

Lunsjtale i Norwegian Industrial Forum, Singapore,
17. januar 1986.

Ladies and Gentlemen,

Allow me first of all to say what a pleasure it is for me to be with you today and to have this opportunity to speak to so many distinguished members of the Norwegian Industrial Forum, comprising both Singapore and Norwegian nationals. All of us here today are devoted to the development of economic relations between our two countries and I assure you that, when planning this visit, we gave high priority to getting an opportunity to meet you all.

I am going to devote my time primarily to the Norwegian Government's policy on international economic integration, by giving an outline of the policy regarding the international engagements of Norwegian enterprises. I will also offer a few remarks on international trade and monetary policies.

Traditionally Norway has been an important shipping nation, an economic sector truly international in character. Throughout the past 15 years, however, we have also developed an oil industry which is now producing about 60 million ton oil equivalents annually. The oil industry does create some problems and although most of them are

pleasant ones, oil alone will not be sufficient to bring about stability and growth for the economy in general. Looking at the technological developments taking place today in Europe, the USA, Japan, South-East Asia and the Pacific region, the Norwegian Government considers it absolutely essential that Norwegian enterprises play an active part in the international developments which are taking place. Our presence here today reflects this basic conviction on the part of the Government.

In the long- term programme of the Government - covering the years 1986-89 - it is set out as an important objective that Norwegian business should be taking an active part in the general process of international economic integration. However, with this objective we have something more in mind than mere exports and imports. We are not necessarily out to increase the export ratio of our GNP, which at 50% is quite considerable as it is, but rather to conduct more efficient and thus more profitable foreign trade and foreign cooperation - both in our domestic market, in your market and in other international markets. This can be achieved through the establishment of joint ventures, by buying shares in foreign companies or by entering into closer cooperation with foreign companies in any manner that proves feasible and useful.

In order to support such development the Government has already

- abolished restraints on the procurement of shares in foreign companies,
- introduced the free flow of capital for the purpose of establishing and taking over companies abroad.

During the present legislative period up to 1989, we intend to

- improve the lending capacity of Norwegian banks and insurance companies on the international market and thereby to strengthen opportunities for companies to establish themselves abroad
- liberalize the buying of foreign bonds
- liberalize foreign currency account practices for companies registered in Norway and engaged in international markets.

If we take stock, ladies and gentlemen, we are now able to state that formal restrictions on Norwegian companies' international engagements have been removed, for all practical purposes. In the future the role of the Government will be to improve the general conditions which are decisive to strengthening the internal financial positions of enterprises and to improve access to capital. We expect that this policy will lead to increased "internationalization" of Norwegian industry.

The main responsibility for going international, however, will have to rest with the enterprises themselves, and the choice between investing at home or abroad will have to depend upon the expectations of the individual company or group as regards where profits will be best. Thus the international market will be the real engine, helping internationalization to forge ahead. We trust that the market will be assessed in the soundest possible way by the enterprises themselves and that governments will exercise care as regards endorsing the individual projects.

Ladies and gentlemen, larger enterprises will always be in a position to go international on their own, whereas smaller companies might lack the financial basis required. In Norway we have recognized this and established an Industrial Fund which aims at providing financial assistance on reasonable terms. The assistance comprises loans, grants and guarantees related to international marketing and establishment. It is furthermore recognized that the human resources required for going international must also be developed. Realizing this, the Government has been partially financing a great number of Norwegian students in their studies at highly regarded foreign universities, while at the same time further developing our own educational system in general.

However, the success of our policy will naturally depend very much upon general developments in the international economy. As a political leader I think I should add a word of caution, as so aptly expressed by

the great Sir Winston Churchill, and I quote: "Political ability is the ability to foretell what is going to happen tomorrow, next week, next month and next year. And to have the ability to explain afterwards why it didn't happen". These words of wisdom could undoubtedly also apply to the art of making economic predictions.

Since the beginning of 1983 we have witnessed a welcome economic upturn in the OECD area. The rate of economic growth has, however, been markedly more moderate in Europe than in the Far East and North America. In the future sustained growth in the different parts of this world will depend upon the mutual consistency of the individual economic policies of states.

