



Decide with Confidence

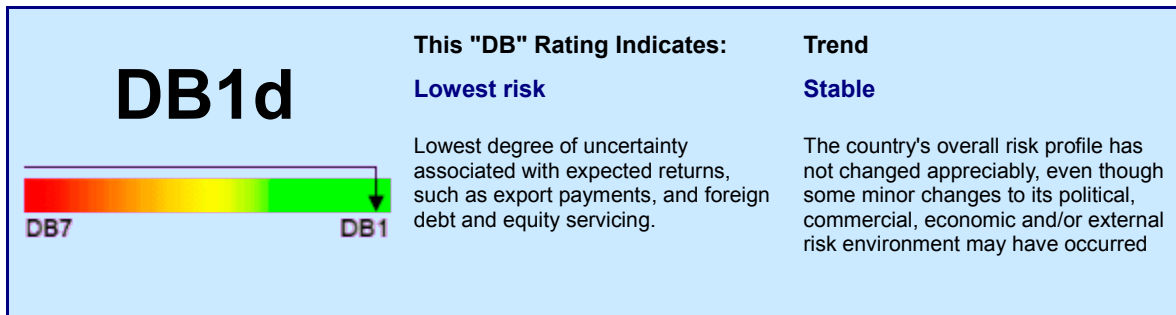
## D&B Country RiskLine Report

# NORWAY

Region : Western Europe

Edition : June 2014

### D&B Country Risk Indicator



The 'DB' risk indicator provides a comparative, cross-border assessment of the risk of doing business in a country and encapsulates the risk that country-wide factors pose to the predictability of export payments and investment returns over a two year time horizon. The 'DB' risk indicator is a composite index of four over-arching country risk categories:

*Political risk* - internal and external security situation, policy competency and consistency, and other such factors that determine whether a country fosters an enabling business environment;

*Commercial risk* - the sanctity of contract, judicial competence, regulatory transparency, degree of systemic corruption, and other such factors that determine whether the business environment facilitates the conduct of commercial transactions;

*External risk* - the current account balance, capital flows, FX reserves, size of external debt and all such factors that determine whether a country can generate enough FX to meet its trade and foreign investment liabilities;

*Macroeconomic risk* - the inflation rate, government balance, money supply growth and all such macroeconomic factors that determine whether a country is able to deliver sustainable economic growth to provide further expansion in business opportunities.

The DB risk indicator is divided into seven bands, ranging from DB1 through DB7. Each band is subdivided into quartiles (a-d), with an 'a' designation representing slightly less risk than a 'b' designation and so on. Only the DB7 indicator is not divided into quartiles.

## Key Facts

<b>Population:</b>	5.1m
<b>Surface area (sq km):</b>	323,800
<b>Capital:</b>	Oslo
<b>Timezone:</b>	GMT +01:00
<b>Official language:</b>	Norwegian, which has two versions: Bokmal, Nynorsk
<b>Head of government:</b>	Prime Minister Erna SOLBERG
<b>GDP (USD):</b>	511.6bn
<b>GDP per capita (USD):</b>	100,394
<b>Life expectancy (years):</b>	80
<b>Literacy (% of adult pop.):</b>	99.9

### Country Overview:

Located in the west of Scandinavia, Norway borders Sweden, Finland and Russia. Norway supports international co-operation and the peaceful settlement of disputes, and has actively encouraged democracy, assisted refugees, and protected human rights around the world.

Norway has experienced rapid economic growth during the past decades, a trend that was accelerated by the discovery of oil in the early 1970s. After decades of exploitation of offshore oil and gas reserves, Norway is one of the wealthiest countries in the world with a fully developed welfare system.

With a consensus-based political culture and a cautious oil-wealth administration due to a strong institutional framework, Norway has managed to avoid the economic and political pitfalls characteristic of countries with vast natural resources. The combination of a highly homogeneous society, fair and efficient administration, and a strong sense of civic responsibility has led to a very stable political environment, although this has been challenged by a terrorist attack in July 2011.

## Trade & Commercial Environment

### Trade Terms

<b>Minimum Terms:</b>	OA
-----------------------	----

The minimum form of documentation or trading method that D&B advises its customers to consider when pursuing export trade with the stated country.

<b>Recommended Terms:</b>	OA
---------------------------	----

D&B's recommended means of payment. The use of recommended terms, which are generally more stringent than minimum terms, is appropriate when a customer's payment performance cannot be easily assessed or when an exporter may wish to limit the risk associated with a transaction made on minimum terms.

<b>Usual Terms:</b>	30 days
---------------------	---------

Normal period of credit associated with transactions with companies in the stated country.

### Transfer Situation

<b>Local Delays:</b>	0-1 month
----------------------	-----------

The time taken beyond agreed terms for a customer to deposit money in their local bank as payment for imports.

**FX/Bank Delays:**

0-1 month

The average time between the placement of payment by the importer in the local banking system and the receipt of funds by the exporter. Such delays may be dependent on FX controls, FX availability and the efficiency of the local banking system.

