I. INTRODUCTION: TRADE AND ECONOMIC POLICY

1. Norway’s trade policy is an inseparable part of its economic and foreign policies. The Government’s trade and economic policy is designed to promote sustainable economic growth and equitable distribution of the benefits of trade and economic growth to its population. A stable, rules based trading environment is of fundamental importance for Norwegian economic operators, and is part and parcel of global political stability.

2. Only through international trade can a high standard of living and the demands of the Norwegian population and businesses for a diverse supply of goods and services be met. More than 40 per cent of gross domestic product is exported, sufficient to allow for imports corresponding to more than 30 per cent of GDP.

3. In order to benefit from comparative advantages and economies of scale, Norwegian companies need to participate in markets extending well beyond the domestic one. Moreover, Norway’s open economy exposes domestic producers of goods and services to an increasingly globalised environment, and one of the Government’s key priorities is to strengthen the international competitiveness of Norwegian goods and service producers by ensuring that Norway’s business environment remains conducive to innovation, investment and growth.

4. Sustainable development is a governing principle for the Norwegian Government’s domestic and foreign policy, and the Government is committed to pursuing trade and environmental policies – including policies for climate change - that are mutually supportive.

5. Trade is not only essential to Norway’s own economy, but is viewed by the Norwegian Government as of key importance for global economic and political stability. Trade policy is therefore embedded in Norway's foreign policy. Norwegian public opinion attaches great importance to the integration of developing countries into the world economy, and the Norwegian Government makes particular efforts to assist the least developed countries (LDCs) in this regard.

6. The fundamental elements of Norwegian trade policy are:

   a. a stable multilateral rules based trading environment based on the WTO, complemented and supplemented by

   b. deeper regional integration through the European Economic Area with its EFTA/EEA partners Iceland and Liechtenstein and the European Union; and by

   c. free trade agreements with other important trading partners, primarily in co-operation with its EFTA partners Iceland, Liechtenstein and Switzerland.

7. Trade policy has increasingly become a topic for political debate in the public domain in Norway. In addition to the traditional debate on the economic merits of trade and development, increasing emphasis is being put on such aspects as health, environment as well as food and consumer safety. To ensure the continued support of the general public for the multilateral trading system of the WTO, the Government consults extensively at the national level with non-governmental groups, including representatives of trade and industry, labour, consumer and other interest groups. Such consultations necessitate and contribute to increased transparency around trade policy formulation in Norway. Norwegian trade policy continues to enjoy broad political support in the Storting (the Norwegian parliament).

8. Chapter II of this report gives a brief description of the Norwegian economic environment. In Chapter III, the Government sets out the broad lines of Norway's trade policy and its development since the last Trade Policy Review in 2004.

II. THE ECONOMIC ENVIRONMENT

(1) Economic growth

9. Since 1970, annual GDP growth has averaged 3.4%, or 3% for the mainland economy (excluding petroleum activities and ocean transport). Over the past four years, growth in mainland GDP has averaged close to 5%. This is the fastest economic growth over a four-year period since the 1960s. In 2007 growth in the mainland economy reached 6.2%, according to preliminary national accounts data.

10. In terms of contribution to GDP, the most important individual sector in Norway is petroleum and natural gas extraction at approx 21%. The contributions of the agriculture and fishing sectors have remained constant at less than 1% each, while the share of the manufacturing sector has slightly increased to 10.4%. The weight of the service sector as a whole has continued to increase, to around 66% of GDP in 2007.

11. The strong growth in the Norwegian economy since the turnaround in 2003 can be traced back to the interplay of several factors. Norwegian terms of trade – as measured by the ratio of export on import prices – improved markedly over the period 2004-2006. Spurred by strong growth in China and other emerging economies, prices for metals, crude oil and other intermediate goods that Norway exports have boosted in recent years, whilst prices on manufactured goods that Norway imports have declined. The improvement in terms of trade has contributed to higher profitability in export-oriented businesses and strong growth in households' purchasing power. Together with several years of low interest rates this has fuelled a significant increase in business investment and household demand. A steep increase in petroleum investments has also boosted domestic demand. The expansion in the mainland economy has caused record-strong employment growth, with the unemployment rate reaching a 20-year low. However, low imported inflation and strong increase in labour immigration has made it possible to maintain a high production level without the increase in prices and wages that might have otherwise occurred.

