

Prime Minister Jan P. Syse

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Your Royal Highness, your excellencies, ladies and gentlemen.

There's more to this impressive conference than meets the eye. I count between 500 and 600 heads here - our best and brightest heads, too. But these proceedings are also being transmitted directly via satellite to 300 industrial leaders in Singapore and London. I would extend a particular welcome to his Excellency, Brigadier General Lee Hsien Loong, Minister of Trade and Industry, and Second Minister of Defence of Singapore. We are honoured to have you with us.

I shall come around to the subject of strategic alliances, the exciting theme for this meeting. Initially, however, I would like to say a few words about Norway's current economic position. Where do we stand? How are we to achieve restructuring? And how do we achieve economic growth?

The Norwegian economy presents a complex picture. If we look at it from the outside, we are doing very well for the moment. We turned a current account deficit of almost NOK 25 billion in 1988 into a surplus nearly as large for 1989. But some of this may be temporary. High metal prices may be heading for a downturn. And high oil earnings are - alas - no lasting basis on which to build a strong economy. In saying this, I do not agree with those who see the oil

industry simply as a story of steadily depleting resources - of selling the family silver, so to speak. The exploitation of oil and gas fields in the North Sea, frequently under extreme conditions, is the product of engineering skill and inventiveness. Neither we, nor the British could on our own have taken on and solved these problems without strong engineering industries, with very high levels of competence and competitiveness.

I do not think that the most important thing is whether you are engaged in semi-manufactures or finished products, but whether you are good at what you are doing. That is: whether you write the bottom line in red or in black.

To me the most interesting industries are those that have the highest positive return on their investments. As I used to say when I was Minister of Industry; even a simple surplus is better than the most sophisticated deficit.

One problem is that, over the years, we have narrowed our range of investments. High costs have forced us out of several of the labour-intensive industries in which we were formerly engaged. This has happened to other industrialized nations too, but the influx of oil money into Norwegian economy has speeded up this particular development. This we have to bring under control. That is why we must avoid the temptation, now that oil revenues are once more rising, to use them in ways which would increase public spending and inflation. A chief aim of my government is to ensure that Norway does not once more fall into that baited trap. This is why we are about to create a petroleum fund, to save some of these time-limited earnings for the future.

For a country with a small home base like Norway, the world must be our market. We have no other choice.

Our only opportunities for growth are to be found in international markets through increased exports. In order to succeed, we shall in due course have to overcome some persistent problems of the Norwegian economy: We shall have to

- bring down the relative level of prices and costs,
- provide less government, but better government,
- reduce our dependence on earnings from the petroleum sector.

It's all so easily said, and so difficult to achieve. As the great Henrik Ibsen put it: "to think it, to wish it, will it even: but to do it, that I don't understand!" But we are really doing something about it.

- We are strengthening the supply side of the economy.
- We shall adapt to the EC single market.
- We have started lowering tax rates.
- Public expenditure must increase more slowly than national income.
- We aim at stabilizing the economy both in the short and long term.

I want to develop a genuine dialogue with the business sector, in order that we jointly strengthen our industrial and commercial basis. No strategic alliance is more important to a country's welfare than the partnership between a government and its business sector. Our most important task is to create general conditions that provide growth opportunities for capable companies and managers.

We have succeeded with this in the shipping sector, partly through the Norwegian international ship register - NIS, partly by making investing in shipping more attractive.

The post-keynesians of the last two decades had forgotten that running an economy is not like regulating a river. It is rather to understand why the river flows at all. That is: to understand the driving forces. And the driving force of the economic river is the entrepreneur. Not the macro economist.

Most governments have today learned that lesson. Today even socialists behave as if they were conservatives. And we - the real conservatives, we don't complain.

That's why we meet here today in a climate of business optimism. It has taken some years. I remember an old lady who on stormy nights used to pray: Oh God, have mercy on those who are out at sea in a weather like this without a boat. In the early eighties we rather took pity on those who were out at sea with their boats. But shipping has hit back with new ideas and new profitable ways.

In dealing with problems we should not let ourselves be drowned by them. As Mark Twain put it: "Luckily most of my problems never occurred". Norway has a number of advantages and new possibilities. We need to convince ourselves of their existence and then to market them more strongly than before. The winter Olympics at Lillehammer in 1994 will provide added impetus.

As we saw in the introductory video, which presented Norway and Norwegian industry and commerce, we enjoy a unique topography and a climate which make special demands on our abilities. We are among the world leaders in exploiting hydro-power and in constructing hydro-electric stations. We are leaders in fishing and fish farming. We produce oil and gas from deeper waters than most other countries. We have exciting high-tech products in telecommunications and shipping equipment. Norway has an international reputation as a sea-faring nation.

But we need to expand. We need industry and commerce dedicated to winning, learning from the best. We need champions and forerunners in business as we need them in sports. Champions tends to create not only interest, but also opportunites for others. To draw a topical parallel, it was not until Norway's Ole Kristian Furuseth became a world star in Alpine skiing that our national Alpine team gained a professional support structure, and thereby produced further winners.

