



Wirtschaftskamer Österreich
Vienna, 22 October 1996

"Norwegen - Partner der Zukunft"

It is a great pleasure for me to welcome you to this seminar and to address such a distinguished audience of the Norwegian and Austrian business communities.

Preparing for this event, I had to think back at a meeting in Oslo in March 1989 that both Chancellor Vranitsky and I remember well. Together with our EFTA partners we met at Holmenkollen - close to the jumping hill where Austrian and Norwegian athletes have celebrated so many successes before.

Our joint task then was to reflect on a common EFTA response to the emerging single European market. At that meeting we began to pave the way towards the Agreement on the European Economic Area - the agreement that enlarges the single market to all of Western Europe.

Back in 1989, I remember that some observers questioned how an Alpine country like Austria could engage in such a project side by side with its Nordic EFTA partners. What did they have in common?

We had a lot in common. Norway and Austria - like minded countries in so many respects. Norway and Austria - advanced welfare states. Norway and Austria - open economies and fully integrated in the European main stream of trade and exchange.

So the starting point was simple. Together we had worked to secure free trade in Europe through EFTA since the 1960's. None of us could see any particular advantage in maintaining unnecessary barriers to trade.

Then followed a detailed process of negotiations on how to integrate the extensive legal framework of the internal market - the famous *acquis communautaire*. Yes - the negotiations were complex. But as we worked ourselves through kilos and meters of legislation, we discovered what our companies and trading people have known for decades: Norway and Austria were already close to fully integrated - our technical standards were largely in conformity with the EU setting.

Norway and Austria grew closer together. We negotiated side by side. We learned more about each other - we learned lessons of both shared interests and diversity. Norwegians learned about the complexity of transit of lorries across the Alps. And more than one Austrian official discovered what we Norwegians have known for quite a while - that a fish is more complex on the negotiation table than on the dinner table.

But we managed - and the EU managed and we all signed the most comprehensive agreement on trade and cooperation ever negotiated by the European Union and a third party.

Then followed the negotiations on membership of the European Union. There too we negotiated side by side. But the final result was different. An overwhelming majority of the Austrian people opted in favour of membership. A slight majority of the Norwegian people opted against.

So that brings us back to the European Economic Area - the concept we started to work on back in March of 1989. The EEA was conceptualized as a cooperation between 12 EU members and 7 EFTA members. Today - the balance is different. 15 EU members on the one side and Norway, Iceland and Liechtenstein on the other.

But the basic merits of the EEA agreement have not changed. Let me highlight some key points of fundamental interest to Norway's trading partners:

- Norway is fully integrated into the internal market. Together with Austria we have endorsed all the relevant acquis, except for legislation on the common agricultural policy and the common fisheries policy.
- Norway continues to integrate new EU acquis - institutions for EEA decision shaping and decision making are in place. Since we are not fully participating in EU decision making, we have a formal right to say no. But that is a right we will use with great caution. We - more than any - are served by a homogenous market with the same rules applying to all.
- So Norwegian companies enjoy the same rights and obligations on this market as do Austrian, Swedish or French companies. And Austrian companies enjoy equal conditions in Norway as do Norwegian companies. You can count on a legal framework in Norway that is in accordance with the requirements of the internal market. There is an EFTA surveillance Authority. There is an EFTA Court.

For two years - we have proved that the EEA works - to the benefit of all economic operators in an area covering 18 countries. As the EU works to integrate the candidate countries to the East, EFTA negotiates parallel free trade agreements with the same countries - so that one day when candidates become members, the EEA market will be enlarged.

The platform for future trade between Norway and Austria is all set. Our Austrian friends can count on Norway as a stable and prosperous European partner.

Norway is approaching the year 2000 in a very different situation compared to how we entered the present century. A hundred years ago Norway was among the poorest countries in Europe, with little or no industry - and not even a fully independent country - but we had a large merchant marine, a fishing industry, timber and an abundance of waterfalls. On those pillars we built our prosperity.

Natural resources have been crucial for Norwegian economic development. Fish stocks, hydro power, forests and over the past 25 years offshore oil and gas have played decisive roles in the growth of industry and living standards.

Natural resources have been key - yes. But we live in a knowledge-driven time. It is not natural resources in themselves that give us wealth, but the way we utilize them. If waterfalls, fish and petroleum resources alone could make us wealthy, we could have reached our present standard of living a long time ago.

Knowledge is the ultimate resource. It is a democratic resource since there is enough for everybody, if we distribute access to knowledge in an equitable way. That is why continuous education - not only for the traditional pupils and students - but for the whole workforce - is so essential if we are to succeed in the globalized world economy.

Some say that Europe is doomed to lose in that international competition. I believe the pessimists are wrong. Europe still has the broadest knowledge base. Europe still has the broadest industrial experience. Europe still has the world's finest learning institutions. And Europe should still have the world's most advanced innovative skills.

