



# Norwegian Agriculture

## - the Norwegian model for agriculture and agricultural policy



### The Norwegian Parliament has identified four main objectives for the Norwegian agriculture policy:

- Food security
- Maintaining farming activities throughout the entire country
- Increased value creation
- Sustainable agriculture



Foto: M. Myrher, TINE Mediebank

### Four pillars lay the foundation for the Norwegian agricultural model. These pillars make up the framework for the agriculture policy:

#### Border protection

A challenging topography, climate, high cost-levels, and the political choice to maintain a diverse farm structure and active farmers across the country, makes protecting the Norwegian agriculture a necessity. Hence, a well-functioning border protection is a prerequisite for maintaining Norwegian agricultural production.

#### Legal framework

There is a tradition for personal ownership in Norwegian agriculture; with farmers owning and operating their farms. This is one of the main reasons for the diversity in farm sizes across the country. Agricultural properties are not like other properties in that they provide one of the primary needs of the population. The Concession law provides an instrument for society to control the ownership of these properties and ensures that the properties are used for food production. The Allodial law gives the farm owners' oldest descendant priority when farms are sold and ensures planning for long-term production and keeping the structure where farmers own their land. The Agricultural Land Law ensures the use and protection of agricultural farm land

#### Negotiations between state and farmers' organizations

The Agricultural Agreement is the annual negotiation between the two farmers' organizations and the Government. The agreement determines the product prices the farmers receive, the size of the budget transfers to the agricultural sector, and how these funds are distributed. At the conclusion of the negotiation the agreement goes to the Parliament for approval. In the case of breach between the negotiating parties the government will pre-

sent their initial offer to the Parliament for approval.

#### Market regulation

The market regulations reduce the risks for the farmer and is a prerequisite for producing food throughout the country. In Norway the markets for milk, meat and grains are regulated, while there are target prices for milk, pork meat, egg, fruit and vegetables. The market regulator balances the market to keep prices as close as possible to the target prices negotiated in the agricultural agreement. Target prices are not guaranteed but function as maximum prices. If prices exceed a certain level, it opens for import. Farmer owned cooperatives are the market regulators and are funded with a marketing fee.

Market regulators are obliged to collect products from all farmers as well as supplying products to the food industry. This way of structuring the market gives the farmers the security that they will be able to sell their products at an approximately equal price, regardless the situation in the market, the time of the year and location of the farm. It also maintains relatively stable pricing and a stable market.



Kjeåsen .Foto: Wikimedia Commons

## Agricultural policy; division of labour and the structural instruments to ensure variety in geographic location and size of farms

One of the main objectives of the Norwegian agricultural policy is to maintain agriculture throughout the country, a basic prerequisite is a policy that facilitates division of labour between the districts. *The division of labour seeks to utilize Norwegian areas based on the natural attributes of each region.*

Only one third of the arable land in Norway is suitable for growing grains. Hence, Norwegian agricultural policy aims to stimulate to the greatest possible extent the production of grains in the areas with climatic and agronomic conditions best suited for this, and livestock in areas with grass production that are not suitable for grain production. The most significant instruments to achieve the goals of the policy are target prices for grains and milk, price reductions and freight efficiency for grain and the geographical distribution of milk quotas that prevents the move of milk production to areas of grain production.



## Instruments for equalization and agriculture throughout the country

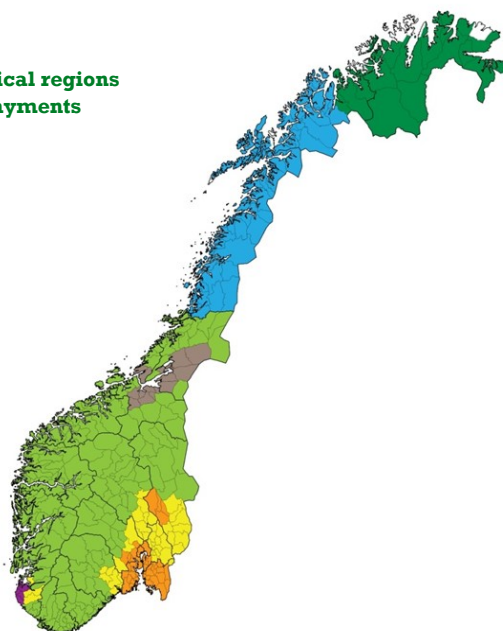
In order to keep agriculture in the whole country the subsidy rates are designed to compensate for the disadvantages related to topography and farm size. This is done by differentiating subsidy rates by geographical subsidy zones, through freight allowances and by distributing milk

