

Norway

Population ¹	5.282.223
Area (km ²) ¹	385.178
GDP per capita (USD) ¹	75.504,57
TPES (Mtoe) ²	29,62
Energy intensity (toe/10 ³ 2010 USD) ²	0,06
CO ₂ emissions - energy (MtCO ₂) ²	36,72

Sources:

1. The World Bank 2017

2. ©OECD/IEA 2017, www.iea.org/statistics

Norway’s overall risk level against the assessed areas is **low**.

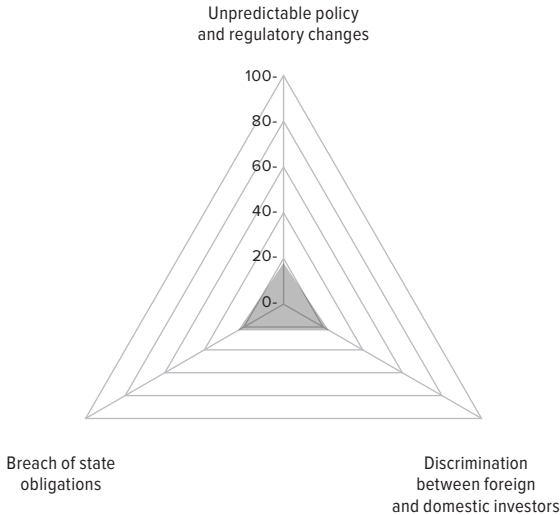
Among the three EIRA risk areas, *unpredictable policy and regulatory change* is lower compared to *discrimination between foreign and domestic investors* and *breach of State obligations*.

Norway’s performance against EIRA’s four indicators is good. It has received 85 points on *management of decision-making processes* and 84 on *foresight of policy and regulatory change*. *Rule of law* stands at 78, while *regulatory environment and investment conditions* is at 68.

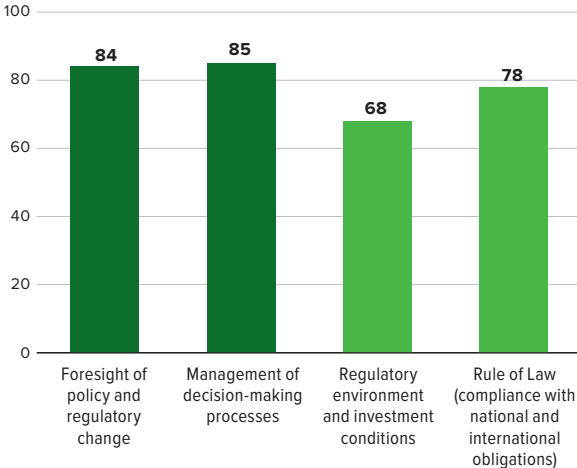
On a more detailed level, Norway’s sub-indicator performance is good. The highest scoring sub-indicator is *robustness of policy goals and commitments* with 94 points followed by *institutional governance* with 88 points. Norway has scored 83 points on *transparency* and 80 points on *management and settlement of investor-State disputes*. *Respect for property rights* and *restrictions on FDI* are at 75 points. A good score has been obtained on *communication of vision and policies* (74) and *regulatory effectiveness* (61).

The performance of Norway against the assessed indicators is very good and the country provides attractive conditions for investors. Attention should be given to strengthening its regulatory effectiveness.

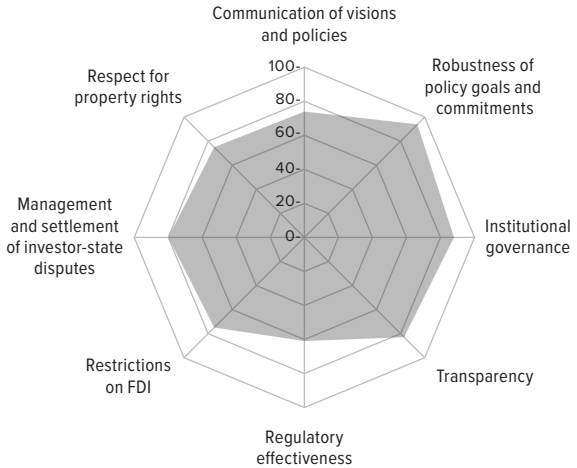
RISK LEVEL



INDICATOR PERFORMANCE



SUB-INDICATOR PERFORMANCE



Foresight of policy and regulatory change

QUICK FACTS

The key energy strategy documents for Norway are White Paper no. 25 "Power to change: Energy policy towards 2030" (adopted in 2016) and White paper no. 28 "An industry for the future – Norway's petroleum activities" (adopted in 2010).

The Law on Climate Goals (Climate Act) entered into force in January 2018 with the aim to promote the implementation of Norway's emission reduction targets.

Norway ratified the Paris Agreement in 2016. Its NDC covers all economic sectors, including energy.

STRENGTHS

The White Paper on Energy Policy envisages both short- and long-term targets. It lists numerous cross-sectoral instruments and measures for achieving these goals, such as a comprehensive set of research and development programmes. Norway devotes considerable attention to the sound management of its oil and gas reserves, boosting industrial development and maintaining a high share of power generation from renewable sources. Moreover, ambitious objectives for reducing greenhouse gas emissions by 2030 and 2050 have been established under the Climate Act which also contains a yearly reporting obligation on meeting these objectives. The emissions covered are those reported by Norway under the Paris Agreement.

The Norwegian Parliament oversees the implementation of the energy priorities. Monitoring is also performed by the Ministry of Petroleum and Energy and the Office of the Auditor General which reports the results of its auditing and monitoring activities to the Norwegian Parliament. Furthermore, Statistics Norway is an agency under the Ministry of Finance responsible for collecting data and publishing statistical releases.

