

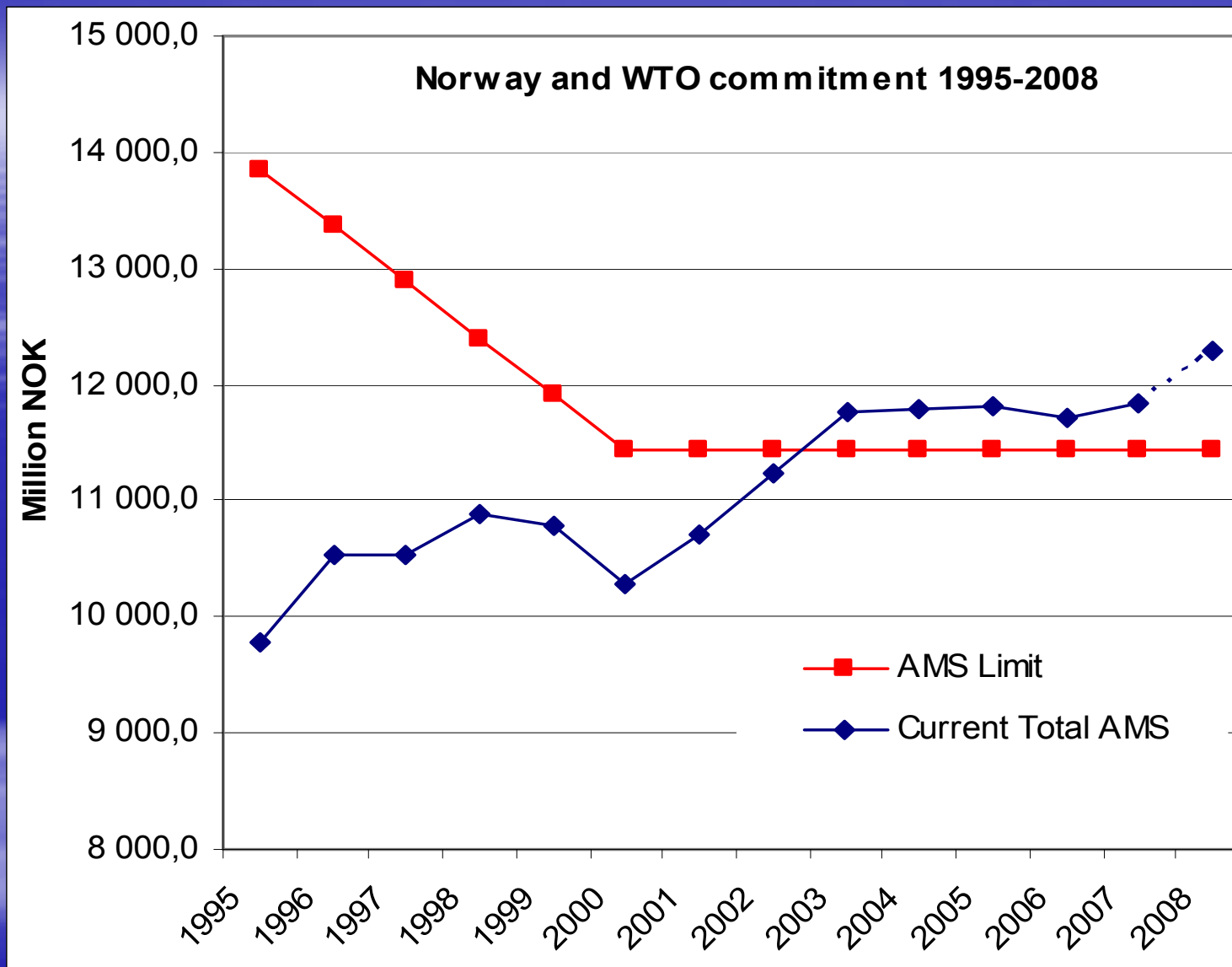
Norway's Domestic Support

Erling Vårdal
University of Bergen
Norway

Main characteristics of the Norwegian agriculture:

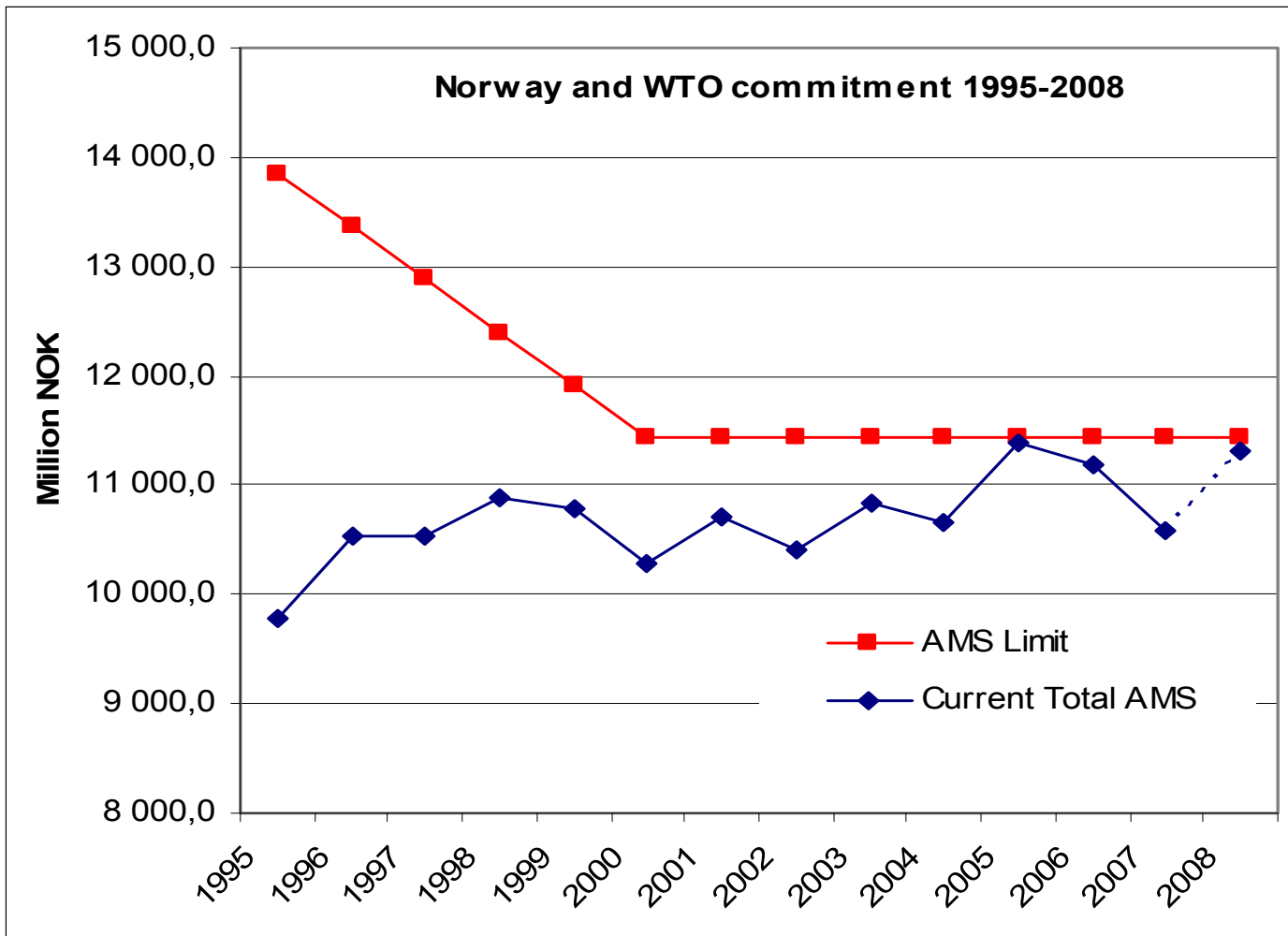
- Agriculture takes 2 % of the workforce
- Self sufficiency in main agricultural products
- Highly unproductive
- Support per man year, appr. 40,000 \$
 - 40 % is border support (tariffs 100-400 %)
 - 60 % is budget support
- PSE: 65 % (2nd rank on the OECD list 2006)

In January 2008 we made the following projection for the AMS support for the years 2001-2008



Late February 2008, Norway
notified the years 2002-2004

How did it go?