12. Growth in the mainland economy now seems to be slowing down. According to quarterly national accounts for the first quarter of 2008, growth in household consumption has dampened sharply and residential investments are declining. Growth rates in manufacturing industries and of exports of traditional goods have fallen. However, growth in petroleum investments is still vigorous. In the Revised National Budget 2008, growth in mainland GDP is estimated at 3.2% in 2008, indicating a fifth year running with growth above trend.

(2) Economic policies

12. General government finances are strong. The general government balance showed a surplus (net lending) of 18.5% of GDP in 2006 and 17.2% in 2007, primarily due to revenues from the petroleum sector. In the Revised National Budget 2008, the surplus for the year 2008 is expected to correspond to 17.9% of GDP. Net revenues from the petroleum sector are transferred to the Government Pension Fund – Global, which is the government's instrument for converting wealth from oil and gas reserves to a broad-based

portfolio of international securities. The Pension Fund is fully integrated into the Fiscal Budget, and the non-oil budget deficit is covered by an annual transfer from the fund. Thus, the change in the fund's capital corresponds to central government net saving. The market value of the Government Pension Fund – Global is estimated to reach NOK 2 316 billion or 92.8 per cent of GDP by the end of 2008, up from NOK 1 011 billion or 58.0 per cent of GDP at the end of 2004.

13. Fiscal policy is geared towards a gradual and sustainable increase in the use of petroleum revenues. The fiscal policy guidelines decouple the spending of revenues from the extraction of non-renewable oil and gas resources from the earning of the revenues. Central government revenues from petroleum activities are allocated to the Government Pension Fund – Global in their entirety, whilst withdrawals over time shall correspond to the expected real return on the Fund. Over time, the structural, non-oil budget deficit is to correspond to the real return on the Fund, which is estimated at 4 per cent. This fiscal rule is not applied automatically, and the actual implementation takes into account business cycle fluctuations around the medium term growth path. This enables fiscal policy to contribute to predictability, support monetary policy and facilitate stable development in the Norwegian economy. In a situation – as has been the case in latter years – where growth in the mainland economy is strong and well above trend growth, it is consistent with the fiscal rule to spend less oil revenues than the expected return on the Fund.

14. Long-term considerations also suggest that the spending of petroleum revenues should not be expanded too rapidly. Norway is at present in a period when demographic developments are relatively favourable from a government budget perspective. A high oil price and strong growth in the Fund capital means that a budget policy that adhered mechanically to the 4-percent trajectory would result in a steep increase in the spending of petroleum revenues over the next few years. The favourable demographic developments will soon be reversed, and the proportion of elderly people in the population will be increasing rapidly in the longer run. Long-term budget projections imply major fiscal policy challenges, even with the oil price remaining at a high level. Consequently, the return on the extra savings retained in the Government Pension Fund – Global will be put to good use when the growth in expenditure associated with an aging population starts to accelerate.

15. Monetary policy aim at stability in the domestic and international value of the Norwegian krone. Norges Bank´s operational implementation of monetary policy is aimed at low and stable inflation, defined as an annual increase in consumer prices that remains close to 2.5 per cent over time. The monetary policy shall also contribute to stabilising growth in output and employment, and to create stable expectations with regard to exchange rate developments.

16. The Norges Bank key policy interest rate was reduced by a total of 5¼ percentage points, to 1¾ pct., from December 2002 to March 2004. The interest rate stayed at this low level up to and including June 2005, and has thereafter been gradually increased. The key policy rate is currently 5¾ pct. (July 2008).

