

FOCUS ON INTERNATIONAL TRADE

NORWAY

THE KINGDOM OF NORWAY TODAY

Location	The Kingdom of Norway forms the western part of Scandinavia, in northern Europe. It is bordered to the east by Sweden and, within the Arctic Circle, by Finland and Russia. A long, indented coast faces the Atlantic Ocean. Norway exercises sovereignty over the Svalbard archipelago, Jan Mayen island and the uninhabited dependencies of Bouvetoya and Peter I Oy. Dronning Maud Land, in Antarctica, is also a Norwegian dependency.
Size	323,802 sq. km. K.M. (125,004 Sq. miles); land: 307.442 sq. km. and water: 16,360 sq. km.
Geographic coordinates	62 ^o north of the Equator and 10 ^o east of the Prime Meridian.
Geographic note	About two-thirds mountains; some 50,000 islands off its much indented coastline; strategic location adjacent to sea lanes and air routes in North Atlantic; one of most rugged and longest coastlines in the world.
Land boundaries	Total: 2,542 km; border countries: Finland 727 km, Sweden 1,619 km, and Russia 196 km.
Land use	Arable land: 2.7%, permanent crops: 0% and others: 97.3%.
Irrigated land	1,270 sq. km.
Elevation extreme	Lowest point: Norwegian Sea 0 m and highest point: Galdhopiggen 2,469 m.
Coastline	25,148 km (includes mainland 2,650 km, as well as long fjords, numerous small islands, and minor indentations 22,498 km; length of island coastlines 58,133 km).
Maritime claims	Territorial sea: 12nm, contiguous zone: 10 nm, exclusive economic zone: 200 nm and continental shelf: 200 nm.
Population	5,553,840 estimated for 2022.
Population Density	14.4 per sq. km. approx in 2022.
Population growth rate	0.8% estimated for 2022.
Life expectancy	Total population: 82.55 years; male: 80.42 years and female: 84.79 years estimated for 2022.
Birth rate	12.00 births/1,000 populations estimated for 2022.
Death rate	7.96 deaths/1,000 populations estimated for 2022.
Net migration rate	3.95 migrant(s)/1,000 populations estimated for 2021.
Literacy	Total population: 100%, male: 100% and female: 100%.
Capital City	Oslo
Other Large Cities	Bergen, Stavanger/Sandnest, Trondheim, Fredrikstad/Sarpsborg, Drammen, Porsgrunn/Skien, Kristiansand, Tromso, Tonsberg, Haugesund, Sandefjord, Alesund/Spjelkavik and Moss etc.
Religion	Almost all the inhabitants profess Christianity(86%).
Language	There are two forms of the Norwegian language, which are officially recognized as equal. About 80% of children in schools use the older form, Bokmal, as their principal language whereas only 20% use the newer form, Nynorsk (Neo-Norwegian). The Sami population, in northern Norway, also speaks Lappish.
Climate	Norway's climate is temperate on the west coast but colder inland. Average temperatures range from -2°C (28°F) to 8°C (46°F).
Internet domain	.no
International dialing code	+47
Currency	The unit of currency is the Norwegian krone (NOK) of 100 ore.

NATIONAL ECONOMY

Norway's economy continues to grow strongly. In 2021, real GDP grew 4.2 percent, supported by record high private consumption, as the high household savings accumulated during the pandemic unwound. Public spending continued to contribute to growth. Despite production constraints due to labor shortages and global supply disruptions, capacity utilization remained high. Activity remained buoyant in the first half of 2022, benefiting from higher energy prices.

Due to high growth and external developments, core inflation came under pressure, reaching levels significantly above the 2 percent target. Real wage growth remained moderately strong, although expectations going forward are fairly high on the back of historically low unemployment. House sales remained vibrant in 2021, price inflation continued to be moderate, while investment remained sluggish, not least due to higher interest rates and substantially higher construction costs.

Ample policy space provides room to mitigate adverse shocks from risks which are relatively balanced in the short-term. Mainland real GDP growth is expected to be somewhat below 4 percent in 2022 with the forecast being especially sensitive to energy prices developments. While household consumption could be affected by high global energy prices, compensatory electricity subsidies, together with the agreed wage increase, should help support real incomes and spending. The current account is projected to remain in a high surplus, with net exports contributing positively to growth. Indirect effects from the war in Ukraine, a potentially lower demand from Europe for non-energy exports, and continued supply bottlenecks weigh on the outlook.

