

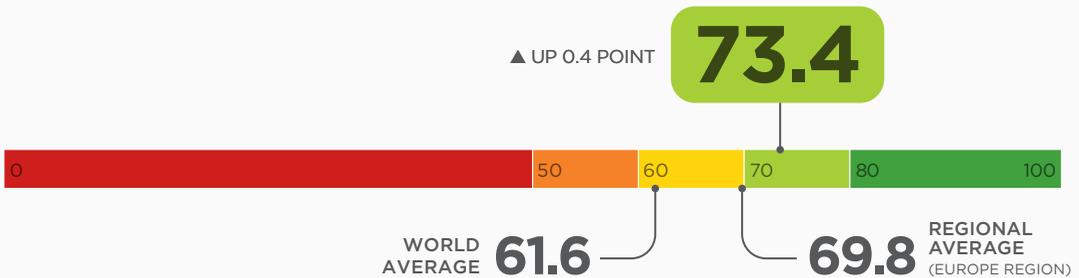
# NORWAY

Norway's economic freedom score is 73.4, making its economy the 28th freest in the 2020 *Index*. Its overall score has increased by 0.4 point due to a higher **labor freedom** score. Norway is ranked 15th among 45 countries in the Europe region, and its overall score is well above the regional and world averages.

The Norwegian economy has been rated mostly free for eight years. GDP growth, however, has poked along at less than 2 percent annually for the past five years.

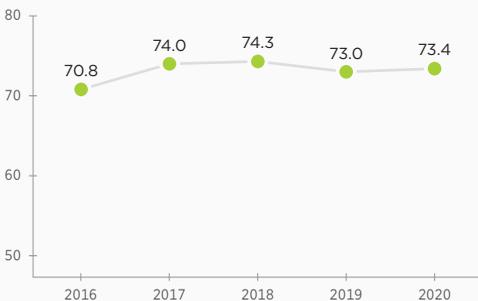
The greatest impediment to greater economic freedom in Norway is too much government spending. Reducing it will be difficult, however, because a large part of the economy and an even larger percentage of the government's budget are structured around revenue from Equinor, the state-owned oil, gas, and wind-energy company. It would be easier for the government to reform another lagging *Index* indicator, labor freedom, to make the labor market more competitive.

## ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1996): +8.0

## RECENT FREEDOM TREND



## QUICK FACTS

**POPULATION:**  
5.3 million

**GDP (PPP):**  
\$395.9 billion  
1.4% growth in 2018  
5-year compound  
annual growth 1.7%  
\$74,356 per capita

**UNEMPLOYMENT:**  
3.9%

**INFLATION (CPI):**  
2.8%

**FDI INFLOW:**  
-\$18.2 billion

**PUBLIC DEBT:**  
36.8% of GDP

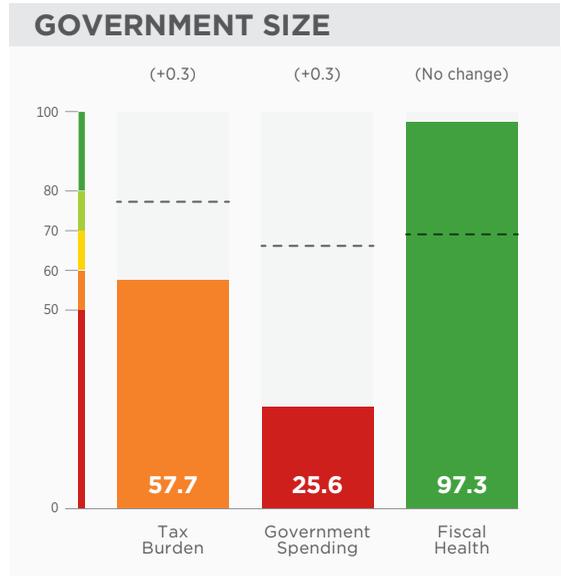
2018 data unless otherwise noted. Data compiled as of September 2019

**BACKGROUND:** Norway abandoned its traditional neutrality and became a charter member of NATO in 1949 and joined the European Free Trade Association. Conservative Prime Minister Erna Solberg was narrowly reelected in 2017. She heads a center-right coalition government that, with the addition of the Christian Democrats in January 2019, became the first non-socialist majority coalition since 1985. Norway is one of the world's most prosperous countries, and oil and gas production account for 20 percent of its economy. Other important sectors include hydropower, fish, forests, and minerals. State revenues from petroleum are deposited in the world's largest sovereign wealth fund. Unemployment is low, but an aging population could prove challenging in the future.

