

COUNTRY PROFILE:
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KINGDOM OF NORWAY
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Recent Political Highlights

- ❑ Chief of state since January 1991 has been King Harald V. The monarch is hereditary.
- ❑ Following parliamentary elections, the leader of the majority party is usually appointed prime minister by the monarch with the approval of the parliament.

Recent Economic Highlights

- ❑ Norway has a population of 4.7m with a growth rate of 0.3% expected for 2009.
- ❑ Norway enjoys one of the highest standards of living in the world with its oil revenue amounting to \$40bn with more than half its exports derived from this industry. There is a cross-party agreement to restrict spending of oil revenue that helps to counter inflation. The surplus is invested for future generations.
- ❑ After sluggish growth of less than 1.5% between 2002-03, GDP growth picked up to 2.5% - 6.2% in 2004-07 partly due to higher oil prices. Economic expansion fell to 2.3% in 2008 as a result of the slowing world economy and the drop in oil prices. The economy is set to shrink by 1.9% this year, but state spending would continue to stimulate growth. Government plans to implement the country's most expansive national budget in thirty years. Despite increased spending, Government still expects to have a surplus of \$36bn (237bn kroner) this year, which will go into the Government Pension Fund, the world's second-largest sovereign wealth fund.
- ❑ Government enjoys a budget surplus of 11% and its ledger is entirely debt-free. According to local economist Arne Isachsen, Norwegian banks remain healthy and prudent in their lending. Banks represent just 2% of the economy and tight public oversight over their lending practices have prevented them from taking on risk that brought down Norway's Icelandic partners.
- ❑ Agreement has been reached between the Farmers' Union and the Government on farm subsidies for 2009, where farmers have accepted an offer of an additional NOK28,000 a year, amounting to a total of NOK1.2bn. The new agreement ensures a viable farming industry throughout Norway for the next several years.
- ❑ While other Norwegian industries battle the difficult global economic crisis, salmon farmers are reporting better results than ever. A senior analyst of Nordea Markets claims that Norway will remain a superpower within the salmon industry for years to come. Last year's exports of salmon and trout were valued at NOK20bn – the highest to date. Production for this year is set to increase 15%, while total production in the rest of the world is on a decline. Prices are at a record high and have increased 30% over the past year and are expected to remain high in the near future. Exports generated NOK3.7bn in March 2009.
- ❑ As of 1st May 2009, workers from Eastern Europe were allowed to enter Norway without a work permit. Norway and other EEA nations introduced the restrictive measures in 2004 to protect their own labour markets when the EU was enlarged by 10 new East European nations. The aim was to prevent social dumping and exploitation of the Norwegian social welfare system.

Latest Trade Developments

- ❑ Main export commodities: petroleum and petroleum products, machinery and equipment, metals, chemicals, ships and fish.
- ❑ Main import commodities: machinery and equipment, chemicals, metals and food items.
- ❑ Major trading partners: UK, Germany, The Netherlands, France, Sweden, US, Denmark and China.
- ❑ Norway has granted NOK83m in emergency aid to help more than a million displaced people in north west Pakistan who are refugees fleeing the fighting between the Pakistani army and Taliban.
- ❑ SA's exports to the Norway totaled R1.32bn in 2007, R1.83bn in 2008 and R112m in the year to February 2009.
- ❑ SA's imports from Norway totaled R1.07bn in 2007, R1.54bn in 2008 and R92m in the year to February 2009.

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