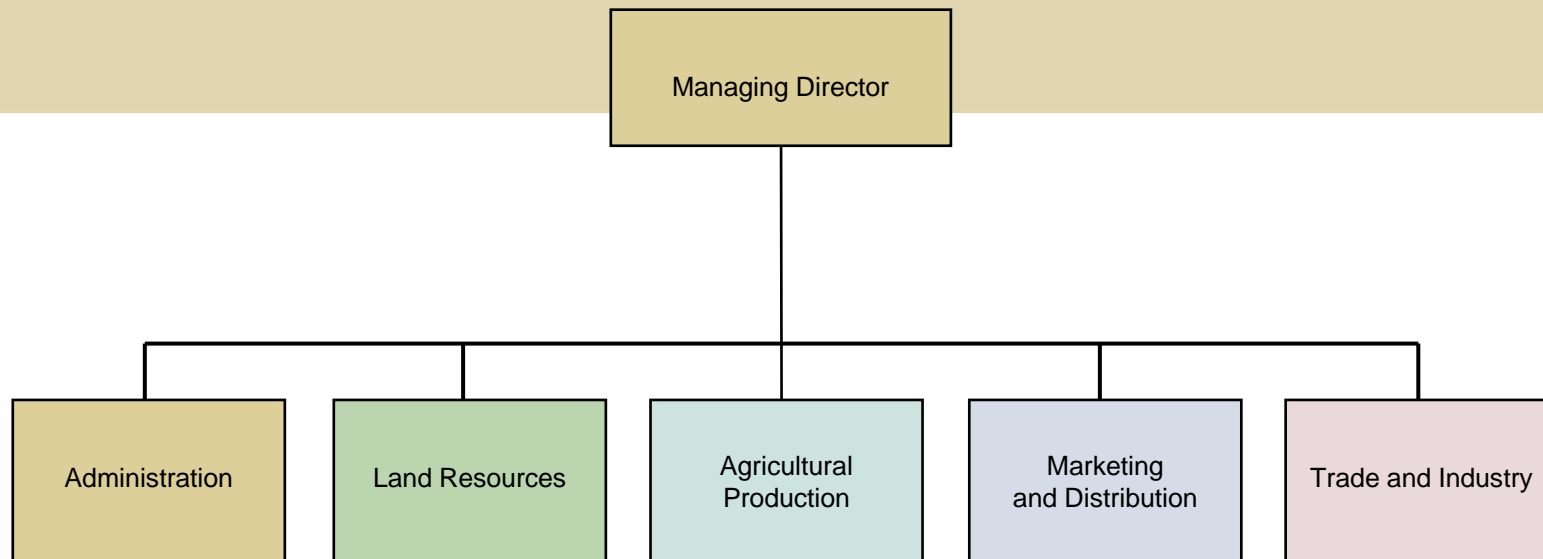


# What is the Norwegian Agricultural Authority?

- A subordinate directorate of the Ministry of Agriculture and Food
- Provides professional advice about the development of instruments within adopted agricultural policy
- Administers subsidy schemes and legal instruments throughout the entire value chain
- Sets the framework conditions for agriculture and the food industry