Executive Board Assessment

In the course of Article IV consultation between IMF and Norway, Executive Directors of the IMF noted that Norway has rebounded strongly from the COVID-19 pandemic, benefitting from sound policies and solid economic fundamentals. While the outlook remains favorable, it is subject to uncertainties and risks, including from the spillovers from Russia's war in Ukraine and pandemic developments. Norway also faces significant long-term challenges related to the aging population, the transition away from oil, and climate change. In this context, Directors supported continued use of Norway's ample buffers to respond to shocks, but emphasized that over time policies should be reoriented towards addressing long-term structural challenges and promoting green and inclusive growth.

Directors noted that the fiscal stance remains appropriately accommodative but a return to a neutral fiscal stance should be targeted over the medium term. They called for better targeting energy subsidies toward lower income households. Directors encouraged the authorities to proactively address the expected strain on public finances driven by demographic trends and the transition away from oil, and a few Directors saw merit in staff's recommendation to adopt a medium-term expenditure framework guided by an operational rule. In parallel, reforms should aim at improving spending efficiency.

Directors noted that monetary policy should continue balancing overheating risks and financial stability considerations. They welcomed the Norges Bank's decision to quickly increase interest rates to respond to rising inflation pressures and encouraged continued flexibility in decision making and clear public communication.

Directors noted that the financial sector remains on sound footing. While acknowledging the improvements made to the macroprudential policy framework, they saw merit in considering additional measures, especially to address the high and interest sensitive housing related debt. Directors encouraged easing restrictions on the supply of new housing, altering regulations to boost construction efficiency, and gradually phasing out of mortgage interest deductibility. Expanding the regulatory toolkit for mitigating commercial real estate vulnerabilities should also be considered.

Directors noted that structural reforms will need to be wide-ranging, with a focus on raising non-oil productivity and boosting and diversifying labor force participation. They encouraged promoting upskilling, changing the sickness and disability benefit system, and giving more opportunities to immigrants. While commending the authorities for the progress with digitalization, Directors noted that

closing remaining gaps will help further improve productivity. They welcomed Norway's commitment to an ambitious climate agenda and the efforts in helping to finance transition to renewable energy in developing countries.

Norway: Selected Economic and Social Indicators, 2019–24						
	2019	2020	2021	2022	2023	2024
				proj.		
Real Economy						
Real GDP (change in percent) 1/	0.7	-0.7	3.9	3.6	2.6	2.2
Real mainland GDP (change in percent)	2.0	-2.3	4.1	3.7	2.1	2.0
Final Domestic demand	2.3	-3.6	3.4	4.6	2.3	2.1
Private consumption	1.1	-6.6	4.9	5.8	2.3	2.0
Public consumption	1.3	1.8	3.8	1.6	1.3	1.7
Gross fixed capital formation	6.3	-3.6	0.0	5.7	3.7	2.6
Exports	4.7	-8.2	5.4	3.6	3.1	2.4
Imports	5.7	-12.1	3.0	7.0	3.6	2.2
Total Domestic demand (contribution to growth) 2/	1.2	-4.3	3.7	5.2	2.6	2.2
Net exports(contribution to growth)	-0.9	2.5	0.3	-1.5	-0.5	-0.2
Unemployment rate (percent of labor force)	3.7	4.6	4.4	3.9	3.8	3.7
Output gap (mainland economy, - implies output below potential)	0.2	-2.1	0.3	0.8	0.2	0.1
CPI (end of period)	1.4	1.4	5.3	4.7	3.5	2.5
Core Inflation (end of period)	1.8	3.1	1.8	3.4	3.3	2.8
Public finance						
Central government (fiscal accounts basis)						
Non-oil balance (percent of mainland GDP)	-7.4	-12.2	-11.3	-8.6	-8.4	-8.4
Structural non-oil balance (percent of mainland trend GDP) 3/	-7.3	-11.4	-10.8	-10.3	-9.4	-9.3
Fiscal impulse	-0.1	4.1	-0.6	-0.5	-0.9	-0.1
In percent of Pension Fund Global Capital 4/	-2.7	-3.6	-3.2	-2.9	-2.7	-2.6
General government (national accounts definition, percent of mainland GDP)						
Overall balance	7.7	-3.2	11.5	27.8	23.1	20.3
Non-oil balance (percent of mainland GDP)	-8.0	-13.3	-9.4	-9.0	-8.7	-8.7
Net financial assets	392.4	423.0	456.8	425.3	425.9	429.3
of which: capital of Government Pension Fund Global (GPF-G)	329.2	358.5	377.7	352.2	357.0	363.5
Money and credit (end of period, 12-month percent change)						
Broad money, M2	4.2	12.1	10.4	...	...	...
Domestic credit, C2	5.1	4.9	4.9	...	...	...
Interest rates (year average, in percent)						
Three-month interbank rate	1.6	0.4	0.8	...	...	...
Ten-year government bond yield	1.5	0.8	1.1	...	...	...
Balance of payments (percent of total GDP)						
Current account balance	2.9	1.1	15.0	19.4	14.5	11.3
Balance of goods and services	1.7	-0.9	15.5	24.0	17.1	13.9
Terms of trade (change in percent)	-8.0	-16.7	42.7	14.7	-8.1	-5.6
International reserves (end of period, in billions of US dollars)	65.0	73.6	83.0	83.0	83.0	83.0

