

Why Norway?

Summary

Area: 385,252 km²

Population: 5.267 million

Population growth rate (change): 1.4%

Population density: 14.2 people per km²

Urban population: 80.5%

Capital city: Oslo (population: 658,390; metropolitan area 1.7 million)

Language: Norwegian; Sami (1.3%)

Government: Parliamentary constitutional monarchy

Religion: Christian – Lutheran (75.2%); Catholic (2.4%); Islam (2.4%)

Currency: Norwegian Krone (NOK)

Nominal GDP: US \$370.4 billion

Real annual GDP growth: 1.0%

GDP per capita: US \$70,391.6

Annual inflation rate: 3.6%

Unemployment rate: 4.5%

General government gross debt: 33.2% of GDP

Fiscal balance: 2.9% of GDP

Current account balance: 4.6% of GDP / US \$17.0 billion

Exports of goods to UK: £13,123 million

Imports of goods from UK: £3,240 million

Inward direct investment flow: US -\$4.2 billion

Exports + imports as share of GDP: 72.1%

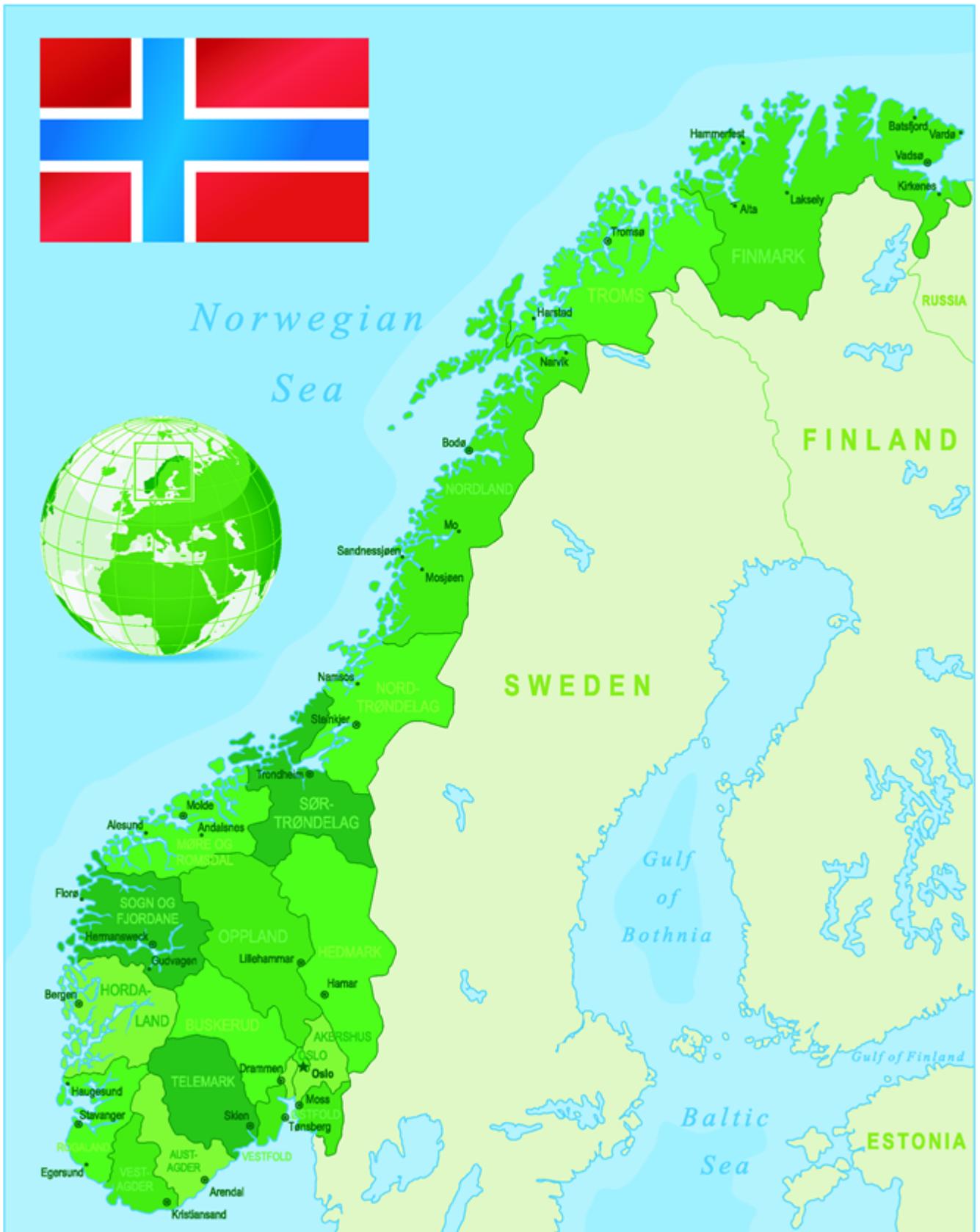
Membership of international groups/organisations: Arctic Council, European Free Trade Association (EFTA), International Monetary Fund (IMF), Interpol, NATO, Nordic Council, OECD, Organisation for Security and Co-operation in Europe (OSCE), Schengen Convention, UN and all the organisations of the United Nations family, World Trade Organization (WTO).

