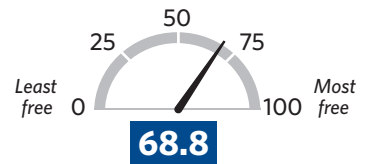


NORWAY

Economic Freedom Score



World Rank: **40** Regional Rank: **20**

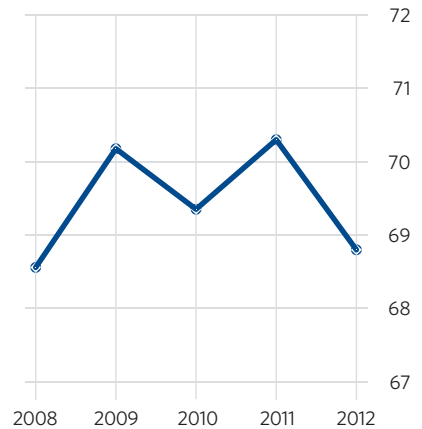
Norway's economic freedom score is 68.8, making its economy the 40th freest in the 2012 *Index*. Its score has decreased by 1.5 points since last year, mainly reflecting a considerable deterioration in the control of government spending. Norway is ranked 20th out of 43 countries in the Europe region, and its overall score is well above the world and regional averages.

The Norwegian economy is diversified and modern, benefiting from high levels of flexibility and institutional strengths that include strong protection of property rights and an efficient legal framework. Together with openness to global commerce, prudent and transparent regulations sustain economic dynamism and a commercial environment that is innovative and resilient.

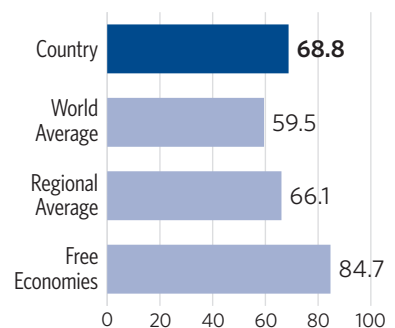
Norway dropped from “mostly free” to “moderately free” in the 2012 *Index*, primarily because of expansive public spending. The government has focused on containing expensive welfare programs, but government spending as a percentage of GDP rose sharply. The state maintains substantial ownership in key industries, including telecommunications and hydropower. The accumulation of assets from hydrocarbon production in the National Wealth Fund has provided a cushion for fiscal stimulus, but the central government's structural non-oil deficit has widened.

BACKGROUND: Prime Minister Jens Stoltenberg heads a labor-socialist coalition government. Norway has been a member of NATO since 1949, but voters have twice rejected membership in the European Union. Instead, the country maintains close economic interaction with EU members under the European Economic Area agreement. Norway is one of the world's most prosperous countries. Fisheries, metal, and oil are the most important commodities. In 2010, Norway was the world's sixth-largest oil exporter and second-largest gas exporter. It weathered the economic crisis well, thanks to substantial government savings and high oil prices, but is exposed to Europe's economic problems since 80 percent of its trade is with EU member states. The government continues to save a large portion of its oil export revenues in investment funds outside of the country as insurance against depleting reserves.

Freedom Trend



Country Comparisons



Quick Facts

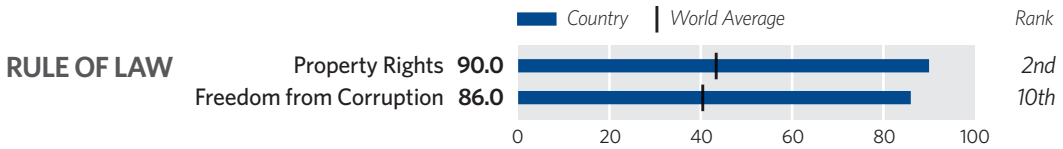
- Population:** 4.9 million
- GDP (PPP):** \$255.3 billion
- 0.4% growth in 2010
- 5-year compound annual growth 0.9%
- \$52,013 per capita
- Unemployment:** 3.6%
- Inflation (CPI):** 2.4%
- FDI Inflow:** \$11.8 billion
- Public Debt:** 55.4% of GDP

How Do We Measure Economic Freedom?

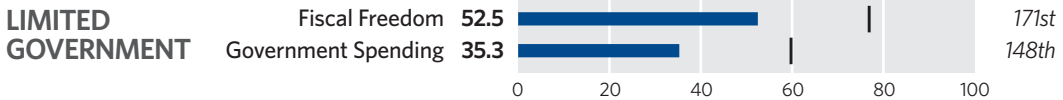
See page 455 for an explanation of the methodology or visit the *Index* Web site at heritage.org/index.

2010 data unless otherwise noted.
Data compiled as of September 2011.

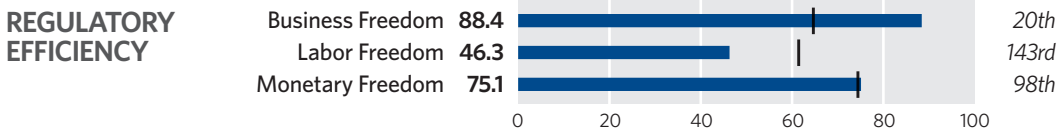
THE TEN ECONOMIC FREEDOMS



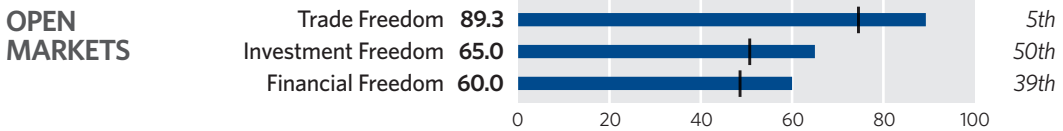
The judicial system is sound and efficient, providing secure protection of private property rights and good enforcement of commercial contracts. With consistent application of law, protection of intellectual property rights is consistent with world standards. Well-established anti-corruption measures uphold government integrity. Transparency has been an emphasis and is a key institutional asset.



The top income tax rate is 47.8 percent, and the corporate tax rate is a flat 28 percent. Other taxes include a value-added tax (VAT), a tax on net wealth, and environmental taxes, with the overall tax burden amounting to 41 percent of total domestic income. Government spending has risen to a level equivalent to 46.4 percent of total domestic output, but the budget balance remains in surplus due to oil revenues. Public debt is below 60 percent of GDP.



The regulatory regime is highly efficient. Starting a business takes an average of seven days, compared to the world average of 30 days. Obtaining a business license requires less than the world average of 16 procedures. Bankruptcy proceedings are relatively simple. The labor market lacks flexibility, although the non-salary cost of employment is not high in comparison to other countries in the region. Monetary stability is well maintained.



The trade weighted average tariff rate is quite low at less than 1 percent, and non-tariff barriers are nominal and not burdensome. The investment code is transparent and efficiently administered, but domestic or European Economic Area investors are favored. The financial sector is dynamic and competitive, although the government retains ownership of the largest financial institution, which accounts for about 40 percent of total assets.

Score Changes

RULE OF LAW	LIMITED GOVERNMENT	REGULATORY EFFICIENCY	OPEN MARKETS
Property Rights	Fiscal Freedom	Business Freedom	Trade Freedom
Freedom from Corruption	Government Spending	Labor Freedom	Investment Freedom
0	+0.9	+0.1	-0.1
0	-16.2	+0.5	0
		0	0