quotas across the counties. Land payments are also differentiated, by geography and type of agricultural production. Payments for sustaining cultural landscape are the same for the whole country.

To make farming profitable on both smaller and larger farms, subsidies for animals are higher per animal for the first animals and then the rates flattens as the herd grows. Differentiated subsidies combined with legal regulations, such as price controls and the requirement to live on and operate the farm you own, as a whole act to incentivize farming in the whole country.

### Geographical regions for land payments

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## Agricultural trade and trade policy

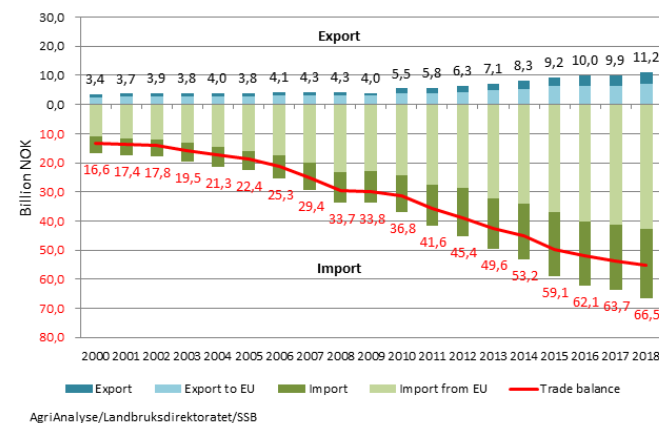
In Norway we produce about half the food we eat (in calories). We depend on import along with protecting our own food production.

Norway grants all developing countries preferred market access through the Generalised Scheme of Preferences (GSP). In addition, the Least Developed Countries (LDC) have free market access and 14 low income countries have zero tariff. Norway has 29 free-trade agreements (FTAs) with 40 countries, as well as being a member of the European Economic Area (EEA) through the EEA-Agreement.

Norway is a member of the WTO (World Trade Organization) and the EFTA (European Free Trade Association). Norway is an open economy, illustrated below by the share of duty free lines of goods, compared to the EU and the USA.

	Duty free tariff lines: Agriculture	Duty free tariff lines: Industry
EU	31 %	26 %
USA	31 %	49 %
Norway	45 %	95 %

Norwegian agricultural trade



## Agricultural commerce and the European Economic Area (EEA)

Agriculture is not included in the EEA Agreement. However, food and veterinary matters as well as organic farming are regulated by the EEA Agreement. Trade in agricultural products has also been addressed through Article 19 and Protocol 3 of the EEA Agreement. **Article 19** states, among other things, that the parties will *continue their efforts with a view to achieving progressive liberalization of agricultural trade*. This should take place *within the framework of their respective agricultural policies and on a mutually beneficial basis*.

Protocol 3 concerns specific industrially processed agricultural products, such as chocolate, ice cream, baked goods, flavoured yoghurt and more. These goods are included in the free movement of goods in the EEA. However, the industry is entitled compensation for different commodity prices, such that the commodity prices are not a factor for the competitiveness.