17. Through the Agreement on the European Economic Area (EEA) Norway takes part in the EU internal market. The Agreement provides for the free movement of goods, services, persons and capital among the three EFTA states parties to the EEA (Norway, Iceland and Lichtenstein) and the 27 EU member states. This participation provides a framework for Norway's structural policy in the fields *inter alia* of competition policy, state aid, and government procurements, as well as sectoral policies such as telecommunications and financial sector regulations. In the sectors covered, the same regulations apply for Norwegian and EU companies. The only economic sectors that are not fully integrated are fisheries and agriculture.

(3) Labour market and migration

18. Since 2000 there has been a strong rise in labour immigration to Norway. By the 4. quarter of 2007 approx. 273 000 immigrants worked in Norway (11per cent of the labour force). 22 per cent of them have a temporary stay in Norway. The number of permits issued to labour migrants tripled in the period between the enlargement of the European Economic Area (EEA) – due to the enlargement of the European Union – in 2004 and early 2008. By June 2008, about 91 000 EU citizens hold a valid permit. Close to ¾ of these permits are issued to citizens of the new member states, including Bulgaria and Romania. Norway still has transitional regulations in place for citizens of the new member states, which means that these migrants need to have a work permit to take employment, whereas nationals of other EEA members benefit from the free internal labour market.

19. High demand for labour and a gradual opening up of the labour market through changes in the immigration regulations has led to an increase also in the number of non-EEA nationals working in Norway. From 2004 to 2007 there was an 80% increase in the number of work related permits to citizens of countries that were not members of the EEA. The total number of new permits issued to labour migrants from non-EEA nationals, was close to 7000 in 2007.

20. A new immigration act was adopted by the Norwegian Parliament 15 May 2008 and is scheduled to become operative in 2010. The new law is more transparent than the old law with regard to the rights and duties of service providers that are independent professionals or contractual service suppliers. A separate act implementing *EU directive 2004/38/EC Free Movement of Persons*, which eliminates the present requirement of resident permits for EU citizens, was presented to the Parliament on 27 June 2008.

21. *Report to the Storting no. 18 (2007-2008) Labour migration* - signalling a positive attitude to labour migration in general - was approved by the Parliament on 17 June 2008. In the report the Government makes it clear that labour migration contributes to a more efficient labour market and enhanced value creation. It contributes to social diversity and cross-cultural understanding. The Government also made its intentions known to further change the immigration regulations to make it easier and quicker to acquire a work permit. In the future, four weeks should be the expected processing time.

(4) State ownership

22. The participation of the Norwegian State in the economy is extensive. Due primarily to the way the income from the petroleum sector is distributed; a large part of savings in the Norwegian economy takes place through the public sector. It is estimated that the State owned around one-third of the Oslo Stock Exchange capitalisation in January 2008. The State is a major shareholder in several of the larger commercial listed companies, but only in a very limited number of companies is the State sole owner. The State acts as an active, long-term owner, whose main aim is to contribute to the companies' long-term value creation and industrial development. The State's ownership also contributes to safeguarding the public interest in Norway's natural resources and the revenues there from. Furthermore it is part of the State's ownership policy that these companies – which have extensive international business activities – remain based in Norway.

23. Privatisation is not an issue for the present Norwegian Government, but the State may take part in structural transactions which can improve the activities of a company. Decisions to buy or sell are taken on a case-by-case basis, and usually depend on parliamentary approval.

24. State ownership has undergone a number of reforms since the turn of the century. The Norwegian Government has organised the management of its ownership in such a way as to keep the role of owner separate from the roles of policymaker, regulator and supervisor. The Minister of Trade and Industry exercises the ownership role in most companies where the State is involved, and The Ministry of Trade and Industry's coordinating role in managing ownership has been strengthened. This ministry now issues an annual report on the State's ownership (www.ownershipreport.net).

25. The State's exercise of its ownership is based on generally accepted principles for corporate governance, and on the division of roles set out in Norwegian company legislation. To enhance the transparency of State ownership further, a document on the Government's Ownership Policy was issued in 2007, setting out the Government's objectives for State ownership (www.ownershippolicy.net). Among other things, the companies must focus on research and development, the ability to restructure, gender equality, ethics and environmental considerations. The Board of Directors of each company is responsible for finding the right balance between these expectations, in a manner that furthers the interest of the shareholders as a whole.

