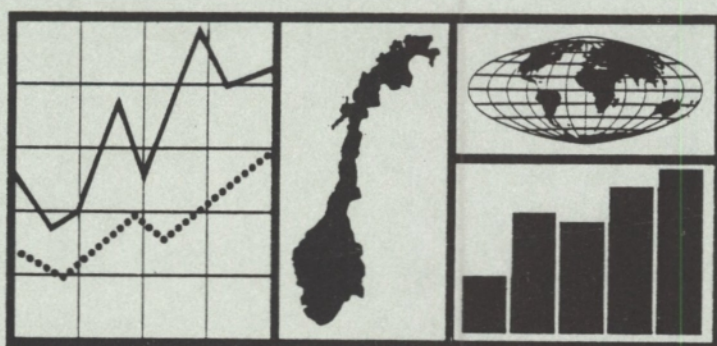


# Økonomiske analyser

Nr. 1A — 1989



**Economic survey 1988  
Norway**

Statistisk sentralbyrå

Postboks 8131 Dep. N-0033 Oslo 1 – Tlf. (02) 41 38 20

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## Contents

### Economic Survey, 1988

Summary .....	1
Economic Policy .....	6
Production .....	13
The Labour Market .....	14
Prices and Wages .....	15
Incomes .....	16
Consumption .....	19
Investments .....	20
Balance of Payments .....	22
Economic Perspectives .....	26
Economic-political calendar 1988 .....	27
Outlook for 1989 — A model based projection .....	31
National accounts tables .....	1*

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The current issue of *Economic Survey* contains a review of the Norwegian economy for 1988. The first preliminary national accounts figures for 1988, based on the quarterly national account system, are also presented. The quarterly calculations are carried out on a less detailed level than the annual national accounts. Especially for the last few months of 1988, the calculations are to a large extent based on estimates and reported plans. The first, preliminary national accounts figures based on data for the year as a whole are scheduled to be published in *Economic Analyses* in April/May of this year.

The *Economic Survey* of 1988 has been prepared by the Research Department in the Central Bureau of Statistics. The cut-off date for information used in the publication was Wednesday, 1 February 1989.

## Summary

Demand in mainland Norway fell by a total of 1.7 per cent from 1987 to 1988 and there was a considerable rise in unemployment. Developments in Norway therefore differed noticeably from the rest of the OECD area, where there was increased demand and declining unemployment. The recovery abroad led to a strong growth for Norwegian export industries and contributed to a rise in the gross domestic product of 1.5 per cent despite the recession on the domestic market.

The weak trend at home strongly affected the labour market in 1988, the 1987 shortening of the working week having temporarily reduced its effect on employment. The number of man-years worked was reduced by 14,000, which was somewhat more than during the 1983 recession. The weakening of the labour market increased throughout the year and in the last quarter the number of job-seekers with no income from employment was 3.9 per cent of the labour force.

Both private consumption and investments in mainland Norway fell in 1988. In spite of the last two years' recession, private consumption was still higher than private disposable income. Increased problems with debt repayment, high interest rates and regulation of incomes contributed to the reduction in consumption. In spite of a fall of 4.7 per cent in 1988, investments in mainland Norway were still a long way above the previous 1981 peak.

Imports were reduced as a result of the decline in domestic demand. Together with the rise in exports and good prices on the world market for traditional goods, this led to a considerable improvement in the current balance excluding shipping. On this basis the deficit was approximately NOK 14 billion in 1988, a total of NOK 18 billion lower than the previous year.

The rise in prices and wages was clearly reduced in 1988. The Wage Freeze Act and a lower growth in import prices were contributory factors. The rate of growth of prices towards the end of the year was for the first time in four years at about the same level for Norway as for competing countries.

### Stronger growth in the OECD countries

Economic growth in the OECD area was comparatively strong both in 1987 and 1988. A rise in gross domestic product of 3.6 and 4 per cent respectively for these two years may be characterised as a boom. Investments clearly rose in 1988, but the increase in exports contributed considerably to the rise in production, particularly in the USA. The production upswing in the OECD area was accompanied by a

### Main trends in economic developments Increase from previous year. Per cent<sup>1</sup>

	1987	1988
<b>Selected macroeconomic variables</b>		
Private consumption	-1.1	-1.6
Government consumption	3.7	1.1
Gross fixed capital formation	-2.4	3.3
Exports	0.3	6.0
Imports	-6.7	-2.2
Gross domestic product	0.9	1.5
– mainland Norway	0.2	0.4
Real disposable national income	-1.2	-1.6
<b>The labour market</b>		
Man-hours worked	0.0	-0.6
Persons employed	1.9	-0.8
Unemployment rate, level	2.1	3.2
<b>Prices and wages</b>		
Consumer price index	8.7	6.7
Export prices	2.3	0.3
Import prices	6.9	4.7
Hourly wage	11.6	5.3
Wage costs per man-hour worked	11.9	6.1
<b>Balance of payments</b>		
Current account balance, billion kroner	-27.6	-24.9
– Excluding ships	-32.0	-13.5

<sup>1</sup> The percentage change in volume for all the text tables in the Survey is at fixed 1986 prices.

clear increase in productivity. Employment rose only slightly more in 1988 than in 1987. This was nevertheless sufficient to reduce unemployment in most countries, which on an average dropped to 7.2 per cent.

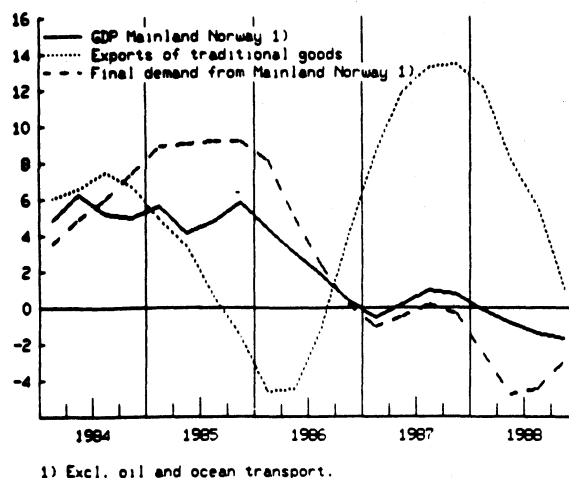
Inflation increased in the course of the year due to the strong increase in production, but on an annual basis the increase in prices was only slightly higher than in the previous year. The large imbalances in world trade continued in 1988, but the US deficit was slightly reduced. The finance and exchange markets were more stable in 1988 than in 1987.

### Continued tight financial policy and high interest rates

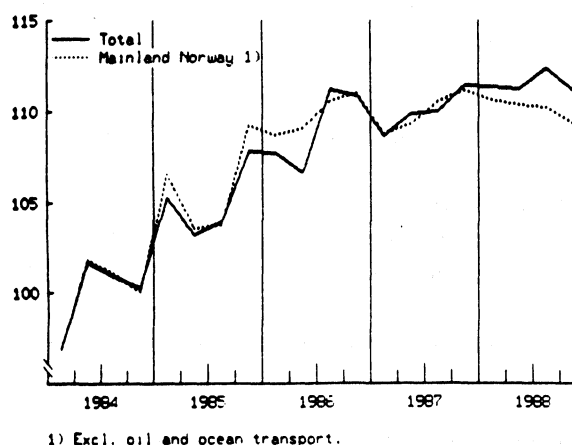
The purpose of economic policy in Norway in 1988 was a tight financial policy and measures to curb the growth in prices and costs. Personal taxation was altered through the shift in taxation towards tax on



**CYCLICAL DEVELOPMENT**  
(Per cent growth from previous quarter. Seasonally adjusted and smoothed. Annual rates.)



**GROSS DOMESTIC PRODUCT**  
1984=100. Seasonally adjusted.



gross income and a broader tax base. The base for employers' contributions to social security was also extended. This led to an increase in labour costs.

It now looks as though the surplus before loan transactions corrected for oil revenues etc. was somewhat lower than the estimate which was the basis for economic policy in 1988. Most of the reduction is connected to lower indirect taxes, lower taxes on petroleum production and a rise in transfers. If the surplus is corrected for cyclical trends, developments in this indicator point in the direction of a tighter financial policy than the previous year.

After the most important direct regulations were discontinued, control of interest rates has been the main instrument of fiscal and credit policy. The main aim of the control of interest rates has been to maintain a stable exchange rate, and with this aim re-

ceiving priority it has been difficult to reduce interest rates to any noticeable degree. All the same, Norges Bank's overnight discount rate was reduced four times from a level of 13.8 per cent at the beginning of the year to 12 per cent at the end, and interest rates on the money market decreased by 2.5 per cent in the course of the year.

In order to control prices a law was passed in connection with the wages settlement which limited the increase in incomes to that laid down in the agreement between the Norwegian Federation of Trade Unions and the Norwegian Employers' Confederation and prohibited new rises in the first year of the agreement.

### Slower growth in public spending

Public spending increased by only 1.1 per cent from 1987 to 1988. This is a significantly slower growth than has been usual in recent years. A change in the registration of patients' contributions to nursing homes was a contributory factor to the small growth in spending. Government spending increased by 1.9 per cent while the growth in municipal spending was 0.6 per cent.

### A clear decline in private sector consumption, but a continued negative saving ratio for households

Private consumption fell by 1.6 per cent from 1987 to 1988 after being in decline since the summer of 1986. The trend towards the end of 1988 was still negative. Revised figures from the national accounts show that the decline in 1987 was 1.1 per cent, which is only half the amount believed previously. It was consumption of goods that declined in 1988, particularly demand for consumer durables. On the other hand, as in 1987, the consumption of services continued to increase. Purchases of consumer durables at the end of 1988 fell below the level of before the upswing started in 1984, while the level for non-durable goods was still high compared with 1984. Preliminary and uncertain estimates show that households' real disposable income rose by about 1.8 per cent from 1987 to 1988. In spite of this and the decline in consumption the value of consumption was higher than incomes for the fourth year in succession, but the savings ratio increased to about -1 per cent. Together with investments in housing this led to a continued increase in households' net financial debt in 1988.

## High level of investments but decline in mainland Norway

Gross investments in fixed capital increased by 3.3 per cent from 1987 to 1988 and rose to 29 per cent of GDP. Investments have never previously in the 1980's accounted for a larger proportion of GDP. The increase in 1988 was largely due to the Norwegian International Ship Register (NIS), which has led to a strong increase in investments in international shipping. On the other hand, investment costs in the oil industry showed a decline compared with 1987.

Investments apart from the oil industry and international shipping decreased by 4.7 per cent, as opposed to only a small decline in 1987. The level was nevertheless above the previous 1981 peak. The strongest decline was in the manufacturing industry. The trend was clearly negative throughout the year and the Central Bureau of Statistics' investment surveys indicate that there will also be a strong decline in 1989.

Because of a low level of new housing starts and a smaller area per house, there was a clear decline in investments in housing and this trend strengthened throughout the year.

## Clear growth in exports

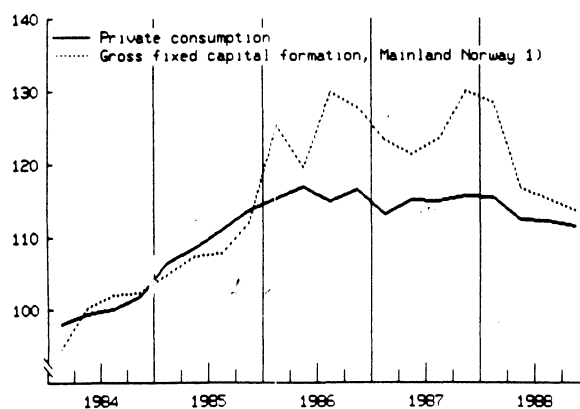
The total volume of exports increased by 6.0 per cent from 1987 to 1988 after having shown little change from 1986 to 1987. Both increased oil exports and increased exports of services from international shipping contributed to the upturn, but it was the 11.7 per cent growth in exports of traditional goods which made the greatest contribution. This increase is clearly tied to the upturn experienced by Norway's trading partners. This has led to increased demand for Norwegian industrial products. There was also a strong increase in exports of fish from fish farms in 1988.

Exports of traditional goods have increased steadily since the summer of 1986, but developments in the latter half of 1988 indicate that this growth is now flattening out. The prospects of a weaker market growth abroad and almost full capacity production for large parts of the export-competing industries have contributed to this. Exports from import-competing industry declined in 1988.

## Decline in imports

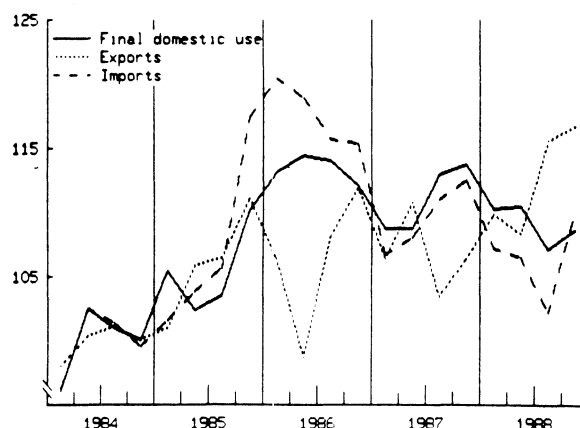
The volume of imports fell by 2.2 per cent from 1987 to 1988, having been in decline since the beginning of 1986. There were nevertheless signs of a rise at the end of 1988 due to a clear increase in imports of ships.

CONSUMPTION AND FIXED CAPITAL FORMATION  
1984=100. Seasonally adjusted.

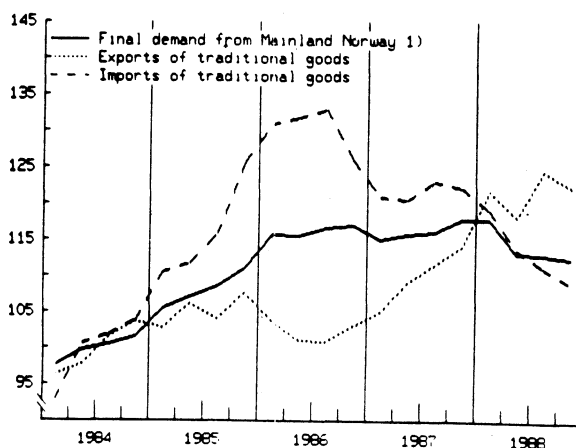


1) Excl. oil and ocean transport.

TOTAL EXPORTS, IMPORTS AND FINAL DOMESTIC USE  
1984=100. Seasonally adjusted.



EXPORTS, IMPORTS AND DOMESTIC DEMAND, MAINLAND NORWAY  
1984=100. Seasonally adjusted.



1) Excl. oil and ocean transport, and changes in stocks.

The drop in imports of traditional goods was 6.1 per cent mainly due to the decline in domestic demand. Particularly demand for goods with a large import content, such as household purchases of consumer durables and company investments in machinery and transport, has decreased. The proportion of imported parts in manufacturing output also declined.

### **Weak production growth in mainland Norway**

The drop in domestic demand has led to total production increasing only slowly since the summer of 1986. Calculated as an average for the year, the GDP nevertheless increased by 1.5 per cent compared with 0.9 per cent the previous year. The strong growth in oil production and overseas shipping contributed to the growth in GDP while production in mainland Norway increased by only 0.4 per cent from 1987 to 1988.

Production declined in industries producing goods and services for the domestic market. This was particularly true of import-competing sectors, the building and construction sector and the retail trade. On the other hand the increase in exports led to a clear growth in export-competing sectors and primary industries. The gross product for manufacturing and mining declined by a total of 0.8 per cent. There has been a negative trend for both manufacturing production and building and construction throughout the year.

In spite of the decline in domestic demand, production in the service sector has on the whole been maintained, although there were signs of a drop in the course of the year. While production in the retail trade fell by 1.7 per cent, calculated as an average for the year, there was a slight growth in financial and business services and a clear growth in domestic transport and communications. The gross product for the public sector rose by 2.7 per cent.

### **Higher productivity in the manufacturing sector but still weak competitiveness**

Labour productivity, measured as gross product per man-hour worked, increased by 2.7 per cent in the manufacturing industry. There was also a significant increase in productivity in most other sectors that showed a rise in production. In import-competitive industries, building and construction, the retail trade and certain areas of the service sector, however, where there was a decline in production, the growth in productivity was low.

In spite of increased productivity and a lower rate of growth for wages, unit-labour costs for Norwegian industry continued to rise more rapidly than

for its trading partners in 1988, as in most of the 1980's. Developments for Norwegian market shares on export markets have nevertheless been more favourable in the last year than at the beginning of the 1980's. There has also been a favourable trend for certain important import-competitive goods.

### **Drop in labour demand and strong increase in unemployment**

The low rate of production in the last two years had a clear effect on the labour market in 1988. The increase in the labour force stopped in most sectors and the total number of man-years worked decreased by 14,000 or 0.7 per cent. As was the case for production, the strongest decline in employment was in import-competitive sectors, building and construction and the retail trade. The number of man-years worked in the public sector increased by 11000.

The negative trend in employment strengthened towards the end of 1988 and unemployment increased drastically. Calculated as an average for the year, the Central Bureau of Statistics' Labour Market Survey showed that there were 69 000 unemployed (job-seekers without earned income). This was 3.2 per cent of the labour force and the level was close to the previous high of 1983. Adjusted for normal seasonal variations, unemployment grew throughout 1988. The number of registered unemployed according to the Directorate of Labour was 69 700 in December, which increased to 86 600 in January.

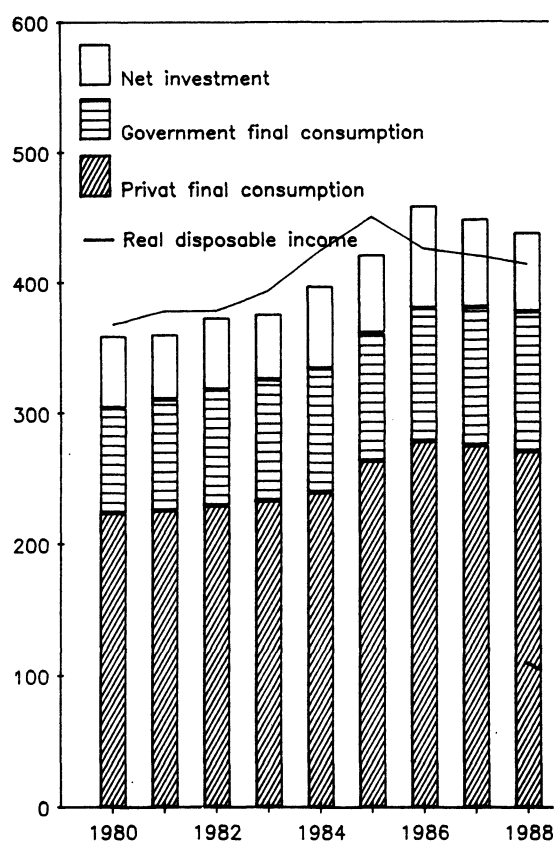
### **Slower growth in prices and wages**

The consumer price index rose by 6.7 per cent in 1988 compared with 8.7 per cent the previous year. Both a slower rise in domestic costs and a lower growth in import prices explain this downturn. The basic rate of growth for the consumer price index dropped throughout the year. At the same time our trading partners experienced an increase in prices in 1988, so that the difference between Norway and its competitors was in the process of evening out towards the end of the year.

The Wage Freeze Act contributed to the increase in hourly wages being reduced to 5.3 per cent in 1988 compared with 11.6 per cent in 1987 due to the shortened working week. Overhang and increases given at the beginning of the year led to the annual growth in incomes being extremely uneven in the different sectors. Banking and insurance had the strongest growth in hourly wages, a total of 10.0 per cent, while the growth in public administration was only 3.4 per cent. Hourly wages in manufacturing and mining rose by 5.8 per cent.

### Real Disposable Income for Norway and Domestic Use of Goods and Services

Billion 1986 kroner.



The gross domestic product minus capital consumption provides an indication of Norway's Net National Product (net value added) for the year. By subsequently deducting net interest, dividends and transfers abroad, it is possible to arrive at Norway's approximate disposable national income. To obtain an overview of longer-term trends in real disposable national income, the figures must be adjusted for inflation. The figure above shows the development in real disposable national income for Norway from 1976 to 1987, compared to the development of the domestic use of goods and services, private sector consumption, public sector consumption and net investment. The figure illustrates both trends in domestic use and trends in real disposable national income. The difference equals net foreign debt.

Because of the extended base for employment tax, wage costs per hour increased by an average of 6.1 per cent, a total of 0.8 percentage points more than the increase in wages.

### Lower current account deficit

The current account deficit was NOK 25 billion in 1988, a drop of just under 3 billion compared with 1987. Calculated exclusive of net exports of used ships, the deficit was 14 billion as opposed to 32 billion the previous year. The decrease in the deficit is mainly due to a strong improvement in the balance of trade for traditional goods, but also the balance of trade for services showed an improvement. The deficit in the balance of interest and transfers increased to over NOK 20 billion in 1988 and was therefore the main cause of the current account deficit.

The improvement in the trade balance for traditional goods is due to the increased volume of exports of these goods and the concurrent reduction in the volume of imports. In addition, the terms of trade for traditional goods improved by 3.5 per cent from 1987 to 1988.

### Decline in real disposable national income for the third year running

Norway's real disposable income declined by 1.6 per cent from 1987 to 1988. This was the third year in succession to show a fall in real disposable income. Even though the terms of trade for traditional goods improved, the drop in oil prices led to a deterioration in the terms of trade as a whole and a subsequent drop in real disposable national income. Savings for the whole country, calculated as a percentage of disposable income, declined slightly to 9.7 per cent.

### Continuing stagnation in the Norwegian economy

In a separate appendix to this survey there is a model forecast of the development of the Norwegian economy during 1989. This forecast assumes a somewhat weaker growth abroad, a somewhat stronger growth in public consumption and an increase in housing construction. The calculations show that even if there is a decline in domestic demand from 1988 to 1989, there will be growth throughout the year. However, the demand for labour may drop even more in 1989. This means that there will be a greater reliance on labour market policies if an increase in unemployment is to be avoided. The balance of payments will improve, but will show a new decline towards the end of the year. There will be a slower rise in prices and wages from 1988 to 1989.



## Economic policy

As in the previous year, the Government's economic policy plans for 1988 were affected by the serious imbalance in the Norwegian economy. The aim was a strict regulation of demand combined with measures which would reduce price and cost growth. In this way the Government expected to improve control over the balance of payments situation.

The 1988 budget therefore aimed at continued tight fiscal control. Personal taxation was increased in real terms and other taxation policies included a continuation of the tax reform programme. With the introduction of an extra tax on high gross incomes there was in effect a progressive tax on gross incomes in accordance with the Government's plans in the 1987 National Budget. The tax base was also extended. Amongst other things it was decided to impose a tax on the benefit of low-cost loans from employers. Share dividends were also to be included in the tax base for gross incomes.

The tax base was also extended in the case of the payroll tax. The employer's premium and contribution to group insurance schemes was now to be included in the base for payroll taxation, as was the benefit of low-cost loans from employers.

The plan for 1988 as presented in the Final Budget Proposal otherwise showed a growth in total incomes and expenditures on the National Budget including the National Insurance Scheme of 5.9 and 4.8 per cent respectively.

After discontinuing the most important regulatory measures affecting Norwegian financial institutions, interest policy has been the central element in the Government's monetary and credit policy. The main aim of the interest policy in 1988 was, as in 1987, to contribute to maintaining a stable exchange rate.

