

# Norway: Industry & Commerce

## Economy:

*Statistisk sentralbyrå* collates economic and other statistics. <<http://www.ssb.no/english/>>

Reserves of foreign exchange and gold: \$60.84 billion (2006)

National budget: revenue \$283.7 billion, expenditure \$197 billion (2008)

GDP: \$481 billion, services 56%, industry 43%, agriculture <1% (2008); there is no net external debt.

GDP per head: \$57 500 (2008)

Annual Growth: 1.8% (2008)

Inflation: 3.6% (2008)

Labour force: 2.59 million, services 76% (public administration 30%), industry 21.1%, agriculture 2.9% (2008)

Unemployment: 2.6% (2008)

No. of enterprises: 477 000; 90.6% with 0–9 employees, 8% with 10–49 employees, 1.3% with 50–249 employees, 0.1% with 250+ employees

Major Industries: Oil and gas, food processing, shipbuilding, pulp and paper products, metal production, chemicals, timber, mining, textiles, fishing, manufactured goods, machinery and marine transport

Exports: \$177.6 billion; Imports: \$93.2 billion (2008)

Balance of trade payments surplus: \$84.35 billion (2008); there has been a surplus since 1979.

Major trading partners: Exports to Sweden 12%, Germany 9.5%, Netherlands 9%, USA 8.5%, UK 8%, Germany 6% (2008). 80% of total exports of goods and services go to the European Economic Area. Most imports are from EEA countries (70% in all), 15% from Sweden, 13.5% Germany, 7% Denmark, 6% China, 6% UK with cars, busses, planes and ships dominating.

The discovery of oil on the 200 nautical mile Norwegian continental shelf in 1969 transformed Norway from one of Europe's poorest countries to one of the richest. Norwegian economy is now dominated by the oil and gas sector and accounts for 25% of value. Oil production is 2 565 million barrels/day, consumption is 224 500 barrels/day (2007); proven reserves: are 6.865 billion barrels (2008). Natural gas production is 99.3 billion m<sup>3</sup> and consumption 6.5 billion m<sup>3</sup> (2007); proven reserves are 2.241 trillion m<sup>3</sup> (2008). Exports of crude oil and petroleum products were worth £29 billion in 2005, making Norway the seventh largest oil exporter (but 11th largest producer) and third largest gas exporter (but 5th largest producer). Crude oil and natural gas account for 59% of all exports. The 1200km Langeled gas pipeline between Nyhamna in Norway and Easington in Yorkshire opened in October 2006, then the world's longest underwater pipeline, and can supply up to 20% of the UK's peak winter demand for natural gas. Since 1995, oil revenues have been invested in the Pension Fund to counter future inflation; this stood at around £150 billion in January 2007. Oil production has fallen by 20% since 2001 and according to current estimates, Norway has oil for the next 50 years and gas for at least 100 years. There is some oil exploration in the Barents Sea and the Arctic Ocean is a potential future area.

The engineering industry specialising in ship building and equipment, offshore delivery, hydropower equipment, telecommunications and other products is increasingly important.

Other major exports are metals 8%, seafood (world's biggest exporter) 5%, pulp and paper products 1%, industrial chemicals, timber, textiles, supported by abundant cheap hydro-electric power. The mineral wealth (kr 9 billion annually) includes aluminium, copper, iron, lead and zinc ores, Europe's largest titanium deposits, pyrites, nickel, limestone and coal (2.9 million tonnes per year) in Svalbard.

Norway's most important services export is shipping freight, the second largest export after

oil and gas; gross freight exports are £6.6 billion. Norwegian shipping companies control around 5% of the world's shipping fleet. The merchant fleet is the world's fifth largest with 688 ships over 1000 tonnes registered in Norway and 923 registered abroad. 199 foreign-owned ships are registered in Norway.

Ports and terminals: Bergen, Borg Havn, Haugesund, Maaloy, Mongstad, Narvik, Oslo, Sture  
The UK is Norway's largest export market. Imports to the UK from Norway were worth £12.4 billion in 2005 (the UK's 9th largest import market). Britain has also been a main target for Norwegian investments abroad. At the end of 2003, accumulated Norwegian direct investment in the UK amounted to £5.65 billion. Norway is the UK's 18th largest export market with £2.2 billion in sales of goods in 2005. The UK is Norway's fourth largest supplier of goods and a major provider of services (worth an additional £1 billion). Accumulated UK direct investment in Norway was worth £2.55 billion, putting the UK in fifth place.

British companies are amongst the largest foreign investors in the Oslo stock exchange, especially in shipping, banking and insurance.

