

Governmental Financial Transfers to the Norwegian Fishing Industry: 1977-1996¹⁾

Ola Flåten and John Roald Isaksen

This paper reports on the main types of direct and indirect governmental transfers to the Norwegian fishing industry for the years 1977-1996. The term fishing industry is understood to include both the harvesting and processing sectors. In Norway's case, the latter often includes the fish export and distribution sectors.

Since the early 1960s, a General Agreement ("Hovedavtalen") has existed between the Norwegian Government and the Norwegian Fishermen's Association, ("Norges Fiskarlag", hereinafter sometimes referred to as "NFA"), regarding co-operation and support issues. The NFA was given the right to request negotiations concerning support to the industry whenever they expected the harvesting sector's profitability to be low. In practice, annual support agreements have existed since the General Agreement was first signed in 1964. Whenever the Government and the NFA reached an agreement on financial support, the Norwegian Parliament (Storting) had to approve it. Every year, sometimes every second year, the Government would publish a report to the Storting on the use and implications of the financial support.

However, the NFA negotiates with the Government on behalf of the total fishing industry. Fish product prices are more or less given in the world market, and the fishermen's raw fish sales organisations can, through legislatively-given rights, fix minimum prices for the first-hand sale of fish. Whenever the difference between the world market price and the first-hand price of fish was too low to cover the costs of the processing industry and the distribution sector, the Government would be requested to pay a price subsidy. Although the price subsidy was formally paid to the fish-harvesting sector, it is obvious that it benefited the total industry. This is also indirectly the case for the cost-reducing and social financial transfers paid to the Norwegian fishing industry. Without such transfers, the private cost of

harvesting would have been higher, implying higher first-hand prices for raw fish fixed by the sales organisations to cover fishermen's costs. The cost of raw fish amounted to as much as 60-70 percent of the processing industry's total costs of producing frozen fish products.

In addition to the above-referenced support, the National Fishery Bank (NFB) granted low-interest loans and other support to purchasers of new and used vessels for rebuilding and re-equipping of vessels, etc. The main content of these arrangements was made up from parts of the Annual Agreements between the Government and the NFA. The NFB was the administrative body responsible for handling loans, investment support, decommissioning schemes, etc. for the fishing fleet. Since January 1997, the NFB has been integrated into the Norwegian Industrial and Regional Development Fund.

This paper gives a summary display on the governmental transfers to the fishing industry as specified in the Annual Agreements and the arrangements administered by the NFB, and deals primarily with transfers formally paid to the fish-harvesting sector. The different support schemes are divided into categories specified by the OECD, referring to the nature of the transfer. Unless otherwise stated, all figures are based upon nominal accounting figures released in the reports to the Storting on the accomplishment of the support measures for the fishing industry, or on the activity of the NFB. An exception is article 1.6 b) where the mineral oil tax exemption is treated. Every calculation, from nominal to real figures, is based upon the annual average Consumer Price

Index as reported by the Statistics Norway, and real values are in 1996 NKr.

The Norwegian currency is noted NKr instead of the usual Nkr, and "White papers to the Parliament" is given the notation "Report to the Storting", according to the spelling of the central authorities.

Fishery Production Value

Introductorily, an outline of the value stemming from the Norwegian fishing industry will be given, and before the particular support schemes are visited, total governmental transfers will be set in relation with the first hand sale and the export value dating from this industry.

Total Sales Value

During the last 20 years, the total sales value of the Norwegian fish-harvesting sector has almost tripled, from a total of NKr 3,300 million in 1977 to a total of NKr 9,100 million in 1996. In real terms, however, the

picture is somewhat different: From almost 10,000 million in 1996 NKr in 1977, the tendency has been towards one of decreasing value throughout the 1980s. The 1990s, however, have shown a positive trend and, in real terms, the total sales value in 1996 was close to the 1977 level. Note that there was a severe crisis in the cod-fisheries during 1989-1991. Included in the total sales value in Figure 1 are: a) Registered values of fish, crustaceans, seaweed, etc. b) Income from sealing and whaling. c) Estimated value of non-registered catches. d) Estimated value of catches for private use. e) Freight services and other income.

Article a) constitutes about 90 percent of the total sales value, and includes price subsidies, whenever paid. The product fee²⁾ is also included, but not the fees to the sales organisations. Article b) does not include government support, and c) and d) are estimated by the Directorate of Fisheries and the Statistics Norway. From 1995 on, article e) was replaced with personal investments, repairs and maintenance work that must also, of course, be estimated.

