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EU Norway Negotiations on Agricultural Products

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Approved By:

Debra Henke

Prepared By:

Karin Bendz

Report Highlights:

EU and Norway have reached an agreement on agricultural products which is expected to enter into force on January 1, 2011. The agreement includes additional tariff quotas granted by Norway to the EU in respect of meat and meat products, cereals, cheese, and fruit and vegetables.

General Information:

Exports of EU agricultural products to Norway have been steadily growing over the last decade and doubled between 2000 and 2007 to €1.6 billion. Norway is a net importer of agricultural products and the agricultural trade balance is in favor of the EU. The increase of EU exports to Norway is also linked with the evolving expectations of Norwegian consumers asking for more diversity in products. As

regards total trade, Norway enjoys a positive trade balance with the EU. The new agreement will reportedly enter into force on January 1, 2011.

The 1992 agreement on the European Economic Area (EEA) allows Norway to benefit from the EU internal market. However Agriculture and fisheries were not included in this free circulation of goods.

Details of the New Agreement

For less sensitive products there will be an elimination of all tariff barriers, which represents close to €250 million of EU exports to Norway. The EU will offer similar liberalization of the EU market to Norway.

For more sensitive products, such as meat, dairy, fruit vegetables and ornamental plants, Norway will grant some tariff quotas or tariff reductions. In particular, Norway will offer some opening of its meat market in the form of tariff quotas on the condition that when a future WTO agreement is implemented, these quantities are transformed to WTO Most Favored Nation (MFN) quotas.

The EU side will offer tariff quotas corresponding to certain Norwegian interests, notably as regards pet food (13,000MT). Exports of EU cheese have had a huge impact on the Norwegian domestic market by bringing progressively more competition and a wide quality of choice for consumers. This resulted in an increase of per capita consumption leading to an increased dairy production and upgrades of Norwegian cheese products to match competition. The existing quota for cheese is 4,500MT and with the new agreement an additional 2,700MT will be added which together represents around 8-10 percent of the Norwegian cheese markets.

New Tariff Quotas granted by Norway to the EU:

Meat	
Bovine	900 MT
Swine	600MT
Poultry	800MT
Meat Products	
Sausages	200MT
Ham	200MT
Bacon Crisps	100MT
Cereals	
Durum Wheat	5,000MT
Maize	10,000MT
Rye	1,000MT

Fruit and Veg.	
Strawberries	300MT
Potatoes	300MT
Lettuce	400MT
Juices	
Apple	1,000MT
Bilberry	200MT
Black currant	150MT

There will also be a tariff reduction applying to some ornamental plants and flower. The trade concerned by these concessions is of €3.5 million.

New Tariff Quotas granted by the EU to Norway

Cheese	3,200MT
Fresh Raspberries	400MT
Potato Chips	200MT
Pet Food	13,000MT

There will also be full liberalization on the products on which Norway offers full liberalization.

The Norwegian Minister of Agriculture says the Norwegian point of view for the negotiations was that Norway would have a continued strong border protection and where Norway has agreed to open up the borders it is to increase the situation for the Norwegian food industry.

The General Secretary for the Norwegian Farmers Association is not happy with the agreement and claims it is unbalanced and that only the increase in cheese imports corresponds to the milk production from 200 dairy farms in Norway. He also says the imports of food from the EU to Norway are already six times higher than the export and that this imbalance will now be increased, which will make it harder for Norwegian food producers.

U.S. export of agricultural products to Norway represented a value of \$135 million in 2009, a decrease of about 30 percent from the previous year, according to GTIS data. The most important products were almonds, orange juice and food preparations.