Electricity: Nearly all mainland Norway's electricity is generated in over 500 hydro-electric power stations connected to the national grid with some thermal, wind and tidal (world's first in 2003) power generation. Norway has the world's highest per capita production of hydropower. New gas-fired power stations are under construction and will increase CO<sub>2</sub> emissions; 58% of Svalbard's power is from coal-fired stations. Several wind farms have been constructed but they produce only 700 million kWh; Denmark produces 6.1 billion kWh by wind (14% of its total electricity). Annual production is 143 billion kWh and consumption 129 billion kWh (2008); the surplus is exported. Much of the output is used by aluminium, steel, pulp, paper and other industries. Some plants are built entirely inside mountains and many are open to the public in summer, the main ones being Sima at Eidfjord in Rogaland, Alta in Finnmark and Mår at Rjukan. Statkraft, owned by the state, is the largest producer, generating about 30% of the total in its 48 stations; Statkraft is also the largest renewable energy producer throughout Europe with hydro- and windpower operations in the UK and also developments in Asia and South America. Because hydropower production is cheap compared to power stations burning fossil fuels, Norway has the world's second highest average consumption per person at 24 295 kWh per year (2006) and most Norwegians have comfortable well-equipped homes that are kept warm in winter. However, total consumption of all energy sources is average for western countries. Many of the upland lakes and rivers are dammed and linked by tunnels which feed water via pipes to drive turbines in valley power stations. In some cases the water outfall passes through other power stations on its journey down the valleys. At low consumption times in the summer, excess power is used to pump some of the water back up to the reservoirs. Because of the effect on water courses, power companies are legally required to provide hatcheries for salmon and trout.

Business culture is less formal than most of Europe. Its structure is less hierarchical with employees on first name terms with managers. Employees are self-motivating and assume responsibility for their own work.

## Norway: Agriculture, Forestry & Fishing

**Agriculture:** Accounts for 0.5% of GDP. The summer with its long days allows growing of barley, wheat, rye, oats, potatoes, fruit and vegetables, but the biggest crop is grass for hay to provide winter feed for animals, including 311 000 cows, goats and about 2 million sheep. Apples, pears, cherries, plums and other fruit are cultivated in sheltered coastal areas, especially around Hardangerfjord. The Sami herd about 200 000 reindeer. Animal products include pork, beef, veal, mutton, lamb, chicken, milk, cheese, eggs and wool.

Since the war, the number of farms has declined from 213 000 to 48 000, but the average size has quadrupled with the total area remaining much the same. The labour force has declined from 20% to 2.3% and the number of cattle has halved, although milk production has trebled; sheep and pigs have increased. The fur trade has dropped by 72% with just over 1 million fur bearing animals, mostly mink. . Potato production has fallen to a third but grain has quadrupled. There is a target of 15% of farms becoming organic by 2015.

**Forestry:** Accounts for 0.2% of GDP (2.5% in 1950). Most houses outside cities are timber, making use of Norway's natural resources. Timber and paper are large export industries, Paper production is centred mainly in south east Norway around Halden. Operations use selective felling to prevent soil erosion and all commercial felling must be replanted; about 50 million seedlings are planted annually.

Fishing is an important part of the economy; 95% of production is exported to nearly 150 other countries, principally EEA countries, Russia, Brazil, China and Japan. Norway is the world's 11th largest fishing nation by weight but the second largest by value with salmon and trout accounting for 47%. Norwegian salmon and prawns are world-famous. Bergen has a waterfront fish market and many coastal towns sell fish on the quayside. The warm Gulf Stream encourages plankton growth, essential food for fish and many marine animals. The Lofoten islands are the main winter-fishing grounds for cod, but together with herring, halibut and hake they were over fished in the 1960s and 70s. After three decades of conservation measures, herring are now thriving and cod numbers are healthy. There is a 200-mile offshore fishing zone, including Svalbard and Jan Mayen Island, with quotas agreed by the EU, Russia, Greenland, Iceland and the F eroes, but illegal fishing still threatens some species and EU regulations force excess catches to be dumped overboard.

When wild stocks declined, fish farms were started and became highly commercialised in the 70s, mostly for Atlantic salmon and rainbow trout, salmon trout, fjord trout; they contribute 28% of the 2.3 million tonnes of exports by weight but 43% by value (2005). Farms for cod, halibut, Arctic char, turbot, seith, eel, mackerel, wolf-fish, blueshell mussels, oyster are also in development but take about 20 years to reach commercial viability. The high use of antibiotics peaked at 49 tonnes in 1987 but is now only 1 tonne. The farms are highly regulated as escaping farmed fish can potentially spread disease in the wild population. A coastal planning process reconciles the interests of traditional fishery activities, leisure activities, conservation areas, tourism and fish farms (which are all located away from possible pollution by industry, towns and smaller communities).

The fishing fleet is 7 700 vessels with 10 700 full-time and 2 600 part-time fishermen (falling from over 100 000 in 1950); about 1500 fish farms have 3800 employees and processing plants 13 500 (2005). One of the reasons that Norway has not joined the EU is to retain control of its fishing industry.

Norwegian Food Safety Authority <<http://www.mattilsynet.no>>

Sealing occurs on a small scale for fur and meat, but mainly to control populations which threaten the fishing industry. Seal hunters are required to take an annual test.

Commercial whaling of minke whales was resumed in 1993 in defiance of the international whaling ban. The government contends that the estimated 75000 North Atlantic minke can sustain a limited catch and sets its own quota each year (1052 in 2006 and 2007, but actual

catch was half this), resisted strongly by Greenpeace and less so by the international community. Norway supports the protection of other threatened whale species. Whale meat is traditionally popular throughout Norway, especially in the north.

Books: Cod: A Biography of the Fish That Changed the World, by Mark Kurlansky (Vintage; 1999 ISBN 978 009 926 870 3) £7.99

The Whaling Season, by Kieran Mulvaney (Shearwater Books 2003 ISBN 978 155 963 978 1) £21.95, account by a Greenpeace activist.