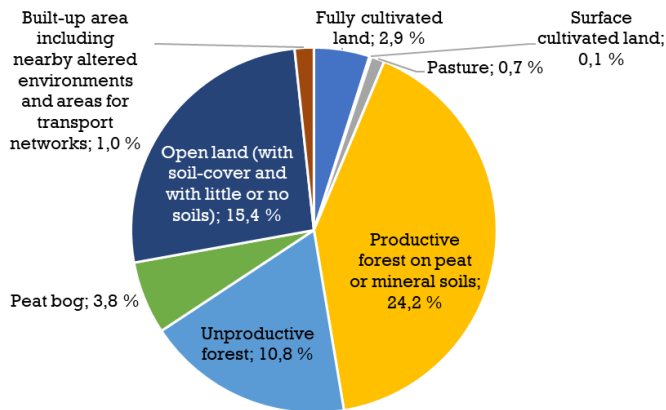
**Land use: Agricultural land and Forest land in selected countries. (The World Factbook - CIA)**

Land use	Agricultural land	Forest
Austria	38,4 %	47,2 %
Belgium	44,1 %	22,4 %
Denmark	63,4 %	12,9 %
Finland	7,5 %	72,9 %
France	52,7 %	29,2 %
Hungary	58,9 %	22,5 %
Iceland	18,7 %	0,3 %
Italy	47,1 %	31,4 %
Norway	2,7 %	27,8 %
Sweden	7,5 %	68,7 %
Switzerland	38,7 %	31,5 %
USA	44,5 %	33,3 %

Mainland Norway is situated between the 57th and 71th latitude. Cold climate makes the growing season short (106-159 days/yr). The area of cultivated land is less than three percent of the total land area. These areas are spread out between fjords and mountains in all the counties and almost all municipalities. The productions are diverse, as are the size of the farms. In Norway you will find agricultural production in all climate zones and in all types of landscapes.



**Land use in Norway (NIBIO)**



Norway has small areas of fully cultivated land, while areas of rough grazing (utmark\*) are substantially larger. The use of grazing in forests and mountains is an essential part of Norwegian food production. Grazing animals keep the landscape open and gives the meat a distinctive taste and quality. Every year, rough grazing provides Norwegian sheep, goats and cattle feed equivalent to a

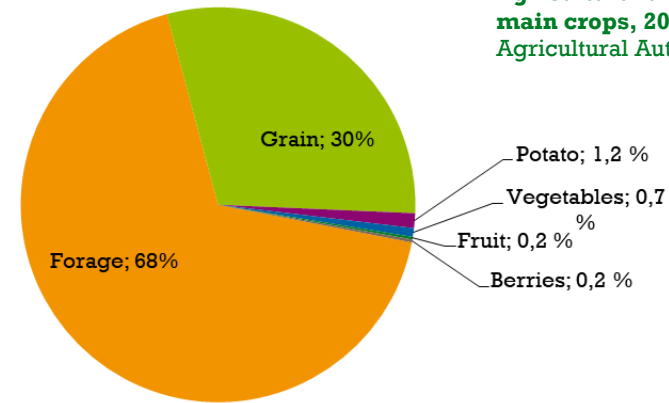
value of about 1 billion NOK. More than 50 percent of the feed in Norwegian sheep production comes from rough grazing. (in the *utmark*\*).

\*The Norwegian term *utmark* ("outlying land") covers all non-cultivated land used for rough grazing, hunting and recreational purposes, and can also include forested areas.

**Average number of acres of main crops per farmer, 2016 (Norwegian Agricultural Authority)**

Forage	205
Grain	266
Potatoes	64
Vegetables	95
Fruit	23
Berries	31

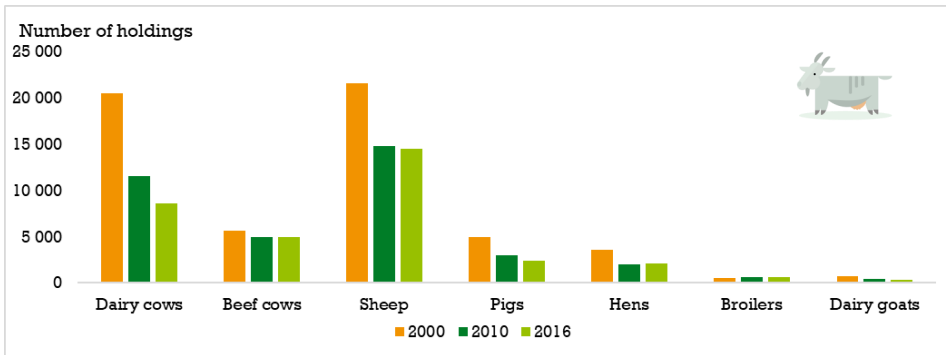
**Agricultural areas in Norway by main crops, 2015. (Norwegian Agricultural Authority)**



