

ECONOMIC ANALYSIS OF THE KINGDOM OF NORWAY

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Introduction.

In an era of globalization, understanding a country's foreign trade dynamics and policies is crucial. Norway, with its significant role in global energy markets and commitment to sustainable development, presents an intriguing case for analyzing foreign trade trends and policies. This report aims to analyze the dynamics, structure, and directions of Norway's foreign trade, examine Norway's foreign trade policy, its goals, instruments, and outcomes. Moreover, it has an objective to assess the impact of foreign trade on Norway's macroeconomic stability and economic growth and provide policy recommendations based on the analysis.

This study employs a mixed-methods approach combining both quantitative and qualitative techniques to ensure a comprehensive analysis of trade trends and economic performance. Statistical data were collected from internationally recognized and reputable sources, including UN Comtrade, Trade Map, the World Trade Organization (WTO), and national statistics offices. A decade-long analysis of trade data was conducted to identify patterns, trends, and fluctuations in international trade involving the selected country. In-depth review and evaluation of policy documents, trade agreements, and strategic frameworks were carried out to understand the broader context and regulatory environment influencing trade.

General characteristics of Norway show that Norway is a high-income, developed country with a robust economy and strong trade performance. Key economic indicators are as follows:

- *Economic Status: Developed country*
- *Gross Domestic Product (GDP), 2023: Approximately USD 579.3 billion*
GDP per Capita, 2023: USD 107,000
- *Inflation Rate, 2023: Approximately 5.4%*
- *Unemployment Rate, 2024: Averaged 4.0%*
- *Trade as a Percentage of GDP, 2024: Approximately 69.14%*

These indicators reflect Norway's stable economic environment, characterized by high income levels, moderate inflation, low unemployment, and significant trade activity relative to its GDP.¹

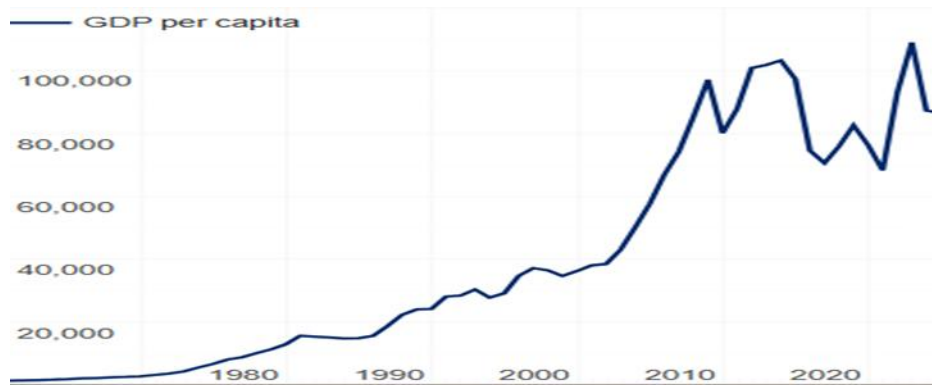
Analysis of Trends in the Development of Foreign Trade



Over the past decade, Norway's trade has experienced fluctuations influenced by global economic conditions and commodity prices. In 2014 export rate was USD 144.6 billion. In 2022, It reached to USD 276.9 billion. But, after a year this indicator decreased by 36% due to weak development in domestic demand caused by interest rate hikes, higher prices and weak development in household real wages(USD 176 billion, 2023).ⁱⁱⁱ The last indicators in 2024 shows that exports and imports are USD 170 billion and USD 85.2 billion respectively.



Norway's main export partners were: the United Kingdom, Germany and the Netherlands. The top three export commodities were: Mineral fuels, oils, distillation products; Fish, crustaceans, molluscs, aquatics invertebrates and Machinery, nuclear reactors, boilers.^{iv}



The GDP per capita of Norway in 2024 was \$86,611, \$665 less than in 2023, when it was \$87,276. To view the evolution of the GDP per capita, it is interesting to look back a few years and compare these data with those of 2014 when the GDP per capita in Norway was \$97,303.^v



Norway's seasonally adjusted unemployment rate inched up to 3.8% in February 2025 from 3.7% in the previous month. The number of unemployed persons rose by 3 thousand from a month earlier to 116 thousand. Meanwhile, the employment rate ticked down to 69.8% in February from 69.9% in January, with the number of employed individuals falling by 2 thousand to 2.907 million. The labor force participation rate edged lower to 72.6% from 72.7%. In the meantime, the youth unemployment rate, which measures the number of job-seekers between 15 to 24 years old, increased to 11.8% from 11.3% in the previous month.

Trade (% of GDP) in Norway was reported at 79.67 % in 2023, according to the World Bank collection of development indicators, compiled from officially recognized sources. Norway - Trade (% of GDP) - actual values, historical data, forecasts and projections were sourced from the [World Bank](#) on April of 2025.^{vi}

An analysis of Norway's trade direction in 2014 reveals its strong economic interdependence with key global markets, particularly within Europe. In terms of exports, the United Kingdom emerged as Norway's top export destination, accounting for 22.75% of total exports. This was followed by Germany with 16.93%, the Netherlands with 13.32%, France with 6.11%, and Sweden with 5.66%. These figures underscore the importance of Western and Northern European economies as primary outlets for Norwegian goods and services. On the import side, Sweden was Norway's leading source of imports in 2014, contributing 12.24% to the total import volume. Germany followed closely with 11.81%, while China accounted for 9.49%, reflecting Norway's expanding trade relations with Asia. The United Kingdom and the United States also featured prominently, supplying 6.47% and 6.18% of Norway's imports respectively. This composition illustrates a relatively diversified import structure, combining regional integration with significant transcontinental trade flows.

