U.S. Department of State
FY 2000 Country Commercial Guide: Norway

The Country Commercial Guides for Norway was prepared by U.S. Embassy Oslo and released by the Bureau of Economic and Business in July 1999 for Fiscal Year 2000.

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CHAPTER I. EXECUTIVE SUMMARY

This Country Commercial Guide (CCG) presents a comprehensive look at Norway's commercial environment, using economic, political and market analysis. The CCG was established by recommendation of the Trade Promotion Coordinating Committee (TPCC), a multi-agency task force, to consolidate various reporting documents prepared for the U.S. business community. Country Commercial Guides are prepared annually at U.S. embassies through the combined efforts of several U.S. government agencies.

Norway is modern, industrial, oil-rich country with a population of 4.4 million people living in a 1,100 mile long, narrow, mountainous country that has a coastline three times its length and strong traditions of fishing and shipping. Norway borders Russia, Finland and Sweden. The three Scandinavian countries - Denmark, Norway and Sweden-- are closely related to one another in terms of language, ethnic roots, religion, history and a host of other ways, but they also are different in many ways, too.

Norway has one of the healthiest economies in the world, thanks, largely, to its status as being the second largest exporter of crude oil in the world and one of the largest exporters of natural gas. Other major industries are prospering as well – IT, fishing, pulp and paper products, although Norway's shipbuilding industry is under increasingly heavy competition from overseas shipyards. Norway's unemployment rate is one of the lowest in the world (below 5 percent), while inflation has been kept in the 2 to 3 percent range during the past few years. Per capita GDP income of almost $ 33,500 exceeds that of the USA. Almost all Norwegians are fluent in English and most of them have very close cultural and family ties to America. Norwegian business ethics are very similar to American business ethics.

Norway is not a member of the European Union (EU), but it is linked to the EU through the previously negotiated European Economic Area (EEA) agreement, which provides for favorable access to the EU market for most Norwegian non-agricultural products. Meanwhile, Norway is protecting its access to EU markets by adopting most of the EU regulations being approved in Brussels.

American exporters and investors may very well benefit by Norway being outside of the EU. The American business presence in Norway is very broad and deep. There are more than 220 U.S. branches and subsidiaries operating in Norway and their numbers are growing monthly. An estimated 3,000 more U.S. firms are represented in Norway by up to 2,000 Norwegian agents and distributors. The U.S. is Norway's leading foreign investor nation by a wide margin - more than $ 7 billion, over twice the investment level of the second largest investing nation - Sweden. The American Chamber of Commerce in Norway is a dynamic and growing voice for American business in the country and a new Visit USA Committee is aggressively promoting travel to America. America is Norway's fifth largest source of imports behind four (neighboring) EU countries.

Over the next five years Norway will be making major investments into its information technologies and defense sectors, worth more than $ 10 billion. American companies have excellent opportunities to capture a significant share of these contract awards.

Country Commercial Guides are available for U.S. exporters from the National Trade Data Bank's CD-ROM or via the Internet. Please contact STAT-USA at 1-800-STAT-USA for more information. Country Commercial guides can be accessed via the World Wide Web at:

http://www.stat-usa.gov, http://www.state.gov/. and http://www.mac.doc.gov. They can also be ordered in hard copy or on diskette from the National Technical Information Service (NTIS) at 1-800-553-NTIS. U.S. exporters seeking general information/assistance and country-specific commercial information should contact the U.S. Department of Commerce, Trade Information Center by phone at 1-800-USA-TRAD(E)or by fax at (202)482-4473.

Additional information on Norway and the full services of the American Embassy in Oslo can be found on the Internet at http://www.usembassy.no. For business travel planning to Norway and other destinations in Europe, the Showcase Europe home page is now on the Internet at http://www.sce.doc.gov.

CHAPTER II. ECONOMIC TRENDS AND OUTLOOK

NORWAY: KEY ECONOMIC INDICATORS

National Accounts:	Value USD millions 1998	Percentage volume change (a) 1998	1999	2000
Total GNP	145,735	2.1	1.4	3.2
Total GDP	146,636	2.1	1.4	3.2
Of Which: Mainland GDP	127,371	3.3	0.7	0.8
Total mainland Demand	130,008	4.5	(0.4)	(1.1)
Exports(Incl. SERV.)	54,848	0.5	3.6	9.6
Imports(Incl. Serv.)	54,517	9.1	(0.9)	(0.3)

PRICES, MONEY, AND GOVT. BUDGET:

	As Marked (a)			
Cons. Price Inflation	(Pct)	2.3	2.3	1.8
Annual Wage Growth	(Pct)	6.3	5.5	3.8
Ann. Money (M2) Growth	(EOP; Pct)	5.6	5.4	4.8
Interest Rate (b)	(AVG; Pct)	5.7	5.8	4.5
Govt. Budget bal. (C)	(usd Bill.)	3.6	3.5	8.1

OTHER DOMESTIC INDICATORS:

GDP Per Capita	(USD)	32,585	33,315	35,050

Population (Mill., Mid-Year)	4.50	4.53	4.55
Labor Force (Mill., Mid-Year)	2.33	2.34	2.34
Unempl. Rate (d) (Pct)	3.2	3.5	4.3
Industrial Prod. Index (e)	103.5	104.5	105.8
Change in Ind. Prod. (f) (Pct)	3.5	1.0	1.2

BALANCE OF PAYMENTS AND RELATED ITEMS:

	1998	1999	2000
Total Exports (USD mill; FAS)	40,623	42,105	48,290
-Crude Oil and Nat. Gas	15,911	17,400	22,130
-To the U.S. (g)	2,874	2,900	3,000
Total Imports (USD mill; CIF)	38,634	38,370	38,700
-From the U.S. (g)	1,709	1,700	1,750
Tot. Trade Balance (USD mill)	1,989	3,735	9,590
-Balance with the U.S. (g)	1,165	1,200	1,450
Curr. Acct. Balance(USD mill)	(2,160)	980	8,030
For. Exch. Res.(EOP;USD mill)	18,814	18,900	19,500
Net For.Debt(h)(EOP;USD mill)	(12,278)	(12,400)	(12,800)
Debt-Serv. Ratio (i) (Pct)	21.8	21.0	20.0
For. Investm. (j) (USD mill)	22,715	23,000	23,500
-Of Which U.S. Inv. (j)	6,387	6,450	6,600
Av g. NOK/US$ Rate (k)	7.55	7.65	7.65
Tourism Receipts (USD mill)	2,197	2,300	2,400
Tourism Expend. (USD mill)	4,564	4,800	5,000

Principal U.S. exports to Norway: aircraft and parts, and machinery, other machinery incl. oil equipment, telecommunications equipment, fruits and vegetables, and motor vehicles and parts.

Principal U.S. imports from Norway: crude oil, fish, metals, paper and products, cheese, and misc. manufactured goods.

Memo Notes:

(a) Projections by the Norwegian Ministry of Finance, the Norwegian Central Bureau of Statistics, and the Embassy; (b) Avg. Money market rate; (c) central government net transfer to the petroleum fund; (d) surveyed unemployment; (e) volume index, 1997=100; (f) nok-based avg. Annual change in (e); (g) US Dept. Of Commerce statistics; (h) Norway's foreign liab. Less foreign assets; (i) gross debt payments as a percent of exports of goods and services; (j) stock of foreign investment; (k) embassy projections. EOP = End of Period.

SUMMARY

Norway's key OIL and gas sector will continue to play a dominant role in the Norwegian economy. With world oil prices recovering in 1999, Norway's external accounts will remain exceptionally strong. Although oil/gas investments appear to have peaked, Norway will continue to offer interesting opportunities for U.S. oil companies and suppliers of petroleum-related equipment. The Norwegian market for autos, aircraft and other manufactured goods will also remain attractive. Major competitors in the Norwegian market have been and will remain EU member states, and low-cost producers in Asia and elsewhere. Although reforms are underway, Norwegian state monopolies and other non-tariff barriers continue to be a barrier to U.S exports in areas including alcoholic beverages and farm products. Norway continues to adopt and enforce EU policies and directives in accordance with its obligations under the European Economic Area (EEA) agreement. End Summary.

MAJOR TRENDS AND OUTLOOK

Economic Growth

Buoyed by rising offshore and mainland investment, 1998 was a relatively good year for Norway even though growth slowed because of higher interest rates and lower oil prices. Unemployment fell but inflation remained higher than the rate in the country's major trading partners. According to official statistics, 1998 real GDP grew 2.1 percent compared with 3.4 percent in 1997. While rising domestic interest rates held back demand, rising non-oil exports kept mainland industry busy. On external accounts, the foreign trade surplus fell sharply because of the decline in world oil prices.

In 1999, growth in the Norwegian economy is expected to slow even more because of the impact of falling offshore oil/gas investment, the GON's tighter fiscal stance and relatively high interest rates. However, growth will likely pick up in the year 2000 assuming domestic interest rates fall as expected and world oil prices remain above the 1998 average (i.e., USD 13/bbl).

Inflation

In 1998, Norwegian consumer price inflation eased to 2.3 percent (vs. 2.6 percent in 1997) because of reduced electricity and imports prices. Looking ahead, reduced wage pressure will likely contribute to lower inflation in 1999 and 2000 (1.8-2.3 percent range). With Norway's inflation remaining above its major trading partners, the country's cost of living will remain one of the highest in the world.

RESOURCES AND Principal GROWTH SECTORS

Economic Resources

The Norwegian economy has benefited enormously from the successful development of natural resources, particularly offshore oil and gas, as well as metals. This has made the health of the economy very dependent on energy and energy-based production. The significance of the energy sector renders Norway vulnerable to downturns in certain of global commodity prices, particularly those of crude oil and natural gas, which accounted for nearly 40 percent of Norway's 1998 merchandise exports.

According to the Norwegian petroleum directorate (NPD), Norway's remaining discovered oil and gas resources would last 19 and 87 years respectively at 1998 rates of extraction. The oil and gas will last significantly longer if new resources are discovered as expected. Norway's remaining discovered and undiscovered oil and gas resources totaled an estimated 12.8 billion bcm oil equivalent at the end of 1998. (Note: 1,000 bcm of gas equals 1.0 bcm oil equivalent. End note.) Norway has limited land deposits of non-renewable energy resources (i.e., Coal on Svalbard), but the country has developed abundant hydropower.

Principal Growth Sectors

Norway's key petroleum production sector will likely continue to dominate the non-services side of the economy for the next several decades, although its prominence will decline gradually along with the depletion of Norway's crude oil and gas resources. In the past decade, the economic significance of the offshore petroleum sector fluctuated with world oil prices. In 1998, this sector accounted for approximately 12.0 percent of Norwegian GDP, compared with a peak of 18.5 percent in 1984.

In the past decade, the percentage of non-oil manufacturing production in GDP fell to 11.7 from about 16. Mainland activity is dominated by large-scale export-oriented industries producing metals (e.g. Aluminum), chemicals, and pulp and paper. Service industry activity rose to 56 percent of GDP in 1998 from 50 percent in 1986, with increased public services activity (15 percent in 1997) contributing to this expansion. The Norwegian primary sector (agriculture and fishing) remains heavily protected, but its share in GDP has declined gradually to 1.9 percent of GDP in 1998 from over 5 percent a decade earlier.

GOVERNMENT ROLE AND ECONOMIC POLICY

Government Role

Norway remains a mixed economy, with resource allocation determined by both state intervention and free market forces. The Norwegian public sector is more significant than in the U.S. In 1998, government spending in Norway amounted to 46 percent of GDP compared with about 33 percent in the U.S.

The GON uses extensive subsidy schemes to support agriculture, outlying regions, and some manufacturing industry. A welfare system which redistributes incomes via taxes remains firmly in place, and the GON puts a premium on containing unemployment and maintaining economic opportunities in outlying areas. The tax burden on the economy remains high from an OECD perspective. There is still significant public sector ownership or control in Norway's key oil and gas industry, telecommunications and the commercial banking sectors, although there is some discussion about reducing the levels of government ownership. Merger and acquisition activity is also having an impact on these levels. The private sector dominates in industries such as shipping, non-bank services, and small to medium-scale manufacturing.

GON EU Policy

Norwegians rejected EU membership in a 1994 referendum. Some opponents of membership argued that the net benefit of joining appeared illusory considering Norway's petroleum wealth and given the free trade guarantees with the EU contained in the European economic area (EEA) agreement which entered into force on January 1, 1994. Norway's economic policy continues to be shaped by EU directives adopted in accordance with the EEA. Under the EEA, Norway is obliged to offer national treatment to EEA members in most areas including finance and public procurement, but not in the agriculture and fishing sectors. U.S. companies established in the EEA also benefit from the liberalization implemented through the EEA, e.g., In banking.

Trade and Investment Barriers

While the GON has embraced the WTO accord, it remains protectionist in its treatment of certain sectors, particularly agriculture and food retailing which remain shielded by high tariffs. In general, U.S. exporters experience few problems doing business in Norway but some areas of tension exist. American companies that have a Norwegian subsidiary or agent/distributor have an effective advantage in their ability to operate in this market.

Meanwhile, Norway welcomes foreign investment as a matter of policy, but foreign ownership continues to be restricted or prohibited in areas of financial services, mining, hydropower, and acquisition of property in areas regarded as politically sensitive.

BUDGET and Foreign Exchange Rate Policy

The GON actively uses active fiscal policy as a tool to help stabilize inflation and employment and meet long term challenges. Thus, fiscal policy becomes stimulatory during cyclical downturns while it becomes restrictive during upturns. Early next century, a sharp rise in public welfare spending (e.g., Pensions and health care) is expected to coincide with a decline in petroleum revenues. To help meet this challenge, the GON currently accumulates petroleum revenue in a state petroleum fund (invested in foreign bonds and equities) that reached USD 22.5 billion at end of 1998. The GON has run budgetary surpluses since 1993 because of revenue from the offshore petroleum sector.

Norway strives to keep its currency stable vis-a-vis the European Currencies (I.E., the Euro) generally on a "managed float" basis. The Krone’s stability came under serious strain in 1998 as a result of a combination of factors—contagion from the Asian and Russian financial crises, the drop in oil prices, and market perceptions of slack in fiscal policy. The central bank raised key interest rates and allowed a free float of the Krone in August 1998. Following the launch of the Euro in January 1999 and an increase in world prices for oil in the first half of 1999, the Krone recovered against the Euro. When the EURO was introduced in January 1999, there was no major change in policy. According to the Norwegian Ministry of Finance the Krone will “shadow” the EURO in the same way as it shadowed the European currency unit (ECU) since 1993.

