



FINANSDEPARTEMENTET

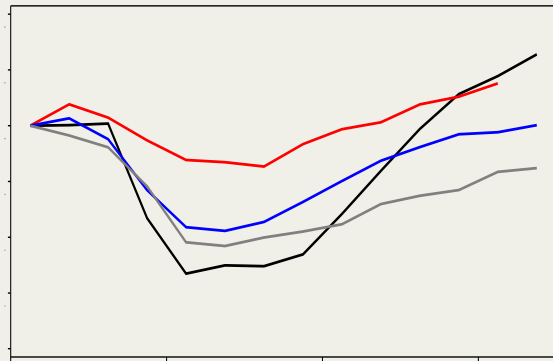
Economic developments in the Nordic region in general and in Norway in particular

State secretary Roger Schjerva

Activity is picking up in many OECD countries, but unemployment is still high

Gross domestic product

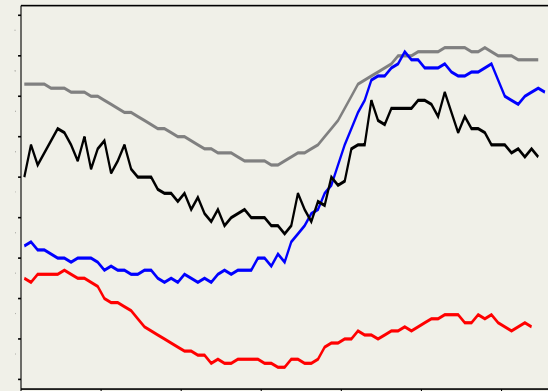
Volum indices. Seasonally adjusted. 1 quarter 2008 = 100