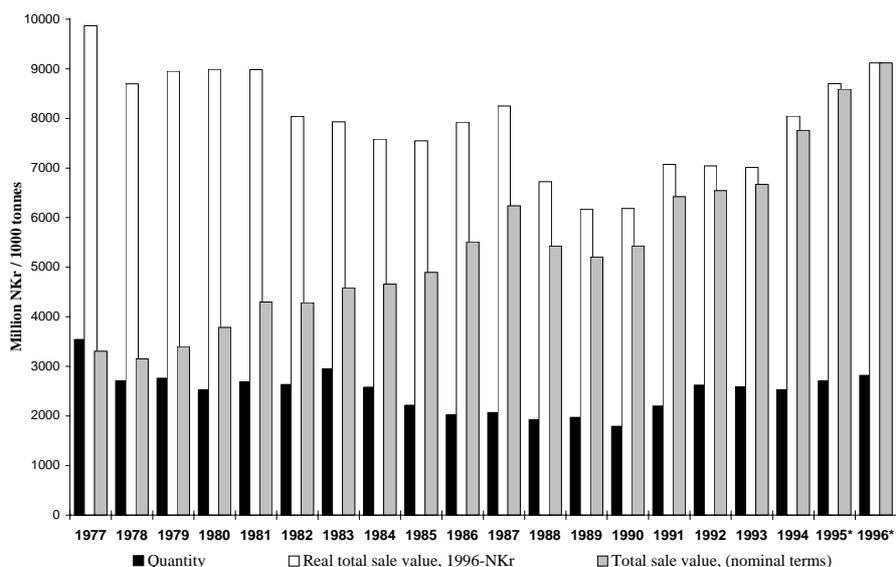


Figure 1 Total quantity (live weight) and sales value of the Norwegian fish-harvesting sector, 1977-1996. Nominal and real terms (1996 NKr) Sources: Fishery Statistics and Statistical Yearbook, Statistics Norway. Years labelled * show preliminary figures.

Value Added

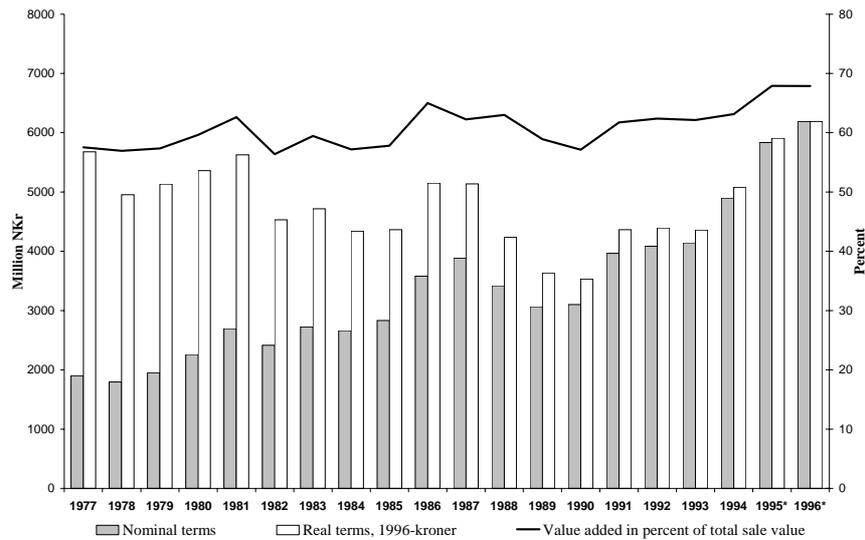


Figure 2 Value added in the Norwegian fish-harvesting sector, nominal and real terms (1996 Nkr) and in percent of total sales value, 1977-1996. Sources: Fishery Statistics and Statistical Yearbook, Statistics Norway. Years labelled * indicate preliminary figures.

The value added of the Norwegian fish-harvesting sector shows the same development as total ex-vessel sales value and has tripled during the period in question. The cost of inputs, depreciation excluded, increased from Nkr 1,400 million in 1977 to Nkr 2,900 million in 1996 (nominal terms). Fuel was the largest single component, and its proportion of total costs varied between 20 and 40 percent. During the period 1977-1996, the value added varied between 57 percent (in 1982) and 68 percent (in 1995) of total sales value.

Although in real terms the total sales value never again reached the 1977 level, value added did so in 1995, an indication that the fishing fleet had become more cost effective.

Figure 1 and Figure 2 show a fair estimate of the importance of the Norwegian fishing industry. Since they include subsidies, however, the overall illustration can be improved if total support is related to the income figures.

Figure 3 shows the real value (1996 Nkr) of the total governmental transfers to the

fishing industry, and this support is in relation to the total sales value and the total export value of harvested fish. The total transfers include subsidies under the terms of the Annual Agreement as well as financial support via the National Fishery Bank. Note that the price support is included in the total sales value. The product fee, paid by the fishing vessels/fishermen, can be considered a negative subsidy. However, no adjustment has been made for it in this paper. The total annual amount of the product fee varied between Nkr 62 million and Nkr 266 million during the period 1977-1994 (later years are not available), with the highest amount the last year. Finally, the export value is the one associated with the landings from the fishing fleet. Thus, the export value from aquaculture products is not included. The ratio of total support to export value resulting from the harvesting sector can be a better measure than the total ex-vessel value of catches, as the processing industry is also a beneficiary of parts of the support pursuant to the Annual Agreement.

