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Norway Country Fact Sheet

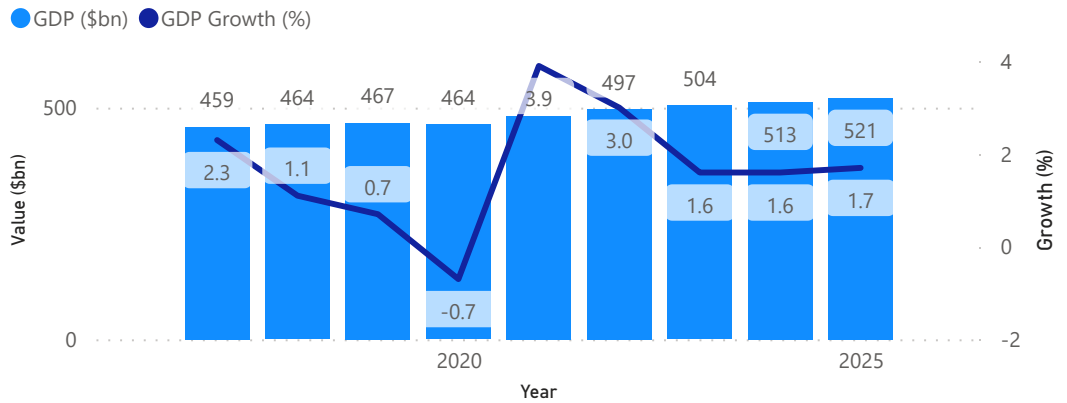
November 2022

Cape Town and the Western Cape – A Leading Regional Economy

1) Economic Overview - Norway

The effects of the Covid-19 pandemic were severely felt in Norway, with its economy contracting by -0.7% in 2020 - its first contraction in 10 years. Despite this, the economy recovered swiftly in 2021, registering a real GDP growth rate of 4% to bring the total GDP to \$482.10bn in 2021, up from \$464bn in 2020 – making it the 51st largest economy in the world (GDP in PPP terms). A large part of Norway’s impressive normalization was driven by rising global oil prices, as Norway is the largest exporter of oil in Western Europe. Looking ahead, the Norwegian economy is expected to grow at an average annual rate of 1.8% over the period 2022-2040.

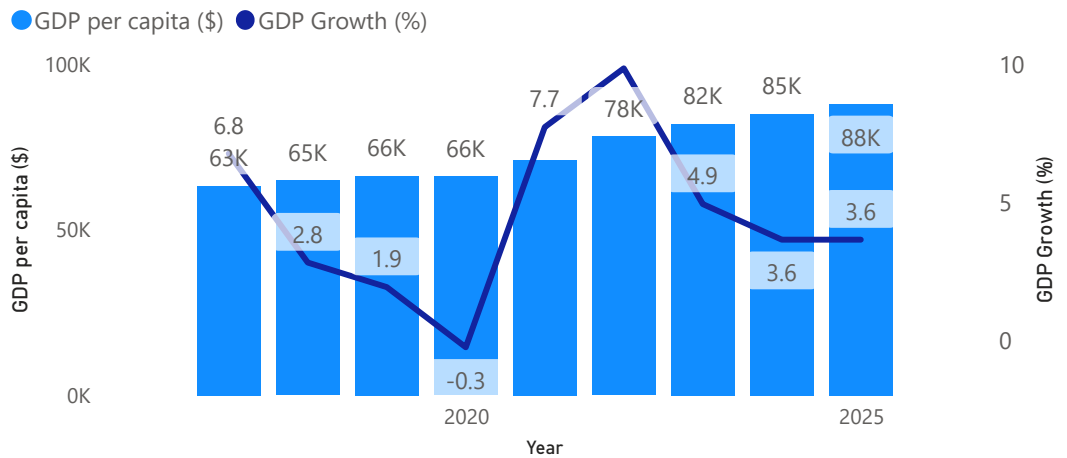
Figure 1: Norway GDP, 2017-2025f



Source: Euromonitor, 2022

As the Norwegian economy recovered from the adverse effects of Covid-19, GDP per capita spiked by 7.72%, reaching \$71,109 in 2021 - making Norway the 8th largest economy in 2021 in GDP per capita terms. Again, this recovery was largely driven by rising global oil prices in 2021, as pent-up global demand for oil and opening of international markets appreciated the Norwegian Krone against the Dollar and bolstered GDP. Although GDP per capita is expected to finish strongly at the end of 2022, growth is expected to remain moderate at an average annual rate of 5.5% per annum over the period 2022 to 2025 as energy prices levels out.

