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Norway

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Norway Launches Its First WTO Complaint Against the EU

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Report Highlights:
On February 9, 2005, the Norwegian government (GON) announced its decision to challenge the EU's new safeguard measures against imports of farmed salmon at the WTO Dispute Settlement Body. These measures took effect on February 6, 2005. GON officials maintain that the safeguards, which include minimum import prices, tariff rate quotas and a financial guarantee mechanism, are unjustified and favor inefficient salmon farmers in Ireland and Scotland at the expense of the more efficient Norwegian fish farming industry.

Includes PSD Changes: No
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Norway Challenges EU Safeguard Measures

On February 9, 2005, Norwegian Prime Minister Bondevik announced that Norway would appeal the EU salmon safeguard measures at the WTO Dispute Settlement Body. These new measures, which include minimum import prices, tariff rate quotas and a financial guarantee mechanism, took effect on February 6, 2005 and will remain in force until August 13, 2008.

Norway's decision follows a February 8, 2005 meeting in Brussels between PM Bondevik and EU Commission President José Manuel Barroso. At a press conference following the meeting, PM Bondevik stated, "It is a question of free trade and free competition, and these measures are against these principles. We object to the statement that Norwegian salmon producers are selling salmon below the production price."

This is the first time Norway has challenged the EU through the WTO dispute settlement system. The parties now have 60 days of consultations and mediation to settle their differences. If unsuccessful, the next step would be to appoint a Dispute Settlement Panel. Chile has also requested WTO consultations with the EU on the salmon safeguard measures.

Background

Over the past decade, Norway has become the dominant supplier of fresh salmon to the European market with over 80% market share. Currently, the EU is the destination for about 76 percent of Norway's salmon exports.

On June 1, 1997, the European Commission approved a five-year salmon agreement between Norway and the EU. By agreeing to impose minimum prices and restrictions on fresh salmon exports to the EU, Norway succeeded in avoiding antidumping duties called for by the Commission based on complaints from Scotland.

During the years 1997 to 2000, Norwegian exporters benefited greatly from the EU salmon agreement. In 2000, Norwegian salmon farmers received their highest profits ever. However, when competition grew and the world market price fell below the minimum price, Norwegian exporters had problems competing. Several Norwegian exporters were convicted of cheating on pricing and were assessed penalties of 12-15 percent on their salmon exports to the EU. Norway held discussions with the EU regarding the minimum pricing agreement, which was extended further to May 2003.

The EU-Norway Salmon Agreement ended on May 31, 2003. By July 2003, salmon prices had plummeted below the cost of production to NOK 17.32 per kilo for fresh whole salmon. This prompted a new round of discussions between the EU and Norway that culminated in August 2004 with the EU Commission introducing a safeguard measure for the import of Norwegian salmon. The safeguard was implemented on August 15, 2004 and allowed Norway to export 163,997 MT of fresh and frozen whole salmon and fresh and frozen filets. Exports over that amount were levied a duty of 17.8 percent per kilo. Denmark, the largest importer of Norwegian salmon and a major processor of imported seafood, initiated a protest at the European Commission over the safeguard measure. A lack of response to the protest resulted in the August 2004 safeguard measure being abolished on December 6, 2004.

U.S. Antidumping Case with Norway

The EU is not alone in their concern with Norwegian salmon exports.

On April 12, 1992, the United States imposed antidumping and countervailing duties on imports of fresh and chilled whole Atlantic salmon from Norway. Under the "sunset" provision, this case will come up for review by the United States in summer 2005.

Prior to the U.S. antidumping case, Norway had been the leading supplier of Atlantic salmon to the United States. It took several years for Norway to recover from the loss of the U.S. market and to expand trade with Western Europe.

As a result of the higher duty, Norwegian fresh and chilled whole salmon cannot compete within the U.S. market with salmon from Chile and Canada. However, as the tariff does not apply to fillets or frozen salmon, Norway has managed to secure a niche market for these products among U.S. consumers.

EU Safeguard Measure – Commission Regulation 206/2005

More specific information on the EU's salmon safeguard measure is contained in GAIN Report E35029, "Safeguard Measures Against Imports of Farmed Salmon." To access the report, please visit the U.S. Mission to the EU's website **www.useu.be/agri/usda.html**.