A comparison of Norway's AMS notification 2002-2004 and our predictions for the same years:

- For all years our predictions were apprx. 10% higher than the notifications
- This is due to:
 - Administered milk price is now measured at farm gate level, earlier it was measured at dairy level. This counts for 1/3 of the discrepancy
 - Compensation for concentrated feed (hidden formulae that cannot be controlled), 1/3 of the discrepancy
 - Many small items adds up for the rest

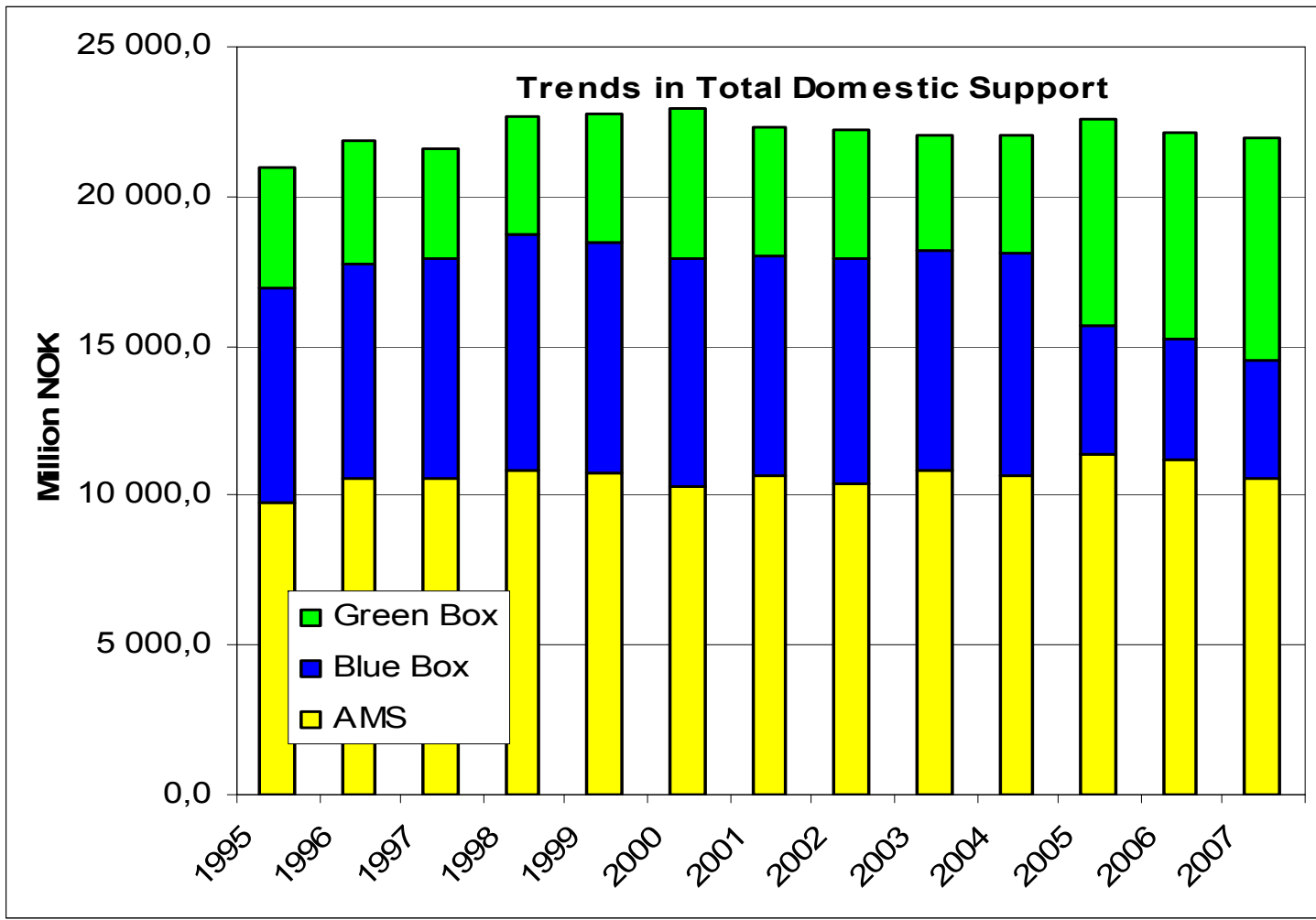
We have revised our predictions for the years 2005-2008. Main ingredients

- We have changed the recipe for predictions such that they are in line with the authorities 2002-2004 notification.
- Abolished the AMS for chicken. The authorities can justify to do this because they do not intervene in this market (no administered price).