BALANCE OF PAYMENTS SITUATION and trade

Healthy Balance of Payments

Norway's economy remains highly dependent on foreign trade. While the country's balance of payments deteriorated for a few years after the 1986 collapse of world oil prices, Norway posted hefty current account surpluses from 1989 through 1997. Although the 1998 surplus slumped because of the fall in world oil prices, recovery is likely in 1999 and 2000 if oil prices recover as expected.

Significance of Foreign Trade

Norway's combined 1998 merchandise exports and imports accounted for nearly 53 percent of GDP, compared with about 20 percent in the U.S. Petroleum (crude oil, refined products and natural gas) represented 40 percent of total exports. The value of Norway's total exports tends to fluctuate along with world oil prices, while imports depend on domestic economic activity and foreign exchange rate variations.

Directions of Foreign Trade

According to official Norwegian statistics (which do not include indirect shipments of Norwegian oil), the U.S. remained Norway's sixth largest trading partner (exports plus imports) in 1998. The UK (Norway's major oil terminal), Sweden, Germany and the Netherlands topped the list. In the past decade, Norway has posted surpluses in its trade with the U.S. based largely on high levels of oil exports. In 1998, the trade surplus vis-a-vis the U.S. stood at USD 1.99 Billion, according to U.S. Department of Commerce statistics. (U.S. statistics do not include significant levels of exports trans-shipped through the EU to Norway.)

Taken as a group, the EU remains Norway's principal trading partner. In 1998, the EU accounted for 77 percent of Norwegian exports and 69 percent of imports. The other Nordic countries remain important trading partners. Trade with low-cost developing countries in Asia continues to increase although from a low starting point. Norway continues to look for ways to increase trade with central and Eastern Europe but such trade remains at low levels (less than three percent of total trade).

Norwegian Exports By Category

Primary and semi-processed goods account for some 80 percent of Norwegian merchandise exports. The remainder consists of exports of machinery, equipment, and various manufactured articles. In 1998, Norwegian merchandise exports totaled USD 40 billion with petroleum accounting for some 40 percent, followed by metals and metal products, chemicals, and foodstuffs (mostly fish).

Norwegian 1998 exports to the U.S. totaled USD 2.87 Billion, according to the U.S. Department of Commerce. Exports to the U.S. were dominated by crude oil and refined products, metals, chemicals, fish and various semi-processed and manufactured goods.

Norwegian Imports by Category

In 1998, the bulk of Norwegian merchandise imports (55 percent) consisted of machinery, equipment, and miscellaneous manufactured goods. These were followed by industrial inputs (40 percent) and food and beverages (six percent). Total 1998 imports stood at USD 37 billion. In addition to goods, Norway imported USD 15 billion worth of services, of which 22 percent involved ship maintenance and repair services and another 31 percent was accounted for by overseas tourism by Norwegians. Norway imported an estimated USD 1.5 billion worth of services from the U.S.

Norway's 1998 imports of goods from the US stood at USD 1.71 billion, with imports dominated by aircraft and parts, data processing and office equipment, defense-related and other machinery and equipment, other manufactures, various chemicals and industrial inputs, food beverages, and other manufactured consumer products.

Direct Foreign Investment in Norway

The total stock of direct foreign investment in Norway stood at an estimated USD 22.7 billion (book value) at end-1998, according to Norway's central bank. The U.S. remained Norway's leading single-country foreign investor followed by Sweden and the various EU member states. The stock of direct U.S. investment in Norway rose to an estimated USD 6.4 billion (28 percent of total foreign investment). While the bulk (68 percent) of U.S. investment in Norway remains in the petroleum sector, U.S. investors are diversifying into other areas (for example, metals and retailing).

INFRASTRUCTURE; LABOR MARKET; Y2K Preparedness

Infrastructure

The state and quality of Norwegian infrastructure remain good from a global perspective. The nature of Norway's mountains and valleys combined with a rather severe climate makes road transportation difficult during the winter. Railroads are well-developed in the southern part of the country, whereas most of the northern region can only be reached by ship, car or air. The country is generally accessible by air and a number of small airfields take care of local needs. Ports and harbors are well constructed and there are many deep-water and ice-free harbors on the long coastline.

LABOR MARKET

In 1998, Norwegian annual wage growth averaged 6.3 percent (Vs. 4.3 percent in 1997) reflecting increased tightness in the labor market. Looking to 1999-2000, annual wage growth will likely decline to the 4.5-5.5 percent range as economic growth becomes slower. Hourly wages in Norwegian manufacturing remain 30-40 percent higher than those in the U.S. The average work week is short in Norway, having been reduced to 37.5 hours from 40 hours in 1987.

In 1998, the unemployment (surveyed) rate dropped to 3.3 percent (vs. 4.1 percent in 1997) thanks to continuing economic expansion. This compares to a post-war high of 6.0 percent in 1993. Looking to 1999-2000, the unemployment rate will likely increase moderately because of reduced offshore activity and lower mainland growth. In 1998, the Norwegian labor force numbered 2.33 million (54 percent males) by mid-year out of a population of 4.50 million. The bulk (68 percent) of the employed (73 percent) was engaged in the services sector, followed by manufacturing (14 percent) and building construction (8 percent). The capital intensive offshore petroleum sector absorbed only three percent of the labor force.

Y2K preparedness

The GON is currently implementing a follow-up plan for handling the year 2000 (Y2K) problem in Norway. Although large public sector units and big private companies have almost completed preparations, small and medium-sized enterprises continue to lag behind. The director of the Action 2000 committee, a body under the Ministry of Trade and Industry tasked with implementing Norwegian Y2K plans, has expressed satisfaction with progress to date and predicted minimal impact on Norwegian society even at current levels of preparedness. Major breakdowns in critical sectors (e.g., Energy, health, defense, police, finance, food distribution) are unlikely because the GON has prepared special emergency plans for these sectors. According to a recent study (by the U.S. Gartner group), Norway is less Y2K prepared than the U.S. but about on par with Finland, France, Germany and Japan.

IMPLICATIONS FOR THE U.S.

Trade/Procurement Opportunities

Although the U.S. Dollar has strengthened about eight percent against the Norwegian Krone since 1997, most US Products and services remain competitive in Norway. There are still significant opportunities for U.S. Exports, including aircraft, oil technology and tourism. As in the past, greatest opportunities in Norway are for those goods which are in short supply or not produced domestically. The Norwegian market will therefore continue to offer interesting opportunities for U.S. suppliers of specialized high-tech machinery and equipment (such as oil and gas technology, aircraft, and defense products), various industrial raw material supplies, and other manufactured consumer goods.

30. Norway is in the process of implementing several mainland infrastructure projects. This includes modernization and rehabilitation of the country's railways as well as considerable investment in the military sectors (e.g., Frigates, aircraft). These projects offer opportunities for U.S. suppliers.

Investment Opportunities
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31. Although investments in Norway's offshore petroleum sector appear to have peaked, Norwegian offshore petroleum developments will likely continue to provide the bulk of opportunities to U.S.

investors in the coming decade. In 1997, oil companies operating on the Norwegian continental shelf estimated that their investment and other spending totaled USD 8.8 billion (market value). Looking ahead to 1999-2000, offshore oil and gas investment is expected to remain significant because of ongoing projects (For example, Asgard field development and several pipeline projects), the may 1999 north sea mini round, and the upcoming 16th licensing round in 2000.

Major Competitors/Challenges
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32. Major competitors in the Norwegian market remain the EU countries, and low-cost producers in Asia and elsewhere. The existence of state monopolies and other non-tariff trade barriers will likely continue to complicate U.S. exports in some areas such as fruit, vegetables, drinks, pharmaceuticals, and communications equipment.

Oslo American Embassy Facilities
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33. The American Embassy in Oslo remains well-equipped to assist American business visitors. Representing the U.S. Department of State, the Department of Commerce, and other Washington agencies, the Embassy provides services and information for U.S. exporters, investors, and their Norwegian partners. Trade specialists are available to counsel American companies, as well as Norwegian agents, importers and end-users. Attractive embassy facilities are available for seminars and receptions to promote American products and services. If you are interested in doing business in Norway and need an introduction to Norway's business community, first contact our u.s. Export assistance center in the U.S., of which there are over 100 offices or the embassy commercial section for assistance. Gundersen##

CHAPTER III. POLITICAL ENVIRONMENT

Norway is a constitutional hereditary monarchy. The parliament (Storting) is the main political body and holds legislative power. The prime minister is selected on the basis of the political make-up of parliament, but is formally appointed by the king. The PM chooses his own cabinet, currently there are 18 ministers. All 165 members of parliament are selected by proportional representation during elections held every four years in mid September. Interim elections cannot be called. The last election was held in September 1997.

Currently a three party centrist coalition government is in office in Norway. This government took office in October 1997 when the ruling Labor Party government decided to step down as a consequence of the election result. Mr. Kjell Magne Bondevik from the Christian Democratic Party holds the Prime Minister position. The coalition government consists of the Christian Democrats, the Liberal Party and the Center Party and is a minority government which only controls 42 seats in the 165 seat parliament. The centrist government aims to seek support from the left and the right hand side of the political spectrum. However, the government has relied on the parliamentary backing of the right-of-center political parties in the budget negotiations because the largest opposition party, the Labor Party, has maintained a uncompromising opposition policy. The fact that the government does not have a parliamentary majority has ensured a middle-of-the road political course much along the lines of previous Norwegian governments.

In a November 1994 referendum, Norwegians rejected European Union (EU) membership because the net benefit of joining appeared dubious considering Norway's petroleum wealth and strong ties with the EU through the European Economic Area (EEA) accord. Norway's economic policy continues to be shaped by EU directives adopted by the EEA. Under the provisions of the EEA accord, Norway is obliged to offer national treatment to EEA members in many areas including finance and public procurement, but not agricultural trade and fishing.

<NREC>Norway04 Norway: Marketing U.S. Products and Services <A>=Norway

CHAPTER IV. MARKETING U.S. PRODUCTS AND SERVICES

Business attitude:

Over 250 subsidiaries and branches of U.S. firms are in the country, and 4,000 others are represented in the market. Trade barriers are relatively few. Although Norway is not a member of the European Union, it is affiliated with the European Economic Area (EEA) whose rules mirror practically all EU standards, rules and regulations. Market access to the EU from Norway is no major hurdle. The American Chamber of Commerce in Norway is currently expanding its services to better support the U.S. private sector representations in the country and to help welcome and introduce U.S. new-to-market firms to Norway. Meanwhile, Norway has increased its loan guarantees and has made available new investment funds specifically for Russia and Eastern European countries that could make joint venturing with Norwegian firms attractive in those markets.

The government supports free trade and non-interference. However, it should be noted that, despite reforms and cuts in many support schemes for various sectors, Norway has a long way to go, particularly in the agricultural and fisheries sectors, where state support bordering on protectionism remains strong. Norway still spends considerable amounts annually to support farmers, and subsidies by the Government can provide up to two thirds of a farmer’s income.
Economic and Commercial Environment:
The Norwegian economy remains highly dependent on foreign trade, and Norwegian authorities look positively on foreign investments. There are, however, few incentives directed specifically at foreign investors. An industrial-production facility placed in an underdeveloped area would be favored by local- and central-government bodies.

Norwegian tariffs on industrial goods are relatively low, averaging around 3-6 percent, and most of Norway’s trade with EU countries is conducted on a duty-free basis under the provisions of the European Economic Area (EEA). About 70 percent of Norway’s exports go to the EU, which supplies three-quarters of Norway’s imports.

Extensive investments in the oil sector (with lower profits than predicted) are other factors of concern. Norway’s future economic development is also expected to relate to the increasing signs of bottlenecks and pressures, -such as increased shortage of skilled labor and higher wage demands.

For combined merchandise exports and imports to a single country, the United States was Norway's fifth largest trading partner after the United Kingdom, Germany, Sweden and Denmark. In 1997, U.S. exports to Norway totalled $ 2.27 billion (based on official Norwegian trade statistics, and exchange rate: $ 1.- = nok 7.40). U.S. imports from Norway totalled $ 2.73 billion, primarily due to the growing exports of petroleum products from the Norwegian offshore oil and gas industry. Taken as a trading bloc, however, the eu countries remain Norway's principal commercial partner. Also, the other nordic countries remain important trading partners.

Market Structure:

Although some 200 U.S. companies have subsidiaries in Norway (and growing), the most common way of doing business is through agents/distributors. More than 4,000 american companies are represented by Norwegian agents/ distributors with a unique but very practical and necessary sales network. Three quarters of Norway's 4.38 million people reside in southern norway, and most of the major importers and distributors are headquartered in the Oslo region, with some having sub-agents or sales offices in other major Norwegian cities. The rest of the country is made up of widely dispersed, small population centers which are expensive to serve due to long distances and high freight expenses. As there are few countrywide, multi store chains, and most retailers and distributors are small by American standards, sub-agents and secondary distribution is the standard and workable method of handling Norway's scattered northern markets. With proper market promotion and support, a good local business partner and/or an astute local office, American companies have unusually good prospects in this small but affluent market. Moreover, U.S. companies may find some licensing and joint-venture agreements and full Norwegian subsidiaries to be excellent vehicles for tapping upscale markets beyond Norway (e.g., through Scandinavia and/or the Barents region/Baltic states).

Language:

Another factor making it easy for Americans to do business in Norway is that most, indeed practically all, Norwegians speak English, or "American," well. American culture, including movies and T.V. series, is so pervasive that one might have difficulty differentiating Norway from parts of Wisconsin, Minnesota, or Washington state.

Establishing a sales subsidiary:

The process of establishing a Norwegian company is simple and generally free of restcrictions. A subsidiary may be wholly owned and a branch may conduct full business transactions. A company must have nok 50,000 ($ 6,700) as a minimum capital. This sum may be increased to NOK 100,000 ($13,400), and at least 50 percent of the board of directors must be Norwegian nationals or have lived in Norway for the last two years.

All companies establishing themselves in Norway are subject to mandatory registration through a central government agency, which also maintains open annual accounts on all Norwegian companies. A fee (NOK 3,800 = $ 500) is paid to cover handling and the cost of publication in the official Norwegian Gazette. The name and address of this agency is:

Bronnoysundregistrene
P.O. Box 1400
8901 Bronnoysund, Norway
fax: (47) 75 00 75 05
tel: (47) 75 00 75 00

The acquisition of businesses must be notified to the Ministry of Industry, provided the purchase includes more than one third or more of the ownership interest in companies. This applies to companies with more than 50 employees, or if annual revenue has been in excess of NOK 5 million ($650,000) during the last eight years. The notification requirement applies whether the purchaser is Norwegian or not.

Following is a list of contacts and resources available in Norway to help a U.S. business wishing to explore the country’s investment climate or compare it with other European countries.