[Source – mostly FCO Economics Unit, Apr 2017]

Geography

Norway is one of the world's most northerly countries, located in North-Western Europe on the edge of the Scandinavian Peninsula. It has an elongated shape with a land border to the east with Sweden, and in the northeast with Finland and Russia. To the south across the Skagerrak Inlet lies Denmark, and to the southwest is the North Sea, to the west the Norwegian Sea and in the Arctic North, the Barents Sea.

Norway's terrain is predominantly mountainous, and its rugged coastline is made up of around 50,000 islands and numerous steep-sided inlets or fjords. The capital, Oslo is located in the south of the country above the Skagerrak Inlet, and the far north of the country lies above the Arctic Circle. The average elevation is 460m and 32% of the land lies above the tree line, and includes a number of glaciers.



General overview

Norway is a wealthy, open and mixed economy which is primarily service and manufacturing-based. English is very widely spoken and the UK holds a strong economic relationship with Norway and currently stands as the fourth-largest source of Norway's imports.

Norway possesses extensive reserves of petroleum, natural gas, minerals, lumber, seafood and fresh water, and is the largest producer of oil outside of the Middle East.

Like its Nordic and Scandinavian neighbours, Norway ranks highly on the World Economic Forum's Global Competitiveness Index and possesses high Human Development Index (HDI) indicators.

Norway boasts a sophisticated and affluent consumer market and currently has the fourth-highest per capita income in the world.

As a member of the European Economic Area (EEA) and European Free Trade Association (EFTA), Norway is also a commercial gateway. It offers easy access to the growing northern European markets of the Nordics as well as Germany, Poland and the Baltics. It is a regional hub with excellent, high-quality air, rail and road networks.

Doing business in Norway is similar to doing business in the UK and if your product or service is successful in the UK, it is likely you will be successful in Norway.

Government overview

Parliament

The system of parliamentary rule means that it is the Parliament (the 'Storting') that determines the composition of the Norwegian Government. Parliament introduces legislation, authorises public spending, imposes taxes and controls the work of the Government. There are 169 elected Members of Parliament. Parliamentary elections take place every four years using a proportional representation system. There are no by-elections, nor is there any constitutional provision to dissolve the Storting between elections. The most recent parliamentary elections took place on 11th September 2017.

Government

The minority coalition between the Conservative Party and the Progress Party (centre-right) won a second-term under the Conservative Prime Minister Erna Solberg in the recent elections in September 2017, with the opposition Labour party maintaining its position as the largest single group in parliament. Norwegian Governments tend to be minority or coalition governments, led by either Labour or one of the centre-right parties.

Political priorities

Domestically, the government has been prioritising tax reform, including lowering business tax, and diversification away from the economy's reliance on the vast oil and gas sector, as well as investing heavily in infrastructure. The new administration will likely choose to address other priorities for 2017 and beyond, such as:

- employment
- climate and energy policy
- the High North
- education and research (both domestically and within humanitarian aid)
- humanitarian aid – the humanitarian budget increased by more than 50% under the previous government
- regional consolidation of public services

International relations

The Norwegians are active on many global issues, particularly conflict resolution, counter-terrorism, development assistance and climate change. They are a committed NATO member, and see the alliance as central to their national defence. Although not an EU member, Norway aligns with many EU foreign policy positions, including on sanctions. Norway participates in the EU single market through the EEA Agreement.