The consequence of playing the Japanese card:

- Border support is removed.
- The commitment to reduce support is based on overall support.
- A bureaucrat can, by simply using his pen, substantially reduce the AMS
- By doing this farmers will not risk anything. They are protected by high tariffs.
- Clearly this is not in line with basic WTO principles

As for green and blue support,
we make the following prediction



Conclusion

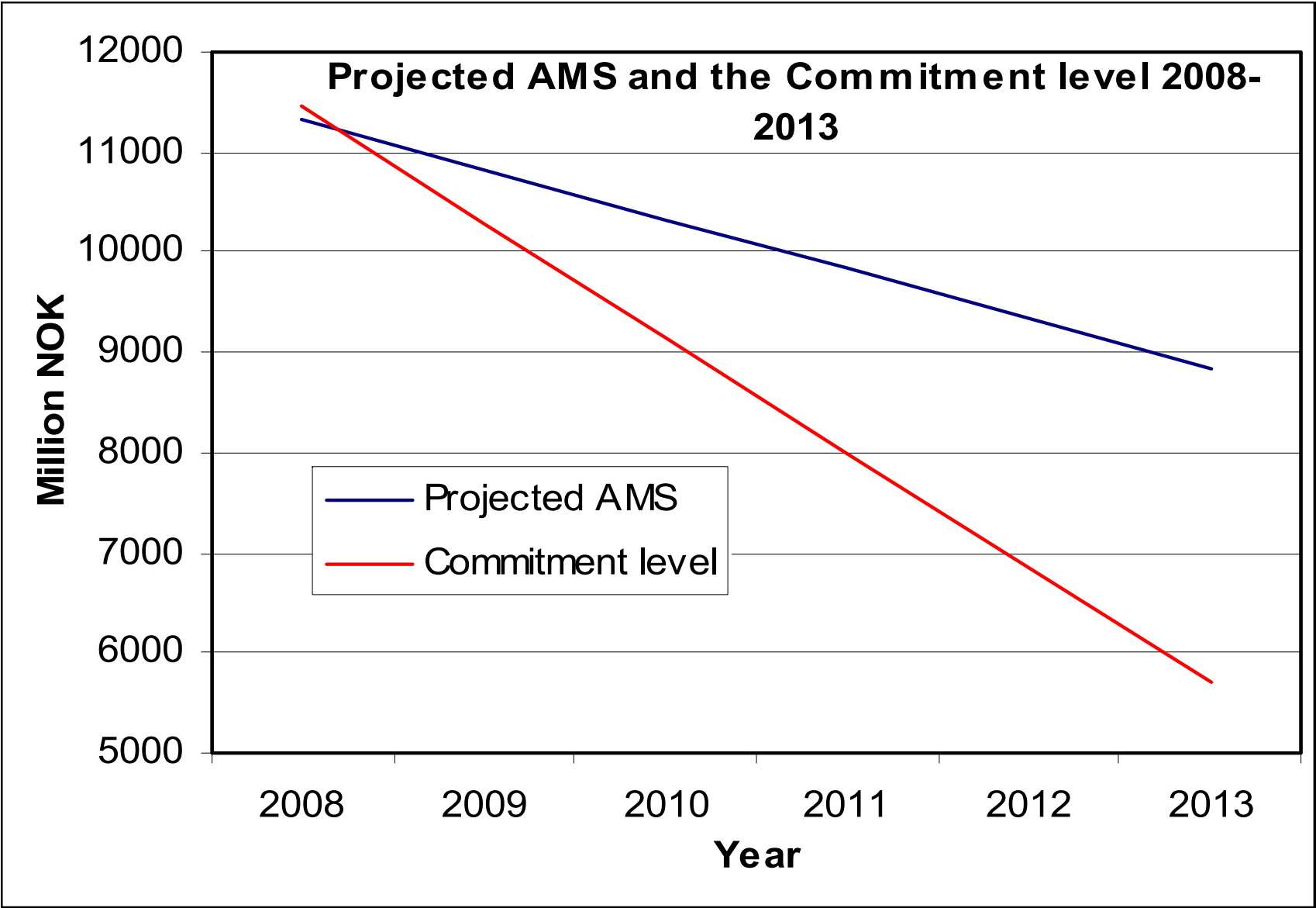
- There is a tendency of moving support from the blue to the green box
- Several of the items Norway put in the green box are questionable, in particular
 - Budget support for giving farmers vacation.
 - Price support to grain production

