

NORWAY

Mainland GDP per capita is among the highest in the OECD, thanks to high productivity. However, labour utilisation is mediocre, reflecting low annual average hours worked.

Policy priorities

Reduce the scope of public ownership

Challenge and recommendations: To promote competition and help ensure sustained productivity growth, it was recommended that the process of privatisation be restarted with a priority on telecommunications, banking and industry.

Actions taken: No action taken. In contrast, the government expressed in a White Paper its intention to maintain broad, or even full, public and national ownership in some oil, telecommunications, banking and electricity companies. Furthermore, the government recently acquired significant shareholding in a private company operating in the petroleum-based supply industry.

Reform disability and sickness benefit schemes

Challenge and recommendations: To raise hours worked in the economy, it was recommended that stricter regulation on the entitlement to sickness benefits be enforced and that the involvement of independent medical specialists in disability assessment be made mandatory. It was also recommended that the medical/vocational rehabilitation and temporary disability programmes be made more effective in getting people back to work. This could be achieved by further tightening eligibility criteria for entry into each partial and full disability category, providing clear information on the duration of subsidies, improving co-ordination between medical and vocational programmes, and requiring compulsory job search where feasible.

Actions taken: The government issued several reports proposing measures aimed at better integrating the disabled in the labour market and reducing sick leave absence. Reform of disability pensions is also under consideration, the timing of its implementation being conditional on reforms of early retirement schemes.

Reduce producer support to agriculture

Challenge and recommendations: To reduce resources tied up in low-productivity activities, it was recommended that high external tariffs on agricultural products be cut and public subsidies to domestic production be reduced. To reduce trade distortions and make policy objectives more transparent, it was also recommended that support be decoupled from production levels and moved to a system of income transfers targeted to less well-off farmers, or those in remote regions.

Actions taken: No significant action taken.

Complete the pension reform

Challenge and recommendations: To raise the effective retirement age, it was recommended that a comprehensive pension reform be implemented in line with the 2004 proposals of the Pension Commission and the parliament's agreements of 2005-06, promoting an actuarially more neutral pension system overall, including old-age, disability and early-retirement pensions.

Actions taken: A new White Paper on pension reform was presented in late 2006, promoting the actuarial principle for old-age pensions, with a flexible retirement age from 62 onwards.

Strengthen competition policy

Challenge and recommendations: To promote competition and innovation, it was recommended that the independence of the competition authority be upheld and state aid be reduced.

Actions taken: No action taken.