

NORWAY

Reduce the scope of public ownership (2005, 2007, 2009)

Recommendations: Reduce state ownership in the telecommunications, banking and energy industries.

Actions taken: The state has reduced its ownership in some sectors but increased it in the petroleum sector and in the energy contracting and services industry. In addition, from 2008, new hydro power plants or reverted concessions are granted only to public companies.

► **Reform disability and sickness benefit schemes (2005, 2007, 2009)**

Recommendations: Tighten access to sickness and disability benefits, by mandating assessment to independent medical experts. With due allowance for work capacity, impose similar conditionality on partial disability benefit recipients as on the unemployed.

Actions taken: Measures ensuring that long-term sickness leave recipients are followed more closely were introduced in 2007. The ongoing merger of the welfare system and the employment services network is intended to improve coordination of these services.

Reduce producer support to agriculture (2005, 2007, 2009)

Recommendations: Cut tariffs on agricultural products and reduce production subsidies. Decouple support from production and move to a system of income transfers targeted to less well-off farmers and/or those in remote regions.

Actions taken: All forms of support have increased substantially since 2005.

Other key priorities

Implement a comprehensive pension reform (2005, 2007)

Recommendations: Raise the effective retirement age; enhance the actuarially neutral profile of the pension system.

Actions taken: A new pension system with longevity adjustment and a flexible retirement age from 62 onwards, based on actuarially neutral adjustments, will be phased in from 2011. The early retirement system has been reformed for the private sector, with however some costly concessions for the older cohorts. No agreement was reached to reform the early retirement system for the public sector.

Improve education efficiency and outcomes (2009)

Recommendations: Raise teacher training standards, increase accountability for teachers and principals. Merge small and medium-sized schools to gain economies of scale.

Actions taken: A 2008 White Paper recommended strengthening the in-service teachers with priority on training with formal accreditation, and proposed to reinforce the national evaluation system to increase accountability. The 2009 Budget law allocated resources to some of these measures.

Reduce marginal tax rates on labour income (2009)

Recommendations: Reduce the high marginal income taxes.

Actions taken: No action taken

Strengthen competition policy (2007)

Recommendations: Strengthen the independence of the competition authority, reduce state aid and promote competition.

Actions taken: The government amended the Competition Act in 2008 to simplify procedures for the government to reverse Competition Authority decisions against mergers on grounds other than competition. The amendment might weaken the opportunity to have an appeal scrutinised on competition grounds.

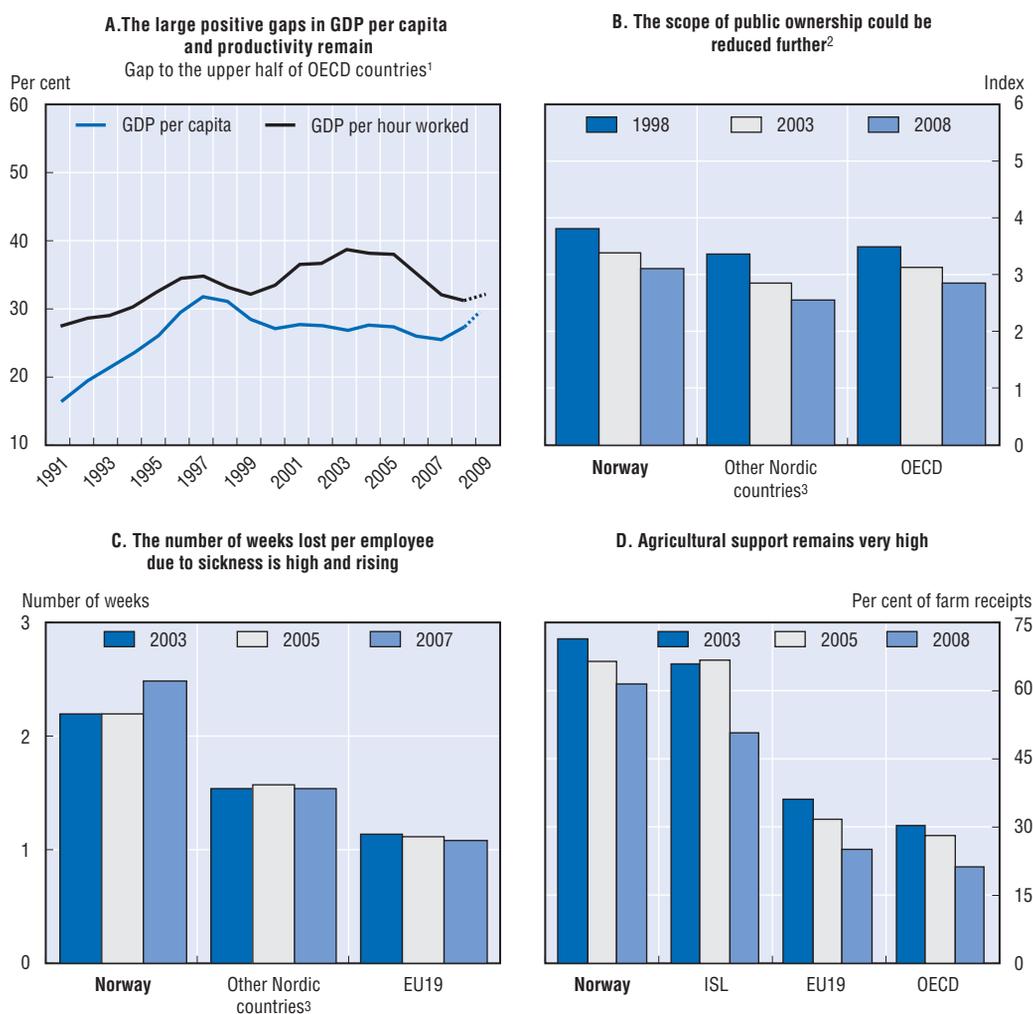
Improve transparency and cost-effectiveness of regional policy (2005)

Recommendations: Pursue regional policy goals by more transparent measures.

Actions taken: A general regional differentiation of employers' social security taxes was reintroduced from 2007, replacing less targeted measures.

NORWAY

- High productivity and a resource extraction rent make Norway one of the OECD countries with the highest income per capita; however labour utilisation is low due to low annual average hours worked.
- Progress has been made in reforming the pension system. However, the state has increased its control of “strategic industry”, and support for the small agricultural sector remains among the highest in the OECD. The Competition Authority has been weakened.
- In other areas, a major effort has been devoted to improving education outcomes, and some measures have been taken to raise spending efficiency.



1. Percentage gap with respect to the simple average of the upper half of OECD countries in terms of GDP per capita and GDP per hour worked (in constant 2005 PPPs). The gaps for 2009 are OECD estimates, based on the *OECD Economic Outlook*, No. 86.

2. Index scale of 0-6 from least to most restrictive.

3. Average of Denmark, Finland, Iceland and Sweden.

Source: Chart A: OECD, *National Accounts and Economic Outlook 86 Databases*; Chart B: OECD, *Product Market Regulation Database*; Chart C: OECD (2008), *Employment Outlook*; Chart D: OECD, *Producer and Consumer Support Estimates Database*.

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