## Fiscal Policy

The Government's National Budget proposal for 1988 was based on a surplus of NOK 9.3 billion before loan transactions. Corrected for oil taxes, transfers from Norges Bank and State participation in petroleum activities this meant a deficit before loan transactions of NOK 0.4 billion. In the budget debate in the Storting this deficit was turned around to a NOK 2.1 billion surplus. The tightening was approximately equally divided between expenditure and income.

In the Final Budget Proposal for 1988 it was planned that incomes should increase by 5.9 per cent compared with the Final Budget for 1987. Excluding oil taxes and transfers from Norges Bank income growth was estimated to be 5.5 per cent. The

rise in incomes was amongst other things due to a large increase in municipalities' contributions to the National Insurance Scheme and a large increase in depreciation on State power plants. The municipalities also had to take over the tax deductions for AMS (tax relief on shares) SMS (tax relief on savings) and tax deductions for those with dependents.

Compared with the Final Budget for 1987 there was also a planned growth in government income from taxes and excises, exclusive of income from the oil sector, of 3.7 per cent. The 10.9 per cent growth in recorded direct taxes increased the average.

The structure for direct personal taxation agreed for 1988 included adjustments in the relative proportions of taxes levied on gross and net incomes. For low income groups there was a change in the direction of relatively more net taxation, while for the high income groups there was a continued change towards increased gross taxation. The change to more net taxation for low income groups is assumed to be an advantage for young families establishing homes for the first time with high interest on loans and relatively low incomes. In the Final Budget Proposal the growth in total income was estimated to be 4.8 per cent. The increase in the purchase of goods and services was estimated to be 6.8 per cent, which was somewhat higher than the increase in total expenditures. Behind the 4.9 per cent growth in transfers lay a reduction in transfers to municipalities, including contributions to the Tax Equalisation Fund of 5.2 per cent. This is because the tax rate paid to the Tax Equalisation Fund was increased from 2.4 to 4.0 per cent during the budget negotiations in the Storting.

There was a planned rise in transfers to the private sector and transfers to other State accounts and other social security administration of about 10 per cent.

In the course of 1988 there were considerable adjustments so that the Budget Proposal for the 1989 budget estimates a surplus of NOK 4.4 billion for 1988. Excluding oil taxes, transfers from Norges Bank and State petroleum incomes there is expected to be a deficit of NOK 2.3 billion. Compared with the present estimate in the 1987 accounts this is a worsening of NOK 4.0 and 2.7 billion respectively.

After the publication of the Final Budget Proposal for 1988 the estimate for total income has been reduced by NOK 3.2 billion. Growth from 1987 is therefore 4.8 per cent. The drop in the course of the year is mainly due to reduced taxes and royalties on petroleum activities.

During the year there were also considerable revisions of the estimates for recorded direct and indirect taxes. From the Final Budget Proposal for 1988 to the Final Budget Proposal for 1989 the estimates

## Development Trends in Selected Macroeconomic Variables

(Percentage change in volume in 1986 prices<sup>1</sup>)

	1000 million NOK	Growth from the year before	Growth from same period previous year				Underlying tendency. Annual rate (measured from previous qtr. <sup>5</sup> )			
	1988	1988	1/88	2/88	3/88	4/88 <sup>6</sup>	1/88	2/88	3/88	4/88 <sup>6</sup>
Private final consumption expenditure <sup>2</sup>	268.2	-1.6	1.1	-1.9	-2.2	-3.1	-2	-3	-3	-2
Goods	167.6	-4.8	-1.9	-6.3	-4.8	-5.9	-6	-7	-5	-4
Services	88.1	4.1	4.8	4.4	3.5	3.6	4	4	3	3
Norwegian consumption abroad	21.2	4.5	11.6	15.9	-3.1	-0.8	*	*	*	*
- Non-residents' consumption in Norway	8.6	3.6	-3.8	9.6	2.6	6.7	*	*	*	*
Government final consumption	107.0	1.1	0.9	0.4	1.0	1.9	*	*	*	*
Gross fixed-capital formation (incl. stocks)	138.8	-3.3	3.6	10.3	-13.3	-10.4	*	*	*	*
Oil and shipping <sup>2</sup>	39.7	37.8	85.2	114.1	-9.5	15.4	*	*	*	*
Mainland Norway	107.4	-4.7	4.4	-3.2	-6.5	-11.4	-7	-12	-12	-8
Manufacturing and mining	16.1	-14.9	6.7	-2.0	-18.6	-32.6	-19	-28	-29	-22
Production of other goods	15.4	-3.4	-3.6	7.0	-8.4	-7.4	-3	-6	-10	-9
Other services	75.9	-2.4	5.3	-5.6	-3.2	-5.7	-4	-9	-8	-5
Stocks (contribution to GDP growth) <sup>3</sup>	-8.3	(-2.0)	(-2.9)	(-1.9)	(-2.1)	(-1.2)	*	*	*	*
Final domestic use of goods and services	514.0	-1.5	1.7	1.7	-5.0	-4.0	-3	-4	-4	-2
- demand from Mainland Norway	482.6	-1.7	1.8	-1.7	-2.5	-4.0	-3	-5	-4	-3
Exports	206.9	6.0	2.5	-0.4	11.2	11.0	6	9	11	8
Traditional goods	85.6	11.7	16.4	9.3	11.9	9.5	12	8	6	1
Crude oil and natural gas	65.1	8.0	6.6	1.5	17.8	7.8	8	10	14	14
Ships and oil platforms	4.8	-47.5	-81.1	-76.7	32.2	139.7	*	*	*	*
Services	51.5	4.3	4.2	2.4	2.7	8.3	5	6	5	3
Total use of goods and services	720.9	0.5	1.9	1.1	-0.9	-0.1	0	-1	0	1
Imports	193.8	-2.2	0.4	-0.4	-7.6	-0.9	-5	-5	-1	7
Traditional goods	126.2	-6.1	-1.3	-4.4	-9.4	-9.3	-8	-10	-10	-7
Crude oil	1.0	-47.5	-15.8	-52.5	-57.9	-51.0	*	*	*	*
Ships and oil platforms	12.4	109.5	45.9	97.2	45.9	189.1	*	*	*	*
Services	54.2	-3.0	1.2	1.4	-6.7	-6.8	-2	-3	-5	-6
Gross domestic product (GDP)	527.1	1.5	2.5	1.7	1.8	0.2	1	1	0	-1
- Mainland Norway	449.4	0.4	1.6	1.6	-0.5	-1.1	0	-1	-1	-2
Oil activities and shipping	77.7	8.8	7.6	2.4	18.2	8.3	11	12	11	4
Mainland industry	416.4	1.3	1.8	3.1	0.5	-0.2	1	0	0	0
Manufacturing and mining	76.7	-0.8	-2.3	2.3	-3.0	-0.4	-2	-1	-2	-1
Production of other goods	69.2	2.4	1.3	5.2	1.7	2.0	3	4	5	5
Other services	270.5	1.6	3.3	2.9	1.1	-0.7	1	0	-1	-1
Correction items (contribution to GDP growth) <sup>4</sup>	33.0	(-0.7)	(-0.1)	(-1.0)	(-0.9)	(-0.8)	*	*	*	*

<sup>1</sup> See "Technical comment".<sup>2</sup> Including ships, oil platforms and platform modules in progress.<sup>3</sup> Excluding ships, oil platforms and platform modules in progress. Contributions to GDP growth are calculated as the difference between investments in stocks in the quarter and the same quarter the previous year, calculated as a percentage of GDP the same quarter the previous year.<sup>4</sup> Corrected for free bank services and certain excises. The contributions to GDP growth are calculated as the increase in the item from the same quarter the previous year, measured as a percentage of GDP the same quarter the previous year.<sup>5</sup> Growth from previous quarter in smooth, seasonally adjusted series, converted to an annual rate.<sup>6</sup> Estimates partly based on projections.

\* Percentage changes are meaningless.

**Price Indices for Selected Macroeconomic Variables**

	Percentage change from the year before	Percentage change from the same period the year before			
	1988	1/88	2/88	3/88	4/88
Private final consumption expenditure	5.9	6.2	6.1	6.1	5.2
Government final consumption expenditure	5.5	4.7	5.9	5.9	5.4
Gross fixed-capital formation (incl. stocks)	6.7	7.1	7.9	4.9	7.2
Final domestic use of goods and services	6.0	6.1	6.6	5.7	5.7
– demand from Mainland Norway	5.4	5.6	5.9	5.5	4.9
Exports	0.3	–0.8	2.1	0.7	–0.8
– traditional merchandise exports	7.3	5.9	8.3	8.2	7.0
Total use of goods and services	4.3	4.2	5.5	4.2	3.7
Imports	4.7	2.5	3.8	6.0	6.2
– traditional merchandise imports	3.6	1.3	2.8	5.4	5.1
Gross domestic product (GDP)	4.2	4.8	6.1	3.5	2.7
– excl. oil and shipping	6.9	7.7	8.0	6.1	5.9

**Technical Comment on The Quarterly Accounts Figures.**

**Quarterly calculations:** The calculations are made on a less-detailed level than the calculations for the annual national accounts, and are based on a simpler procedure. The quarterly national accounts figures for the years up to and including 1987 have been reconciled against the most recently published annual accounts figures.

**Basis year and linking:** The figures on volume for 1987 and 1988 are computed at 1986 prices, and weights from that year have been used. In the quarterly national accounts all variables are computed at constant prices, with the previous year as the base year. 1984 is the base year for the annual national accounts. The choice of base year influences the constant price figures and thus the annual rate of change in volume (growth rates). For the sake of comparison, all the tables show growth rates with 1986 as the base year (common conversion year). This has been done by linking the constant price figures for the years prior to 1986 to 1986 prices. The linking is made on the quarterly accounts' sectoral level.

**Gross fixed capital formation:** Total gross fixed capital formation is heavily influenced by significant fluctuations in investment in oil activities. These fluctuations are inter alia due to the fact that platforms that have been under construction for several years are counted as investment in the quarter and with the capital value they have at the time they are towed out to the field.

**Government consumption and investment:** The Central Bureau of Statistics now has a statistical basis for distributing the central government sector's purchases of goods and services over the year. Such information is not yet available for the local government sector, so expenses have been divided equally over the four quarters.

**Seasonally-adjusted figures:** The quarterly national accounts are not seasonally-adjusted, as these accounts are attempts to register the actual transactions that have taken place in each quarter. Many of the statistical series thus show clear seasonal variations. These are therefore seasonally adjusted on the detailed accounts level and then added together with the other statistical series to obtain the total figures presented in the tables and charts. Seasonal adjustments for the central government sector's purchase of goods and services are based on estimates, as there is not enough information available yet to map out the seasonal pattern.

**Underlying trend:** The Norwegian economy is so small that random or single important occurrences can give wide variations in the figures. The seasonally adjusted figures are therefore smoothed so that it is possible to find the underlying trend for each series. Smoothing is an attempt to distinguish between random and systematic variations in the series.

for 1988 for direct taxes were increased by NOK 2.2 billion while the estimates for indirect taxes were reduced by NOK 2.0 billion.

The increase in the estimate of direct taxes throughout the year and also the increase in relation to 1987 are largely a consequence of the unexpectedly large amount of tax arrears for 1987. In working out the National Budget and the Final Budget Proposal for 1988 one was not aware of the large difference between actual and expected taxes for 1987. As the final tax figures for 1987 were published it became clear that the amount of tax arrears for 1987, and therefore the recorded taxes for 1988 would be abnormally high.

The growth in recorded taxes from 1987 to 1988 is also due to an increased income level, and to advance tax deductions in 1988 being relatively higher than they were in 1987.

The reduction in the estimates for value-added tax and investment tax and other indirect taxes excluding social security and pension premiums throughout the year is amongst other things due to an unexpectedly strong decline in domestic demand, particularly related to sales of automobiles. This led to these incomes increasing by 1.0 per cent from 1987 to 1988 as opposed to the original estimate of 3.5 per cent in the Final Budget Proposal for the 1988 budget.

Total expenditures in the national accounts were NOK 4.5 billion more than estimated in the Final Budget Proposal for the 1988 Budget. This means a growth from 1987 to 1988 of 6.6 per cent. Transfers to municipalities including contributions to the Tax Equalisation Fund were reduced by 3.1 per cent. As mentioned earlier, the reduction was due to the rate of taxation for the tax to the Tax Equalisation Fund being increased from 2.4 to 4.0 per cent during the budget negotiations in the Storting. Interest expenses also showed a clear decline from 1987 to 1988. On the other hand, other transfers, including subsidies to the private sector increased more than expected.

## Fiscal Policy Indicators

A complete analysis of the effects of economic policy is only possible if direct links are established between the fiscal and credit policies pursued and developments in key economic indicators such as production, employment, inflation, the current external balance etc. This requires the use of a macroeconomic model. One can obtain a more general and simplified evaluation of the effects of fiscal and credit policies by examining so-called fiscal and credit policy indicators. Important indicators include:

## Fiscal and Credit Policy Indicators 1986–1988

	1986	1987	1988
Surplus before loan transactions adjusted for oil activities, etc., as a share of GDP excluding oil activities and shipping	-1.2	0.1	-0.4
Surplus before loan transactions adjusted for oil activities and cyclical conditions, etc., as a share of GDP excluding oil activities and shipping	-4.1	-2.7	-2.0
General government expenditure on goods and services as a share of the GDP excluding oil activities and shipping	12.7	12.8	12.7
Percentage growth in the public's liquidity in November computed from November the year before	9.0	15.5	5.1
Domestic sources <sup>1</sup>	22.7	26.7	11.2
Public sale of currency to the banks by the public <sup>1</sup>	-13.7	-11.2	-6.1

<sup>1</sup> Domestic supply is calculated exclusive of State loans/transfers to petroleum activities and bank loans with an exchange licence etc. These items have been included in public sale of currency to the banks.

- the surplus in the fiscal and social security budgets before loan transactions.
- the level of government consumption of goods and services.
- the growth in the liquidity supply to the public (money supply growth).

The first two indicators both say something about the effects on demand of fiscal policies. Increased government spending has an expansive effect on the economy, while increased government income has a contractive effect. Changes in the surplus before loan transactions are therefore a measure of the "net" demand effect of central government budgets. An increase in public sector purchasing of goods and services normally has a more expansive effect than increased transfers or tax reductions. For a given surplus before loan transactions fiscal policy will therefore be more expansive the greater the expenditure on purchases of goods and services.

In order that the first two indicators should give as good a picture as possible of the effects on demand



**Revenues and Expenditure in Central Government Accounts including Social Security**

	1987 <sup>1</sup> NOK billion	1988		Pct. change from 1987 to 1988
		Final Budget Proposal <sup>2</sup> NOK billion	Accounts Estimates <sup>3</sup> NOK billion	
Total revenues	257.0	272.6	269.4	4.8
Taxes, royalties and other income from petroleum activities	23.1	21.8	19.2	-17.0
Transfers from Norges Bank	0.6	4.6	4.6	-
Total revenues excluding oil revenues and transfers from Norges Bank	233.3	246.2	245.6	5.3
Other taxes and excises	187.2	193.2	193.6	3.4
– Direct taxes	17.7	18.9	21.1	19.3
– Social security and pension premiums	72.9	74.7	74.9	2.7
– Indirect taxes	96.6	99.6	97.6	1.0
Other revenues, including interest income and transfers from Norges Bank	46.1	53.0	52.0	12.9
Total expenditure	248.7	260.5	265.0	6.6
– Expenditures in connection with State petroleum activities	15.7	16.5	17.1	8.6
– Total expenditure excluding oil activities	232.9	244.1	247.9	6.4
Expenditure on goods and services	63.2	66.5	66.8	5.7
Transfers	169.8	177.6	181.2	6.7
– To local authorities including grants to Tax Equalization Fund	38.1	36.1	36.9	-3.1
– Other transfers	131.7	141.5	144.3	9.5
Surplus before loan transactions	8.3	12.0	4.4	-
Surplus before loan, transactions, adjusted for oil taxes, transfers from Norges Bank and State petroleum activities	0.4	2.1	- 2.3	-

<sup>1</sup> Accounts.<sup>2</sup> Source: The Final Budget Proposal for the 1988 Budget.<sup>3</sup> Source: The Final Budget Proposal for the 1989 Budget.

in mainland Norway of fiscal policies it is normal to correct for oil revenues, transfers from Norges Bank and expenses connected with State petroleum activities. The reason for this is that changes in these areas will not normally affect demand in mainland Norway. To enable us to compare the indicators over time without being too influenced by the inflation factor etc., they are calculated as shares of the gross domestic product (excluding oil activities and overseas shipping).

The State's net interest expenses abroad and to Norges Bank are of no importance for demand in mainland Norway either. Cyclical changes will affect both government budgets and the size of the gross domestic product. To get a better basis for evaluation of the isolated effects of fiscal policies the Ministry of Finance therefore also calculates the surplus on the fiscal and social security budget before loan transactions, adjusted for activity and interest levels. This surplus is then examined in relation to an estimate for gross domestic product excluding oil activities and international shipping which is also corrected for cyclical changes.

Growth in the liquidity of the general public is often used as an indicator of how economic policy affects the economy's nominal performance. However, it must be emphasised that the relationship between growth in liquidity and growth in the nominal gross domestic product is uncertain, at least in the short term. The supply of liquidity to the public (private individuals and municipalities) can be analysed by source. A rough split can be obtained by distinguishing between domestic supply of liquidity to the public and the public's net sale of currency to private banks. Domestic liquidity supply consists partly of items which the authorities control directly and partly of items that may be controlled through fiscal and credit policies. The public sale of currency to the banks is dependent on fiscal and credit policies, cyclical changes and the regulation of movement of capital.

From 1986 to 1987 the surplus before loan transactions on the national and social security budget corrected for oil activities etc. increased. The surplus had also increased after adjustments for oil activities and cyclical changes etc. However the expenditure indicators were more or less unchanged from 1986 to 1987. From 1987 to 1988 the surplus before loan transactions as a share of the gross domestic product declined after adjustments for oil activities etc. If adjustments are made for cyclical changes etc. using the method employed by the Ministry of Finance, the development of the indicator points to a tighter fiscal policy.

The rate of growth for public liquidity increased considerably from November 1986 to November

1987, but decreased again from November 1987 to November 1988. The contribution of domestic sources to the reduction in the rate of growth was particularly marked.

One problem connected with the economic indicators described above is that they do not take the effects of changes in Norges Bank's activities into account. For example a change in Norges Bank's liquidity lending to the private banks or in the interest on this lending can influence domestic demand without this being reflected in the indicators described above. An increase in the banks' net interest payments to Norges Bank which is not counterbalanced by a reduction in the banks' payment of interest abroad will lead to a reduction in private disposable income. When assessing the effects of fiscal policies on domestic demand one should therefore, in addition to the normal indicators of fiscal policies, include the effects of changes in Norges Bank's revenues and expenditure. According to calculations by Norges Bank, the banks' net interest payments to Norges Bank increased from about 1.3 per cent of the gross domestic product excluding oil activities and international shipping in 1986 to about 1.8 per cent in 1987. Provisional figures from Norges Bank show a slight reduction in this indicator from 1987 to 1988.

An examination of the fiscal and credit policy indicators as a whole gives the impression of a clear tightening of fiscal policies from 1986 to 1987 and a moderate tightening from 1987 to 1988.

## Credit and Foreign Exchange Policy

During the last five years the credit and foreign exchange market in Norway has undergone considerable changes. Direct regulation of finance institutions has ceased and the extent of foreign exchange regulations has been greatly reduced. Both the financial institutions and Norwegian monetary and credit policy have therefore gradually adjusted from being regulation-orientated to being market-orientated. Developments after the end of 1985/beginning of 1986 have further shown that in the formulation of credit and foreign exchange policy one has had to choose between the development of domestic demand and the stability of exchange rates. As a natural consequence of a more market-orientated monetary and credit policy no detailed credit budget was presented in the National Budget for 1988. It indicated only a margin for growth in total credit to private individuals and municipalities from domestic sources throughout the year of 8–12 per cent. This represents a credit supply of about NOK 50 to 70 billion. In comparison, the National Budget for 1987 showed a credit supply of NOK 53

billion, while the actual supply, measured by Norges Bank's credit indicator, reached nearly NOK 120 billion.

The current account deficit was estimated to be approximately NOK 35 billion in the National Budget for 1988. Compared with earlier periods with large balance of payments deficits, government borrowing from abroad has been modest in recent years. As in 1987, the 1988 deficit was expected to be financed mainly by business and industry arranging their own loans abroad.

In the course of 1987 the most important forms of direct regulation of Norwegian financial institutions ceased. This means that interest policy is now the central element of credit policy. The regulation of the banks' access to credit in Norges Bank and Norges Bank's market operations are the most important instruments of interest policy. The overnight lending rate was reduced in the first half of 1988 from a level of 13.8 per cent at the beginning of the year to 12.8 per cent at the end of the first six months. The reduction in Norges Bank's lending rate must be seen against the background of a marked strengthening of the value of the Norwegian krone during the first half year and a reduction in credit supply. Norges Bank's rate reductions contributed to a general reduction of interest rates in the money and capital market. This reduction was only partially followed up by the banks.

The average interest rate on bank lending increased from 16.8 per cent in the fourth quarter of 1987 to 16.9 per cent in the first quarter of 1988. In the second quarter the lending rate went down for the first time since 1985 to 16.6 per cent. The average interest rate on deposits from the general public was reduced by 0.2 percentage points from the first to the second quarter, after an increase from 11.3 to 11.4 percent from the fourth quarter of 1987 to the first quarter of 1988. Movements in the lending and deposit rates did not lead to any change in the banks' interest margin to the public in the first half year. However, the fall in the money market rate contributed to an increase in the banks' total interest margin.

At the beginning of the second half year all the remaining direct regulations on the credit market were removed, with the exception of municipalities' access to loans on the bond market. Norges Bank's overnight lending rate was reduced twice more during the second half year and stood at 12 per cent at the end of the year. The reductions in interest rates can be regarded as a reaction to the continued flattening of credit supply during the second half year and a reduction in the underlying rate of inflation. It looks as though the credit supply throughout 1988 will stay within the framework of the 1988 National

Budget. In this case it will be the first time for five years that there is reasonably good correlation between "budgeted" and actual credit developments. The interest rate reduction in October, as was the case in June, was followed by a weakening of the international value of the Norwegian krone. With the exception of a period in November, however, the basket index value has been well below the upper limit. The krone strengthened towards the end of the year and Norges Bank's reduction of the interest rate in December did not lead to a new weakening of the exchange rate.

In the second half year money market rates have also shown a downward trend and the level at the end of the year was about 2.5 percentage points below the level at the beginning of the year. The banks' average interest rates on loans and deposits have fallen in the second half and were 16.5 and 10.9 per cent at the end of the third quarter. Together with the reduction in Norges Bank's interest rates on loans to the banks and the fall in the money market rate this means a further increase in the banks' total interest margin in the second half of the year.

The reduction in the banks' lending rate in the third quarter must be seen in connection with the lowering of interest on some types of housing mortgages, which was one condition of the annual wages agreement. The one per cent drop came into effect from 1 June and affected just under 10 per cent of the banks' total loans. The banks were compensated for loss of income through the establishment of a special loan arrangement with Norges Bank, with lower interest than on ordinary loans in the central bank.

It appears that the financial institutions will be responsible for most of the private sector's net loans from abroad in 1988. This means that a large proportion of the NOK 25 billion deficit in the balance of payments will be financed by short-term loans. Such loans represent a potential destabilising factor in contrast with the aim of a stable exchange rate and also contribute to high interest rates on Norway's foreign debt. One must therefore see the liberalisation in December of the rules allowing limited companies to take up loans abroad in this light.