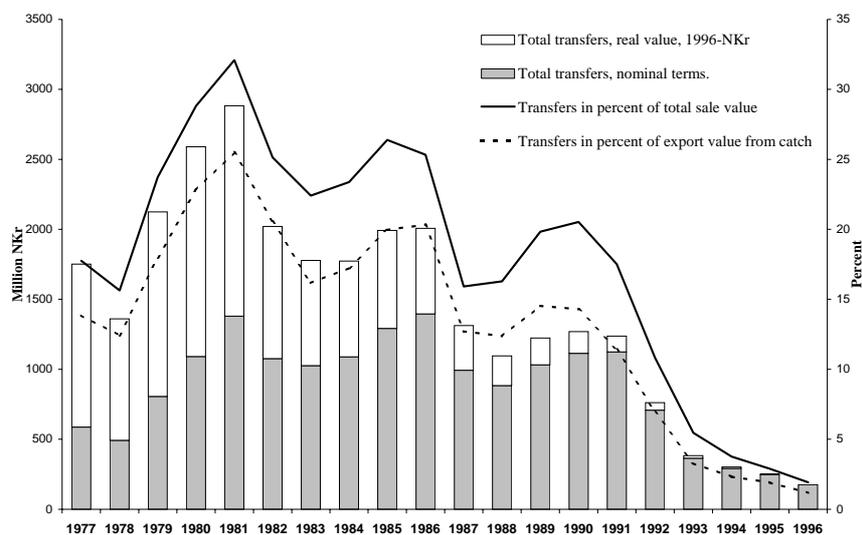


Figure 3 Total transfers to the fishing industry in nominal and real value terms (1996 Nkr), and its share of total sales value and export value of catch, 1977-1996. Sources: Reports to the Storting on the accomplishment of the support measures for the fishing industry, Statistical Yearbook, Fishery Statistics (Statistics Norway), and a special data set from the Norwegian Seafood Export Council.

Table 1 Annual average first-hand price and price support for cod, gutted without head, North and Northwest Norway - the district of "Norges Råfisklag", 1977-1996. First 6 years include spawning cod. Prices in Nkr. Source: "Norges Råfisklag": Annual Reports, 1977-1996.

Year	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96
Net price*	3.28	3.44	3.77	4.64	4.68	4.69	4.62	4.82	5.68	7.38	9.43	8.62	8.23	11.71	13.61	11.89	9.78	10.11	10.42	9.27
Price support	0.24	0.2	0.49	0.57	0.53	0.55	0.56	0.89	1.08	0.67	0	0.09	0.49	0.63	0.19	0	0	0	0	0
Ex-vessel price	3.52	3.64	4.26	5.21	5.21	5.24	5.18	5.71	6.76	8.05	9.43	8.71	8.72	12.34	13.8	11.89	9.78	10.11	10.42	9.27
Price support in percent of ex-vessel price	6.8	5.5	11.5	10.9	10.2	10.5	10.8	15.6	16.0	8.3	0	1.0	5.6	5.1	1.4	0	0	0	0	0

* To be paid by the processing industry.

Figure 3 shows that the total transfers increased through the 1970s, peaked in 1981, and decreased in later years as the industry became more profitable. International obligations have made a major contribution towards the reduction of support in the 1990s. The ratio of total transfers to total sales value varied between 32 percent in 1981 and 2 percent in 1996, whereas the ratio of total transfers to the export value varied between 26 percent in 1981 and one percent in 1996. In fact, allowing adjustments for the product fee described above,

the Norwegian fishing industry has been free of Government net transfers since 1995.

Revenue-enhancing Transfers

These transfers include market price support and various direct payments to the Fishing industry.

Market Price Support

Market price support has been one of the Annual Agreements' significant items; its share of the total Agreement varied from 75 percent in 1977 to 8 percent in 1993. The fishermen's sales organisations were granted authority to distribute the price support funds, although the support to some fisheries was dictated in the Annual Agreements. The actual price support varied according to the different fish species, sizes and product categories, and over time according to world market prices. For example: The price subsidy of cod within the region of "Norges Råfisklag"³⁾, depended upon whether the fish was to be used fresh, frozen, salted or dried. Table 1 shows the average price support per kg cod for the years 1977-1996.

Among demersal fish species, cod has traditionally been the most valuable. Compared to cod, other species including had-dock, saithe, tusk and ling, often received even higher percentages of price support.

Monetary Value of Market Price Support

Because of the complexity of the above-mentioned Annual Agreements, several measures other than proper price support will be included in the total price support. These subsidies to first-hand sales include support for transportation, packaging, long-term storage and double freezing, and as stated above: to some distinct fisheries. These are specially designed to support the fish processing industry in certain regions in order to reduce their costs. In the 1990s, these support measures are the only ones remaining after the abolition of the proper price support.

Figure 4 shows that the total real price support to the Norwegian fishing industry peaked in 1980, and that it was gradually reduced in the 1980s and 1990s.

The marked fall in the total price support from 1986 to 1987 was because the Norwegian Fishermen's Association and the Government failed to reach an agreement that year. Consequently, the "Parliament" dictated the support. The declining price support

