

Voluntary Report – Voluntary - Public Distribution

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Report Name: Norway Extends Support to Businesses During the COVID-19 Crises

Country: Norway

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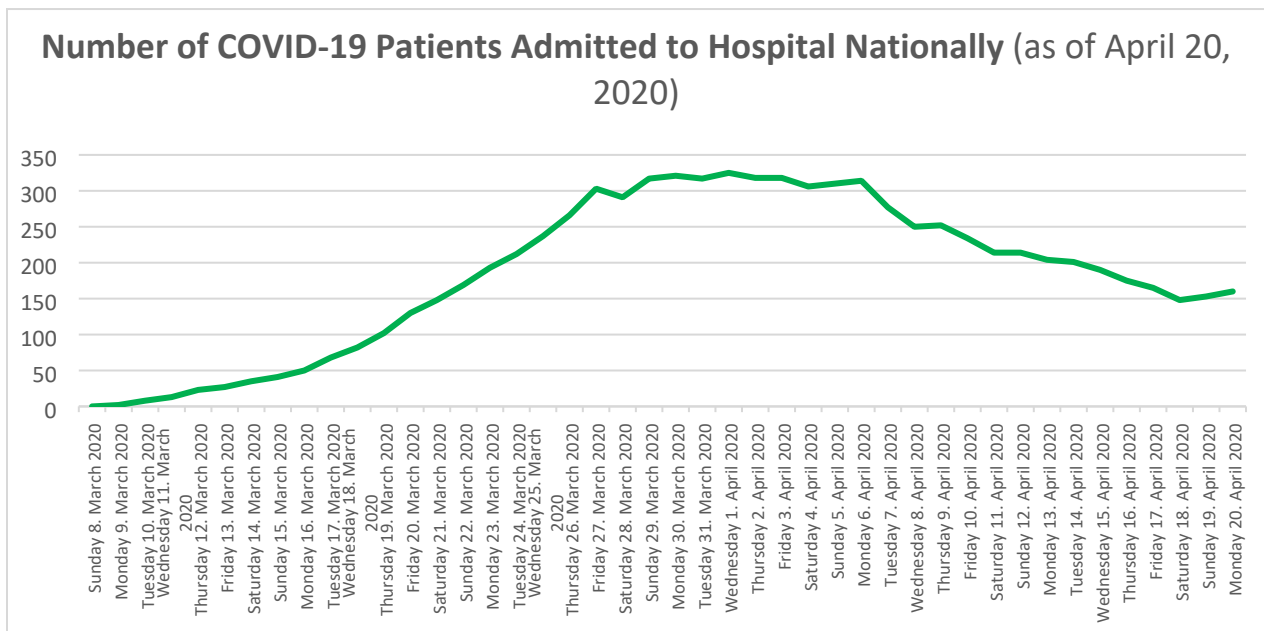
Approved By: Christopher Riker

Report Highlights:

The government of the Kingdom of Norway has announced a number of measures to help businesses that have been adversely affected by the coronavirus (COVID-19) pandemic. Herein we consolidate publicly available information on some of the support measures that will be extended to Norwegian businesses.

In December 2019, an outbreak of a new coronavirus (COVID-19) disease was reported in Wuhan, China. On February 26, 2020, the first patient was diagnosed with COVID-19 in Tromsø, Norway. Since then, thousands have been infected.

In response, the government has been emphasizing hygiene rules, encouraging individuals to avoid person-to-person contact, avoid groups of five or more, and to maintain 2 meters of physical distance from individuals you do not live with (known as social distancing). No visitors are allowed at nursing homes and other institutions for vulnerable groups, and most bars, restaurants and other establishments serving food and drink are closed (except for those that serve food, are able to ensure that a distance of at least two meters is maintained between customers and personnel, and can meet basic infection control requirements). By taking these approaches, the government was hoping to make it more difficult for people to infect one another.



Source: <https://www.helsedirektoratet.no/statistikk/antall-innlagte-pasienter-pa-sykehus-med-pavist-covid-19>

With the decline in the number of new hospitalizations, Norway’s child day care centers, primary school classes for pupils in years 1–4, and out-of-school care programs are re-opening, and, towards the end of April, the Government will lift the ban on people staying at their holiday properties. Moreover, psychologists, physiotherapists, skin-care specialists, hairdressers, and other businesses, where there is one-to-one contact, will be allowed to resume operations provided they follow the requirements for infection control measures. In addition, the Government will re-open upper secondary schools for second- and third-year pupils who are following vocational education programs, provided it can be done in a way that meets infection control guidelines. However, bars and most restaurants will continue to keep their doors closed.

