



ECONOMIC DEVELOPMENT OF NORWAY

Abdulla Zoyirov

Student of The University of World Economy and Diplomacy

Article history:	Abstract:
Received: 1 st January 2024 Accepted: 1 st March 2024	The purpose of this article is to analyze the macroeconomic indicators of Norway for a certain period with the subsequent formation of critical conclusions about the current economic development of the country. In addition, the study will examine the dynamics of economic growth and highlight the main factors contributing to development. The inflation rate estimate will be based on the Fisher index, taking into account the GDP deflator and the consumer price index. It will also analyze the unemployment rate, the difference between exports and imports, and highlight the key factors slowing economic growth in Norway. Ultimately, recommendations will be made to improve the overall economic situation in a given country.

Keywords: *Norway, economy, inflation, development, economic situation*

INTRODUCTION

General information about Norway:

Norway has a developed mixed economy with a significant public sector presence in strategic industries. Despite its sensitivity to global economic cycles, Norway's economy has experienced steady growth since the beginning of the industrial era.



Norway, located on the Scandinavian Peninsula and surrounded by the Barents Sea to the north, the Norwegian Sea to the west and the North Sea to the south, has significant marine resources. With such outstanding access to the ocean, the country is actively developing marine industries, including fishing. Norway ranks second in the world in terms of exports of fish and

fish products. The main markets for Norwegian fish products are the European Union (EU), Japan, China, Ukraine and the United States of America. Due to the difficult political situation, fish exports from Norway to Russia are not carried out. [1,2]

The share of agriculture and heavy industry in the economy has declined due to the development of services and oil-related industries. The public sector is one of the largest in the world as a percentage of total gross domestic product. The country has a very high standard of living compared to other European countries and a developed social security system.

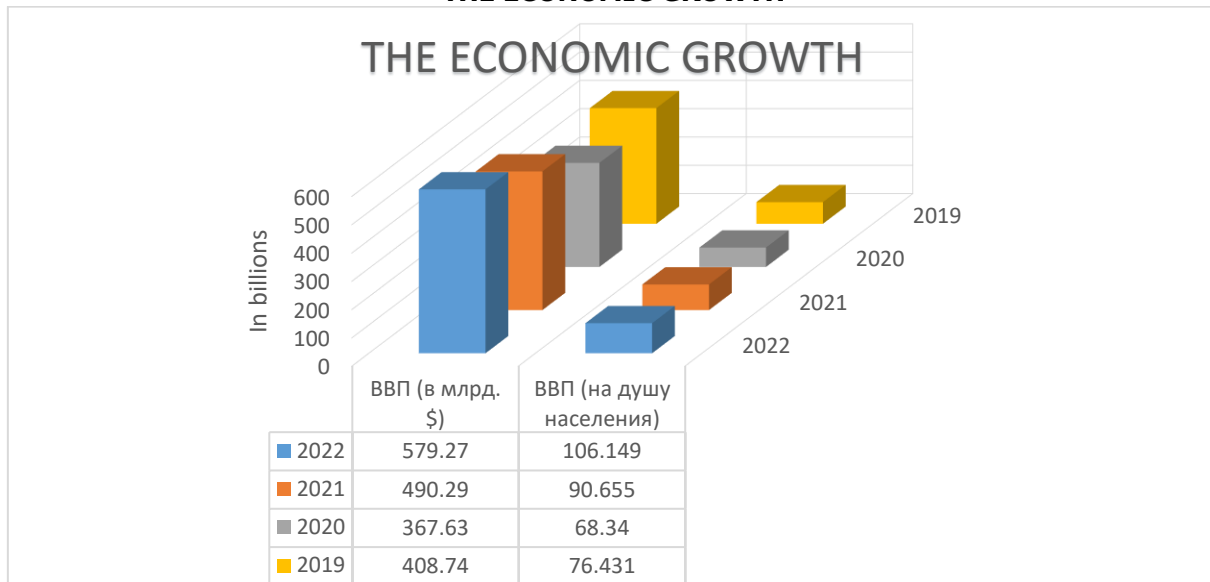
ANALYSIS OF INFORMATION

In this study, more than 90% of the main data and statistics were taken from the macroeconomic and financial section of the official web resource of the International Monetary Fund (IMF) and the official website of economic statistics of Norway (ssb.no). The remaining information is supplemented from a variety of sources, including Wikipedia, the Organization for Economic Co-operation and Development (OECD) website, and data provided by research centers. This method provides a wide range of data, allowing for analysis with great accuracy and depth. [3,4]