Major international accounting firms present:

Price Waterhouse
P.O. Box 1205 Vika
0110 Oslo, Norway
Tel: (47) 22 36 34 40
Fax: (47) 22 36 34 55

Arthur Andersen & Co. A/S
P.O. Box 228 Skoyen
0212 Oslo, Norway
Tel: (47) 22 92 80 00
Fax: (47) 22 92 89 00

KPMG Peat Marwick A/S
P.O. Box 150 Bryn
0611 Oslo, Norway
Tel: (47) 22 07 22 07
Fax: (47) 22 72 42 92

Coopers & Lybrand A/S
Havnelageret 1
0150 Oslo, Norway
Tel: (47) 22 40 00 00
Fax: (47) 22 42 50 91

Ernst & Young A/S
P.O. Box 6834 St.Olavs
Plass, 0130 Oslo, Norway
Tel: (47) 22 03 60 00
Fax: (47) 22 11 00 95

Deloitte & Touche ANS
P.O. Box 5945 Maj.
0308 Oslo, Norway
Tel: (47) 22 46 47 70
Fax: (47) 22 46 70 04

Taxes:

Norway’s tax burdens are not as heavy as many fear, and lower than the EU average. Both companies and branches are subject to income and capital tax. Income tax of 28 percent applies generally to all forms of income of corporate bodies and other entities liable to taxation. No tax allowances are provided.

A revised convention for the avoidance of double taxation between the United States and Norway came into force in 1972. It applies to national income taxes in the United States and Norway and to local income taxes in Norway. Its benefits apply both to individuals and to corporations in the two countries. The key for Norwegian taxation purposes is whether an American enterprise operates in Norway through a permanent establishment (article 4 of the convention), defined as a fixed place of business through which a resident of one of the contracting states engages in individual or commercial activity. If so, then all industrial and commercial profits made in Norway are taxable by the Norwegian government (and exempt from taxation by the United States). The identical rule applies, of course, to Norwegian-operated permanent establishments in the United States.

Advertising - radio/tv:

All major types of advertising media are available in Norway. With the exception of the state-controlled Norwegian Broadcasting Corporation’s (NRK) TV and radio stations, advertising on radio and television is now fully developed and a number of nationwide and local commercial radio stations are competing in a growing market. City radio stations that broadcast during morning and evening commuter times are useful advertising vehicles.

The Norwegian television audience can now be reached via several commercial TV stations. TV 2 is a national station with excellent coverage; TV3, and Norway-based TV Norge are additional popular advertising possibilities. A minute of prime time on TV Norge costs about $ 5,000. Key Norwegian decision makers can also be reached via CNN and CNBC and BBC World, which are available in all major towns.

Publications:

Norway has an extremely high rate of newspaper readership, with circulation figures audited by the newspaper publishers' association. Extensive demographic information concerning readership is available. Distinctions are drawn between the four major metropolitan areas and other, so-called trade districts, which number about 100.

Leading Oslo papers include Aftenposten, Dagbladet and Verdens Gang. While these papers are available throughout the country, local papers, like Bergens Tidende (Bergen), Adresseavisen (Trondheim), and Stavanger Aftenblad (Stavanger) dominate their local areas. The business daily, Dagens Naeringsliv, reaches business and professional people nationwide, as does Finansavisen.

Major Norwegian business newspapers include:

Dagens Naeringsliv
Grev Wedels Plass 9
P.O.Box 1182 Sentrum
0107 Oslo, Norway
Tel: 011 (47)22 00 10 00
Fax: 011 (47)22 00 10 50

Aftenposten
Akersgaten 41
P.O.Box 1178 Sentrum
0107 Oslo, Norway
Tel: 011 (47)22 86 30 00
Fax: 011 (47)22 86 31 79

Sales to government authorities in Norway - use of agents in defense-related projects

The Commercial Service in Oslo receives many inquiries about agents and consultants in Norway for securing government defense contracts. The query normally asks about the payment of commissions/fees and the Norwegian laws, regulations or informal policies regarding such payments. Since the Norwegian market for defense related equipment is very important to American industry and we keep receiving these types of inquiries, the commercial service has provided answers to the most common questions asked:

1. There are no prohibitions (under Norwegian law, regulations or informal policy) against using sales agents to make sales of defense-related products to Norwegian government agencies. Most foreign suppliers of defense systems and equipment are represented in Norway through agents. Most agents are paid on a commission basis, and there is no limitation on the amount.

An agency arrangement is made between two independent parties (e.g. American company and Norwegian company). Some regulations in the Norwegian agency law of June 1992 are mandatory, but in general the parties are free to set up any special regulations in their agreement regarding commitments towards each other.

(Comment: in the absence of a written agreement, a standard agreement applies which tends to benefit the Norwegian party; so it is advisable to bring one’s own contract and modify it in line with Norwegian conditions and regulations. End comment)

2. The commission should always be paid from the principal (e.g. successful American company) to the agent. If the use of an agent or the payment of commission is prohibited, it is permissible to engage a consultant to be paid on a flat-fee basis.

It is also permissible to use a consultant on a flat-fee basis, although this is not the usual procedure for most contracts. But in the case of very large contracts, the flat fee has been accepted in various instances.

3. There are no requirements for the agent/consultant to be a Norwegian citizen, but military authorities would normally prefer to deal with foreign suppliers through Norwegian agents or consultants.

4. There is a national “agency law” in Norway (law of 19th June, 1992, no. 56) governing the termination of an agent or agency agreement. This law is harmonized with the EU-directive of 1986 and the Norwegian law is consequently harmonized with similar laws in all western European countries (EU and EFTA countries). Termination regulations are described under paragraph 25 in subject law, and stating that an agent will be entitled to a termination period of one month for each year of an agreement, and up to six months termination period after 6 years.

In addition, the agents are normally entitled to compensation for building up market potential and/or goodwill for the principal, according to para 28. These regulations are mandatory; but can be modified somewhat if the original written agreement between agent and principal clearly states the terms and conditions for separation.

Additional information about the Norwegian agency law or the standard Nordic commercial agency agreement may be obtained from:

Federation of Norwegian Commercial and Service Enterprises (HSH)
Att: Mr.Herman Thrap-Meyer, Special Advisor
Drammensveien 30
P.O.Box 2483
0202 Oslo, Norway
Tel: 011 (47) 22 55 82 20
Fax: 011 (47) 22 55 82 25

Answers to the above questions are not comprehensive and if American companies need further clarification, please consult a Norwegian law firm or call/fax the embassy commercial staff.

CHAPTER V. LEADING SECTORS FOR U.S. EXPORTS AND INVESTMENT

NARRATIVE: major U.S. exports to Norway of commodities and services have traditionally been within the high-tech sectors, ranging from aircraft, EDP hardware and software, industrial process controls, scientific instruments, etc.. U.S. suppliers are dominating some of the market sectors. Below are the best U.S. export prospects as seen from the commercial section of the American Embassy in Oslo, -listed in its relative order of importance:

Non-agricultural sectors:

1. - Offshore oil/gas exploration/exploitation
   Equipment (OGM) -(including pipeline equipment and services)
2. - Telecommunications equipment(TEL)
3. - Defense industry equipment (DFN)
4. - Aircraft & parts (AIR)
5. - Environmental technology (POL)

6. - Computers/peripherals (CPT)
7. - Computer software (CSF)
8. - Medical equipment, drugs & pharmaceuticals, dental equipment (MED/DRG/DNT)
9. - Franchising (FAG)
10. - Travel & tourism services (TRA)

Agricultural sectors:

Farm/food policy, trends and narrative information

- soybeans
- wheat
- pet foods
- rice

Rank of sector: **1**

Name of sector: **Offshore Oil and Gas Exploration and Exploitation Equipment (including Pipeline Services & Equipment)**

Sector code: **(OGM)**

Narrative:

Overall offshore oil investments in 1998/9 were somewhat sluggish, due to a combination of low oil prices and sizable cost overruns. 1999 and 2000 investment was expected to decline by about 16 percent. At time of writing, however, oil prices have increased back up to $19 dollars per barrel, which has boosted optimism in the sector. Production on the Norwegian Continental Shelf is expensive, and is not profitable when prices sink below $11 per barrel, but at current price levels there are rumors that exploration and investment may pick up again. Regardless of what happens, this sector is so important to the Norwegian economy that it will continue to represent a major opportunity for American companies. As cost overruns are of major concern right now, any US firms providing cost effective solutions to exploration and production in the market will have a good chance of success.

Several new pipeline projects of significant size and investment are currently underway. Alone, the two additional pipelines to the European continent will demand an investment capital in the region of $ 3.5 billion. Norway continuously seeks new and proven technology to be used in deep and remote northern waters. The most promising subsector for U.S. suppliers continues to be drilling and well completion technology which had an estimated market size of more than $ 350 million (incl. services) in 1998.

The oil and gas industry sector in Norway is <u>only</u> offshore. There is <u>no</u> onshore production.

(In $ millions)	1997	1998 (Est)	1999 (proj)
A. Total market size:	1,738	1,470	1,306

B. Domestic production:	1,240	910	800
C. Total exports:	222	150	205
D. Total imports:	720	710	711
E. Imports U.S.:	390	460	430
Exchange rate:	7.10	7.50	7.80

Due to the complexity of products utilized in the offshore industry sector, and the lack of sufficient import and production statistics, the above statistics are unofficial estimates based on a percentage of total Norwegian oil and gas exploitation and exploration investments. It also includes pipeline equipment and services.

Rank of sector: **2**

Name of sector: **Telecommunications**

Sector code: **TEL**

Narrative:

The Norwegian state monopoly on telecommunication services is history, - the market was fully opened in 1998.
Norway has a total population of 4.4 million people, and 2.9 million regular telephones, plus 1,5 million mobile phones. Norway's telecommunication services market is estimated at $ 3 billion annually, of which $ 2.5 billion is accounted for by the regular and cellular telecommunication services. Norway also has a very high telecommunications penetration level with a rate of 57 main lines per 100 inhabitants. Only Sweden, Switzerland and Denmark have higher penetration in Europe. Ninety-two percent of lines in Norway are digital, which is also well over the average for Europe. Moreover Norway has the highest mobile teledensity after Finland. Consequently, the country has a very well established telecommunications infrastructure, which supports and carries access to the Internet out to some of the remotest parts of Europe.

Several telecommunication services companies are currently positioning themselves to gain market share in Norway. Some of the new competitors are international telecommunication giants with considerably more financial resources than Telenor. Four consortiums have so far been certified, 12 more are awaiting certification. To meet the threat from overseas Telenor and Telia (the Swedish carrier) are merging. This merger has recently been approved by the EU Commission and should be complete by year end.

Norway's telecommunications equipment market remains limited to a few very large end-users. The most important consumer of telecommunication equipment and components is Telenor (Norwegian Telecommunications Administration), and its marketing and sales subsidiaries. Some international corporations with production plants in Norway, as well as the military communications sector also are important end-users of U.S. telecom technology, and U.S. suppliers of equipment and services may find Norway, with one of the world's highest standards of living, a very good market for future business.

(In $ millions)	**1997**	**1998**	**1999**
			(Proj)
A. Total market size:	2,430	2,830	2,885
B. Domestic production:		1,465	1,4651,520

C. Total exports:	350	820	835
D. Total imports:	1,315	2,185	2,200
E. Imports from the u.s.:	320	350	355
(Avg. Nok/US $ rate):	**7.10**	**7.50**	**7.80**

Rank of sector: **3**

Name of sector: **Defense Industry Equipment**

Sector code: **DFN**

Narrative:

Norway's defense budget plan emphasizes modernization of existing, and acquisition of new modern defense technology. The Norwegian goal is to have more than one third of future defense budgets earmarked for material purchases which would result in a real increase in defense acquisitions.

Norway is currently in the process of updating/replacing a significant part of its major defense systems including naval vessels, fighter aircraft, helicopters, transport aircraft, armored vehicles and missile systems. Some of these projects have been awarded, and u.s. suppliers already have secured important contracts.

The procurement of new escort vessels and combat aircraft are likely to dominate the armed forces' investment program over the coming five to seven years. These projects cannot be implemented at the expense of all other defense investments, and during the period 1999-2002 the total investment required will amount to approximately $ 3.3 billion in order to maintain a balanced defense.

(In $ million)	1996	1997	1998 (Proj)
A. Total market size:	887	1,012	1,220
B. Domestic production:	392	520	560
C. Total exports:	205	190	200
D. Total imports:	700	682	710
E. Imports from the u.s.:	210	310	410

(The above statistics are unofficial estimates)

Exchange rate used
(Avg. Nok/US $ rate): 6.50 7.10 7.50

Rank of sector: **4**
Name of sector: **Environmental Technology and Services**

Sector code: **POL**

Narrative:

A demand for cleaner and healthier water has emerged from both industry and consumers, as well as from local Norwegian government authorities and European Union (EU) regulations. The bulk of investments will to a great extent be for the removal of nitrogen in municipal sewerage treatment plants. However, drinking water quality also is affected by pollution problems such as humus impurities and low PH values. While Swedish, French, Danish and British suppliers are very active in this market, U.S. companies have so far made limited effort to investigate this market potential.

New official offices dealing with implementation, control and technological advice, particularly within the area of hazardous waste handling and soil remediation have been established, together with the introduction of a new solid waste clean-up program.

The most promising subsectors for U.S. suppliers are air/water pollution monitoring instruments, solid-/hazardous-waste treatment, and soil-remedation technology and, to a certain extent, wastewater-treatment systems, equipment and technology the following statistics are unofficial estimates and do not include construction/building activities and services:

(In $ million)	1997	1998	1999
	(est)	(est)	(proj)
A. Total market size:	521	517	525
B. Domestic production:	77	76	77
C. Total exports:	58	66	60
D. Total imports:	502	507	508
E. Imports from the u.s.:	46	48	48
Exchange rate used (Avg. Nok/US $ rate):	7.10	7.50	7.80

A. Rank of sector: **5**

B. Name of sector: **Aircraft & Parts**

C. Sector code: **AIR**

Narrative:

Aircraft is one of the major U.S. export commodities to Norway. In addition to recent military aircraft sales, and expected purchases, there is also an active interest in U.S.passenger aircraft among the Norwegian airline companies: Braathens, Norway’s second largest airline, recently decided to purchase six new Boeing 737-700, valued at $ 250 million. The company is now ranked as Scandinavia’s major operator of Boeing aircraft. Color line, one of Norway’s major shipping line operators, has established a new domestic airline company in Norway.

Also, SAS is still looking at Boeing 777 and Airbus A-340 as the most possible aircraft replacements for their long distance routes. SAS is in need of 12 long distance aircraft to be operational from spring of 2002.