Projections 2008-2013

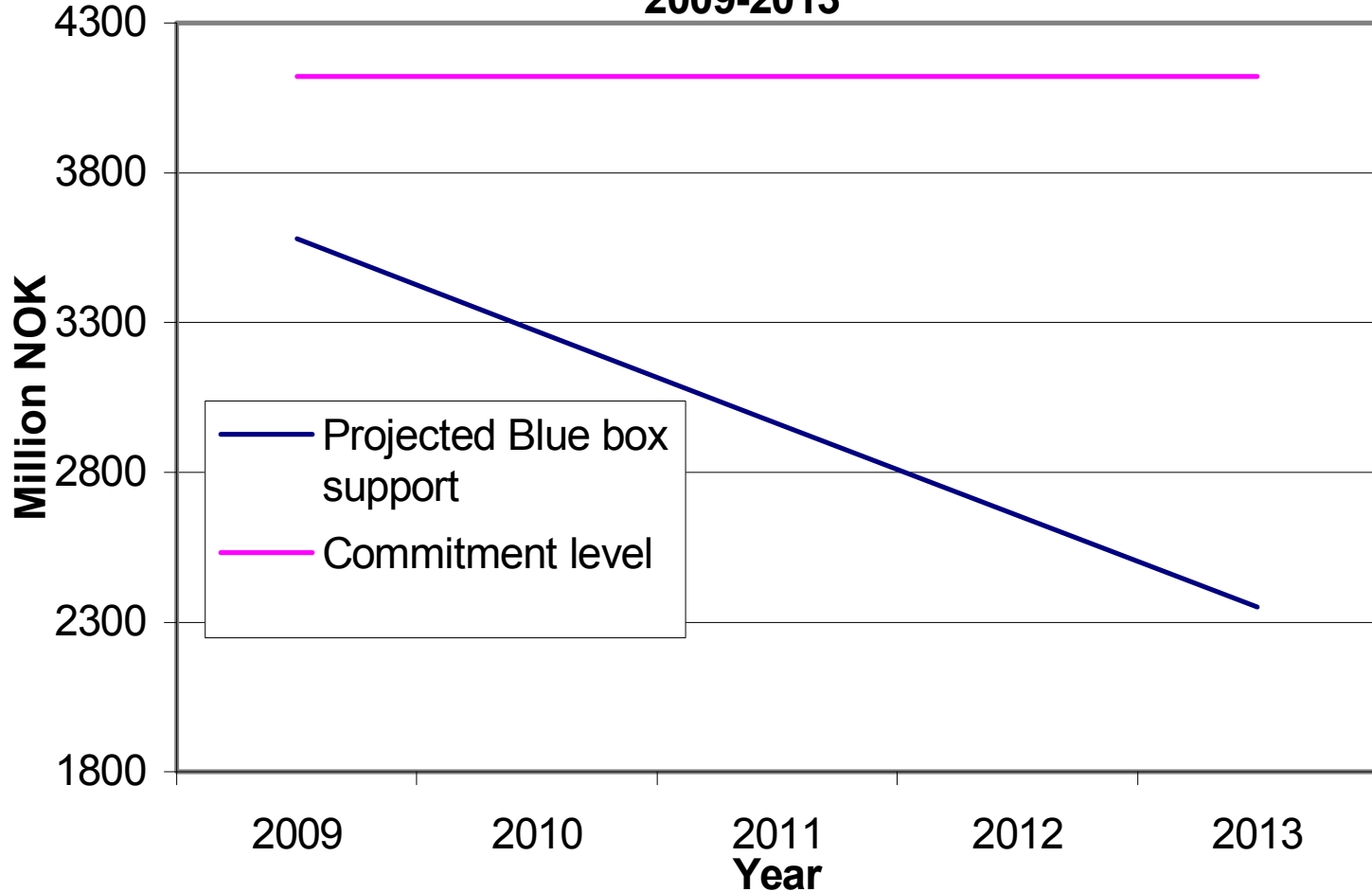
- We have used an agricultural model to project what will happen if the Falconer proposal is accepted.
- Main result: Work-force will decline by apprx. 45 %.
- Land use will be upheld