After the serious fall in share prices on the Oslo Stock Exchange in the fourth quarter of 1987 the total index showed a clear upward trend during the first half of 1988 and then a slight fall in the third quarter. In the fourth quarter the total index rose again and the average value in December 1988 was just over 30 per cent higher than the average value for December 1987. The movement of share prices for bank and insurance shares has been far less favourable than for the index as a whole. This will hardly have improved the financial institutions'

chances of raising new equity. At the same time the equity coverage requirements were tightened for several types of financial institutions in 1988. Several financial institutions have also started to adjust to new international regulations for equity capital. The combination of new equity requirements and a difficult market for such equity is probably one of the reasons why some financial institutions are now cutting their balances.

## Production

According to the first, preliminary calculations the gross domestic product in 1988 is estimated to be just over NOK 589 billion. After adjustments for inflation GDP growth was 1.5 per cent from 1987 to 1988. This is rather higher than the growth from 1986 to 1987, which was 0.9 per cent.

Both in 1987 and in 1988 the increase in oil activities and international shipping contributed to a higher GDP. This is mainly due to the considerable increase in oil production and pipeline transport of crude oil and natural gas, which have shown considerably higher growth than most other industries in the last two years. In addition, the upward trend for international shipping in 1988 led to a higher GDP growth. In the case of oil exploration the previous year's negative trend continued.

Excluding oil activities and international shipping, the GDP for mainland Norway showed a growth of 0.4 per cent compared with 0.2 per cent the year before. Including these items, growth for mainland industries was 1.3 per cent, which is 1.1 per cent lower than in 1987. The rise in gross domestic product showed a decline towards the end of the year. After adjustments for oil activities and international shipping there was a clear trend towards a reduction in GDP growth during the year.

The drop in domestic demand led to a decline in building and construction activities, the retail trade, the hotel and restaurant sector and import-competing industry. The marked decline in volume for import-competing industry led to the production trend for manufacturing and mining being far weaker than the average for the economy as a whole, with a reduction in volume of 0.8 per cent. A high rate of growth for Norway's trading partners led to a marked upward trend for export-competing sectors, while the sheltered sectors showed a weaker growth from 1987 to 1988. There was high growth for electricity supply, primary industries and transport and communication. For both financial and business services growth was clearly lower than in previous years. The first estimates show slightly

## Gross Domestic Product by Sector

(Percentage change in volume from previous year)

	1987	1988
Gross domestic product	0.9	1.5
Oil activities and international shipping	5.6	8.8
Production and pipeline transport of crude oil and natural gas	13.8	8.6
International shipping and oil drilling	-28.9	10.6
Mainland Norway	0.2	0.4
Mainland industries	2.4	1.3
Manufacturing and mining	1.1	-0.8
Other goods	5.5	2.4
Services	1.8	1.1
Government services	2.3	2.7
Correction items	-19.2	-9.7

higher growth for public services in 1988 than in the previous year, particularly in the municipalities.

## Production of crude oil and natural gas

Oil and gas production increased by 7.9 per cent from 1987 to 1988, so 1988 joins the list of years of high growth in petroleum production. Production of oil in 1988 was, however, reduced by 7.5 per cent of total production capacity of about 60 million tons of oil equivalents. Norwegian production capacity for oil and gas combined reached 90 million toe, a level that some years ago was described as a moderate production tempo.

## Oil production

Oil production increased by 12.3 per cent from 1987 to 1988 and accounted for 65 per cent of total petroleum production. The large increase from the Ekofisk and Gullfaks fields contributed particularly to the strong growth in oil production in 1988.

Oil production from the Gullfaks field was more than doubled in 1988 and the field's production capacity has proved better than expected. Oil production from the Ekofisk field reached its peak in 1980 and thereafter declined up to the end of 1987. It then began to increase again, and from 1987 to 1988 production has increased by 1.3 million toe or 15.4 per cent. This growth in production is partly due to the introduction of water injection techniques in order to retrieve a larger proportion of the field's reserves, and partly due to better information concerning reservoirs.

Oil production from the Statfjord field has started to decline and was reduced by nearly 2 per cent



**Production of Crude Oil and Natural Gas by Field**

Million tons oil equivalents.

		1987	1988
Ekofisk	oil	8.3	9.5
	gas	8.5	9.4
Frigg	oil	0.0	0.0
	gas	12.1	10.8
Statfjord	oil	30.1	29.6
	gas	4.3	3.9
Heimdal	oil	0.4	0.4
	gas	3.6	3.7
Valhall	oil	3.0	3.3
	gas	0.5	0.6
Ula	oil	4.1	4.4
	gas	0.3	0.4
Gullfaks	oil	3.5	7.7
	gas	0.2	0.7
Other fields	oil	1.0	1.6
	gas	0.0	0.3
Total		80.2	86.5
	oil	50.5	56.7
	gas	29.7	29.9

from 1987 to 1988. Nevertheless Statfjord still accounts for over 50 per cent of Norwegian oil production and will be Norway's most important field for a long time to come. Oil production from the fixed platforms on the Oseberg field started in December 1988. Production from this field did not account for a large share of total production in 1988, but many wells have already been drilled so production will quickly reach full capacity. In its first month of production Oseberg accounted for over 10 per cent of all Norwegian oil production.

**Gas production**

The Ekofisk field also shows renewed growth for gas production, which increased by 11.1 per cent in 1988 compared with 1987. However, much of this growth is accounted for by extremely low production in August 1987 because of jacking up the platforms on the field.

Gas production from the Frigg area was reduced by about 11 per cent in 1988. This is due to the fact that the main reservoir on the Frigg field will soon be empty and production has therefore been drastically reduced. In addition to the Frigg field, production from the Frigg area consists of the Odin, North-East Frigg and East Frigg fields. East Frigg and

Tommeliten started production in the third quarter of 1988. These are two relatively small gas fields.

**Prospects for 1989**

The Ministry of Petroleum and Energy has determined production quotas for the first half of the year of 1.44 million barrels a day. With the same quotas throughout 1989 this would be an increase of about 34 per cent. Gas production is expected to decline slightly and total Norwegian oil and gas production will probably be about 105 million toe, an increase of over 20 per cent compared with 1988.

**The Labour Market**

From the end of 1983 to the end of 1987 the labour market in Norway was characterised by the labour force increasing more rapidly than the population, at the same time the number of jobs increased rapidly and unemployment was sinking. This development was the result of a strong rise in demand and production throughout this period, especially from 1984 to 1986. Growth was reduced in 1987 and total production apart from oil activities and overseas shipping has been in decline since the fourth quarter of 1987. At the same time we must assume that the after-effects of the shortened working week on the demand for labour have more or less vanished. This has led to a reduction in the number of jobs in 1988 and greatly increased unemployment. According to the Central Bureau of Statistics' Labour Market Survey there was an average for the year of 69 000 unemployed, or 3.2 per cent of the labour force.

The downward trend on the labour market in 1988 is underlined by the fact that there was a marked drop in the supply of vacancies compared with the number of unemployed. At the same time the number of people affected by lay-offs and shorter working hours in December was high.

The reduction in labour demand in 1988, calculated in normal man-years, affected mainly the manufacturing industry, building and construction and the retail trade. The CBS Labour Market Survey for the fourth quarter of 1988 shows signs of reduced employment also within the public and private service sectors. There is reason to expect that this trend will continue in 1989. It is also probable that problems within banking and insurance will contribute to an increase in unemployment. A large increase in labour market measures in the first half of 1989 may nevertheless reduce unemployment.

## Employment

After four years of strong growth in employment there was a clear drop in the level of employment in 1988. According to provisional figures from the national accounts, the number of man-years worked dropped by 13 800. The drop in the number of employed was even greater and has been increasing since the end of 1987, while the reduction in man-hours was 0.6 per cent.

Employment in the manufacturing industry began to decline in 1987 and this decline continued in 1988. Reduced domestic demand in 1988 affected mainly import-competing industry. Also within the retail sector and building and construction there was a clear decline in the number of man-hours worked. The fall in building and construction activities reflects the strong decline in 1988 in the number of housing and office projects and the fact that the Mongstad extension is reaching a close. Public services and other activities showed an increase in man-hours worked from 1987 to 1988. The growth in man-hours was strongest for oil activities and overseas shipping at 3.0 per cent and in municipal services, where the growth was 2.9 per cent.

According to the CBS Labour Market Survey (LMS) an average of 2 114 000 people were employed in 1988, a reduction of 12 000 from the previous year. Preliminary figures from the national accounts show a reduction of 17 000 persons. This decline corresponds reasonably well with the LMS (Labour Market Survey) figures when changes in methods for the collection of data and the questionnaire from the second quarter of 1988 are taken into account. These changes mean that the LMS figures for differences between 1987 and 1988 must be interpreted more carefully than usual.

## The Labour Force

After an extraordinary growth during the 1980's the increase in the labour force was weak in 1988. The changes in the CBS Labour Market Survey mean that measures of changes in the labour force are uncertain, but growth is estimated to be between 5 000 and 10 000 persons. The share of the employed population in the 16–74 age group showed a weak decline. This reflects both that the number of employed was already at a high level and that possibilities for obtaining employment are fewer. Amongst men in the 25–66 age-group the trend of recent years continues with sinking employment, while the increase in the number of employed young people and women now seems to have stopped. For people over 67 there was a marked decline in the number

of employed. The new pension reform will probably lead to a further decrease in the number of employed people over 60 in the course of 1989.

## Unemployment

The situation on the labour market worsened throughout 1988 and unemployment in the last quarter was 84 000 according to the CBS Survey, an increase of 42 000 persons from the last quarter of the previous year. This represents an unemployment rate of 3.9 per cent. Calculated as a yearly average unemployment increased by 25 000 persons from 1987 to 1988 to a total of 69 000, or 3.2 per cent of the labour force. As an average for the year, the level of unemployment was as high as the previous 1983 peak, when 3.4 per cent of the labour force was unemployed.

The number of unemployed registered at the labour exchanges also showed a marked increase during the year and had reached 69 700 persons at the end of December, an increase of 38 000 compared with December 1987. The figures for January 1989 show a continued increase to 86 600 persons, an increase of 44 000 compared with January 1988.

## Prices and Wages

The level of prices in 1988 was influenced by a markedly lower growth in domestic costs and lower import prices. However, the increase in prices from 1987 to 1988 was still high due to increases in indirect taxation, a continuing high rate of interest and considerable after-effects of the rapid rise in prices in 1987. Growth in the national accounts' price index for domestic consumption of goods and services was reduced by 3 percentage points to 6.0 per cent, while the consumer price index increased by 6.7 per cent compared with 8.7 per cent the previous year. Compared with its trading partners, Norway's situation showed a marked improvement in 1988. While the rate of increase over 12 months for Norway's trading partners grew gradually throughout the year from 3.0 per cent to about 4.0 per cent, it declined at home. If estimates are based on the underlying trend at the end of the year, the figures show that the increase in prices is now at about the same level in Norway as for its trading partners.

The price index for the gross domestic product in the national accounts rose by 4.2 per cent from 1987 to 1988, which was considerably lower than the rise from 1986 to 1987. The price increase in all the main indicators was reduced except for traditional export products. The upswing on the international commodity markets led to a stronger price

**Price Indices for Main Components of the National Accounts**

Percentage change from previous year.

	1987	1988
Private final consumption expenditure	8.1	5.9
Government final consumption expenditure	9.9	5.5
Gross fixed capital formation	9.5	5.7
Final domestic use of goods and services	9.0	6.0
Total exports	2.3	0.3
– Traditional goods	5.8	7.3
Total imports	6.9	4.7
– Traditional goods	5.0	3.6
Gross domestic product	7.3	4.2

increase for some of Norway's most important exports. This was the case for such products as metals and chemical raw materials. On the domestic market the price increase for both gross real investments and public consumption was greatly reduced. This is due to a marked decrease in wages growth, and for the building and construction sector also smaller operating margins due to reduced activity.

The wages situation in 1988 was influenced by the main wage agreement, which resulted in the Temporary Wages and Dividends Freeze Act. Amongst other things this allowed a general increase of NOK 1 per hour and some allowances for low wage-earners. Apart from this the total wage increase in 1988 was influenced by the rises that were awarded before the Wages Freeze Act came into force. On average for the economy as a whole, hourly wages rose by just under 5.3 per cent from 1987 to 1988. Total wages growth in 1988 was therefore considerably lower than in 1987, when the growth in the hourly wage was as high as 11.6 per cent due to the shortened working week. Since all increases come at the beginning of the year the overhang into 1989 is estimated to be only 0.5 per cent.

**Incomes**

The national accounts factor incomes show the ratio of incomes to labour and capital. Calculations are made for Norway as a whole and for the individual sectors.

Factor incomes for each sector have been calculated by deducting capital depreciation and net indirect taxes from the gross domestic product. The

**Gross Domestic Product by Type of Income**

	1988 NOK billion	Percentage change from 1987
Gross domestic product	589.3	5.8
Consumption of fixed capital	88.7	8.9
Indirect taxes, net	71.7	-3.0
Factor income	428.9	6.8
Compensation of employees	321.8	5.7
Operating surplus	107.1	10.2
All sectors except oil and shipping (Mainland Norway):		
Gross product	528.0	7.3
Factor income	403.6	9.0
Compensation of employees	310.0	5.8
Operating surplus	93.6	21.1

difference is then split between wage costs and a residual item called operating surplus.

Wage costs include wages to employees and employers' contributions to the National Insurance Scheme and other social security arrangements. The operating surplus is a residual item and includes the return from production capital and the owners' own efforts. It does not show profitability in a business sense since the figures are not adjusted for direct taxes and financial costs.

The preliminary figures for income trends are uncertain, which can have a major effect on the residual items factor income and operating surplus. This is particularly true on a detailed level. We have therefore decided to publish only income figures for mainland Norway (all sectors excluding oil activities and international shipping) and for Norway as a whole.

Figures from the national accounts show that the gross domestic product increased by NOK 32.4 billion from 1987 to 1988 while the factor income increased by NOK 27.3 billion. This corresponds to a factor income of 6.8 per cent, or 1.3 per cent lower growth than the previous year.

Net indirect taxes have decreased by 3 per cent from 1987. This is mainly due to a fall in revenues from the duty on motor vehicles of over 40 per cent and a reduction in the production tax on petroleum of between 25 and 30 per cent.

Wage costs are estimated to have been about NOK 321.8 billion in 1988 compared to NOK 304.3 billion in 1987. The increase in wages costs of 5.7 per cent is just half the growth in 1987. Both in 1986

and 1987 the operating surplus fell in comparison with the previous year. This trend has now turned around and the operating surplus in 1988 was about NOK 10 billion higher than in 1987.

### Factor income, wages costs and operating surplus for mainland Norway

The factor income for mainland Norway increased by 9.0 per cent, or 2.2 per cent more than the factor income for Norway as a whole. Growth was weaker than for the previous year, when the factor income for mainland Norway increased by over 10 per cent. The preliminary estimates show that export-competitive industries had a strong income growth in 1988, mainly as a result of high export prices. Sheltered industries showed an income growth of about the same as the previous year, while the factor income for import-competitive industries was approximately unchanged due to lower production. The growth in incomes in the service sector was clearly lower than in the manufacturing industry. The trend in the financial service sector was particularly weak.

Wages costs for mainland Norway show the same growth as for Norway as a whole. The first figures indicate that service sectors like financial and business services showed the strongest rise in wages costs in 1988. The reason for this is a strong increase in salary scales. The rise in wages costs was also above average in the public sector, but here the rise was due to both the strong growth in employment and the strong growth in employers' contributions to the National Insurance Scheme.

In 1988 wages costs in mainland Norway accounted for 76.8 per cent of the factor income, which is about 2 per cent lower than in 1987. For Norway as a whole wages costs were 75 per cent of the factor income. This is about the same as in 1987, but higher than earlier in the 1980's.

The operating surplus for mainland Norway was calculated to be NOK 93.6 billion, or NOK 16.3 billion more than in 1987. Much of this improvement is due to a strong increase in the operating surplus for export-competing industries, where there was a change from an operating loss in 1987 to an operating profit in 1988. There was also growth in the operating surplus for the sheltered sector from 1987 to 1988, which is mainly due to a relatively low rise in wages costs. The figures for 1988 otherwise indicate that the operating surplus for import-competing industries was approximately unchanged from the previous year and that the operating surplus for financial services fell for the second year in succession.

### Growth in Real Disposable Income for Norway Break-down

Percentage change from the preceding year.

	1987	1988
Real disposable income for Norway	-1.2	-1.6
Contributions from:		
Production growth	0.4	1.4
Changes in terms of trade	-1.8	-2.2
Changes in external balance of interest and transfers	0.2	-0.8

### Disposable income and saving in Norway

The gross domestic product shows the total value added in the country in one year, while disposable income shows what the country can use on private and public consumption and on saving. Disposable income for Norway is defined as gross domestic product minus capital consumption and net transfers abroad (interest, share dividends and transfers).

The first figures from the national accounts show that the country's disposable income was NOK 480.3 billion in 1988, which was 4.4 per cent higher than the previous year. Reduced according to a price index for net domestic consumption of goods and services, disposable income fell by 1.6 per cent from 1987. Disposable real income also fell in 1986 and 1987 in comparison with the previous years, mainly in 1986, when it fell by 5.1 per cent.

Growth in real disposable income can be broken down into changes in growth in domestic production, changes in interest and transfers and changes in the terms of trade (the ratio of export to import prices).

Growth in the net domestic product in 1988 led to an increase in real disposable income of 1.4 per cent. National accounts figures indicate that a rise in oil production and pipeline transport increased real income by 1.2 per cent while growth in other sectors increased real income by 0.2 per cent.

The deterioration in the terms of trade reduced Norway's disposable real income by 2.2 per cent, mainly due to the large fall in oil prices. The terms of trade for traditional goods and services had a positive influence on the growth in real income.

Saving in Norway — disposable income minus private and public consumption — was unchanged from 1987 to 1988. Deflated by the same price index as disposable income this meant a drop in real saving of 5.3 per cent from 1987. From 1986 to 1988 real saving has fallen by about 12.5 per



cent. The saving ratio — saving as a percentage of disposable income — is estimated to be 9.7 per cent in 1988, rather lower than the previous year. New information about private consumption in 1987 has then been taken into consideration (see separate section concerning changes in consumption in 1987).

It must be pointed out that given the above definition of the national saving ratio, saving is the same as the sum of net real investments (the increase in production capital) and net financial investments (the increase in net assets abroad). Reevaluations of petroleum reserves, other natural resources and the foreign debt have not been taken into account.

## Oil revenues

Revenues from oil and gas production in the North Sea rose rapidly up to 1985, when the value added to the economy, measured as the gross product of crude oil and natural gas production, was NOK 90 billion. Due to the drop in oil prices the gross product fell to NOK 50 billion in 1986. The decline continued in 1987 and 1988 due to falling oil and gas prices. Increased oil production was not enough to compensate for this.

The additional yield derived from oil and gas activities is often called the "oil rent". The oil rent is the share of the total revenues from oil and gas production after current production costs and a normal return on invested real capital have been deducted. This method of calculating the oil rent entails disregarding the fact that several of the input factors in oil and gas activities, including foreign real capital, probably receive a higher return than they would have done in other sectors. It might therefore be said that they to some extent receive a share of the oil rent.

If the normal return on invested capital is estimated to be 7 per cent, which approximately corresponds to the average rate of return on industrial capital in the last ten years, preliminary calculations show that the oil rent amounted to just over NOK 3 billion in 1988, equivalent to half of one per cent of the gross domestic product. The "unearned" income from oil and gas activities in Norway has in the last three years dropped from NOK 17 000 to NOK 750 per capita measured in 1988 kroner. The oil rent has fallen more rapidly than the gross domestic product because the total operating surplus necessary to cover capital has grown as new fields have been developed.

Total real capital in the petroleum production sector was about NOK 160 billion at the end of 1988. The income for private companies and the central government in the form of returns on invested real

## Oil Income 1976–1988

	Gross product in the production sector NOK billion	Oil rent NOK billion	Average yield on capital Per cent	Oil rent as a share of GDP Per cent
1976	6.1	3.3	30.7	1.9
1977	7.4	2.8	18.9	1.5
1978	12.8	7.0	29.7	3.3
1979	20.8	13.7	44.9	5.7
1980	41.0	31.8	80.2	11.2
1981	50.0	36.5	63.5	11.1
1982	55.3	37.8	54.2	10.4
1983	66.9	48.0	64.9	11.9
1984	83.4	59.7	66.2	13.2
1985	89.7	63.4	64.3	12.7
1986	50.0	17.8	20.2	3.5
1987	50.3	13.4	15.7	2.4
1988	44.5	3.1		0.5

capital, taxes and royalties was therefore under 9 per cent of capital stock.

## Household income

Income in the household sector is defined as income that is available for private consumption and saving. After adjustments for price changes for the goods and services on which the income has been used (changes in consumer price), this expresses real disposable income. The changes in households' real disposable incomes are therefore mainly influenced by changes in nominal incomes, tax reforms, interest rates on deposits and loans and price trends.

From 1987 to 1988 households' average disposable incomes increased by something over NOK 12 000 and reached about NOK 182 000. 64 per cent of total disposable income in Norway in 1988 went to households. This was 2 per cent more than in 1987. From the beginning of the 1980's households have received a steadily greater share of total disposable income.

Households' average disposable incomes increased by 1.2 per cent between 1987 and 1988. After adjustments for price increases households therefore had about NOK 2 000 more than the previous year. Preliminary figures show that the gross income per household was NOK 315 000 in 1988, over NOK 23 000 or 8 per cent more than in 1987. Of income sources, social security payments increased most, amongst other things due to an increase in the number of people receiving unemployment benefits. Of the increase in social security payments per household of slightly over NOK 8 000,

**Households' Income and Expenditure**

NOK billion.

	1987*	1988
<b>Income</b>	488.8	530.8
Wages and employers' contribution to social security, etc.	304.1	321.6
Operating surplus	50.6	54.8
Interest income	35.0	39.6
Transfers	91.5	105.9
Other income	7.6	8.9
<b>Expenses</b>	203.7	223.5
Direct taxes and social security contributions	145.9	155.4
Interest expenses	52.1	61.9
Other expenses	5.7	6.2
<b>Disposable income</b>	285.1	307.3
Growth in real disposable income (percentage growth from previous year)	1.5	1.8
Growth in real disposable income per household (percentage growth from previous year)	1.2	1.2

\* New information concerning direct taxes and social security contributions in 1987 show that they are NOK 1.5 billion higher than earlier published. In the above figures this has been taken into consideration, and real disposable income has therefore increased by 1.2 per cent from 1986 to 1987 and not by 2.1 per cent as earlier published.

NOK 700 is due to the rise in unemployment benefits. Pension payments, which account for over half the social security disbursements, rose by between 12 and 13 per cent, or an average of NOK 3 700. Total social security disbursements per household were therefore nearly 63 000 per household in 1988.

Income from interest also increased by between 12 and 13 per cent from 1987. Calculations indicate that the increase in interest income mainly comes from increased deposits. Average interest income per household was between NOK 23 000 and NOK 24 000 in 1988.

The proportion of the operating surplus accruing to households shows an average percentage growth. Uncertainty with regard to the residue item operating surplus means that this figure should be interpreted with care.

The low growth in income from wages and salaries reduced the total rise in incomes. Income from wages and salaries rose by about 5 per cent and reached 191 000 per household in 1988.