MACROECONOMIC ANALYSIS OF NORWAY

THE ECONOMIC GROWTH



***Absolute GDP growth:**

Calculated using the formula: $\Delta Y = Y_t - Y_{t-1}$

1) $Y_t = 579,27; Y_{t-1} = 490,29; \Delta Y = 579,27 - 490,29 = 88,98$ (bln. \$)

For 2021-2022

2) $Y_t = 490,29; Y_{t-1} = 367,63; \Delta Y = 490,29 - 367,63 = 122,66$ (млрд. \$)

For 2020-2021

3) $Y_t = 367,63; Y_{t-1} = 408,74; \Delta Y = 367,63 - 408,74 = -41,11$ (млрд. \$)

For 2019-2020

***Economic growth rate:**

Calculated using the formula: $Y = \frac{Y_t - Y_{t-1}}{Y_{t-1}} \times 100\%$

1) $Y_t = 579,27; Y_{t-1} = 490,29; Y = \frac{579,27 - 490,29}{490,29} \times 100\% \approx 18,15\%$

For 2021-2022

2) $Y_t = 490,29; Y_{t-1} = 367,63; Y = \frac{490,29 - 367,63}{367,63} \times 100\% \approx 33,37\%$

For 2020-2021

3) $Y_t = 367,63; Y_{t-1} = 408,74; Y = \frac{367,63 - 408,74}{408,74} \times 100\% \approx -10,06\%$

For 2019-2020

***GDP growth rate in general:**

Calculated using the formula: $Y = \frac{Y_t}{Y_{t-1}} \times 100\% = \frac{579,27}{490,29} \times 100\% \approx 118,15\%$

***GDP per capita:**

Calculated using the formula: $\frac{GDP}{Total\ population} = \frac{579,27\ (bl.)}{5,46\ (ml.)} \approx 106,14$ (thousand/year)

***Absolute growth of GDP per capita:**

Calculated using the formula: $ВВП_{(на\ душу\ н.)\ t} - ВВП_{(на\ душу\ н.)\ t-1}$

рост ВВП на душу населения = $106,14 - 90,65 = 15,49$ (thousand/year)

***GDP growth rate per capita:**

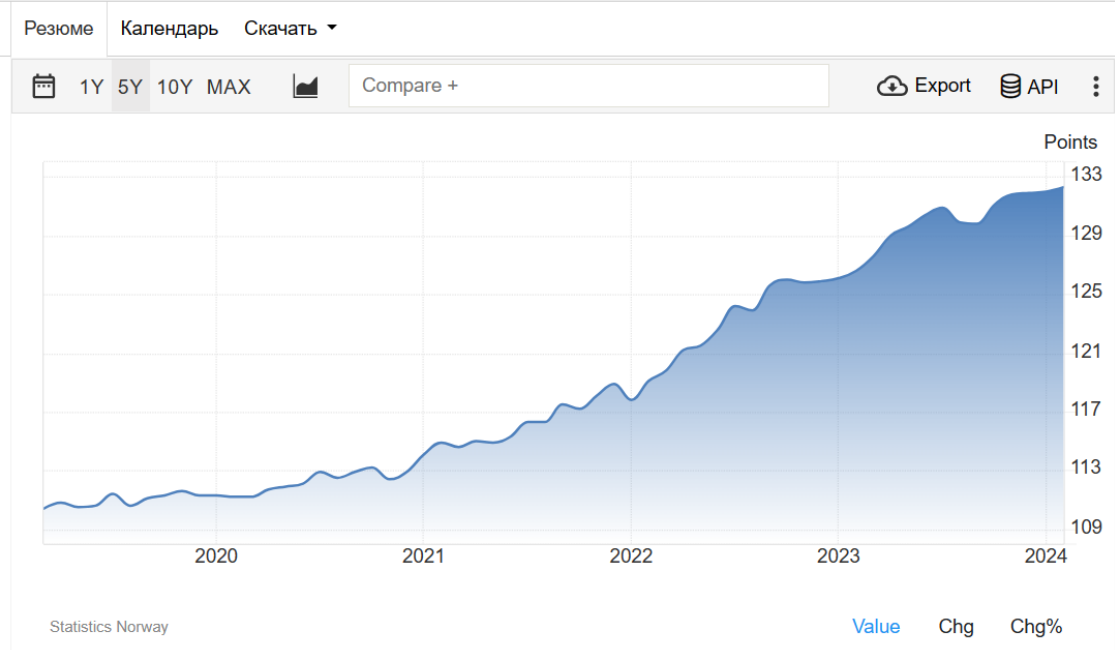


Calculated using the formula: $\frac{\text{ВВП}_{(\text{на душу н.}) t}}{\text{ВВП}_{(\text{на душу н.}) t-1}} \times 100\% = \frac{106,14}{90,65} \times 100\% \approx 117,08\%$