Gross national saving	32.8	31.4	40.3	43.6	40.2	37.7
Gross domestic investment	29.9	30.3	25.3	24.2	25.6	26.4
Exchange rates (end of period)						
Bilateral rate (NOK/USD), end-of-period	8.8	9.4	8.6	...	...	...
Nominal effective rate (2010=100)	81.7	76.2	80.5	...	...	...
Real effective rate (2010=100)	83.7	78.2	83.1	...	...	...
Memo:						
Nominal GDP (in Billions of US Dollars)	404.9	362.2	482.2	504.7	486.4	495.1
Sources: Norwegian Authorities; International Financial Statistics; United Nations Development Programme; and IMF staff calculations.						
1/ Based on market prices which include "taxes on products, including VAT, less subsidies on products".						
2/ Includes the contribution from the mainland GDP residual.						
3/ Authorities' key fiscal policy variable; excludes oil-related revenue and expenditure, GPFG income, as well as cyclical effects. Non-oil GDP trend estimated by MOF.						
4/ Over-the-cycle deficit target: 3 percent of Government Pension Fund Global.						

"NATIONAL ECONOMY" is based on IMF Executive Board Concludes 2022 Article IV Consultation with Norway September 16, 2022.

FOREIGN TRADE

Norway's total exports in 2017 were of the order of US\$ 101,976 million. It increased to US\$ 161,687 million in 2021. Exports during the period from 2017 to 2021, in terms of percentage, grew highest (95.39%) in 2021 and fell maximum (-20.46%) in 2020 in comparison with 2020 and 2019 respectively. The average annual compound growth rate worked out at 12.21%.

Imports, on the other hand, were of the order of US\$ 99,193 million in 2021 while in 2017 it was US\$ 85,526 million. Imports during the period from 2017 to 2021, in terms of percentage, grew highest (21.52%) in 2020 and fell maximum (-5.25%) in 2020 as compared to 2020 and 2019 respectively. The annual average compound rate of growth worked out at 3.78%.

Volume of trade registered an annual average (compound) growth rate of 8.61% from US\$ 187,502 million in 2017 to US\$ 260,880 million in 2021. Norway enjoyed a surplus balance of trade payment during the said period. Norway's export and import, volume and balance of trade between 2017 and 2021 along with their growth rates are given in **Table-I**.

There are a total of 99 airports in Norway, of which 51 are public airport. Most of these are operated by Avinor, a government agency. Airplane is the most common used transportation on longer distances, and the routes between Oslo and Bergen, Trondheim and Stavanger are all among the ten largest in Europe. Seven airports have more than one million passengers annually.

The main gateway to Norway is Oslo Airport, Gardermoen, located about 56 km north of Oslo with departures to most European countries and some intercontinental destinations. The airport at Gardermon opened in October 1998, replacing the previous principal international airport, Fornebu Airport, which ceased operations in the same month. It is hub for the two major Norwegian airlines Scandinavian Airlines System and Norwegian Air Shuttle. A significant number of the airports are regional airports served by Widerøe, particularly in Western and Northern Norway.

BILATERAL TRADE WITH INDIA

Indo-Norway bilateral trade in 2017-18 was of the order of Rs.7,710.48 crores. It increased to Rs.18,416.41 crores in 2021-22. The annual compound rate of growth of volume of trade during the period from 2017-18 to 2021-22 was 24.32%. India faced a deficit balance of trade during the said period (**see table II**). The average annual compound growth rate of export and import worked out at 5.49% and 30.19% respectively during the said period.