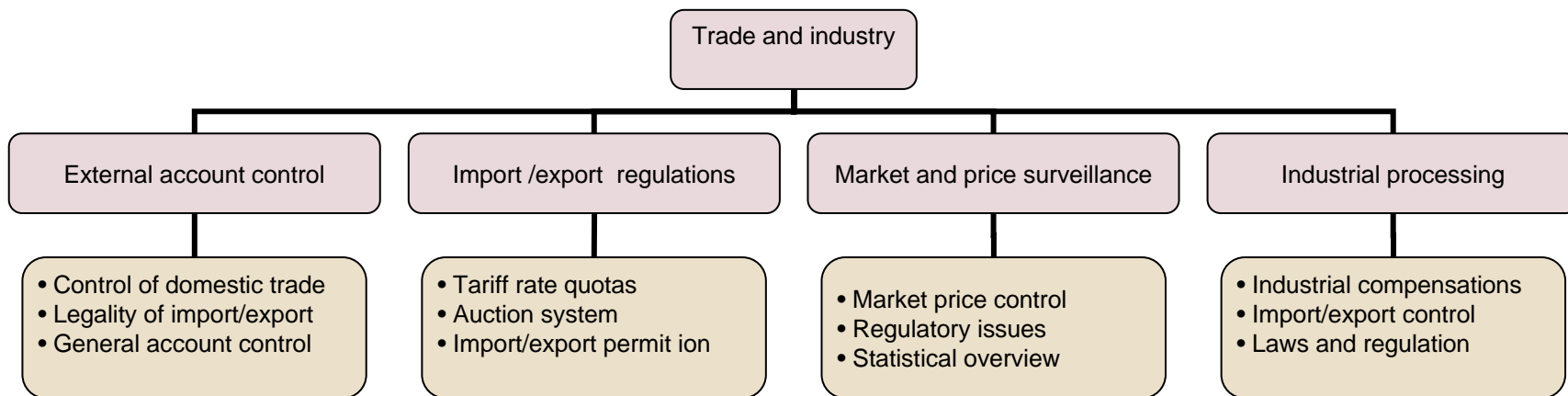


# Organization





# Trade and Industry Unit





# Trade relations

- Customs duties in compliance with WTO-commitments
- Preferential trade arrangements
  - The EEA agreement with the EU
  - The EFTA agreement
  - Free trade agreements
  - Generalized System of Preferences for developing countries
  - Duty free market access for all products originating in Least Developed Countries



# The Norwegian Tariff System

High duties	Moderate duties	Low/no duties
meat dairy products crops potato products	baked products pizza jam sauces	seafood beer/mineral- water tropical products sugar
70 quotas	Customs duties according to the EEA agreement (industrially processed agricultural products)	
410 general and 2380 individual customs reductions		
GSP preferences	GSP preferences	GSP preferences
No customs for least developed countries		



# Administration of Tariff Rate Quotas

- Quota category:
  - Global
  - Regional
  - Unilateral
- Distribution method
  - First come first served
  - Historical
  - Internet based auction



## Some principals for auctions

**The Company must be registered in advance at SLF and to be approved it must also be registered in the norwegian Registrar Centre (Brønnøysund)**

**Bid will consist of a price and quantitative limit**

**Opening bid is valied 24 hours**

**The auction stops when there are no new bids for 3 minutes**



# Status

- **Approximately 70 auctions per year**
- **50 different quotas**
- **An average of 11 participants per auction**
- **330 bids per auksjon**
- **4700 bids for cattlemeat**