Increase by 17.08%(for 2021-2022)

YEAR	GDP (in billions of dollars)	GDP per capita)	Economic growth rate %
2022	579.27	106.14	18.15
2021	490.29	90.65	33.37
2020	367.63	68.34	-10.06
2019	408.74	76.43	

Норвегия - Индекс потребительских цен CPI



INFLATION¹

Consumer Price Index (CPI)=Laspeyres Index

YEAR	CPI	GDP deflator	Denomination GDP (billion)	Real. GDP	U-n inflation
2022	117.8	123.16	579.27	470,33	120,45
2021	114.1	89.42	490.29	548.3	101.01
2020	111.3	84.91	367.63	432.96	97.21
2019	109.3	86.34	408.74	473.41	97.14

*Inflation rate: Calculated using the formula: $\pi = \frac{P_t - P_{t-1}}{P_{t-1}} \times 100\% = \frac{117,8 - 114,1}{114,1} \times 100 \approx 3,24$

*GDP deflator (Paasche Index):

Calculated using the formula: $I_p = \frac{\text{ВВП}_{\text{номинал.}}}{\text{ВВП}_{\text{реал.}}} \times 100\% = \frac{579,27}{470,33} \times 100\% \approx 123,16$

*U-n inflation (Fisher Index):

Calculated using the formula: $I_F = \sqrt{I_l \times I_p} = \sqrt{117,8 \times 123,16} \approx 120,45$

UNEMPLOYMENT²

¹Data taken from the site: [Norway - Inflation rate | 1950-2024 Data | 2025-2026 forecast \(tradingeconomics.com\)](https://tradingeconomics.com/norway/inflation-rate)

²Data taken from the site: [Norway - Unemployment rate | 1983-2024 Data | 2025-2026 forecast \(tradingeconomics.com\)](https://tradingeconomics.com/norway/unemployment-rate)



Норвегия - Общая численность безработных

Резюме Календарь Скачать ▾

1Y 5Y 10Y MAX Compare + Export



Norwegian Labour and Welfare Organisation

Value Chg Chg%

YEAR	Employed (millions)	Unemployed (thousands)	Labor force (millions)	U-n employment	U-n unemployment
2022	2.91	69.7	2.98	97.66	2.34
2021	2.78	128	2.91	95.60	4.40
2020	2.54	295	2.83	89.58	10.42
2019	2.75	77.8	2.83	97.25	2.75

*Work force:

Calculated using the formula: Рабочая сила = Занятые + Безработные

$$\text{Labor force} = 2.91 + 69.7/1000 = 2.98 \text{ (million)}$$

*U-n employment:

Calculated using the formula: $\frac{\text{Занятые}}{\text{Рабочая сила}} \times 100\% = \frac{2,91}{2,98} \times 100\% = 97,66\%$

*U-n unemployment:

Calculated using the formula: $\frac{\text{Безработные}}{\text{Рабочая сила}} \times 100\% = \frac{69,7}{2,98 \times 1000} \times 100\% = 2,34\%$

TRADE BALANCE³

YEAR	Export (billion)	Imports (billions)	Net exports (billions)	Growth rate (export)	Growth rate (imports)
2022	252	89.9	162.1	266.38%	122.15%
2021	94.6	73.6	21	142.26%	106.51%
2020	66.5	69.1	-2.6	78.14%	103.44%
2019	85.1	66.8	18.3		

³ [Norway - Trade Balance | 1960-2024 Data | 2025-2026 forecast \(tradingeconomics.com\)](https://tradingeconomics.com/norway-trade-balance)



**The monetary amount is expressed in Norwegian kroner (NOK)

*Net exports:

Calculated using the formula: $\text{Экспорт} - \text{Импорт} = 252 - 89,9 = 162,1$

*Growth rate (export):

Calculated using the formula: $\frac{\text{Экспорт}(t)}{\text{Экспорт}(t-1)} \times 100\% = \frac{252}{94,6} \times 100\% = 266,38\%$

*Growth rate (import):

Calculated using the formula: $\frac{\text{Импорт}(t)}{\text{Импорт}(t-1)} \times 100\% = \frac{89,9}{73,6} \times 100\% = 122,15\%$

CRITICAL CONCLUSION ABOUT ECONOMIC DEVELOPMENT



The economic growth.