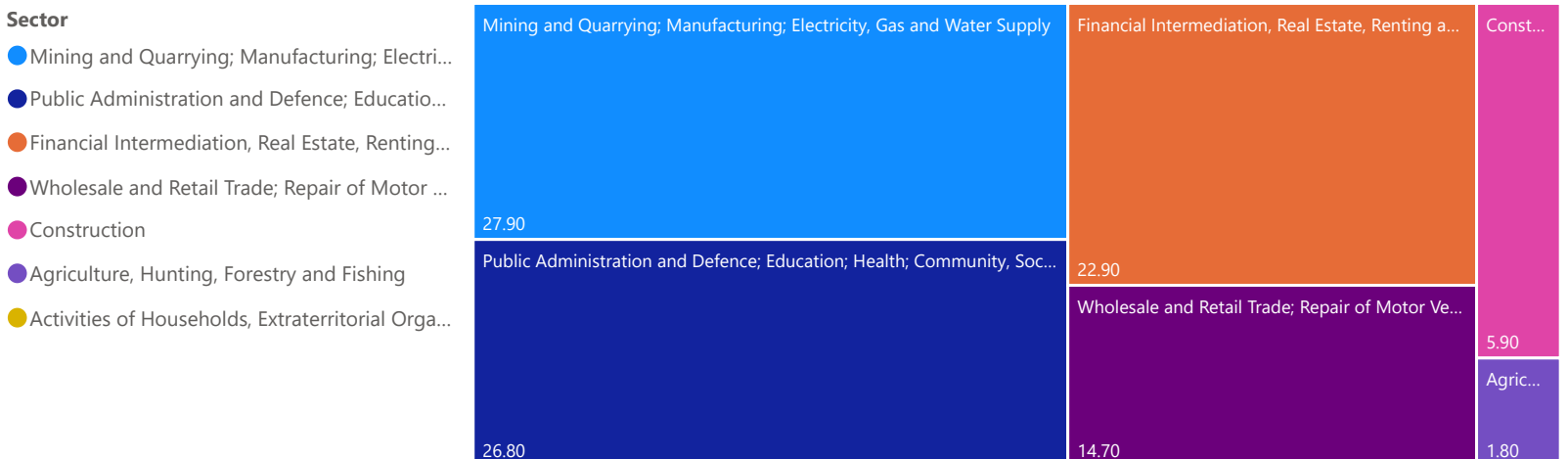
Figure 2: Norway GDP per capita, 2017-2025f



Source: Euromonitor, 2022

Although Norway’s primary sector accounts for the largest share of GVA at 27.90%, the Norwegian economy is still services driven, with the services sector collectively accounting for around 64.4% of total GVA in 2021. The mining and quarrying sector is expected to remain an integral part of Norway’s output, albeit its own, as well as global efforts to transition to alternative sustainable fuels. Norway’s commitment to sustainable green energy is evident through its accelerated investments in renewable energy at home and abroad.

