



Minister Siv Jensen
Norwegian Ministry of Finance
Postboks 8008 Dep
0030 Oslo

December 4, 2017

Appeal to Halt Imbalanced *Product Tax* Implementation Pending Essential Consequence Analysis

Dear Minister Jensen,

AmCham Norway is deeply concerned about the dramatic tax increase recently proposed for non-alcoholic beverages, chocolates and some confectionary products. While we understand that fair taxation is an essential means of public funding, taxes should be applied to the broadest possible base to minimize market distortions and facilitate a predictable and fair business environment – in accordance with sound national fiscal policy.

At the same time, we appreciate the government's responsibility to promote healthy lifestyles amongst its citizens. Over the past 15 years, joint public-private sector initiatives have helped achieve a substantial reduction in sugar consumption amongst Norwegians. Further private-sector innovation has also significantly contributed to this continuing positive trend.

Now, with such dramatic tax increases proposed, internationally oriented companies – employing thousands of Norwegians and making considerable long-term investments in local production facilities – are necessarily reevaluating such joint initiatives, as well as the scope of their Norway-based operations going forward. Bluntly, reputable companies acting in good faith have been deceived.

The current government has regularly highlighted the importance of Norway maintaining solid and predictable business frameworks to promote a healthy, growing and investment-friendly economy. As explicitly stated by the IMF, it is fundamental that taxes are transparent, non-discriminatory and designed to avoid adverse substitution. This proposed legislation, where implementation is to take effect one month after its introduction, fails these basic criteria on all counts.

Non-transparent

The foundation for such increases is unclear and, hence, non-transparent. The punitive increases, on varying product categories, indicate an arbitrary fiscal practice incompatible with sound national fiscal policy.



Discriminatory

Such tax increases are inherently discriminatory as they intensify the burden on a selected set of product categories, while other interchangeable categories remain either untaxed or taxed at a comparably low level. This is very likely in breach of EEA agreements as confirmed by legislative professionals. This factor alone should mandate reversal of the proposed legislation.

Adverse substitution stimulated

Such taxes do not prevent adverse substitution to other categories containing the same or higher calorie/sugar content. Furthermore, cross-border commerce will be significantly skewed in favor of non-Norwegian retailers and producers.

In the final analysis, hastily negotiated tax proposals – with little consideration of economic impact – are a threat to sound national fiscal policy. **We therefore strongly encourage the government to halt proposed product tax implementation while key stakeholders undertake an essential consequence analysis.** The substantial collaborative efforts already underway between the Norwegian government and industry warrant no less.

We appreciate your consideration and eagerly look forward to your input on this important, time-sensitive matter.

Sincerely,



Jason Turflinger
Managing Director

cc: Minister of Health and Care Services, Bent Høie
Minister of Trade & Industry, Monica Mæland
Standing Committee on Business & Industry, Stortinget

AmCham Norway – one of 117 worldwide AmChams accredited by the US Chamber of Commerce in Washington D.C. – represents the interests of 240 American, Norwegian and international member companies.