Gross expenses per household were nearly NOK 133 000 in 1988, about 9 per cent higher than in 1987. Over half the difference can be explained by the marked increase in interest expenses. For 1988 interest expenses have been calculated to be nearly NOK 37 000 per household, NOK 5 600 more than the previous year. Preliminary figures indicate that interest rates have changed very little since 1987 and that the growth in interest expenses is mainly due to households' loans increasing during the year. The growth in interest expenses in 1988 was about 8 per cent lower than in 1987.

Direct taxes and social security premiums increased from NOK 87 000 per household in 1987 to over NOK 92 000 in 1988. This is the equivalent of a 6 per cent increase, which is nearly 9 percentage points lower than the previous year.

Preliminary figures show that household saving is still negative. In 1988 households used an average of NOK 1 600 more than they had, while the corresponding figure for 1987 was NOK 7 300. The household saving ratio has been calculated to be about -1 per cent in 1988 compared to -4.3 per cent in 1987. It should be noted that the saving ratio for 1987 has been adjusted in accordance with new information about tax figures and private consumption in that year.

## Consumption

According to national accounts calculations for 1988, private and public consumption fell by a total of 0.8 per cent at fixed prices, with a drop of 1.6 per cent in private consumption and a growth of 1.1 per cent in public consumption.

Earlier calculations have indicated a negative growth for total consumption from 1986 to 1987, but new statistical material shows that private consumption fell less than was calculated in spring 1988. As a consequence of this, total consumption showed a weak increase from 1986 to 1987.

Total consumption measured as a share of GDP at current prices is estimated to be 73.6 per cent in 1988. This means that the consumption share of GDP has remained more or less constant in 1986-1988. Private consumption's share of GDP is estimated at 52.5 per cent. It has dropped slightly from 1986 to 1987 but is still higher than in the first half of the 1980's. Public consumption measured as a share of GDP increased steadily from 18.5 per cent in 1985 to 120.9 per cent in 1987. In 1988 public consumption was still about 21 per cent.

**Private Sector and General Government Consumption**

Percentage change in volume from previous year.

	Private consumption	Public consumption	Total consumption
1982	1.7	4.0	2.4
1983	1.5	4.6	2.4
1984	2.7	2.5	2.6
1985	10.0	3.3	8.1
1986	5.6	4.4	5.3
1987*	-1.1	3.7	0.3
1988	-1.6	1.1	-0.8

\* New statistical material shows that private consumption in 1987 fell less than published earlier, see remarks on consumption in 1987. The new information is incorporated into the above table. As a consequence of this, the drop in private consumption is halved compared with figures published in Spring 1988, when it was assumed that private consumption was reduced by 2.2 per cent from the previous year.

**Public consumption**

Public consumption includes goods and services employed by the central government, social services and municipality apparatus for administration, health and education purposes etc., including own labour costs. It is calculated as a net item since deductions are made for goods and services rendered by the government and the municipalities to the private sector against payment (fees). Public consumption in fixed prices rose by 1.1 per cent from 1987 to 1988. This is a much lower growth than in recent years and the rate of growth is the lowest that has been registered since 1955.

Municipalities' consumption, which accounts for just over 60 per cent of total public consumption, is estimated to have increased by 0.6 per cent in fixed prices from 1987 to 1988. The increase is mainly due to a strong rise in employment in 1987, mainly in the health and social services sector. This led to a volume overhang which explains over 80 per cent of the increase in employment from 1987 to 1988 excluding education. The increase in the number of employees in the municipalities flattened out in 1988, so that the growth in municipalities' consumption was reduced towards the end of the year.

The rise in fixed prices in government non-military consumption is calculated to be 4 per cent from 1987 to 1988 while military consumption is estimated to fall by 1.2 per cent. The reason for the fall in military consumption was an increase in fee in-

comes of over 80 per cent in current prices. The fees consisted mainly of contributions from NATO's internationally financed building and installation programme.

**Private consumption**

Preliminary national accounts figures show that private consumption fell by 1.6 per cent from 1987 to 1988. This decline is stronger than in 1986-1987. The decline in consumption is related to the decline in the consumption of goods. On the other hand there was an increase in the consumption of services. Towards the end of 1988 the trend for consumption was still negative.

In conjunction with the growth of 1.8 per cent in households' real disposable income this decline in consumption gave a clear growth in the ordinary saving ratio from -4.3 per cent in 1987 to about -1 per cent in 1988. Together with investments in housing this led to a weaker financial net balance for households in 1988, as in the three previous years. The growth in net debt was, however, considerably less than in 1987.

**Private Sector Consumption**

Percentage change in volume from previous year.

	1987	1988
Goods	- 3.7	- 4.8
- durable consumer goods	-18.6	-18.8
- other goods	0.5	- 1.6
Services	4.1	4.1
- housing	3.9	4.1
- other services	4.1	4.0
Specified consumption	- 1.4	- 1.9
- Norwegians' consumption abroad	2.6	4.5
- Non-residents' consump. in Norway	0.0	3.6
Private sector consumption	- 1.1	- 1.6

**Investments**

The value of gross fixed capital formation is estimated to have been NOK 170.5 billion in 1988. This represented just under 29 per cent of gross domestic product, which is a slight increase from the previous year and is the highest registered share of GDP in the 1980's. This share is considerably higher than in the

other OECD countries with the exception of Japan, where investments were at the same level.

In volume, gross fixed capital formation increased by 3.3 per cent from the previous year, while 1987 showed a drop of 2.4 per cent. The increase in 1988 is largely due to the Norwegian International Ship Register (NIS), which was started 1 July 1987. This led to transfers of ships under Norwegian ownership from ship registers abroad. In addition a larger proportion of newly acquired ships have been registered in Norway. Gross real investments excluding ships showed a volume reduction of 5.8 per cent from 1987 to 1988.

After a heavy drop in registered investments in oil activities in 1987, the fall in 1988 more moderate, with a 3.6 per cent reduction in volume. Gross investments in mainland Norway sank by 4.7 per cent from 1987 to 1988, a much more marked drop than the previous year.

In mainland Norway the decline was strongest for industrial investments and investments in housing. In services (excluding housing) and in production of other goods the drop was less marked, while investments in public administration increased.

Preliminary national accounts figures indicate an extremely negative demand impulse which can be seen in the reduction of stocks. The reduction is estimated to be altogether NOK 8.6 billion measured in fixed 1986 kroner. Stocks of oil platforms under construction were reduced by NOK 2.3 billion, mainly as a result of towing out the Oseberg A platform. However, the greatest decline was in ordinary stocks.

### Investments in oil activities

Investments in oil activities increased considerably at the beginning of the 1980's and incurred investments in the oil sector have been roughly between NOK 30 and 35 billion since 1984. The production sector has recently been the dominating factor; incurred investment costs in the pipeline sector have only been about NOK 0.5 billion since the Statpipe pipeline was completed in 1985. In the recovery sector investments in oilfield development have been the largest item, investment costs having amounted to about NOK 20 billion in the last half of the 1980's.

In the Central Bureau of Statistics' investment survey for the fourth quarter of 1988 incurred investment costs for the extraction of crude oil and natural gas were estimated to be NOK 31.4 billion kroner in 1988. This estimate, which is nearly 12 per cent below the estimate for 1987, is the lowest since 1983. The estimate for extraction and pipeline transport for 1989 shows an increase of 8 per cent in value over

### Gross Investments in Fixed Capital by Sector

Percentage change in volume from previous year.

	1987	1988
Gross investments	-2.4	3.3
Oil activities and international shipping	-7.7	32.5
Production and pipeline transport of crude oil and natural gas	-17.0	-3.6
International shipping and oil drilling	*	*
Mainland Norway	-0.8	-4.7
Manufacturing and mining	9.4	-14.9
Other goods	-9.3	-3.4
Services <sup>1</sup>	-6.3	-1.5
Housing	0.4	-7.7
Government services	7.7	3.5

\* Negative gross investment figures in 1986 and 1987 due to registration of ships under foreign flags.

<sup>1</sup> Excluding housing

### Gross Fixed Formation by Type

Percentage change in volume from previous year.\*

	1987	1988
Investment in oil activities	-18.4	-8.2
Ships and boats	*	*
Other transport equipment	-24.6	-9.7
Machinery, equipment, etc.	-1.9	-6.5
Housing	0.4	-7.7
Other building and construction	5.7	-1.8
Total	-2.4	3.3

\* Negative gross investment figures in 1986 and 1987 due to registration of ships under foreign flags.

the last estimate for 1988, which indicates a slight growth in volume.

The estimate for incurred investment costs for the development of oilfields shows a decline in value of 2 per cent from 1987. This is the second year running with a slight decline in value after incurred investment costs for field development reached a peak of NOK 21.8 billion in 1986. However, in this period there was a marked change in the ratio of goods to services. The goods share of incurred investment costs in field development was in both years reduced by 16 per cent, from NOK 12.3 billion in 1986 to NOK 8.7 billion in 1988, while services increased by 14 and 11 per cent respec-

**Investment Concepts — Oil Activities***Incurred investment costs:*

Incurred investment costs are a measure of activity which indicates the current use of resources for a project independently of where the activity takes place. Reporting to the Central Bureau of Statistics is part of the operators' cost control routines. Incurred investment costs are only given in actual values (current prices).

*Gross fixed capital formation:*

In contrast to the building and construction sector, where fixed capital formation is figured as the work progresses, in the national accounts investment in oil platforms is counted at the time and with the capital value they have when they are towed out to the field. Incurred investment costs for an oil platform are counted as changes in work in progress (i.e. changes in stocks) until the platform is placed on the field. For the field development sub-group, there will therefore normally be significant deviations between incurred investment costs and gross fixed capital formation in the same period.

tively. It is particularly the goods share of development projects which affects the manufacturing industry.

The reason for this change in the relative shares of goods and services in 1988 was that very few large development projects were at the middle stage of the investment period, where the building of decks and supporting structures is an important factor. The new development projects, e.g. Snorre and Oseberg C, are still in the planning stage.

Incurred investment costs for field development are estimated to be NOK 23.3 billion in 1989, a value increase of 13 per cent over 1988. The above-mentioned change in the proportion of goods and services will, however, be reversed in 1989. It is estimated that goods costs will increase by over 50 per cent til over NOK 13 billion, while services will be reduced by just over 20 per cent.

In 1988 the Storting approved development plans for the Snorre and Draugen fields. It was also decided to start production early on the Heidrun field, but the operator no longer desires this solution. There is also continual assessment of smaller "phase 2 developments" and satellite fields that may be developed. This will lead to a continuation of the high demand for investments in the oil sector, and will increase the possibilities of a further upswing in investment demand when the investments in Troll/Sleipner come into full force. The estimate for incurred investment costs shows a decline in

**Actual and Estimated Incurred Investment Costs in Oil Production and Pipeline Transport**

NOK billion, current prices

	1987	1988 <sup>1</sup>	1989 <sup>1</sup>
Production of crude oil and natural gas	34.9	31.0	33.1
Exploration	5.0	4.2	4.5
Field development	21.0	20.6	23.3
Goods	10.3	8.7	13.2
Services	9.4	10.4	8.2
Wildcat drilling	1.3	1.5	1.9
Fields in operation	5.7	4.3	4.6
Goods	1.2	0.8	1.1
Services	3.5	1.2	1.2
Wildcat drilling	1.1	2.3	2.3
Land-based activities <sup>2</sup>	3.2	1.9	0.7
Pipeline transport	0.7	0.4	0.8
<b>Total</b>	<b>35.6</b>	<b>31.4</b>	<b>33.9</b>

<sup>1</sup> Estimated according to the Bureau's investment statistics from the fourth quarter of 1988.

<sup>2</sup> Includes office buildings, bases and terminal facilities on land.

value of 15 per cent from 1987. Costs of exploration have mainly followed the price of oil. Exploration costs were NOK 7.8 billion in 1985, nearly twice exploration costs in 1988. The same tendency can be seen in the number of exploration holes drilled; from 1982 to 1985 between 40 and 50 holes were started each year. In 1988 only 29 holes were started, the lowest number since 1979.

Incurred investments in fields and operations have normally been around NOK 2 billion, and have mainly been connected with production drilling. In 1987 the jacking up of the platforms on the Ekofisk fields led to incurred investment costs for fields in production amounting to NOK 5.7 billion. The estimate for both 1988 and 1989 is about NOK 4.5 billion. Work on the Ekofisk field is still the most important item. Amongst other things a concrete wall is being built to protect the crude oil storage tanks.

**Balance of payments**

Norway's balance of payments has improved considerably since 1986 and developments from 1987 to 1988 were extremely favourable in many ways. The decline in domestic use of goods and services, both for consumption and investments, led to a continued clear decline in the volume of imports. At the same time the increase in import prices was clearly lower in 1988 than in 1987. An unexpect-

**Norway's Current Account of The Balance of Payments <sup>1</sup>**

NOK billion.

	1987	1988	Change	Breakdown	
				Volume	Price
Balance of goods and services	-12062	-4576	7486	15946	-8460
Ships, oil platforms and modules <sup>1</sup>	2378	-10212	-12590	-9858	-2732
Crude oil and natural gas	51130	48085	-3045	5719	-8764
Traditional goods	-60143	-40228	19915	17189	2726
Services	-5427	-2221	3206	2895	311
Balance of interest and transfers	-15519	-20298	-4779	-	-
Current external balance	-27581	-24874	2707	-	-
Current external balance, excluding net exports of used ships and imports of new ships	-31975	-13515	18460	-	-

<sup>1</sup> including direct exports and imports of goods in connection with oil activities.**Statistical basis for the discussion of the current external balance**

Estimates for the current account are based on published figures for the balance of payments for the first ten months of 1987, trade statistics for the entire year, and an estimate for November and December regarding goods and services outside the trade statistics and for the balance of net interest and transfers. According to the trade statistics for December, preliminary figures for the export and import of goods, excluding ships and oil platforms, showed a sharp rise in the value of both exports and imports. This must be viewed in the context of the transition to a new customs declaration and a new customs and statistical nomenclature introduced on 1 January, 1988. Normally there would be a certain amount of carry-over from one month to the next in the number of customs declarations received for registration. Because of the transition to the new system this form of carry-over had to be avoided in connection with the transition to the new year. Consequently, the deadline for sending in declarations for goods that cleared customs in December was severely reduced. This is no doubt one of the main reasons for the steep increase in export and import figures for this period. It was therefore decided that the export and import figures should be reduced by NOK 2.5 and 2.2 million, respectively. This affects the estimates for gross exports and gross imports for the fourth quarter and for 1987 as a whole, but does not have any significant effect on the current account. However, adjustments in the export and import figures do mean that the estimate regarding the deficit in the current external account for 1987 is more uncertain than is usually the case. The January, 1988 figures will be adjusted upwards as the figures for December, 1987 and January, 1988 will show normal development without any change in the trade statistics' customs declaration and the customs and statistical nomenclature. Adjustment of export and import values will also be carried out when the first provisional figures concerning the 1987 balance of payments are published in March and in the annual national accounts which will be published in late April/early May. This will subsequently affect the balance of payments figures for January 1988 and the first quarter in the quarterly national accounts.

edly high international growth in 1988 contributed to a continuation of the upswing in both export volume and prices for traditional Norwegian exports. Other dominating factors in the Norwegian balance of payments in 1988 were a renewed decline in the price of crude oil after the rather favourable development in 1987 and registration of ships in the Norwegian International Ship Register (NIS). The drop in oil prices led to a clear decline in the terms of trade (the ratio of import to export prices) in spite of a clear increase in the price ratio for traditional goods.

### **Current external balance**

Preliminary estimates show a deficit on the current external balance of NOK 24.9 billion in 1989. This was NOK 2.7 billion lower than in 1987, and the deficit corresponded to 4.2 per cent of gross domestic product compared with 5.0 per cent in 1987. Excluding net exports of older ships and imports of new ships, the deficit in 1988 was NOK 13.5 billion as opposed to NOK 32.0 billion the previous year.

The deficit for goods and services was calculated to be NOK 4.6 billion in 1988, or NOK 7.5 billion lower than in 1987. This improvement reflects a considerable strengthening of the balance of payments for traditional goods, but also the balance of services improved. The deficit on the balance of interest and transfers increased to over NOK 20 billion in 1988 and was therefore responsible for most of the current account deficit.

The deficit on the balance of trade for traditional goods is estimated to have been NOK 40.2 billion in 1988, an improvement of NOK 19.9 billion from 1987. The transfer of trade for traditional goods increased by a total of 3.5 per cent from 1987 to 1988 and is mainly due to the favourable development of prices for metals and chemical raw materials on international markets.

There was a net import of ships, oil platforms and modules in 1988, compared with a net export the previous year. This mainly reflects that registration of Norwegian ships under foreign flags stopped after the founding of NIS in July 1987, and that we had later a considerable rise in the number of ships registering under the Norwegian flag.

Preliminary estimates show that Norway's net foreign debt was 16.5 per cent of GDP at the end of 1987. The debt share has clearly increased since 1985, when the share was 9.7 per cent. If the current account deficit for 1988 is adjusted for revaluations of credit and debt as a result of currency fluctuations in 1988, the net debt increase is estimated to be about NOK 27 billion. Net foreign debt was in this case around NOK 119 billion at the end of

1988, or about 20.2 per cent of the gross domestic product. We must go back to 1983 to find such a high debt share, but net debt as a percentage of GDP is considerably lower than at the end of the 1970's.

Norway's net foreign debt is mainly in American dollars, but Swiss francs and Japanese yen are also fairly important. Because of this configuration of the net debt, reassessments will be closely connected to developments in the dollar rate versus Norwegian kroner. In periods where the rate of exchange for the dollar declines net foreign debt may drop considerably due to reassessments.

### **Exports**

The 6.3 per cent increase in the value of exports from 1987 to 1988 was mainly due to a favourable increase in volume, since prices showed little change. The increase in volume may amongst other things be explained by the strong growth in industrial production and the high level of activity in the building and construction sector of our most important trading partners, which has led to a considerable growth in exports for traditional Norwegian export goods. As a consequence of a relatively strong rise in both price and volume, there was also a considerable increase in the value of exports of services from 1987 to 1988.

### **Exports of traditional goods**

The export value of traditional goods (all goods except crude oil, natural gas, ships, oil platforms and modules), which in 1988 made up approximately 46 per cent of total exports, increased by nearly 20 per cent from 1987 to 1988. The increased value reflects a considerable growth in volume, but the rise in prices was also extremely favourable for these goods as a whole. There were, however, signs that the growth in volume was flattening out towards the end of the year.

### **Exports of crude oil and natural gas**

There was a decline in the export value of crude oil and natural gas from 1987 to 1988 after a weak rise from 1986 to 1987. This reflects a considerable drop in the price of crude oil in 1988, after a relatively favourable rise from 1986 to 1987. The price of natural gas fell only slightly in 1988, but this reflects the long-term agreements on deliveries and prices for gas. The price of gas is closely connected to the price of crude oil, but with a built-in time lag. The export volume of crude oil increased by 14.6 per cent from 1987 to 1988, while the export volume of natural gas hardly changed.



**Exports by Sector of Origin**

	NOK million	Percentage change from previous year					
	Value	Value		Volume		Price	
	1988	1987	1988	1987	1988	1987	1988
Ships and platforms (incl. repairs) <sup>1</sup>	5858	-12.2	-43.1	-22.5	-47.5	13.3	8.2
Crude oil and natural gas	49057	1.0	-8.5	13.6	8.0	-11.1	-15.3
Traditional goods	97117	13.8	19.9	7.6	11.7	5.8	7.3
Primary industry goods	4717	41.3	22.0	22.4	23.5	15.4	-1.2
Export-competing goods	49903	14.0	25.6	11.2	9.9	2.5	14.2
Import-competing goods	31134	12.2	15.4	4.4	11.8	7.5	3.2
Sheltered industry goods	10825	9.3	6.1	-2.9	9.3	12.6	-3.0
Electric power	539	18.8	131.4	46.6	178.9	-19.0	-17.0
Services	60215	-6.6	9.9	-15.9	4.3	11.1	5.4
Total exports	212248	2.6	6.3	0.3	6.0	2.3	0.3

<sup>1</sup> including direct exports of goods in connection with oil activities**Imports by Sector of Origin**

	NOK million	Percentage change from previous year					
	Value	Value		Volume		Price	
	1988	1987	1988	1987	1988	1987	1988
Ships and platforms (incl. repairs) <sup>1</sup>	16070	10.9	102.9	6.1	73.2	4.5	17.2
Crude oil and natural gas	972	35.9	-60.9	1.1	-47.5	34.3	-25.6
Traditional goods	137345	-2.0	-2.7	-6.7	-6.1	5.0	3.6
Primary industry goods	5450	-3.8	-2.5	4.2	-4.0	-7.7	1.5
Export-competing goods	27056	-3.8	14.6	-5.1	4.8	1.4	9.4
Import-competing goods	90450	1.6	-6.3	-4.8	-8.1	6.6	2.0
Sheltered industry goods	7551	7.5	4.1	3.8	2.0	3.6	2.0
Transport equipment	6739	-30.4	-15.8	-36.4	-23.3	9.4	9.7
Electric power	99	-59.8	-42.6	-38.3	-58.2	-34.9	37.2
Services	62437	1.4	3.7	-8.6	-1.4	11.0	5.2
Total imports	216824	-0.3	2.4	-6.7	-2.2	6.9	4.7

<sup>1</sup> including direct imports of goods in connection with oil activities.

## Imports

The total value of imports increased moderately from 1987 to 1988 as a consequence of a 4.7 per cent rise in prices, which more than outweighed the decline in volume. Due to considerable imports of older ships in the fourth quarter of 1988, there were signs of a rise in the total volume of imports towards the end of the year. The most important factors behind the changes in import volume from 1987 to 1988 were the decline in private consumption and domestic investments, plus a decline in deliveries to the oil sector. Lower market shares for important imports have also to a certain extent contributed to reduced imports.

## Imports of traditional goods

The value of imports of traditional goods declined by 2.7 per cent from 1987 to 1988. A 6.1 per cent reduction in volume was largely counterbalanced by a rise in prices. Imports of traditional goods make up about two thirds of total imports. There was a continued clear decline in the volume of imports of traditional industrial goods towards the end of 1988.

## Perspectives

In the course of 1988 most people were affected by the decline in the Norwegian economy. Unemployment rose dramatically and low income growth, a high rate of debt and increased uncertainty concerning economic developments led to a marked decline in private consumption. However, the trend in 1988 also showed positive signs. A favourable international economic trend led to a clear increase in value of traditional export goods. Combined with a decline in domestic demand, this led to a considerable improvement in the balance of payments. Towards the end of 1988 the price and cost rise was also reduced to about the same level as that of Norway's trading partners, and the interest rate showed signs of falling. The locomotive effect from abroad and domestic tightening have in the course of 1988 apparently helped the country out of its most acute economic difficulties.

In the last 5–6 years there have been strong fluctuations in the Norwegian economy. These can only to a very small extent be attributed to influences from abroad and are therefore a disconcerting sign of weakened macroeconomic control systems. In addition to oil prices the motivating factors behind this development can mainly be found in saving and investment behaviour in the private sector. The swings in private consumption and investment

could hardly have been possible without the badly planned transition to a more liberal credit market from the end of 1983. Financial policies and the tax system were not sufficiently adjusted to the liberalisation of credit and the effects of this.

The most important problem facing the Norwegian economy is that the country finds itself in a situation where it can not manage to tackle the balance of payments situation and use its resources to the full at the same time. It is hardly satisfactory for the Norwegian economy when good cycles for traditional exports and a reduction in domestic demand give large balance of payments deficits. The growth in oil and gas production and slightly higher prices will for some years to come be able to slow down the growth in the foreign debt. In the next few years, Norway will actually be more, not less, dependent on activities in the North Sea. But this may prove to be only a temporary remedy if some of the country's restructuring problems are postponed to a future date.