26. A restructuring and merging of the two main Norwegian petroleum companies has left the State with 62.5 percent of the shares of the resulting StatoilHydro ASA, and with an intention to increase this to 67 percent.

III. TRADE POLICY OBJECTIVES AND DEVELOPMENT

(1) Facts on Norway's trade

27. Total Norwegian merchandize trade (imports plus exports) increased at an average annual nominal rate of close to 15 % over 2004-07; as a proportion of GDP, trade increased from 50.5 in 2004 to 55.5% in 2007. During 2004-07, exports represented on average 64% of total trade. The trade surplus was some US$56 billion in 2007 (compared to US$28 billion in 2003).

28. Although Norway has a highly diversified economy, its fundamental dependency on natural resources as the basis for its wealth remains. Norway has historically been a large exporter of commodities such as petroleum and natural gas, and processed mineral products like aluminium. In 2006 the value of primary products' exports represented 78.6% of total exports. Crude petroleum and natural gas remain Norway's most important export products; together they accounted for 56.8% of exports in 2007, compared to 55.6% in 2003. Within the food sector, Norway is one of the world's largest exporters of fish and fish products, which account for 4.5% of export revenues, whereas agricultural exports are minimal. The share of exports of manufactures (sitc 5-9) in total exports was 29.1% in 2007. The main manufacturing exports are aluminium, machinery and transport equipment, followed by chemicals.

29. The composition of imports remains stable. Close to 80% of Norway's imports were manufactured goods in 2007, which represents a small decline with respect to 2004. Amongst manufactures, machinery and transport equipment is the main sector, non-electrical machinery, automotive products as well as office machines being the top categories.

30. The direction of Norway's merchandise trade did not change significantly during 2004-07. Norway's main trading partners are still the members of the European Communities (EC25), which accounted for 81% of exports and nearly 68% of imports in 2007. The United Kingdom was the main export market for Norwegian products with 26% of total exports, followed by Germany, the Netherlands and France. Norwegian exports to both the Americas and Asia grew in value terms; however the share in total exports of the former declined to 10%, while the share of the latter grew to 5.6% in 2007.

31. The European Communities' (EC25) share of imports declined over the period under review, while the Americas' share, in particular Canada's, increased. Even though Asian products as a whole, particularly Japanese ones, lost market share, China's position increased to 6.0% in 2007, becoming the fifth individual provider of Norway, after Sweden, Germany, Denmark, and the United Kingdom.

32. Since the last Trade Policy Review, Norwegian service exports have grown faster than service imports. In particular, the shipping services sector has doubled its positive contribution to the balance of trade in services, which reflects the growing Norwegian owned fleet sailing under both Norwegian and foreign flags. After shipping services, financial and business services were the second most important service exported by Norway in 2007, representing almost a quarter of the total. Tourism services were the most important category of service imports, representing some 40% of the total in 2007.

(2) Consolidation of the legal framework

33. Norwegian customs legislation has been subject to a general overhaul and updating process since the last Trade Policy Review in 2004. A new Customs Commodities and Procedures Act[1], adopted by the Norwegian Parliament in December 2007, is scheduled entering into force as from 1 January 2009. The new Act is a technical revision of current legislation, consolidating current provisions on several levels in the domestic legal system, and implements customs rules and procedures found in international customs treaties to which Norway is a party.

34. The aim of the new legislation is to provide a transparent and systematic set of rules giving the full picture of Norway's customs and trade related legislation. The new act codifies relevant customs provisions and decisions made by the customs authorities over past decades, thus improving transparency and predictability for traders as well as citizens. The Customs Commodities and Procedures Act is available interactively on the public legal database (“Lovdata”).[2]

35. The new Act comprises both general administrative and penal provisions and specific customs related provisions, on such issues as customs territory, customs debt, customs control, customs declarations and procedures, customs relief, customs valuation, customs preferences, investigation and imposition of trade measures, classification of goods,

[1] Lov 21. desember 2007 nr 119 om toll og vareførsel
[2] http://www.lovdata.no/all/hl-20071221-119.html

preferential and non-preferential rules of origin, professional secrecy of customs officers and customs co-operation. As the new Act is principally a technical revision of current legislation, there are no substantial changes to customs procedure or documentation obligations since 2004, and the new customs legislation is not expected to alter import or export requirements. Applied tariffs remain unchanged.