There also are plans for the replacement of Norway’s aircraft fighter fleet, new helicopters and transport aircraft, -this sector will be important to U.S. suppliers in many years to come.
The Ministry of defense is expected to make a decision about whether to purchase 20 F-16 fighters or 20 Eurofighters during the course of 1999/2000.

(In $ million)	1997	1998	1999
		(Est)	(proj)
A. Total market size:	502	483	499
B. Domestic production:	142	124	130
C. Total exports:	16	38	30
D. Total imports:	360	397	399
E. Imports from the u.s.:	220	260	280
I. Exchange rate used (Avg. Nok/us$ rate):	7.10	7.50	7.80

Rank of sector: **6**
Name of sector: **Computers/Peripherals**

Sector code: **CPT**

Narrative:

Per Capita expenditure on ICT is very high in Norway, at USD 1,484, which is approaching US per capita spending levels (USD 1,628). The average for Western Europe is USD 966.
$240 million worth of computer equipment and about 500,000 PCs are sold each year. The corporate market takes a lead with 400,000 PC purchases, while the home market is a growing sector.
There are several reasons, or at least theories, for the PC sales record. Norway’s economy has for some time been very healthy, -the industry and trade is currently booming, and people have more money to spend on relatively expensive consumer goods. There is also a rapid growth in the number of Internet subscribers, and not least, -several Norwegian corporations have recently made considerable contributions to the sales bonanza by buying PC’s for their employees. This has become a trend in the Norwegian industry and business society, and this new way of training employees is expected to continue.

The U.S. share of the Norwegian market is not accurately reflected in official statistics. This is due to the fact that a considerable part of the American brand name computer equipment is supplied from European subsidiaries of U.S. companies. There is a general opinion in Norway that more than 80 percent of the computer hardware is supplied by U.S. companies. However some successful Norwegian companies specializing in local assembly, combined with widespread sales and support activities, have produced growing competition for some well-known brand names. The following statistical table also includes sales of LAN/WAN equipment and parts.

(In $ million)	1997	1998	1999 (Proj)	
A. Total market size:	1,568	1,666	1,715	
B. Domestic production:	260	285	305	
C. Total exports:	384	392	395	
D. Total imports:		1,692	1,773	1,805
E. Imports from the u.s.:	413	532	560	
Exchange rate used (Avg. Nok/us$ rate):	7.10	7.50	7.80	

Rank of sector: **7**

Name of sector: **Computer Software**

Sector code: **CSF**

Narrative:

Computer software continues to be one of Norway's fastest-growing product sectors, both in the low- and high-end market. Several trends and factors have vitalized the demand for advanced software systems and packages, and adequate network solutions are becoming the most important issue in most of the administrative sectors of the Norwegian business society.

There is no single program or program sector with a clear lead in the high-end market. Since PCs have become an increasingly important part of computing, the most popular software products are said to be those available for multiple platforms. There is now a growing demand/sales created by the extensive use of open systems, particularly for technical software packages and some communications software. Extensive use of home computers with internet connection also has stimulated sales of communication software as well as PC based games. Encryption software is in ever greater demand as e-commerce begins to take off.

Sales and import figures are based on official import/export statistics and estimates provided by the trade. The import figures do not incorporate suppliers' royalty agreements, and sales figures include value-added modifications.

(In $ million)	1997	1998	1999 (Proj)
A. Total market size:	712	627	700
B. Domestic production:	582	520	560
C. Total exports:	43	98	80
D. Total imports:	173	205	220
E. Imports from the u.s.:	122	126	130
Exchange rate used (Avg. Nok/us$ rate):	7.10	7.50	7.80

Rank of sector: **8**

Name of sector: **Medical Equipment, Drugs & Pharmaceuticals, Dental Equipment**

Sector code: **MED/DRG/DNT**

Narrative:

The building of a new state hospital (Rikshospital) has opened a lot of opportunities for sales in this sector. Total investment budget for equipment is reported at $ 325 million. The U.S. potential is estimated at $ 50 million within the sectors of surgical instruments, medical disposables and orthopedic equipment. The GON also has announced a comprehensive plan to modernize old equipment currently being used in many major hospitals in Norway. The total investment figure is well above $ 2 billion, spread over a five-year period.

U.s. suppliers traditionally have a good hold in market niches such as pharmaceuticals, orthopedic equipment, medical disposables, surgical equipment, monitoring instruments, and dental equipment and supplies.

(In $ million)		1997		1998	(Est)	(proj)
A. Total market size:	469	469		467		
B. Domestic production/sales:	211		198		195	
C. Total exports:		48	58		58	
D. Total imports:	352			329		330
E. Imports from the u.s.:	102	112		113		

(Some of the above statistics are unofficial estimates)

Exchange rate used Avg. Nok/US $ rate):	7.10	7.50	7.8

Rank of sector: 9
Name of sector: Franchising

Sector code: FRA

Narrative:

There is very little franchising information available in the Nordic countries. However, franchising continues to be a promising and growing business concept in Norway. Conditions are improving, including more private capital spending, accelerated industry deregulation, as well as an increased demand for goods and services. The total number of franchisers exceeds 184, of which 44 franchise across the border. The number of franchisees in Norway is estimated at 7,252. Franchising operations handle about 18 percent of Norway's domestic retail volume.

The most promising subsectors are retail outlets, hotels, restaurants and services.

The U.S. franchisers are very active in the hotel, as well as the fast food restaurant sectors. Best Western, McDonalds, Burger King, Pizza Hut and others are well established throughout the country.

Total annual turnover in the franchising sectors is estimated at $ 9.5 billion.

As a rule there are no general restrictions in Norway regarding the equity participation for foreign franchising investors. A foreign investor may, as a consequence, own up to 100% of the share capital of a Norwegian company.

Payments to a franchiser are fully deductible according to Norwegian tax laws. Royalties from a franchising operation may be transferred out of Norway to any country in the world, tax-free. Also, Norway has an extensive net of tax treaties, and is in the process of negotiating new treaties, particularly with east European countries, and could therefore be used as a flow through country for royalties from these countries.

Rank of Sector: **10**

Name of Sector: **Travel & Tourism**

Sector Code: **TRA**

Narrative:

The United States is the main long-haul vacation destination for Norwegians. In 1998 there were a total of 142,000 Norwegians departing for the United States, up 1.52 percent from 1997.

The Norwegian economy is currently very healthy and Norwegians receive at least 4-5 weeks vacation each year. Average Norwegian income is among the highest in the world

Recently, Norwegians have been venturing further into the "heartland of America." Previously, Norwegians stayed mostly with "sun" and "coastal" destinations in the 50 states. Interest in fly-drive vacations has been growing steadily, as well as the more "offbeat" destinations. As more Norwegians travel more frequently to the United States, we expect this inclination to "discover new parts of America" to continue for many more years. For most Norwegians holiday season includes one or two travels to foreign destinations.

Official travel statistics reveal that Norwegian visitors to the U.S. are increasing:

1996: 124,0781997: 140,4461998 142,583

Farm and food policy

Norwegian agricultural policy has been the focus for rather widespread discussions during the past years. Farming has for many years been highly subsidized and protected. The results have been surpluses of many products, especially milk products at costs far above international levels. Norwegian agriculture has also been protected from international competition by quantitative restrictions on imports of various products as well as outright bans on imports of products for which Norway aimed at self-sufficiency. Rural development, self-sufficiency and the discouragement of an excessive migration into urban areas have been the principal factors behind such official government policies. However, in 1992 the Norwegian parliament agreed on a new structure in Norwegian agricultural policy dealing with the new challenges, which has occurred in connection with WTO and EEA, and can be summarized in six points:

* simplify the agricultural model by reducing detailed control of agriculture, and listen to the market signals.

* adjust the production to the demand, by letting the prices regulate the balance between the supply and demand. This should result in disappearance of costly export or dumping.

* there is a wish to reduce the costs in agriculture by allowing larger farms, particularly for grain production.

* the restructuring of the grain and feed policy (reduced prices to farmers) will continue, which will make the grain production more efficient and reduce the feed costs to the farmers.

* there will be more use of direct support to priority "goals," but the support will be independent of the size of production.

* agriculture will still have the responsibility for the settlement in the districts. This means that farming requiring larger labor force in the district, will have priority as to direct farming subsidies.

The Norwegian import regime.

When Norway became a WTO member, from January 1995, their import regime had to change from quantity restrictions and ban, to tariffs. However, to days customs protections has resulted in a market very difficult to penetrate. Specially is this the case for competitive products to Norwegian production. Although Norway implemented the bound rate of duty, the duty is so high that no products will be imported when Norwegian production is available. Further Norway are using administrative tariffs, which means that they are opening and closing the market with only four days notice as to need. Exporters from U.S. has been hit by this practice several times, and Norwegian importers do not wish to make long term contracts, and are covering their need in the EU spot market.

Trade trends:

Norway is a net importer of agricultural products, having imported approximately $2,646 million in 1997 while exporting roughly $880 million. About half of Norway's imports of agricultural products consist of "consumer- oriented high value products." most of the latter come from the horticultural and tropical products "group" and comprise fresh fruits (oranges, bananas, apples and grapes), dry edible nuts, fruit and vegetable juices, fresh vegetables, snacks, chocolate and chocolate products, wines, pet food, live plants, cut flowers and foliage. The top ten suppliers of this group of products are the Netherlands, Denmark, Sweden, Spain, Germany, United States, Italy, France, Israel and Switzerland.

The U.S. share of Norway's agricultural trade in CY 1997 stood at $ 138.5 million (5.2 percent (imports)) and $ 40.5 million (4.6 percent (exports)). the bulk of U.S. exports to Norway consists of wheat, leaf tobacco, cotton, grains, fruit and nuts, while U.S. imports from Norway include cheeses, fats and oils. The best market prospects in Norway appear to be rice, tropical products, fresh vegetables and a full range of consumer-oriented high value products such as snack foods, processed fruit and vegetables, fruit and vegetable juice, tree nuts, wine and beer and pet foods.

Distribution systems - consumer-ready food products:

Norway's retail grocery trade is highly diversified, and includes independent grocers, consumer cooperatives, and chains, some of which are operated by wholesalers. In 1997, Norway had 5,125 grocery stores with a turnover of NOK 84.5 billion ($ 12.0 billion). Generally, grocery stores account for 75 percent of retail food sales including fresh, frozen, and canned goods as well as non-alcoholic beverages and non-food items. Specialty stores such as bakeries, meat stores and candy stores, gas stations together with state wine and liquor stores' account for the remaining 25 percent. In 1997 about 50 percent of Norwegian food distribution to retailers was handled by four large wholesale enterprises.

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In 1997, three of the largest retail chains, covering 86.1 percent of the retail grocery market, introduced bonus cards to the consumers, the idea was to make the consumers more faithful in their buying pattern. The three retail chains are today competing for about 2.8 million customers.

Best prospects for agricultural sector

Name of sector: Soybeans
Tariff code: 1201

Narrative: traditionally, DENOFA has imported about 50 to 60 percent of soybeans from U.S. every year. In 1995 this market share grew to more than 80 percent, and it was expected that DENOFA would contract even more in 1996. Sales in 1996 did not materialize primarily due to the fact that consumer organizations and the country's principal retail food chains forced DENOFA to sources its import requirements from other than U.S. sources. This was entirely a reaction to the U.S. introduction in 1996 of the first roundup ready (GMO) soybeans; which local Norwegian groups insisted to be segregated and labeled, and option economically not viable for DENOFA. The consequence was that DENOFA at the moment is sourcing their import from Canada and Brazil. In 1997 Norway bought 185,000 tons from Brazil and 89,000 tons from Canada. Unless us suppliers are willing to segregate their GMO soybeans, denofa will most likely continue to sources its soybean requirements from non-us suppliers and we expect no U.S. import in 1998. For 1998 we expect most of the soybean import to come from Brazil. However, if the GMO subject is solved, we expect soybean import from U.S. at a value of $ 45 mill. DENOFA has decided to increase their crushing capacity to 375,000 tons in the coming years.

	1996	1997	1998
A. Total market size in '000 tons:	325	300	350
B. Total local production in'000 tons:	0	0	0
C. Total imports in '000 tons:	325	287	350
D. Total imports from U.S.:	173	0	0
E. Total value of import $ million:	97	83	100
F. Exchange rate:			

(Avg. Nok/$ rate):	6.46	7.50	7.50

Name of sector: Wheat
Tariff code: 1001

Narrative: the total market size includes feed wheat as well as food wheat. Of total wheat imported in 1997, about 160,000 tons were food wheat. From January 1, 1995, Norway has abolished a state-controlled import monopoly on grain and feed to adjust to wto regulations. However, the new government trading company Statkorn a/s, has a very strong position in the market after having invested strongly in both the food and feed industry. This company covers about 60 percent of the feed market, and is the owner of about 70 percent of the milling market. U.S. has a supplier of food wheat to Norway for year, but in 1997 the import from U.S. was only 10,000 tons compared with 128,000 tons in 1996. Especially the competition from EU is hard and Statkorn, no longer a monopoly company, has to compete on price and logistics solutions.

	1996	1997	1998
A. Total market size in '000 tons:	523	471	520
B. Total local production in'000 tons:	295	258	300
C. Total imports in ‘000 tons:	228	213	220
D. Total imports from U.S.:	128	9	50
E. Total value of import us$ million:	35	34	39
F. Exchange rate:			
(Avg. Nok/$ rate):	6.46	7.50	7.50

Name of sector: Dog & Cat Food
Tariff code: 2309.10

Narratives: U.S. exporters/suppliers made a record export to the Norwegian market in 1996 and held this volume in 1997. Today U.S. is the fourth largest exporter to this market. The major supplying countries to this market were France, Germany and Britain. However, Britain in 1996 reduced their export with as much as 30 percent, which might be caused by the bad publicity around the bse case. We expect the total dog/cat feed market will continue to increase, as this is one of the few areas import duty has decreased as a result of the wto agreement.

	1996	1997	1998
A. Total market size in '000 tons:	44	43	47
B. Total local production in'000 tons:	2	2	2
C. Total imports in ‘000 tons:	42	41	45
D. Total imports from U.S.:	5	5	7
E. Total value of import $ million:	42	36	40
F. Exchange rate:			
(Avg. Nok/$ rate):	6.46	7.50	7.50

Name of sector: Rice
Tariff code: 1006, 1904.9020

Narratives: total import of milled rice to Norway in 1997 was 19,070 tons, of which 4,268 tons came from U.S., which is about the same as last year. The largest competitor to U.S. is Thailand, but of the parboiled rice market U.S. cover more than 95 percent. The market in 1996 was the largest ever, and the import figures for 1997 is about the same as last year. This might be caused by the reduction of import duty under the WTO from 30 to 9 percent on parboiled rice from U.S. we expect this market to increase slightly in the coming years.