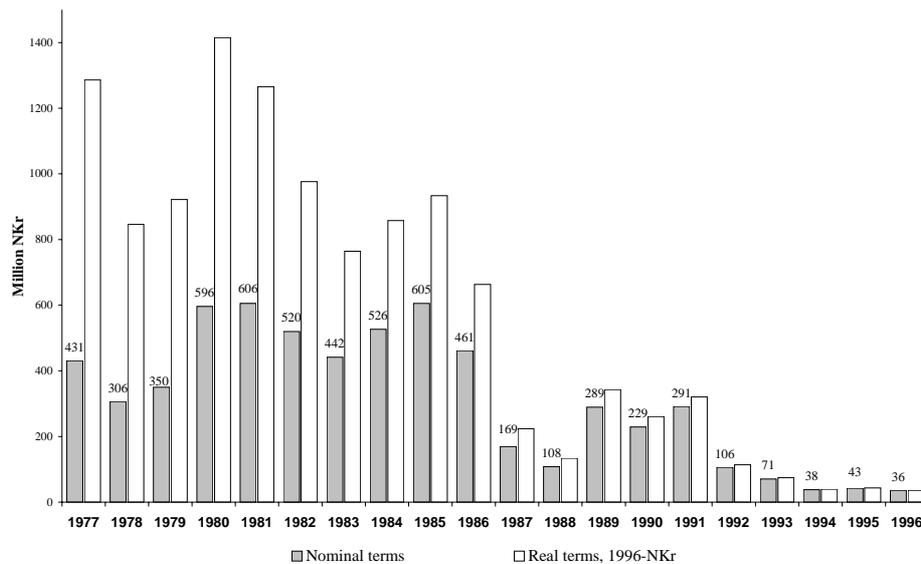


Figure 4 Total price support to Norwegian fisheries under the Annual Fishery Agreements, 1977-1996. Includes price subsidies, transport support, support to special low-income fisheries, support for long-term storage and double freezing. Nominal terms and real value, 1996 Nkr. Source: Reports to the Storting on the accomplishment of the support measures for the fishing industry.

after 1991 was due to international commitments, mainly through the EFTA⁴⁾- and the EEA Agreement. In fact, price support has not been an applied measure within Norwegian fisheries since 1993. What remains, is some transport support. Sometimes the fishermen are the beneficiaries, while at other times the processing industry is assigned this support to transport raw fish from areas with excess supplies to areas with excess demands. The other remaining form of "price support" is distinct support to certain fisheries with particularly low earnings. These include fisheries for crab, coastal prawn, coastal sprat, coastal mackerel and fjord herring in some regions, which receive support to maintain the fishing industry in these areas.

Direct Payments Based upon Production or Sales level

There have been no permanent governmental transfers based upon the level of production or sales in Norway. However, in 1978, 1979 and 1988, liquidity loans totalling NKr 120 million were granted to the fishing fleet. Further, for the years 1989 to 1992, NKr 105 million was granted as liquidity support.

This was meant to assist the fleet during a difficult period, and was given to vessels that, through debt reduction, refinancing or rebuilding could restore profitable year-round operations. In 1981, 1982 and 1991, NKr 108 million was given to reduce fishing fleet debts. In addition, in 1980 and 1981, wet-fish trawlers were given a fund of NKr 12 million to reduce operating costs. Moreover, for the years 1991 and 1992, NKr 1.5 million was granted as an operating guarantee for distant water fisheries. Most of these measures were under the supervision of the National Fishery Bank.

Direct Payments per Vessel

The major portion of the subsidies for industry structural change is comprised of decommissioning grants to reduce capacity. Such grants have been given to coastal vessels, purse seiners, whaling boats, industry trawlers, etc.

Figure 5 shows the financial transfers for decommissioning and structural changes within the fish-harvesting sector for the period 1977-1996. For these years the Government transferred a total of NKr 1,200 million (nominal terms) to improve the.

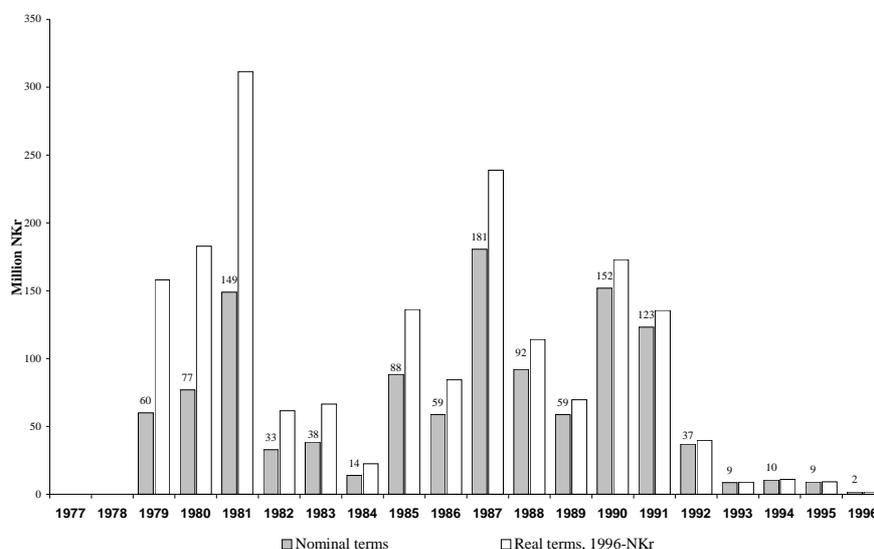


Figure 5 Governmental transfers for decommissioning and structural changes within the fishing industry, 1977-1996. Nominal and real terms. Source: Reports to the Storting on the accomplishment of the support measures for the fishing industry.

structure of the fishing fleet in order to reduce overall capacity. In addition, Nkr 300 million was transferred to the processing industry for the same purpose during the period in question.

Income-based Direct Payments

In recent years, *income-based direct payments* have been among the major expenditures under the Annual Agreement. These include income guarantee compensation, vacation support and unemployment insurance for fishermen. The fishermen's guarantee fund, ("Garantikassen for fiskere"), have administered all of these schemes. These have been partially financed under the Annual Agreement, and partially by the product fee as accounted for in Note 2. The *vacation support* is partly financed by a vacation duty (2 - 3 percent of reported income from fisheries) and partly by governmental support under the Annual Agreement. The *income guarantee compensation* is to assure a minimum income for fishermen during periods when fisheries fail, either partly or entirely. The total governmental transfers to social schemes for fishermen are shown in Figure 6.