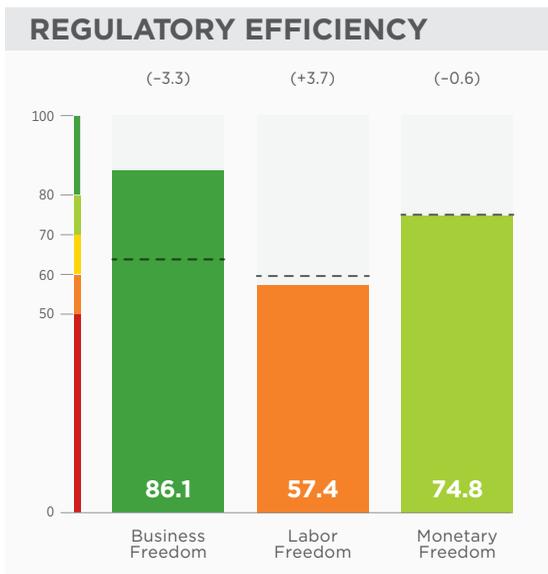
# 12 ECONOMIC FREEDOMS | NORWAY



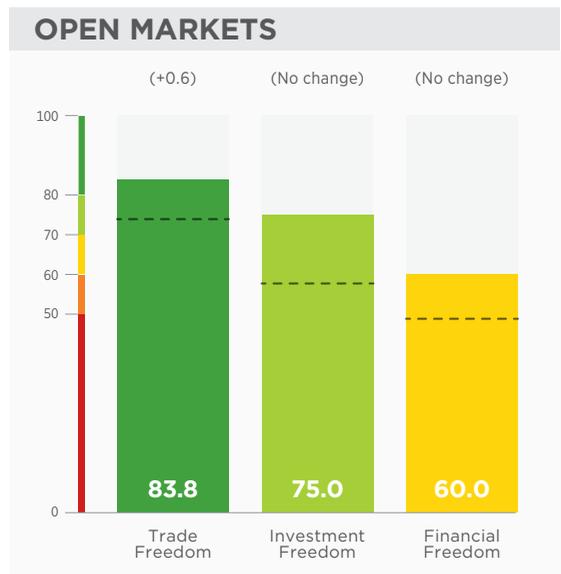
Secured interests in property, both movable and real, are recognized. The system for recording interests in property is recognized and reliable. The judiciary is independent, and the court system operates fairly. Business is generally conducted “above the table,” and Norway ranks 7th out of 180 countries on Transparency International’s 2018 *Corruption Perceptions Index*. Corrupt activity by government officials is a criminal offense.



The top personal income tax rate is 47.8 percent, and the corporate tax rate is 22 percent. Other taxes include value-added and environmental taxes. The overall tax burden equals 38.2 percent of total domestic income. Government spending has amounted to 49.8 percent of the country’s output (GDP) over the past three years, and budget surpluses have averaged 5.5 percent of GDP. Public debt is equivalent to 36.8 percent of GDP.



A fair legal system, transparent regulations, and political stability make Norway a secure and transparent place in which to do business, but long-term demographic shifts threaten the business environment. Labor costs are high. Labor market regulation was recently amended to allow more work at night. Monetary stability has been well maintained, but tax incentives and subsidies to encourage home ownership have added to high and rising house prices.



The total value of exports and imports of goods and services equals 70.6 percent of GDP. The average applied tariff rate is 3.1 percent, and 236 nontariff measures are in force. The investment code is efficiently administered. A new law that introduced control of acquisitions based on national security considerations was adopted in June 2018. The modern financial sector is competitive, although the state retains ownership in the sector.