# Norway

RISK & COMPLIANCE REPORT

DATE: March 2018

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| Executive Summary - Norway | |
|---|---|
| **Sanctions:** | None |
| **FAFT list of AML Deficient Countries** | No |

**Major Investment Areas:**

**Agriculture - products:**

barley, wheat, potatoes; pork, beef, veal, milk; fish

**Industries:**

petroleum and gas, food processing, shipbuilding, pulp and paper products, metals, chemicals, timber, mining, textiles, fishing

**Exports - commodities:**

petroleum and petroleum products, machinery and equipment, metals, chemicals, ships, fish

**Exports - partners:**

UK 25.6%, Germany 12.6%, Netherlands 12%, France 6.7%, Sweden 6.3%, US 5% (2012)

**Imports - commodities:**

machinery and equipment, chemicals, metals, foodstuffs

**Imports - partners:**

Sweden 13.6%, Germany 12.4%, China 9.3%, Denmark 6.3%, UK 6.1%, US 5.4% (2012)

**Investment Restrictions:**

Norway welcomes foreign investment as a matter of policy and generally grants national treatment to foreign investors. Norwegian authorities encourage foreign investment particularly in the key offshore petroleum sector, mainland industry, and in less developed regions such as northern Norway. The policy vis-a-vis third countries, including the United States, will likely continue to be governed by reciprocity principles and by bilateral and international agreements. The European Economic Area (EEA) free trade accord, which came into force for Norway in 1995, requires the country to apply principles of national treatment in certain areas where foreign investment was prohibited or restricted in the past.

Norway's investment regime is generally based on the equal treatment principle, but national restrictions exist on activities and ownership in the fishing and maritime transport sectors.

## Contents

## Section 1 - Background

Two centuries of Viking raids into Europe tapered off following the adoption of Christianity by King Olav TRYGGVASON in 994. Conversion of the Norwegian kingdom occurred over the next several decades. In 1397, Norway was absorbed into a union with Denmark that lasted more than four centuries. In 1814, Norwegians resisted the cession of their country to Sweden and adopted a new constitution. Sweden then invaded Norway but agreed to let Norway keep its constitution in return for accepting the union under a Swedish king. Rising nationalism throughout the 19th century led to a 1905 referendum granting Norway independence. Although Norway remained neutral in World War I, it suffered heavy losses to its shipping. Norway proclaimed its neutrality at the outset of World War II, but was nonetheless occupied for five years by Nazi Germany (1940-45). In 1949, neutrality was abandoned and Norway became a member of NATO. Discovery of oil and gas in adjacent waters in the late 1960s boosted Norway's economic fortunes. In referenda held in 1972 and 1994, Norway rejected joining the EU. Key domestic issues include immigration and integration of ethnic minorities, maintaining the country's extensive social safety net with an aging population, and preserving economic competitiveness.

## Section 2 - Anti – Money Laundering / Terrorist Financing

### FATF status

Norway is not on the FATF List of Countries that have been identified as having strategic AML deficiencies

### Compliance with FATF Recommendations

The last Mutual Evaluation Report relating to the implementation of anti-money laundering and counter-terrorist financing standards in Norway was undertaken by the Financial Action Task Force (FATF) in 2014. According to that Evaluation, Norway was deemed Compliant for 5 and Largely Compliant for 17 of the FATF 40 Recommendations.

**Money Laundering/Terrorism Financing Risks (FATF Mutual Evaluation Report)**

Proceeds of crime in Norway are generated by a range of criminality. The major sources for the proceeds of crime in Norway are generally considered to be drug trafficking and organised crime, tax crimes and fraud. Norway has not been able to supply the review team with assessments or aggregated data that provide a clear picture of the nature or level of proceeds generating crime in Norway. However, Norwegian threat assessments and reports demonstrate that new and existing organised criminal groups continue to maintain a presence within Norway.

The National Authority for Investigation and Prosecution of Economic and Environmental Crime (ØKOKRIM) Threat Assessment of Economic and Environmental Crime 2013 ranks a number of crime types in terms of their threat and consequence to Norwegian society. The top six crimes listed were: tax crimes; corruption; working environment crime; insurance fraud; illegal pollution and other environmental crimes; and securities crimes. Criminal convictions and related confiscation show that human trafficking and prostitution offences also generate significant criminal proceeds. There have also been cases involving domestic and foreign corruption which generate proceeds inside and outside Norway.

Norway has a strong taxation regime with a relatively high level of taxation. During the on-site visit, participants recognised the significant risks in tax evasion in various sectors including the construction industry, the labour market and small businesses, and a trend of smuggling consumable goods and related tax offences.

Norway does not have specific data available to estimate the country's exposure to cross-border illicit flows (related to crimes in other countries). There is little information on the techniques used or the degree to which foreign proceeds are being laundered in Norway. Discussions with investigative authorities and the FIU did not provide a great deal of information regarding the source, nature and scope of the threat from cross border illicit flows, though financial institutions active in border areas were able to give some observations. Indicators are that Norway has not, in general, been a significant transit route for illicit goods. The authorities did provide details of significant risks from Norwegian and foreign currency being smuggled out of Norway, and that a significant volume of NOK is circulating in Lithuania.

Threat reports by the National Criminal Investigation Service (KRIPOS) and other specialist law enforcement agencies in Norway indicate a range of criminal activities by organised crime groups active in Norway, including domestic groups (e.g., motor cycle gangs, etc.), Swedish organised crime groups, organised crime groups from Baltic countries, West Africa and Asia. Organized crime consists increasingly of informal and flexible networks that cooperate across nationality, ethnicity and other cultural affinities. Norwegian organised crime groups are increasingly using information technology to commit crimes, such as fraud, ICT based offences, distribution of drugs, and for contacting potential victims of trafficking and the simplification of illegal migration. Amphetamines are a challenge for most police districts, with Eastern European criminals being the main suppliers and receiving much of the profits.

The main ML techniques used in Norway as identified in the NRA appear to be cash deposits and withdrawals, the use of professional facilitators such as lawyers and accountants, the buying and selling of high value assets, and the use of cash couriers or money or value transfer systems to move funds out of the country. In addition, the MVTS sector poses ML/TF risks in Norway due to the nature of the activity, combined with limited supervision of the sector.

Norwegian authorities report that Islamist extremist groups pose the greatest security risk in regard to terrorism and TF. An asylum seeker (in jail in Norway) is designated on the United Nations Security Council Resolution (UNSCR) 1267 list and press reports indicate at least one Norwegian was involved in terror attacks in East Africa. Norwegian intelligence reports suggest that Islamist extremist groups in Norway are better organised than previously. These groups support militant groups in their former home regions through the collection of funds and propaganda activity. Individuals from these groups in Norway travel abroad to train and to join these groups and participate in their activities. The PST threat assessment and discussions with police indicate that TF risk arises chiefly from small scale domestic collection, provision and use of funds for radicalised persons in Norway or for the support of foreign groups operating outside of Norway. Organised left-wing and right-wing extremist groups or individuals can also pose a threat, as was shown by the  reivik case, and could carry out violent attacks against individual political opponents or religious or ethnic minorities.

There are a significant number of asylum seekers (including refugees) from conflict and post-conflict countries. Norwegian threat assessments note the ML and TF risks arising from connections back to such countries, including the sending of funds through informal remittance systems which service immigrant populations. Media reports have also highlighted TF risks in Norway beyond those identified in public government reports, including TF associated with the Liberation Tigers of Tamil Eelam (LTTE).

The risks from proliferation financing (PF) primarily stem from Norway's heavy involvement in the international oil and gas industry, shipping and related specialist technology.

## US Department of State Money Laundering assessment (INCSR)

Norway was deemed a 'Monitored' Jurisdiction by the US Department of State 2016 International Narcotics Control Strategy Report (INCSR).

Key Findings from the report are as follows: -

**Perceived Risks:**

Although it is a high income country, Norway is not considered a regional financial center. Norway's significance in terms of money laundering is low. There are illicit proceeds related to narcotics sales and production, prostitution, robberies, smuggling, and white collar crimes, such as embezzlement, tax evasion, and fraud. Criminal proceeds laundered in the jurisdiction derive primarily from domestic criminal activity, often by foreign criminal gangs or guest workers who in turn remit the proceeds home. The main money laundering techniques used in Norway are cash deposits and withdrawals, the use of professional facilitators such as lawyers and accountants, the buying and selling of high-value assets, and the use of cash couriers and money or value transfer services to move funds out of the country. Money and value transfer services pose risks in Norway due to the nature of the activity, combined with limited supervision of the sector.