	1996	1997	1998
A. Total market size in '000 tons:	19	19	20
B. Total local production in'000 tons:	0	0	0
C. Total imports in '000 tons:	19	19	20
D. Total imports from U.S.:	5	4	6
E. Total value of import $ million:	14	14	16
F. Exchange rate: (Avg. Nok/us$ rate):	6.46	7.50	7.50

Norwegian agriculture in figures

Cultivated land - 1.04 million hectares
Productive forests - 7.03 " "
Number of farms - 81,600

Average size of farms:

Cultivated land - 12.7 hectares
Forests - 56 hectares

Amount of work:

Farming - 89,300 man-years
Forestry - 8,000 " "
Reindeer husbandry - 1,200 " "

Use of farmland:

Grass - 620,000 hectares
Cereals - 330,000 "
Potatoes - 19,000 "

Vegetables - 47,000 "
Other - 10,000 "

Grain yield: - 3.48 tons per hectare

Domestic animals:

Cows - 349,000
Steers and heifers - 678,000
Sheep - 1,143,000
Goats - 58,600
Pigs - 695,300
Hens - 2,916,000

Food processing industry:

Total employment - 38,000 persons

Slaughtering
and meat processing-11,900 persons
bakeries - 8,200 "
Milk processing - 7,100 "

<NREC>Norway06 Norway: Trade Regulations & Standards <A>=Norway

CHAPTER: VI. TRADE REGULATIONS AND STANDARDS

In Norway there are stringent import regulations on agricultural commodities, approval requirements for telecommunications equipment, and comprehensive labeling requirements for toxic chemicals, as well as a host of new rules and regulation changes occurring due to full implementation of the EEA in 1995. Consequently, it is very useful to have at least a Norwegian agent, if not a more substantial representative, to navigate through new EEA regulations.

Norway is heavily dependent on foreign trade, and its trade policy is generally aimed at expanding its trade and shipping services. As an EFTA/EEA member, Norway currently enjoys an industrial free-trade agreement with all EU member countries. Norway is using the harmonized system (HS) for commodity classification and, generally, import duties are relatively low on products imported from third-country suppliers.

There are few technical standards where enforcement has so far raised significant trade barriers for U.S. suppliers, although some obstacles have been encountered in the case of specialized electrical equipment. However, with more EEA regulations coming, it will probably gradually become more complicated for inexperienced U.S. exporters to Norway who do not have agents. European safety standards on electrical equipment for use in hazardous areas are favored in North Sea oil-and-gas production facilities and offshore exploration rigs.

ISO 9000 series:

Quality assurance is paramount for all equipment destined for the Norwegian offshore market, and is generally preferred in the inland market. Norway has adopted the ISO 9000 standards for quality assurance (QA) and quality control (QC).

Electrical/electronic equipment:

Electrical equipment sold and used by the public (consumer electronics and household electrical appliances) must have an approval from NEMKO, or similar control establishments within the EU:
Norwegian Electrical Control Board
(Norges Elektriske Materiellkontroll-NEMKO)
Gaustadalleen 30
0371 Oslo, Norway
Tel: 011 (47) 22 96 03 30
Fax: 011 (47) 22 69 86 36

Electric current throughout Norway is 50 cycle, 220 volt a.c; single- and three-phase.

Toxic chemicals:

-a mandatory composition declaration is imposed on domestic and foreign suppliers of chemical substances and products.

The new requirement calls for a 100-percent product composition declaration to be filed and registered in the product register.

These provisions are a direct continuation of requirements introduced in 1984 and 1989 governing the declaration and labeling of very toxic, toxic, and carcinogenic substances and products. These products must be declared to the product register prior to import and production.

The fundamental principle is that all manufacturers and importers of chemicals shall provide all the information required by the product register. In cases where foreign producers need to withhold detailed composition from the importer, the foreign producer may send the complete chemical composition directly to the product register. One condition for accepting the above is that the importer supply administrative information ("administrative data") with reference to the information provided by the foreign supplier. The Norwegian importer is nevertheless responsible for labeling the product and preparing the safety data sheet.

In special instances, however, the board of the product register may grant a partial or total dispensation from the declaration requirements. Exemptions may be granted only for specific product groups, and for a limited period of time. The exemptions will normally not be granted for more than three years at a time. Special guidelines have been prepared in connection with the various forms of dispensation, which may be obtained from the product register:

Produktregisteret
(Chemical Product Register)
Ulvenveien 89 b
P.O. Box 8180 dep
0034 Oslo, Norway
Tel: (47) 22 64 48 10
Fax: (47) 22 65 15 39

Publication: "Declaration of chemical substances and products" - Guidelines (in English).

Safety data sheets: an additional obligation for domestic manufacturers or importers includes the preparation of a safety data sheet, sufficiently comprehensive for the customer/user to handle the substance or product safely.

Information regarding the "administrative data" and the safety data sheets may be obtained from:

Arbeidstilsynet
(Directorate of Labor Inspection)
Fridtjof Nansens vei 14
P.O. Box 8103 dep
0032 Oslo, Norway
Tel: (47) 22 95 70 00
Fax: (47) 22 46 62 14

Questions regarding food products and food packaging regulations may be directed to:

Naeringsmiddelkontrollen
(Food Control Authority/Packaging Regulations)
Ullevaalsveien 76
P.O. Box 8187 dep
0034 Oslo, Norway
Tel: (47) 22 24 66 50
Fax: (47) 22 24 66 99

Labeling requirements: Guidelines/regulations governing required labeling of chemical substances and products which may involve a hazard to health may be obtained from:

Elanders Publishing A/S
P.O.Box 1156
0107 Oslo, Norway
Tel: (47) 22 63 64 00
Fax: (47) 22 63 65 94

EU's CE labeling:

In Norway there is no regulations or requirement for “country of origin” marking. Through its EEA agreement, Norway has adopted the EU's new CE mark/label on some products sold in the EU market. The CE label will also be an assurance that the product conforms to EU standards/directives, and thus provides for a free float between borders, serving as a "product passport." In other words, this will eventually eliminate the need for each EU or EEA country to "certify" the product by its own national testing labs. There will generally be only one "EU" certification necessary for most products, but the individual countries may apply some special area specifications to some few products/services.

It would be the Norwegian importer's or seller's responsibility to see that all imported products are in conformity with the regulations.

The CE label should incorporate: name/address of manufacturer; Ser. No.; CE mark. Some markings also incorporate pictograms/hazard symbols in accordance with the "EN" (European Norm) standard. Additional marking/instructions must at least have one of the receiving country's official languages.

At present, only 20 percent of the products sold in the EU are subject to this CE labeling requirement. According to the EU directives, subject product categories have a transition period and implementation date, others are already compulsory. One may also use a "notified body," an EU-accepted or authorized technical control agency, and/or an accepted test laboratory to certify conformity. Five potential Norwegian testing laboratories and technical institutions are currently being evaluated. The go will probably apply to the EEA body to have these organizations accredited as Norway’s technical control authorities for CE requirements.

It is expected that more control will be enforced on products from third-country suppliers (this, of course, includes the United States), primarily concentrating on toys, pharmaceuticals and some foodstuffs. The "stated" reason for this is that many false "CE" labels appear on toys (in particular) exported from the PRC. An internal control will be required and sporadic controls will be performed by the Norwegian governmental authorities.

Trademarks/patents:

All trademark applications for the Norwegian market must be registered with the following GON agency:

Patentstyret
Styret for det Industrielle Rettsvern
Kobenhavngaten 10
P.O. Box 8160 dep
0033 Oslo, Norway
tel: (47) 22 38 73 00
fax: (47) 22 38 73 01

This is Norway's official patent office, handling trademark registration, innovation protection, etc.

A Norwegian company may file a trademark application directly with the agency, and has to pay a fixed price of:

NOK 1,600 ($ 215) - for one group registration,
and an additional
NOK 600 ($ 80) for each additional group.

However, a foreign company has to go through a local agent or other intermediary with the application. This may be a friend, a company, a lawyer, an individual, or one of the many private patent offices. The latter offices normally charge fixed consulting fees in addition to the official registration charge:

NOK 4,650 ($ 620)- for one group registration,
and an additional
NOK 420 ($ 56)- for each additional group

If the trademark application process should need comprehensive research and examination, or extensive contact/correspondence between the consultant, the agency, and the client, total expenses could perhaps run as high as NOK 10,000 ($ 1,300).

Major consulting firms specializing in patent and trademark procedures in Norway include:

Bryns Patentkontor A/S Karl Johansgate 25 Box 9566 Egertorget 0128 Oslo, Norway Tel: (47) 22 42 19 90 Fax: (47) 22 42 23 54	Oslo Patentkontor A/S Holtegaten 20 Box 7007 H.byen 0306 Oslo, Norway Tel: (47) 22 44 38 67 Fax: (47) 22 55 33 88
Bryn & Aarflot A/S Kongensgate 15 Box 449 Sentrum 0104 Oslo, Norway Tel: (47) 22 41 39 80 Fax: (47) 22 41 38 23	Tandberg's Patentkontor A/S Uranienborg Terrasse 19 Box 7085 H.byen 0306 Oslo, Norway Tel: (47) 22 60 33 94 Fax: (47) 22 69 31 48

Samples, carnets,--:

Norway is a member of the international convention to facilitate the importation of commercial samples and advertising matter. Samples may be imported into Norway free of customs charges if they are of little or no commercial value, or if they have been made unfit for use. If they do not meet these requirements, samples are subject to customs duties. However, samples intended exclusively for obtaining orders in Norway may be temporarily exempted from duty payment provided a bond is posted upon entry. When the merchandise is reexported, the bond is canceled. Samples carried by a commercial traveler, as well as pattern books and pattern cards, must be declared immediately upon arrival in the country.

Samples may also be imported temporarily by using the ATA carnet, a simplified customs document by which commercial samples or professional equipment may be sent or taken into Norway and any of the other 43 foreign countries participating in the arrangement.

The ATA carnet is a guarantee to the customs authorities that duties and taxes will be paid if the goods are not taken out of the country. The carnet permits making customs arrangements in advance in the United States and is especially useful when visiting several countries, since the same document may be used and remains valid for a 12-month period. In the United States, ATA carnets are issued for a fee from:

U.S. Council for Intl. Business
1212 Avenue of the Americas
New York, NY 10036
tel: (212) 354-4480
fax: (212) 575-0327

Advance rulings on classification:

Before signing a long-term contract or sending a shipment of considerable value, it may be prudent for the Norwegian importer or U.S. exporter to obtain an official ruling on customs treatment.

Requests for advance information regarding the customs
classification of products may be addressed directly to:

Toll og Avgiftsdirektoratet
(Norwegian Customs Authority)
Schweigaardsgatan 15
P.O. Box 8122 dep
0032 Oslo, Norway
tel: (47) 22 86 03 00
fax: (47) 22 17 65 24

The application should describe the product in full detail. Samples, catalogs, photographs, or other descriptive literature should be submitted whenever possible. The application should be signed by the manufacturer, the exporter, or the representative in Norway. While the customs authorities will not in all cases give a binding decision, the decision will usually be considered binding if the goods are found to correspond exactly to the sample or the description.

Chapter VII Norway's Investment Climate

NORWAY'S FOREIGN INVESTMENT POLICY AND PRACTICES

OPENNESS TO FOREIGN INVESTMENT

General Government Attitude

In general, Norwegian authorities have a positive attitude toward foreign investment in the key offshore petroleum sector as well as in other sectors. Investment is welcomed on the mainland in high-tech and advanced areas that will improve competitiveness and management in industry, and in industrially underdeveloped areas such as Northern Norway. The European Economic Area (EEA) free trade accord (came into force in 1995) requires Norway to apply principles of national treatment in certain areas where foreign investment was prohibited or restricted in the past. The policy vis-a-vis third countries including the U.S. will likely continue to be governed by reciprocity, and by bilateral and international agreements. While the Norwegian government officially endorses a level playing field for foreign investors, existing regulations, standards and practices often marginally favor Norwegian, Scandinavian and EEA investors, in that order.

Laws/Rules/Practices Affecting Foreign Investment

Being an EEA member, Norway continues to liberalize its foreign investment legislation along European Union (EU) lines. Current and proposed laws/rules follow.

Government monopolies: Foreign and domestic investors are lawfully barred from investing in industries monopolized by the government including postal services, railways, and the domestic production and retail sale of alcohol. Foreign investment in electricity production (limited to 20 percent of equity) may be granted by the government, but is rare. The GON has fully opened the electricity distribution system to foreign participation to become one of the most liberal markets in the world.

International: Foreign companies are required to obtain concessions for the acquisition of rights to own or use various kinds of real property including forests, mines, tilled land, and waterfalls. Foreign companies need not, however, seek concessions to rent real estate provided that the rental contract is made for a period not exceeding ten years. The two major laws governing concessions are the Act of December 14, 1917 and the Act of May 31, 1974.

The Petroleum sector: the Petroleum Act of November 1996 (superceding the 1985 Petroleum Act) contains the legal basis for the authorities' awards of blocks and follow-up activity. The act covers governmental control over exploration, production, and transportation of petroleum. Although production licenses awards are based on competitive bidding, Norwegian authorities continue to give preferential treatment to domestic oil companies and domestic suppliers in the awarding of blocks and maintenance/supply contracts. The Norwegian offshore concession system complies with EU directive 94/33/EU of May 30, 1994, which governs conditions for awards and hydrocarbon development. The government tightly controls Norway's pipelines which carry Norwegian gas to the European market with governmental approval. The pipeline consortia sell gas under "take or pay contracts" in which buyers guarantee to pay for delivery of specific quantities, whether or not the full quantity is used. At this point, the government does not contemplate opening gas distribution to trading.

Manufacturing Sector: In December 1994, the Norwegian parliament approved new investment legislation governing acquisitions in the manufacturing sector. The new legislation, which became effective on January 1, 1995, grants national treatment to foreign investors. According to the legislation, all Norwegian and foreign investors (i.e., EEA and Third-country) are obliged to report to the ministry proposed acquisitions exceeding certain thresholds (33 percent, 45 percent or 67 percent) of a company's ownership equity capital. This rule is mandatory for medium to large-scale acquisitions (firms with more than 50 employees), firms with an annual turnover exceeding NOK 50 million (USD 8.0 million), and firms receiving significant public research and development support. The report to the ministry should contain information about investor intentions, implications for employment and production and industrial development. If the proposed acquisition would contribute to the restructuring of a manufacturing industry, a series of hearings would be initiated before a decision is made. The legislation authorizes the GON to set conditions when an approval is granted. If the ministry does not respond within 30 days, the acquisition is automatically approved.