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Unemployment rate

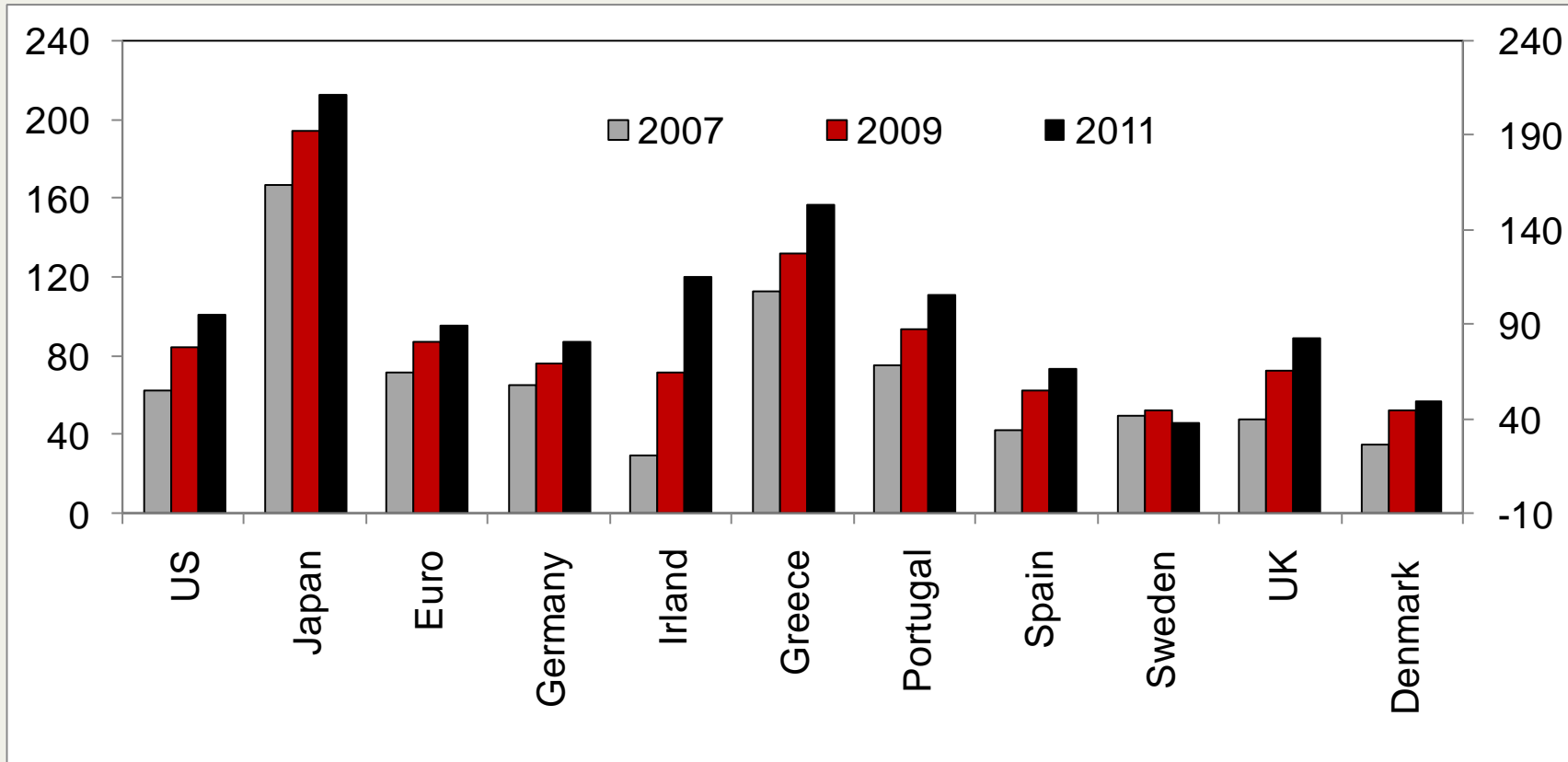
(LFS). Per cent of the labour force



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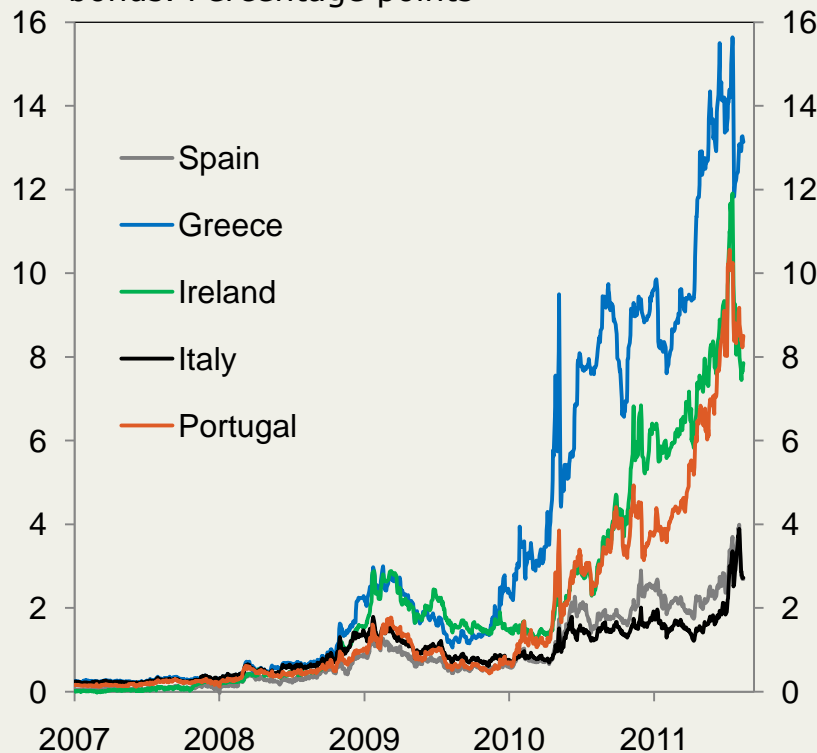
Sources: Reuters EcoWin and Ministry of Finance