DO FINANCIAL INSTITUTIONS ENGAGE IN CURRENCY TRANSACTIONS RELATED TO INTERNATIONAL NARCOTICS TRAFFICKING THAT INCLUDE SIGNIFICANT AMOUNTS OF US CURRENCY; CURRENCY DERIVED FROM ILLEGAL SALES IN THE U.S.; OR ILLEGAL DRUG SALES THAT OTHERWISE SIGNIFICANTLY AFFECT THE U.S.: NO

CRIMINALIZATION OF MONEY LAUNDERING:
"All serious crimes" approach or "list" approach to predicate crimes: All serious crimes
Are legal persons covered: criminally: YES civilly: YES

KNOW-YOUR-CUSTOMER (KYC) RULES:
Enhanced due diligence procedures for PEPs: Foreign: YES Domestic: YES KYC covered entities: Banks, the central bank, finance companies, e-money institutions, pension funds, postal operators, auditors, asset managers, securities dealers, credit agents, money exchangers, insurance companies, accountants, lawyers, notaries, auction houses, realtors, money transporters, clearing houses, and dealers in autos and high-value goods

REPORTING REQUIREMENTS:
Number of STRs received and time frame: 4226: January – November, 2015
Number of CTRs received and time frame: Not available
STR covered entities: Banks, the central bank, finance companies, e-money institutions, pension funds, postal operators, auditors, asset managers, securities dealers, credit agents, money exchangers, insurance companies, accountants, lawyers, notaries, auction houses, realtors, money transporters, clearing houses, and dealers in autos and high-value goods

MONEY LAUNDERING CRIMINAL PROSECUTIONS/CONVICTIONS:
Prosecutions: Not available
Convictions: Not available

RECORDS EXCHANGE MECHANISM:
With U.S.: MLAT: NO Other mechanism: YES
With other governments/jurisdictions: YES

Norway is a member of the Financial Action Task Force (FATF).

**ENFORCEMENT AND IMPLEMENTATION ISSUES AND COMMENTS:**

In October 2014, the Government of Norway announced the establishment of a "national contact forum" to improve coordination in the fight against money laundering and terror finance. The interagency group is working on a joint enforcement strategy.

The Norwegian financial intelligence unit (FIU) continues to voice concern over the low number and poor quality of reports from certain reporting entities. The total number of submitted suspicious transaction reports (STRs) fell from 2009 to 2013, increased in 2014, and fell again in 2015. Since the overall monetary transaction volume is high, the FIU suspects considerable underreporting. Significant variations in year-on-year reporting from the same entities, or differences between entities of similar size, indicate room for improvement. The FIU seeks to improve the quality of STR reporting through regular visits to covered entities; it recently trained 23 out of 27 police districts on how to use financial intelligence. Ongoing police reform, which will reduce the number of police districts from 27 to 12 in 2016, will lead to more robust financial investigatory units in the districts, allowing better investigative and enforcement capacity.

Norway has a good legal foundation and sound institutional structure for investigating and prosecuting money laundering, and for seizing and confiscating criminal proceeds. However, money laundering is not a high priority for law enforcement agencies, primarily due to the focus on the predicate offense, thus leading to few money laundering prosecutions and convictions. The Ministry of Finance appointed a working group in February 2015 tasked with drafting a new AML law. The group presented its interim report with the first proposals in November 2015, and is due to deliver its final report in August 2016.

The Government of Norway should develop and maintain statistics related to its AML/CFT regime, including the numbers of prosecutions and convictions and the volume of seized and forfeited assets. Such data is beneficial in both the analysis of the efficacy of Norway's AML/CFT regime and the development of appropriate AML/CFT policies and programs.

## Current Weaknesses in Government Legislation (2013 INCRS Comparative Tables):

According to the US State Department, Norway conforms with regard to all government legislation required to combat money laundering

## EU White list of Equivalent Jurisdictions

Norway is on the EU White list of Equivalent Jurisdictions

## World Governance indicators

To view historic Governance Indicators Ctrl + Click here and then select country

## Failed States Index

To view Failed States Index Ctrl + Click here

## Offshore Financial Centre

Norway is not considered to be an Offshore Financial Centre

## Reports

### US State Dept Narcotics Report

No report available

### US State Dept Trafficking in Persons Report 2014 (introduction):

Norway is a country whose government fully complies with the Trafficking Victims Protection Act's (TVPA) minimum standards.

Norway is a destination and, to a lesser extent, transit and source country for women and girls subjected to sex trafficking, and for men and women subjected to forced labor in domestic service, nursing, car washing, and construction. Children are subjected to domestic servitude, forced begging, and forced criminal activity, such as shoplifting and drug sales. Trafficking victims identified in Norway primarily originate from Eastern Europe and Africa—particularly Albania, Bulgaria, Lithuania, Nigeria, and Romania. Increasing numbers of Syrians are subjected to trafficking in Norway. Foreign au pairs, including those from the Philippines, are vulnerable to trafficking in Norway. Some children who had disappeared or had been recruited from asylum centers were subsequently subjected to trafficking by organized trafficking groups.

The Government of Norway fully meets the minimum standards for the elimination of trafficking. The government continued to offer victims a range of assistance through municipal centers and NGOs. Authorities devoted more resources to addressing labor exploitation, although the government continued to dedicate the bulk of resources and attention to sexual exploitation. Norway's national action plan against trafficking expired in 2014 and was not replaced by the close of the reporting period. The level of law enforcement efforts remained low relative to the number of victims identified; from 2007 to 2013, approximately 2,000 potential trafficking victims received assistance in Norway, yet authorities have secured only 46 convictions since 2003.

### US State Dept Terrorism Report 2016

**Overview:** Norway's internal security service continued to assess that Islamist terrorism remains the primary threat to the security of Norway, although they note that concerns of right-wing extremism are growing. A small but outspoken group of violent Islamist extremists in and around Oslo remained active in online fora, although they did not conduct any attacks. In 2016, authorities convicted several Norwegians for supporting or aiding ISIS. The flow of Norwegian citizens or residents who traveled to Syria to fight on behalf of ISIS decreased in 2016 to less than a handful of known cases, and Police Security Service (PST) officials continued to assess publicly that approximately 100 individuals have traveled as foreign terrorist fighters in total. Norway and the United States maintained good collaboration on counterterrorism.

Norway is a member of the Global Coalition to Defeat ISIS. The government co-sponsored UN Security Council resolution 2178 on foreign terrorist fighters, and is contributing to the

Coalition's five lines of effort. Norway contributes to two military missions in the Coalition: approximately 60 military personnel are deployed to Jordan as part of Operation Inherent Resolve, and approximately 50 military trainers are in a capacity-building mission for Iraqi security forces in Erbil. Norway provided approximately US $332 million in 2016 to address the humanitarian crises in Iraq and Syria.

**Legislation, Law Enforcement, and Border Security:** Terrorism is a criminal offense in Norway. In 2013, Norway changed its laws to make it easier to prosecute cases of material support for terrorism. In addition to increasing maximum prison sentences to 30 years for serious terrorism offenses, the 2013 laws make it illegal to conduct or plan to conduct a terrorist attack, receive terrorism-related training, or provide material support to a terrorist organization. In June 2016, Norway passed new legislation criminalizing traveling, as well as the intent to travel, to fight on behalf of a non-state actor.

The PST is responsible for domestic security, including counterterrorism activities. A joint analysis cell, the Joint Counter Terrorism Center, with participants from the PST and the Norwegian Intelligence Service (NIS), which is the external security service, became fully operational in 2014. Both the PST and the NIS have devoted significant resources to identifying, tracking, and taking action against Norwegian citizens intending to travel to and from Syria and Iraq to engage in fighting. The PST and NIS maintain an evolving list of those who have traveled to Syria and Iraq, those who have returned, and those who have expressed an interest in traveling to the two countries.

Parliament approved an agreement on the sharing of fingerprint information in criminal investigations with the European Union (EU), the parties to the Pruem Convention, as well as with the United States under the Preventing and Combating Serious Crimes (PCSC) data-sharing agreement, in May 2016. In September 2016, Norway hosted an FBI Criminal Justice Information Systems technical team to agree on steps for the implementation of the PCSC agreement. Norway continued to explore an agreement on sharing passenger name recognition (PNR) data with the EU, and is simultaneously developing a national PNR system. In November 2016, Norwegian police piloted an automated biometric identification system (ABIS), which officials aim to implement nationally in the first quarter of 2017. Immigration to Norway is facilitated and regulated by the Norwegian Directorate of Immigration (UDI), which processes all applications for asylum, visas, family immigration, work and study permits, permanent residence, and travel documents. In 2016, citizenship issues were regulated by the newly created Minister of Immigration and Integration. The Norwegian police and the MFA issue passports.

Norway previously faced legal and technical barriers in stemming the flow of foreign terrorist fighters, including that Norway cannot revoke or permanently hold a citizen's passport for expressing support for a terrorist group (or expressing an interest to travel to Syria and Iraq), or return an asylum-seeker who expresses support for a terrorist group to an area with ongoing conflict. The legislation criminalizing fighting on behalf of non-state groups, which was passed in June 2016, should rectify the situation.

Since enacting the 2013 counterterrorism laws, the Norwegian authorities have convicted several individuals of support for terrorist groups and causes.

**Countering the Financing of Terrorism:** Norway is a member of the Financial Action Task Force (FATF). Norway's financial intelligence unit (FIU), The National Authority for the Investigation and Prosecution of Economic and Environmental Crime – The Money Laundering Unit, is a member of the Egmont Group of Financial Intelligence Units.

Norwegian law aims to incorporate FATF standards and recommendations, but faces challenges in effective implementation, particularly regarding implementing UN-targeted financial sanctions without delay. Norway continues to increase its efforts to counter terrorist financing and in 2016, Norway joined the Defeat-ISIS Coalition working group to counter terrorist financing. The government also continued to operate a domestic interagency group, which included the Ministries of Justice, Finance, and Foreign Affairs, to counter money laundering and the financing of terrorism.