Financial and Other Services: According to current legislation, any investor--foreign or domestic--must obtain permission/concession from the Norwegian government to acquire more than 10 percent of the equity in an existing Norwegian financial institution. Effective January 1, 1995, there is no ceiling on foreign equity in a Norwegian financial institution given that a concession has been granted. Applications are sent on a round of hearings before the Finance Ministry makes its recommendation. The Norwegian Ministry of Finance has abolished remaining restrictions on the establishment of branches by foreign financial institutions including banks, mutual funds and other financial institutions. Under the liberalized regime, branches of U.S. and other foreign financial institutions are granted the same treatment as nationals in Norway.

In the media area, no individual party may own more than one-third of a national radio and/or television company without a concession. National treatment should be granted in line with Norway's obligations under the EEA accord.

Investment Screening Mechanism: Takeover applications are processed by the concerned ministries. The Ministry of Industry and Commerce, for example, handles cases which concern the acquisition of real property in Norway or of shares in Norwegian companies. The Ministry of Finance is involved when financial institutions are concerned, while the Ministry of Culture handles media cases. Decisions are normally taken at the ministerial level. However, in some cases that may have political interest, the minister(s) may ask the entire cabinet to make the decision. The time needed to process a takeover application depends on several factors but is normally from one to three months. Norwegian legislation authorizes the GON to set conditions when a concession is granted, and this is done in the majority of cases involving more than one-third foreign ownership. Concession agreements do not permit a company to engage in other business activities than those specified. In general, the government screens investment on a case-by-case basis, based on the "public interest principle." This principle is vague, and allows
for broad discretion, which has been used to protect domestic business interests and preserve jobs.

Acquisition and takeovers: antitrust legislation (Price Control Act of 1953) empowers the authorities to break up any restrictive arrangement that may have a harmful impact on production, prices, and/or distribution. Norway has ratified principal international agreements governing arbitration of investment disputes including the New York Convention of June 10, 1985.

Investment Incentives: Norway offers no significant tax incentives for either domestic or foreign investors. One exception is investments in Northern Norway, where a reduced payroll tax schedule and other incentives apply. There are no free-trade zones, although taxes are minimal on Svalbard. A state industry and regional development fund provides support (e.g., Investment grants and financial assistance) for industrial development in areas with special employment difficulties or with low levels of economic activity.

Discriminatory/Preferential Exports/Imports Policies: Norway also has established an Export Council THAT assists export-oriented firms in international marketing. Norway has established an export credit institution (Eksportfinans) which provides export credits, and an export guarantee institution (GIEK). In 1995, Norway replaced quotas on farm product imports with variable tariffs in compliance with the WTO accord. While Sweden and other EU countries have complained that the tariffs are overly protective, Norway implemented moderate tariff cuts effective January 1, 1997. "Harmful" imports have in the past been restricted when deemed appropriate. (Norway restricted bicycles from Taiwan, for example, after it registered an import surge). Norway continues to grant trade-distorting subsidies to its shipbuilding industry, but these are expected to be eliminated in line with EU policy.

CONVERSION AND TRANSFER POLICIES

Norway abolished all major foreign exchange controls in the early 1990's. Dividends, profits, interest on loans, debentures, mortgages and repatriation of invested capital are freely and fully remittable subject to central bank reporting requirement. Ordinary payment from Norway to a foreign entity can normally be made without formalities through commercial banks.

EXPROPRIATION AND COMPENSATION

There have been no cases of questionable expropriation in recent memory. Government acquisition of property is currently limited to non-discriminatory land and property condemnation for public purposes (road construction, etc.) The Embassy is unaware of any cases where compensation has not been prompt, adequate and effective.

DISPUTE SETTLEMENT

No major investment disputes have occurred since 1990. As noted above, Norway has ratified the major international conventions governing arbitration and the settlement of investment disputes.

PERFORMANCE REQUIREMENTS/INCENTIVES

There are no standard performance requirements imposed on foreign investors, although big investors may be required to maintain employment to avoid dislocation of labor. In the offshore petroleum sector, Norwegian authorities encourage the use of Norwegian goods and services. The Norwegian share of the total supply of goods and services to the offshore petroleum sector has been between 50 to 70 percent in the past decade.

RIGHT TO PRIVATE OWNERSHIP AND ESTABLISHMENT

Subject to the restrictions noted above, foreign and domestic entities are generally free to establish and own business enterprises and engage/disengage in all forms of legal remuneration activity. With the possible exception of the oil and gas sector in which the three Norwegian oil companies in the past have received preferential treatment, the Norwegian Government in theory treats private and public enterprises with equality when it comes to market access and other business operations. In the privatization of firms, foreign investors are permitted to participate subject to the restrictions mentioned above.

PROTECTION OF PROPERTY RIGHTS

Norway adheres to key international agreements on property rights (e.g., Paris Union Convention for the Protection of Industrial Property). The patent office (Styret for Det Industrial rettsvern) grants patents for a period of 20 years (Acts of June 8, 1979, and May 4, 1985). Provisions in the Act of May 21, 1961 protect copyrights. Provisions in the Act of March 3, 1961 protect trademarks. The above legislation also protects trade secrets and industrial designs.

TRANSPARENCY OF THE REGULATORY SYSTEM

The transparency of Norway's regulatory system is generally at par with that of the EU's because Norway is obliged to adopt EU directives under the terms of the EEA accord. The government has adopted laws to foster competition in non-farm sectors. For example, the competition act of 1993 (the antitrust law) empowers the authorities to break up any arrangement that thwarts competition. While competition in the farm sector remains inadequate, existing laws and policies undergo reviews to curb misallocation of investment and red tape.

Efficient CAPITAL MARKET AND PORTFOLIO INVEST.

Norway has a highly computerized banking system that provides a full range of banking services. There are no significant impediments to the free market-determined flow of financial resources. In the fall of 1996, foreign banks--which in the past were required to do business through a subsidiary--were permitted to establish branches in Norway.

The private sector has access to a wide variety of credit instruments, and the regulatory system is transparent and consistent with international norms. A stock exchange is established to facilitate portfolio investment and--in general--securities transactions.

AFTER the 1988-92 banking crisis, Norwegian banks have shown good gains, with all major banks now posting profits and reduced loan losses. The assets of the top-five commercial banks currently account for over 83 percent of total assets. Following bailouts during the banking crisis, the Norwegian State held controlling stakes in the country's top-three commercial banks. The State has subsequently reduced its stakes in the top-two banks and sold the entire stake in the third biggest bank to private investors. The Norwegian banking sector remains in a period of consolidation with mergers between big players expected. Foreign and domestic investors continue to have adequate access to capital.

There are no known "cross-holding" or other shareholder arrangements used by private firms to restrict foreign investment through mergers and acquisitions. Similarly, there are no laws and regulations authorizing private firms to adopt articles of incorporation/association which limit or prohibit foreign investment. The private sector and/or the government do not restrict foreign participation in industry standards setting consortia and organizations.

POLITICAL VIOLENCE

Norway remains politically stable, with no politically motivated damage to projects/installations reported over the past few years. No changes are expected.

CORRUPTION

Corruption is not widespread in Norway and it is not an obstacle to foreign direct investment. A 1998 survey conducted by an international institute which monitors corrupt business practices worldwide (transparency INTERNATIONAL), ranked Norway as the EIGHT least corrupt country (the U.S. WAS SEVENTEENTH) out of a list of 85 countries surveyed. Norway's penal code (Act 10 of May 28, 1902 and its amendments) sets penalties for corruption and other illicit payments. Accepting a bribe is a criminal act which carries penalties (fines and/or jail up to six years for severe cases). Bribing foreign officials and private sector investors is a criminal act and bribes cannot be deducted from taxes.

BILATERAL INVESTMENT PROTECTION AGREEMENTS

Norwegian authorities have concluded investment protection agreements with the following countries: Madagascar (1966), Malaysia (1984), Peoples Republic of China (1984), Indonesia (1969 and 1991), Sri Lanka (1985), Poland (1990), Hungary (1991), Romania (1991), Estonia (1992), Latvia (1992), Lithuania (1992), Chile (1993), the Czech republic (1993), SLOVAKIA (1993), Peru (1995) and Russia (1995). These agreements contain provisions for repatriation of capital, dispute settlement, and standards for expropriation and nationalization by the host country. Looking ahead, Norwegian authorities Plan to sign protection agreements with 30 additional countries including Turkey, Brazil, Egypt, India, Thailand and Vietnam.

OPIC AND OTHER INVESTMENT INSURANCE PROGRAMS

There is no specialized institution providing investment guarantees in Norway. However, the Norwegian Foreign Ministry has a guarantee division which oversees exports and investment guarantees. The Norwegian Export Credit Institute (GIEK) issues export credits and investment guarantees subject to Ministry approval. Norwegian firms investing in developing countries may apply for investment guarantees. Norway has an investment guarantee scheme for Eastern Europe. Norway is a member of Multilateral Investment Guarantee Agency (MIGA).

LABOR

While skilled and semi-skilled labor is usually available, strong mainland economic growth since 1992 has led to shortages of both skilled labor (medical doctors) and unskilled labor (construction workers). In 1998, the labor force totaled some 2.3 million persons of which 3.2 percent were (surveyed) unemployed.

The government has a record of imposing mandatory wage mediation should strikes threaten the economy. In 1998 for example, the GON ordered striking air traffic controllers and health workers back to work. Norway adheres to the ILO convention on protection of workers rights.

Despite wage restraint in recent years, Norwegian blue-collar hourly earnings remain high from a global perspective. On the other hand, top-level executives are generally paid considerably less than their U.S. counterparts.

High blue-collar wages contribute to the use of capital-intensive technologies in Norwegian industry.

FOREIGN TRADE ZONES

Norway has no foreign trade zones AND DOES NOT CONTEMPLATE ESTABLISHING ANY.

Foreign investment statistics

The following data is the latest available as of June 1998 from the Norwegian Central Bank. Figures on investment position refer to book-value. These figures are limited to companies in which a single foreign investor holds 10 percent or more of the equity capital and do not include foreign ownership interests via third party investment. Flow investment statistics is based on market value. FDI stands for Foreign Direct Investment

Note also that the NOK/USD exchange rates were as follows for the period in review:

	1993	1994	1995	1996	1997
END-period	7.42	6.86	6.35	6.47	7.30
Period-Average	7.09	7.06	6.34	6.46	7.08

Table I:FDI Position in Norway By Country (NOK Bill)

Country/Area	1993	1994	1995	1996	1997
Total FDI	102.4	113.7	123.3	139.1	151.5
Of Which From:					
U.S.	24.1	28.0	30.8	43.7	42.6
Sweden	17.9	15.8	20.7	20.3	23.2
France	8.1	8.0	8.1	11.2	10.3
Netherlands	6.6	5.1	10.3	9.2	18.6
Switzerland	11.1	10.8	10.7	6.3	6.7
UK	5.5	14.6	8.2	10.8	13.4
Germany	3.8	4.1	4.6	4.8	4.8
Denmark	4.2	5.5	6.4	6.5	7.1
Finland	2.4	2.4	2.6	4.7	4.6
Japan	4.9	4.8	4.8	4.7	4.0
All EU	50.0	58.6	67.5	74.4	89.1
FDI/GDP (Percent)	12.4	13.1	13.3	13.7	13.9

Table II:FDI Pos. In Norway By Industry (NOK Bill)

Sector	1993	1994	1995	1996	1997
Total FDI	102.4	113.7	123.3	139.1	151.1
Of Which In:					
Petroleum/Mining	34.8	46.1	48.9	52.1	52.7
Manufacturing	12.5	12.9	13.7	14.7	18.4
Bldg./Construction	2.9	3.0	3.3	12.1	14.5
Dom. Trade/Hotels	24.2	22.5	25.6	26.1	28.0
Transp./Commun.	2.9	1.8	2.0	3.2	5.3
Financial, Business Services/Property	23.0	25.3	27.9	28.2	28.7
Other Industry	2.1	2.1	1.9	2.7	3.9

Table III: Norw. Inv. Pos. Abroad By Country (NOK Bill)

Country/Area	1992	1993	1994	1995	1996
Total Inv. Abroad	81.7	94.8	119.9	142.3	163.9
Of Which In:					
U.S.	12.5	13.7	16.7	20.2	23.4
Sweden	11.0	14.6	15.1	19.7	23.8
Denmark	12.8	14.8	26.7	29.7	27.9
UK	8.2	11.2	10.7	12.0	19.0
Netherlands	8.1	8.5	8.4	12.0	14.3
Germany	7.9	7.8	8.7	7.8	6.8

All EU	60.5	69.4	89.3	105.3	124.0
Total/GDP (Pct)	10.4	11.5	13.8	15.3	16.1

Table IV: Norw. Inv. Pos. Abroad By Industry (NOK Bill)

Sector	1992	1993	1994	1995	1996
Total FDI	81.7	94.8	119.9	142.3	163.9
Of Which In:					
Petroleum/Mining	11.2	17.0	27.0	29.4	35.7
Manufacturing	49.3	54.9	63.3	75.6	84.2
Dom. Trade/Hotels	5.5	4.2	8.0	9.8	11.8
Transp./Commun.	6.0	7.5	8.3	8.4	9.8
Financial, Business Services/Property	7.9	9.2	11.7	17.3	20.1
Other Industry	1.8	2.0	1.6	1.8	2.3

Table V: Net FDI Flows To Norway (NOK Bill)

Category	1994	1995	1996	1997	1998
Total	15.1	9.3	13.7	19.5	22.7
Of Which From:					
U.S.	3.5	0.1	11.6	0.1	(2.5)
SWEDEN	(0.5)	4.3	2.5	0.2	1.7
EU (INCL. SWEDEN)	11.2	5.9	6.5	21.8	26.3
Tot./GDP (Pct.)	1.7	1.0	1.3	1.8	2.1

Table VI: Norw. Net FDI Flows Abroad (NOK Mill)

Category	1994	1995	1996	1997	1998
Total	11.8	14.9	31.7	30.1	13.7
Of Which To:					
U.S.	4.7	0.9	0.3	9.2	4.5
Sweden	0.8	6.2	8.1	5.9	2.5
EU (INCL.SWEDEN)	3.6	12.4	28.2	14.7	5.5
Tot./GDP (Pct.)	1.4	1.6	3.1	2.8	1.2

MAJOR FOREIGN INVESTORS

According to Norwegian law, investment statistics collected by the Norwegian Central Bureau of Statistics cannot be released on a company-to-company or project-to-project basis.

