Increase of Norway's import duties for some agricultural products: impact and reactions

Traditionally a strong supporter of its agricultural sector, Norway has since 1 January 2013 been applying new ad valorem duties on imports of certain types of cheese, sheep and beef meat, resulting in sharp increases to respectively 277%, 429%, and 344%. This move was preceded by a new 72% import duty on hortensia flowers in September 2012, causing turbulence in EU-Norway relations, generally close and smooth.

Agriculture in bilateral trade relations
Integrated in the EU internal market through the European Economic Area (EEA) Agreement, which applies to all areas except agriculture and fishery, Norway has privileged ties with the EU. Indeed the EU is by far its first trading partner, destination of 81% of Norwegian exports (of which 65% are oil and gas) and origin of 63% of its imports. But trade in agricultural products, covered by specific arrangements such as a bilateral agreement (2012), foreseeing progressive liberalisation in accordance with article 19 EEA, represented a small percentage of overall bilateral trade: 5.9% of Norwegian exports to the EU and 10% of EU exports to Norway. However, Norway’s agricultural imports from the EU have risen 22% between 2007 and 2011.

Impact of recent protective measures
The Commission acknowledges the difficulty of accurately assessing the economic impact of the measures in question. However, an ex-ante evaluation by the Swedish Board of Agriculture estimates lost sales of approximately €300 000-400 000 for beef, €2.5-9.7 million for sheep meat and €4.7-5.8 million for cheese.

Despite this, the overall impact of the new measures is seen as limited, since almost all EU exports are included in Norway's tariff quotas (with reduced tariff rates): 1 084 tonnes of frozen beef from WTO countries, 2 006 tonnes of sheep meet from WTO countries. A specific EU quota allows 90 tonnes of cheese to be imported into Norway at a tariff below the WTO rate. The main EU suppliers expected to be affected by the new rise in duties are: Ireland (beef), UK (lamb), France, Denmark, Italy, UK, Spain and Sweden (cheese).

On the political level, the Swedish Minister for Trade Ewa Björling estimates that the new duties will lead to the loss of 700 jobs in the Swedish dairy industry.

Norwegian official statistics nevertheless show no signs of a reduction in imports of meat and milk products in general. Statistics from other sources appear to confirm this overall conclusion for beef and sheep meat, both frozen and fresh.

The available statistics are however not specific enough, and do not cover a long enough period, to allow precise evaluation of the impact of this rise in impact duties on EU exports of very specific products.

EU reactions and options
In December 2012, the Council expressed its deep regret over Norway's tariff increases and strongly encouraged Norway to reverse them and continue the process of trade liberalisation in the agricultural sector.

The Commission's legal experts have, according to Agence Europe, concluded that legal action in the WTO or EEA frameworks is not feasible. They are looking for some other possible retaliatory measure while taking into account the limited impact of increased Norwegian duties.

European Parliament position
In its motion for a resolution, the EP's International Trade Committee (INTA) criticises the recent measures taken by Norway as potentially harmful for EU exporters. MEPs called on Norway to withdraw those measures, considered as contrary to the letter and spirit of the EU-Norway bilateral agreement. The resolution is to be voted in plenary during the July 2013 session, following a debate on the INTA Committee’s question to the Commission.