**Trade & Commercial Environment**

Norway's government has announced it will boost the current below-trend economic growth rate by increasing the expenditure from the country's oil revenues. In the revised 2014 budget, the government has included a record NOK141bn of oil revenue, the equivalent of around 5.8% of GDP. Because of the higher growth rate of the oil fund compared to the country's economy, the rule that the government can spend up to 4% of the fund per year means that, relative to GDP, the amounts will increase. Meanwhile, according to Statistics Norway, corporate bankruptcies increased by 10% in Q1 2014 compared to the same period of 2013. Some 30% of the bankruptcies were in wholesale and retail trade, and motor vehicle repairs.

**Export Credit Agencies**

<b>US Eximbank</b>	Full cover available
<b>Atradius</b>	Full cover available
<b>ECGD</b>	Full cover available
<b>Euler Hermes UK</b>	Full ST cover available

**Economic Indicators**

	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014f</b>	<b>2015f</b>
<b>Real GDP growth, %</b>	1.2	3.1	2.0	2.1	2.2
<b>Inflation, annual ave, %</b>	1.2	0.4	2.0	2.5	2.0
<b>Govt balance, % GDP</b>	13.6	13.9	11.1	12.0	12.0
<b>Unemployment, %</b>	3.3	3.2	3.5	3.3	3.0
<b>C/A balance, % GDP</b>	13.5	14.3	10.6	13.7	14.5

Inflation figures are based on EU-harmonised data.

## Currency Information

### Exchange Rates

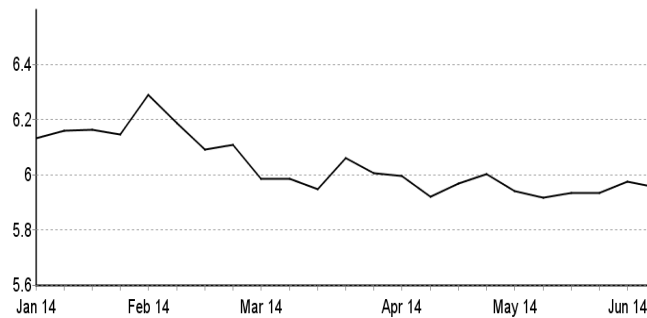
(London, 02 Jun 14)

EUR	8.1512
GBP	10.0197
JPY*	5.8711
USD	5.9735

\*(x 100)

### Local Currency

(Norwegian krone [NOK]: USD)

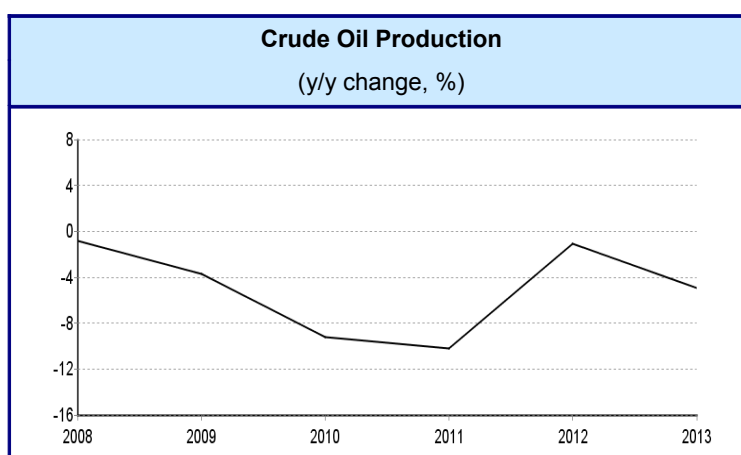


### Local Currency

(Norwegian krone [NOK]: USD)

	Jan 14	Feb 14	Mar 14	Apr 14	May 14	Jun 14
<b>Week 1</b>	6.134	6.290	5.984	5.997	5.942	5.974
<b>Week 2</b>	6.161	6.187	5.984	5.919	5.916	5.956
<b>Week 3</b>	6.162	6.090	5.946	5.970	5.936	
<b>Week 4</b>	6.148	6.108	6.060	6.003	5.936	
<b>Week 5</b>			6.007			

## Crude Oil Production



Data Table					
2008	2009	2010	2011	2012	2013
-0.85	-3.68	-9.23	-10.18	-1.08	-4.94

## Risk Factor

According to the latest official statistics, the Norwegian economy continued to expand at a moderate pace in the first quarter of 2014. Real mainland GDP increased by 0.5% quarter on quarter (q/q), while total output (including the offshore hydrocarbon sector) increased by 0.3% q/q. Household consumption was the main growth driver, as Norway's low unemployment rate and high wage growth offset the effects of lower investment and the slowing down of the oil industry (which has an indirect effect on the mainland economy through, for example, supply chains and wages). Consumption accelerated to 0.8% growth in Q1, up from 0.3% in Q4 2013. The oil and offshore shipping industry declined by 0.2% in Q1. Fixed capital formation has had an erratic evolution over the last year, starting 2013 strongly but declining in H2. In Q1 2014 it contracted again, by 1.8% q/q. Investment in manufacturing and various services sectors had the strongest negative contribution, while in the energy supply sector investment increased. Total exports increased by 1.6% q/q, with a boost from petroleum exports. Imports, meanwhile, contracted by 2.6% q/q, on account of declining imports of ships and oil platforms. On the supply side, industrial production increased by 0.5% in Q1, with strong growth in (among others) the chemical and machinery sectors. The foodstuffs, wood and metal production sectors recorded declines. We maintain our forecast of 2.1% growth in 2014.