Important sectors of Norway's traditional resource-based activities, which are the backbone of exports apart from oil and gas, have limited possibilities for expansion. If the Norwegian economy is to regain its equilibrium import- and export-competitive activities must be strengthened in such a way that the country is able to produce and sell a wider range of goods and services than it does today. In 1988 resources have been liberated from the sheltered sectors. These resources have, however, only to a very small extent been redirected to competitive activities, which is reflected in the decline in the total number of jobs, rising unemployment and empty factories and offices. The decline in demand has to a large extent also affected import-competitive sectors. This is one of the problems that follows a general tightening policy. For these sectors a weaker domestic market may be a bad starting point for further expansion.

An important contribution to the strengthening of the Norwegian economy would be increased efficiency in the sheltered sector, which would lead to a lower rise in costs in the economy as a whole. The opening of larger sections of the Norwegian market to foreign competition, reduced power in the market for monopolies and cartels and more efficiency in public administration are particularly important measures that will strengthen import- and export-competitive activities and make possible continued employment growth in the sheltered sectors and in public administration. Because in the slightly longer term most of the growth in employment will still have to take place in the sheltered sector.

A low growth in prices and wages which gradually improves our competitiveness is necessary if the

country's situation is to improve. Both price and wage developments have been favourable in 1988. This has to a large extent been achieved by putting market forces out of action. However one effort is not enough when the level of costs is too high to start with. The measures must be followed up in future years too. But warning should be given against exaggerated notions that a reduced growth in wages and prices will solve all the country's problems. Analyses of the Norwegian economy show that the isolated effect of a lower rise in wages or employment is relatively limited. Even if the positive effect of this on the balance of payments is more obvious it is not enough to correct the imbalances which Norway faces.

Increased investments will not in themselves get Norway out of its difficulties. The country has an extremely high level of investment by international standards, but the yield is too low. It has therefore been pointed out that the way to go is a more efficient distribution of investments. This presupposes reforms in business and capital taxation and an efficient credit market. The tempo of reform in business and capital taxation is slow, however, and in recent years the banks and credit institutions have spread considerable doubt concerning their own abilities. This, combined with the fact that the discontinuing of government transfers to industry has not got very far, render the development of investments an uncertain factor in the restructuring of Norwegian industry.

Experience from Norway and from other countries indicates that it is not easy to stimulate and control efficiency and restructuring. Deregulation and increased market-orientation can often cause problems and instability. Unemployment can, for example, more easily go up than down and it can take a long time for the advantages of a restructuring process to become apparent. Nor is it certain that market-based solutions, even in the long term, work the way they were intended. Norwegian and international experience would indicate that the labour market and creation of income are areas where market solutions are not always sufficient and the Wage Freeze Act can serve as an example of the fact that direct intervention is not obsolete.

The Norwegian economy is in an extremely critical phase. It is easier to channel resources out of existing activities than to stimulate new growth. Unemployment has therefore risen rapidly. The tightening of domestic demand has contributed to a clear improvement in the balance of payments and has, together with direct controls, led to a lower growth in prices and costs. Continued stagnation and a further decline in domestic demand, which are expected in 1989, will, however, hardly contribute to restructuring and a lower growth in costs. The

effect will mainly be increasing problems on the labour market and an even weaker market base for import-competitive sectors. The time has come to combine firm control of demand and wages with a greater stimulation of new enterprise and restructuring, where a broad range of stimulatory measures must be applied. There is also obviously a need for a good deal of imagination and creativity in tackling the acute unemployment problem. The tasks are formidable, there are no simple solutions and the results will not come of their own accord.

## Economic-political calendar 1988

### January

1. Ancillary nurses become members of the Confederation of Vocational Unions (YS).
8. 150 members of the Norwegian Educational Association (NUFO) in Akershus go on strike for pay increases, holiday remuneration and a reduction of working hours.
14. 3700 primary, secondary and upper-secondary school teachers go on strike for pay increases, holiday remuneration and a reduction of working hours. They are members of NUFO and the Oslo Union of Teachers. The strike is ended on 5/2 (Oslo Union of Teachers) and 8/2 (NUFO). Groups of teachers in other parts of the country have also been on strike in the same period, and amongst others Stavanger continues a selective strike into weeks 6 and 7.
15. The government presents its offer to public employees of a pay rise from 1 January 1988. The offer includes a krone-increase of NOK 2 500 per year on all pay scales on the A table.
16. Reidar Webster takes over as new National Arbitrator.
20. Leif T. Løddesøl resigns as head of DNC and is followed by the bank Board on 17 February after DNC had a net loss of NOK 1.5 billion in 1987.
22. Høyre (the conservative party) conference elects Jan P. Syse as new chairman.
29. The Swedish company Procordia, which is 80 per cent state-owned, buys shares in Nora Industries and thereby becomes the largest single shareholder, owning 10 per cent of the shares.

29. The Norwegian Federation of Trade Unions (LO) and the Norwegian Employers' Confederation (NAF) agree on a wages settlement with a general rise of NOK 1 per hour, a pension scheme where the employer contributes 2/3 and additional increases for special groups. The agreement has a total cost framework of 5 per cent and bans local wage negotiations.

## February

1. The National Register of Companies in Brønnøysund is opened. The Register replaces 97 previous registers of companies.
16. The Norwegian Nurses' Association goes on strike from 16/2 to 23/2 in opposition to the offer of NOK 2 500 on all salary scales. The strike has no result.

## March

1. Bugge eiendoms' (property company) agreement with its creditors is finalised. According to this agreement, the British company Mountleigh takes over 62 per cent of the share capital, the non-covered creditors 33 per cent and the original shareholders 5 per cent. Bugge eiendoms experienced financial difficulties after the stock market crash.
11. The Temporary Wages and Dividends Freeze Act is passed. The LO/NAF agreement is the pattern for the other wage settlements. The government's contribution to the settlement includes an extended pension for people at work after the age of 65. The top interest in the Norwegian National Housing Bank is reduced to 11 per cent. The SMS (tax-deductible savings) scheme is extended for young people saving for a home. The new scales are: NOK 8 000 in tax group 1, NOK 16 000 in tax group 2 and a tax allowance of 30 per cent.
24. The State, DNC and Tinfoss iron works come to an agreement on continued operation of the ilmenite smelting works in Tyssedal. The Tinfoss iron works take over DNN in Tyssedal free of charge and DNC will be able to sell DNN's own power at market prices if there are no operations in Tyssedal. DNC contributes NOK 75 million in risk capital without demanding ownership shares.
24. An official committee presents suggestions for a new Act on official statistics and the Central Bureau of Statistics.

## April

15. The official committee on wages and salaries approves the decision on the wages agreement for teachers in NUFO and the Norwegian Union of Teachers. The general framework of the Wage Freeze Act is set aside and all teachers are given a rise of one stage on the pay scale. The highest qualified teachers (lektor) with between 16 and 24 years' seniority go up two stages. The rise comes on top of the NOK 2 500 rise for all government employees, see 8/1 and 14/1.
15. In an additional white paper on a main airport for the Oslo area the Government still favours Gardermoen.
22. The Cabinet allows NSB (the National Railway) to change its routes. This will mean that the Hardanger line, the Flekkefjord line and the Kragerø line are discontinued and the Valdres line from Eina to Fagernes and the Numedal line discontinue passenger services.
29. DNC decides to make the bank's stocks and bonds department into a separate company from 1/1 1989 following a suggestion from the Ministry of Finance.

## May

4. The Board of Norsk Hydro decides to raise new capital by share issues of NOK 2.6 billion, the largest amount in Norwegian history.
6. The Government presents the Revised National Budget for 1988. The Norwegian economy is improving and developing more or less as forecast in the National Budget (see 6/10/87) and the Final Budget Proposal (see 17/12/87). The economic policy outlined in these documents is therefore pursued without any great changes. Both public and private consumption is expected to decline in 1988. Unemployment will probably increase throughout 1988 and into the following year. A NOK 24 billion balance of payments deficit is expected, down from NOK 32 billion last year.
6. The Government presents bills to the Storting concerning the Norwegian iron works, the Norwegian coke works and Rana. At the same time as the proposals for the iron works and the coke works the Government presents a series of measures to bring new jobs to the Rana area.

7. The Norwegian Federation of Trade Unions' (LO's) new confederation of Iron and Metal, Building, Clothing, Paper and Forestry and Agriculture is formally founded at the collective conference.
27. The Storting passes the development of the Snorre field. Saga Petroleum is awarded the contract.

## June

8. The Storting decides that the new main airport for eastern Norway will be built in Hurum municipality.
9. The Storting decides to allot a total of NOK 493 million to restructuring in Rana. The Regional Development Fund will have a central role in the restructuring programme and will administer NOK 220 million of this. Spigerverkets scrap-based steel production will be moved to the Norwegian Iron Works in Mo i Rana.
13. Gro Harlem Brundtland makes changes in the Cabinet. Kjell Borgen becomes new Minister of Local Government and Labour. William Engseth becomes new Minister of Transport and Communications. Jan Balstad becomes new Minister of Trade. Einfrid Halvorsen becomes new Minister of Consumer Affairs and Government Administration. Kirsti Kolle Grøndahl becomes new Minister for Development Cooperation and Mary Kvidahl becomes new Minister for Church and Education.

## July

7. A fire on the oil platform Piper Alpha on the British continental shelf in the North Sea. 167 people are killed.
8. In the 12th. round of concessions 11 oil recovery licences for 16 blocks are issued. BP, Conoco, Elf, Esso, Fina, Hydro, Phillips, Saga, Shell and Statoil all receive licences. The blocks are on Møre 1, Haltenbanken and in the Barents Sea.
14. A research group under the leadership of Professor Steinar Strøm presents a report on "Creation of Income in Norway". The group points out that the role of taxes in the distribution of income has declined in the last fifteen years, particularly in the 1980's, and suggests amongst other things increasing the taxable value of home ownership. Child benefits should be taxed. The group finds no clear connection between type of wage settlement and wage levels in the long term, but goes in for

local wage negotiations in competitive sectors and central negotiations in the sheltered sector.

29. A committee under the leadership of Professor Erling Steigum presents a report on "The Norwegian Economy in Change — perspectives for national capital and economic policy in the 1990's". The committee believes that the development of national capital should be an important indicator in economic policy. It is necessary to save more and develop a strong competitive sector. From the beginning of the 1990's Norway should have a balance of payments surplus. This will lead to adjustment problems in the medium term. Unemployment will probably be higher than has been usual in Norway, even if labour market measures are introduced.

## August

5. Losses for the fish-farming industry after the algae invasion on the south coast in May will amount to NOK 25 million. This is 6 per thousand of total turnover according to the fish farmers' sales cooperative.
31. The Ministry of Local Government and Labour announces that the number of registered unemployed has increased by 8 000 to 53 000 in the last month. Unemployment is now 2.5 per cent.

## September

9. The Central Bureau of Statistics publishes quarterly national accounts figures for the second quarter of 1988. GDP is 1.1 per cent higher than a year ago and private consumption is 1.6 per cent lower.
18. There is a fire at Hydro's vinyl chloride factory at Rafnes. A long period with no production is expected.
21. The Bank Guarantee Fund this year issues a guarantee for Sunnmørsbanken. This means that Sunnmørsbanken from now on will be run at the Guarantee Fund's risk. The reason is Sunnmørsbanken's serious economic problems.

## October

4. The Government presents proposals for the State Budget and the National Budget for 1989. The State Budget has a cost framework of NOK 283 billion. Financial policies are

about as tight as in last year's budget. Government expenditures excluding petroleum activities increase by 4 per cent in real terms in 1989. Municipalities gross incomes are unchanged. So is the real level of taxation. The exchange rate for the krone is still the most important issue in monetary and credit policy. Demand in mainland Norway is expected to fall by just under one per cent in 1989. The current account deficit excluding shipping is expected to be NOK 17.5 billion in 1989. This is less than estimated earlier. Household saving can be positive next year, while it is approximately nil this year. Production capacity for crude oil is expected to rise by 25 per cent from 1988 to 1989.

The Government has for the purpose of estimates assumed a 4 per cent average growth in wages next year, the same as the expected rise in prices. Official fees and duties are adjusted in accordance with this.

4. In the National Budget the Government proposes to increase government subsidies to Finnmark by NOK 228.5 million. The measures are to be continuous and will amount to a total of NOK 650 million over three years. The measures come on top of existing arrangements, which now amount to about NOK 2 billion per year. The new subsidies will go to child benefits and reduced employers' contributions, measures for the fishing industry and regional policy measures.
25. The largest contractor in Scandinavia, Skanska AB, buys 1/3 of the shares in Selmer-Sande Entreprenør A/S with effect from 1 January 1989. The company thereby becomes the second largest contractor in Europe.
28. The Central Bureau of Statistics' Labour Market Survey (AKU) for the third quarter is published. According to the survey there are 75 000 job-seekers without earned income. This is a marked increase.

## November

11. Norges Bank sells foreign currency for NOK 5.9 billion to support the krone. During November NOK 12.4 billion is employed to withstand pressure on the krone.
15. A committee under the leadership of Jarle Berge in Norges Bank presents a preliminary report on the availability of risk capital for enterprises. The committee suggests starting a venture company with NOK 600 million share capital. The State would own 49 per cent

of the shares. Other suggestions from the committee include abolishing turnover tax on shares and increasing the tax allowance for AMS from 25 to 30 per cent.

22. The fish processing company Brødrene Aarseth in Ålesund with about 700 employees is in difficulties but is guaranteed continued operation by Norges Bank. 450 of the jobs are on the Finnmark coast.
25. The Government presents a white paper to the Storting on support measures for Sparebanken Nord and Tromsø Sparebank after these banks have lost their funds. The savings' banks guarantee fund gives guarantees for NOK 600 million. Norges Bank supports the banks with liquidity supplies and NOK 200 million in the form of low-cost loans. A condition for support and guarantees is that the banks merge.
28. The Confederation of Business and Industry (NHO) is established. This is a combination of the Norwegian Employers' Confederation, the Federation of Norwegian Industries and the Norwegian Federation of Craft Trades. NHO has 12 000 member companies with a total of 500 000 employees. Ragnar Halvorsen is elected President.
28. 1057 jobs are cut in DNC. 818 are given notice.
30. Øksnes Langes fishing industries is wound up. This means that 300 jobs in Øksnes municipality in Nordland will be lost if new owners are not found.
30. The Central Bureau of Statistics presents national accounts figures for the third quarter of 1988. Total production and employment have dropped by 1.4 per cent and 0.5 per cent in one year. There is little to suggest that unemployment will decline in the near future.

## December

2. Norges bank reduces the lending rate from 12.4 to 12.0 per cent. Norges Bank has therefore in the period 10 May to 2 December reduced the overnight rate for banks four times — from 13.8 to 12.0.
6. The Storting decides to close Sulitjelma iron works with effect from October 1989.
15. Saga Petroleum's extraordinary general meeting votes against changing the articles of association to allow the sale of shares to the French company Total.

20. The Storting approves the Final Budget Proposal for 1989. State revenues are reduced by nearly NOK 2.1 billion compared with the Government's original proposal. Reduced oil revenues account for NOK 800 million and tax revenues about NOK 760 million. Expenditures increase by NOK 1.7 billion, of which 1.1 per cent is due to state petroleum activities. The balance is weakened by a total of NOK 3.7 billion.
20. The Storting resolves to abolish the turnover tax on shares from 1 January 1989.
20. The Storting resolves to establish Norsk Venture, a venture company where the State owns 49 per cent of the shares. Share capital is to be decided later.
20. The Storting resolves to develop the Heidrun and Draugen fields in the North Sea. Kristiansund is chosen as the base for both fields, while Heidrun's operating organisation will be in Stjørdal.
22. Norsk Hydro signs three contracts in connection with the Oseberg development. Two contracts go to the Norwegian shipyards Aker Verdal and Kværner Brug Egersund and one contract to the Dutch Grootint B.V. shipyard.
31. According to the National Register of Companies in Brønnøysund 3 494 compulsory liquidation orders were issued in 1988. This is an increase of 80 per cent compared with 1987.
31. At the end of December the registered number of unemployed at the employment offices was 69 700. This is an increase of 38 300 from the same time last year.

## Outlook for 1989 — A model based projection

This appendix presents estimates of macroeconomic developments in Norway in 1989. Calculations are based on the Central Bureau of Statistics' quarterly model KVARTS. The primary objective of the calculations is to illustrate a possible course for the Norwegian economy in order to obtain a clearer picture of the challenges the country will face in the coming year.

The figures on the next pages show the calculated trend. In order to show how this trend fits in relation to estimates published by other institutions the calculated annual growth rates are given in a separate table. Since the intention of the calculations is

to show a consistent picture of the course of main macroeconomic indicators in relation to the model, the reader should rely more on the estimated course than on the concrete figures.

The calculations show the following:

- Even though domestic demand will fall from 1988 to 1989 there will be growth throughout the year.
- Employment may decline further in 1989. This means that greater use of labour market policies will be required if a continued rise in unemployment is to be avoided.
- The balance of payments will improve in 1989 but show new weakness towards the end of the year.
- The rise in wages and prices will decline from 1988 to 1989.

## How true were the projections in the last Economic Survey?

Similar projections were presented in the Economic Survey for 1987. The main impression gained from examining the calculations for 1988 is that for mainland Norway they hit the target fairly well in the case of developments for production, demand, prices and the labour market, but the margin of error was more pronounced in the case of the balance of payments.

The main miscalculations on the real side were:

- The importance of NIS for the number of ships registering under the Norwegian flag, which meant that real investments in foreign shipping were overestimated.
- The growth in exports of traditional goods was estimated too low. This was mainly due to the fact that the estimates of international growth on which the figures were based underestimated the value of the international upward trend.
- The decline in traditional imports was underestimated.

All these factors contributed to the fact that the deficit on the current account was overestimated.

With regard to prices, the estimate of the increase in rents was too low, which led to the national accounts price index for private consumption being somewhat underestimated. A low estimate of import prices and an undervalued wages overhang at the end of 1987 had the same tendency. Neither did the model cover the fact that the consumer price index in 1988 rose considerably more than the national accounts price index.

However the calculations correctly estimated the underlying rise in prices at the end of 1988.



**Development of Selected Real Economic Variables**Percentage volume change from the year before unless otherwise noted.<sup>1</sup>

	Accounts			FD	NB	OECD	BF	Average	CBS
	1986	1987	1988	1989	1989	1989	1989	1989	1989
Private final consumption expenditure <sup>2</sup>	5.7	-1.1	-1.6	0.0	-1.5	-0.5	-1.0	-0.8	-1.1
Public final consumption expenditure <sup>2</sup>	4.5	3.7	1.1	1.2	1.3	1.0	1.6	1.3	1.9
Gross fixed capital formation	23.9	-2.4	3.3	-6.4	-6.3	-5.3	-7.9	-6.5	-5.0
– Mainland Norway <sup>3</sup>	16.4	-0.8	-4.7	-8.4	–	–	-10.1	-9.3	-6.4
Total domestic consumption (including inventory changes)	8.1	-2.0	-1.5	-1.7	-2.5	-2.8	-1.9	-2.2	-0.9
– demand from Mainland Norway	7.7	-0.1	-1.7	-1.6	–	–	–	–	-1.6
Exports	1.9	0.3	6.0	7.7	8.0	9.8	7.0	8.1	5.4
– crude oil and natural gas	6.1	13.6	8.0	18.8	18.0	–	18.0	18.3	12.6
– traditional exports <sup>5</sup>	-1.6	7.6	11.7	5.0	6.0	–	4.0	5.0	6.4
Total supply/consumption of goods and services	5.9	-1.3	0.5	0.9	–	–	0.5	0.7	0.9
Imports	10.4	-6.7	-2.2	-1.9	-2.3	-1.0	-1.8	-1.8	-3.2
– traditional imports <sup>5</sup>	13.6	-6.6	-6.1	-1.0	-2.0	–	0.0	-1.0	0.0
Gross Domestic Product (GDP)	4.2	0.9	1.5	1.9	1.3	2.5	1.3	1.8	2.2
– Mainland Norway <sup>3</sup>	4.0	0.2	0.4	-0.4	-0.8	-0.5	-0.8	-0.6	0.7
Unemployment level (per cent)	2.0	2.1	3.2	–	–	3.8	–	–	4.5 <sup>7</sup>
Consumer price index	7.2	8.7	6.7	4.0	–	–	5.0	4.5	4.4
Private consumption deflator in National Accounts	7.5	8.1	5.9	–	–	4.3	–	–	4.1
Household saving ratio	-7.3	-4.3	-1.0	–	1.5	–	1.0	1.3	0.2
Real disposable household income	1.0	0.7	1.8	–	0.0	–	0.0	0.0	0.2
Current account (billion kroner)	-32.9	-27.6	-24.9	-14.3	-12.0	-21.0	-14.0	-15.3	-10.0
– excluding net sale of ships	-41.4	-32.0	-13.5	-11.3	-8.0	–	-10.0	-9.8	-4.4

<sup>1</sup> Accounts for 1986 in 1984-prices and for 1987 in 1986-prices.

FD: Estimation according to the Final Budget Proposal (Storting paper no. 12 (1988–89) in 1987-prices.

NB: Estimation according to Norges Bank Quarterly Report 1988/4 in 1987-prices.

OECD: Estimation according to OECD Economic Outlook no. 44 (Dec. 1988) in 1984-prices.

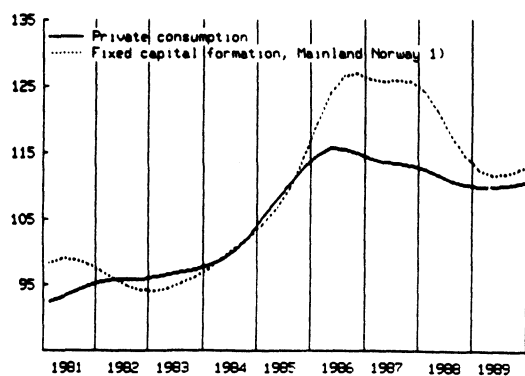
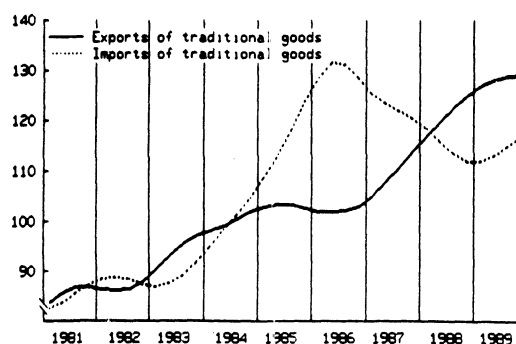
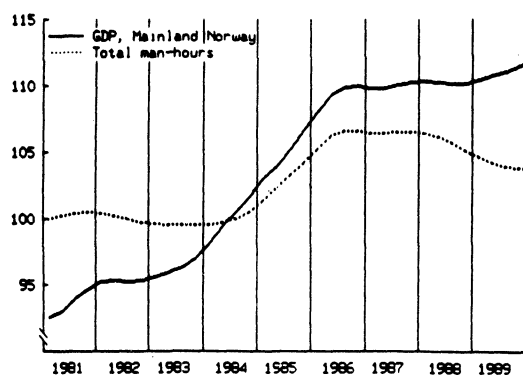
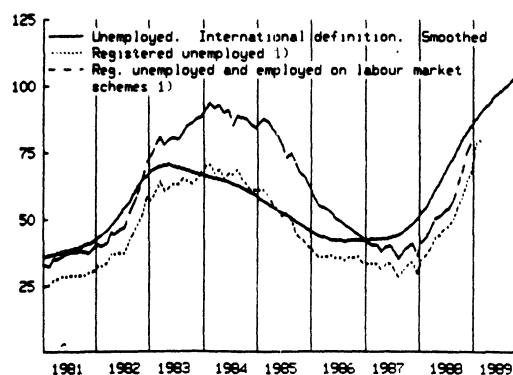
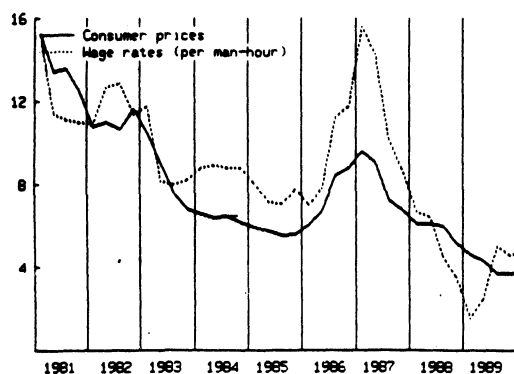
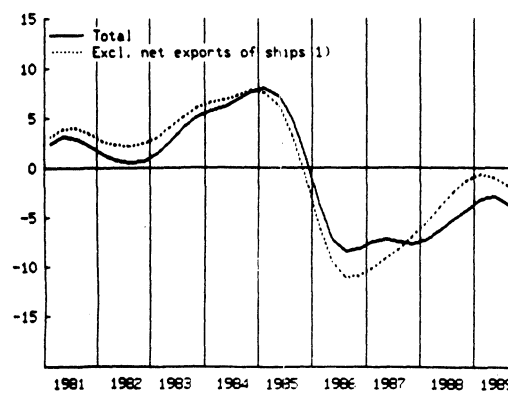
BF: Estimation according to Kreditt og konjunkturer 3/88. Den Norske Bankforening.