But, I realize how difficult it is to achieve broader economic harmonization of the economic policies of governments, given the strong and very different domestic premises which they are exposed to.. It is as if the authors of the Bible had modern attempts at world-wide cooperation in mind when they wrote the Acts of the Apostles chapter 19, verse 32:

"Some therefore cried one thing, and some another: for the assembly was confused; and the more part knew not wherefore they were come together".

Allow me now to return to the Norwegian economy, which is presently growing at a healthy pace; the GNP increased by 3 per cent in 1985 and is expected to increase by slightly less in 1986.

Employment is also rising steadily, and unemployment has fallen to between 2 and 2½ per cent of the labour force, one of the lowest rates in the OECD area.

Of course this is partly due to the present government's economic policies - you would hardly expect me to tell you otherwise. But I must admit that the oil sector has played and continues to play an important role as well.

So far, the present government has been able to resist the growing pressure to spend all of the oil wealth at home, quickly. The Government's foreign debt - which was very high 5 or 6 years ago - has been all but repaid. Our foreign reserves have been built up as a buffer against possible hard times ahead. Since 1981 government expenditures, although high when expressed as a share of the GDP, have grown less than before. At the same time we have been able to provide tax relief to both businesses and households in order to revitalize our traditional economy. Thus our traditional economy is once again expanding rapidly.

However, I still see major challenges ahead. The Norwegian economy is clearly vulnerable to future fluctuations in oil prices measured in dollars, as well as to the dollar exchange rate. Thus it is important that other sectors of our economy continue to expand in a prudent and profitable fashion both at home and abroad.

As part of a policy to this end, Norwegian credit and banking policies have been greatly liberalized during the term of the present government. Interest rate policies have been changed and interest rates now move according to market forces. Last year we established a new market in commercial papers, and open market operations in short- and longer-term Government papers now constitute an important aspect of monetary policy.

The private credit market has expanded greatly as a share of the domestic credit supply. Our major consideration - aside from allowing Norwegian banks to expand - is to increase competition and efficiency in financial markets.

Furthermore, we have a growing number of skilled and competent people both in manufacturing and in services. Banking and financial intermediation is an important service which should play an increasing role in future economic developments.

I mention at the outset, Ladies and Gentlemen, the shipping sector as an important part of the Norwegian economy. Like Norway, Singapore has also been closely linked with shipping. Stalin has been quoted as saying "We do not negotiate about geography". The geography of Singapore ensures that it will retain its great importance to international shipping. Our geography does not guarantee us an important role in shipping, cross-traders as we are. The Norwegian Government, however, is determined to offer shipping interests

working conditions which will facilitate the operation of maritime services from Norway in the future as well. This means that we will be looking undogmatically at existing general conditions. It is the intention of the Government that the Norwegian flag will remain a flag of quality. Our shipping community as a whole shall continue to be in the forefront of international shipping, offering advanced transportation and other maritime services to the world of tomorrow.

As a whole, Ladies and Gentlemen, the process of internationalization has undoubtedly been beneficial to our national economy. And we are increasingly aware of the future potential of Norwegian financial and industrial activities abroad. This, together with foreign banking and industrial operations in Norway, have created links with financial and industrial communities in other countries which I regard to be of considerable economic and political importance. These links should be further strengthened - and we look to Singapore and the other ASEAN-countries as important partners in this respect.

Singapore, in particular, stands out as quite a remarkable example to other states. The speed at which economic growth has been brought about, and the obviously well conducted policy of income distribution deserve the utmost respect from other countries. I can assure you of my own deep admiration also as regards the firm anti-protectionist trade policy of the Singapore Government.

Allow me to conclude by congratulating the Norwegian community in Singapore on its substantial achievements in recent years - and further, to extend those congratulations to our partners in Singapore who are working successfully with Norway to our mutual benefit.

Ladies and gentlemen, I do hope that you are all geared to the idea of continuing this pleasant meal with an exchange of views on cooperation and finance. This seems to me to be in conformity with the Bible, called the book of The Preacher, which states that "A feast is made for laughter, and wine maketh merry, but money answereth all things".

Thank you very much for your attention.