Public debt is increasing Pct of GDP

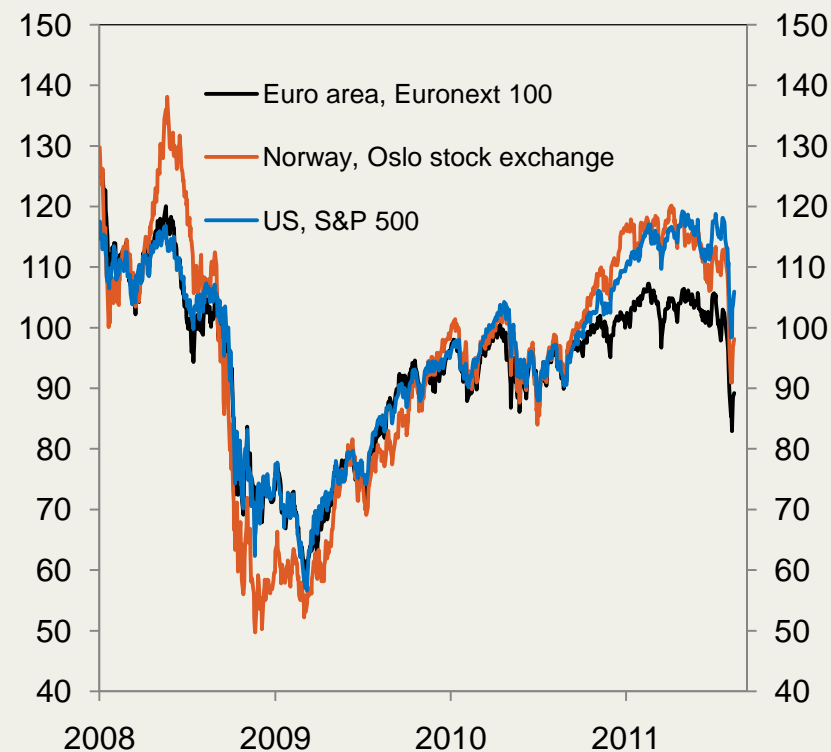


High financial turbulence as a result of uncertainty relevant to the sustainability of public finances

Borrowing costs. Spread over german 10 year bonds. Percentage points



International equity indices. Indices 2008 = 100

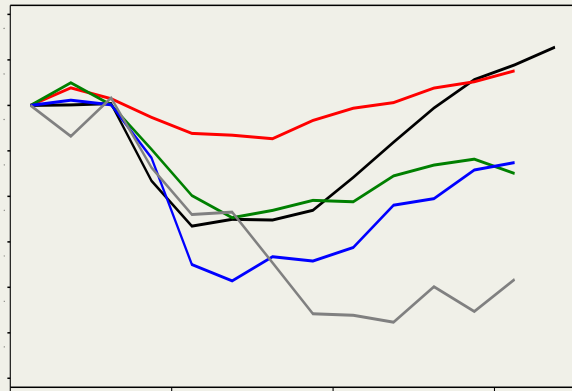


Sources: Reuters EcoWin and the Ministry of Finance

Norway and Sweden perform better than the other Nordic countries

Gross domestic product

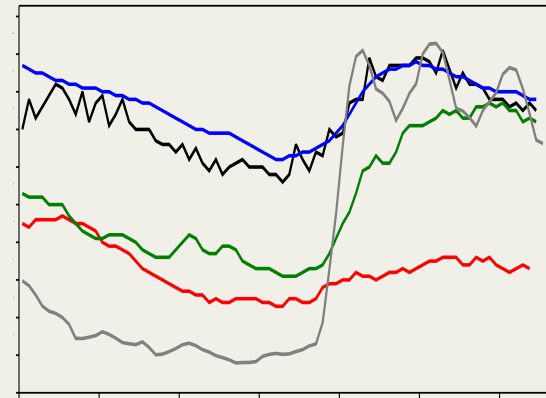
Volum indices. Seasonally adjusted. 1 quarter 2008 = 100