## International Sanctions

None applicable

## Bribery & Corruption

| Index | Rating (100-Good / 0-Bad) |
|---|---|
| Transparency International Corruption Index | 85 |
| World Governance Indicator – Control of Corruption | 98 |

Norway ranks among the least corrupt countries in the world, and business is conducted with a high level of transparency. Corruption does not represent a constraint to trade or investment, and administrative corruption and petty bribery are almost non-existent. The Norwegian Penal Code criminalises active and passive bribery, trading in influence, fraud, extortion, breach of trust and money laundering. It applies to anyone who is registered in Norway and carries a penalty of up to 10 years' imprisonment, even if the act is committed abroad. A company can be held criminally liable for corruption offences committed by individuals acting on its behalf. Facilitation payments are prohibited, and gifts and hospitality can be considered illegal depending on their value, the intent and benefit obtained. These practices, however, very rarely occur. Law enforcement activities and the legal framework for combating corruption are very strong, and anti-corruption laws are enforced. There are no reports of official impunity. Norway's economic crime-fighting unit, Økokrim, has proven itself effective in investigating and prosecuting corruption in Norway and, to some extent, abroad. **Information provided by GAN Integrity.**

### US State Department

Business is generally conducted "above the table" in Norway, and Norway ranks 5 out of 177 countries on Transparency International's Corruption Perceptions Index for 2013. Corrupt activity by Norwegian or foreign officials is a criminal offense under Norway's Penal Code. Norway's anti-corruption laws cover illicit activities overseas, subjecting Norwegian nationals/companies who bribe officials in foreign countries to criminal penalties in Norwegian courts. Norway has ratified the UN Anticorruption Convention, and is signatory of the OECD Convention on Combating Bribery. In 2008, the Ministry of Foreign Affairs launched an anti-corruption initiative, focused on limiting corruption in international development efforts.

Norway is a member the Council of Europe's anti-corruption watchdog Group of States Against Corruption (GRECO) and ratified the Criminal Law Convention on Corruption in 2004, without any reservations.

### Corruption and Government Transparency - Report by Global Security

Business is generally conducted "above the table" in Norway, and Norway ranks 7 out of 174 countries on Transparency International's Corruption Perceptions Index for 2012. Corrupt activity by Norwegian or foreign officials is a criminal offense under Norway's Penal Code. Norway's anti-corruption laws cover illicit activities overseas, subjecting Norwegian nationals/companies who bribe officials in foreign countries to criminal penalties in Norwegian courts. Norway has ratified the UN Anticorruption Convention, and is signatory of the OECD Convention on Combating Bribery. In 2008, the Ministry of Foreign Affairs launched an anti-corruption initiative, focused on limiting corruption in international development efforts.

Norway is a member the Council of Europe's anti-corruption watchdog Group of States Against Corruption (GRECO) and ratified the Criminal Law Convention on Corruption in 2004, without any reservations.

## Section 3 - Economy

Norway's has a stable economy with a vibrant private sector, a large state sector, and an extensive social safety net. Norway opted out of the EU during a referendum in November 1994; nonetheless, as a member of the European Economic Area, it contributes sizably to the EU budget.

The country is richly endowed with natural resources in addition to oil and gas, including hydropower, fish, forests, and minerals. The government manages the country's petroleum resources through extensive regulation. The petroleum sector provides about 9% of jobs, 15% of GDP, and 39% of exports, according to official national estimates. Norway is one of the world's leading petroleum exporters, though oil production in 2015 was close to 50% below its peak in 2000; annual gas production, conversely, more than doubled over the same time period.

In anticipation of eventual declines in oil and gas production, Norway saves state revenue from petroleum sector activities in the world's largest sovereign wealth fund, valued at over $800 billion as of early 2016. The government allows itself to use up to 4% of the fund's value, its annual expected real rate of return, to help balance the federal budget each year. After solid GDP growth in 2004-07, the economy slowed in 2008, and contracted in 2009, before returning to modest, positive growth from 2010 to 2015. Lower oil prices in 2015 caused growth to slow, increased unemployment, and weakened the Norwegian krone. The latter trend has mitigated the negative impact of lower oil and gas prices by making Norwegian exports cheaper for foreign buyers. The government has expressed willingness to increase public spending from the sovereign wealth fund to help prevent a recession.

**Agriculture - products:**

barley, wheat, potatoes; pork, beef, veal, milk; fish

**Industries:**

petroleum and gas, shipping, fishing, aquaculture, food processing, shipbuilding, pulp and paper products, metals, chemicals, timber, mining, textiles

**Exports - commodities:**

petroleum and petroleum products, machinery and equipment, metals, chemicals, ships, fish

**Exports - partners:**

UK 22.2%, Germany 17.9%, Netherlands 10.2%, France 6.6%, Sweden 6.1%, Belgium 5%, US 4.5% (2015)

**Imports - commodities:**

machinery and equipment, chemicals, metals, foodstuffs

**Imports - partners:**

Sweden 12%, Germany 11.8%, China 10.9%, UK 6.7%, US 6.6%, Denmark 6% (2015)

## Banking

Participants in the Norwegian banking market vary from large full-service banks active in both the wholesale and retail sectors to small private institutions. There is also a range of savings banks, and the Post Office (http://www.posten.no/en/) runs a giro "bill" system. The banking system, i.e., the actual payment system, is highly automated and computerized.

The Norwegian banking system is comprised of 15 commercial banks, 129 savings banks and a small number of state-owned banks that provide financing for particular purposes. Other principal financial institutions are mortgage companies, finance companies and insurance companies. The Financial Supervisory Authority of Norwaysupervises all banks and other financial institutions in Norway.

The Commercial Banking Act, the Savings Bank Act and the Act on Financing and Finance Institutions regulate banking activities. Norway has revised the regulations relating to financial institutions as a result of the EEA Agreement. With respect to financial services, the EEA Agreement provides for full adaptation to EU regulations. Foreign banks have been allowed to establish subsidiaries in Norway since 1985. Since the implementation of the EEA Agreement in January 1994, foreign banks may also establish branches in Norway.

The Central Bank of Norway is organized as a share-issuing company, but the government owns all the shares. It is the executive and advisory entity for monetary, credit and exchange policy. It is the sole bank of currency issue.

Commercial banks enjoy a very close relationship with trade and industry. Savings banks have a long tradition in Norway and also cover a substantial part of the local credit requirements. Merchant banks have not achieved the same position in Norway that they enjoy in some countries. This is partly because of the market dominance by the very large commercial banks, all of which maintain specialized departments covering the areas generally regarded as typical of merchant banking.

There are special banks for fisheries, agriculture, shipping, industry, house building, and export finance. The State, to varying degrees, participates in all of these.

## Stock Exchange

Under relatively strict conditions it is possible to obtain fresh capital at the stock exchange. The Oslo Stock Exchange (Oslo Bors) offers the only regulated markets for securities trading in Norway today.

## Section 4 - Investment Climate

**Executive Summary**

Norway is a modern, highly developed country with a small but very strong economy. Per capita GDP is among the highest in the world boosted by success in the oil and gas sector and other top-class industries like shipping, shipbuilding and aquaculture. The major industries are supported by a strong and growing professional services industry (finance, ICT, legal), and there are emerging opportunities in cleantech, medtech and biotechnology. Strong collaboration between industry and research institutions attracts international R&D activity and funding. The decline in oil prices since the summer of 2014 has led to a slowdown of the offshore and related industries, leading unemployment to rise from under 4 to 4.8% (March 2016). The depreciation of the Norwegian Krone (NOK) against most major foreign currencies has led to record high exports for other industries.

Norway is a safe and easy place to do business, ranked 9 out of 189 countries in the World Bank's Doing Business Report, and 5 out of 175 on Transparency International's Corruption Perceptions Index. Norway is politically stable, with strong property rights protection and an effective legal system. Productivity is significantly higher than the EU average.

Norway welcomes foreign investment as a matter of policy and generally grants national treatment to foreign investors. Some restrictions exist on foreign ownership and use of natural resources and infrastructure. The government remains a major owner in the Norwegian economy and retains monopolies on a few activities, such as the production and retail sale of alcohol.

As an EEA signatory, Norway continues to liberalize its foreign investment legislation to conform more closely to European Union (EU) standards and has cut red tape over the last decade to make investment easier. Foreign direct investment in Norway stood at USD 183 billion at the end of 2015 and has more than doubled over the last decade. In 2013, the Government established "Invest in Norway," Norway's official investment promotion agency, to help attract and assist foreign investors. There are about 5,500 foreign-owned companies in Norway, and over 300 U.S. companies have a presence.