India's exports to, and imports from Norway of Merchandise Goods between 2017-18 and 2021-22 along with their growth rates are presented in **Table II**.

India's top ten merchandise goods exported to and imported from Norway, during 2017-18 to 2021-22, along with their growth rates are depicted in **Table III & IV** respectively.

SOME IMPORTANT LINKS

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Names and addresses of the organizations engaged in foreign trade in Norway are:-

Norges Eksportrad

(Norwegian Trade Council)
Drammensveien 40
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Oslo Chamber of Commerce

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**Source: The Statesman Year Book, the Europa World Year Book,
Monthly Bulletin on Statistics UN Publication, IMF,
the World Fact Book, World Development Indicator, MEA,
wikipedia.org, expresstextile.com, UN comtrade, Embassy of India in Norway
and D.G.C.I & S etc.**

“NOTICE”

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TABLE - I							
NORWAY'S TOTAL EXPORTS AND IMPORTS, VOLUME AND BALANCE OF TRADE							
BETWEEN 2017 TO 2021.							
(Figures in US MILLION DOLLARS)							
Year	Exports	Percentage Growth in Exports	Import	Percentage Growth in Imports	Volume of Trade	Percentage Growth in Vol. of Trade	Balance of Trade
2017	101976		85526		1,87,502		16450
2018	123040	20.66	87435	2.23	2,10,475	12.25	35605
2019	104030	-15.45	86145	-1.48	1,90,175	-9.64	17885
2020	82749	-20.46	81624	-5.25	1,64,373	-13.57	1125
2021	161687	95.39	99193	21.52	2,60,880	58.71	62494
Annual Compound Growth Rate	12.21		3.78		8.61		
NOTE :	Figures relate to calendar year, January to December.						
SOURCE :	UN COMTRADE PUBLICATION						

TABLE - II							
INDIA'S EXPORT TO AND IMPORT FROM NORWAY MERCHANDISE							
GOODS DURING 2017-2018 TO 2021-2022							
(Value in Rs. CRORES)							
Year	Exports	Percentage Growth in Exports	Import	Percentage Growth in Imports	Volume of Trade	Percentage Growth in Vol. of Trade	Balance of Trade
2017-18	2285.27		5425.21		7710.48		-3139.94
2018-19	2186.68	-4.31	2568.68	-52.65	4755.36	-38.33	-382.00
2019-20	2973.91	36.00	4480.91	74.44	7454.82	56.77	-1507.00
2020-21	2385.88	-19.77	4965.48	10.81	7351.36	-1.39	-2579.60
2021-22	2830.16	18.62	15586.25	213.89	18416.41	150.52	-12756.09
Annual Compound Growth Rate	5.49		30.19		24.32		
NOTE	: Figures relate to Financial Year April to March.						
SOURCE	: Directorate General of Commercial Intelligence & Statistics, Ministry of Commerce & Industry, Kolkata 700 107.						

TABLE -III
INDIA'S MAJOR ITEMS OF MERCHANDISE EXPORT TO NORWAY
2017-2018 TO 2021-2022 AND THEIR GROWTH RATES

(Value in Rs. CRORES)