Norway's economy is solid and the prospects are good. Inflation is low, interest rates have come down - employment rates are up and unemployment rates have crossed the 4 percent barrier on their way downwards. The budget runs a substantial surplus. If trends continue, Norway will shortly run a surplus without the revenues from oil and gas.

The upswing in Norway's economy is partly due to the revenues from the North Sea - revenues that follow important investments in previous years. But the main reason for our results lies rather in the close cooperation between the government and the social partners. The parties have taken their responsibilities for making the Solidarity Alternative succeed. Moderation by those of us already on the labour market has lowered the barriers for those on the outside.

We will continue to run surpluses. This is Norway's historic challenge - a challenge new to modern democracy; not to use money that is available and win democratic support for standing firm on the following; if we spend today to meet legitimate needs, tomorrow's needs will suffer.

The government is conscious of the challenges ahead. The results we have achieved since 1990 will not be put at stake. We are committed to maintain a balanced budget and to set aside the surpluses to the benefit also of coming generations.

As a part of that same strategy of safeguarding what we have achieved, we will continue to expand our foreign trade and cooperation. Extensive trading with other countries has been an essential element in the shaping of Norway's economy and welfare. Exports amount to more than 40 per

cent of GDP - and more than 80 per cent of it has the EEA-market as its final destination.

The Austrian proportion of Norway's foreign trade is not too impressive. The modest bilateral trade is perhaps not surprising given the distances across the continent. But the figures are rising, and there are promising signs.

Two years ago, natural gas from the North Sea reached the Austrian grid. By the year 2005 Norwegian deliveries will have an estimated market share of 20 per cent - literally creating new networks between our two countries.

More Norwegian companies are investing in Austria. Last year, Norske Skog - Norway's leading paper and pulp producer invested more than 3 billion schilling in a news paper factory in Steiermark. That was the largest Norwegian investment in Austria ever.

Other leading Norwegian companies are following. Norsk Hydro is running a technologically advanced aluminium plant in Voralberg. Nycomed Pharma - a world leader in the pharmaceutical industry - has located important research and production facilities in Linz. Elopak - a technological front runner in the "Liquid packing" business is engaging. Telenor International is among the serious contenders in the expansion of the Austrian GSM-network.

And many more Norwegian companies are present here today to explore new opportunities. Among them are representatives of the defense related industries. They have adapted their services and products to the demands of rough Nordic climate and a terrain of valleys, hills and mountains. There are of course many nature given similarities to Austria - and a deeper cooperation in this field should be to our mutual interest.

Foreign trade is important to both Austria and Norway. The way we perform abroad is an indication of how well we perform at home. Today - thanks to the EEA - we have a level playing field in Europe. That should continue to encourage trade both ways.

Trade and competition. But also cooperation. We have been used to talking about the "competitive advantage of nations". But there is much to gain from exploring also the "cooperative advantage". Norwegian companies discover Austria as a stepping stone to the emerging markets in Eastern Europe. Approaching those markets together with Austrian partners should provide new and exiting opportunities.

We need dynamic economies. We need competent companies. We need management excellence - both in the private and the public sectors if we are going to be able to address the many daunting tasks of the next century.

In the future, most of our countries will face similar challenge. There will be more elderly people with acquired pension rights. Education will be

longer. Fewer people at work will pay for more people who are not. In the coming decades all of our countries will experience profound changes. And we must share experiences. Learning as we go.

We need to develop our technology base, which by and large will decide if we succeed in changing the course away from disruption of the global climate. In Eastern Europe and in Asia, emerging economies are growing at a rapid pace. We should assist them in making their economic transition without putting unacceptable strain on the environment. We should assist them in leapfrogging past the most polluting stages of development and prove that sustainable development is possible.

We live in a knowledge-driven time, but we are still in transition. We shall never be able to escape from the ultimate dilemma that all our knowledge is about the past - and all our decisions are about the future.

One year ago, the president of the Massachusetts Institute of Technology wrote an interesting article in the Washington Post called "A few things it is important to know that we don't know".

Among his points were: We know more than people ever have known, but we do not know how we learn, think, remember or communicate. We can predict climate change, but the weather forecast for next week is uncertain at best.

We don't know how we are going to feed a doubled world population, only that we will have to. We don't know how to provide the energy needed to meet the needs of that population, without upsetting the climate and pollute our lands. But we know that these are among the issues that will need to be solved in the first decades of the 21st century.

We know how communication is growing around the world. If subscriptions to the Internet increases at present rates, there will be more subscribers than there are people on earth by the year 2005. We know how to access almost all the information there is, but not how to sort the important from the unimportant and focus collectively on the former.

What we do know is that a lot will depend on our ability to innovate - to take advantage of our technological advances to the benefit of the common good and our common environment. And in this effort - two advanced nations like Norway and Austria - their companies - their skilled workforces - their research centers and their universities - they will all have a lot to contribute.

I wish you the best of luck.