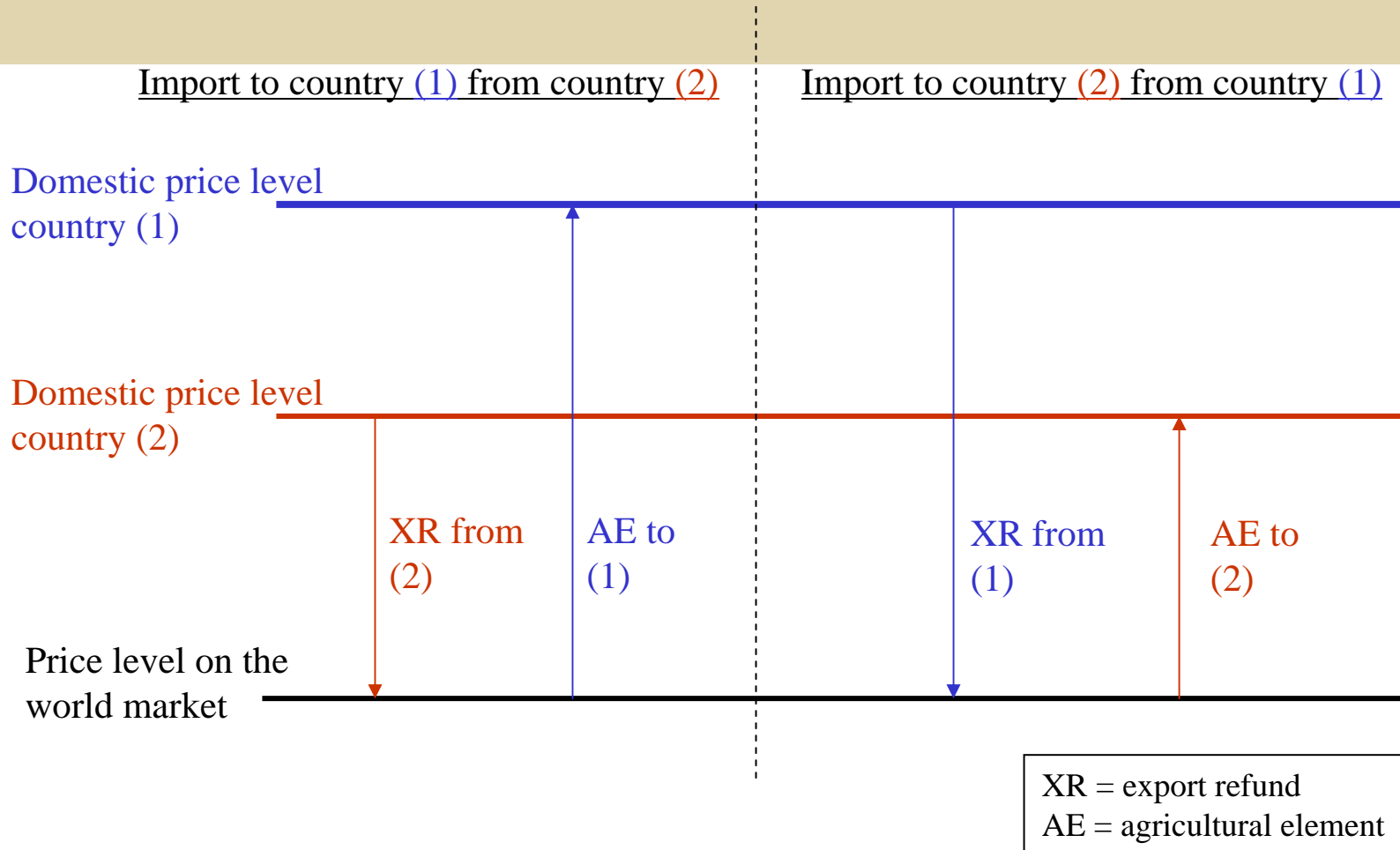


# Our main experience

- **Equal opportunity and fair competition**
- **All participants have the same information on internet**
- **In most cases it is the fundamentals of the market situation that reflect the willingness to pay**
- **Some auctions have many participants, some few**



# System of Price Compensation





# Tariff calculation

**Fixed rate – based on standard receipes as defined in P3**

**Calculation of agricultural element**

- Matrix
- Actual content

**Ad valorem (% of value)**

**To be able to import with a duty as calculated above, the importer has to send an application to the Norwegian Agriculture Authority ([www.slf.dep.no](http://www.slf.dep.no)) and provide the information about the use of raw materials.**

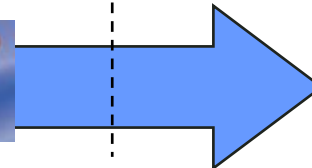
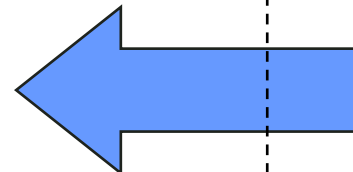
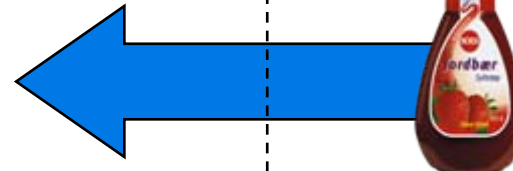
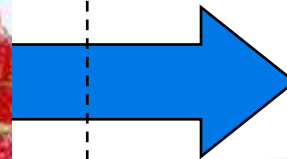
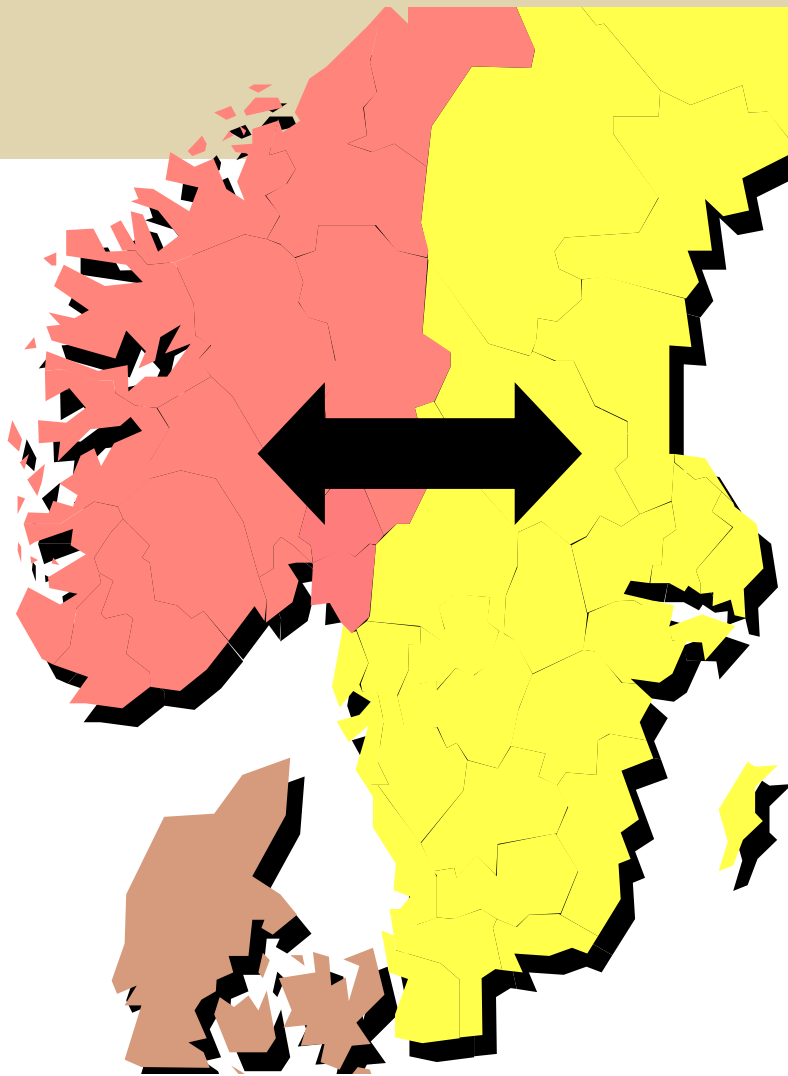


