



## AMERICAN CHAMBER OF COMMERCE IN NORWAY

### **Food and Beverage Industry Position Paper**

In support of the competitiveness of the Norwegian economy, this position paper addresses areas for improvement within the Food and Beverage industry and related regulations. A key thread throughout is the necessity of partnership for improving **predictability**, incentives for **sustainable production**, and a well-functioning public-private **collaboration** on behalf of public health. These three areas are crucial to an attractive and internationally competitive economy.

AmCham is a not-for-profit, member-led organization working toward the improvement and strengthening of bilateral trade and business relations between Norway and the US. On behalf of our international member companies, we work to increase the attractiveness of Norway for international investment, production, and innovation.

#### **Predictability**

Central to any thriving and competitive economy is predictability. Mercurial shifts, such as those exhibited in 2018, abruptly increased tax on confectionaries and alcohol-free drinks by 83% and 42% respectively. Later reversed in 2018 and 2020, these changes signalled a volatile business environment. The rapid implementation and levels of these increases were a red flag for companies looking to invest, and a blow to the food and beverage industry domestically.

AmCham Norway welcomes the Norwegian government's decision to reverse the confectionary tax to consumer price adjusted 2017 levels in the 2019 national budget and the agreement to reverse the non-alcoholic beverages similarly in the 2020 revised national budget. This signals to both domestic and international actors that the government has a reaffirmed interest in ensuring a stable business environment. Future changes to the Norwegian tax code should be more transparent, with ample communication between government and industry in order to allow for successful adjustment.

Also of increasing concern for industry is the sharp increase in border trade over the past decade, further adding to the need to revisit tax levels. Sweden, where most of Norway's border trade occurs, has neither a reciprocal product tax nor packaging tax. Reduced Norwegian tax levels on food and beverage products would significantly reduce border trade and increase domestic employment across industries.

#### **Sustainability**

A sustainable agenda has been crucial both to AmCham Norway and our members, leading to a cross-industry Sustainability Forum focused on promoting, encouraging, and devising how companies can most effectively enact sustainable practices. Central to this Forum is the food and beverage industry, which has demonstrated significant achievements in building environmentally responsible, innovative business practices aimed at reducing waste and increasing the use of reusable materials.

AmCham supports policies aimed at increasing the efficiency and efficacy of sustainable agendas. One such policy is the current beverage packaging tax scheme that considers the high rate of return



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of bottles. This successful initiative rewards and encourages positive, sustainable actions by removing the tax burden when achieving 95% return of recyclable bottles.<sup>i</sup>

Adding to this incentivization, AmCham strongly encourages a reworking of the current packaging tax into a material tax, with a proposed adjustable tax rate dependent upon the composition of packaging. We believe that this would promote the use of innovative materials and rPET in packaging by helping to offset the large cost difference between recycled and virgin materials.

Alignment on goals between public and private sectors would decrease the fragmentation of sustainability initiatives and allow for significantly improved results. Clear communication of expectations and agendas would promote common agendas, greatly benefiting all stakeholders and ensuring widespread support of sustainability efforts.

### **Collaboration**

Cooperation between public and private sectors is crucial to encouraging a robust economy that is aligned upon societal goals. This is highlighted through direct foreign investment, widespread dissemination of information, and scaling of supporting programs. For this reason, AmCham Norway urges close and open communication between the public and private sectors to achieve thoughtful, transparent policies that encourage positive societal progress.

In the food and beverage sector, agreements between industry and health authorities can lead to significant results. Over the past decade, for example, the average Norwegian citizen's sugar intake has decreased by 27%,<sup>ii</sup> due in part to a decrease in sugar included in drinks and an increase in sugar-free alternatives. Sugar-free alternatives now represent a 61% market share for alcohol-free drinks.<sup>iii</sup>

Another example can be seen in the quick service industry, where a single chain of country spanning restaurants serves 35 million visitors annually.<sup>iv</sup> This translates all minor changes directly into major impacts. The establishment of multi-use coffee cups, reduction in the use of plastic straws, or introduction of marine-waste trays, to name a few member company initiatives, have a much greater outcome due to their collaborative, wide-scale implementation.

AmCham asserts that the corporate community is enthusiastic about coordinating with government entities to increase the effect of these broadly impactful, sustainable, and strengthening initiatives that will benefit all. To encourage this collaboration, it is of the utmost importance to prioritize transparency and quality of communication over expediency.

### **Conclusion**

The food and beverage industry in Norway has made great strides and investments toward a healthier, more sustainable future. To encourage this work and foster growth in this sector, it is crucial that the public and private sectors strengthen their communication. Honesty and transparency are vital to supporting businesses in Norway and central to attracting more investment.

AmCham Norway applauds the Norwegian government's push toward a healthier population and more sustainable packaging policies. Establishing a strong, collaborative relationship between public and private sectors would further these goals and increase the competitiveness of the Norwegian economy. Together, we can achieve world-leading results on behalf of our citizenry.



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<sup>i</sup> "Avgift På Drikkevareemballasje," Skatteetaten, 2020, <https://www.skatteetaten.no/bedrift-og-organisasjon/avgifter/saravgifter/om/drikkevareemballasje/>.

<sup>ii</sup> "Sukkerforbruket i Norge Historisk Lavt," Helsedirektoratet, November 19, 2019, <https://www.helsedirektoratet.no/nyheter/sukkerforbruket-i-norge-historisk-lavt>.

<sup>iii</sup> Hege Ramseng, "Norsk Brustrend Vekker Oppsikt i Europa: Over 60 Prosent Sukkerfritt!," Drikkeglede, May 26, 2020, <https://www.drikkeglede.no/aktuelt saker/norsk-brustrend-vekker-opsikt-i-europa-over-60-prosent-sukkerfritt-article4017-262.html>.

<sup>iv</sup> "Bærekraftrapport 2018-2019, McDonald's & Food Folk Norge," January 2019, [https://www.mcdonalds.com/content/dam/no/nfl/NFL\\_NO/contentimages/pages/documents/barekarft.pdf](https://www.mcdonalds.com/content/dam/no/nfl/NFL_NO/contentimages/pages/documents/barekarft.pdf).

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