Average: Average of estimations from FD, NB, OECD and BF.

CBS: Estimation according to Economic Survey 1988. Central Bureau of Statistics.

<sup>2</sup> Changes in accounting methods contributed to the reported increases in private consumption and reductions in public consumption from 1987 to 1988.<sup>3</sup> Excluding oil activities and international shipping.<sup>4</sup> Excluding investments in oil activities and international shipping and excluding changes in inventories.<sup>5</sup> All goods except ships, oil platforms and modules for crude oil and natural gas.<sup>6</sup> Excluding net sale of used ships and purchasing of new ships.<sup>7</sup> One has not taken into account that labour market measures might have reduced the growth in the labour force or increased employment, and hence reduced unemployment.

## Main Economic Developments

CONSUMPTION AND FIXED CAPITAL FORMATION  
1984=100. Seasonally adjusted and smoothed.EXPORTS AND IMPORTS OF TRADITIONAL GOODS  
1984=100. Seasonally adjusted and smoothed.PRODUCTION AND EMPLOYMENT  
1984=100. Seasonally adjusted and smoothed.UNEMPLOYMENT  
Seasonally adjusted, in thousands.PRICES AND WAGES  
Growth from same quarter one year ahead.CURRENT ACCOUNT SURPLUS  
In 1000 millions Nkr. Seasonally adjusted and smoothed.

The worsening labour market situation was also predicted, even though the strength of the change was underestimated.

## International conditions

In the case of growth on international markets for Norwegian industrial products, calculations for 1989 are based on the OECD's projections for imports by Norway's most important trading partners, published in the OECD's Economic Outlook in December 1988. These estimates show a weak decline in export market growth for Norwegian industrial products in 1989 and a stronger decline in 1990, especially for industrial raw materials that are sensitive to cyclical changes.

Calculations are further based on a somewhat lower rise in import prices in 1989 than in 1988, partly due to an assumption that the international upswing for raw materials has reached its peak and partly as a result of Norway's price increase being reduced from 1988 to 1989. The reduction in the rise of import prices is not quite as strong as the OECD's price estimate of total exports of goods from OECD countries.

## Economic Policy

Calculations are mainly based on the National Budget for 1989 which has been approved. The Government is, however, at present working on plans for labour market measures and other kinds of measures which will lead to increased expenditure compared to the present budget. The extent and shape of these measures is still not known in detail. In our calculations the following assumptions have been made:

- The central government's own purchase of goods and services will be increased by NOK 1.2 billion 1986 kroner.
- NOK 0.7 billion 1986 kroner will be transferred to the municipalities through the "work for social security" programme.
- The limits for housing loans in the Norwegian National Housing Bank will be increased so that the number of homes started in 1989 will be about 32 500, compared with 28 000 in the Final Budget Proposal.

## Domestic demand

The drop in private consumption in the estimate is expected to continue into 1989, but it will gradually rise in the course of the year. The reason for this is a gradual increase in real wage income, increase in transfers and a lower rate of interest. The saving ratio is assumed to increase by 1.3 per cent, becoming

slightly positive in 1989. Consumption is estimated to decline by 1.1 from 1988 to 1989.

Investments in oil activities will increase considerably in 1989 while investments in ships, which mainly means registration under the Norwegian flag in NIS, are expected to fall markedly. The drop in investments in mainland Norway will continue into 1989 and is expected to decrease by 6.4 per cent. The decline will, however, flatten out and change to a weak growth at the end of the year, amongst other things due to the growth in investments in housing.

## Exports, imports and the balance of payments

Calculations show a continued growth in the volume of exports of traditional goods. However growth will slow down during the year in step with the assumed slower rate of growth in the world economy. The rise in export prices is also clearly lower than the previous year. A strong rise in volume for oil production and a rise in oil prices (from NOK 95 per ton in 1988 to over NOK 100 per ton in 1989) will increase the export value of oil and gas considerably.

The volume of imports of traditional goods will show little change from 1988 to 1989 after having dropped in the last 2 1/2 years, but should pick up again in 1989. An assumed drop in the number of ships registering under the Norwegian flag in NIS will nevertheless lead to a fall in the total volume of imports from 1988 to 1989.

The balance of payments will show a clear improvement and the deficit on the current account is estimated to be NOK 10 billion. Excluding exports of used ships the deficit is estimated to be approximately NOK 4.5 billion, compared with NOK 13.5 billion in 1988. Because of the decline in the growth of exports, the increasing growth of imports and a gradual deterioration of the terms of trade, the balance of payments will, however, become weaker in the course of the year.

## Production

Calculations show that production for mainland Norway will rise by 0.7 per cent in 1989 compared with 0.4 per cent in 1988. But while it was the export industry that contributed to maintaining growth in 1988, import-competing industry and sheltered sectors are expected to take over to a greater extent in 1989, while domestic demand increases and foreign demand decreases. The strong growth in oil production is a contributory factor to the total rise in GDP being estimated at 2.2 per cent.

## Developments on the labour market

The figures show that in 1989 Norway will still be faced with a big unemployment problem. At the beginning of the year unemployment is at a record level and the drop in the number of jobs measured in man-hours worked may continue, though at a slower pace than in 1988.

Assumed measures to stimulate employment have been included in the calculations. Allowance has not been made for the fact that educational and training offers that may be included in these measures may reduce the labour force and thereby reduce unemployment figures because of the method of measuring these indicators in the Central Bureau of Statistics AKU survey. There may of course also be even more comprehensive measures than have been included here.

On this basis the model calculations show that average unemployment (AKU) may reach 4.5 per cent in 1989. The estimates for a reduction in the number of jobs and unemployment must be interpreted with care since labour market policies in the course of the year will have considerable influence on actual developments.

## Price and wage trends

In our calculations allowance has been made for the fact that the rise in wages is limited by the Temporary Wages and Dividends Freeze Act until 1 April this year. Later on, the growth in wages is dependent on the rise in consumer prices, productivity and import prices, in addition to the unemployment rate. It is assumed that the end of the time period for the Act will not have a particularly marked effect on wages growth over and above the factors normally affecting wages. Based on these, total hourly wage growth is estimated to be an average of about 3.5 per cent from 1988 to 1989. Due to high returns in wage-leading sectors of Norwegian industry in 1988 and the beginning of 1989, wages pressure may arise in this sector of the economy. If this influences wages growth in other sectors there will be an all-round increase in hourly rates in the course of 1990.

A lower interest rate, a lower growth in wages and imports, a low growth in indirect taxation and a continued low growth in demand will lead to continued decline in the price growth in 1989. The rise of consumer prices for the year is expected to be 4.4 per cent.

1\*  
NATIONAL ACCOUNTS FOR NORWAY

TABLE A1: EXPENDITURE ON GROSS DOMESTIC PRODUCT. 1)  
At constant 1986-prices. Million kroner

	1987*	1988*	-----1987-----				-----1988-----			
			1st quarter	2nd quarter	3rd quarter	4th quarter	1st quarter	2nd quarter	3rd quarter	4th quarter a)
Gross domestic product .	519153	527108	127563	125390	128700	137500	130763	127535	130988	137822
Final domestic use of goods and services .....	522000	514010	124275	124265	133831	139629	126430	126389	127193	133998
Private final consump- tion expenditure .....	272597	268243	64559	66648	67531	73858	65247	65407	66017	71572
Government final consumption .....	105813	106973	25522	26064	25789	28438	25760	26174	26058	28981
Central government .	41346	42137	9405	9947	9673	12322	9552	9965	9849	12772
Civilian .....	24426	25414	5779	6261	6013	6373	5955	6553	6221	6684
Military .....	16920	16723	3626	3686	3659	5949	3596	3412	3628	6087
Local government ...	64467	64836	16117	16117	16117	16117	16209	16209	16209	16209
Gross capital forma- tion .....	143591	138795	34194	31554	40510	37333	35423	34808	35118	33445
Gross fixed capital formation .....	142677	147406	27278	29516	45938	39946	30936	45702	32894	37874
Investment in oil activity .....	29518	27109	2993	4583	16795	5146	2443	16122	4633	3912
Buildings and other construction	71877	69057	16477	16571	18310	20519	17367	16951	17041	17697
Ships and boats ..	-81	12908	-1401	-1924	622	2622	1811	3442	1920	5735
Other transport equipment .....	10670	9636	2516	2844	2738	2572	3021	1821	2249	2545
Other machinery and equipment ....	30693	28696	6692	7442	7474	9086	6294	7366	7051	7985
Increase in stocks .	914	-8611	6917	2038	-5428	-2613	4487	-10894	2224	-4429
Oil platforms in progress .....	-1994	-2323	2928	2837	-9040	1280	4041	-7686	1172	151
Exports .....	195302	206932	50519	49712	45198	49873	51761	49536	50277	55358
- Imports .....	198149	193834	47230	48587	50330	52002	47428	48390	46482	51534

1) Inconsistencies in the tables are due to computerized rounding.

a) For the 4th quarter of 1988 the calculations are based upon forecasts or available estimations done by the Central Bureau of Statistics.

2\*  
NATIONAL ACCOUNTS FOR NORWAY

TABLE A2: GROSS DOMESTIC PRODUCT BY KIND OF ECONOMIC ACTIVITY 1)  
At constant 1986-prices. Million kroner

	1987*	1988*	1987				1988			
			1st quarter	2nd quarter	3rd quarter	4th quarter	1st quarter	2nd quarter	3rd quarter	4th quarter a)
Gross domestic product	519153	527108	127563	125390	128700	137500	130763	127535	130988	137822
Industries	405549	414958	100534	96674	100809	107531	103231	99602	103716	108409
Agriculture, hunting, forestry and fishing etc.	17990	18950	3329	1832	8758	4070	3626	2086	8745	4492
Agriculture	10457	10543	980	23	7385	2069	1094	112	7192	2145
Forestry	2949	3197	1307	694	229	720	1314	871	241	770
Fishing and breeding of fish	4583	5211	1042	1114	1144	1282	1217	1103	1313	1578
Production and pipe- line transport of crude petroleum and natural gas	62875	68272	16568	15435	13703	17169	17774	16014	16233	18250
Crude petroleum and natural gas pro- duction	56600	61526	14872	13885	12421	15422	15989	14462	14691	16384
Pipeline transport	6276	6746	1696	1550	1282	1748	1786	1553	1542	1866
Manufacturing, mining and quarrying	77346	76702	20178	19134	17833	20201	19708	19574	17294	20125
Mining and quarrying	1317	1258	325	350	306	337	294	341	311	312
Sheltered manu- facturing	20753	21013	5090	5185	4972	5506	5186	5398	4858	5571
Export-oriented manufacturing	14186	14899	3656	3535	3344	3651	3775	3721	3531	3872
Import-competing manufacturing	41090	39532	11108	10064	9211	10707	10453	10115	8594	10371
Electricity supply	20541	22011	6520	4449	3840	5731	6137	4651	4593	6630
Construction	29013	28190	6675	6805	7337	8195	6983	7034	6934	7239
Wholesale and retail trade	52087	51223	12091	12926	12609	14460	12440	12641	12262	13880
Ocean transport and oil well drilling	8545	9449	1997	2302	2059	2187	2199	2153	2391	2706
Ocean transport	6428	7666	1627	1730	1483	1588	1729	1849	1936	2153
Oil and gas explora- tion and drilling	2117	1783	370	571	576	600	470	304	456	553
Transport, storage and communication	30990	32696	7311	7614	7543	8522	7798	8531	8016	8352
Dwellings	20435	21273	5050	5087	5126	5172	5265	5301	5336	5371
Other industries	85727	86191	20814	21090	22000	21823	21302	21616	21912	21362
Hotels and restaurants	7898	7736	1714	1957	2384	1843	1778	1932	2286	1740
Financial services	25450	25623	6240	6202	6435	6573	6424	6402	6436	6361
Business services, rentals and commer- cial buildings	26513	27043	6445	6519	6741	6807	6632	6870	6810	6730
Other services	25867	25790	6415	6412	6440	6600	6467	6412	6380	6530
Producers of government services	77046	79150	18857	19529	19149	19511	19428	20051	19648	20023
Producers of central government services	23954	24412	5584	6256	5876	6238	5744	6366	5963	6338
Defence	6454	6608	1462	1676	1602	1714	1507	1656	1664	1781
Education	4710	4745	1108	1252	1113	1238	1179	1304	1070	1192
Health and social welfare services	1454	1450	344	387	359	364	343	386	356	366
Other services	11336	11608	2670	2942	2803	2922	2715	3021	2873	2999
Producers of local government services	53092	54738	13273	13273	13273	13273	13684	13684	13684	13684
Education	17618	17782	4404	4404	4404	4404	4445	4445	4445	4445
Health and social welfare services	25288	26409	6322	6322	6322	6322	6602	6602	6602	6602
Other services	10186	10547	2547	2547	2547	2547	2637	2637	2637	2637
Correction sectors	36562	33005	8173	9187	8742	10460	8106	7883	7625	9391
MEMO:										
Mainland Norway	447737	449392	109000	107654	112938	118145	110791	109369	112365	116866
Sheltered activities	383611	385295	91562	91897	98705	101448	93737	93218	98375	99965
Export-oriented activities	15503	16157	3980	3885	3650	3988	4069	4062	3842	4183
Import-competing activities	48622	47939	13457	11872	10584	12708	12985	12089	10147	12718

1) Inconsistencies in the tables are due to computerized rounding.

a) For the 4th quarter of 1988 the calculations are based upon forecasts or available estimations done by the Central Bureau of Statistics.

3\*  
NATIONAL ACCOUNTS FOR NORWAY

TABLE A3: GROSS OUTPUT BY KIND OF ECONOMIC ACTIVITY. 1)  
At constant 1986-prices. Million kroner

	1987*	1988*	-----1987-----				-----1988-----				a)
			1st quarter	2nd quarter	3rd quarter	4th quarter	1st quarter	2nd quarter	3rd quarter	4th quarter	
Gross output .....	1016847	1025336	250944	248227	248440	269236	255013	252228	249992	268104	
Industries .....	837928	846288	208322	204366	204712	220528	211502	208415	206421	219950	
Agriculture, hunting, forestry and fishing etc. ....	36538	37845	6885	8072	13637	7944	7275	8274	13735	8562	
Agriculture .....	25129	25057	3550	5325	11379	4875	3626	5340	11170	4920	
Forestry .....	3432	3720	1521	808	266	837	1529	1014	281	896	
Fishing and breeding of fish .....	7976	9069	1814	1939	1992	2231	2119	1920	2284	2746	
Production and pipe- line transport of crude petroleum and natural gas .....	84955	92266	22374	20852	18540	23189	24013	21651	21955	24647	
Crude petroleum and natural gas pro- duction .....	78077	84872	20515	19154	17135	21273	22056	19949	20266	22601	
Pipeline transport ..	6878	7394	1859	1699	1405	1916	1957	1702	1650	2045	
Manufacturing, mining and quarrying .....	265755	262888	68820	65927	61746	69263	67599	67171	59720	68398	
Mining and quarrying	3277	3128	808	870	762	837	732	847	774	775	
Sheltered manu- facturing .....	77187	77555	18782	19283	18572	20550	19142	20007	17915	20491	
Export-oriented manufacturing .....	59282	61532	15164	14767	14035	15315	15726	15538	14677	15591	
Import-competing manufacturing .....	126009	120673	34065	31006	28377	32561	31999	30779	26355	31540	
Electricity supply ...	41130	44073	13056	8909	7688	11476	12288	9313	9197	13276	
Construction .....	84284	81895	19391	19770	21315	23809	20286	20433	20145	21031	
Wholesale and retail trade .....	81383	80034	18892	20197	19701	22592	19437	19751	19159	21687	
Ocean transport and oil well drilling ....	28019	29100	6656	7446	7035	6881	7076	6992	7367	7666	
Ocean transport ....	24964	26527	6123	6621	6204	6016	6398	6553	6709	6867	
Oil and gas explora- tion and drilling ..	3055	2573	534	825	831	866	678	439	657	799	
Transport, storage and communication ....	54412	54865	13061	13385	13560	14407	13257	13903	13526	14179	
Dwellings .....	28967	30154	7159	7211	7267	7331	7462	7514	7564	7614	
Other industries .....	132485	133167	32028	32597	34223	33637	32809	33413	34053	32891	
Hotels and restaurants .....	16193	15861	3514	4013	4889	3778	3645	3961	4686	3569	
Financial services ..	37654	37910	9232	9176	9520	9725	9505	9472	9522	9411	
Business services, rentals and commer- cial buildings .....	43135	43998	10486	10606	10968	11075	10790	11177	11080	10950	
Other services .....	35503	35398	8796	8802	8846	9059	8869	8803	8765	8962	
Producers of government services .....	116358	119670	27992	28461	28363	31543	28772	29384	29133	32380	
Producers of central government services ..	44778	46099	10097	10566	10468	13648	10380	10991	10741	13988	
Defence .....	17608	17913	3772	3759	3823	6255	3833	3851	3872	6356	
Education .....	6506	6673	1552	1679	1506	1769	1663	1770	1475	1766	
Health and social welfare services ...	2059	2055	493	533	500	532	504	535	488	528	
Other services .....	18605	19458	4280	4594	4639	5092	4380	4836	4905	5338	
Producers of local government services ..	71580	73571	17895	17895	17895	17895	18393	18393	18393	18393	
Education .....	20883	20992	5221	5221	5221	5221	5248	5248	5248	5248	
Health and social welfare services ...	32097	33483	8024	8024	8024	8024	8371	8371	8371	8371	
Other services .....	18600	19096	4650	4650	4650	4650	4774	4774	4774	4774	
Correction sectors .....	62561	59378	14630	15400	15365	17165	14738	14429	14438	15774	
MEMO:											
Mainland Norway .....	903873	903970	221914	219928	222865	239166	223924	223585	220670	235792	
Sheltered activities	703897	705849	168542	170537	177433	187385	171818	173488	176300	184243	
Export-oriented activities .....	62559	64660	15972	15637	14797	16153	16458	16385	15450	16366	
Import-competing activities .....	137418	133461	37400	33754	30635	35629	35647	33712	28920	35182	

1) Inconsistencies in the tables are due to computerized rounding.

a) For the 4th quarter of 1988 the calculations are based upon forecasts or available estimations done by the Central Bureau of Statistics.



4\*  
NATIONAL ACCOUNTS FOR NORWAY

TABLE A4: INTERMEDIATE CONSUMPTION BY KIND OF ECONOMIC ACTIVITY. 1)  
At constant 1986-prices. Million kroner

	1987*	1988*	1987				1988			
			1st quarter	2nd quarter	3rd quarter	4th quarter	1st quarter	2nd quarter	3rd quarter	4th quarter a)
Intermediate consumption	497692	498226	123380	122836	119740	131736	124249	124692	119004	130282
Industries .....	432379	431329	107788	107691	103902	112997	108271	108813	102705	111541
Agriculture, hunting, forestry and fishing etc. ....	18548	18895	3555	6241	4879	3873	3648	6187	4990	4069
Agriculture .....	14672	14514	2570	5302	3994	2807	2532	5228	3979	2775
Forestry .....	483	523	214	114	37	118	215	143	39	126
Fishing and breeding of fish .....	3393	3858	772	825	847	949	901	817	972	1168
Production and pipe- line transport of crude petroleum and natural gas .....	22079	23994	5806	5418	4836	6020	6239	5637	5723	6396
Crude petroleum and natural gas pro- duction .....	21477	23346	5643	5269	4713	5852	6067	5487	5575	6217
Pipeline transport ..	603	648	163	149	123	168	171	149	148	179
Manufacturing, mining and quarrying .....	188409	186186	48642	46793	43913	49061	47891	47597	42426	48272
Mining and quarrying	1960	1871	483	520	456	501	438	507	463	464
Sheltered manu- facturing .....	56434	56542	13693	14098	13600	15043	13956	14609	13056	14920
Export-oriented manufacturing .....	45096	46632	11508	11232	10691	11664	11951	11817	11145	11719
Import-competing manufacturing .....	84919	81140	22957	20942	19166	21854	21546	20664	17762	21169
Electricity supply ...	20589	22063	6536	4460	3849	5745	6151	4662	4604	6646
Construction .....	55272	53705	12716	12964	13978	15613	13303	13400	13211	13791
Wholesale and retail trade .....	29296	28811	6801	7270	7092	8133	6997	7110	6897	7807
Ocean transport and oil well drilling ....	19474	19651	4659	5144	4976	4694	4877	4839	4975	4959
Ocean transport .....	18536	18861	4496	4891	4721	4428	4669	4704	4773	4714
Oil and gas explora- tion and drilling ..	938	790	164	253	255	266	208	135	202	245
Transport, storage and communication ....	23422	22169	5750	5770	6017	5885	5459	5372	5511	5827
Dwellings .....	8532	8881	2108	2124	2140	2159	2198	2213	2228	2242
Other industries .....	46758	46976	11215	11507	12222	11814	11508	11797	12141	11530
Hotels and restaurants .....	8295	8125	1800	2056	2504	1935	1867	2029	2401	1828
Financial services ..	12204	12287	2992	2974	3086	3152	3081	3070	3086	3050
Business services, rentals and commer- cial buildings .....	16623	16955	4041	4087	4227	4268	4158	4307	4270	4220
Other services .....	9636	9608	2381	2390	2406	2459	2401	2391	2384	2432
Producers of government services .....	39312	40521	9135	8932	9214	12032	9344	9333	9485	12358
Producers of central government services ..	20824	21688	4513	4309	4592	7410	4636	4625	4777	7650
Defence .....	11155	11304	2310	2084	2221	4540	2326	2195	2208	4575
Education .....	1796	1928	444	427	393	531	484	466	405	573
Health and social welfare services ...	605	605	149	146	141	169	161	149	132	163
Other services .....	7268	7850	1610	1652	1836	2170	1665	1815	2032	2339
Producers of local government services ..	18488	18833	4622	4622	4622	4622	4708	4708	4708	4708
Education .....	3266	3210	816	816	816	816	803	803	803	803
Health and social welfare services ...	6809	7075	1702	1702	1702	1702	1769	1769	1769	1769
Other services .....	8414	8548	2103	2103	2103	2103	2137	2137	2137	2137
Correction sectors .....	26001	26376	6457	6214	6623	6706	6633	6546	6814	6383
MEMO:										
Mainland Norway .....	456138	454581	112915	112275	109927	121022	113133	114217	108306	118926
Sheltered activities	320287	320556	76980	78641	78729	85937	78082	80270	77925	84280
Export-oriented activities .....	47056	48503	11991	11753	11147	12165	12389	12323	11608	12183
Import-competing activities .....	88795	85522	23943	21881	20051	22921	22663	21623	18773	22463

1) Inconsistencies in the tables are due to computerized rounding.

a) For the 4th quarter of 1988 the calculations are based upon forecasts or available estimations done by the Central Bureau of Statistics.

