


SPRING 2011 ECONOMIC OUTLOOK FOR NORWAY: ANSWERS FROM NHO
MAIN FORECAST

Annual % change	2010	2011
Real GDP growth	2,2	2,5
Consumer price inflation	2,5	1,8
Unemployment rate	3,6	3,8
Employment growth	-0,2	1,3
Government net lending (% of GDP)	-9,7	-9,6
Gross public debt (% of GDP)	n/a	n/a
Current account balance (% of GDP)	12,9	12,3

Components of aggregate demand - in real terms

Annual % change		
Private consumption	3,6	4,0
Public consumption	2,2	2,0
Investment (Gross Fixed Capital Formation)	-8,9	5,5
Private non-residential investment	-4,2	4,0
Exports	-1,3	0,8
Imports	8,7	5,0

ECONOMIC SENTIMENT

	<i>Positive</i>	<i>Negative</i>	<i>Unchanged</i>			
Trend in business climate over the next 6 months	Industry					
	Services					
Trend in profitability over the next 6 months	Industry					
	Services					
Investment intentions over the next 6 months	<i>Increase (faster pace)</i>	<i>Increase (slower pace)</i>	<i>Unchanged</i>	<i>Decrease (slower pace)</i>	<i>Decrease (faster pace)</i>	
	Industry					
	Services					
Influence on companies' investment decisions	<i>Global demand</i>	<i>Domestic demand</i>	<i>Cost of finance</i>	<i>Availability of finance</i>	<i>Company Profitability</i>	<i>Capacity Utilisation</i>
	neutral	positive	neutral	neutral	positive	negative
Driving force behind investment decisions in the next 6 months	<i>Replacement</i>	<i>Extension</i>	<i>Rationalisation</i>	<i>Innovation</i>		
	neutral	negative	positive	negative		
Overall trend in employment	<i>Industry: past 6 months</i>	<i>Industry: next 6 months</i>	<i>Services: past 6 months</i>	<i>Services: next 6 months</i>		
	Up	Up	Up	Up		



ACCESS TO FINANCE AND IMPACT OF THE CRISIS ON POTENTIAL GROWTH

<i>Compared to 6 months ago, cost/access to finance has been...</i>	sharply up / restrained	up / more difficult	same	down / easier
<i>for SMEs</i>			Cost Access	
<i>for larger companies (>250 employees)</i>			Cost Access	

<i>Over the next 6 months, cost /access to finance will be...</i>	sharply up / restrained	up / more difficult	same	down / easier
<i>for SMEs</i>			Cost Access	
<i>for larger companies (>250 employees)</i>			Cost Access	

	<i>Consolidation of banking sector balance sheets</i>	<i>Access to capital markets</i>	<i>Engcouraging equity financing through tax reforms</i>	<i>Better use of existing EU instruments (including EIB)</i>	<i>Greater potential for Public-Private-Partnerships</i>
<i>Measures to alleviate current financial difficulties for SMEs</i>	Monorate effect	Important effect	Important effect	Very limited effect	Very limited effect
<i>Measures to alleviate current financial difficulties for midsize and large companies</i>	Monorate effect	Important effect	Important effect	Very limited effect	Very limited effect



POLICY MIX

	<i>Tight, appropriate for the euro area</i>	<i>Tight</i>	<i>Appropriate yes</i>	<i>Loose</i>	<i>Loose, appropriate for the euro area</i>
<i>Monetary policy is...</i>					
	<i>adequate</i>	<i>inadequate</i>			
<i>Consistency between fiscal and monetary policies</i>	yes				
	<i>excellent commitment</i>	<i>satisfactory commitment</i>	<i>neither satisfactory nor unsatisfactory commitment</i>	<i>unsatisfactory commitment</i>	<i>no clear commitment creating an extremely worrying situation</i>
<i>Regarding the sustainability of public finances, government shows ...</i>		yes			
	<i>excessive focus</i>	<i>sufficient focus</i>	<i>neither satisfactory nor unsufficient focus</i>	<i>unsufficient focus</i>	<i>so far ignored</i>
<i>Exit Strategies</i>					
<i>Tight fiscal rules and more effective institutions</i>					
<i>Greater efficiency of public administrations</i>			yes		
<i>Credible cost-cutting measures</i>					yes
<i>Increased scope of public-private partnerships</i>					yes
<i>Reform of pension systems</i>			yes		
<i>Improved efficiency of healthcare sector</i>				yes	
	<i>excessive focus</i>	<i>sufficient focus</i>	<i>neither satisfactory nor unsufficient focus</i>	<i>unsufficient focus</i>	<i>so far ignored</i>
<i>Entry Strategies</i>					
<i>More and better-targeted education and training</i>				yes	
<i>More and better targeted R&D and innovation efforts</i>				yes	
<i>Prioritisation of infrastructure investments</i>				yes	
<i>Growth enhancing tax reforms</i>				yes	
	<i>respect the 3% limit</i>	<i>be in balance</i>			
<i>In 2015, the government deficit will...</i>	no	no			