

**GENERALIZED SYSTEM OF PREFERENCES**

Notification by Norway

Addendum

The following communication, dated 8 April 2008, is being circulated at the request of the Delegation of Norway.

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**FURTHER IMPROVEMENTS IN NORWAY'S  
GENERALIZED SYSTEM OF PREFERENCES (GSP)**

Duty-free and quota-free market access (DFQF-MA) for all goods from all the Least Developed Countries (LDCs) was implemented as part of Norway's GSP from 1 July 2002.<sup>1</sup>

On 1 January 2008 Norway implemented several changes in its GSP. From that date the provision establishing DFQF-MA for all goods from all the 50 LDCs is extended to include 14 low-income countries that are not part of the LDC group. This means that 64 low-income countries are now given DFQF-MA into Norway for all their goods.<sup>2</sup>

The improvement of Norway's GSP from 1 January 2008 is the result of a comprehensive Government review, initiated with the aim of increasing Norway's imports from the developing countries and in particular from the LDCs and other low-income countries.

The review was based on a study from an independent consultant<sup>3</sup>, selected after public tender based on the WTO's Government Procurement Agreement (GPA) rules for government procurement. As part of the review a working group with representatives from relevant ministries and directorates issued a report in April 2007 with fifteen recommendations for improvement of the GSP scheme<sup>4</sup>. After a public hearing of this report, including relevant institutions and civil society organisations

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<sup>1</sup> Norway has made four previous notifications to the WTO on its GSP (in 1995, 2000, 2001 and 2005). However, the implementation of DFQF-MA from 1 July 2002 was not notified at that time.

<sup>2</sup> The only low-income countries without LDC status that are not included in this provision are the four countries with a population that is not below 75 million inhabitants, which is the UN population criteria for LDC status.

<sup>3</sup> Norwegian Institute of International Affairs, paper 680: "The future of Norway's GSP system" (available in English).

<sup>4</sup> Report from the Ministry of Foreign Affairs: "Utviklingslandenes markedsadgang til Norge" (available in Norwegian only).

(CSOs)<sup>5</sup>, the Government endorsed the recommendations and the Parliament made necessary decisions as part of the State Budget for 2008.

A basic consideration of the review was to develop a consistent GSP based on objective criteria for selecting the countries that are included in the scheme as well as for differentiating between countries given DFQF-MA and countries given ordinary GSP treatment. The solution that was chosen was to base the GSP land list on the list of recipients of official development assistance (ODA) from the OECD's Development Assistance Committee (DAC).

The Government's review led to the following decisions:

1. The OECD's DAC list of ODA recipients shall be used as the basis for establishing the land list of Norway's GSP.<sup>6</sup>
2. Based on the DAC list, 11 new countries are included in Norway's GSP from 1 January 2008.<sup>7</sup>
3. Countries and territories not included in the DAC list are taken out of Norway's GSP.
4. A country entering into a free trade agreement (FTA) with Norway in accordance with GATT Article XXIV is normally taken out of Norway's GSP when the FTA is entering into force.<sup>8</sup>
5. DFQF-MA for all goods is extended by including 14 low income countries in addition to the 50 LDCs, based on the DAC list.<sup>9</sup>
6. The preference margin for ordinary GSP countries is increased by 20 percentage points within the WTO minimum access quotas for agricultural products.
7. Norway's tariff duties are zero on an MFN basis for almost all industrial goods. However, tariffs remain (in the range of 5-15 per cent) for a few textile products, and there is a particular exception list for these products in Norway's GSP (for the ordinary GSP countries). It was decided, at this stage, not to reduce further the MFN tariffs or the GSP exception list for textiles.<sup>10</sup> However, the exception list has no longer effect for the 14 low income countries that are given DQF-MA from 1 January 2008.

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<sup>5</sup> Written comments from the hearing as well as other relevant documents are published in a report from the Ministry of Foreign Affairs (available in Norwegian only).

<sup>6</sup> The DAC list is dividing the ODA recipients into four groups: least developed countries, other low income countries, lower middle income countries and territories, upper middle income countries and territories. The list is normally revised every third year. The current list was effective from 2006.

<sup>7</sup> Armenia, Azerbaijan, Belarus, Kazakhstan, Kyrgyz Republic, Georgia, Moldova, Tajikistan, Turkmenistan, Ukraine, Uzbekistan.

<sup>8</sup> An exception is being made for the five members of Southern Africa Customs Union (SACU). The agreement between the SACU countries and the EFTA countries including Norway will enter into force on 1 May 2008. This agreement establishes a particular link to Norway's GSP, where there are special provisions for Botswana and Namibia based on their former LDC status and where Lesotho receives DFQF-MA as LDC.

<sup>9</sup> The 14 countries are: Cameroon, Congo (Rep.), Côte d'Ivoire, Ghana, Kenya, Korea (Dem. Rep.), Kyrgyz Republic, Moldova, Mongolia, Nicaragua, Papua New Guinea, Tajikistan, Uzbekistan, Zimbabwe. All these countries have populations below 75 million inhabitants, which is one of the UN criteria for LDC status. Four low income countries with populations above 75 million are not included.

<sup>10</sup> The GSP exception list for textiles was reduced in 2005, ref. notification in WT/COMTD/N/6/Add.3.

8. There is made one change in the rules of origin in Norway's GSP in order to simplify import procedures.<sup>11</sup>
9. Further simplifications in the rules of origin will be considered in the future within the close cooperation with the European Union and Switzerland in this field.
10. The two safeguard provisions of Norway's GSP as of 2007, which have never been used, are merged into one provision in order to simplify the system. In the future a decision by the Government will be necessary in order to use the safeguard provision.
11. At this stage no changes are made in the GSP quotas (which are in place for some agricultural products).
12. Efforts will be made to assist the GSP countries, and in particular those countries that are given DFQF-MA, in meeting the requirements for GSP treatment under Norway's GSP system.<sup>12</sup>
13. With the aim of increasing the use of the trade possibilities created by Norway's GSP there will be made information efforts, by improved and more accessible internet pages, printed material, and meetings/seminars in the LDCs and other low income countries.
14. There will be made efforts, as part of Norway's Action Plan on Aid for Trade, to stimulate the use of the possibilities created by DFQF-MA.<sup>13</sup>
15. The Government's review will be followed up by a study, by an independent consultant, on possibilities and limitations for developing countries' exports to Norway.

Further information on Norway's GSP can be found on the web site of the Government of Norway.<sup>14</sup>

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<sup>11</sup> The change implies that a factura declaration from the exporter is accepted as a replacement for the ordinary certificate of origin for import value below NOK 100 000 (formerly NOK 25 000).

<sup>12</sup> The requirements include the provisions of current customs stamps and names of relevant authorities.

<sup>13</sup> Norway's Action Plan on Aid for Trade was introduced at the WTO Global Review of Aid for Trade in November 2007 and is accessible on the Government's internet pages (see footnote 14). The printed version is available in English and Norwegian.

<sup>14</sup> [www.regjeringen.no/en/dep/ud](http://www.regjeringen.no/en/dep/ud), then choose "trade policy" in the menu, and afterwards "trade preferences for developing countries". The web page is also accessible from the front page of WTO web site.