The high figures for the years 1989 to 1992 in Figure 6 are partly a result of transfers concerning the co-ordination of the *income guarantee compensation* and the *unemployment insurance*. This measure constitutes between 30 and 70 percent of the total amount, respectively. In 1986, Nkr 40 million was granted to increase the expected low earnings due to poor prospects in the cod and capelin fisheries. The reduced support in the mid-1990s was probably due to improved profitability of several Norwegian fisheries.

Cost-reducing Transfers

Under this category, various forms of cost reducing transfers to the fishing industry are identified.

Transfers Related to Productive Capital

The National Fishery Bank (NFB)⁵ was the administrator of the National Investment.

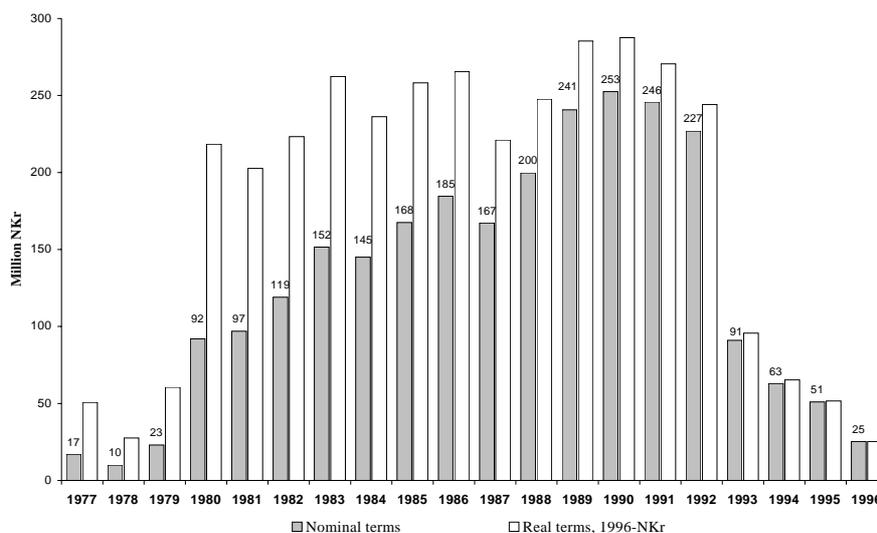


Figure 6 Total governmental support of fishing industry social schemes, nominal and real terms (1996 Nkr), 1977-1996. Includes income guarantee compensation, vacation support and unemployment insurance. Source: Reports to the Storting on the accomplishment of the support measures for the fishing industry.

Scheme for fishing vessels. It was also responsible for executing various arrangements according to the Annual Agreements, *i.e.* supporting the purchase of purse seiners to North Norway and the export of vessels from Norwegian fisheries. In addition, various liquidity loans and debt restructure arrangements for the fishing fleet were financed through the Annual Agreements.

The NFB's main objective was to give first priority mortgage loans for up to 70 percent of the purchase price of new vessels. In addition, the authorities instructed the NFB to give second priority and benefit loans to the fishing fleet and the fish processing industry. A major alteration within funding of fishing vessels occurred in 1986. Since then, a distinction was made between loans to new vessels and for major rebuilding of vessels, and to loans for other purposes such as the purchase of used vessels, fishing gear and for minor rebuilding of vessels. The former arrangement was called the *Interest Subsidy Arrangement*⁶⁾, and included measures such as building loans, contract- and investment support.

The total sum of loans during this period fluctuated between NKr 1,000 million in 1977 and NKr 1,500 million in 1996, peaking in 1989-1990 at NKr 2,800 million. The average market interest rates for most of the period exceeded those of loans from the NFB. The reduction of the sum of loans in the 1990s has been a result of higher NFB interest rates as compared to commercial bank rates. The first- and second priority and benefit loans amount to approximately 80, 13 and 7 percent of the total amount of loans, respectively. The value of support through the NFB lending programmes has to be calculated. First, the NFB's interest rates were lower than the market rates during most of the period. Indirectly, this was a governmental transfer, since NFB's low interest rates were due to the solidity of the State, from which other industries did not benefit. Second, the NFB's main objective was to give first priority mortgage loans for up to 70 percent of the purchase price of new vessels. The responsibility for second priority and benefit loans⁷⁾ was assigned to the authorities, which had to bear the asso-

ciated costs that exceeded the ability of the NFB. Therefore, the bank received contributions for this activity on several occasions by means of direct governmental transfers. Thus, in this calculation of transfers to productive capital, the difference between the average market rate of interest and the NFB interest rate (of first mortgage security) is regarded as a subsidy. In addition, all direct transfers in settlement of second priority and benefit loans, including interest support and other investment support schemes, are included.

Figure 7 shows the average market rate of interest and the interest rates of the NFB for 1977-1996. It exhibits that the average market rate of interest exceeded the rates of the NFB in all years prior to 1992. These interest rate margins contributed to a noticeable subsidy in favour of the NFB customers. This, however, changed in 1992-1993.