*Table 1*

| Measure | Year | Index or Rank | Website Address |
|---|---|---|---|
| TI Corruption Perceptions index | 2014 | 5 of 175 | transparency.org/cpi2014/results |
| World Bank's Doing Business Report "Ease of Doing Business" | 2015 | 9 of 189 | doingbusiness.org/rankings |
| Global Innovation Index | 2015 | 20 of 143 | globalinnovationindex.org/content/page/data-analysis |
| U.S. FDI in partner country ($M USD, stock positions) | 2014 | USD 39.5 Bn | BEA |
| World Bank GNI per capita | 2014 | USD 103 630 | data.worldbank.org/indicator/NY.GNP.PCAP.CD |

## 1. Openness To, and Restrictions Upon, Foreign Investment

Attitude toward Foreign Direct Investment

Norway welcomes foreign investment as a matter of policy and generally grants national treatment to foreign investors. Norwegian authorities encourage foreign investment particularly in the key offshore petroleum sector, mainland industry, and in less developed regions such as northern Norway. In 2013, the Government established "Invest in Norway", Norway's official investment promotion agency, to help attract and assist foreign investors.

The policy vis-a-vis third countries, including the United States, will likely continue to be governed by reciprocity principles and by bilateral and international agreements. The European Economic Area (EEA) free trade accord, which came into force for Norway in 1995, requires the country to apply principles of national treatment in certain areas where foreign investment was prohibited or restricted in the past. Norway's investment regime is generally based on the equal treatment principle, but national restrictions exist on ownership of some natural resources and on some activities (fishing/ maritime/ road transport). State ownership in companies can be used as a means of ensuring Norwegian ownership and domicile for these firms.

Other Investment Policy Reviews

Norway has not undergone UNCTAD or OECD Investment Policy Reviews in the last ten years.

As an EEA signatory, Norway continues to liberalize its foreign investment legislation to conform more closely to European Union (EU) standards. Current laws, rules, and practices follow below.

Government Monopolies

Norway has traditionally barred foreign and domestic investors alike from investing in industries monopolized by the government, including postal services, railways, and the domestic production and retail sale of alcohol. In 2004, Norway slightly relaxed the restrictions, allowing foreign companies to bid on providing certain postal services (e.g., air express services between countries) and railway cargo services (notably between Norway and Sweden). The government may allow foreign investment in hydropower (though limited to 20 percent of equity), but rarely does so. However, Norway has fully opened the electricity distribution system to foreign participation, making it one of the more liberal power sector investment regimes in the world.

Ownership of Real Property

Foreign investors may generally own real property, though ownership of certain real assets is restricted. Companies must obtain a concession to acquire rights to own or use various kinds of real property; including forests, mines, tilled land, and waterfalls. Foreign companies need not seek concessions to rent real estate, e.g. commercial facilities or office space, provided the rental contract is made for a period not exceeding ten years. The two major laws governing concessions are the Act of December 14, 1917, and the Act of May 31, 1974.

Petroleum Sector

The Petroleum Act of November 1996 (superseding the 1985 Petroleum Act) sets forth the legal basis for Norwegian authorities' awards of petroleum exploration, production blocks and follow-up activity. The act covers governmental control over exploration, production, and transportation of petroleum.

Foreign oil companies report no discrimination in the award of petroleum exploration and development blocks in recent licensing rounds. Norway has implemented EU directives requiring equal treatment of EEA oil and gas companies. The Norwegian offshore concession system complies with EU directive 94/33/EU of May 30, 1994, which governs conditions for awards and hydrocarbon development. Norway's concession process operates on a discretionary basis, with the Ministry of Petroleum and Energy awarding licenses based on which company or group of companies it views will be the best operator for a particular field, rather than purely competitive bids. A number of U.S. energy companies are present on the NCS.

The Norwegian government has dismantled former tight controls over the gas pipeline transit network that carries gas to the European market. All gas producers and operators on the Norwegian Continental Shelf (NCS) are free to negotiate gas sales contracts on an individual basis, with access to the gas export pipeline network guaranteed.

Norwegian authorities encourage the use of Norwegian goods and services in the offshore petroleum sector, but do not require it. The Norwegian share of the total supply of goods and services on the NCS has remained approximately 50 percent over the last decade.

Manufacturing Sector

Norwegian legislation granting national treatment to foreign investors in the manufacturing sector dates from 1995. Legislation that formerly required both foreign and Norwegian investors to notify and, in some cases, file burdensome reports to the Ministry of Industry and Trade if their holdings of a company's equity exceeded certain threshold levels, was repealed in July 2002. Foreign investors are not currently required to obtain government authorization before buying shares of Norwegian corporations.

Financial and Other Services

Effective January 1, 2004, Norway liberalized restrictions on acquisitions of equity in Norwegian financial institutions. Current regulations delegate responsibility for acquisitions to the Norwegian Financial Supervisory Authority and streamline the process. Financial Supervisory Authority permission is required for acquisitions of Norwegian financial institutions that exceed defined threshold levels (20, 25, 33 or 50 percent). The Authority assesses the acquisitions to ensure that prospective buyers are financially stable and that the acquisition does not unduly limit competition.

The Authority applies national treatment to foreign financial groups and institutions, but nationality restrictions still apply to banks. At least half the members of the board and half the members of the corporate assembly of a bank must be nationals and permanent residents of Norway or another EEA nation. Effective January 1, 2005, there is no ceiling on foreign equity in a Norwegian financial institution as long as the Authority has granted permission for the acquisition.

The Finance Ministry has abolished remaining restrictions on the establishment of branches by foreign financial institutions, including banks, mutual funds and others. Under the liberalized regime, Norway grants branches of U.S. and other foreign financial institutions the same treatment as domestic institutions.

Media

Media ownership is regulated by the Media Ownership Act of 1997 and the Norwegian Media Authority. No individual party, domestic or foreign, may control more than 1/3 of the national newspaper, radio and/or television markets without a concession. National treatment is granted in line with Norway's obligations under the EEA accord. The introduction and growing importance of new media forms (including those emerging from the internet and wireless industries) has raised concerns that the existing domestic legal regime (which largely focuses on printed media) is becoming outmoded.

For more information on starting a business in Norway visit: https://www.altinn.no/en/Start-and-Run-a-Business/

*Business Registration*

Altinn is a web portal for electronic dialogue between the business/industry sector, citizens and government agencies. Altinn serves as a one stop shop for establishing a company and contains the necessary forms. The business registration processes are clear and complete and open for foreign companies. Please note however that registration of Norwegian Registered Foreign Business Enterprises (NUF) cannot be done electronically. A guide for establishing a business is available at the following address: https://www.altinn.no/Global/Starte%20og%20drive%20bedrift/Guider/Starting_your_own_business.pdf

Norway's Export Promotion Agency, Innovation Norway is also in charge of facilitating foreign investment, through its network Invest in Norway. Invest in Norway can provide a wide range of services and an extensive network to help foreign companies establish and run their business in Norway. They act as the first point of contact, providing information and assessing business opportunities, as well as creating contacts with relevant partners in Norway and facilitating investment processes.

Norway uses the EU's definition for MSMEs. Innovation Norway's regional development arm offers a series of services supporting the establishment of MSMEs.

Industrial Promotion

Not applicable.

Limits on Foreign Control and Right to Private Ownership and Establishment

See above.

Privatization Program

Not applicable

Screening of FDI

Investment applications, when required, are processed by the ministries concerned. For example, the Ministry of Trade, Industry and Fisheries handles applications to acquire real property in Norway when permission is required. The Finance Ministry handles cases involving financial institutions. The Ministry of Culture is responsible for media cases. Decisions are normally taken at the Ministerial level. However, in some cases with significant political implications, the minister(s) may ask the entire cabinet to make the decision.

The processing time for acquisition applications depends on several factors, but is normally from one to three months. The government may set conditions when a concession is granted, which is commonly done in cases involving more than one-third foreign ownership. Concession agreements do not permit a company to engage in business activities other than those specified. In general, the government screens investments on a case-by-case basis based on the "public interest" principle. This principle is vague and permits broad discretion.

Competition Law

Current legislation governing competition went into effect on May 1, 2004, and is enforced by the Norwegian Competition Authority (NCA). Under the authority of the Ministry of Trade, Industry and Fisheries the NCA is authorized to conduct non-criminal proceedings and impose fines, or "infringement fees," for anti-competitive behavior. The size of the fees may vary according to a number of factors, including company turnover and severity of the offense. The 2004 legislation also empowers the NCA to halt mergers or acquisitions that threaten to significantly weaken competition. Companies planning such transactions are obliged by law to report their plans to the NCA, which may conduct a review. However, if the combined annual turnover in Norway does not exceed NOK 1 billion (USD 130 million) or the annual turnover of one of the companies NOK 100 million (USD 13 million), notification is not required.

Public Procurements

Pursuant to its obligations under the EEA, Norway implemented EU legislation on public procurements on January 1, 1994. Norway is also a signatory to the WTO Government Procurement Agreement (GPA). The EEA/EU legislation and WTO agreement oblige Norway to follow internationally recognized, transparent procedures for public procurements above certain threshold values.

All public procurement contracts exceeding certain threshold values must be published in the Official Journal of the European Union and in the EU's Tenders Electronic Daily (TED) databank. Norway instituted an electronic notice database more than a decade ago and currently transmits all tender notices electronically through this database to the TED system.

The rules apply to procurement by the central government, regional or local authorities, bodies governed by public law, or associations formed by one or more such authorities or bodies governed by public law. In addition, special rules apply to the procurement by certain entities in the "utilities" sectors of water, energy, transport, and telecommunications.

