

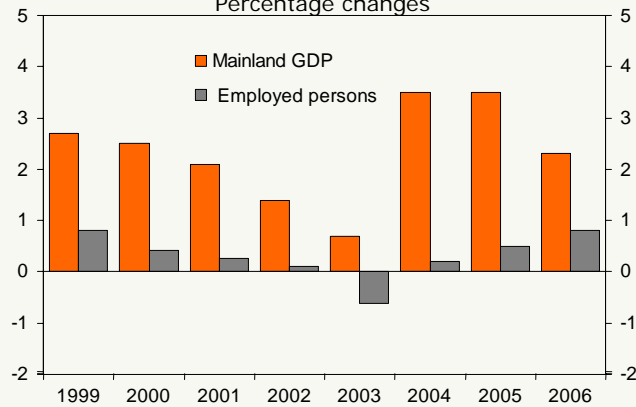
Norwegian Economy - A Star Performer with Challenges

*Nordic Energy Conference
August 30th 2005
Minister of Finance Per-Kristian Foss*

1

Robust growth in the Norwegian economy

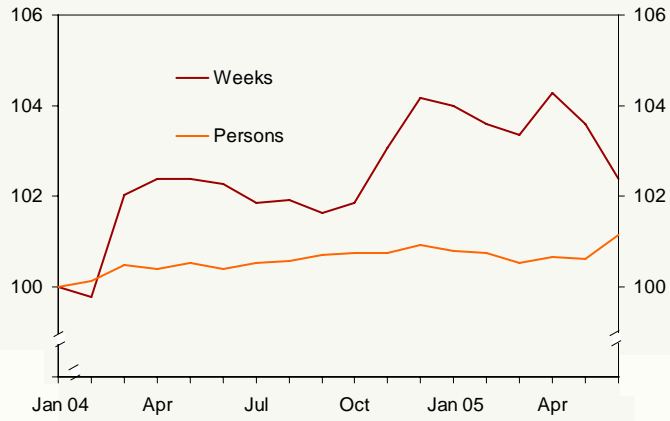
GDP growth, Mainland Norway and employment growth
Percentage changes



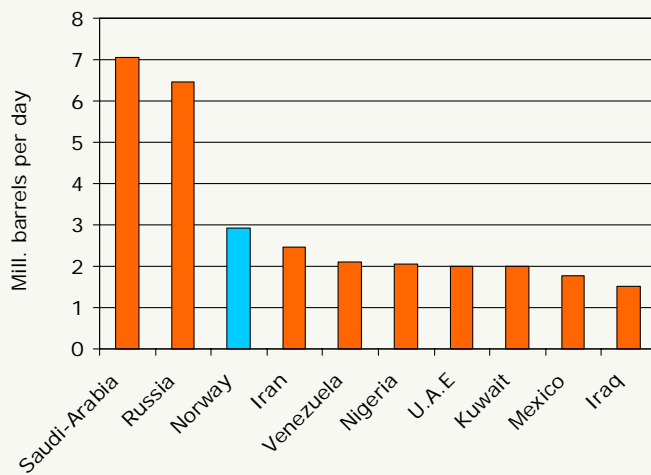
2

Improved labour market

January 2004 = 100



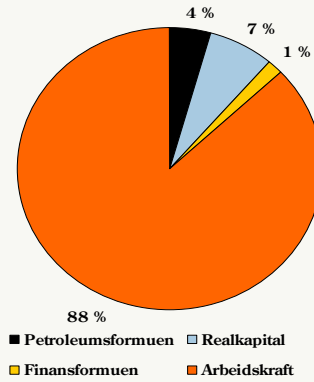
Norway is the world's third largest net exporter of oil



The labour force is our most important asset

- Pension and tax reform must strengthen work incentives
- Welfare scheme reforms: More people at work - fewer on benefits
- Good policy fundamentals - sustainable macroeconomic policy

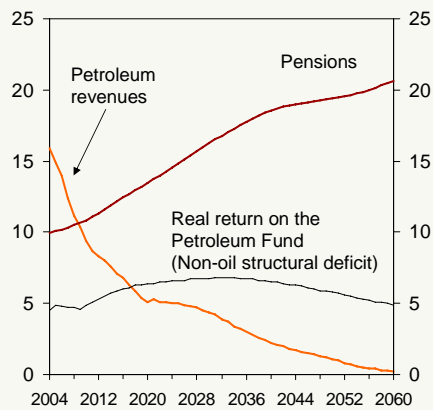
National wealth per capita



Why we need a pension reform

- Safeguarding our pensions
- A sustainable pension scheme
- Strengthen work incentives

Percent of mainland-GDP



Why tax reform?

- Improve competitiveness
- Make work effort more profitable
- The tax rate differential between labour and capital income has become too high
- The wealth tax will be reduced and eventually abolished

Summing up

- Growth is strong. The Norwegian economy is a star performer in the OECD area. But how to sustain the good performance?
- Macroeconomic policy: Continued prudent management
- Pensions and welfare: It should pay to work
- Tax reform to promote jobs and growth