Figure 3: Norway Sector Contribution to GVA (%), 2021



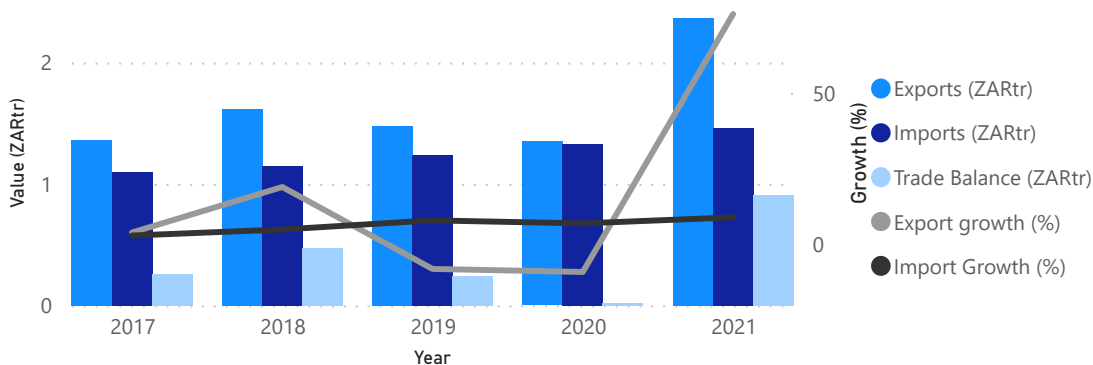
Source: Euromonitor, 2022

2) Trade

2.1) Norway's Global Merchandise Trade

Norway maintained a healthy trade surplus of goods traded over the last five years, average around ZAR380bn per annum from 2017 to 2021. This surplus was exacerbated in 2021, when exports increased by 76% from ZAR1.35tr in 2020 to ZAR2.37tr in 2021, while imports increased by only 9% - from ZAR1.33tr in 2020 to ZAR1.46tr in 2021. Norway's surge in exports in 2021 was largely driven by a spike in global oil prices, and provided that Norway is a key exporter of oil in the Western European region, its economy has benefitted greatly from this.

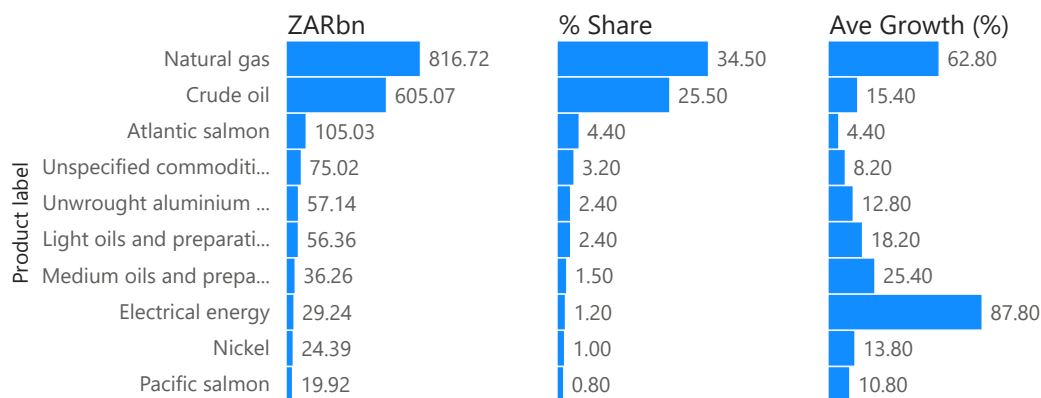
Figure 4: Norway Trade with Globe, 2017-2021



Source: Trademap, 2022

Figure 5 shows the top 10 export basket from Norway to the rest of the world in 2021, which proved to be highly concentrated. The export of natural gas and crude oil accounted for 60% of Norway's exports in 2021, reaching an export value of ZAR816.72bn and ZAR605.07bn, respectively. Germany, UK and France remained the country's top three largest importers of natural gas over the last five years. Historically, the UK, Netherlands and Sweden was the country's largest importers of crude oil, but since the pandemic, China grew in importance and ranked as the country's third largest importer of crude, with Sweden following in fourth in 2021.