Public agencies must publish general annual plans for purchases of goods and services, as well as general information on any major building and construction projects planned. No later than two months after a contract has been awarded, a notice must be published stating which company won the contract. All notices must be published in an EU language.

Discriminatory technical specifications may not be used to tailor contracts for a local or national supplier. Any technical standards applied in the procurement process must be national standards that are harmonized with European standards. If no such standards exist, other international or national standards may be applied. All specifications that are to be used in evaluating tenders must be included in the notice or in the invitation to tender.

In general, public procurements are non-discriminatory and based on open, competitive bidding. There are exceptions, however, notably in defense procurements where national security concerns may be taken into account.

The Complaints Board, an independent review body, offers suppliers an inexpensive complaint process for bid challenges. The board can issue "non-binding opinions" and review the legality of the procurement in question. More serious disputes may be taken before the European Surveillance Authority (ESA), or the courts, but the decision making process can be lengthy.

Discriminatory/Preferential Export/Import Policies

An export promotion organization, Innovation Norway, assists export-oriented firms to market their goods and services internationally. Norway also maintains an export credit institution (Eksportkreditt Norge AS) and an export guarantee institution (GIEK).

Norway's agricultural sector is highly protected from external competition through a variety of tariffs, subsidies, and other barriers. Norway imposes high, variable tariffs on farm product imports that compete with domestic products, largely excluding them from the market.

According to the WTO, Norway's simple average applied tariff in 2013 was 51.3 percent for agricultural goods -- in comparison to less than one percent for non-agricultural products -- and can range up to several hundred percent. Agricultural export subsidies are also high.

With limited exceptions, Norway has since 1996 effectively banned the importation of agricultural biotechnology products. Harmonization with relevant EU regulations may open the Norwegian market up to these products in the future.

**2. Conversion and Transfer Policies**

Foreign Exchange

Dividends, profits, interest on loans, debentures, mortgages, and repatriation of invested capital are freely and fully remissible, subject to Central Bank reporting requirements. Ordinary payments from Norway to foreign entities can normally be made without formalities through commercial banks. Norway is a member of the Financial Action Task Force.

*Remittance Policies*

Not applicable.

**3. Expropriation and Compensation**

There have been no cases of questionable expropriation in recent memory. Government "takings" of property are generally limited to non-discriminatory land and property condemnation for public purposes (road construction, etc.). The Embassy is not aware of any cases in which compensation has not been prompt, adequate, and effective.

**4. Dispute Settlement**

Legal System, Specialized Courts, Judicial Independence, Judgments of Foreign Courts

Norway's legal system provides effective means for enforcing property and contractual rights

Bankruptcy

Norway has strong bankruptcy laws and is ranked 8 out of 189 for ease of "resolving insolvency" on the World Bank's 2015 Doing Business report. According to the World Bank, the average duration for bankruptcy proceedings in Norway is half that of the OECD, at just under a year.

Investment Disputes

No major investment disputes have occurred in recent years.

International Arbitration

*ICSID Convention and New York Convention*

Norway has ratified principal international agreements governing arbitration and settlement of investment disputes, including the 1958 New York Convention and the Washington Convention (ICSID).

Duration of Dispute Resolution – Local Courts

Information not available

**5. Performance Requirements and Investment Incentives**

WTO/TRIMS

Norway does not impose performance requirements on foreign investors, nor offer significant general tax incentives for either domestic or foreign investors. There is an exception for investments in sparsely settled northern Norway where reduced payroll taxes and other incentives apply. There are no free-trade zones, although taxes are minimal on Svalbard, a remote Arctic archipelago, which is subject to special treaty provisions. A state industry and regional development fund provides support (e.g., investment grants and financial assistance) for industrial development in areas with special employment difficulties or with low levels of economic activity.

Investment Incentives

See above.

Research and Development

Tax deductions are allowed for research costs in key industries, including the petroleum sector. Petroleum sector regulations for write-offs of exploration expenses are generous to encourage the search for new hydrocarbon resources.

Performance Requirements

See above.

Data Storage

Norway does not require "forced localization" nor impose requirements on data storage.

**6. Protection of Property Rights**

Real Property

Norway recognizes secured interests in property, both movable and real. The system for recording interests in property is recognized and reliable. Norway maintains an open and effective legal and judicial system that protects and facilitates acquisition and disposition of rights in property, including land, buildings, and mortgages.

Intellectual Property Rights

Norway adheres to key international agreements for the protection of intellectual property rights (e.g., the Paris Union Convention for the Protection of Industrial Property, the Berne Copyright Convention, the Universal Copyright Convention of 1952, and the Rome Convention). It has notified its main intellectual property laws to the World Trade Organization. Norway's intellectual property statutes cover the major areas referred to in the Trade-Related Aspects of Intellectual Property Rights (TRIPS) Agreement.

The chief domestic statutes governing intellectual property rights include: the Patents Act of December 15, 1967, as amended; the Designs Act of March 14, 2003; the Copyrights Act of May 12, 1961, as amended; the Layout-design Act of June 15, 1990, as amended; the Marketing Act of January 9, 2009; and the Trademarks Act of March 26, 2010. The above legislation also protects trade secrets and industrial designs, including semiconductor chip layout design. As an EEA member, Norway adopted legislation intended to implement the 2001 EU Copyright Directive, though subsequent court cases exposed shortcomings in the legislation (see below).

Patents

The patent office (Patenstyret) grants patents for a period of 20 years (Acts of June 8, 1979, and May 4, 1985). U.S. industry has expressed concerns that Norway's regulatory framework for process patents filed prior to 1992 denies adequate patent protection for a number of pharmaceutical products. Although Norway introduced product patents for pharmaceuticals in 1992, the old system has left a difficult legacy for pharmaceutical companies, as competitors claiming to use non-patented processes entered the market. Several U.S. pharmaceutical companies filed successful patent infringement lawsuits in Norwegian courts to fend off these new entrants, but others lost their court cases and were later forced to restructure their Norwegian operations with loss of employment. Norway was placed on the Special 301 Watch List in 2008 due to concerns about pharmaceutical patent protection but has not been listed since 2013.

Copyright

Internet piracy in Norway is facilitated by high broadband internet penetration, which makes peer-to-peer downloads of music and video easy and common. Groups that release early copies of new motion pictures on the internet are active in the Norwegian market, and Norway has experienced some "camcording incidents," where motion pictures are illegally recorded in cinemas. Private organizations like the Motion Picture Association are attempting to raise public awareness of internet and video piracy, for example by running anti-pirating advertisements in movie theaters.

Norway enacted legislation based on the EU's 2001 Copyright Directive which combats internet piracy in June 2005, but subsequent court cases showed that the law did not give sufficient grounds for enforcement. The GON started a process of revision in 2011, and the amended Copyright Act entered into force in July 2013. The amended Act brings Norwegian copyright protection up to date by clarifying the process for gaining access to infringers' identities and introducing a site-blocking mechanism. Positive developments on the enforcement side are complemented by the growing popularity of legal streaming alternatives like Netflix and HBO.

Counterfeit and Pirated Goods

Norway does not expressly ban imports or exports of counterfeit or pirated goods for private use or consumption. However, import or export for resale or other commercial purpose will be controlled by Norwegian Customs and rights-holders will be notified. Customs may seize and hold suspected counterfeit goods for up to five working days, during which time rights-holders may decide whether to proceed with an injunction or other settlement. If the rights-holder does not pursue the case or respond to the notice, the goods are released to the importer (unless considered harmful). In comparison, customs officials in the EU have wider powers to seize, hold, and destroy counterfeit shipments. In 2010, Norwegian Customs established an intellectual property rights (IPR) office to coordinate training and increase awareness. In 2015, the GON launched a new website and an awareness campaign titled "Choose the Real Deal" (velgekte.no).

Enforcement

The Norwegian government does not consider itself obligated, under the European Economic Area Agreement, to implement the European Union Enforcement Directive. Rights holders report that law enforcement authorities have begun to investigate major copyright infringement cases, with the result that several internet sites facilitating infringement were closed down. However, rights holders contend that the authorities still do not give adequate priority to copyright and internet piracy cases.

*Resources for Rights Holders*

For additional information about treaty obligations and points of contact at local IP offices, please see WIPO's country profiles at http://www.wipo.int/directory/en/.
Norwegian Industrial Property Office:

http://www.patentstyret.no/en/A list of local lawyers is available at http://norway.usembassy.gov/lawyers.html.

**7. Transparency of the Regulatory System**

The transparency of Norway's regulatory system is generally on par with that of the EU. Norway is obliged to adopt EU directives under the terms of the EEA accord (in the areas of social policy, consumer protection, environment, company law, and statistics). All draft bills are made available for comment through a public consultation process.

**8. Efficient Capital Markets and Portfolio Investment**

Norway has a highly computerized banking system that provides a full range of banking services, including internet banking. There are no significant impediments to the free marketdetermined flow of financial resources. Foreign banks have been permitted to establish branches in Norway since 1996.

Foreign and domestic investors have access to a wide variety of credit instruments. The financial regulatory system is transparent and consistent with international norms. The Oslo Stock Exchange facilitates portfolio investment and securities transactions in general.