In 2023, Norway experienced a significant drop in export levels, a trend largely attributed to declining global demand and a sharp decrease in commodity prices. As a country heavily reliant on natural resources, particularly oil and gas, Norway's trade balance is highly sensitive to fluctuations in global energy prices. The volatility of oil and gas markets has continued to exert a

substantial influence on the country's overall trade performance. In response to these challenges, Norway has intensified its economic diversification efforts, resulting in a gradual increase in the export of consumer goods. This strategic shift aims to reduce dependence on energy exports and enhance resilience against external market shocks.

Analysis of trends in the development of foreign trade

Norway's trade policy is guided by a clear set of strategic goals aimed at fostering long-term economic development. A primary objective is to promote sustainable economic growth through active engagement in international trade. The country also seeks to diversify its export

markets and product base in order to reduce dependency on a limited range of commodities and trading partners. Ensuring full compliance with international trade agreements remains a central focus, reflecting Norway's commitment to maintaining credibility and trust within the global trading system. Additionally, efforts are continuously made to enhance the competitiveness of Norwegian industries, equipping them to succeed in increasingly dynamic and challenging global markets.

Norway employs a range of instruments to implement and support its foreign trade policy objectives. Tariffs are generally kept low, reinforcing the country's strong support for open and liberalized trade.^{vii} At the same time, targeted subsidies are provided to key sectors such as agriculture and fisheries, helping to preserve vital parts of the domestic economy and rural communities. Norway is also an active participant in various trade agreements, most notably through its membership in the European Free Trade Association (EFTA) and the European Economic Area (EEA), which facilitate access to major markets and promote regulatory alignment. Furthermore, Norway

maintains strict adherence to World Trade Organization (WTO) rules and standards, ensuring that its trade practices align with internationally accepted norms and contribute to a rules-based global trading environment.^{viii}

Analysis of Norway's foreign trade policies indicates that some outcomes were achieved. Strengthening trade relations with the European Union is perhaps the most notable achievement, which was facilitated by Norway's participation into regional agreements. These relations have also increased the market Norwegian products, especially in the competitive sectors. The enhancement of the legal and institutional framework on the management of trade disputes has also added value to the predictability and stability of trade in Norway.

Consequently, domestic industries have improved competitiveness due to better regulatory frameworks and international practices.

Norway has been an active participant in the integration of global economies which facilitates its open trade policy, increasing its presence worldwide markets. Norway gains from trade agreements with non- EU members as well

as exports to them due to its membership to European Free Trade Association (EFTA). Being a member of the European Economic Area (EEA) provides Norway with opportunities to access EU single market to enable its businesses operate under EU member states conditions. Besides, Norway is one of the countries in the **World Trade Organization (WTO)**, which ensures that the country adheres to international trade rules and contributes to a stable, rules- based global trading system.

Norway and other members of the European Free Trade Association (EFTA) - Iceland, Liechtenstein, and Switzerland - have jointly concluded 30 free trade agreements since the early 1990s. These include Albania, Bosnia- Hercegovina, Canada, Chile, Colombia, Central American States (Costa Rica, Guatemala, and Panama), Ecuador, Egypt, Georgia, Gulf Cooperation Council (GCC), Hong Kong - China, Indonesia, Israel, Jordan, Republic of Korea, Lebanon, Macedonia, Mexico, Montenegro, Morocco, North Macedonia, Palestinian Authority, Peru, Philippines, Serbia, Singapore, Southern African Customs Union, Tunisia, Turkey, UK, and Ukraine. The agreements cover trade in goods and services, services and investment, dispute settlement and other issues generally found in bilateral investment accords.

Norway is currently negotiation free trade agreements with the People's Republic of China, India, Malaysia, Moldova, Mercosur, and Vietnam.^{ix}

Conclusions and Recommendations

International trade has occupied a core position in maintaining Norway's economic development. Norway's continued openness towards international trade, particularly the energy market, has significantly influenced Norway's GDP growth over the years. Energy products' exports dominated by oil and gas have functioned as the core source of state revenues, placing Norway at the global economy. However, this dependence on commodity exports has also introduced a degree of vulnerability, as fluctuations in world prices can have a profound impact on national income and trade balances. As such, while foreign trade remains a pillar of economic development, its current composition emphasizes the necessity for greater resilience and adaptability in the face of world market volatility.

To firm up the position of foreign trade in sustainable economic growth, various strategic recommendations can be offered. First, Norway must hasten efforts towards diversifying the export markets and product base. Diversification away from energy exports will not only minimize exposure to risks as a result of

volatility in commodity prices but also create more stable long-term growth prospects. Second, investment in research and development and innovation must be increased. Strengthening the technological capability and competitiveness of Norwegian business will allow the nation to move higher up the value chain in international business. Third, there must be an effort to promote trade practices supportive of world environmental standards so that economic progress need not come at the expense of ecologic degradation.

Lastly, trade policies should be examined and revised from time to time so that they remain attuned to shifting global economic trends and can safeguard national interests in an increasingly interdependent world.

references:

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