# Example: Cake, HS No. 19.05.9031

<b>Cake recipe *</b>	<b>% content shown by % of the processed products weight (1 kg)</b>	<b>Calculation specific coefficients %</b>	<b>Recipe transformed to matrix raw materials</b>	<b>Duty rate elements kr/kg</b>
Flour: 0,900 kg	90,00 (0,900 /1 *100)	100	90,0% Flour/ groats	2,25
Whole milk: 0,300 kg	30,00	3,90 3,10	1,17% milkfat 0,93 % milk protein	
Egg (wholeegg): 0,125 kg	12,50 (0,125/1*100)	20,50	2,56 % wholeeggpowder	0,00
Other: 0,400 kg	40,00	0,00		0,00
<b>SUM: 1,725 kg</b>	<b>172,50</b>			<b>2,25</b>



# Active and passive processing



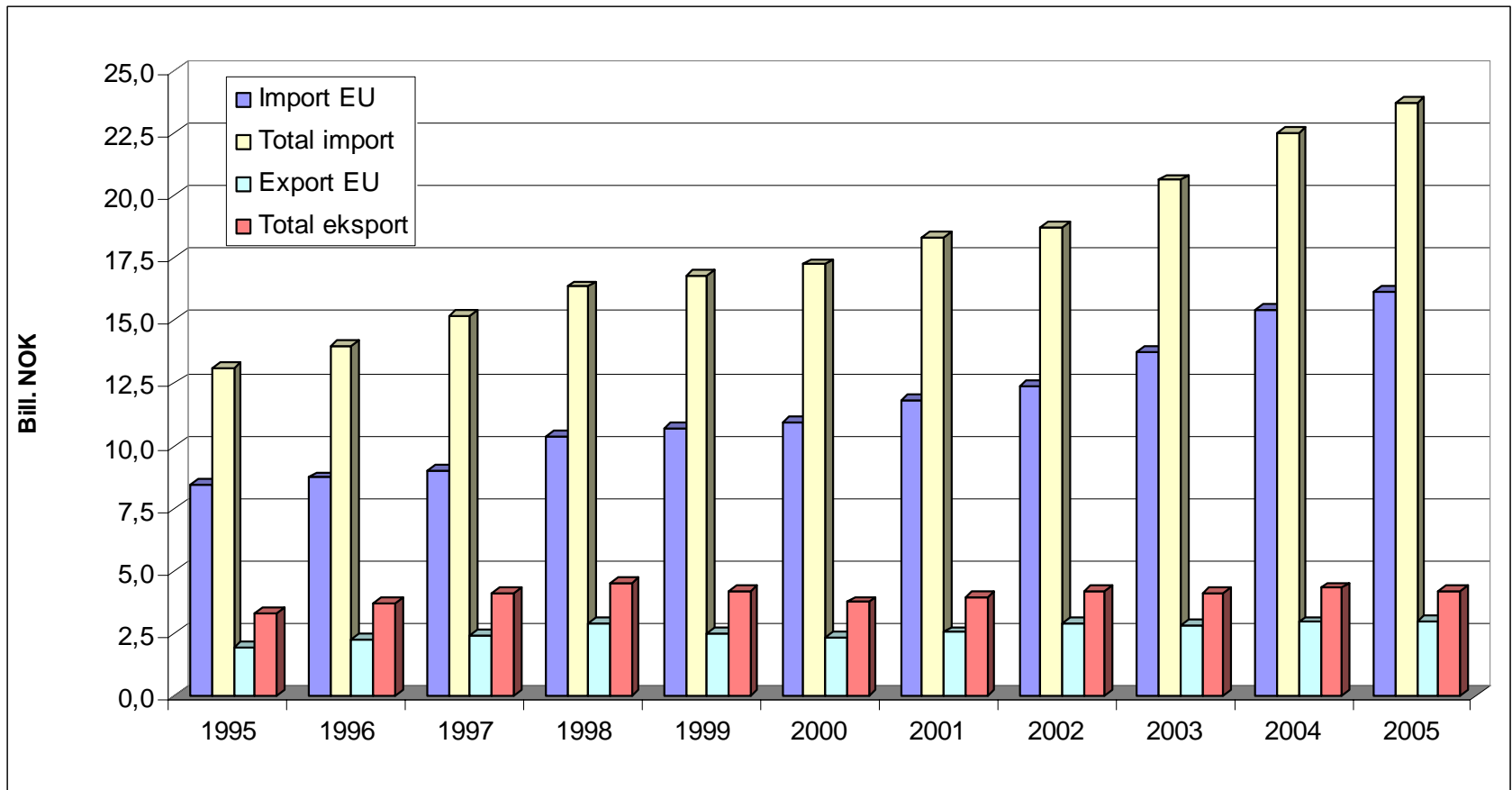


## Other governmental levies

- **Chocolate and sugar**
- **Softdrinks**
- **Packaging**
- **Alcohol**
- **VAT**