**Number of holdings and average size of land per holding (SSB)**



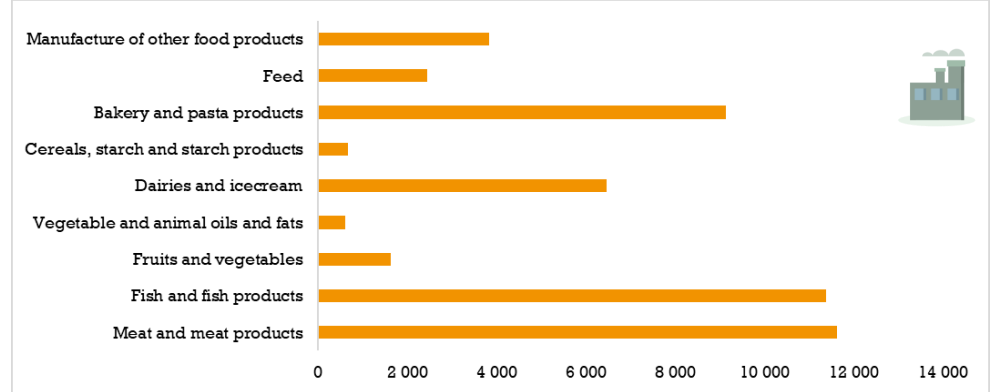
## Number of holdings with livestock (SSB)



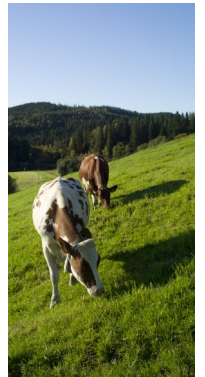
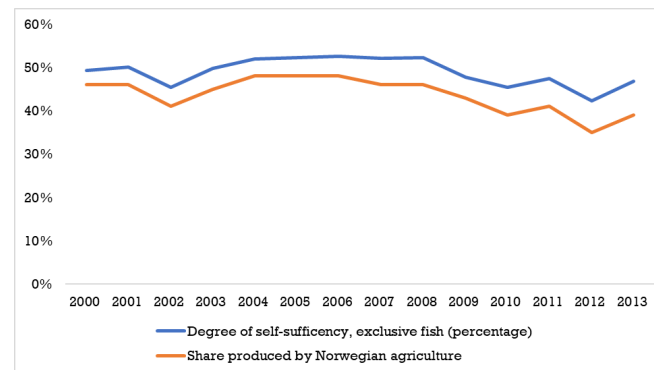
## Average number of animals per holding

Cattle	58
Cows total	23
Dairy cows	25
Beef cows	15
Sheep, more than 1 years old	62
Dairy goats	108
Pigs for breeding	80
Pigs for slaughtering	231
Laying hens	2 110
Kilo milk per cow per year	7 599