In current times of political and economic change, Norway's relationships with the UK and the EU remain as important as ever.

Europe is vitally important for Norwegian trade and Norway works hard to influence EU policy where it can. Norway is also a leading aid donor providing 1% of GDP to official development assistance (ODA) and is active in international peace and reconciliation processes.

[Source – FCO Overseas Business Risk/gov.uk (June 2017)]

Economic overview

Norway is part of the Nordic and Baltic region and is the fourth largest country in Europe. It is a sophisticated and established market, having a long and trusted trading relationship with the UK. It has an educated and technologically-advanced society looking for high-quality products and services.

Oil and gas exports and related services, energy-intensive industries and manufacturing, fisheries and shipping keep Norway in the top ten-highest per capita wealth in the world, although the Norwegian economy has been negatively affected by the fall in oil prices.

Although the Norwegian continental shelf has decades of production to come, the current economic situation has proliferated the need for greater economic diversification and the current government is keen to support a transition towards sustainable economic activities. Norway has a long tradition of state ownership, which the current government is looking to moderately reduce.

2016 saw Norway's GDP grow by 1% and is currently at 600,596 NOK per capita. Unemployment in Norway has fallen to 4.5% (figures from Statistics Norway: <http://ssb.no/en/>)

Growth potential

Norway has a population of only 5 million, but is one of the world's wealthiest nations per capita.

Norway remained strong throughout the economic crisis. The economy remains stable but is growing at a slower rate.

The Norwegian economy is dominated by the offshore oil and gas sector, which accounts for about 25% of value creation in Norway. Crude oil, natural gas and electricity account for 65% of all exports. According to current estimates, Norway has oil for the next 50 years and gas for the next 100 years.

Norway's priority sectors for economic development include:

- oil and gas
- seafood
- timber and metal products
- telecommunications
- hydropower equipment

Trade agreements

Norway negotiates free trade agreements with other countries through the European Free Trade Association (EFTA).

The EEA Agreement is the most important agreement regulating the relationship between Norway and the EU. See: <https://www.norway.no/en/eu>.

Although Norway is not a member of the EU, it has signed up to the Schengen Agreement:

https://ec.europa.eu/home-affairs/what-we-do/policies/borders-and-visas/schengen_en.

Strengths of the Norwegian market

Strengths of the Norwegian market include:

- vast natural resources
- efficient business culture
- low levels of corruption

Benefits to UK businesses

Benefits for UK businesses exporting to Norway include:

- UK brands have a positive reputation in Norway
- English widely used as business language
- high living standards
- stable economy
- an open market

Trade between the UK and Norway

Top UK exports into Norway include:

- industrial and electrical machinery
- chemicals
- medicines and pharmaceuticals
- petroleum products
- animal and vegetable bi-products

[Source – DIT/gov.uk]

In addition:

- In 2016 Norway was ranked 6th out of 176 countries in Transparency International's latest Corruption Perceptions Index (the UK ranked 10th): http://www.transparency.org/news/feature/corruption_perceptions_index_2016
- Norway is ranked 6th out of 190 in the World Bank's 2016 Ease of Doing Business index (the UK ranks 7th): <http://www.doingbusiness.org/rankings>
- The World Economic Forum's Global Competitiveness Index 2016-17 ranks Norway 11th out of 138 (the UK is ranked 7th): <http://reports.weforum.org/global-competitiveness-index/country-profiles/#economy=NOR>

Contact a DIT export adviser at: <https://www.contactus.trade.gov.uk/enquiry/topic> for a free consultation if you are interested in exporting to Norway.

Contact UK Export Finance (UKEF) about trade finance and insurance cover for UK companies. You can also check the current UKEF cover position for Norway. See: <https://www.gov.uk/guidance/country-cover-policy-and-indicators#norway>.

[Source – DIT/gov.uk]

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