AREAS OF IMPROVEMENT

Currently, the Office of the Auditor General has a broad mandate that spans auditing and monitoring tasks in a number of sectors, including energy. The Office of the Auditor General publishes reports on environmental issues but these are primarily available in Norwegian. The energy market actors would benefit more from the outcomes of the review process if the Office of the Auditor General published more frequent reports on the activities and programmes in all energy sub-sectors. Moreover, the availability of these reports in English or other foreign languages would increase their visibility to foreign investors.

Management of decision-making processes

QUICK FACTS

The Ministry of Petroleum and Energy is responsible for implementing the Government's policy in relation to energy, including power generation, petroleum and natural gas production.

The responsibility for the overall investment policy is predominantly with the Ministry of Finance.

Invest in Norway was established in 2013 to promote investment and provide a wide array of investment facilitation services.

The Freedom of Information Act 2009 guarantees the right to access documents and records of public administration.

STRENGTHS

The legislative power is exercised by a unicameral Parliament. Bills proposed by the Government undergo a thorough process of inter-ministerial debate and input. The Ministry of Climate and Environment takes the lead in the implementation of the climate change policy. It collaborates with the Norwegian Environment Agency on issues of pollution and nature management. Climate mitigation goals are reviewed and updated every five years to reflect best scientific practices. *Innovation Norway*, a semi-governmental body, offers various economic incentives to investors aimed at promoting innovation in energy and climate technology.

There is a very narrow list of exemptions to the principle of maximum disclosure of information which allow the ministries and public agencies to withhold only pieces of information rather than an entire document. Legal and regulatory information gets published in the Official Gazette and becomes available on a centralised portal. Draft laws and proposals for the adoption of Schengen and the European Economic Area-related legislation are submitted to public consultation with civil society. Rules and regulations of the Norwegian Water Resources and Energy Directorate (NVE) are also subject to consultations with stakeholders, for instance with municipal and other authorities on environmental impact programmes. The Norwegian Petroleum Directorate (NPD) publishes annual reports on the outcome of its monitoring activities and the petroleum activities on the Norwegian continental shelf.

AREAS OF IMPROVEMENT

Availability of draft and enacted legislation as well as energy documents in English and/or other languages may assist foreign investors in the participatory process by giving them a better understanding of the national legal framework.

Regulatory environment and investment conditions

QUICK FACTS

The Ministry of Petroleum and Energy oversees and coordinates the regulatory activities in the energy sector as a whole. Under the Ministry, there are subordinate directorates with more specific competences.

The NVE is the national regulatory authority for the electricity market in Norway.

The NPD has significant functions in relation to the management of petroleum resources.

Foreign investors are guaranteed equal treatment in accordance with the Agreement on the European Economic Area and under Norway's BITs.

STRENGTHS

The NVE is an independent legal entity which acts within the scope of competences delegated to it pursuant to the Energy Act of 1990 no. 50. Its budget is approved by the Parliament and is not shared with other state agencies. The NVE publishes annual reports on the outcome of its monitoring activities and the developments in the network industry. It collaborates with the Norwegian Competition Authority in overseeing market behaviour in the power sector. Similarly for the petroleum sector, the NPD acts within the scope of powers delegated to it under the Petroleum Act 1996 no. 72 (as amended in 2011) and has its budget decided by the Parliament.

The legislative framework is generally positive toward foreign investment in all sectors of the economy, including offshore petroleum. Several foreign investment restrictions, including the mandatory employment of local personnel and the procurement of products and services from local producers, were repealed in the 1990s according to EU regulations. Norway imposes no currency and foreign exchange controls. Subject to taxation, funds are freely and fully remittable.

AREAS OF IMPROVEMENT

Norway's regulatory setup is well-organized. To align itself with international best practices, the Government may consider in future creating a degree of separation between the regulatory and decision-making functions.

Rule of law

QUICK FACTS

Norway is a signatory the Energy Charter Treaty since 1995 but is yet to ratify it.

Norway ratified the Convention on the Settlement of Investment Disputes between States and Nationals of Other States in 1967.

Norway acceded to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards in 1961 subject to reservations.

The Act of 14 May 2004 no. 25 relating to Arbitration provides a framework for arbitration.

STRENGTHS

The Arbitration Act is based on the UNICITRAL Model Law. It governs both domestic and international arbitration provided that the proceedings take place in Norway. The choice to arbitrate a dispute with public authorities is not contingent on prior exhaustion of local remedies. Foreign judgements are recognised and enforced on a multilateral or bilateral basis. Domestic and foreign arbitral awards are enforceable in Norway. Retroactive laws are prohibited by the Norwegian Constitution.

The Constitution authorises expropriation only for "public purpose" and against full compensation. Norwegian law allows expropriation for private purpose provided there is an indirect public interest involved. The Expropriation Act 1959 describes the procedure to be followed. The affected party must be informed in due time and afforded the right to complain about the procedure or the outcome to the Valuation Court. Intellectual property as a form of investment is protected under BITs.

AREAS OF IMPROVEMENT

In general, Norwegian courts ensure that cases are dealt with in a swift, cost-effective and sound manner. The introduction of timeframes for the completion of proceedings and the delivery of judgements at all stages will further minimise the risk of delays and guarantee the reasonableness of the case duration.

There are certain measures that could render the expropriation procedure more robust. Currently, the Valuation Court calculates the amount of compensation in accordance with the valuation guidelines in the Expropriation Compensation Act 1984. The involvement of a chartered group of professionals, the adoption of calculation tools and a legally imposed deadline will ensure that sufficient compensation is paid to affected investors in a timely fashion.