## Employment in food industry (SSB)

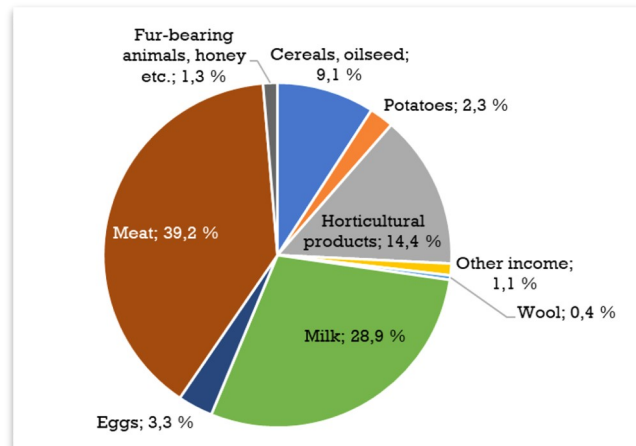
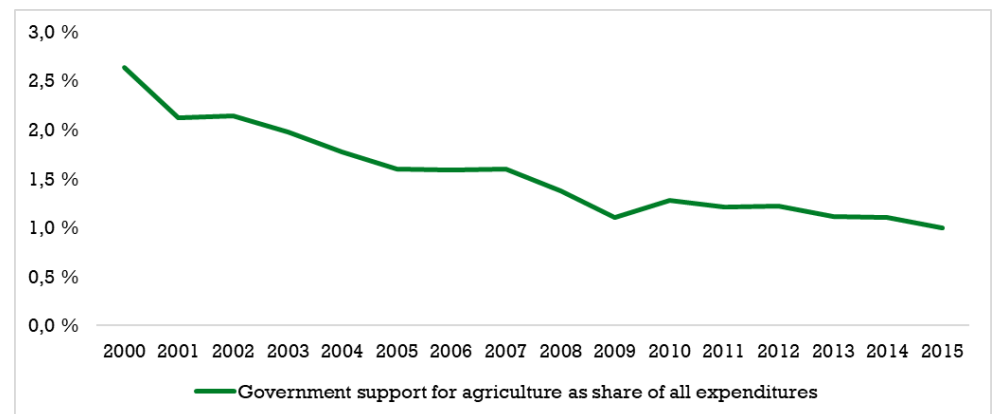


## Norwegian self-sufficiency in food over time (NIBIO)



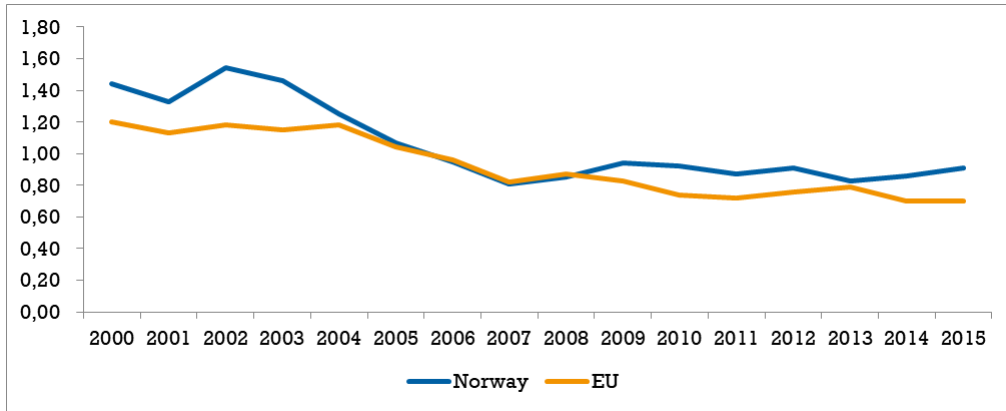
Vikhammer. Foto: TINE Mediebank

## Government support for Norwegian agricultural as a share of all expenditures in the National Budget (Gul bok)



Total income for the agricultural sector (production revenue and subsidies), by type of production. (Totalkalkylen for landbruket)