The threat of strikes is again imminent in Norway's oil sector, two years after a major strike halted activity for sixteen days and only ended when the government intervened. Several unions of oil service and oil platform workers have separately broken off wage talks with employers. The workers' demands centre on pension issues that are still unresolved since the previous strike. The talks will now move to public mediation, where a failure to resolve the conflict will lead to further action (the previous strike cut 15% of Norway's oil output). Among the companies that would be most affected by a walkout are Exxon and GDF Suez. The next round of negotiations is scheduled for mid-June. Companies in the oil sector are reluctant to agree to workers' demands, as production costs (including wages) in Norway's hydrocarbon sector are among the highest in the world.

The stability of Norway's investment climate is being questioned again by oil and gas companies after another controversial public decision. In order to cut greenhouse gases, the Norwegian government wants oil companies to use land-sourced energy to power offshore oil platforms; however this means significantly higher costs for the oil companies and delays the production start on the large Sverdrup field. Previously the government had cut tariffs on a gas pipeline, significantly reducing investors' returns.

## Glossary & Definitions

### DEFINITIONS

#### Minimum Terms:

The minimum form of documentation or trading method that D&B advises its customers to consider when pursuing export trade with the stated country.

#### Recommended Terms:

D&B's recommended means of payment. The use of recommended terms, which are generally more stringent than minimum terms, is appropriate when a customer's payment performance cannot be easily assessed or when an exporter may wish to limit the risk associated with a transaction made on minimum terms.

#### Usual Terms:

Normal period of credit associated with transactions with companies in the stated country.

#### Local Delays:

The time taken beyond agreed terms for a customer to deposit money in their local bank as payment for imports.

#### F/X Bank Delays:

The average time between the placement of payment by the importer in the local banking system and the receipt of funds by the exporter. Such delays may be dependent on FX controls, FX availability and the efficiency of the local banking system.

#### C/A (current account) balance, % GDP:

Part of the balance of payments that records a nation's exports and imports of goods and services, and income and transfer payments.

#### DSR (debt service ratio), %:

Annual interest and principal payments on a country's external debts as a percentage of exports of goods and services.

#### Govt balance, % GDP:

The balance of government expenditure and receipts.

#### Real GDP growth, %:

GDP adjusted for inflation.

#### Inflation, %:

The increase in prices over a given period.

### GLOSSARY

CiA	Cash in Advance
CLC	Confirmed Letter of Credit
CWP	Claims Waiting Period
FX	Foreign Exchange
LC	Letter of Credit
LT	Long term
MT	Medium term
OA	Open Account
SD	Sight Draft
ST	Short term

## Customer Service & Support

© Copyright 2012-13 Dun & Bradstreet - Provided subject to the terms and conditions of your contract.

### D&B Country Risk Services

For information relating to D&B's Country Risk Services.

UK

Telephone: 01628 492700  
Fax: 01628 492929  
Email: [CountryRisk@dnb.com](mailto:CountryRisk@dnb.com)

USA Inquiry

Telephone: 1-800 234-3867 option 1, 1 and then 2  
Email: [CountryRiskServices@dnb.com](mailto:CountryRiskServices@dnb.com)

Rest of World

Telephone: +44 1628 492700  
Email: [CountryRisk@dnb.com](mailto:CountryRisk@dnb.com)

**D&B Customer Services**

For all other information or queries relating to D&B products and services.

UK

Telephone: 0870 243 2344 (UK) / 1 890 923296 (IR)  
Email: [CustomerHelp@dnb.com](mailto:CustomerHelp@dnb.com)

USA

Telephone: 1-800 234-3867 option 1, 1 and then 2  
Email: [CustomerService@dnb.com](mailto:CustomerService@dnb.com)

Rest of World

You can contact your local D&B Customer Services departments by clicking [here](#).

Whilst D&B attempts to ensure that the information provided is accurate and complete, by reason of the immense quantity of detailed matter dealt with in compiling the information and the fact that some of the data are supplied from sources not controlled by D&B which cannot always be verified, including information provided direct from the subject of enquiry as well as the possibility of negligence and mistake, D&B does not guarantee the correctness or the effective delivery of the information and will not be held responsible for any errors therein or omissions therefrom.

© Dun & Bradstreet Inc., 2012-13.



Decide with Confidence