From 2000 to 2014, Norway grew successfully thanks to oil and gas, investing profits in various industries and social programs. Thus, the country's GDP increased gradually from \$171 billion (2000) to \$501 billion (2014)

Between 2014 and 2024, Norway faced challenges due to its dependence on oil and gas exports, making it vulnerable to fluctuating energy prices. The country's GDP has been growing gradually, but there have been slowdowns due to falling oil and gas prices and the COVID-19 pandemic. Norway has taken action to mitigate the impact of the crisis, investing in innovation, clean energy and sustainable development, which contributes to long-term sustainability and diverse economic growth. As a result, with the figure for 2020. 367 billion was able to reach \$577 billion, which meant that in 4 years Norway was able to double its economy.



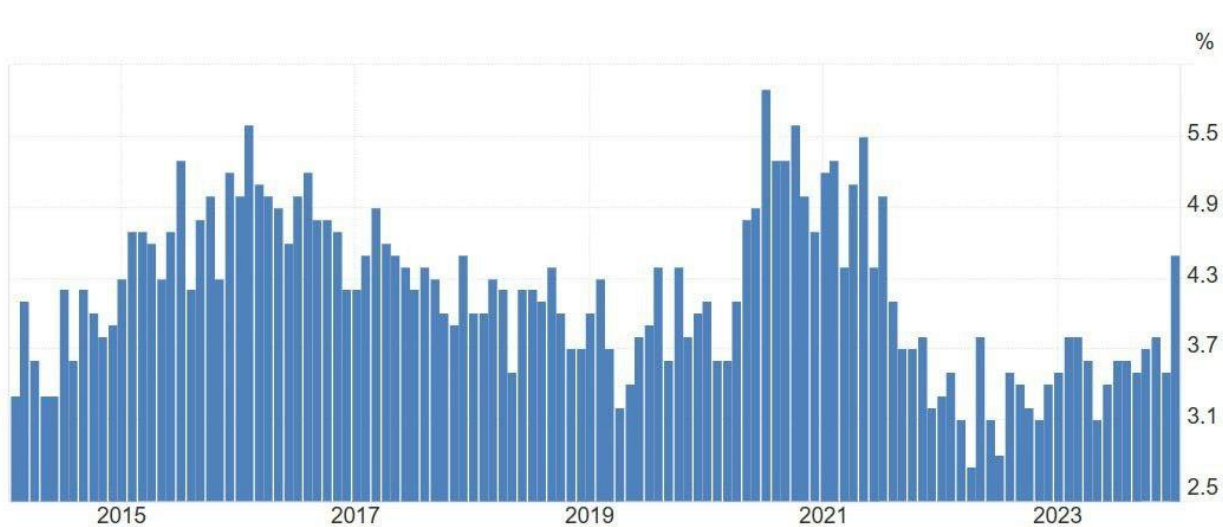
Statistics Norway

НОРВЕГИЯ

Inflation rate

Inflation.

Between 2014 and 2024, inflation in Norway was moderate due to active control by the Central Bank. Despite some fluctuations due to changes in world oil and gas prices, the country's economy has successfully managed inflationary pressures. Overall, thanks to a stable economic environment and monetary policy measures, inflation remained under control, contributing to the stability and confidence in the Norwegian economy.