Money and Banking System, Hostile Takeovers

Norwegian banks are generally considered to be on a sound financial footing, and the ten largest banks hold around USD 600 billion in assets. Conservative asset/liquidity requirements limited the exposure of banks to the global financial crisis in 2008/9.

**9. Competition from State-Owned Enterprises**

The government continues to play a strong role in the Norwegian economy through its ownership or control of many of the country's leading commercial firms. The public sector accounts for nearly 60 percent of GDP. The Norwegian government is the largest owner in Norway, with ownership stakes in a range of key sectors (e.g., energy, transportation, finance, and communications). About 70 State Owned Enterprises (SOEs) are managed directly by the relevant ministries, and approximately 35 percent of the stock exchange's capitalization is in government hands. State ownership in companies can be used as a means of ensuring Norwegian ownership and domicile for these firms.

Norway is party to the Government Procurement Agreement (GPA) within the framework of the World Trade Organization (WTO) and a signatory to all relevant annexes. SOEs are thus covered under the agreement.

Norwegian governments have sustained stable levels of strong, transparent, and predictable government ownership. The previous center-left government increased its stake in companies like Statoil ASA, Kongsberg Gruppen AS, and Yara International ASA, but also sold off other holdings. The current center-right government is in a process of reducing ownership stakes.

OECD Guidelines on Corporate Governance of SOEs

Norwegian SOEs observe the OECD Guidelines on Corporate Governance for SOEs.

Sovereign Wealth Funds

Norway’s sovereign wealth fund, the Government Pension Fund Global (GPFG), was established in 1990 and was valued at NOK 7475 billion (USD 975 billion) at year-end 2015. Petroleum revenues are invested in global stocks and bonds, and the current portfolio includes over 9000 companies and approximately 1.3 percent of global stocks. The fund is invested globally across three asset classes. The management mandate requires the fund to be invested widely outside Norway with a target asset allocation of 60 percent equities, 35-40 percent fixed income and up to 5 percent real estate. The fund aims to be invested in most markets, countries and currencies to achieve broad exposure to global economic growth. About 1/3 of the fund’s investments are in the U.S which is its single largest market. The fund has tried to play an active role in its investments and aims at voting in almost all general meetings.

In 2004, Norway adopted ethical guidelines for GPFG investments, which ban investment in companies engaged in various forms of weapons production, environmental degradation, tobacco production, human rights violations, and what it terms “other particularly serious violations of fundamental ethical norms.” The fund adheres to the Santiago Principles and is a member of the IMF-hosted International Working Group on Sovereign Wealth Funds. The fund currently has 66 companies on its exclusion list, 22 of which are U.S. companies. The ethical guidelines also highlight three focus areas in term of sustainability, children’s rights, climate change, and water management.

**10. Responsible Business Conduct**

Corporate Social Responsibility (CSR) is very much part of Norwegian corporate and political consciousness. Significant attention has been given to ethical and sustainable business practices over the last several years, and the GON has issued a series of white papers on various aspects of CSR, most recently in 2009, and on the responsibility of Norwegian businesses in the global economy. In 2006 and 2007, the GON also set down guidelines for ethical and responsible conduct in government-owned enterprises, and incorporated climate policy, procurement policy, and development policy as parts of the GON’s broader CSR vision.

As an OECD member, Norway adheres to the OECD Guidelines for Multinational Enterprises; information on its National Contact Point is at this link: http://mneguidelines.oecd.org/ncps/norway.htm

The Norwegian Accounting Act requires companies listed on the Oslo Stock Exchange to provide a report on their policies and practices for corporate governance. The Norwegian Corporate Governance Board composed of nine independent organizations, issues and updates the Norwegian Code of Practice for the above mentioned companies. In the mining sector, Norway encourages adherence to the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Afflicted and High-Risk Areas and participates in the Extractive Industries Transparency Initiative (EITI).

**11. Political Violence**

Norway is a vibrant, stable democracy. Violent political protests or incidents are extremely rare, as are politically motivated attacks on foreign commercial projects or property. However, on July 22, 2011, a Norwegian individual motivated by extreme anti-Islam ideology carried out twin attacks on Oslo’s government district and on the Labor Party’s youth summer camp in Utoeya, killing 77 people. The individual operated alone, he is now in prison, and this incident is not generally considered an indicator of increased political violence in the future.

**12. Corruption**

Business is generally conducted "above the table" in Norway, and Norway ranks 5 out of 168 countries on Transparency International’s Corruption Perceptions Index for 2015. Corrupt activity by Norwegian or foreign officials is a criminal offense under Norway's Penal Code. Norway's anti-corruption laws cover illicit activities overseas, subjecting Norwegian nationals/companies who bribe officials in foreign countries to criminal penalties in Norwegian courts. In 2008, the Ministry of Foreign Affairs launched an anti-corruption initiative, focused on limiting corruption in international development efforts.

Norway is a member of the Council of Europe's anti-corruption watchdog Group of States against Corruption (GRECO) and ratified the Criminal Law Convention on Corruption in 2004, without any reservations.

*UN Anticorruption Convention, OECD Convention on Combatting Bribery*

Norway has ratified the UN Anticorruption Convention (2006),and is signatory of the OECD Convention on Combating Bribery.

Resources to Report Corruption

The Norwegian National Authority for Investigation and Prosecution of Economic and Environmental Crime (ØKOKRIM)
Address: Postboks 8193 Dep, 0034 Oslo
Telephone: +47 23 29 10 00
Email: post.okokrim@politiet.no

**13. Bilateral Investment Agreements**

Norway has concluded investment protection agreements with numerous countries. These agreements contain provisions for repatriation of capital, dispute settlement, and standards for expropriation and nationalization by the host country.

Norway and other members of the European Free Trade Association (EFTA) -- Iceland, Liechtenstein and Switzerland -- have 25 joint free trade agreements covering 35 countries: Albania, Bosnia and Herzegovina, Canada, Central American States (Costa Rica and Panama), Chile, Colombia, Egypt, Gulf Cooperation Council (GCC), Hong Kong, Israel, Jordan, Lebanon, Macedonia, Mexico, Montenegro, Morocco, the Palestinian Authority, Peru, Serbia, Singapore, Southern African Customs Union, The Republic of Korea, Tunisia, Turkey, and Ukraine. The agreements cover trade in goods and services, services and investment, dispute settlement, and other issues generally found in bilateral investment accords.

Bilateral Taxation Treaties

Norway signed a bilateral taxation treaty with the United States in 1971. More information is available at http://www.irs.gov/Businesses/International-Businesses/Norway---Tax-Treaty-Documents.

**14. Foreign Trade Zones/Free Ports/Trade Facilitation**

Norway has no foreign trade zones and does not contemplate establishing any.

**15. Foreign Direct Investment and Foreign Portfolio Investment Statistics**

*Table 2: Key Macroeconomic Data, U.S. FDI in Host Country/Economy*

| | Host Country Statistical source* | | USG or international statistical source | | USG or International Source of Data: BEA; IMF; Eurostat; UNCTAD, Other |
|---|---|---|---|---|---|
| Economic Data | Year | Amount | Year | Amount | |

| | | | | | |
|---|---|---|---|---|---|
| Host Country Gross Domestic Product (GDP) ($M USD) | 2014 | $500.5 Billion | 2014 | $499.8 Bn | http://www.worldbank.org/en/country/norway |
| Foreign Direct Investment | Host Country Statistical source* | | USG or international statistical source | | USG or international Source of data: BEA; IMF; Eurostat; UNCTAD, Other |
| U.S. FDI in partner country ($M USD, stock positions) | 2013 | $15.6 Bn | 2014 | $39.5 Bn | http://www.bea.gov/international/factsheet/factsheet.cfm?Area=320 |
| Host country's FDI in the United States ($M USD, stock positions) | 2013 | $25.7 Bn | 2014 | $17.6 Bn | http://www.bea.gov/international/factsheet/factsheet.cfm?Area=320 |
| Total inbound stock of FDI as % host GDP | 2013 | 5.2% | N/A | N/A | N/A |

*Table 3: Sources and Destination of FDI*

| Direct Investment from/in Counterpart Economy Data | | | | | |
|---|---|---|---|---|---|
| From Top Five Sources/To Top Five Destinations *(US Dollars, Millions)* | | | | | |
| Inward Direct Investment | | | Outward Direct Investment | | |
| Total Inward | 183,226 | 100% | Total Outward | Amount | 100% |
| Netherlands | 16,934 | 9% | Sweden | 33,508 | 15% |
| United States | 16,296 | 9% | Netherlands | 23,193 | 10% |
| Sweden | 13,678 | 7% | Belgium | 21,180 | 9% |
| United Kingsom | 13,223 | 7% | Germany | 19,370 | 9% |
| Denmark | 8,532 | 5% | Singapore | 13,616 | 6% |
| "0" reflects amounts rounded to +/- USD 500,000. | | | | | |