36. New Regulations, comprising detailed implementing provisions based on the new Act, will enter into force at the same time as the Act itself. This regulation will encompass a vast number of other customs and trade related provisions on several issues, including customs valuation, classification of goods, preferential and non-preferential rules of origin. The Regulation will also be available interactively free of charge in the public legal database.

37. The consolidation of the customs legislation framework will provide improved legal certainty, due to the fact that the main part of the legislation will be found at the law level. Thus, traders and citizens will have the possibility of having their legal rights and obligations examined by national courts, according to the principle of rule of law.

38. When the Act and Regulations enter into force, the new consolidated legal framework will be subject to notification to the WTO, with necessary translations.

(3) Trade policy objectives

Norway remains strongly committed to the WTO as the primary basis for Norwegian trade policy

39. For geographical and historical reasons Norwegian trade largely takes place with our European neighbours. However, the global character of major Norwegian exports and imports - petroleum, energy intensive materials, international maritime transport and consumer goods – implies that the wellbeing of the Norwegian economy is directly linked to the overall health of the world economy. Thus, the primary focus of Norwegian trade policy is the multilateral trading system embodied in the WTO. Other elements of Norwegian trade policy, be they regionally through the EEA, EFTA or bilaterally are based on the fundamental principles of the multilateral trading system and must be seen as complementary and supplementary to our WTO commitments.

40. Norway was one of the founding members of the GATT in 1947 and remains strongly committed to the multilateral framework under the auspices of the WTO. The strong, rules-based system is the best guarantee against unilateralism and protectionism, and provides stability, security, transparency, and predictability for traders. Economic growth and development in all nations – and particularly in developing countries – depends on a strong, rules-based and fair multilateral trading system.

41. Norway firmly believes that the best way to meet the challenges facing an increasingly globalised world economy is to continue to develop the net of international agreements and rules in areas as diverse as trade, environment and security. As the primary vehicle of trade rules, the challenge of the WTO in this setting is trade policy negotiations aimed at maintaining, improving and strengthening the multilateral trading system and at gradually integrating all countries into the system.

42. Norway deeply regrets that it was not possible to reach agreement on modalities for Agriculture and NAMA in Geneva in July 2008. While any agreement will pose serious challenges for Norway, in particular in agriculture, we continue to maintain that a positive

outcome of the Doha Development Agenda (DDA) is essential for the global economy, for developing countries and for Norway. We thus remain strongly committed to completing the negotiations of the DDA as soon as possible; building on the substantial progress that has been achieved.

Norway sees regional trade arrangements and free trade agreements as being complementary to the multilateral regime by accommodating the need for deeper economic integration.

43. Norway will continue to pursue regional and bilateral agreements, in conformity with Article XXIV of the GATT and Article V of the GATS, in order to expand trade and economic co-operation with its partners and safeguard Norwegian business opportunities. By supplementing multilateral trade negotiations through the WTO, Norway pursues its trade policy along two main additional tracks:

    a. regional integration through the Agreement on the European Economic Area with its EFTA/EEA partners and the European Union; and

    b. free trade agreements, primarily in co-operation with its EFTA partners, Iceland, Liechtenstein and Switzerland.

The European Economic Area (EEA)

44. The Agreement on the European Economic Area (EEA) extends the internal market of the 27 EU Member States to three European Free Trade Association (EFTA) countries Norway, Iceland and Liechtenstein. The EEA Agreement covers the free movement of goods, persons, capital and services (the four “freedoms”).

45. With such close cooperation as is the case within the EEA – a complete internal market with identical rules and regulations for goods and services – it is inevitable that rules and regulations governing imports from outside the EEA will be similar and often identical. In this way the EEA also benefits traders who can operate on a single market of approx. 500 mill people.

