

THE UNITED STATES AND NORWAY, PARTNERS IN COMMERCE,
SHIPPING AND FISHING.

Statement by Mr. Odvar Nordli, Prime Minister
of Norway, The Norwegian-American Chamber of
Commerce, Seattle, June 19, 1979.

Although this is my first time here, I don't feel like I am a stranger. The bounds between Norway and the state of Washington are very strong.

These ties are first of all due to the fact that so many Norwegian immigrants selected the Pacific Northwest as their permanent home. As we approached the Seattle-Tacoma airport I could see why. I saw snow capped mountains, forest covered hills, many lakes and streams and, of course, Puget Sound - which we in Norway would call a "fjord". As in Norway there is a close relationship between the mountains and the sea. The environment is very similar and it appears that these Norwegian immigrants had ample opportunity to use the skills that they brought with them in such areas as farming, logging, boat building, sailing and fishing.

- 2 -

These Norwegian immigrants brought with them not only their skills. They also brought with them their Norwegian heritage and culture to add to the pattern of many cultures brought to the United States from foreign lands.

I am happy to learn about the successful reception which is given to the "Arts of Norway" exhibit currently being shown at the Seattle Art Museum. School and University bands and choirs from both countries will make visits to each others' countries. On our side I shall bid them a warm welcome to Norway when they come.

Many Norwegian students are studying in the colleges and universities in this area and there are many Americans from the State of Washington studying in Norway. I know that the University of Washington, School of Engineering is cooperating closely with the Trondheim University. I

have also learned that both the University of Washington and the Pacific Lutheran University have large Scandinavian departments where Norwegian language, history and literature are taught.

Let me give you a few basic figures of the Norwegian economy and of Norwegian economic policy before turning to some aspects of American-Norwegian trade and commerce.

The Norwegian economy has developed in an environment of few natural resources. Therefore we have always been dependent on high imports of raw materials and finished products. Even to-day, when we have diversified the economy, our imports amount to about one half of total domestic use of material resources. On the average every Norwegian imports commodities every year amounting to 3.500 \$, whereas an average American imports only for 750 \$.

This has forced us to develop a very large export to pay our import bill.

Our dependence on foreign markets is a basic feature in our trade policies. Before developing that subject I wish to give a few comments on our economic policies.

Our economic system is known as a mixed economy. Internally we have a mix of private and public enterprises, with the private sector being by far the dominating. Public enterprises have been established in certain key areas of the economy. These include exploitation of natural resources like hydroelectric power production and related industrial enterprises, for example aluminium and steel. Other areas of public enterprise are within military production and a few industries which are considered to

be of national strategic importance, like the import of grain, import and distribution of medicine and a few others. We practice a system of regulating the establishment of new enterprises, mostly with a view to ensure a fair regional distribution of industry.

Externally is fully committed to a free market economy. In line with most European countries we pursue liberal trade policies, and fight protectionism wherever we meet it.

We are not only in favour of a liberal international trade regime for principal reasons. We feel that small countries with a large foreign trade are more dependent on a liberal regime in international trade than the

large countries.

When we have succeeded in developing a modern, diversified economy ranking among the world's top ten countries, it is also because we have been able to draw the advantage of an extensive international division of labour.

During the last five years we have, as the rest of the world, been confronted with the international recession and the high wave of inflation. Full employment is the basic political objective in economic policy. I am happy to say that we have succeeded in keep mass employment out of our country, with an unemployment rate between 1 and 2 percent. Inflation hit us badly in the years up to 1977,

and we lost foothold in export markets. Therefore we have during the last two years pursued rather drastic anti-inflationary. With the acceptance by trade unions, business and industry we have introduced a 15 months full freeze on wages and prices and incomes. Only the impact of higher import prices is allowed to result in higher prices. The result so far has been promising. Inflation rate has been cut from almost 10 percent in 1977 to between 4 and 5 percent during the last 12 months. This enables us to regain foothold in export markets.

Traditionally Norwegian exports were concentrated on raw materials and semi finished products within a limited range of areas. Metals, fertilizer, pulp and paper, fish and fish products were the most common products.

In our trade with the United States, these products do still dominate the trade statistics. But during the last two decades we have decided to diversify exports. Partly because of shortage of resources, partly because the increasing income level makes us less competitive in certain areas, we see the necessity to concentrate more on manufactured goods. As a small industrial producer in an European and an Atlantic context, we cannot establish exports in areas where mass production is essential. Our solution must be found within the areas where our special skills, professional traditions, and our well educated manpower can make products where the ability to compete is based on certain qualitative criteria.

High quality, good design, and the knowledge of the detailed possibilities within overseas markets are the factors which will help us and must help us to expand exports.

To some extent we have succeeded in this venture.

In areas like chemicals, electronics, furniture, machinery, sport equipment, maritime equipment, high quality fish products etc. we have established strong and expanding markets abroad, also in parts of the United States.

One of the Norwegian firms that took part in the oil activities right from the start in the early 1960"ies is Norsk Hydro. This company was also - as some of you know - a pioneer in the production of fertilizer - urea - as early as 80 years ago.

This well-founded company of Norsk Hydro has been expanding into new areas. Norsk Hydro yesterday announced their intention to buy a Dutch-Belgian fertilizer company, the ~~xxxxxxxx~~ well-known CNA. The contract will probably be signed in August.

CNA produces approximately 1,566.000 short tons of different fertilizer products per year.. Total sales in 1979 will amount to approximately 1 billion Norwegian Crowns.

This new approach will give Norsk Hydro a new ~~xxx~~ foothold in the EEC and it will strengthen the production in Norway.