The black components of the bars in Figure 8 show the direct governmental transfers to the NFB. These are easily accessible in the reports to the Storting, no. 3 (all years): "National Accounts"⁸⁾. The grey components show support from the bank to the fishing vessel owners for the construction of new vessels and for major rebuilding of old ones. The shipyards also received support, but these subsidies are not included in these figures. The support to vessel owners commenced in 1986 and included support for investments, interest, contracting and building loans. Finally, the white components show the calculated interest support.

The calculated interest support was negative in 1992, but has been made equal to zero in this Report for the period covering 1992-1996. However, the calculated negative values of the NFB rates are significant and amounted to as much as NKr 41 million in 1993, with only minor numbers the following years. The investment scheme for fishing vessels in North Norway (included in the black part of the bars) amounted to a total of NKr 28 million over the years from 1989 to 1991. Transfers to cover the losses of the NFB are not included in Figure 8. For 1991-1996, these transfers totalled NKr 334 million.

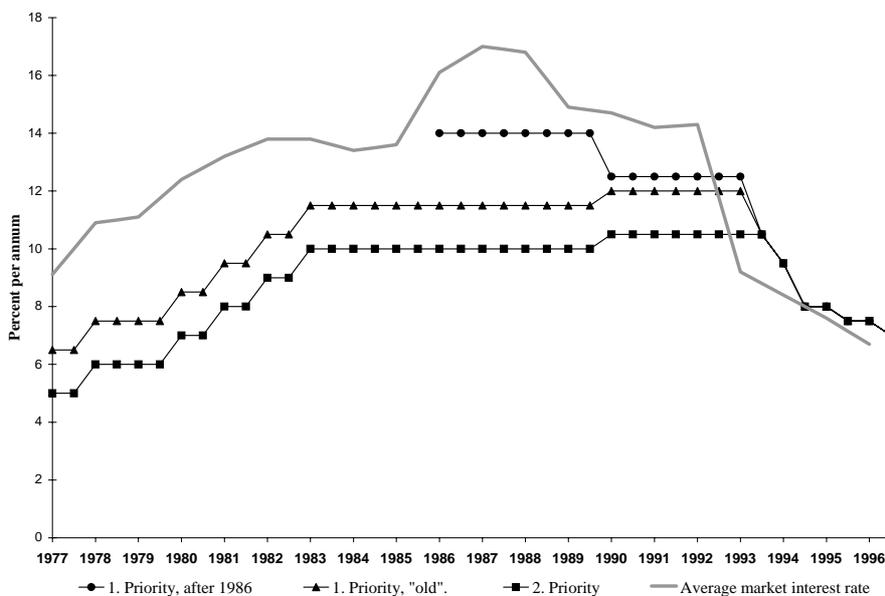


Figure 7 The annual average market rate of interest and the interest rates of the National Fishery Bank, 1977-1996. Sources: Reports to the Storting on the activity of the National Fishery Bank, Statistics Norway and Bank of Norway.

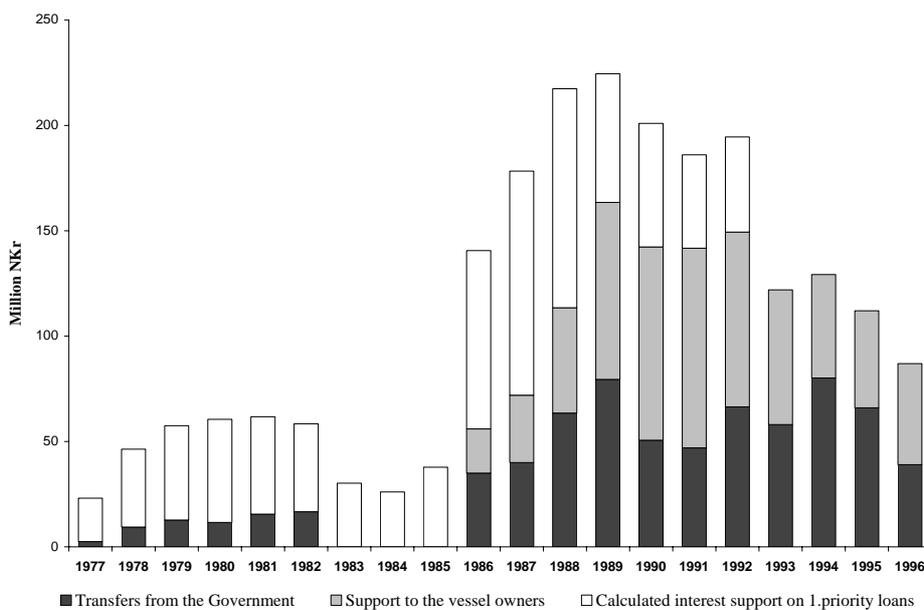


Figure 8 Total lending subsidies related to productive capital, 1977-1996. Includes transfers from the Government, support to vessel owners and calculated interest support on first priority loans. Sources: Reports to the Storting on the activity of the National Fishery Bank, and reports to the Storting no. 3; "Statsregnskapet" (the National Accounts).