46. However, the EEA Agreement is not a customs union. In respect of Article XXIV of the GATT and Article V of the GATS the agreement is a free trade area, and there is no common customs tariff. Multilateral trade policy in the WTO and trade policy vis a vis non-EEA countries remain the responsibility of the EU, Iceland, Liechtenstein and Norway respectively.

47. The scope of the agreement does not include the EU’s Common Agricultural Policy or the Common Fisheries Policy, although it contains provisions on some aspects of trade in agricultural and fish products. In fact, the most recent trade policy dispute in the WTO involving Norway was with the EU regarding anti-dumping measures against farmed Norwegian salmon.

48. As it is one of the primary objectives of the EEA Agreement to ensure equal conditions of competition, the substantive competition rules of the Agreement correspond to the relevant "acquis communautaire" in the EU. This covers rules concerning cartels, abuse of dominant positions, merger control, state monopolies and state aid, as well as public procurement. The Agreement also includes areas that have an impact on the competitive position of enterprises, such as consumer protection, environment, social policy (including health and safety at work, labour law and equal treatment of men and women), statistics

and certain elements of company law. Other fields of co-operation include culture, education, information services, and small and medium-sized enterprises.

49. A key feature of the EEA Agreement, which distinguishes it from most other free trade agreements, is its dynamic character. Its common rules are continuously updated by adding new EU legislation. This aspect is essential given the large output of Community legislation affecting the internal market. Each month, a number of EEA-relevant pieces of legislation are incorporated into the Agreement by decisions of the EEA Joint Committee. The Agreement provides for information and consultation procedures at all stages of the Community's decision-making process. As part of the internal Norwegian process in this respect, the question of the WTO conformity of the proposed legislation is routinely considered in all cases. The EFTA-EEA states ask for consultations on matters of concern, and also seek adaptations to Community legislation in its application to the EFTA countries when special circumstances call for this. Since the EEA Agreement entered into force, more than 6000 EC legal acts have been incorporated into it.

Free trade agreements

50. Since the early 1990s, Norway and its partners in the European Free Trade Association (EFTA) – Iceland, Liechtenstein and Switzerland – have established an extensive network of free trade agreements worldwide. Since 2004, Norway has signed agreements with Canada, Colombia, Egypt, Gulf Cooperation Council (Bahrain, United Arab Emirates, Kuwait, Oman, Qatar and Saudi Arabia), Korea, Lebanon, SACU (Botswana, Lesotho, Namibia, South Africa and Swaziland) and Tunisia. As of June 2008, the EFTA network consists of eighteen free trade agreements and five declarations on co-operation. EFTA is currently negotiating with Algeria, Peru and Thailand, and have agreed to start negotiations with India.

51. In addition China and Norway have agreed to start bilateral negotiations on a free trade agreement in the fall of 2008.

52. The free trade agreements cover trade in industrial products, fish and marine products as well as processed agricultural products. In addition, each EFTA country has concluded bilateral agricultural protocols with each of the partners. The bilateral agricultural protocols are an integral part of EFTA's free trade agreements. The free trade agreements also incorporate provisions on a number of other trade issues, such as competition, protection of intellectual property, services, investments and government procurement.

53. Several of EFTA's free trade agreements with developing countries take into account the different level of economic development in the partner countries by providing for an asymmetrical approach. In these kind of agreements, the EFTA States grant free trade from the date the agreement enters into force, while the partner countries can have transitional periods of tariff dismantling for certain sensitive products. This gives the partner country the necessary time to adapt their economy to free trade conditions.

54. Norway also takes part in the pan-European system of accumulation of origin, which will gradually be extended to the entire Euro-Mediterranean area. This represents an important step in facilitating preferential trade within this entire area.

55. In June 2008 the EFTA ministerial meeting agreed, at Norway's initiative, to establish a working group on trade and environment that will consider how environment may be approached in the context of EFTAs free trade agreements.