Source: IMF Coordinated Direct Investment Survey

*Table 4: Sources of Portfolio Investment*

| Portfolio Investment Assets |
|---|
| Top Five Partners (Millions, US Dollars) |

| Total | | | Equity Securities | | | Total Debt Securities | | |
|---|---|---|---|---|---|---|---|---|
| All Countries | 1,051,939 | 100% | All Countries | 616,333 | 100% | All Countries | 435,605 | 100% |
| United States | 297,022 | 28% | United States | 185,860 | 30% | United States | 111,163 | 26% |
| United Kingdom | 97,926 | 9% | United Kingdom | 64,756 | 11% | Germany | 38,711 | 9% |
| Germany | 73,669 | 7% | Japan | 42,534 | 7% | United Kingdom | 33,170 | 8% |
| Japan | 70,666 | 7% | Switzerland | 35,397 | 6% | Japan | 28,133 | 6% |
| France | 55,609 | 5% | Germany | 34,958 | 6% | France | 21,808 | 5% |

## Section 5 - Government

### Chiefs of State and Cabinet Members:

For the current list of Chief of State and Cabinet Members, please access the following - Central Intelligence Agency online directory of Chiefs of State and Cabinet Members of Foreign Governments

### Legal system:

mixed legal system of civil, common, and customary law; Supreme Court can advise on legislative acts

### International organization participation:

ADB (nonregional member), AfDB (nonregional member), Arctic Council, Australia Group, BIS, CBSS, CD, CE, CERN, EAPC, EBRD, EFTA, EITI (implementing country), ESA, FAO, FATF, IADB, IAEA, IBRD, ICAO, ICC (national committees), ICRM, IDA, IEA, IFAD, IFC, IFRCS, IGAD (partners), IHO, ILO, IMF, IMO, IMSO, Interpol, IOC, IOM, IPU, ISO, ITSO, ITU, ITUC (NGOs), MIGA, MONUSCO, NATO, NC, NEA, NIB, NSG, OAS (observer), OECD, OPCW, OSCE, Paris Club, PCA, Schengen Convention, UN, UNCTAD, UNESCO, UNHCR, UNIDO, UNITAR, UNMISS, UNRWA, UNTSO, UNWTO, UPU, WCO, WHO, WIPO, WMO, WTO, ZC

## Section 6 - Tax

### Exchange control

Most exchange controls were phased out in 1990. However, all imports of capital in cash exceeding NOK 25,000 should be reported to the Bank of Norway. Other transfers of capital need not be reported.

### Treaty and non-treaty withholding tax rates

Norway has exchange of information relationships with 131 jurisdictions through 83 DTCs, 44 TIEAs and 1 multilateral mechanism, Convention on Mutual Administrative Assistance in Tax Matters.

| Jurisdiction | Type of EOI Arrangement | Date Signed | Date entered into Force | Meets standard | Contains paras 4 and 5 |
|---|---|---|---|---|---|
| Albania | DTC | 14 Oct 1998 | 13 Aug 1999 | Unreviewed | No |
| Andorra | TIEA | 24 Feb 2010 | 18 Jun 2011 | Yes | Yes |
| Anguilla | TIEA | 14 Dec 2009 | 10 Apr 2011 | Yes | Yes |
| Antigua and Barbuda | TIEA | 19 May 2010 | 15 Jan 2011 | Yes | Yes |
| Argentina | DTC | 8 Oct 1997 | 30 Dec 2001 | Yes | No |
| Aruba | TIEA | 10 Sep 2009 | 1 Aug 2012 | Yes | Yes |
| Australia | DTC | 8 Aug 2006 | 12 Sep 2007 | Yes | Yes |
| Austria | DTC | 28 Nov 1995 | 1 Dec 1996 | Yes | Yes |
| Azerbaijan | DTC | 24 Apr 1996 | 20 Sep 1996 | Unreviewed | No |
| Bahamas, The | TIEA | 10 Mar 2010 | 9 Sep 2010 | Yes | Yes |
| Bahrain | TIEA | 14 Oct 2011 | 12 Jul 2012 | Yes | Yes |
| Bangladesh | DTC | 15 Sep 2004 | 22 Dec 2005 | Unreviewed | No |
| Barbados | DTC | 15 Nov 1990 | 30 Jul 1991 | Yes | Yes |
| Belgium | DTC | 14 Apr 1988 | 4 Oct 1991 | Yes | Yes |
| Belize | TIEA | 15 Sep 2010 | 26 Feb 2011 | Yes | Yes |
| Benin | DTC | 29 May 1979 | 24 Jun 1982 | Unreviewed | No |
| Bermuda | TIEA | 16 Apr 2009 | 22 Jan 2010 | Yes | Yes |
| Bosnia and Herzegovina | DTC | 1 Sep 1983 | not yet in force | Unreviewed | No |
| Botswana | TIEA | 20 Feb 2013 | not yet in force | Unreviewed | Yes |
| Brazil | DTC | 21 Aug 1980 | 26 Nov 1981 | Yes | No |
| Brunei Darussalam | TIEA | 27 Jun 2012 | not yet in force | Unreviewed | Yes |
| Bulgaria | DTC | 1 Mar 1988 | 1 Apr 1989 | Unreviewed | No |
| Canada | DTC | 12 Jul 2002 | 19 Dec 2002 | Yes | No |
| Cayman Islands | TIEA | 1 Apr 2009 | 4 Mar 2010 | Yes | Yes |
| Chile | DTC | 26 Oct 2001 | 22 Jul 2003 | Yes | No |
| China | DTC | 25 Feb 1986 | 21 Dec 1986 | Yes | No |

| Jurisdiction | Type of EOI Arrangement | Date Signed | Date entered into Force | Meets standard | Contains paras 4 and 5 |
|---|---|---|---|---|---|
| Cook Islands | TIEA | 16 Dec 2009 | 6 Dec 2011 | Yes | Yes |
| Costa Rica | TIEA | 29 Jun 2011 | not yet in force | Yes | Yes |
| Croatia | DTC | 10 Jan 1983 | 3 Jun 1996 | Unreviewed | No |
| Curaçao | DTC | 13 Nov 1989 | 17 Dec 1990 | Yes | Yes |
| Cyprus | DTC | 2 May 1951 | 18 May 1955 | Yes | No |
| Czech Republic | DTC | 19 Oct 2004 | 9 Sep 2005 | Yes | Yes |
| Côte d'Ivoire | DTC | 15 Feb 1978 | 25 Jan 1980 | Unreviewed | No |
| Denmark | TIEA | 7 Dec 1989 | 9 May 1991 | Yes | No |
| Dominica | TIEA | 19 May 2010 | 22 Jan 2012 | No | Yes |
| Egypt | DTC | 20 Oct 1964 | 30 Jun 1965 | Unreviewed | No |
| Estonia | DTC | 14 May 1993 | 30 Dec 1993 | Yes | No |
| Faroe Islands | TIEA | 7 Dec 1989 | 9 May 1991 | Unreviewed | No |
| Finland | TIEA | 7 Dec 1989 | 5 May 1991 | Yes | No |
| Former Yugoslav Republic of Macedonia | DTC | 19 Apr 2011 | 1 Nov 2011 | Yes | Yes |
| France | DTC | 19 Dec 1980 | 10 Sep 1981 | Yes | No |
| Gambia, The | DTC | 27 Apr 1994 | 20 Mar 1997 | Unreviewed | No |
| Georgia | DTC | 10 Nov 2011 | 23 Jul 2012 | Unreviewed | Yes |
| Germany | DTC | 4 Oct 1991 | 7 Oct 1993 | Yes | No |
| Gibraltar | TIEA | 16 Dec 2009 | 8 Sep 2010 | Yes | Yes |
| Greece | DTC | 27 Apr 1988 | 16 Sep 1991 | Yes | No |
| Greenland | TIEA | 7 Dec 1989 | 9 May 1991 | Unreviewed | No |
| Grenada | TIEA | 19 May 2010 | 9 Feb 2012 | Yes | Yes |
| Guatemala | TIEA | 15 May 2012 | not yet in force | No | Yes |
| Guernsey | TIEA | 28 Oct 2008 | 8 Oct 2009 | Yes | Yes |
| Hungary | DTC | 21 Oct 1980 | 1 Jan 1982 | Yes | No |
| Iceland | DTC | 7 Dec 1989 | 9 May 1991 | Yes | No |
| India | DTC | 2 Feb 2011 | 20 Dec 2011 | Yes | Yes |
| Indonesia | DTC | 19 Jul 1988 | 16 May 1990 | Yes | No |
| Ireland | DTC | 22 Nov 2000 | 27 Nov 2001 | Yes | No |
| Isle of Man | TIEA | 30 Oct 2007 | 6 Sep 2008 | Yes | Yes |
| Israel | DTC | 2 Nov 1966 | 11 Jan 1968 | Yes | No |
| Italy | DTC | 17 Jun 1985 | 25 May 1987 | Yes | No |
| Jamaica | DTC | 30 Sep 1991 | 2 Nov 1992 | Yes | No |
| Japan | DTC | 4 Mar 1992 | 16 Dec 1992 | Yes | No |
| Jersey | TIEA | 28 Oct 2008 | 7 Oct 2009 | Yes | Yes |
| Kazakhstan | DTC | 3 Apr 2001 | 24 Jan 2006 | Unreviewed | No |
| Kenya | DTC | 13 Dec 1972 | 9 Oct 1973 | Yes | No |
| Korea, Republic of | DTC | 5 Oct 1982 | 1 Mar 1984 | Yes | No |
| Latvia | DTC | 19 Jul 1993 | 30 Dec 1993 | Unreviewed | No |
| Liberia | TIEA | 10 Nov 2010 | 17 May 2012 | Yes | Yes |
| Liechtenstein | TIEA | 17 Dec 2010 | 31 Mar 2012 | Yes | Yes |
| Lithuania | DTC | 27 Apr 1993 | 30 Dec 1993 | Yes | No |
| Luxembourg | DTC | 6 May 1983 | 27 Jan 1985 | Yes | Yes |
| Macao, China | TIEA | 29 Apr 2011 | 18 Dec 2011 | Yes | Yes |