— Norway
— Sweden
— Denmark
— Finland
— Iceland

Unemployment rate

(LFS). Per cent of the labour force

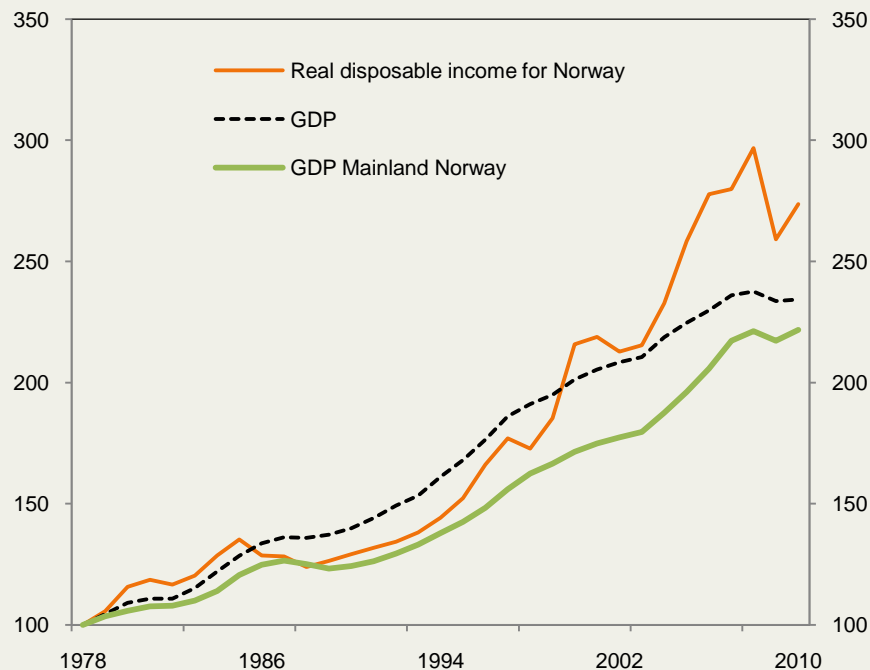


— Norway
— Sweden
— Denmark
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Sources: Reuters EcoWin and the Ministry of Finance

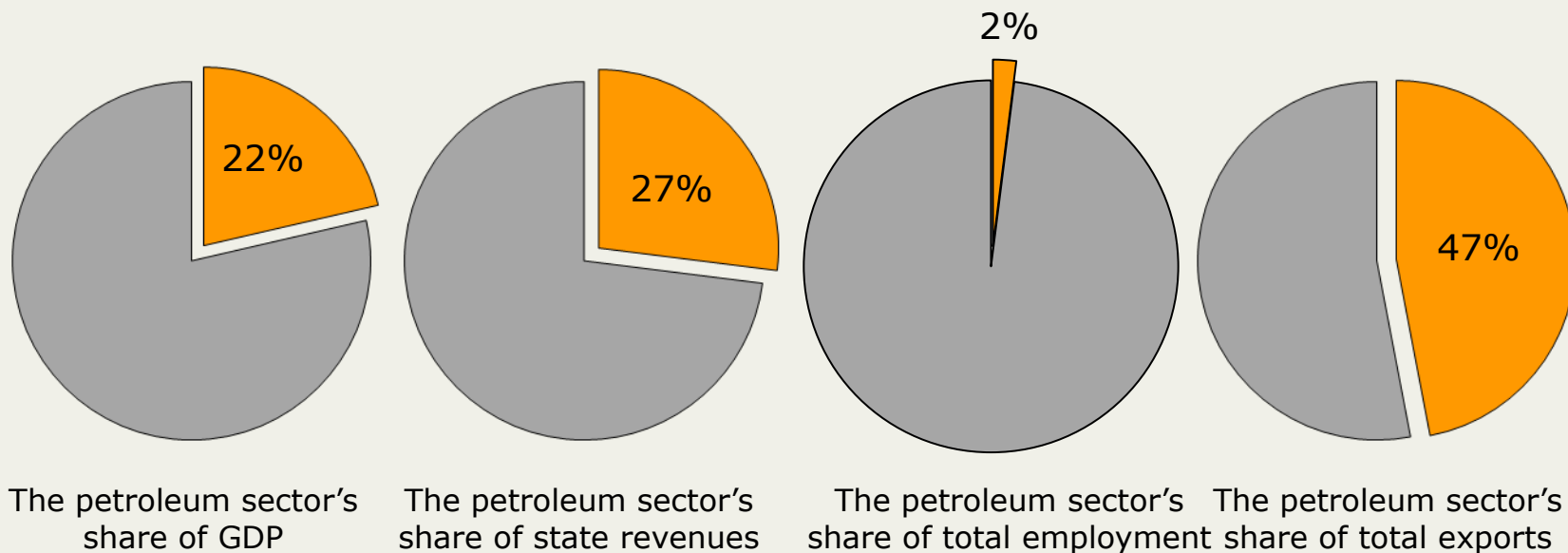
The Norwegian economy has gone through a period with exceptionally high income growth