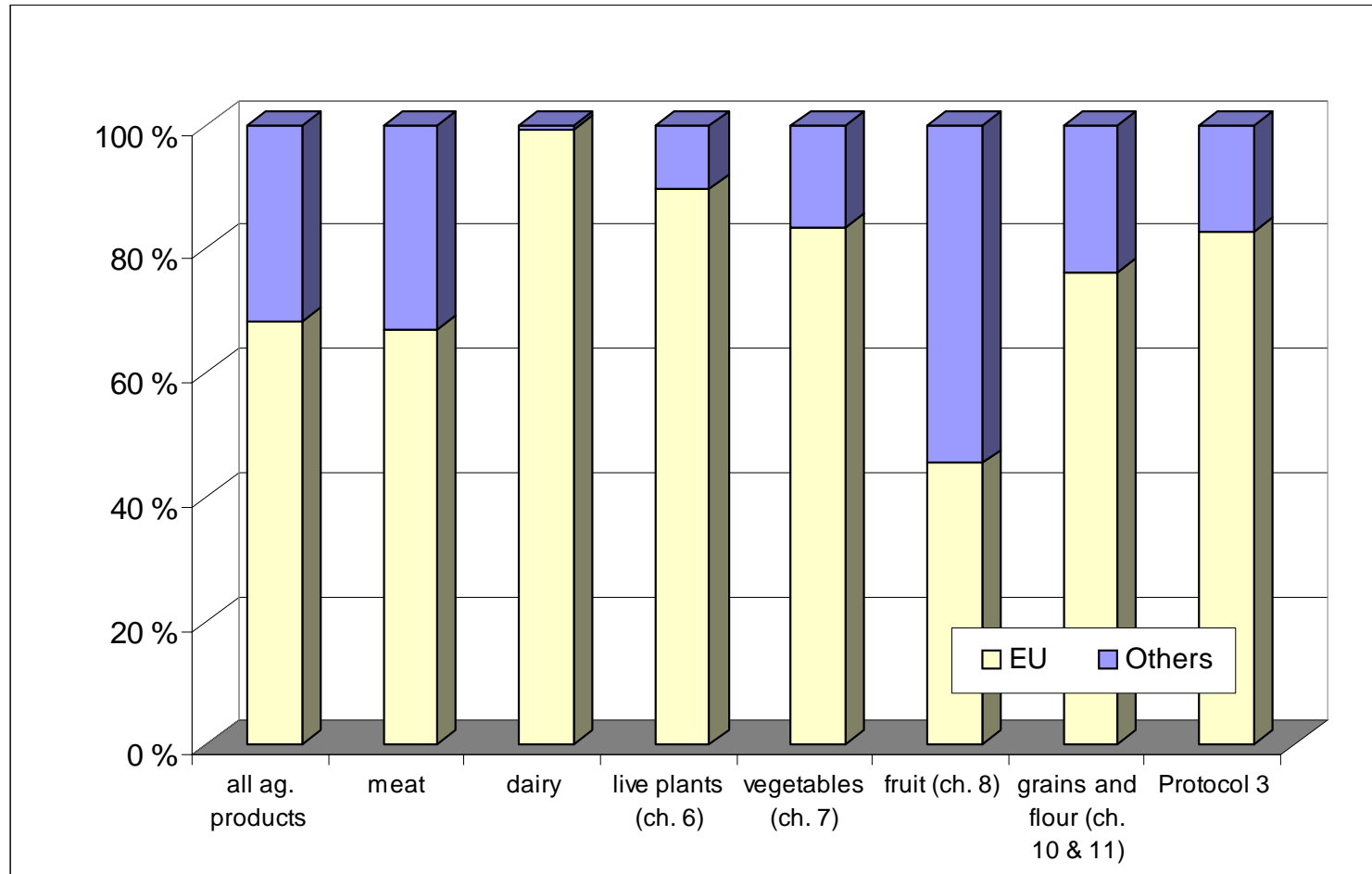


# Import and export of agricultural products (value)



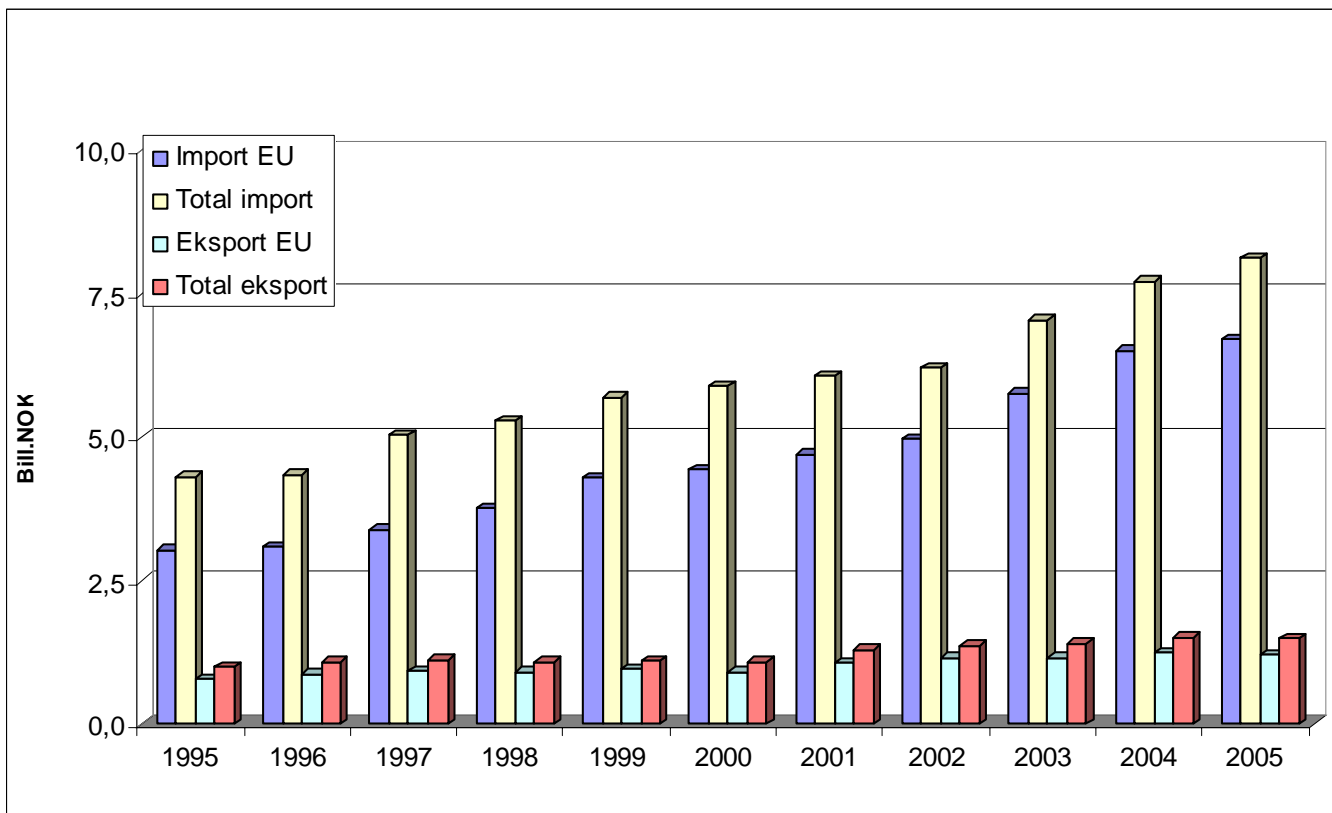


## EU's share of import to Norway in 2005



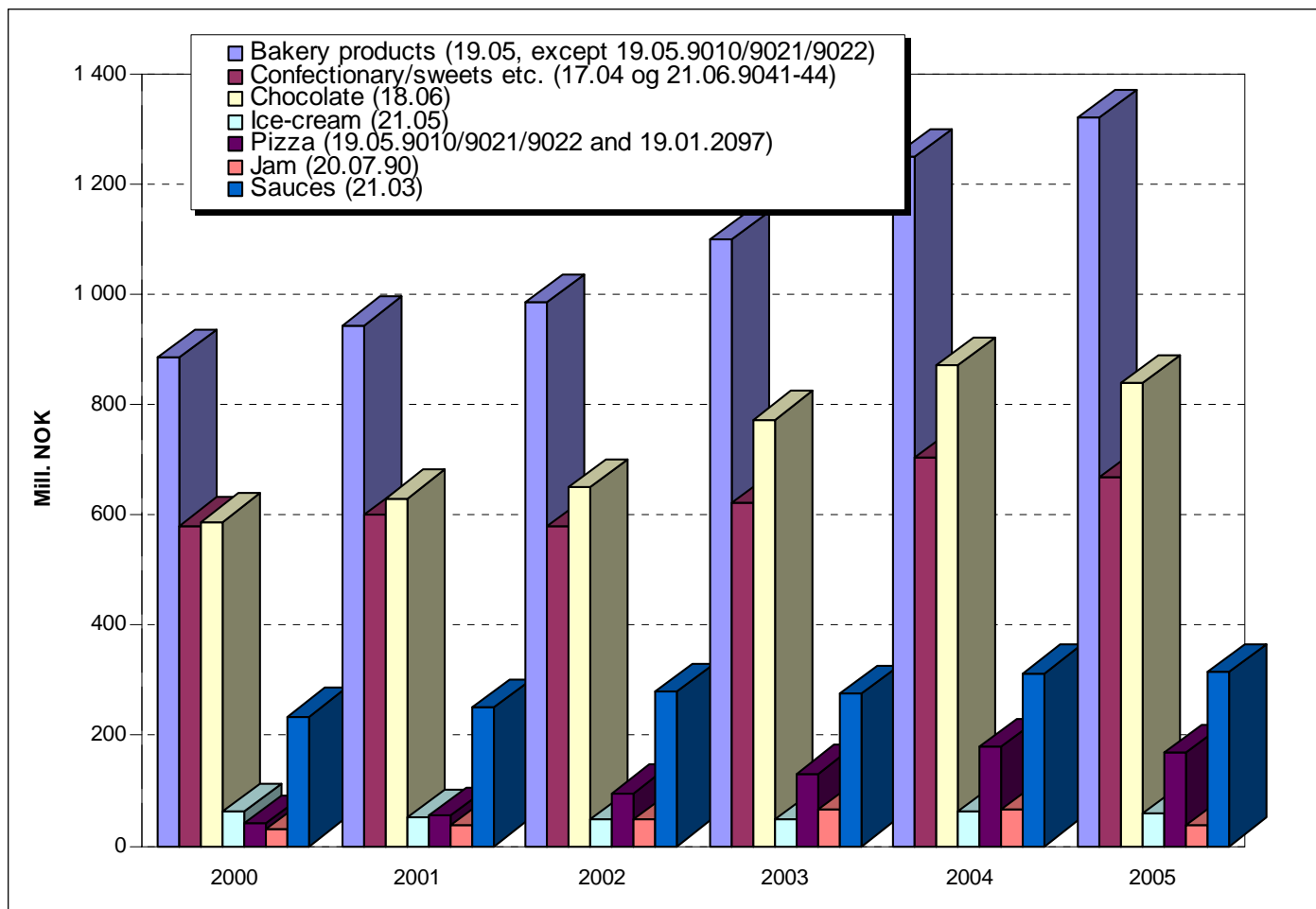


# Import and export of processed agricultural products (table 1&2 to the Protocol 3 agreement)





## Import of Processed agricultural products – selected groups of products





# The food chain ...

**Value of the food and drinking market  
in consumer- and HoReCmarket**

**104,1 mrd. kr**

**Fish and fish  
products**  
5,6 mrd. kr

**Candy Chocolate  
and snacks**  
8,5 mrd. kr