As we have heard today, strategic alliances can be summed up as various forms of mutually binding and structured collaboration, aimed at strengthening the market position of two or more companies. In itself, this is nothing new. But the position today is characterized by increasing tougher competition and rapid changes, which in turn makes for greater creativity, boldness and systematic thinking.

As a politican - and not least as head of a coalition government - I am very well acquainted with the concept of strategic alliances. I know how difficult partnerships can be - and how fruitful. The benefits of cooperation are clear. As are the risks if it fails.

The major aim of any alliance between states should be to give wider scope for the free movement of men, of minds, of transport and of trade. First of all, we must preserve peace. That being done, our aim is to bring about a more orderly world, where contracts can be entered into in the confidence that terms will be honoured.

Furthermore, we have to improve and secure better communications, and to harmonise standards to secure free access to markets for goods and services.

Protectionism is always the wrong answer to trade imbalances. The opposite of a mistake cannot be the opposite mistake. Competition from other countries is not a threat to one's own prosperity, on the contrary; it is a precondition. Without competition none of us would have prosperity. That's what makes protectionism so dangerous; it destroys the very foundations for the businesses it claims to be protecting. Its practical result is to exclude those who have sought protection from the very markets they themselves would like to enter, while at the same time prolonging overcapacity and lossmaking.

Markets are like parachutes. They function only when open.

Therefore free trade is the only way to better living for all of us, whether it is provided within a geographical region or on a world scale. Right now we are entering the Uruguay round of the GATT negotiations, with good will and high hopes.

For Norway, we also hold high hopes for the forthcoming negotiations with the European Community. Nearly 70% of our exports go there, whereas 50% of our imports come from that area.

But the true challenge of the internal market is one of organization and attitudes. It is a question of seeing new opportunities in a market that will, despite harmonization and standardization, remain characterized by diversity and variety.

The ongoing process between EFTA and the European Community aims at creating a European Economic Space (EES) of 18 countries. This will, hopefully, secure identical legal conditions for the economic operators in the area. But legal conditions do not create values, they only lay the foundation for commercial

activities. A key to success in the internal market will be precisely our ability to develop and make use of networks and strategic alliances. This is not only true for cooperation in research and development. It is also vital for succeeding in marketing and in cost effective distribution.

I believe in a commitment to strategic alliances between firms, as a means for strengthening their competitiveness. To a great extent, forming strategic alliances is a matter of attitudes. In the business field we need leaders who are open to change, whether technological or organizational. They need to be internationally oriented and familiar with the international rules of the game. They must seek cooperation with foreign partners.

I believe that events such as this one, where the organizers have attracted international champions of the business world, like Carlo de Benedetti and Peter Wallenberg, is extremely important. We must seek stimulation and insight from strategists like these. It is not by chance that they have achieved their results.

It is encouraging that the leading companies in Norway are now seeking broader alliances. In the industrial sector, we find noticeable examples among our largest companies, such as Norsk Hydro, Elkem, Dyno, Kværner, Aker, Hafslund-Nycomed and Veritas. Another Scandinavian example is SAS, which has chosen to cooperate with such former rivals as Finnair and Swissair, in order to provide a much more competitive service. We see the same trend in shipping.

It is my hope that this also becomes a usual form of cooperation among small and medium sized companies. It is often here that the best opportunities for synergy effects are to be found.

The European market has these last months taken on a new and enlarged meaning. The fall of communism has not only started bringing political freedom to the whole of Europe, but may also lead to economic freedom. It certainly opens up new business possibilities. But they will be open only to those who are aggressive enough to grasp them. For many years, the important strategic alliance for doing business in Eastern Europe was the one you established with the Ministry of Foreign Trade. From now on, alliances will hopefully be forged in the market place.

We have a Norwegian proverbial saying: "When the wind is still, even the weathercock has a steady character". It is long since the winds were still in international cooperation and economy. While we search for the solutions, we must stay in close contact with each other across the borders. We should have learnt that lesson earlier, that if we are battening the hatches against each other, we do not only protect and preclude ourselves from the competence and skill of others, we also cement our own weakness. Let us take Bertrand Russel's maxim in earnest: "You should never make the same mistake twice in life when there are so many to choose from". Benjamin Franklin may turn out to be right: - We must all hang together, else we shall all be hanged separately!

Norwegian companies will to an increasing extent turn their attention towards the world's most important economic growth area today - the Pacific rim. Singapor's harbour is already among the world's largest, which makes it a major working-ground for Norwegian shipping. I look forward to hearing more details about the area from His Excellency Brigadier General Lee Hsien Loong, and to haveing his views on the opportunities for Norwegian companies, particularly in Singapore.

Finally, I would like to express my thanks to the



Export Council of Norway and its partners, SAS and the Norwegian Telecommunications Administration, for organizing this major event. The massive response must be stimulating. May all our enterprises succeed as well as this one!

Thank you for your attention.