Production and income.
Indices 1978=100



Sources: Statistics Norway and Ministry of Finance

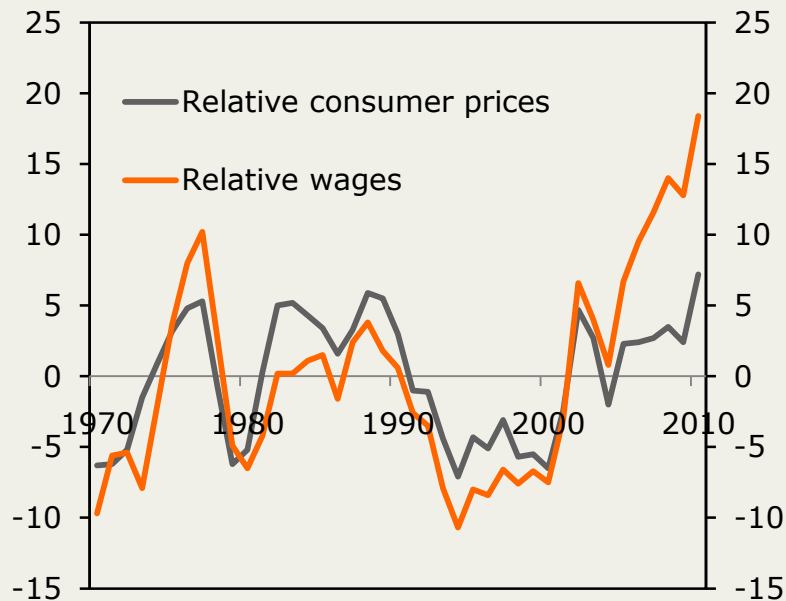
The petroleum sector in relation to the Norwegian economy. 2009



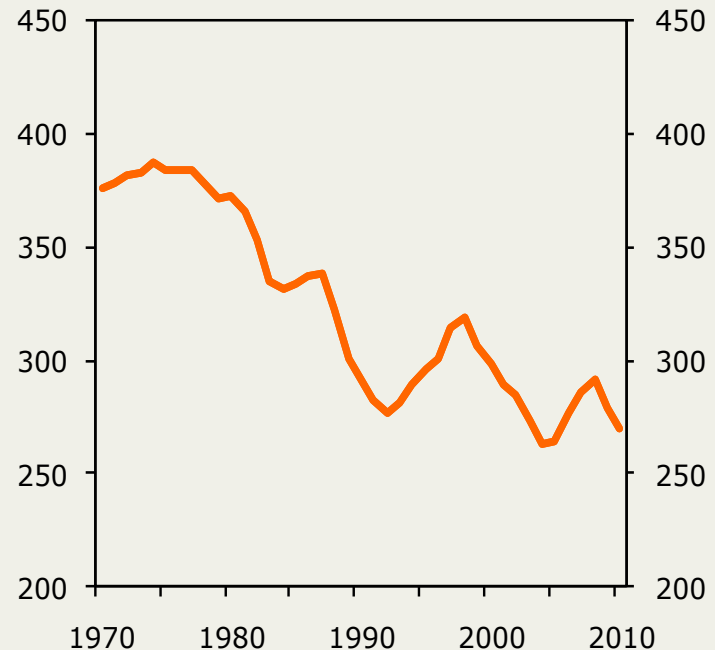
Source: Norwegian Petroleum Directorate

Challenge for economic policy: Norwegian export sector is vulnerable

Norwegian real exchange rate. Deviation from mean over the period. Per cent.