In 1997, foreign and Norwegian oil companies invested about USD nine billion (measured at market value) in the Norwegian offshore petroleum sector. The major U.S. investors offshore were: Amerada Hess Corp., Amoco Norway, Conoco Petroleum Norge, Esso Norge, Mobil Norge, and Phillips Petroleum Corporation Norway. Other foreign oil companies were Norske Shell, BP Petroleum, Deminex Norge, Elf Petroleum Norge, Norsk Agip, and Total Norge.

On the Norwegian mainland, U.S. investors/suppliers include: Kraft General Foods, Abbot Norge, Amdahl Norge, American Express, Apple Computer, Avis Bilutleie, Black & Decker, Bristol-Meyers Squibb, Chemical Bank Norge, Citibank, Coca-Cola Norge, Colgate-Palmolive Norge,, DHL International, United Airlines, Dow Chemical Norway, Ernst & Young, General Electric, General Motors, Gillette Norge, Goodyear Norge, Hertz Bilutleie, IBM, Ingersoll-Rand, Kellogg Norge, Manpower, Motorola Norge, NCR Norge, Pepsi Cola Norge, Price Waterhouse, Tandy Grid, Texas instruments Norge, Vickers systems and Wrigley and Xerox Corporation.

In all, over 200 American firms have established branch offices or subsidiaries in Norway.

NOTE ON SOURCES

Information in this report was primarily obtained from various sources within the Ministries of Finance, Industry, Labor, and Foreign Affairs, as well as the Norwegian Central Bureau of Statistics and the Bank of Norway. The Price Waterhouse guide "Doing Business in Norway" and KMPG's "Investment in Norway" were useful for background information.

CHAPTER VIII. TRADE AND PROJECT FINANCING

Banking system:

Participants in the Norwegian banking market vary from large full-service banks active in both the wholesale and retail sectors to small private institutions. There is also a range of savings banks, and the Post Office runs a giro system. The banking system, i.e., the actual payment system, is highly automated and computerized. Banking activities are regulated by the Commercial Banking Act, the Savings Bank Act and the Act on Financing and Finance Institutions. Recent liberalization of regulations now permits foreign banks to operate in Norway.

The Bank of Norway (the Central Bank) is a joint-stock company where the government has all the shares. It is the executive and advisory entity for monetary, credit and exchange policy. It is the sole bank of currency issue.

Commercial banks enjoy a very close relationship with trade and industry. Savings banks have a long tradition in Norway and also cover a substantial part of local credit requirements.

Merchant banks have not achieved the same position in Norway that they enjoy in some countries. This is partly because of the market dominance by the very large commercial banks, all of which maintain specialized departments covering the areas generally regarded as typical of merchant banking.

There are special banks for fisheries, agriculture, shipping, industry, house building, and export finance. The State, to varying degrees, participates in all of these.

Exchange controls

The Norwegian krone (NOK) had been connected to the European currency unit, the ECU, through the European monetary system (EMS). This was a unilateral connection and other EMS members had no obligations with regard to coordination with Norway. From December 10, 1992, the NOK has been floating, and the Bank of Norway intervenes in the foreign-exchange market when appropriate.

In 1990, all currency and foreign-exchange controls were abolished. There are no longer any licensing requirements in force. The only requirement in force is a reporting requirement for international payments and financial transactions. This reporting is generally taken care of by the transaction bank.

General financing availability:

In principle, all kinds of financing are available to foreign investors. Overdrafts and mortgages are available from banks, which will also assist in the issuance of such financial instruments as discount bonds, convertible bonds, etc.

Financial lease arrangements are supplied by leasing companies. If a leased asset is financed through funding abroad, a license is required from the Bank of Norway. If the lessee is foreign and the agreement is of a financial character (financial leasing), a license is required. No license is required if the leasing agreement can be said to be operational.

Venture capital and merchant banking is not highly developed, but does exist. Under very strict conditions it is possible to obtain fresh capital at the stock exchange.

Export financing

Eksportfinans A/S finances exports of Norwegian capital goods and services on both market- and government-supported terms. The financing programs are designed to promote the sale of Norwegian capital goods and services, and financing is also available to foreign buyers.

Eksportfinans A/S
Dronning Mauds gt. 15
0250 Oslo, Norway
Tel: (47) 22 83 01 00
Fax: 011 (47) 22 83 22 37

Credits on market terms are given for purchases of Norwegian capital goods. Eksportfinans extends credit on market terms at competitive rates, ensuring that the financing is appropriately matched to project requirements in terms of currencies, loan period, interest rates and repayment structure.

Eksportfinans also administers a number of trade-subsidy schemes on behalf of the Norwegian government. Where exports are involved, the GON is able to offer subsidized fixed-rate loans to most countries.

Government-supported loans are regulated under the OECD consensus agreement. This scheme was introduced to enable Norwegian exporters to match the financing terms offered by foreign competitors. The loans are repayable in equal semi-annual installments, and the interest rate is fixed for the entire period of the loan.

Norway has no significant financing programs available for either domestic or foreign investors. One exception is investments in northern Norway, where a reduced payroll tax schedule and other incentives apply. There are no free-trade zones, although taxes are minimal on Svalbard. A state industry and regional development fund provides support (e.g., investment grants and financial assistance) for industrial development in areas with special employment difficulties or with low levels of economic activity.

Major Norwegian banks--and two U.S.banks operating in Norway

Den norske Bank A/S	Chase Manhattan Bank Norge A/S
P.O. Box 1171, Sentrum	Fr. Nansens Plass 1
0107 Oslo, Norway	0160 Oslo, Norway
Tel: (47) 22 48 10 50	Tel: (47) 22 94 19 19
Fax: 22 48 27 10	Fax: 22 42 58 61

Kredittkassen
Middelthunsgt. 17
0368 Oslo, Norway
Tel: (47) 22 48 50 00
Fax: (47) 22 48 61 97

Citibank International PLC
Norway Branch
Tordenskjoldsgate 8/10
0116 Oslo, Norway
Tel: (47) 22 00 96 00
Fax: (47) 22 00 96 96

CHAPTER IX. BUSINESS TRAVEL

Entry requirements: There are no visa requirements for U.S. citizens visiting Norway, but for information regarding
entry requirements travelers can contact the Royal Norwegian Embassy at 2720 34th Street N.W., Washington, D.C. 20008, tel (202) 333-6000, or the nearest Norwegian Consulate General in Houston, Miami, Minneapolis, New York, or San Francisco.

Medical facilities: Medical care is widely available. U.S. medical insurance is not always valid outside the United States. Travelers have found that, in some cases, supplemental medical insurance with specific overseas coverage has proved to be useful. Further information on health matters can be obtained from the centers for disease control and prevention's International Travelers' Hotline, tel: (404) 332-4559.

Crime information: Norway has a relatively low crime rate. Most crimes involve the theft of personal property, e.g., residential burglary, auto theft, or vandalism to parked cars. Persons who appear affluent may become targets of pickpockets and purse snatchers, especially in certain parts of the Oslo area. Violent crime, however, remains the exception; weapons are almost never used by thieves or burglars. The loss or theft of a U.S. passport abroad should be reported immediately to the local police and to the nearest U.S. Embassy or Consulate. U.S. citizens can refer to the Department of State's pamphlet "A Safe Trip Abroad" for ways to promote a more trouble-free journey. The pamphlet is available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

Drug penalties: U.S. citizens are subject to the laws of the country in which they are traveling. Penalties for possession, use, or trafficking in illegal drugs are strict, and convicted offenders can expect fines or jail sentences and subsequent deportation.

Roadblocks for checks of drivers under the influence of
alcohol are frequent, and submission to a breathalyser test is mandatory. Stiff jail sentences for driving while intoxicated are routine.

Road safety: Because of the mountainous terrain, most roads are narrow and winding. The northerly latitude can cause road conditions to vary greatly depending on weather and time of year. Speed limits vary from 60-90 km/hr in rural roads.

Registration and Embassy location: Americans who register at the Consular Section of the U.S. Embassy can obtain updated information on travel and security in Norway.

Holidays:

Businessmen should note the following local holidays during cy-1999 and 2000

1999	2000
Jan 1 - New Years Day	Jan 1
April 4 - Easter Sunday	April 23
April 5 - Easter Monday	April 24
May 1 - Labor Day	May 1
May 13 - Ascension Day	June 1
May 17 - Independence Day	May 17
May 24 - Whit Monday	June 12
Dec 25 - Christmas Day	Dec 25
Dec 26 - Christmas Day	Des 26

Some of the Norwegian manufacturing plants and major businesses are closed for 3-4 weeks of summer holidays from mid-July to mid-August. Easter (10-day holiday season for many Norwegians) also is a period of low business activity.

<NREC>NorwayA01 Norway: Country Data <A>=Norway

CHAPTER X: APPENDICES

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SUBJECT: CCG FY 2000 -- APPENDICES A-D
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Appendix A: Country Data

- Population: the total population of Norway was about 4.50 million in mid-1998, with some 30 percent living in rural districts and 70 percent in densely populated areas.

- Population growth: the 1998 population growth rate was approximately 0.5 percent, or about the same as the 1988-98 average.

- Religions: about 90 percent of the population belong to the Evangelical Lutheran church, which is the State Church of Norway. Registered religious communities outside the Church of Norway have a total membership of over 200,000.

- Government system: the Kingdom of Norway is a constitutional hereditary monarchy, with division of powers between the legislative, executive and judicial branches of government. The executive power is exercised by the king in a council of state comprised of the king, the Prime Minister and other government ministers. Legislative powers are vested in the parliament

(Storting), which has 165 members elected through general elections based on proportional representation within geographical areas. Parliamentarians serve a four-year term and the Parliament cannot be dissolved during that period. The Parliament is elected as one chamber but 39 members are selected to constitute the "lagting," while the remaining members constitute the "odelsting." All bills of law are debated, first by the "odelsting" and then by the "lagting." Thereafter, they are sent to the king for Royal Assent in Council. All other decisions are made by the united Parliament. The country is divided into 19 counties, which in turn are divided into a large number of municipalities, the latter granted local self-government.

- Languages: the Norwegian language is closely related to the other Scandinavian languages, and to a lesser degree to English, Dutch and German. Most Norwegians have a good command of English. There are two official languages, "bokmal" and "nynorsk," with equal status in schools and official use. The Norwegian alphabet contains 29 letters with three letters not found in the English alphabet.

- Work week: the normal Norwegian work week is 37.5 hours. The Norwegian workers' protection act stipulates the maximum working hours: 9 hours per day; 40 hours per week.

Appendix B: Domestic Economy

Category	1997	1998	1999
Total GDP(USD mill)	153,380	146,636	150,915
Real GDP growthpct)	3.4	2.1	1.4
GDP per capita (USD)	34,237	32,585	33,315
Gov. Spending/GDP (pct)	37.8	40.1	39.9
Price inflation (pct)	2.6	2.3	2.3
Surv. Unempl. Rate(pct)	4.1	3.2	3.5
For. Exch. Res. (USD mill)	24,136	18,814	18,900
Avg. Exch. Rate (NOK/USD)	7.1	7.6	7.7
Net for. Debt(a) (USD mill)	(11,268)	(12,278)	(12,400)
Debt-serv. Ratio(b) (pct)	22.0	21.8	21.0
U.s. Econ./mil. Asst.	Nil	nil	nil

Note: (a) Foreign liabilities less foreign assets.
(b) Gross debt service (on foreign liabilities).
Sources: Norway central bureau of statistics;
Ministry of finance; embassy projections

Appendix c: Trade

Category	1997	1998	1999
- tot. Norw. Exp. (USD mill)	47,491	40,623	42,105
- tot. Norw. Imp. (USD mill)	35,313	38,634	38,370

- exports to u.s. (USD mill)(a) 3,735 2,874 2,900
- imports fm u.s. (USD mill)(a) 1,720 1,709 1,700

Note: (a) USDOC Statistics.

Appendix D: Investment Statistics

The following data is the latest available as of June 1999 from the Norwegian central bank. Figures on investment position refer to book-value. These figures are limited to companies in which a single foreign investor holds 10 percent or more of the equity capital and do not include foreign ownership interests via third party investment. Flow investment statistics is based on market value. FDI stands for foreign direct investment.

Note also that the NOK/USD exchange rates were as follows for the period in review:

	1993	1994	1995	1996	1997
End-period	7.42	6.86	6.35	6.47	7.30
Period-average	7.09	7.06	6.34	6.46	7.08

Table i:FDI position in Norway by country (NOK bill)

Country/area	1993	1994	1995	1996	1997
Total FDI	102.4	113.7	123.3	139.1	151.5
Of which from:					
U.S.	24.1	28.0	30.8	43.7	42.6
Sweden	17.9	15.8	20.7	20.3	23.2
France	8.1	8.0	8.1	11.2	10.3
Netherlands	6.6	5.1	10.3	9.2	18.6
Switzerland	11.1	10.8	10.7	6.3	6.7
U.K.	5.5	14.6	8.2	10.8	13.4
Germany	3.8	4.1	4.6	4.8	4.8
Denmark	4.2	5.5	6.4	6.5	7.1
Finland	2.4	2.4	2.6	4.7	4.6
Japan	4.9	4.8	4.8	4.7	4.0
All eu	50.0	58.6	67.5	74.4	89.1

FDI/GDP (percent)	12.4	13.1	13.3	13.7	13.9

Table II:FDI Pos. In Norway by industry (NOK bill)

Sector	1993	1994	1995	1996	1997
Total FDI	102.4	113.7	123.3	139.1	151.1
Of which in:					
Petroleum/mining	34.8	46.1	48.9	52.1	52.7
Manufacturing	12.5	12.9	13.7	14.7	18.4
Bldg./construction	2.9	3.0	3.3	12.1	14.5
Dom. Trade/hotels	24.2	22.5	25.6	26.1	28.0
Transp./commun.	2.9	1.8	2.0	3.2	5.3
Financial, business Services/property	23.0	25.3	27.9	28.2	28.7
Other industry	2.1	2.1	1.9	2.7	3.9

Table III: Norw. Inv. Pos. Abroad by country (NOK bill)

Country/area	1992	1993	1994	1995	1996
Total inv. Abroad	81.7	94.8	119.9	142.3	163.9
Of which in:					
U.S.	12.5	13.7	16.7	20.2	23.4
Sweden	11.0	14.6	15.1	19.7	23.8
Denmark	12.8	14.8	26.7	29.7	27.9
UK	8.2	11.2	10.7	12.0	19.0
Netherlands	8.1	8.5	8.4	12.0	14.3
Germany	7.9	7.8	8.7	7.8	6.8
All EU	60.5	69.4	89.3	105.3	124.0

Total/GDP (pct)	10.4	11.5	13.8	15.3	16.1

Table iv: Norw. Inv. Pos. Abroad by industry (NOK bill)

sector	1992	1993	1994	1995	1996
Total FDI	81.7	94.8	119.9	142.3	163.9
Of which in:					
Petroleum/mining	11.2	17.0	27.0	29.4	35.7
Manufacturing	49.3	54.9	63.3	75.6	84.2
Dom. Trade/hotels	5.5	4.2	8.0	9.8	11.8
Transp./commun.	6.0	7.5	8.3	8.4	9.8
Financial, business services/property	7.9	9.2	11.7	17.3	20.1
Other industry	1.8	2.0	1.6	1.8	2.3

Table v: net FDI flows to Norway (NOK bill)

Category	1994	1995	1996	1997	1998
Total	15.1	9.3	13.7	19.5	22.7
Of which from:					
U.S.	3.5	0.1	11.6	0.1	(2.5)
Sweden	(0.5)	4.3	2.5	0.2	1.7
EU (incl. Sweden)	11.2	5.9	6.5	21.8	26.3
Tot./GDP (pct.)	1.7	1.0	1.3	1.8	2.1

Table vi: Norw. Net FDI flows abroad (NOK mill)

Category	1994	1995	1996	1997	1998
Total	11.8	14.9	31.7	30.1	13.7
Of which to:					
U.S.	4.7	0.9	0.3	9.2	4.5
Sweden	0.8	6.2	8.1	5.9	2.5
EU (incl.Sweden)	3.6	12.4	28.2	14.7	5.5
Tot./gdp (pct.)	1.4	1.6	3.1	2.8	1.2

Major Foreign Investors

According to Norwegian law, investment statistics collected by the Norwegian central bureau of statistics cannot be released on a company-to-company or project-to-project basis.

