



Decide with Confidence

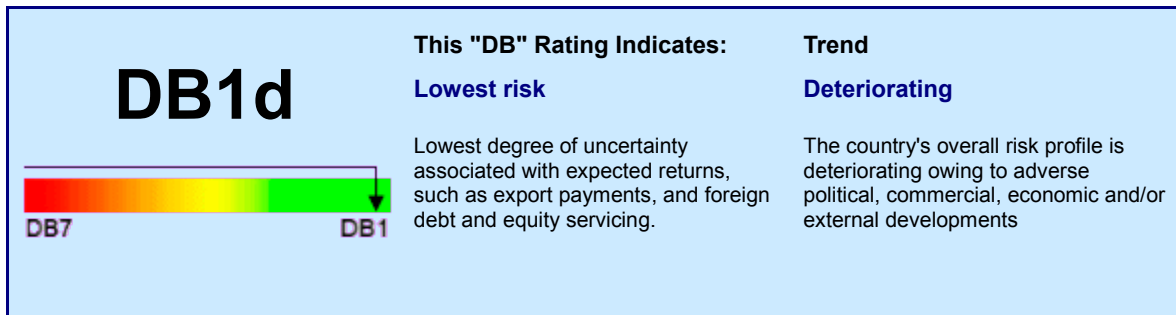
D&B Country RiskLine Report

NORWAY

Region : Western Europe

Edition : April 2013

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

| | |
|------------------------------------|--|
| Population: | 5.0m |
| Surface area (sq km): | 323,800 |
| Capital: | Oslo |
| Timezone: | GMT +01:00 |
| Official language: | Norwegian, which has two versions: Bokmal, Nynorsk |
| Head of government: | Prime Minister Jens STOLTENBERG |
| GDP (USD): | 479.6bn |
| GDP per capita (USD): | 95,805 |
| Life expectancy (years): | 80 |
| Literacy (% of adult pop.): | 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

| | |
|-----------------------|----|
| Minimum Terms: | 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.

| | |
|---------------------------|----|
| Recommended Terms: | 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.

| | |
|---------------------|---------|
| Usual Terms: | 30 days |
|---------------------|---------|

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

Transfer Situation

| | |
|----------------------|-----------|
| Local Delays: | 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

According to the latest figures on corporate failures in Norway, credit and payment risks decreased in 2012. There were 2,763 enterprise bankruptcies (including sole proprietorship) in 2012, 12.9% fewer than in 2011. The highest absolute number of insolvencies was in wholesale and retail trade (27.5% of the total) but for the sector this represented a 16.2% decline in the rate of corporate failures. A fifth of the bankruptcies occurred in construction, where the rate of insolvencies remained stable relative to the previous year. Of the major economic sectors, it was only 'accommodation and food service activities' that posted an increase (3.1%) in bankruptcies. We expect credit and payment risks to remain stable, with slightly higher risks for non-oil export-oriented companies.

Export Credit Agencies

| | |
|------------------------|-------------------------|
| | |
| US Eximbank | Full cover available |
| Atradius | Full cover available |
| ECGD | Full cover available |
| Euler Hermes UK | Full ST cover available |

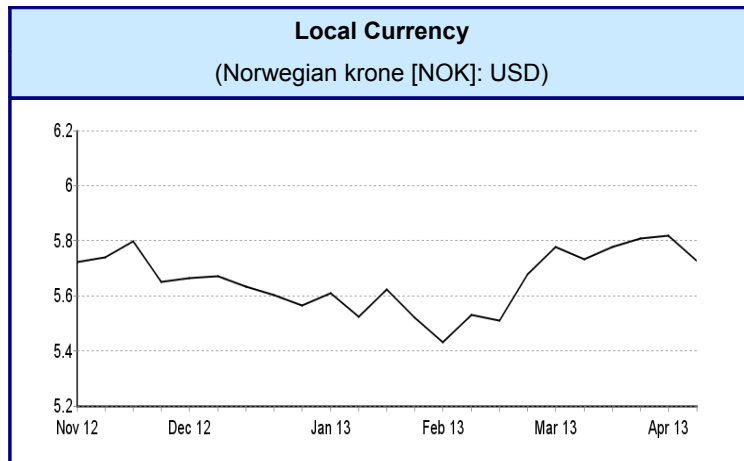
Economic Indicators

| | 2010 | 2011 | 2012 | 2013f | 2014f |
|---------------------------------|------|------|------|-------|-------|
| Real GDP growth, % | 0.7 | 1.4 | 3.2 | 3.0 | 2.1 |
| Inflation, annual ave, % | 2.3 | 1.2 | 0.4 | 1.5 | 2.5 |
| Govt balance, % GDP | 10.6 | 13.2 | 11.6 | 12.0 | 13.1 |
| Unemployment, % | 3.5 | 3.3 | 3.1 | 3.1 | 3.3 |
| C/A balance, % GDP | 12.8 | 11.4 | 13.1 | 14.0 | 14.8 |

Inflation figures are based on EU-harmonised data.