World trade must benefit developing countries

56. Norwegian trade policy towards developing countries plays a central role in the formulation of Norwegian foreign and development co-operation policy. Norway will continue to promote improvements to the multilateral trading system and encourage greater integration of the developing countries, especially the LDCs, by means of improved market access, transitional arrangements, technical and financial support and other measures.

57. Norway has also taken a number of specific steps to promote trade with developing countries by implementing improvements to its Generalised System of Preferences (GSP). Duty- and quota-free market access for all goods from all 50 Least Developed Countries (LDCs) was implemented already from 1 July 2002. From 1 January 2008 this scheme was extended to include 14 low-income countries that do not belong to the LDC group. This means that 64 low-income countries are now given DFQF market access into Norway for all their goods.

58. The changes in Norway's GSP from 1 January 2008 is the result of a comprehensive review undertaken by the Norwegian Government, with the aim of increasing Norway's imports from developing countries and in particular from the LDCs and other low-income countries. A basic consideration of the review was to develop a consistent GSP based on objective criteria for selecting the countries that are to be included and also for determining which countries are to be given duty- and quota-free access for all their goods.

59. The Government's review also led to a number of simplifications in the GSP scheme, and to increased emphasis on information and development cooperation as a part of Norway's Action Plan on Aid for Trade. Developing countries, and in particular the countries that are part of Norway's scheme for duty- and quota-free market access, are urged to make use of their trade preferences in order to increase their exports and trade relations with Norway. Further information can be found on the Norwegian Government's website www.regjeringen.no/ud.

(4) Aid for trade

60. Norway is an active participant in the WTO's work on aid for trade. In WTO's first Global Review of Aid for Trade in November 2007, Norway presented its "Action Plan on Aid for Trade" for the period 2008-2010.

61. Norway has for several years been a major contributor to the multilateral funds for trade related technical assistance (IF, ITC, JITAP, DDAGTF, ACWL, UNCTAD). In 2007, Norway donated NOK 10 million (USD 2 mill.) to the Doha Development Agenda Global Trust Fund, and is one of the principal contributors to this Fund since its initiation in 2002. Norway has also made substantial contributions to other WTO related activities (travel support to LDC representatives, WTO Public Forum, Standards and Trade Development Facility, Trade Facilitation Needs Assessment Trust Fund).

62. Norway increased its Aid for Trade budget by 50% with NOK 50 million from 2007 to 2008. The Action Plan focuses on three thematic areas: (i) good governance and the fight against corruption (comprising trade policy, trade facilitation, technical barriers to trade, and ethical trade), (ii) women and trade and (iii) regional trade. Priority is given to Africa and the least developed countries and the funds are channelled primarily through multilateral organisations as recommended by the WTO task force on aid for trade. The

Enhanced Integrated Framework (EIF) is of particular importance. Our concentration on these issues stresses the need for cooperation and coordination so that all important objectives can be achieved.

63. In line with the Action Plan on Aid for Trade, Norway will contribute actively towards ensuring an optimal monitoring and evaluation of results, on the basis of both the global monitoring mechanism and special Norwegian requirements for the utilisation of financial contributions. As an important part of the national monitoring process, Norway will have consultations with an advisory committee compromising representatives of civil society, academia and organisations. An assessment of Norway's aid for trade strategy will be carried out after three years, in 2010.

64. In 1998, Norway established the Norwegian Investment Fund for Developing Countries (Norfund) with the objective of reducing poverty through investments in the productive sectors in developing countries, in particular in the least developed. The capital of Norfund stood at approximately NOK 4.5. billion (USD 900 million) at its 10 year anniversary in March 2008. The investments of Norfund take place directly and indirectly through funds and local financial institutions. Several of its investments are focused on enabling developing countries to take advantage of trade opportunities. For example in a new project in Mozambique, Norfund has, together with its partners, set up a major banana exporter with 3000 ha in production, in a USD 50 mill. project. This plantation will be important in developing Mosambique as an important agricultural exporter in the Southern African region and is an effort of the large banana importers to diversify away from traditional regions.