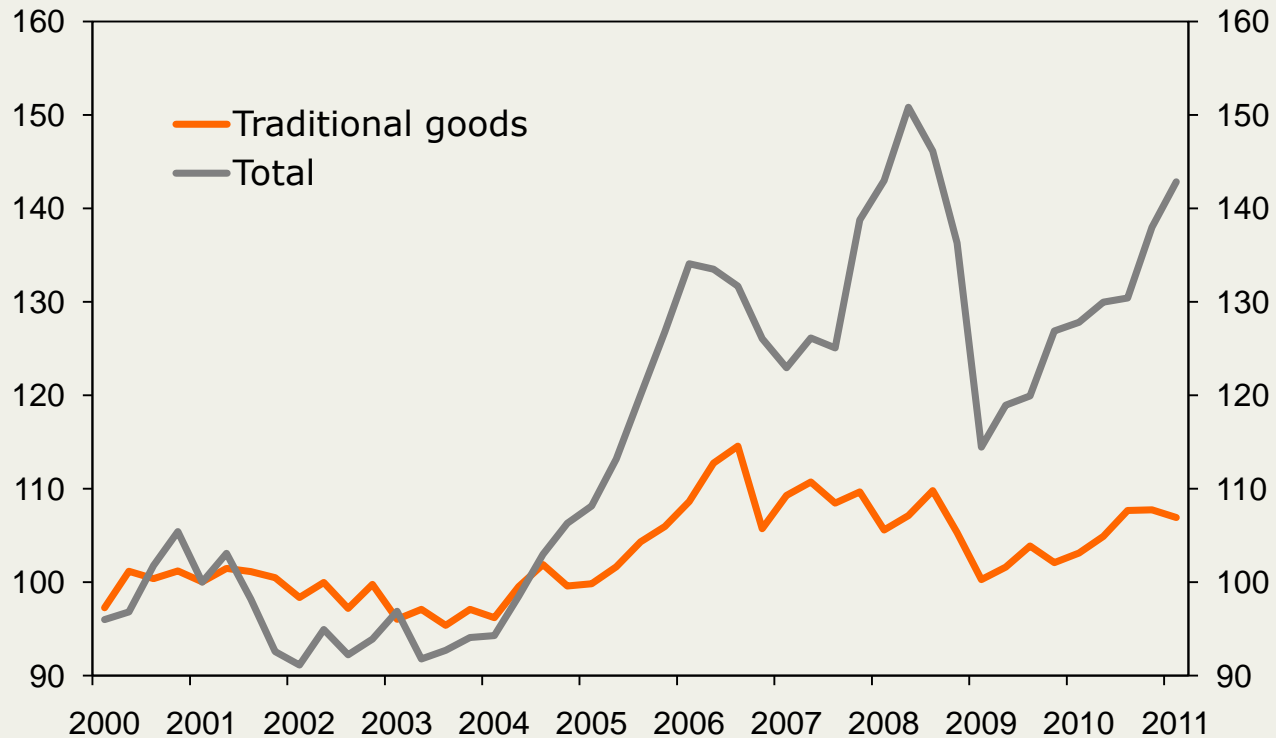


Employment in the manufacturing sector
1000 persons



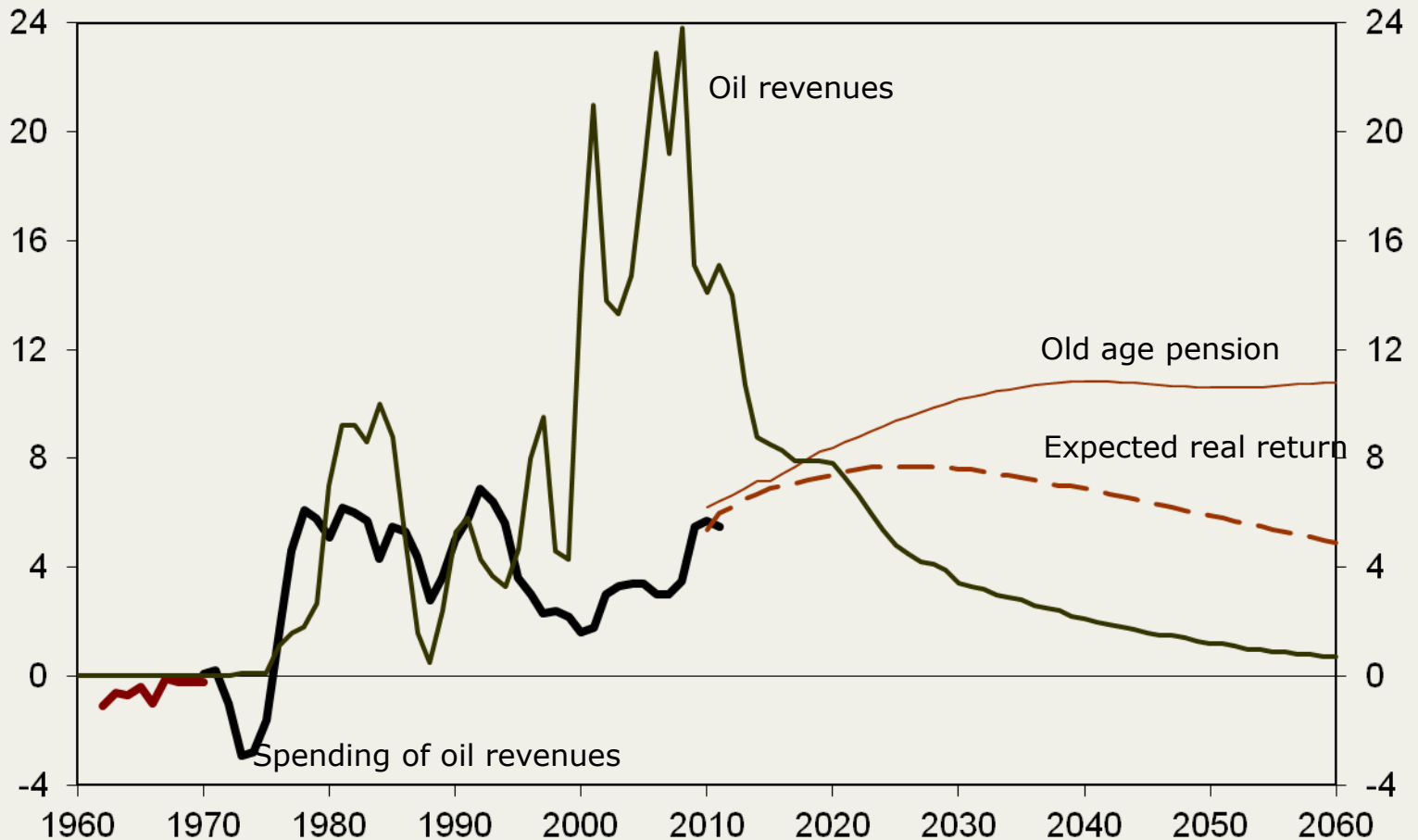
High prices on norwegian export goods have contributed to high profitability in manufacturing despite high costs.

Terms of trade.
Index 2000=100



Challenge for economic policy II: The phasing in of oil revenues is soon to peak whereas the increase in pension spending lies ahead of us

Per cent of GDP for Mainland Norway



Main considerations for fiscal policy in 2011 and 2012

1. Employment and competitiveness

- The budget should not contribute to more rapid interest rate hikes than among trading partners, NOK appreciation and decline in employment in exposed sectors
- Growth higher than trend and unemployment below historical average

2. Aging – long term fiscal outlook

- Spending of oil money was significantly higher than the 4%-path during the downturn, and this has to be reversed
- Ageing impose a stronger burden on Norway than on the average EU country

Both considerations implies prudent spending of oil revenues

Going forward ...

- The situation in the US and Europe is serious
- Well functioning economies crucial
- The Nordic countries should be a source of inspiration