If Norsk Hydro takes over CNA, the company will probably use gas from our resources in the North Sea.

I mention this as an example of an ambitious Norwegian enterprise.

Let me add that Norsk Hydro is 51 per cent state owned.

A great common feature of this state and my country is our attachment to the sea. The sea has contributed greatly to the character and prosperity of your area, and you are well aware that Norway has a tradition in fishing and shipping. These industries are still very important for us and we expect them to be so in the future.

The Norwegian fisheries are traditionally based on the fish stocks along the coast and the coastal banks.

Boats and gear have been owned by the fishermen themselves.

However, the capital intensive part of our fishing fleet is now of considerable importance and has extended its activity.

Norway catches around 3 million tons a year, which

places us among the top five fishing nations of the world. Approximately 50 per cent is accounted for by the coastal fisheries. The rest is taken in distant waters.

There is today one main challenge facing us in all countries in the field of fishing. That is to prevent overfishing and to safeguard the fish stocks which we depend on. This can only be achieved through international co-operation.

Norwegian fishermen and the fish industry earn sizeable amount of foreign exchange from the sale of our fish products abroad. I should take this opportunity to stress the importance we attach to our market in this country. We have been pleased to see that Norwegian fish products have met the approval of American consumers of such a large extent. We hope, of course, to find an expanding

market in this country in the future too.

We are following with great interest the plans for developing the Alaskan midwater and bottom fisheries. I think I may say that Norway has thorough experience in bottom fisheries. I can see promising possibilities for joint ventures, furnishing of equipment and know how and other forms of cooperation in this field. Quite a few Norwegian specialists have been here to examine the possibilities, and representatives of the Alaskan fishing industry have studied our fisheries.

Seattle has become the center in the US for Norwegian fishing gear exports. Products are also manufactured here under licence from Norwegian firms. Considering everything that is already connecting us, we have great hopes for an

expansion of our fishing gear exports to you and also for joint ventures in this field.

In the absence of easily exploitable natural resources, maritime transport became early an important industry in Norway. Early in the industrial revolution Norwegian shipping started to establish itself as a carrier not only for the Norwegian foreign trade, but as a carrier between third countries. To-day 9 ship out of 10 do never call on Norwegian ports. At a given period during the second world war about one half of all the petroleum needed in

Britain in the Allied war effort was carried by Norwegian tankers.

Our shipping industry goes far beyond the actual

operation of ships. It also includes know-how in all aspects of shipping, skilled manpower on board and ashore, shipbroking firms of a high international standing, competent and specialized ship finance and insurance institutions, a shipbuilding industry, an advanced industry for the production of ship equipment, and last, but not least, first rate research and educational institutions. Up to 1970 foreign exchange earning by shipping amounted to about one half of commodity export revenues. During the last few difficult years in international shipping that rate has declined. We are, however, satisfied to see that even if our shipping companies have been badly hit by the international crisis, we succeeded to retain

the shipping industry as a going concern. Most of the companies are in operation, and they have retained their expert staff. The majority of the fleet has been retained even if up to one third has been laid up. Laid-up tonnage has been well maintained to be ready for new opportunities, and not least to retain its value. I do not think that we are yet through with the crisis in international shipping. But the situation to-day is very different from that of a year ago. In certain trades there has been a significant upturn, in other trades the decline has been discontinued. The value of used ships has started to increase.

In the preceding years Norwegian ship-owners have again seized the opportunity of renewing part of their

fleet in the areas where demand is still high and with the need for first class modern technologicly ships is most prominent. I mention areas like the cruise shipping, specialized tonnage for carrying liquid gas, automobiles etc.

The Norwegian Government, along with the shipping industry is confident that we are approaching a more definite upturn in most trades of international shipping, and we have a firm belief that Norwegian shipping still have a part to play.

It is a great opportunity for me to meet this distinguished group of representatives of business and industry, and who have a special interest for relations with Norway. I found it important to illustrate to you our ambitions and our results in diversifying the economic base of Norwegian industry.

In the families of nations trade plays an important role in bridging gaps and strengthening ties of understanding and cooperation. Norway has five important trade partners - Great Britain, Sweden, Western Germany, and US and Denmark. These five countries are also our oldest partners, and with only moderate exaggeration we could

say we have had unbroken trade relations with them all since the age of Leif Ericson.

The US has always had a better market in Norway than we have had over here. You are world supplier number four to Norway. Not once during the years after 1945 has Norway had a surplus in the mutual trade.

We choose to regard this as a challenge, not as a permanent feature. The United States is the World's biggest market. It is a very competitive market and not easy to penetrate. But as I said, I consider the absence of many Norwegian products here not as a defeat, but as a challenge.

The marketing aspects is often the most important in modern industry. I think we have much to learn from American marketing techniques, marketing organizations etc. I do hope that the best mobilization of these techniques and the-e organisations can help us in the future to find outlet for an increasing volume of high quality Norwegian products in this vast country.

Many Norwegian products cannot easily be identified here in the United States. Most of our exports to the United States like nickel, aluminium, ferro-alloys and cement cannot visibly be traced back to Norway, like the Kong Oscar sardines and Ringnes Beer.

I think it is time that we from the Norwegian side now try to take a step forward to increase our business

relations with the United States. It would probably be adviceable to try to make more Norwegian firms establish sales offices or production units on United States territory. The possibilities are here, whether we are discussing fish processing in Alaska, or production of pleasure craft in Louisiana.

Although more can be done - and what is done can always be done in a better way - nevertheless - may I take this opportunity to express to all businessmen engaged in Norwegian-American exchange of goods and services, my appreciation for the excellent job done so far. And - may I urge you to continue and persist in your efforts for the benefit of our two countries.