**Agricultural products**  
51,4 mrd. kr

**Imported processed  
food**  
7,6 mrd. kr

**Tobacco and  
beverages**  
27,5 mrd. kr

**Imported fruit and  
vegetables**  
3,5 mrd. kr



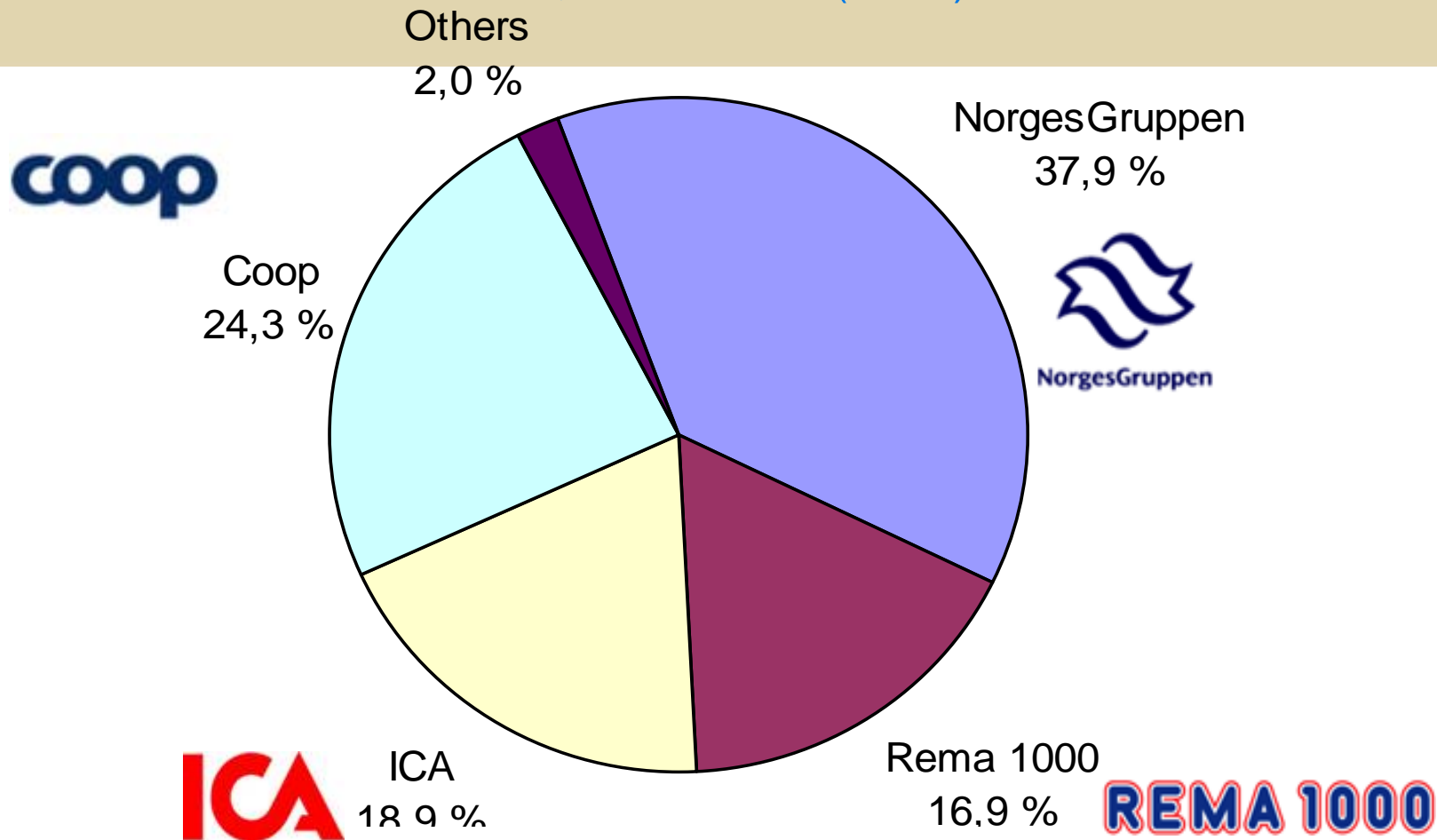
# Most important trading partners

<b>Origin</b>	<b>Import value, mill.kr</b>	<b>Destination</b>	<b>Export value, mill.kr</b>
Denmark	2 899	Sweden	1 257
Sweden	2 390	Denmark	751
Netherlands	2 331	USA	452
Germany	1 884	Germany	241
Spain	1 702	Great Britain	205
France	1 590	Finland	187
Brasil	1 482	Australia	94
Italy	1 258	France	91
Great Britain	1 092	Canada	85
USA	920	Russia	77
Other countries	7 501	Other countries	643