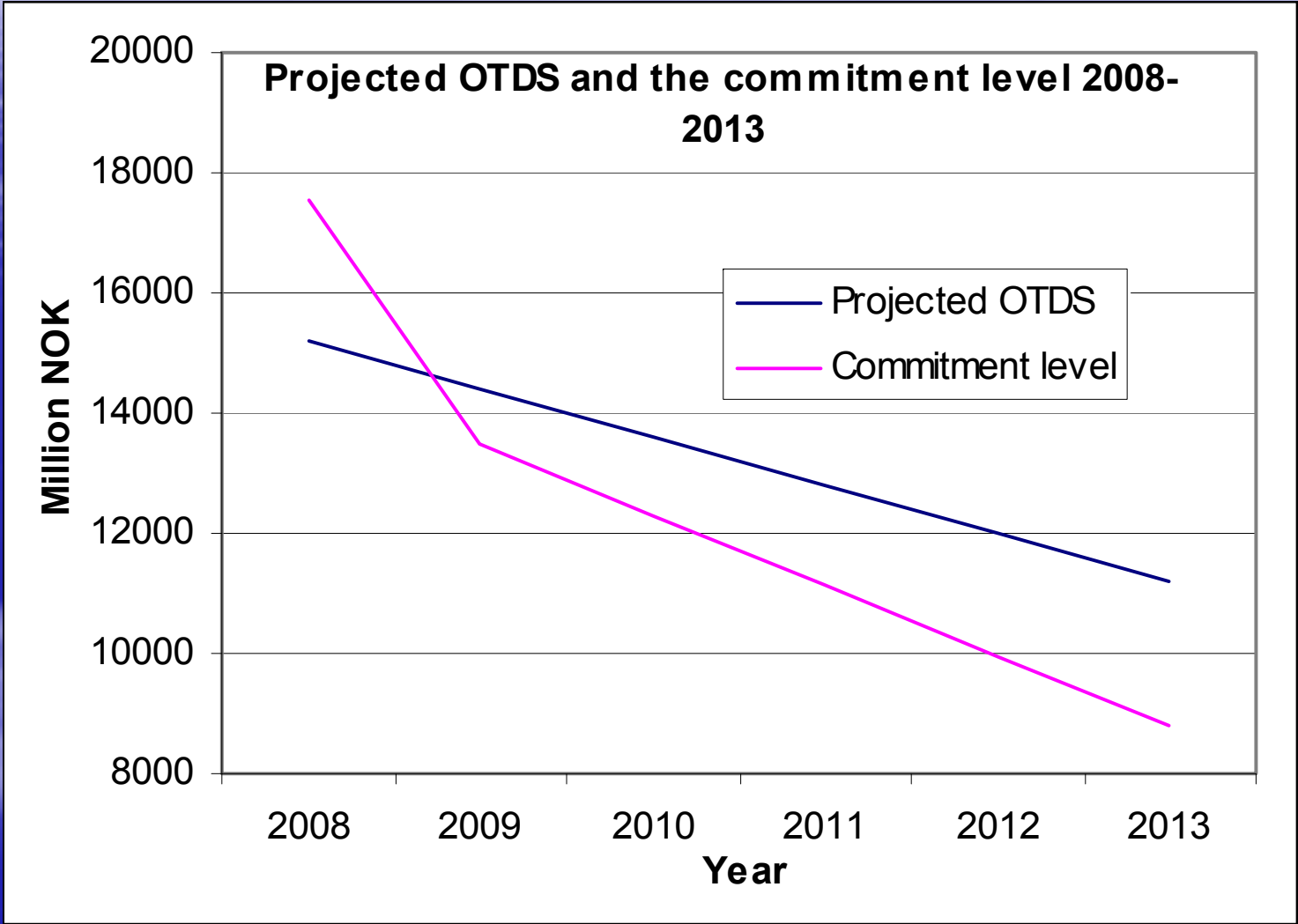
We have used the model results to
predict

- The resulting AMS-support
 - The blue-box support
 - The OTD support
-
- We have then compared those with the commitment levels.



Projected blue box support and the commitment level 2009-2013





Conclusions

- The model results are "rough" and should be interpreted with care.
- According to the previous figures:
 - Norway has no problem in fulfilling the blue box commitment
 - OTDS is closely in line with what is expected
 - AMS is the problematic item