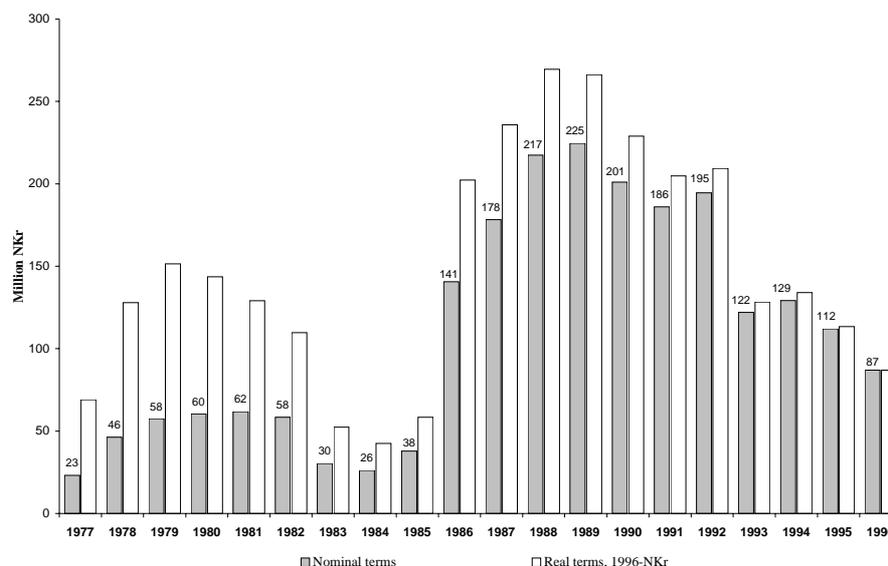


Figure 9 Total lending subsidies of the National Fishery Bank, nominal and real terms (1996 Nkr), 1977-1996. Sources: Reports to the Storting on the activity of the National Fishery Bank, and reports to the Storting no. 3; "Statsregnskapet" (the National Accounts).

Figure 9 shows the total lending subsidies related to vessel capital during 1977-1996 in nominal and real terms (1996 Nkr). Although the capital subsidies of the NFB have historically been small compared to the Annual Agreement support, they amounted to nearly the same figure during 1993-1996.

Transfers Related to Intermediate Inputs

Within this category, the following can be identified under the Annual Agreements:

- Insurance subsidies.
- Support for operational costs.
- Compensation for excise duty on petrol.
- Support of long-line baiting stations.
- Subsidies to reduce bait prices and transportation support for bait.
- Compensation for net damage caused by seals.
- Subsidies to reduce prices of fishing gear.
- Interest deduction for liquidity loans.

The major expenditure group within these transfers was support for operational costs, which existed during 1980-1988 and amount-

ed to Nkr 210 million. This support was granted to the shipowners, depending on operating time on sea, vessel size and type of gear employed. The total operating subsidy could not exceed 12.5 percent of the value of catch. Bait subsidies were the second largest, with a maximum of Nkr 60 million in 1982. Together with subsidies for baiting stations, this was the longest lasting support scheme. In 1984, Nkr 55 million was granted in the form of insurance subsidies, an arrangement that ended in 1993. The petrol duty compensation was roughly Nkr 3 to Nkr 10 million annually and was assigned from 1983 to 1986. In 1987, Nkr 21 million was given as seal damage compensation; usually, however, this support was less than Nkr one million per year. Extensive support, almost Nkr 40 million, was granted for fishing gear, a scheme that ended in 1982. The interest deduction for liquidity loans, Nkr 17 million in 1991, existed only one year.

Figure 10 shows that the greatest support was granted in the early 1980s, with diminishing allowances the following years. If real values (1996 Nkr) were investigated, the 1981 amount would be as high as Nkr 710 million, with the years 1977-1987 rang-

Figure 10 Transfers related to intermediate inputs, different categories, under the Annual Agreement. Source: Reports to the Storting on the accomplishment of the support measures for the fishing industry.

Table 2 Estimated revenue loss for the Government, due to refunding CO₂-tax for the coastal fisheries and mineral oil tax exception for distant waters fisheries, and excise rates for mineral oil duty in the period 1989 - 1996. Source: The Ministry of Finance and Commerce, the Fishermen's Guarantee Fund (personal information) and SSB.

	1989	1990	1991	1992	1993	1994	1995	1996
Total loss ¹⁾	117	184	322	268	184	178	209	241
Of which refunded CO ₂ -tax to the coastal fleet ¹⁾	44	38	63	82	74	83	91	114
Basic-fee ²⁾	0.21	0.31	0.32	(^{0.32/0.17})	-	-	-	-
CO ₂ -tax ²⁾	-	-	0.30	0.30	0.40	0.41	0.415	0.425
SO ₂ -tax ²⁾ (for each commenced 0.25 percent weight share)	0.025	0.05	0.07	0.07	0.07	0.07	0.07	0.07

¹⁾ In million NKr.

²⁾ In NKr.

Other Cost-reducing Transfers

Of other cost-reducing transfers, NKr 10 million was granted to the sealing industry in the years 1992-1996. This amount was divided between the sealers and seal processing plants. Whalers received only minor support. In the years 1992-1996, a total of NKr 3.5 million was paid as support of joint venture companies in the coastal fleet.