### The Percentage Total Support Estimate indicator (TSE %) (OECD)

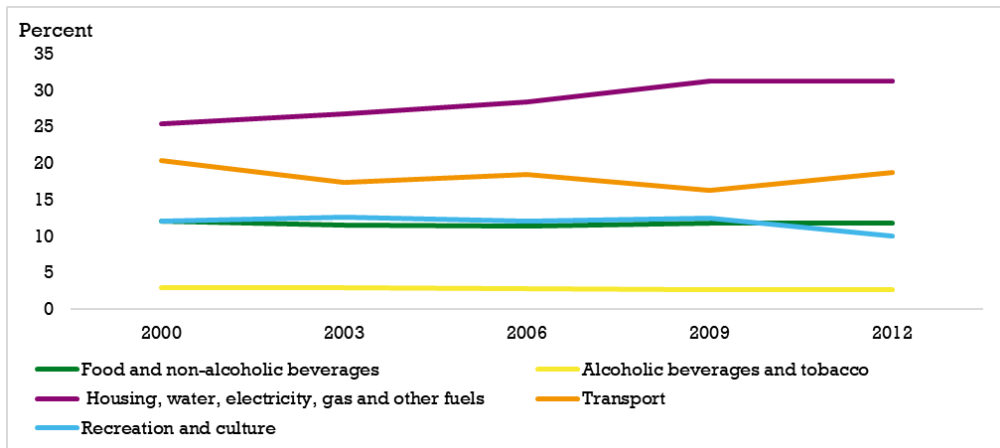


TSE represents the total of policy transfers to agricultural sector expressed as a share of GDP.

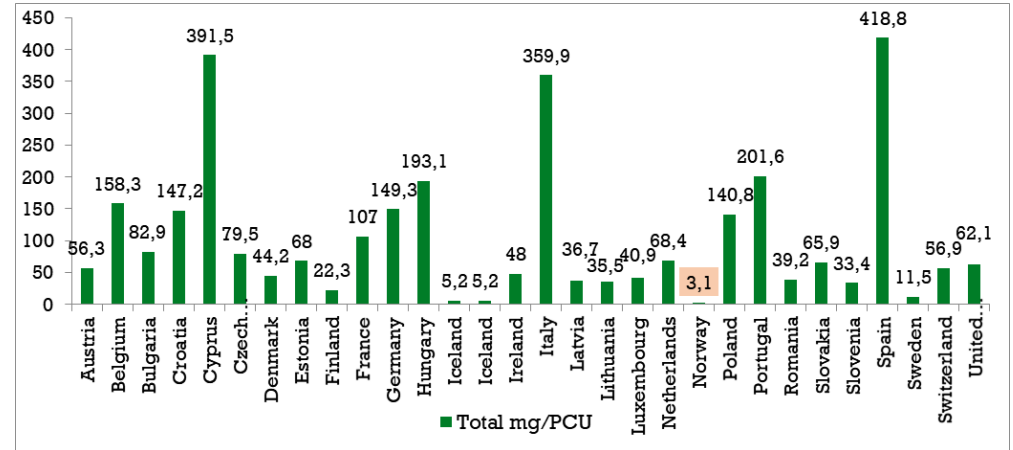


Valdres. Foto: TINE Mediebank

### Expenditure per household per year, by commodity and service group (Share of total consumption expenditure (per cent) (SSB)



### Total distribution of sales, in mg/PCU, of veterinary antimicrobial agents applicable mainly for food-producing animals by country, for 2014. (European Medicines Agency)



Norwegian animal health and welfare are among the best in the world. The topography limit the size of the farms, as the cultivated fields are small and spread out. When building barns there are requirements for space per animal, both indoors and outdoors. For cows there is a requirement of outdoor grazing for a minimum of two months a year, while the sheep are required to be out for a minimum of four months.

Norwegian agriculture is using the second lowest amounts of antibiotics in agriculture in Europe. This is the results of targeted cooperation between government, veterinarians and farmers for several years. Antibiotics are not given as a preventive measure, only in the case of sick animals. Healthy animals do not need antibiotics, and for years Norwegians have been breeding healthy and robust animals that are well adapted to our climate and conditions. Norway is the first country in the world with the goal of keeping their pig herds free from the antibiotic-resistant bacterium MRSA. This is important for public health.

In Norway the value chain from “farm to fork” is short, making it possible to demand a certain level of animal welfare and to make sure these demands are followed. Traceability and transparency at all stages of production provide a basis for trust and confidence in food produced in Norway. Norway has a national system for quality control (KSL) to ensure quality and safety for farmers, industry and consumers.

**Turnover and employment in the value chain for food in Norway.**  
( Landbruksbarometeret, 2017)