| Jurisdiction | Type of EOI Arrangement | Date Signed | Date entered into Force | Meets standard | Contains paras 4 and 5 | |
|---|---|---|---|---|---|---|
| Malawi | DTC | 12 Aug 2009 | not yet in force | Unreviewed | Yes | |
| Malaysia | DTC | 23 Dec 1970 | 9 Sep 1971 | No | No | |
| Malta | DTC | 30 Mar 2012 | 14 Feb 2013 | Yes | Yes | |
| Marshall Islands | TIEA | 28 Sep 2010 | 19 Jun 2011 | Yes | Yes | |
| Mauritius | TIEA | 1 Dec 2011 | 18 May 2012 | Yes | Yes | |
| Mexico | DTC | 23 Mar 1995 | 23 Jan 2006 | Yes | No | |
| Monaco | TIEA | 23 Jun 2010 | 30 Jan 2011 | Yes | Yes | |
| Montserrat | TIEA | 22 Nov 2010 | 19 Dec 2011 | Yes | Yes | |
| Morocco | DTC | 5 May 1972 | 18 Dec 1975 | Unreviewed | No | |
| Nepal | DTC | 13 May 1996 | 19 Jun 1997 | Unreviewed | No | |
| Netherlands | DTC | 12 Jan 1990 | 31 Dec 1990 | Yes | Yes | |
| New Zealand | DTC | 20 Apr 1982 | 31 Mar 1983 | Yes | No | |
| Niue | TIEA | 16 Oct 2013 | not yet in force | Unreviewed | Yes | |
| Pakistan | DTC | 7 Oct 1986 | 18 Feb 1987 | Unreviewed | No | |
| Panama | TIEA | 12 Nov 2012 | not yet in force | Unreviewed | Yes | |
| Philippines | DTC | 9 Jul 1987 | 23 Oct 1997 | Yes | No | |
| Poland | DTC | 9 Sep 2009 | 1 Jan 2011 | Yes | Yes | |
| Portugal | DTC | 10 Mar 2011 | 15 Jun 2012 | Yes | Yes | |
| Qatar | DTC | 29 Jun 2009 | 30 Nov 2009 | Yes | Yes | |
| Romania | DTC | 14 Nov 1980 | 27 Sep 1981 | Unreviewed | No | |
| Russian Federation | DTC | 26 Mar 1996 | 20 Dec 2002 | Yes | No | |
| Saint Kitts and Nevis | TIEA | 24 Mar 2010 | 12 Jan 2011 | Yes | Yes | |
| Saint Lucia | TIEA | 19 May 2010 | 1 Dec 2011 | Yes | Yes | |
| Saint Vincent and the Grenadines | TIEA | 24 Mar 2010 | 21 Mar 2011 | Yes | Yes | |
| Samoa | TIEA | 16 Dec 2009 | 30 Mar 2012 | Yes | Yes | |
| San Marino | TIEA | 12 Jan 2010 | 22 Jul 2010 | Yes | Yes | |
| Senegal | DTC | 7 Apr 1994 | 28 Feb 1997 | Unreviewed | No | |
| Serbia | DTC | 10 Jan 1983 | 29 May 2003 | Unreviewed | No | |
| Seychelles | TIEA | 30 Mar 2011 | not yet in force | Yes | Yes | |
| Sierra Leone | DTC | 5 Feb 1951 | 18 May 1955 | Unreviewed | No | |
| Singapore | DTC | 19 Dec 1997 | 20 Apr 1998 | Yes | Yes | |
| Sint Maarten | DTC | 13 Nov 1989 | 17 Dec 1990 | Yes | Yes | |
| Slovakia | DTC | 27 Jun 1979 | 28 Dec 1979 | Yes | No | |
| Slovenia | DTC | 18 Feb 2008 | 10 Dec 2009 | Yes | Yes | |
| South Africa | DTC | 2 Dec 1996 | 12 Sep 1996 | Yes | No | |
| Spain | DTC | 6 Oct 1999 | 18 Dec 2000 | Yes | No | |
| Sri Lanka | DTC | 4 Dec 1986 | 8 Mar 1988 | Unreviewed | No | |
| Sweden | TIEA | 7 Dec 1989 | 9 May 1991 | Yes | No | |
| Switzerland | DTC | 7 Sep 1987 | 2 May 1989 | No | Yes | |
| Tanzania | DTC | 28 Apr 1976 | 4 Aug 1978 | Unreviewed | No | |
| Thailand | DTC | 30 Jul 2003 | 29 Dec 2003 | Unreviewed | No | |
| Trinidad and Tobago | DTC | 29 Oct 1969 | 7 Aug 1970 | No | No | |
| Tunisia | DTC | 31 May 1978 | 28 Dec 1979 | Unreviewed | No | |

| Jurisdiction | Type of EOI Arrangement | Date Signed | Date entered into Force | Meets standard | Contains paras 4 and 5 |
|---|---|---|---|---|---|
| Turkey | DTC | 15 Jan 2010 | 15 Jun 2011 | Yes | Yes |
| Turks and Caicos Islands | TIEA | 16 Dec 2009 | 9 Apr 2011 | Yes | Yes |
| Uganda | DTC | 7 Sep 1999 | 16 May 2001 | Unreviewed | No |
| Ukraine | DTC | 7 Mar 1996 | 18 Sep 1996 | Unreviewed | No |
| United Kingdom | DTC | 14 Mar 2013 | not yet in force | Yes | Yes |
| United Kingdom | DTC | 12 Oct 2000 | 12 Dec 2000 | Yes | No |
| United States | DTC | 3 Dec 1971 | 29 Nov 1972 | Yes | No |
| Uruguay | TIEA | 14 Dec 2011 | not yet in force | Yes | Yes |
| Vanuatu | TIEA | 13 Oct 2010 | not yet in force | No | Yes |
| Venezuela | DTC | 29 Oct 1997 | 10 Aug 1998 | Unreviewed | No |
| Viet nam | DTC | 1 Jun 1995 | 14 Apr 1996 | Unreviewed | No |
| Virgin Islands, British | TIEA | 18 May 2009 | 15 Apr 2010 | Yes | Yes |
| Zambia | DTC | 14 Jul 1971 | 22 Mar 1973 | Unreviewed | No |
| Zimbabwe | DTC | 9 Mar 1999 | 28 Aug 1991 | Unreviewed | No |

## Methodology and Sources

**Section 1 - General Background Report and Map**

(Source: CIA World Factbook)

**Section 2 - Anti – Money Laundering / Terrorist Financing**

| | **Lower Risk** | **Medium Risk** | **Higher Risk** |
|---|---|---|---|
| FATF List of Countries identified with strategic AML deficiencies | Not Listed | AML Deficient but Committed | High Risk |
| Compliance with FATF 40 + 9 recommendations | >69% Compliant or Fully Compliant | 35 – 69% Compliant or Fully Compliant | <35% Compliant or Fully Compliant |
| US Dept of State Money Laundering assessment (INCSR) | Monitored | Concern | Primary Concern |
| INCSR - Weakness in Government Legislation | <2 | 2-4 | 5-20 |
| US Sec of State supporter of / Safe Haven for International Terrorism | No | Safe Haven for Terrorism | State Supporter of Terrorism |
| EU White list equivalent jurisdictions | Yes | | No |
| International Sanctions<br>UN Sanctions / US Sanctions / EU Sanctions | None | Arab League / Other | UN , EU or US |
| Corruption Index (Transparency International)<br>Control of corruption (WGI)<br>*Global Advice Network* | >69% | 35 – 69% | <35% |
| World government Indicators (Average) | >69% | 35 – 69% | <35% |
| Failed States Index (Average) | >69% | 35 – 69% | <35% |
| Offshore Finance Centre | No | | Yes |

**Section 3 - Economy**

General Information on the current economic climate in the country and information on imports, exports, main industries and trading partners.

(Source: CIA World Factbook)

**Section 4 - Foreign Investment**

Information on the openness of foreign investment into the country and the foreign investment markets.

(Source: *US State Department*)

**Section 5 - Government**

Names of Government Ministers and general information on political matters.

(Source: CIA World Factbook / https://www.cia.gov/library/publications/world-leaders-1/index.html)

**Section 6 - Tax**

Information on Tax Information Exchange Agreements entered into, Double Tax Agreements and Exchange Controls.

(Sources: OECD Global Forum on Transparency and Exchange of Information for Tax Purposes PKF International)

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