Sl. No.	Name of the Merchandise Commodities	Value of Exports					Annual Growth Rates			
		2017-18	2018-19	2019-20	2020-21	2021-22	18-19 over 2017-18	19-20 over 2018-19	20-21 over 2019-20	21-22 over 2020-21
1	Miscellaneous Chemicals	88.37	142.42	374.20	407.72	437.57	61.16	162.74	8.96	7.32
	Share in total export	3.87	6.51	12.58	17.09	15.46				
2	Guergam Meal	278.50	311.94	242.91	158.52	323.94	12.01	-22.13	-34.74	104.35
	Share in total export	12.19	14.27	8.17	6.64	11.45				
3	Manmade Yarn Fabrics Madeups	129.63	167.10	160.34	174.92	210.41	28.91	-4.05	9.09	20.29
	Share in total export	5.67	7.64	5.39	7.33	7.43				
4	Cotton Fabrics Madeups Etc.	128.77	153.29	128.13	148.47	175.62	19.04	-16.41	15.87	18.29
	Share in total export	5.63	7.01	4.31	6.22	6.21				
5	Products Of Iron & Steel	80.61	118.90	114.68	105.52	119.12	47.50	-3.55	-7.99	12.89
	Share in total export	3.53	5.44	3.86	4.42	4.21				
6	Electric Machinery And Equipments	95.86	44.81	199.34	63.15	107.77	-53.25	344.86	-68.32	70.66
	Share in total export	4.19	2.05	6.70	2.65	3.81				
7	Organic Chemicals	33.64	87.14	64.41	64.34	105.90	159.04	-26.08	-0.11	64.59
	Share in total export	1.47	3.99	2.17	2.70	3.74				
8	Gold And Other Precs. Metl. Jewelry.	25.50	32.48	41.78	75.38	96.34	27.37	28.63	80.42	27.81
	Share in total export	1.12	1.49	1.40	3.16	3.40				
9	RMG Cotton Including Accessories	67.87	68.45	64.43	57.00	66.49	0.85	-5.87	-11.53	16.65
	Share in total export	2.97	3.13	2.17	2.39	2.35				
10	Indl. Machinery For Dairy Etc.	46.87	47.67	47.21	42.73	66.16	1.71	-0.96	-9.49	54.83
	Share in total export	2.05	2.18	1.59	1.79	2.34				
	Total export to NORWAY	2285.27	2186.68	2973.91	2385.88	2830.16	-4.31	36.00	-19.77	18.62

NOTE : Figures relate to Financial Year, April to March.

SOURCE : Directorate General of Commercial Intelligence & Statistics, Ministry of Commerce & Industry, Kolkata : 700 107.

TABLE -IV**INDIA'S MAJOR ITEMS OF MERCHANDISE IMPORT FROM NORWAY****2017-2018 TO 2021-2022 AND THEIR GROWTH RATES****in Rs. CRORES)**

Sl. No	Name of the Merchandise Commodities	Value of Exports					Annual Growth Rates			
		2017-18	2018-19	2019-20	2020-21	2021-22	18-19 over 2017-18	19-20 over 2018-19	20-21 over 2019-20	21-22 over 2020-21
1	Petroleum Crude			892.66	368.72	9167.60			-58.69	2386.33
	Share in total imports			19.92	7.43	58.82				
2	Petroleum Products	585.36	66.03	681.00	989.25	2064.24	-88.72	931.35	45.26	108.67
	Share in total imports	10.79	2.57	15.20	19.92	13.24				
3	Ship Boat And Floating Structures	2537.94	67.68	584.06	1059.88	950.16	-97.33	762.97	81.47	-10.35
	Share in total imports.	46.78	2.63	13.03	21.34	6.10				
4	Nikel, Products Made Of Nickel	576.70	553.12	603.19	693.55	846.98	-4.09	9.05	14.98	22.12
	Share in total import	10.63	21.53	13.46	13.97	5.43				
5	Electric Instruments	2537.94	67.68	584.06	1059.88	389.96	-97.33	762.97	81.47	-63.21
	Share in total import	46.78	2.63	13.03	21.34	2.50				
6	Plastic Raw Materials	319.09	410.08	348.56	320.24	334.80	28.52	-15.00	-8.12	4.55
	Share in total import	5.88	15.96	7.78	6.45	2.15				
7	Residual Chemicals & Allied Products	73.44	102.30	143.73	193.57	239.63	39.30	40.50	34.68	23.80
	Share in total import	1.35	3.98	3.21	3.90	1.54				
8	Fertilizers Manufactured	91.31	169.14	109.28	150.94	221.37	85.24	-35.39	38.12	46.66
	Share in total import	1.68	6.58	2.44	3.04	1.42				
9	Aluminium, Product Of Aluminium	26.07	93.10	114.09	158.09	198.21	257.12	22.55	38.57	25.38
	Share in total import	0.48	3.62	2.55	3.18	1.27				
10	Iron And Steel	160.28	176.76	149.29	150.34	162.80	10.28	-15.54	0.70	8.29
	Share in total import	2.95	6.88	3.33	3.03	1.04				
	Total import from NORWAY	5425.21	2568.68	4480.91	4965.48	15586.25	-52.65	74.44	10.81	213.89

NOTE : Figures relate to Financial Year, April to March.**SOURCE** : Directorate General of Commercial Intelligence & Statistics, Ministry of Commerce & Industry, Kolkata : 700 107.