5\*  
NATIONAL ACCOUNTS FOR NORWAY

TABLE A5: PRIVATE FINAL CONSUMPTION EXPENDITURE. 1)  
At constant 1986-prices. Million kroner

	1987*	1988*	-----1987-----				-----1988-----			
			1st quarter	2nd quarter	3rd quarter	4th quarter	1st quarter	2nd quarter	3rd quarter	4th quarter a)
Private final consumption expenditure	272597	268243	64559	66648	67531	73859	65247	65407	66017	71572
Specified domestic consumption .....	260628	255653	62389	63968	63557	70714	62556	62184	62343	68570
Food .....	50247	49796	11408	12563	12412	13863	11802	12134	12319	13541
Beverages and tobacco .....	17416	17806	3584	4502	4344	4986	4045	4457	4345	4959
Clothing and foot- wear .....	19120	18032	4287	4632	4332	5869	4112	4362	4081	5477
Rent, power and fuel	46709	47096	13164	10822	10331	12391	12899	11090	10500	12607
Furniture, furnish- ings and household equipment .....	21324	20193	4944	4878	5119	6383	4850	4534	4862	5946
Medical care and health expenses ....	10522	11472	2708	2593	2544	2676	2977	2841	2754	2901
Transport and commu- nication .....	41496	36948	10022	10993	10278	10203	9092	9750	9233	8873
Recreation, enter- tainment, education and cultural service	23045	23497	5493	5414	5532	6606	5688	5438	5691	6680
Other goods and ser- vices .....	30751	30813	6777	7572	8664	7737	7091	7579	8558	7585
Correction items .....	11970	12590	2171	2680	3975	3144	2691	3223	3674	3002
Direct purchases abroad by resident households .....	20232	21152	3905	4538	7072	4717	4360	5260	6852	4680
Direct purchases in Norway by non- resident households	-8263	-8562	-1735	-1858	-3097	-1572	-1669	-2037	-3178	-1678

1) Inconsistencies in the tables are due to computerized rounding.

a) For the 4th quarter of 1986 the calculations are based upon forecasts or available estimations done by the Central Bureau of Statistics.

6\*

NATIONAL ACCOUNTS FOR NORWAY

TABLE A6: GROSS FIXED CAPITAL FORMATION BY KIND OF ECONOMIC ACTIVITY. 1)  
At constant 1986-prices. Million kroner

	1987*	1988*	1987				1988			
			1st quarter	2nd quarter	3rd quarter	4th quarter	1st quarter	2nd quarter	3rd quarter	4th quarter a)
Gross fixed capital formation .....	142677	147407	27278	29516	45938	39946	30936	45702	32894	37874
Industries .....	124960	129064	22998	25317	41764	34881	26506	41355	26406	32796
Agriculture, hunting, forestry and fishing etc. ....	6224	6014	1166	1784	1783	1490	1157	1781	1599	1478
Agriculture .....	3788	3257	636	1147	1095	910	517	1000	961	780
Forestry .....	541	557	67	181	150	143	68	189	155	145
Fishing and breeding of fish .....	1895	2200	463	456	538	437	573	593	483	551
Production and pipeline transport of crude petroleum and natural gas .....	30286	29186	3329	4387	17053	5517	2766	16815	5179	4426
Crude petroleum and natural gas production .....	29572	28765	3180	4228	16702	5462	2705	16687	5090	4283
Pipeline transport .....	714	421	149	159	351	55	61	128	89	144
Manufacturing, mining and quarrying .....	18967	16141	3730	4088	4614	6535	3978	4005	3754	4404
Mining and quarrying .....	305	268	75	70	74	86	66	75	51	76
Sheltered manufacturing .....	4136	3809	891	1054	876	1315	808	988	892	1120
Export-oriented manufacturing .....	8296	6703	1562	1389	2077	3268	1885	1626	1490	1702
Import-competing manufacturing .....	6230	5361	1203	1575	1588	1865	1218	1317	1320	1506
Electricity supply .....	7054	7113	1474	1379	1772	2429	1461	1746	1699	2208
Construction .....	2644	2251	662	660	661	661	565	562	564	559
Wholesale and retail trade .....	6699	5890	1683	1664	1683	1669	1506	1466	1472	1446
Ocean transport and oil well drilling ....	-272	10806	-1772	-1660	754	2407	1330	2967	1421	5088
Ocean transport .....	-1258	11147	-1693	-2177	281	2330	1392	2963	1585	5206
Oil and gas exploration and drilling ..	987	-341	-79	517	472	77	-63	4	-164	-118
Transport, storage and communication ....	9709	10192	2246	2601	2398	2464	3099	1742	2360	2991
Dwellings .....	26001	24002	6129	6038	6746	7088	6188	5855	6041	5917
Other industries .....	17648	17469	4352	4375	4300	4621	4456	4415	4318	4279
Hotels and restaurants .....	240	233	61	59	60	60	60	58	58	57
Financial services ..	4059	3860	922	1059	981	1097	944	1011	971	933
Other services .....	13349	13376	3370	3256	3259	3465	3452	3346	3289	3290
Producers of government services .....	17717	18343	4279	4199	4175	5065	4430	4346	4488	5078
Producers of central government services ..	6025	6908	1356	1276	1252	2142	1572	1487	1629	2219
Education .....	687	668	186	170	131	199	185	166	148	169
Health and social welfare services ...	112	99	22	29	25	36	23	20	24	33
Other services .....	5225	6141	1147	1076	1095	1906	1364	1301	1458	2018
Producers of local government services ..	11693	11435	2923	2923	2923	2923	2859	2859	2859	2859
Education .....	1951	1674	488	488	488	488	418	418	418	418
Health and social welfare services ...	3357	3425	839	839	839	839	856	856	856	856
Other services .....	6385	6336	1596	1596	1596	1596	1584	1584	1584	1584
MEMO:										
Mainland Norway .....	112663	107414	25720	26789	28132	32022	26841	25919	26295	28360
Sheltered activities	95397	92325	22351	23117	23705	26223	23031	22120	22794	24380
Export-oriented activities .....	8601	6972	1637	1459	2151	3355	1952	1700	1542	1778
Import-competing activities .....	8666	8118	1732	2213	2276	2445	1859	2099	1959	2202

1) Inconsistencies in the tables are due to computerized rounding.

a) For the 4th quarter of 1986 the calculations are based upon forecasts or available estimations done by the Central Bureau of Statistics.

NATIONAL ACCOUNTS FOR NORWAY

TABLE A7: EXPORTS. 1)  
At constant 1986-prices. Million kroner

	1987*	1988*	-----1987-----				-----1988-----			
			1st quarter	2nd quarter	3rd quarter	4th quarter	1st quarter	2nd quarter	3rd quarter	4th quarter a)
Exports, total .....	195303	206933	50519	49712	45199	49873	51761	49537	50277	55358
Commodities .....	145980	155479	38547	37317	31961	38155	39280	36850	36678	42670
Crude petroleum and natural gas from the North Sea .....	60294	65133	15699	15065	12847	16683	16732	15288	15130	17982
New ships .....	999	1883	403	162	115	319	431	534	370	548
Second-hand ships ...	7602	2366	3608	2886	559	550	265	166	472	1463
New oil platforms and modules .....	39	22	18	6	14	1	0	14	4	3
Second-hand oil plat- forms .....	258	370	85	104	69	0	69	0	173	128
Direct exports related to oil activities .....	192	136	44	62	48	38	19	38	45	35
Other commodities ...	76596	85569	18690	19033	18309	20564	21763	20810	20484	22512
Agricultural commodities and commodities from forestry and fish- ing .....	3350	4138	776	909	681	983	992	1044	873	1229
Commodities from mining and quarry- ing .....	1493	1240	331	393	370	399	289	330	294	327
Manufacturing goods	71465	79389	17472	17689	17216	19088	20436	19339	19044	20570
Foods, beverages and tobacco .....	8943	9751	2018	2309	2167	2450	2606	2228	2275	2642
Commodities from printing and pub- lishing .....	122	158	31	27	31	34	36	35	42	45
Paper and paper products .....	6897	7318	1831	1734	1713	1618	1912	1839	1852	1715
Industrial chemi- cals .....	6595	7166	1704	1710	1478	1703	1722	1936	1661	1848
Refined petroleum products .....	5412	7169	1154	1178	1319	1761	1583	1503	1758	2324
Metals .....	18386	19745	4535	4550	4622	4679	5003	4802	4962	4979
Textiles, wearing apparel and foot- wear .....	1577	1484	400	374	361	442	397	351	328	408
Wood and wood products, furni- ture and fixtures	1100	1105	271	294	247	288	295	268	255	287
Chemical and mineral products.	7428	8716	1777	1946	1713	1992	2301	2102	2015	2299
Other manufactur- ing goods .....	15006	16777	3751	3568	3565	4121	4581	4275	3897	4025
Electricity .....	287	802	111	42	41	94	46	97	273	386
Services .....	49323	51454	11972	12395	13237	11718	12481	12686	13599	12688
Gross receipts from shipping .....	23215	24610	5696	6177	5778	5564	5943	6088	6231	6348
Gross receipts from oil drilling .....	343	102	149	98	75	21	32	32	30	8
Direct exports of services related to other oil activi- ties .....	910	932	241	221	204	244	242	227	212	251
Pipeline services ...	3381	3592	940	841	638	962	969	808	782	1033
Direct purchases in Norway by non- resident households..	8263	8562	1735	1858	3097	1572	1669	2037	3178	1678
Other services .....	13212	13656	3212	3199	3446	3355	3625	3494	3166	3371

1) Inconsistencies in the tables are due to computerized rounding.

a) For the 4th quarter of 1988 the calculations are based upon forecasts or available estimations done by the Central Bureau of Statistics.

9\*

NATIONAL ACCOUNTS FOR NORWAY

TABLE A8: IMPORTS. 1)  
At constant 1986-prices. Million kroner

	1987*	1988*	1987				1988			
			1st quarter	2nd quarter	3rd quarter	4th quarter	1st quarter	2nd quarter	3rd quarter	4th quarter a)
Imports, total .....	198150	193834	47231	48588	50330	52002	47428	48390	46402	51534
Commodities .....	143886	140335	35182	35297	34652	38755	35168	34747	31538	38882
New and second-hand ships .....	3968	11519	1073	184	577	2134	1254	2309	1825	6131
New and second-hand oil platforms and modules .....	1938	853	72	1120	723	22	417	263	73	100
Direct imports related to oil activities .....	1672	749	182	337	602	551	115	180	244	211
Other commodities ...	136309	127214	33855	33655	32750	36049	33382	31995	29397	32440
Agricultural commodities and commodities from forestry and fish- ing .....	6057	5816	1683	1520	1202	1652	1710	1460	1117	1529
Crude petroleum ...	1853	973	307	360	538	649	259	171	226	318
Commodities from mining and quarry- ing .....	1851	2041	463	434	507	447	536	505	518	481
Manufacturing goods	126284	118273	31388	31296	30367	33234	30859	29825	27513	30076
Foods, beverages and tobacco ....	5178	5382	1252	1274	1222	1430	1229	1358	1332	1463
Commodities from printing and pub- lishing .....	1824	1762	460	393	498	473	436	427	455	444
Paper and paper products .....	3405	3656	872	850	809	874	955	909	875	917
Industrial chemi- cals .....	5931	5764	1501	1481	1430	1519	1432	1588	1344	1401
Refined petroleum products .....	2932	2503	762	659	767	743	512	590	745	656
Metals .....	9165	10426	2307	2360	2075	2423	2424	2522	2716	2764
Textiles, wearing apparel and foot- wear .....	13818	13306	3648	3005	3833	3332	3891	2881	3484	3050
Wood and wood products, furni- ture and fixtures	6029	5044	1407	1469	1425	1728	1333	1322	1029	1360
Chemical and mineral products.	23719	22132	5764	5699	5781	6474	5556	5594	5163	5818
Other manufactur- ing goods .....	46968	42685	11346	12083	10990	12549	11034	11333	9300	11018
Transport equip- ment etc. (non- competing) .....	7316	5613	2069	2021	1537	1690	2057	1301	1071	1184
Electricity .....	264	110	13	46	137	68	18	34	22	36
Services .....	54264	53500	12049	13290	15678	13247	12260	13643	14944	12652
Gross expenditures for shipping .....	17411	16755	4238	4523	4390	4260	4141	4171	4206	4238
Gross expenditures for oil drilling ....	169	213	55	67	30	17	59	57	56	41
Direct imports related to other oil activities .....	2870	2359	564	686	841	778	521	705	554	578
Direct purchases in Norway by resident households .....	20232	21152	3905	4538	7072	4717	4360	5260	6852	4680
Other services .....	13582	13021	3286	3477	3345	3475	3179	3450	3276	3116

1) Inconsistencies in the tables are due to computerized rounding.

a) For the 4th quarter of 1988 the calculations are based upon forecasts or available estimations done by the Central Bureau of Statistics.

9\*  
NATIONAL ACCOUNTS FOR NORWAY

TABLE A9: EXPENDITURE ON GROSS DOMESTIC PRODUCT. 1)  
Million kroner

	1987*	1988*	-----1987-----				-----1988-----			
			1st	2nd	3rd	4th	1st	2nd	3rd	4th
			quarter	quarter	quarter	quarter	quarter	quarter	quarter	quarter a)
Gross domestic product .	556924	589322	134204	132973	140041	149707	144150	143530	147482	154159
Final domestic use of										
goods and services .....	568987	593898	133049	134978	146321	154640	143652	146384	146955	156907
Private final consumption expenditure .....	294796	307094	68485	71680	73361	81270	73485	74671	76055	82884
Government final consumption .....	116325	124025	27815	28633	28456	31421	29386	30447	30437	33755
Central government .	44806	48055	10079	10779	10519	13428	10769	11409	11286	14592
Civilian .....	26615	29188	6217	6811	6583	7003	6758	7544	7181	7704
Military .....	18191	18868	3862	3968	3935	6425	4011	3864	4105	6887
Local government ...	71520	75970	17736	17854	17937	17993	18616	19038	19151	19164
Gross capital formation .....	157865	162779	36748	34665	44504	41948	40781	41266	40464	40268
Gross fixed capital formation .....	156212	170527	29176	32096	50556	44383	35191	53073	38005	44258
Investment in oil activity .....	31510	31295	3126	4689	18235	5460	2632	18647	5395	4621
Buildings and other construction	80448	81573	17814	18419	20693	23521	20270	20119	20156	21028
Ships and boats ..	-445	15603	-1829	-2234	691	2928	2122	4124	2345	7012
Other transport equipment .....	11534	10043	2856	3087	2904	2687	3184	1899	2278	2682
Other machinery and equipment ....	33164	32014	7209	8136	8033	9787	6983	8283	7831	8916
Increase in stocks .	1654	-7748	7571	2569	-6052	-2435	5590	-11807	2459	-3990
Oil platforms in progress .....	-2279	-2701	3118	3075	-9880	1408	4580	-8815	1359	176
Exports .....	199731	212248	51465	49927	47361	50978	52299	50807	53037	56104
- Imports .....	211794	216823	50310	51932	53642	55910	51800	53661	52511	58851

1) Inconsistencies in the tables are due to computerized rounding.

a) For the 4th quarter of 1988 the calculations are based upon forecasts or available estimations done by the Central Bureau of Statistics.

10\*  
NATIONAL ACCOUNTS FOR NORWAY

TABLE A10: GROSS DOMESTIC PRODUCT BY KIND OF ECONOMIC ACTIVITY 1)  
Million kroner

	1987*	1988*	1987				1988			
			1st quarter	2nd quarter	3rd quarter	4th quarter	1st quarter	2nd quarter	3rd quarter	4th quarter a)
Gross domestic product	556924	589322	134204	132973	140041	149707	144150	143530	147482	154159
Industries	429708	457599	103264	100982	109053	116410	112235	110396	115366	119601
Agriculture, hunting, forestry and fishing etc.	19348	19541	3359	2129	9221	4639	3745	2048	9042	4706
Agriculture	10721	9995	835	35	7584	2267	819	-172	7360	1987
Forestry	3148	3626	1361	728	256	803	1465	965	280	916
Fishing and breeding of fish	5479	5920	1162	1366	1382	1569	1461	1256	1402	1802
Production and pipe- line transport of crude petroleum and natural gas	56188	49415	15453	13537	12810	14388	13453	11959	12269	11734
Crude petroleum and natural gas pro- duction	50325	44444	13767	12151	11564	12843	12084	10753	11130	10478
Pipeline transport	5863	4970	1686	1387	1246	1544	1369	1206	1139	1256
Manufacturing, mining and quarrying	64383	95790	21089	20244	19812	23238	23676	24054	21865	26195
Mining and quarrying	1387	1525	351	362	328	345	340	418	390	377
Sheltered manu- facturing	24330	28288	5623	6011	5902	6794	6962	7235	6470	7622
Export-oriented manufacturing	12711	19607	3208	2878	3048	3577	4464	4646	4910	5587
Import-competing manufacturing	45954	46371	11907	10991	10534	12522	11910	11756	10095	12609
Electricity supply	22138	25363	6882	4844	4264	6148	7040	5560	5283	7480
Construction	34574	35231	7453	8004	8936	10181	8661	8925	8610	9034
Wholesale and retail trade	59616	63934	13044	14720	14780	17072	15280	15775	15564	17316
Ocean transport and oil well drilling	8596	11928	2035	2010	2071	2480	2884	2703	3060	3281
Ocean transport	7170	10135	1774	1659	1671	2066	2528	2420	2560	2627
Oil and gas explora- tion and drilling	1426	1793	261	351	400	414	357	283	499	653
Transport, storage and communication	32631	35433	7640	8058	7955	8978	8391	9198	8704	9140
Dwellings	21599	24601	5176	5352	5469	5602	5744	6147	6291	6418
Other industries	90634	96364	21132	22083	23735	23684	23361	24026	24680	24297
Hotels and restaurants	8780	9334	1827	2165	2681	2107	2029	2340	2791	2173
Financial services	24562	25209	5773	5990	6316	6483	6277	6206	6333	6393
Business services, rentals and commer- cial buildings	29034	31977	6719	6989	7627	7699	7727	8075	8115	8060
Other services	28258	29844	6813	6939	7111	7395	7329	7404	7441	7670
Producers of government services	85337	92443	20819	21609	21252	21657	22296	23487	23111	23549
Producers of central government services	26008	27952	6035	6788	6393	6793	6507	7317	6848	7280
Defence	6920	7506	1563	1796	1720	1841	1688	1888	1898	2032
Education	5115	5449	1195	1357	1212	1351	1341	1503	1232	1374
Health and social welfare services	1666	1745	392	443	412	420	408	466	429	441
Other services	12306	13252	2885	3191	3048	3181	3070	3460	3289	3434
Producers of local government services	59329	64491	14784	14821	14859	14865	15789	16170	16263	16269
Education	19213	20783	4797	4802	4806	4808	5029	5253	5250	5252
Health and social welfare services	28733	31376	7154	7175	7201	7203	7723	7837	7908	7909
Other services	11383	12331	2834	2844	2852	2853	3037	3081	3106	3108
Correction sectors	41884	39285	10122	10384	9736	11641	9621	9648	9006	11010
MEMO:										
Mainland Norway	492144	527984	116717	117427	125160	132840	127815	128869	132154	139146
Sheltered activities	423465	450936	98727	101100	109613	114024	108175	109829	115078	117854
Export-oriented activities	14098	21132	3559	3241	3376	3923	4804	5063	5300	5964
Import-competing activities	54581	55917	14431	13086	12171	14894	14836	13977	11776	15328

1) Inconsistencies in the tables are due to computerized rounding.

a) For the 4th quarter of 1988 the calculations are based upon forecasts or available estimations done by the Central Bureau of Statistics.



11\*  
NATIONAL ACCOUNTS FOR NORWAY

TABLE A11: GROSS OUTPUT BY KIND OF ECONOMIC ACTIVITY. 1)  
Million kroner

	1987*	1988*	1987				1988				a)
			1st quarter	2nd quarter	3rd quarter	4th quarter	1st quarter	2nd quarter	3rd quarter	4th quarter	
Gross output .....	1093341	1152826	264832	264497	270055	293958	282622	283606	283201	303398	
Industries .....	898671	949500	213296	216923	222526	240926	233813	233640	233600	248447	
Agriculture, hunting, forestry and fishing etc. ....	39171	40555	7192	8690	14416	8873	7880	8877	14541	9258	
Agriculture .....	26220	26003	5596	5554	11779	5291	3684	5562	11701	5057	
Forestry .....	3673	4221	1593	850	296	933	1711	1127	324	1059	
Fishing and breeding of fish .....	9279	10331	2003	2285	2341	2649	2484	2188	2517	3142	
Production and pipe- line transport of crude petroleum and natural gas .....	80162	76885	21577	19349	18135	21001	20488	18370	18871	19156	
Crude petroleum and natural gas pro- duction .....	73641	71155	19815	17800	16755	19271	18921	16992	17557	17686	
Pipeline transport ..	6521	5730	1861	1549	1381	1730	1568	1378	1314	1470	
Manufacturing, mining and quarrying .....	286318	303322	72550	70264	67042	76462	76056	76963	69623	80681	
Mining and quarrying	3513	3662	866	925	825	896	834	996	922	909	
Sheltered manu- facturing .....	84375	89831	19971	20887	20406	23111	21956	23044	20843	23988	
Export-oriented manufacturing .....	60950	70453	15380	14891	14599	16080	17131	17570	17211	18540	
Import-competing manufacturing .....	137480	139377	36334	33561	31212	36374	36134	35353	30647	37243	
Electricity supply ...	44500	51542	13989	9652	8407	12453	14374	10962	10772	15434	
Construction .....	94303	96713	20960	21970	24084	27288	23668	24244	23821	24980	
Wholesale and retail trade .....	91785	97613	20309	22648	22643	26185	23328	24069	23681	26534	
Ocean transport and oil well drilling ....	31270	35805	7303	7715	8063	8189	8533	8312	9345	9615	
Ocean transport ....	28814	33076	6866	7089	7381	7478	7934	7871	8605	8666	
Oil and gas explora- tion and drilling ..	2456	2729	437	626	683	711	599	441	741	948	
Transport, storage and communication ....	58304	61081	13782	14346	14619	15557	14634	15410	15119	15918	
Dwellings .....	31098	35038	7454	7705	7877	8062	8294	8757	8916	9071	
Other industries .....	141760	150946	33080	34584	37239	36858	36559	37676	38910	37800	
Hotels and restaurants .....	17778	18681	3753	4362	5425	4238	4175	4621	5597	4287	
Financial services ..	37911	39496	8945	9223	9737	10007	9800	9768	9952	9977	
Business services, rentals and commer- cial buildings .....	47390	51957	11050	11471	12350	12520	12556	13148	13176	13077	
Other services .....	38681	40811	9332	9529	9727	10093	10028	10138	10186	10459	
Producers of government services .....	127990	138797	30519	31284	31314	34873	32840	34182	34040	37735	
Producers of central government services ..	48545	52591	10822	11453	11388	14882	11706	12585	12311	15990	
Defence .....	18931	20210	4017	4047	4111	6755	4276	4362	4381	7191	
Education .....	7041	7629	1660	1815	1637	1929	1880	2031	1694	2024	
Health and social welfare services ...	2307	2422	547	598	562	600	586	632	579	626	
Other services .....	20267	22329	4598	4993	5078	5598	4964	5560	5656	6149	
Producers of local government services ..	79445	86206	19696	19831	19926	19991	21135	21596	21729	21745	
Education .....	22787	24506	5666	5693	5707	5721	5946	6185	6186	6189	
Health and social welfare services ...	36022	39419	8947	8992	9030	9053	9699	9841	9935	9944	
Other services .....	20636	22281	5083	5146	5190	5218	5490	5571	5608	5613	
Correction sectors .....	66680	64530	16017	16290	16215	18159	15968	15784	15562	17215	
MEMO:											
Mainland Norway .....	981909	1040136	235852	237433	243856	264768	253600	256924	254985	274627	
Sheltered activities	767015	812094	179677	184920	194583	207836	195305	199689	203365	213734	
Export-oriented activities .....	64462	74114	16246	15816	15424	16976	17966	18567	18133	19449	
Import-competing activities .....	150432	153928	39930	36697	33849	39956	40329	38668	33487	41444	

1) Inconsistencies in the tables are due to computerized rounding.

a) For the 4th quarter of 1988 the calculations are based upon forecasts or available estimations done by the Central Bureau of Statistics.