<b>Totals</b>	<b>25 049</b>	<b>Totals</b>	<b>4 083</b>



# Consumer goods in Norway

Total netto sales 110,3 mrd. NOK (2006)





# Beverages

<b>Product</b>	<b>Value in mill NOK ex VAT</b>	<b>Growth in percent</b>
<b>Beer</b>	<b>6 800</b>	<b>8,8</b>
<b>Carbonated</b>	<b>4 300</b>	<b>9,3</b>
<b>Juice etc.</b>	<b>1 500</b>	<b>21,5</b>
<b>Still water</b>	<b>272</b>	<b>102</b>
<b>Energy drinks</b>	<b>145</b>	<b>22,8</b>



# Confectionary

<b>Product</b>	<b>Value in mill NOK</b>	<b>Growth in percent</b>
<b>Chocolate products</b>	<b>3 100</b>	<b>4,6</b>
<b>Sugar confectionery</b>	<b>900</b>	<b>5,1</b>
<b>Pastilles</b>	<b>659</b>	<b>4,6</b>
<b>Chewing gum</b>	<b>493</b>	<b>18</b>
<b>Marzipan</b>	<b>165</b>	<b>12,8</b>



# Shelf Stable Food

<b>Product</b>	<b>Value in mill NOK</b>	<b>Growth in percent</b>
<b>Snacs</b>	<b>2 117</b>	<b>8,7</b>
<b>Canned fish</b>	<b>1 130</b>	<b>4,9</b>
<b>Dinner sauces</b>	<b>879</b>	<b>5,1</b>
<b>Biscuit</b>	<b>763</b>	<b>4,1</b>
<b>Dinner additions (eg pizza base)</b>	<b>604</b>	<b>8</b>
<b>Canned vegetables</b>	<b>596</b>	<b>6,9</b>
<b>Jams and marmelade</b>	<b>547</b>	<b>3,6</b>
<b>Dry bread (eg crisp bread)</b>	<b>494</b>	<b>5,7</b>
<b>Bread</b>	<b>337</b>	<b>7,3</b>
<b>Flour mix</b>	<b>395</b>	<b>13,7</b>