In 1997, foreign and Norwegian oil companies invested about USD nine billion (measured at market value) in the Norwegian offshore petroleum sector. The major U.S. Investors offshore were: Amerada Hess Corp., Amoco Norway, Conoco Petroleum Norge, Esso Norge, Mobil Norge, and Phillips Petroleum Corporation Norway. Other foreign oil companies were Norske Shell, BP Petroleum, Deminex Norge, Elf Petroleum Norge, Norsk Agip, and Total Norge.

On the Norwegian mainland, U.S. Investors/suppliers include: Kraft General Foods, Abbot Norge, Amdahl Norge, American Express, Apple Computer, Avis Bilutleie, Black & Decker, Bristol-Meyers Squibb, Chemical Bank Norge, Citibank, Coca-Cola Norge, Colgate-Palmolive Norge, DHL International, United Airlines, Dow Chemical Norway, Ernst & Young, General Electric, General Motors, Gillette Norge, Goodyear Norge, Hertz Bilutleie, IBM, Ingersoll-Rand, Kellogg Norge, Manpower, Motorola Norge, NCR norge, Pepsi cola Norge, Price Waterhouse, Tandy Grid, Texas Instruments Norge, Vickers systems and Wrigley and Xerox corporation.

In all, over 200 American firms have established branch offices or subsidiaries in Norway.

Note on sources

Information in this report was primarily obtained from various sources within the Ministries of Finance, Industry, Labor, and Foreign Affairs, as well as the Norwegian Central Bureau of Statistics and the Bank of Norway. The Price Waterhouse guide "doing business in Norway" and KMPG's "Investment in Norway" were useful for background information.

CHAPTER XI: U.S & COUNTRY CONTACTS

APPENDIX E: U.S. and Country Contacts

American Embassy, Oslo:
Foreign Commercial Service (FCS)
Drammensveien 18
0244 Oslo, Norway
- SCO: 011 (47) 21 30 87 60
- Fax. No. 011 (47) 22 55 88 03
- http://www.usembassy.no
- e-mail csoslo@online.no

The American Chamber
American Club in Oslo
Drammensveien 20 c
0255 Oslo, Norway
Tel: 011 (47) 22 54 60 40
Fax: 011 (47) 22 54 67 20
E-mail: amchamno@online.no
Http://www.amcham.no

United States Department of Commerce, Washington, D.C:
-Norway Desk Officer, - tel: (202) 482-4414

TPCC Trade Information Center in Washington, D.C.:
Tel: 1-800-usa-trade

Major Norwegian Trade Associations:

Naeringslivets Hovedorganisasjon (NHO)
Confederation of Norwegian Business & Industry (CNBI)
Middelthunsgate 27
P.o.box 5250 Majorstua
0303 Oslo, Norway
Telephone: 011 (47) 23 08 80 00
Telefax: 011 (47) 23 08 80 01

Teknologibedriftenes Landsforening (TBL)
(Ass. Of Norwegian Technological Industries)
Oscarsgt. 20

P.o.box 7072 Homansbyen
0306 Oslo, Norway
Telephone: 011 (47) 22 59 66 00
Telefax: 011 (47) 22 59 66 69
E-mail: tbl@tbl.no

Incorporates the following branch organizations:

Elektroindustriens Bransjeforening: TBL-elektro
(Electro-mechanical industry)
Informasjonsteknologi-Naeringens Forening: ITF
(High-tech industry)
Maskin & Konstruksjonsverkstedenes Forening: TBL-maskin
(Motors/engines & mechanical manufacturing)
Metallvareprodusentenes Landsforening: TBL-metallvare
(Metals processing)
Offshoreindustriens Bransjeforening: TBL-offshore
(Offshore oil- and gas-industry branches)
Skipsindustriens Bransjeforening: TBL-skip
(Shipbuilding industry)
Stoperienes Bransjeforening: TBL-stoperi
(Foundries)

Handels & Servicenaeringens Hovedorganisasjon (HSH)
(Federation of Norwegian Commercial and Service Enterprises)
(Also serves as the umbrella organization for importers)
Drammensveien 30
0255 Oslo, Norway
Tel: 011 (47) 22 54 17 00
Fax: 011 (47) 22 56 17 00

Incorporates branch organizations such as:

Norsk Grafisk Leverandorforening
(Printing/graphic arts suppliers)
Norges Grossistforbund
(Wholesalers)
- Federation of Norwegian Commercial Agents (Norske Agenters Landsforening).
This association issues a monthly publication, "Agentur," in which proposals from foreign firms seeking agents/distributors in Norway are published.
Address: Drammensveien 30, 0255 Oslo 2, Norway
Telephone: 011 (47) 22 44 68 33
Telefax: 011 (47) 22 44 94 35

- Association of Machinery Wholesalers (Maskingrossistenes Forening).
This association circulates offers regarding distributorships and agencies among its 200 members.
Address: Drammensveien 30, 0255 Oslo, Norway
Telephone: 011 (47) 22 44 78 73
Telefax: 011 (47) 22 44 87 47

Other selected Norwegian Ministries and Organizations:

Royal Norwegian Ministry of Foreign Affairs

(Utenriksdepartementet)
Includes the Ministry of Trade & Shipping-
(Handelsdepartementet)
7 Juni Plass 1
P.o. box 8114 dep
0032 Oslo, Norway
Telephone: 011 (47) 22 24 90 90
Telefax: 011 (47) 22 24 95 80

Department of Finance and Customs
(Finans-og Tolldepartementet)
Akersgaten 42
P.o. box 8008 dep
0030 Oslo, Norway
Telephone: 011 (47) 22 34 90 90
Telefax: 011 (47) 22 34 95 07

Ministry of Industry and Energy
(Naeringsdepartementet)
Ploensgate 8
P.o. box 8148 dep
0033 Oslo, Norway
Telephone: 011 (47) 22 34 90 90
Telefax: 011 (47) 22 34 95 25

Department of Transportation
and Communications
(Samferdselsdepartementet)
Akersgaten 59
P.o. box 8010 dep
0030 Oslo, Norway
Phone: 011 (47) 22 24 82 02 or 011 (47) 22 24 83 53
Fax: 011 (47) 22 24 56 09

Royal Norwegian Ministry of Labor and Municipality Affairs
(Kommunal og Arbeidsdepartementet)
Hammersborg Torg 3
P.o. box 8112 dep
0032 Oslo, Norway
Telephone: 011 (47) 22 24 90 90
Telefax: 011 (47) 22 34 95 45

Department of Environmental Affairs
(Miljoverndepartementet)
Myntgata 2
P.o. box 8013 dep
0030 Oslo, Norway
Telephone: 011 (47) 22 24 90 90
Telefax: 011 (47) 22 34 95 60

The Norwegian State Pollution Control Authority
(Statens Forurensingstilsyn SFT)

Stromsveien 96
P.o. box 8100 dep
0032 Oslo, Norway
Telephone: 011 (47) 22 57 34 00
Telefax: 011 (47) 22 67 67 06
Http://www.sft.no

The Regional Development Fund
(Statens Naerings-& Distriktutviklingsfond)
Akersgaten 13
P.o. box 448 Sentrum
0104 Oslo, Norway
Telephone: 011 (47) 22 00 25 00
Telefax: 011 (47) 22 42 96 11

The Bank of Norway
(Norges Bank)
Foreign Exchange Department
Bankplassen 2
P.o. box 1179 Sentrum
0107 Oslo, Norway
Telephone: 011 (47) 22 31 60 00
Telefax: 011 (47) 22 41 31 05

Market-research firms:

There are several Norwegian market-research firms serving international clients. Some of the major firms are:

Acnilsen Norge A/S
Kjelsasveien 160
0411 Oslo, Norway
Tel: 011 (47) 22 58 34 00
Fax: 011 (47) 22 58 34 01

4 Fakta A/S
Hammersborg Torg 3
0179 Oslo, Norway
Tel: 011 (47) 22 99 20 00
Fax: 011 (47) 22 99 20 01

Carelius & Co. A/S
Lilleakerveien 23
0283 Oslo, Norway
Tel: 011 (47) 22 06 56 70
Fax: 011 (47) 22 60 66 26

Feedback Research
Raadhusgaten 7 b
0151 Oslo, Norway
Tel: 011 (47) 22 42 67 00
Fax: 011 (47) 22 33 61 66

Country commercial banks:

Two U.S. banks have full-service subsidiaries in Norway. They are Chase Manhatten Bank and Citibank. The addresses are:

Chase Manhattan Bank Norge
Fr. Nansens plass 2
0160 Oslo, Norway
Tel. 011 (47) 22 94 19 19

Citibank
Tordenskioldsgate 8-10
0116 Oslo, Norway
tel. 011 (47) 22 00 96 00

Fax. 011 (47) 22 42 58 61 fax. 011 (47) 22 00 96 96

Norwegian international banks all have correspondent relationships with U.S. banks. Norway's major banks are:

Den norske Bank (DnB)	Kreditkassen
P.o.box 1171 Sentrum	Middelthunsgate 17
0107 Oslo, Norway	0368 Oslo, Norway
Tel: 011 (47) 22 48 10 50	tel: 011 (47) 22 48 50 00
Fax: 011 (47) 22 48 18 70	fax: 011 (47) 22 48 61 97

<NREC>NorwayA06 Norway: Available Market Research <A>=Norway

CHAPTER XII: MARKET RESEARCH & TRADE EVENTS

APPENDIX F: Market research

Post has prepared and submitted to the United States Department of Commerce the following Industry Sector Analysis (ISA), and Insight Market Information (IMI) reports, during fiscal year 1999:

Recent Industry Sector Analyses and Market Profiles(ISAS) on file:

Nov-98 Port/Shipbuilding Equipment
Jun-99 Internet Services
Jul-99 Dental Equipment and Supplies
Jun-99 Franchising
Sep-99Water Pollution Equipment

Recent Insight Market Information (IMI) reports on file:

- Snow Chains Market in Norway
- Who is Who in the Travel Sector
- New Domestic Airline
- Electronic Takeback Scheme
- Y2K Readiness in the Energy Sector
- Computer Hardware Market
- Computer Software Market

Market reports prepared voluntarily in FY 98 for the Showcase Europe program:

Country Profile in the Travel Sector
Information and Communications Technology Profile—Norway
Commercial Guide for the Norwegian Defense Market

Agricultural reports available:

Annual Agricultural Marketing Plan - Norway
(Issued annually by FAS, Oslo/Washington, D.C.)

Imports of selected agricultural products to Norway
(Issued annually by FAS, Oslo/Washington, D.C.)

<NREC>NorwayA07 Norway: Trade Event Schedule <A>=Norway

Appendix G: Trade-Event Schedule

Major trade fairs in Norway - 1999/2000

1999 Oslo:

Sep. 7-10 Norbit'99 (information technology)
Sep. 21-26 Bygg-Reis Deg'99 (building equipment)
Oct. 20-22 Lab'99 (laboratory instruments/equipment)
Nov. 12-21 Hjem & Hobby'99 (home and hobbies)

1999 City of Trondheim
Aug. 11 - 14 Aqua Nor 99 (important international aquaculture and fish farming conference and exhibition)

2000 Oslo:

Jan. 8-11: Reiseliv 00 (Norway's int'l travel fair and conference). (USDOC Pavilion)

Comment: Reiseliv '00 is the major travel & tourism show in Norway. The most recent travel fair, in January, 99, included 818 exhibitors (including a record 25 in the American pavilion) representing more than 100 nations, and the show attracted 40,000 visitors. As the only international travel exhibition in Norway, "Reiseliv" has developed into the most important marketing channel for everyone interested in the Norwegian market, targeting numerous "sun-hungry" and new destination interested Norwegians with an exceptionally high level of personal income. US&FCS Oslo plans to have an even larger "Business Information Office" and pavilion for the U.S. exhibitors in January 2000.

Jan. 20-23: Gave & Interiormessen (Norway's int'l gift and interior exhibition)

Feb. 8-11: Software (USDOC catalog booth participation)

Aug. 25-27: Oslo Fashion Week, Fall

Sep. 5-8: Kontor og Data '00 (computers, office

furniture & business machines exhibition)
Sep. 19-22: Naeringsmiddelindustrien - industrielt renhold
(Food processing - industrial cleaning)
Oct. 25-28: VVS dagene (HVAC exhibition
Nov. 10-19: Hjem og Hobby '00 (homes and hobbies show)

2000 City of Stavanger:

Aug. 22-25: Offshore Northern Seas (ONS '98) exhibition
and conference. (USDOC Pavilion participation)

Comments: ONS'98 attracted over 32,000 trade visitors throughout the world. There were more than 1200 exhibitors from 31 countries, including 15 national pavilions (USA, Austria, Belgium, Canada, Finland, France, Germany, Italy, the Netherlands, Norway, and the UK). According to a final report from our exhibitors in the U.S. pavilion, they were all very pleased with the results. The success of the U.S. pavilion at ONS '98, confirmed that the Norwegian offshore oil-and-gas sector continues to be very attractive to U.S. suppliers.
For additional information please contact the foreign commercial service of the American Embassy in Oslo.
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