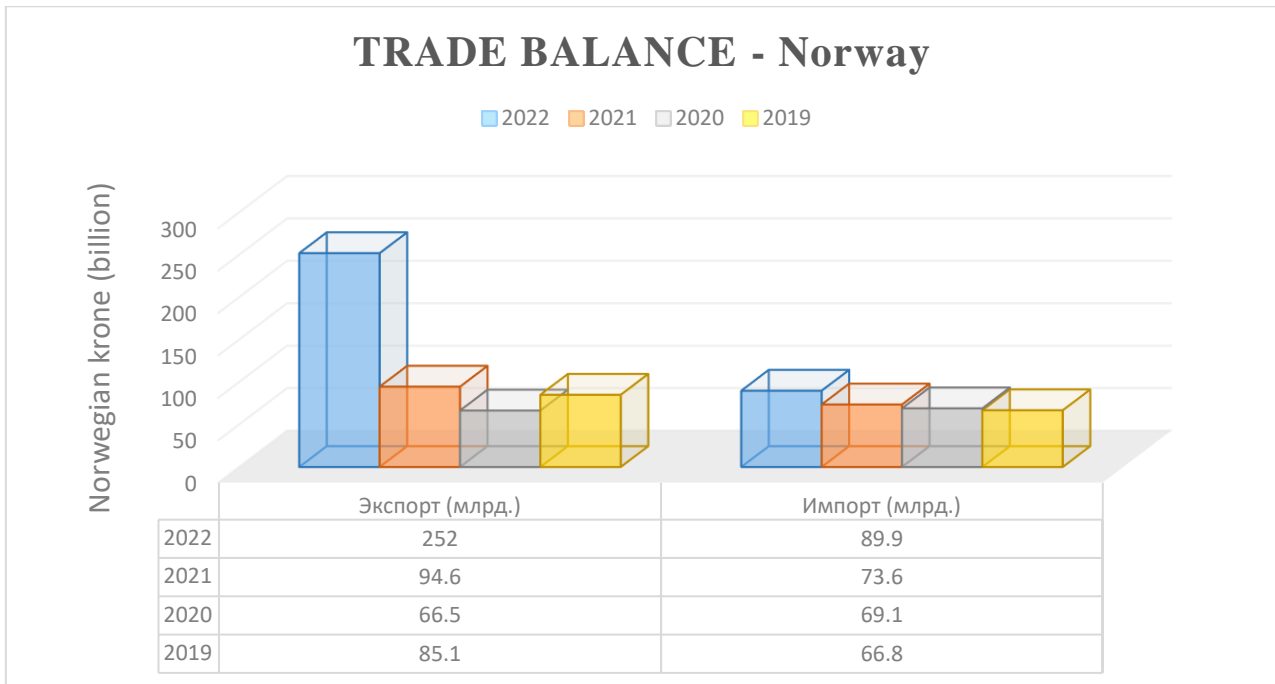


Statistics Norway

Уровень Безработицы

Unemployment.

From 2014 to 2024, Norway's unemployment rate was generally low, but increased due to the COVID-19 pandemic. The government introduced support measures for companies and workers, which helped reduce unemployment. However, some groups, such as youth and low-skilled workers, faced difficulties. Overall, Norway has worked actively to promote labor market stability and employment support, which has helped keep unemployment low.



Trade balance.

Between 2019 and 2022, Norway continued to be a major exporter of oil, gas, fish, aluminum and other products. The energy sector remained key to the country's economy, providing a significant portion of export earnings. In addition, Norway has actively developed the export of high-tech products such as electric vehicles, equipment for the maritime industry, and products in the field of information technology.

According to data for 2022, Norway's main trading partners remained the countries of the European Union, in particular Germany, Great Britain, the Netherlands, Sweden and France. Norway also strengthened its trade ties with China, the USA, Japan and other Asian countries.

The COVID-19 pandemic had a temporary impact on trade, but thanks to the flexibility and adaptability of Norway's business sector, the country was able to quickly recover and maintain its export flows. Overall, Norway continued to demonstrate stability and competitiveness in global markets during this period.

GENERAL CONCLUSION

Over the past decade, Norway's economic situation has been relatively stable, with a number of challenges and successes. The country's GDP showed moderate but steady growth, driven by revenues from oil and gas exports, as well as investments in various

industries. The trade balance remained positive, indicating the strength of Norway's export base. However, the country has also faced challenges such as lower oil and gas prices and the impact of the COVID-19 pandemic on the economy.

REFERENCES:

1. Economy of Norway - Wikipedia ([wikipedia.org](https://www.wikipedia.org))
2. Norway Stats: Facts & Figures in 2024 - Life in Norway
3. <https://www.ssb.no/en>
4. Search Results ([imf.org](https://www.imf.org))
5. Characteristics of the economic situation in Norway and development prospects - the topic of a scientific article on economics and business, read the text of the research work for free in the CyberLeninka electronic library ([cyberleninka.ru](https://www.cyberleninka.ru))