General Services paid by Central, Regional or Local Governments

To give a concise figure of the amount of general services provided to the fisheries, including costs associated with fisheries management and research paid by the authorities, requires a time- and work-consuming effort. There are, however, estimated figures in earlier governmental reports. In report to the Storting no. 58 (1991-1992): "On the structure- and regulation politics towards the fishing fleet", the calculated costs of managing the fisheries in 1991 were approximately NKr 500 million. Half of this was related to the Coast Guard's surveillance activities. The other half was comprised of research, advisory work and administration carried out by the Ministry of Fisheries, the Directorate of Fisheries, the Institute of Marine Research, municipal fishery committees and

others. As related to the total sales value of the landings, management constituted 9 - 10 percent. It is believed that this proportion increased from 2-3 percent from the early 1970s, due to increased regulations and, therefore, surveillance, enforcement and research. The founding of the 200-mile EEZ in 1977 represented a major turning point, followed by international management negotiations and obligations. Throughout the 1980s, the pursuit of sustainable levels of fish stocks made it necessary to introduce new quota regulations, which in turn increased the need for administration, control and research.

Epilogue

The Norwegian fishing industry has undergone substantial changes in the period investigated. The total number of registered fishing vessels was approximately halved from 1977 to 1996. This was mainly due to a vast reduction in the number of open vessels; the number of decked vessels increased with about 1,000, from 7,600 to 8,650 in the period. The number of fishermen was also reduced, but not to the same extent as the number of vessels. 22,358 fishermen had fishing as a sole or main occupation in 1983, while the corresponding number in 1996 was 17,087. In addition, 6,300 persons had fishing as a secondary occupation in 1996. At the same time, the development in the

fish stocks of major economic importance for the Norwegian fishing industries has fluctuated heavily. The Northeast Arctic Cod stock declined until 1990 but have in the later years shown a rapid increase, to a point where the estimated stock level in 1996 was the largest in 30 years. However, the prospects for the years to come are not so optimistic. The Barents Sea Capelin fishery was not conducted during the years 1987-1990 and from 1994 up to present, due to very low estimates of the stock. In recent years the stock size of the Norwegian Spring Spawning Herring has reached a historical peak: the 1996 catch was as big as in 1950 with 1.3 million tonnes, and with favourable prognosis for years to come.

These "explanatory variables" must be emphasised when governmental transfers in the last 20 years are analysed. In addition, some other support schemes, such as the shipyard support, indirectly benefit the fishing industry are controlled by other Governmental offices than the Ministry of Fisheries, and they are therefore not included in this paper. According to the Annual

Agreement, the NFA could demand negotiations for support whenever the ability to remunerate capital and labour in the harvesting sector was lower than the earnings in other industries. It has been claimed that the extent of the support has been relatively independent of the profitability of the industry, and rather has accompanied the revenues of the State, especially related to the income from the petroleum industry and the price of oil, (see for example Hannesson, 1996). However, the support can be viewed as necessary in order to minimise the social costs of restructuring the fishing industry in a period where the relative decline of the primary industries, compared to the secondary and tertiary industries has been substantial.

The aim of this paper has been to provide a descriptive analysis of the transfers to the fishing industry. However, the analysis of the causes and effects of the Governmental transfers remains, and is left to future research.

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Notes

- 1) This paper is based on a report with the same title prepared for the Royal Norwegian Ministry of Fisheries, as their contribution to the Organisation for Economic Co-operation and Development (OECD), Fisheries Committee.
- 2) The product fee is a duty on first-hand sale of fish paid by the fishermen/vessels in settlement of certain Social Security arrangements. For later years (1992-1994), it constituted 3.6 percent of the total ex-vessel value of fish. By February 1998, the figure was 3.5 percent, and plans exist to co-ordinate this fee with the ordinary payroll tax, paid by other Norwegian industries.
- 3) "Norges Råfisklag" is the sales organisation for demersal fish in North and Northwest Norway. It is the largest sales organisation as regards both geographical limitations and shares of total landings. Today, seven sales organisations exist, where one attends to pelagic fish species only. Fifteen years ago, however, the total number was thirteen.
- 4) The EFTA Agreement concerning free trade for fish committed Norway to phase out, by the end of 1993, all Government assistance that could distort the competition.
- 5) The NFB was shut down effective 1 January 1997, and its activity and obligations were transferred to the Norwegian Industrial and Regional Development Fund. Accordingly, subsidised loan agreements that are not regionally defined are to be phased out due to international obligations.
- 6) After a minor revision in 1990, this was modified from interest subsidies paid over several years to a one-time contract support payment.
- 7) The NFB's ordinary activity involved lending with first mortgage security in the object, so-called first priority loans. The authorities instructed second priority and benefit lending tasks. Capital was supplied to the NFB

when the ordinary activity was unable to carry the expenses related to second priority and benefit loans. Benefit loans were interest free and irredeemable the first 5-10 years.

- 8) What is reported, are the account figures in Chapter 2414, Items 70 to 75. These were *interest covers* for benefit- and second priority loans (1977-1982 and 1986-1996), *support to fishing vessel contracts* that received interest support (1986-1996), *interest support for ordinary loans* (1986-1996) and *investment support* to fishing vessels north of Troms County and in Finnmark (1989-1991). However, transfers to cover losses and administrative expenses are not included, inasmuch as these accumulate in every bank.
- 9) In Proposition to the Storting no. 1 (1987-88): "Government Taxes and Excise Dues", and in a letter from the Directorate of Customs and Excise to the Ministry of Finance and Commerce, dated 8 January 1987, fishing vessels in distant fisheries are for the first time proposed exempted from paying the mineral oil duty. However, it is stated that this is only a natural prolonging and formalisation of the practice that already existed. The scheme may therefore have existed for a length, outside the knowledge of the proper authority.