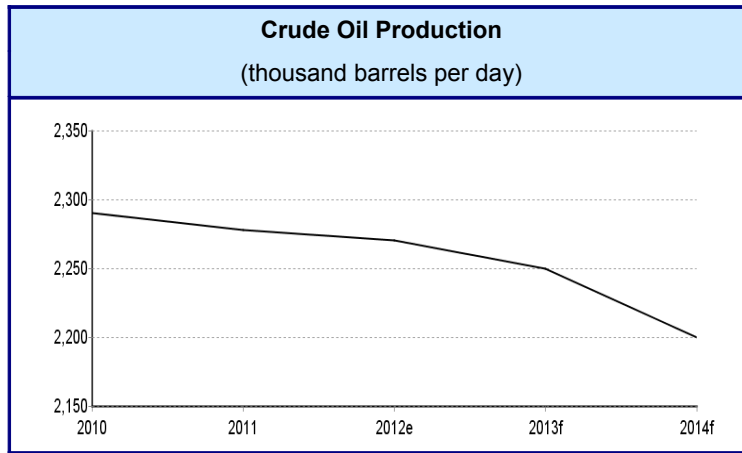
Currency Information

| Exchange Rates | |
|---------------------|--------|
| (London, 18 Mar 13) | |
| EUR | 7.5474 |
| GBP | 8.7402 |
| JPY* | 6.074 |
| USD | 5.7764 |
| *(x 100) | |



| Local Currency | | | | | | |
|------------------------------|--------|--------|--------|--------|--------|--------|
| (Norwegian krone [NOK]: USD) | | | | | | |
| | Nov 12 | Dec 12 | Jan 13 | Feb 13 | Mar 13 | Apr 13 |
| Week 1 | 5.722 | 5.664 | 5.609 | 5.431 | 5.778 | 5.818 |
| Week 2 | 5.740 | 5.671 | 5.523 | 5.531 | 5.733 | 5.726 |
| Week 3 | 5.798 | 5.633 | 5.622 | 5.510 | 5.776 | |
| Week 4 | 5.652 | 5.604 | 5.520 | 5.678 | 5.807 | |
| Week 5 | | 5.565 | | | | |

Crude Oil Production



| Data Table | | | | |
|------------|--------|--------|--------|--------|
| 2010 | 2011 | 2012e | 2013f | 2014f |
| 2290.0 | 2278.0 | 2270.0 | 2250.0 | 2200.0 |

Risk Factor

As the difficulties faced by Norway's exporters become apparent, the country's government has joined the central bank in trying to address the problem of the appreciating krone. Norway's currency has appreciated by around 22.0% against the euro since 2009 in the context of belt-tightening trade partners (and therefore weak external demand) and higher domestic wage growth than in competitor economies, putting Norway's non-oil exporting companies under enormous pressure. The latest countervailing measure is to reduce public spending to below the allowed fiscal guideline of 4.0% of the country's sovereign wealth fund. The government is hoping that by reducing fiscal spending it will prevent prices from rising and therefore improve the real exchange rate. The central bank has already lowered the interest rate to 1.5% and at the latest rate-setting meeting in mid-March decided to hold it at that level, despite the risks posed by the country's real estate market (house prices have doubled since 2002 and household indebtedness has risen to 200% of disposable income, one of the highest levels in the world). Authorities are instead trying to calm the real estate market (and improve banks' resilience to a potential hard landing) by administrative measures; the latest proposal is to triple the risk weights assigned to mortgage assets. However, the country's largest banks have already declared that this will affect their entire loan book, increasing borrowing costs for companies as well.

With general elections to be held later in the year, the themes that are emerging as the main issues dividing the frontrunners are taxation and opening up new areas to oil exploitation. The Labour Party, currently in power, is less inclined than the main opposition party, the Conservatives, to open up the environmentally sensitive Lofoten to drilling, but is likely to hold a vote within the party in order to determine its policy. The question is important because ample reserves have been discovered in Lofoten, while at the same time Norway has seen its oil output fall by around 50% in the last decade. On taxation, the Conservatives favour drastic reductions of the wealth tax, a move which is opposed by Labour (which is instead considering a lower corporate income tax rate). The Labour Party is trailing the Conservatives in the polls after the inquiry into the July 2011 right-wing terrorist attacks revealed that there were large deficiencies in the authorities' response to the attacks.

The most recent forward-looking indicators, such as the manufacturing Purchasing Managers' Index (PMI), point to a weakening economy. The PMI dropped to 48.3 in February (from 50.1 in January) as the new order sub-index suffered a sharp drop. Meanwhile, Statistics Norway's estimate for 2013 investments in the country was revised downwards, as several oil companies announced they are postponing part of their investment plans.

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

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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

USA Inquiry

Telephone: 1-800 234-3867 option 1, 1 and then 2
Email: CountryRiskServices@dnb.com

Rest of World

Telephone: +44 1628 492700
Email: 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

USA

Telephone: 1-800 234-3867 option 1, 1 and then 2
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