12\*  
NATIONAL ACCOUNTS FOR NORWAY

TABLE A12: INTERMEDIATE CONSUMPTION BY KIND OF ECONOMIC ACTIVITY. 1)  
Million kroner

	1987*	1988*	1987				1988			
			1st quarter	2nd quarter	3rd quarter	4th quarter	1st quarter	2nd quarter	3rd quarter	4th quarter a)
Intermediate consumption	536416	563504	130627	131524	130014	144251	138471	140076	135719	149238
Industries .....	468964	491901	115032	115941	113473	124517	121578	123244	118233	128846
Agriculture, hunting, forestry and fishing etc. ....	19824	21014	3834	6561	5195	4234	4135	6828	5499	4552
Agriculture .....	15499	16009	2761	5519	4195	3024	2865	5734	4341	3069
Forestry .....	525	595	232	123	41	131	246	162	44	143
Fishing and breeding of fish .....	3799	4410	841	919	960	1079	1023	933	1115	1340
Production and pipe- line transport of crude petroleum and natural gas .....	23974	27470	6224	5811	5325	6613	7036	6411	6602	7422
Crude petroleum and natural gas pro- duction .....	23316	26711	6048	5650	5191	6428	6837	6239	6427	7208
Pipeline transport ..	658	759	175	162	135	186	199	172	175	213
Manufacturing, mining and quarrying .....	201935	207532	51461	50021	47230	53224	52379	52909	47758	54486
Mining and quarrying	2126	2137	515	562	497	551	494	579	532	532
Sheltered manu- facturing .....	60045	61543	14348	14876	14504	16318	14994	15809	14373	16367
Export-oriented manufacturing .....	48238	50845	12172	12013	11551	12503	12667	12925	12300	12953
Import-competing manufacturing .....	91526	93006	24426	22570	20678	23852	24224	23596	20552	24634
Electricity supply ....	22362	26180	7106	4808	4143	6304	7334	5402	5489	7954
Construction .....	59729	61482	13507	13966	15149	17108	15007	15318	15211	15946
Wholesale and retail trade .....	32169	33678	7265	7928	7863	9112	8048	8294	8118	9218
Ocean transport and oil well drilling ....	22674	23878	5268	5705	5992	5709	5649	5609	6286	6334
Ocean transport ....	21644	22941	5092	5430	5710	5412	5406	5452	6044	6039
Oil and gas explora- tion and drilling ..	1030	936	176	275	282	297	242	157	241	295
Transport, storage and communication ....	25672	25648	6142	6287	6664	6579	6243	6213	6416	6777
Dwellings .....	9499	10437	2278	2353	2408	2460	2550	2610	2625	2653
Other industries .....	51126	54582	11948	12501	13503	13173	13198	13649	14231	13504
Hotels and restaurants .....	8998	9348	1926	2197	2744	2131	2146	2281	2807	2114
Financial services ..	13350	14287	3172	3233	3421	3524	3523	3561	3618	3584
Business services, rentals and commer- cial buildings .....	18356	19980	4331	4482	4722	4821	4829	5073	5061	5017
Other services .....	10423	10967	2519	2590	2616	2698	2699	2734	2745	2788
Producers of government services .....	42652	46354	9700	9675	10062	13216	10544	10695	10929	14186
Producers of central government services ..	22537	24639	4787	4665	4995	8089	5198	5268	5463	8709
Defence .....	12010	12705	2454	2251	2391	4914	2588	2474	2483	5160
Education .....	1926	2180	465	457	425	578	538	528	463	651
Health and social welfare services ...	641	677	155	155	150	180	177	166	149	184
Other services .....	7960	9077	1712	1802	2029	2417	1894	2100	2368	2715
Producers of local government services ..	20115	21714	4912	5010	5067	5126	5346	5426	5466	5477
Education .....	3573	3722	869	891	901	912	917	932	937	937
Health and social welfare services ...	7289	8042	1794	1817	1828	1850	1976	2005	2027	2035
Other services .....	9253	9950	2249	2302	2337	2364	2453	2490	2502	2505
Correction sectors .....	24800	25249	5895	5907	6479	6519	6349	6137	6557	6206
MEMO:										
Mainland Norway .....	489768	512156	119136	120007	118697	131928	125787	128055	122832	135482
Sheltered activities	343553	361162	80950	83820	84970	93813	87131	89861	88289	95881
Export-oriented activities .....	50364	52983	12687	12575	12049	13054	13161	13503	12832	13486
Import-competing activities .....	95851	98011	25499	23612	21678	25062	25494	24691	21711	26116

1) Inconsistencies in the tables are due to computerized rounding.

a) For the 4th quarter of 1988 the calculations are based upon forecasts or available estimations done by the Central Bureau of Statistics.

13\*  
NATIONAL ACCOUNTS FOR NORWAY

TABLE A13: PRIVATE FINAL CONSUMPTION EXPENDITURE. 1)  
Million kroner

	1987*	1988*	-----1987-----				-----1988-----			
			1st quarter	2nd quarter	3rd quarter	4th quarter	1st quarter	2nd quarter	3rd quarter	4th quarter a)
Private final consumption expenditure	294797	307095	68486	71680	73361	81270	73485	74671	76055	82884
Specified domestic consumption .....	282175	293508	66216	68863	69221	77875	70581	71308	72039	79580
Food .....	53391	55909	12027	13173	13265	14927	13056	13514	13941	15359
Beverages and tobacco .....	19232	20998	3926	4937	4777	5592	4736	5211	5141	5910
Clothing and footwear .....	20871	20775	4463	5054	4679	6675	4550	5074	4649	6503
Rent, power and fuel	50145	54716	13883	11580	11173	13508	14633	12927	12332	14824
Furniture, furnishings and household equipment .....	23133	23157	5244	5263	5578	7047	5453	5174	5618	6912
Medical care and health expenses ....	11073	12473	2908	2723	2694	2848	3188	3083	3014	3189
Transport and communication .....	45837	43078	10865	12111	11434	11426	10532	11348	10782	10416
Recreation, entertainment, education and cultural service	24811	26565	5761	5798	6023	7229	6344	6166	6496	7560
Other goods and services .....	33681	35835	7239	8223	9596	8623	8089	8772	10067	8907
Correction items .....	12622	13587	2269	2817	4141	3396	2904	3362	4017	3304
Direct purchases abroad by resident households .....	21620	23522	4116	4824	7539	5141	4799	5710	7732	5281
Direct purchases in Norway by non-resident households	-8998	-9936	-1847	-2008	-3398	-1745	-1895	-2348	-3715	-1978

1) Inconsistencies in the tables are due to computerized rounding.

a) For the 4th quarter of 1986 the calculations are based upon forecasts or available estimations done by the Central Bureau of Statistics.

14\*  
NATIONAL ACCOUNTS FOR NORWAY

TABLE A14: GROSS FIXED CAPITAL FORMATION BY KIND OF ECONOMIC ACTIVITY. 1)  
Million kroner

	1987*	1988*	1987				1988			
			1st quarter	2nd quarter	3rd quarter	4th quarter	1st quarter	2nd quarter	3rd quarter	4th quarter a)
Gross fixed capital formation .....	156212	170527	29176	32096	50556	44383	35191	53073	38005	44258
Industries .....	136513	149075	24549	27443	45880	38641	30069	47966	32756	38286
Agriculture, hunting, forestry and fishing etc. ....	6809	6964	1235	1960	1974	1639	1324	2075	1853	1713
Agriculture .....	4148	3708	688	1262	1204	994	579	1148	1098	883
Forestry .....	596	643	72	201	166	157	76	222	179	166
Fishing and breeding of fish .....	2065	2613	475	498	604	488	668	705	576	664
Production and pipeline transport of crude petroleum and natural gas .....	32564	33748	3496	4572	18603	5814	3012	19444	6050	5242
Crude petroleum and natural gas production .....	31848	33269	3344	4418	18248	5838	2948	19301	5948	5072
Pipeline transport .....	716	479	152	154	354	56	63	143	103	171
Manufacturing, mining and quarrying .....	20843	18412	4032	4497	5078	7237	4527	4600	4262	5023
Mining and quarrying .....	335	306	81	77	82	95	75	86	58	87
Sheltered manufacturing .....	4535	4320	966	1158	960	1451	914	1128	1006	1272
Export-oriented manufacturing .....	9158	7700	1686	1531	2300	3640	2166	1882	1702	1950
Import-competing manufacturing .....	6816	6087	1300	1730	1735	2051	1373	1504	1496	1714
Electricity supply .....	7806	8222	1592	1522	1971	2720	1675	2029	1960	2558
Construction .....	2882	2527	720	724	718	721	631	637	630	629
Wholesale and retail trade .....	7237	6321	1872	1809	1791	1765	1624	1594	1556	1547
Ocean transport and oil well drilling ....	-824	13039	-2207	-2035	742	2677	1552	3554	1727	6205
Ocean transport ....	-1712	13477	-2116	-2507	307	2604	1630	3550	1937	6360
Oil and gas exploration and drilling ..	888	-439	-91	471	435	73	-78	4	-210	-155
Transport, storage and communication ....	10602	11264	2476	2849	2602	2675	3384	1939	2578	3364
Dwellings .....	29088	28350	6626	6712	7625	8125	7223	6950	7146	7031
Other industries .....	19505	20228	4706	4833	4777	5188	5117	5144	4994	4973
Hotels and restaurants .....	258	249	67	64	64	63	65	63	61	60
Financial services ..	4440	4391	997	1164	1073	1207	1069	1160	1101	1061
Other services .....	14807	15588	3643	3605	3640	3918	3983	3922	3832	3852
Producers of government services .....	19699	21452	4628	4653	4676	5743	5123	5108	5250	5972
Producers of central government services ..	6711	8084	1467	1413	1401	2429	1816	1748	1907	2613
Education .....	753	766	201	188	145	219	212	193	169	193
Health and social welfare services ...	123	112	24	32	27	40	26	23	27	37
Other services .....	5835	7206	1242	1193	1230	2170	1579	1532	1712	2384
Producers of local government services ..	12988	13368	3160	3239	3274	3314	3306	3360	3343	3359
Education .....	2159	1941	527	540	544	550	480	488	485	487
Health and social welfare services ...	3726	3998	907	930	939	950	989	1005	1000	1004
Other services .....	7103	7429	1727	1770	1792	1814	1837	1867	1858	1867
MEMO:										
Mainland Norway .....	124472	123741	27888	29559	31212	35813	30627	30076	30228	32810
Sheltered activities	105502	106393	24274	25522	26324	29382	26270	25677	26216	28230
Export-oriented activities .....	9492	8005	1767	1608	2382	3735	2241	1968	1761	2037
Import-competing activities .....	9478	9343	1847	2429	2506	2696	2117	2431	2251	2544

1) Inconsistencies in the tables are due to computerized rounding.

a) For the 4th quarter of 1986 the calculations are based upon forecasts or available estimations done by the Central Bureau of Statistics.

15\*  
NATIONAL ACCOUNTS FOR NORWAY

TABLE A15: EXPORTS. 1)  
Million kroner

	1987*	1988*	-----1987-----				-----1988-----			
			1st quarter	2nd quarter	3rd quarter	4th quarter	1st quarter	2nd quarter	3rd quarter	4th quarter a)
Exports, total .....	199732	212248	51465	49927	47361	50978	52299	50808	53037	56104
Commodities .....	144945	152033	38514	36760	32307	37364	37840	36213	36786	41194
Crude petroleum and natural gas from the North Sea .....	53620	49057	14495	13222	11839	14065	13083	11785	11814	12375
New ships .....	1106	2200	441	181	128	356	497	626	433	644
Second-hand ships ...	8650	3007	4084	3290	644	632	324	206	596	1881
New oil platforms and modules .....	43	26	20	6	16	1	0	17	4	4
Second-hand oil plat- forms .....	294	467	96	119	80	0	85	0	219	164
Direct exports related to oil activities .....	206	159	46	67	51	41	22	44	53	41
Other commodities ...	81026	97117	19332	19875	19550	22268	23829	23537	23666	26085
Agricultural commodities and commodities from forestry and fish- ing .....	3867	4717	816	1114	779	1157	1199	1165	965	1388
Commodities from mining and quarry- ing .....	1589	1559	355	411	405	419	337	420	392	410
Manufacturing goods	75337	90303	18064	18311	18337	20625	22259	21885	22119	24040
Foods, beverages and tobacco .....	10071	10638	2236	2617	2483	2735	2804	2451	2495	2887
Commodities from printing and pub- lishing .....	134	187	32	29	35	38	42	41	50	54
Paper and paper products .....	7406	8380	1956	1840	1840	1770	2117	2096	2156	2011
Industrial chemi- cals .....	6759	8569	1710	1714	1531	1803	1946	2284	2025	2315
Refined petroleum products .....	5093	5406	1080	1114	1249	1650	1214	1160	1296	1737
Metals .....	18890	25988	4570	4461	4840	5019	6026	6196	6844	6922
Textiles, wearing apparel and foot- wear .....	1650	1592	422	390	383	456	417	382	360	433
Wood and wood products, furni- ture and fixtures	1196	1283	290	316	274	315	335	311	302	335
Chemical and mineral products.	7731	9003	1804	2019	1751	2156	2342	2139	2052	2470
Other manufactur- ing goods .....	16408	19256	3964	3811	3951	4682	5015	4825	4540	4875
Electricity .....	233	539	97	39	29	68	35	67	190	247
Services .....	54787	60215	12952	13167	15054	13614	14459	14594	16252	14910
Gross receipts from shipping .....	26923	30932	6408	6628	6916	6971	7422	7357	8062	8091
Gross receipts from oil drilling .....	272	103	121	74	61	17	28	32	34	10
Direct exports of services related to other oil activi- ties .....	994	1111	262	240	221	270	288	264	256	304
Pipeline services ...	3201	2298	940	766	626	868	676	572	495	555
Direct purchases in Norway by non- resident households..	8998	9936	1847	2008	3398	1745	1895	2348	3715	1978
Other services .....	14398	15835	3373	3451	3831	3742	4150	4022	3690	3973

1) Inconsistencies in the tables are due to computerized rounding.

a) For the 4th quarter of 1988 the calculations are based upon forecasts or available estimations done by the Central Bureau of Statistics.

16\*  
NATIONAL ACCOUNTS FOR NORWAY

TABLE A16: IMPORTS. 1)  
Million kroner

	1987*	1988*	1987				1988			
			1st quarter	2nd quarter	3rd quarter	4th quarter	1st quarter	2nd quarter	3rd quarter	4th quarter a)
Imports, total .....	211794	216824	50310	51932	53642	55910	51800	53661	52511	58851
Commodities .....	151580	154387	37195	37507	36109	40768	37812	38247	34746	43382
New and second-hand ships .....	4253	14366	1017	189	660	2387	1512	2832	2306	7716
New and second-hand oil platforms and modules .....	1840	810	68	1064	687	21	396	250	69	95
Direct imports related to oil activities .....	1827	894	198	367	654	609	136	208	293	256
Other commodities ...	143659	138317	35913	35888	34108	37751	35767	34956	32078	35516
Agricultural commodities and commodities from forestry and fish- ing .....	5592	5450	1673	1394	1092	1432	1588	1391	1071	1400
Crude petroleum ...	2490	972	409	489	745	846	260	175	230	308
Commodities from mining and quarry- ing .....	1751	2001	459	404	464	425	484	485	545	487
Manufacturing goods	133654	129795	33356	33561	31729	35008	33414	32866	30218	33297
Foods, beverages and tobacco .....	5314	5665	1312	1336	1229	1437	1275	1418	1414	1557
Commodities from printing and pub- lishing .....	1939	1886	494	425	509	511	461	458	481	485
Paper and paper products .....	3709	3933	944	921	881	963	1039	970	936	987
Industrial chemi- cals .....	6231	6859	1555	1585	1491	1600	1603	1913	1619	1723
Refined petroleum products .....	2864	2163	744	651	756	713	470	517	625	551
Metals .....	9045	12101	2310	2326	1953	2456	2656	2843	3245	3357
Textiles, wearing apparel and foot- wear .....	14311	13295	3735	3016	4004	3557	3716	2855	3556	3168
Wood and wood products, furni- ture and fixtures	6593	5869	1563	1622	1501	1908	1531	1512	1209	1616
Chemical and mineral products.	24269	24488	5966	5990	5810	6503	6030	6162	5777	6519
Other manufactur- ing goods .....	51372	46798	12470	13477	11929	13497	12156	12693	10054	11894
Transport equip- ment etc. (non- competing) .....	8006	6739	2262	2213	1666	1865	2475	1525	1301	1438
Electricity .....	172	99	15	40	78	39	20	39	15	25
Services .....	60214	62437	13115	14424	17532	15143	13989	15414	17764	15269
Gross expenditures for shipping .....	20473	20515	4827	5030	5360	5256	4804	4838	5382	5490
Gross expenditures for oil drilling ....	183	253	60	72	33	18	70	66	68	49
Direct imports related to other oil activities .....	3117	2788	619	743	901	854	601	789	674	725
Direct purchases in Norway by resident households .....	21620	23522	4116	4824	7539	5141	4799	5710	7732	5281
Other services .....	14820	15357	3493	3754	3700	3872	3714	4011	3909	3724

17\*  
NATIONAL ACCOUNTS FOR NORWAY

TABLE A17. BALANCE OF PAYMENTS. 1)  
Million kroner

	1987*	1988*	1987				1988			
			1st quarter	2nd quarter	3rd quarter	4th quarter	1st quarter	2nd quarter	3rd quarter	4th a) quarter
<b>Current account</b>										
Surplus on current account .....	-27579	-24874	-2599	-6413	-9785	-8781	-4015	-8393	-4754	-7712
Export surplus of goods and services .....	-12063	-4576	1156	-2006	-6281	-4933	499	-2852	525	-2748
Net interests and trans- fers from abroad .....	-15516	-20298	-3755	-4408	-3506	-3847	-4515	-5541	-5280	-4962
Interests from abroad .....	18845	18865	4740	4599	4640	4866	5619	4476	4279	4491
Dividends etc. from abroad .....	2162	2501	437	517	578	629	540	672	562	727
Transfers from abroad .....	1483	1885	335	370	361	419	361	520	497	507
Interests to abroad ..	24019	29180	5572	5383	6763	6303	7763	6763	7543	7111
Dividends etc. to abroad .....	5948	5933	1899	2675	567	807	1429	2835	955	714
Transfers to abroad ..	8039	8436	1797	1837	1755	2652	1843	1611	2121	2861
Net changes in assets and liabilities not created by transactions .....	16246	-2000	7488	2492	1621	4647	1293	2	-9800	6505
Decrease in the net debt of Norway .....	-11332	-26874	4888	-3922	-8166	-4133	-2722	-8392	-14555	-1205
<b>Capital account</b>										
Net inflow on long term capital transactions ....	5488	..	3742	3157	1388	-2799	9315	12481	5933	..
Net inflow on known short-term capital trans- actions .....	38828	..	-4907	12548	10756	20429	2679	-948	-2469	..
Net inflow on other short-term capital transactions (incl. stat- istical discrepancy) ....	-16737	..	3763	-9294	-2358	-8849	-7979	-3140	1290	..
Total net inflow on capital transactions ....	27579	24874	2600	6413	9785	8781	4015	8393	4754	7712
Net changes in assets and liabilities due to chan- ges in exchange rates etc.	-16247	2000	-7488	-2492	-1621	-4647	-1293	-2	9800	-6505
Increase in the net debt of Norway .....	11332	26874	-4888	3922	8166	4133	2722	8392	14555	1205
<b>MEMO:</b>										
Net current account excluding exports of second-hand ships and imports of new and second-hand ships .....	-31975	-13515	-5667	-9515	-9769	-7026	-2826	-5766	-3045	-1878

1) Inconsistencies in the tables are due to computerized rounding.

a) For the 4th quarter of 1988 the calculations are based upon forecasts or available estimations done by the Central Bureau of Statistics.

18\*  
NATIONAL ACCOUNTS FOR NORWAY

TABLE A18. DISPOSABLE INCOME AND SAVING FOR NORWAY. 1)  
Million kroner

	1987*	1988*	-----1987-----				-----1988-----			
			1st	2nd	3rd	4th	1st	2nd	3rd	4th a)
			quarter	quarter	quarter	quarter	quarter	quarter	quarter	quarter
Gross domestic product .	556924	589322	134204	132973	140041	149707	144150	143530	147482	154159
- Interests, dividends etc. to abroad, net .	8963	13747	2294	2942	2112	1615	3033	4450	3657	2607
Gross national income ..	547962	575575	131910	130031	137929	148092	141118	139080	143825	151552
- Consumption of fixed capital .....	81434	88716	19502	20070	20645	21218	21516	22124	22283	22793
National income .....	466528	486860	112408	109961	117284	126874	119602	116956	121542	128759
- Transfers to abroad, net .....	6556	6551	1462	1467	1394	2233	1482	1091	1624	2354
Disposable income for Norway .....	459972	480309	110946	108494	115890	124641	118120	115865	119918	126405
- Consumption, total ..	411122	431119	96301	100313	101817	112692	102871	105118	106492	116639
Saving .....	48850	49190	14645	8182	14073	11950	15249	10748	13426	9766
Disposable real income for Norway 2) .....	421227	414774	103233	99575	105894	112526	103690	99803	103599	107683

1) Inconsistencies in the tables are due to computerized rounding.

2) Deflated by price index of final domestic use of goods and services, excl. consumption of fixed capital.

a) For the 4th quarter of 1988 the calculations are based upon forecasts or available estimations done by the Central Bureau of Statistics.





## Økonomiske analyser

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