The government has developed several measures to mitigate the economic effects of the outbreak. Some of the programs relevant to the agricultural sector include, but are not limited to:

1. The Norwegian Ministry of Labor and Social Affairs is working on an [amendment](#) to Norway's immigration regulations to allow foreign workers already in Norway to receive a residence permit extension. The coronavirus situation is causing challenges as closed borders and quarantine restrictions have led to a shortage of foreign workers. The problem is particularly serious in the fruit, berry, and vegetable sectors, which need support from several thousand seasonal workers throughout the year. This measure is expected to provide some relief to the sector.
2. The Ministry of Justice and Public Security has adopted [amendments](#) to the regulations relating to rejection of foreign nationals without a residency permit. One will allow nationals of European Economic Area countries¹ to enter Norway if they are to work in a sector where there is a critical need for labor, including the agricultural sector.
3. The central government has also developed a compensation program for [enterprises that experience a revenue fall of at least 30 percent due to the coronavirus outbreak](#).² The compensation amount will depend on how much revenue has dropped, the size of unavoidable fixed costs, and whether the enterprise has been ordered by the state to close.

Enterprises ordered by the central government to shut down will have up to 90 percent of their unavoidable monthly fixed costs covered (calculated as follows: reduction in revenue x unavoidable fixed costs x adjustment factor of 90 percent). Companies not required to close, but which still have a revenue reduction of 30 percent or more (20 percent in March) will receive compensation (calculated as follows: reduction in revenue x (avoidable fixed costs – own share of NOK 10,000) x adjustment factor of 80 percent). The lower limit for compensation is NOK 5,000 (\$472). The government envisages an upper limit of NOK 30 million (\$2.8 million) per month per enterprise and a higher upper limit for corporate groups, provided such an arrangement can be approved by the EFTA Surveillance Authority (ESA).

4. The government will defer NOK 14 million (\$1.3 million) in taxes affecting the Norwegian brewery industry.³ Payment of the alcoholic beverage tax, the non-alcoholic beverage tax, and the beverage packaging tax will be postponed until June 18, 2020. This measure serves to improve the liquidity of businesses subject to the taxes.
5. The NOK 100 million (\$9.4 million) horse racing tax (totalisatoravgift) will be suspended for 2020.³ As a consequence of the coronavirus situation, horse racing events in Norway have not

¹ The European Union, Iceland, Lichtenstein, and Norway.

² For March, the rate will be 20 percent, because Norway's infection control measures were first introduced on March 12, 2020.

³ <https://www.regjeringen.no/en/aktuelt/additional-financial-measures-to-mitigate-the-economic-effects-of-the-coronavirus-crisis/id2696548/>

been allowed since March 12. This has led to a decline in Norwegian Rikstoto's⁴ revenue, which, in turn, could lead to reduced support to the Norwegian horse industry. In order to keep the horse racing tax from limiting Norsk Rikstoto's ability to distribute support in 2020, suspension of the tax is proposed for 2020 as of January 1, 2020.

6. The government will extend NOK 20 million (\$1.9 million) in response to the reindeer industry grazing crisis.³ The crisis is due to deep snow and ice covering grazing lands and preventing the reindeer from obtaining sufficient food by natural grazing. During negotiations on the reindeer herding agreement for 2020/2021, the industry's emergency contingency fund was increased by NOK 10 million (\$950,000) as a result of the situation. The crisis has persisted, and applications submitted to the emergency contingency fund have exceeded the fund's balance. If no action was taken, a large number of animals reportedly may have died of starvation. The funds will be used to pay for crisis measures such as procurement and transport of supplemental feed.
7. The government will extend the existing crop damage program for agriculture to include crop failure due to labor shortages.⁵ This will give Norwegian growers a sense of security and compensation if they were not able to harvest the crops in 2020. The change in the crop damage scheme shall apply to fruits, berries and vegetables, and the reason for the failure to harvest must be linked to restrictions in the flow of labor as a result of the corona pandemic.
8. The Ministry of Agriculture and Food has proposed to reallocate funds from the agricultural agreement under the Agricultural Development Fund (LUF) - forestry (Chapter 1150 post 50 - forestry) to a new temporary plant subsidy. This is being done to help ensure forest planting in the spring of 2020 and to offset the cost of planting due to COVID-19 restrictions.⁶

Additional information on support programs being offered by the government can be found online at: <https://www.regjeringen.no/no/tema/koronavirus/id2692388/>. The Norwegian government is expected to continue to monitor the business climate and extend additional support mechanisms, as it deems necessary.

Attachments:

No Attachments.

⁴ The country's horseracing monopoly.

⁵ <https://www.regjeringen.no/no/aktuelt/ny-risikoavlastning-for-grontproduzentene/id2696696/>

⁶ <https://www.regjeringen.no/no/dokumenter/horing---skogplanting/id2696888/?expand=horingsbrev>