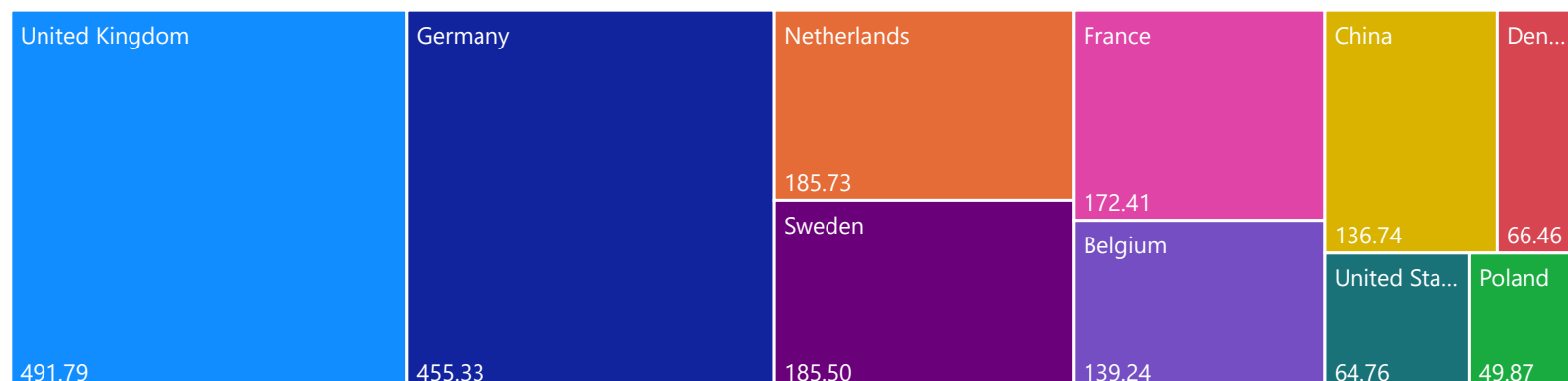
Figure 5: Norway Top Export Products, 2021 (Average Growth: 2017-2021)



Source: Trademap, 2022

Bilateral relations between Norway and the UK have remained strong for more than a millennium and spans across a wide spectrum of political, cultural and trade relations. Such close ties, coupled with a mutually beneficial trade agreement made the UK its most important trading partner, ranking as its top export market at an export value of ZAR491.79bn in 2021. Oil and gas were among the top Norwegian exports to the UK and accounted for 70% of British imports of oil. Following this, Germany was likewise a formidable trading partner of Norway, with exports to Germany reaching a total value of ZAR455bn. Oil and gas, although not as robust as with the UK, was Norway's largest export to Germany and ranked as Germany's 6th most important import market for oil and gas in 2021.

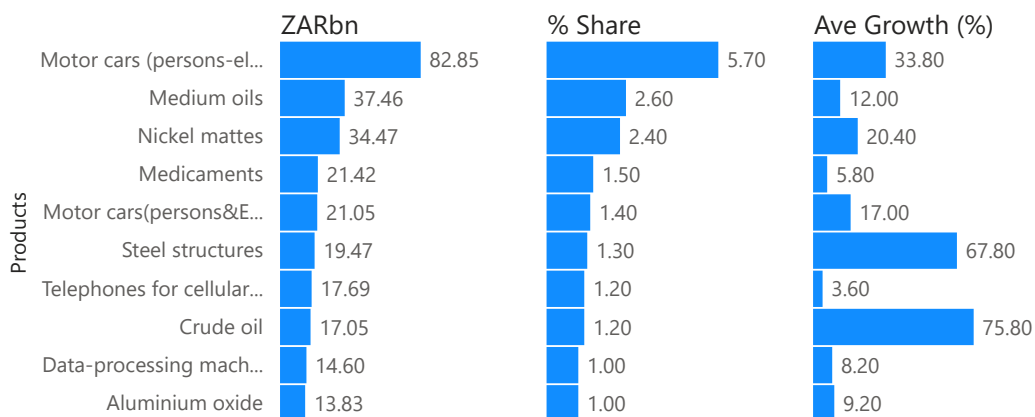
Figure 6: Norway Top Export Markets (ZARbn), 2021



Source: Trademap, 2022

In contrast to exports, Norwegian imports are relatively more diverse, with the top three products accounting for just over 10% of the total import basket. More specifically, electrical motor cars (E.V's) for the transport of persons ranked as the country's largest import, reaching ZAR82.85bn and registering a robust annual growth rate of 33.80% over the period 2017 to 2021. Germany, China and Japan ranked as the country's three largest import markets of E.V's, collectively accounting for 55% of all E.V's into Norway in 2021. Growth in steel structures and crude oil imports were particularly noteworthy, reaching an average annual rate of 67.8% and 75.5% respectively from 2017 to 2021.

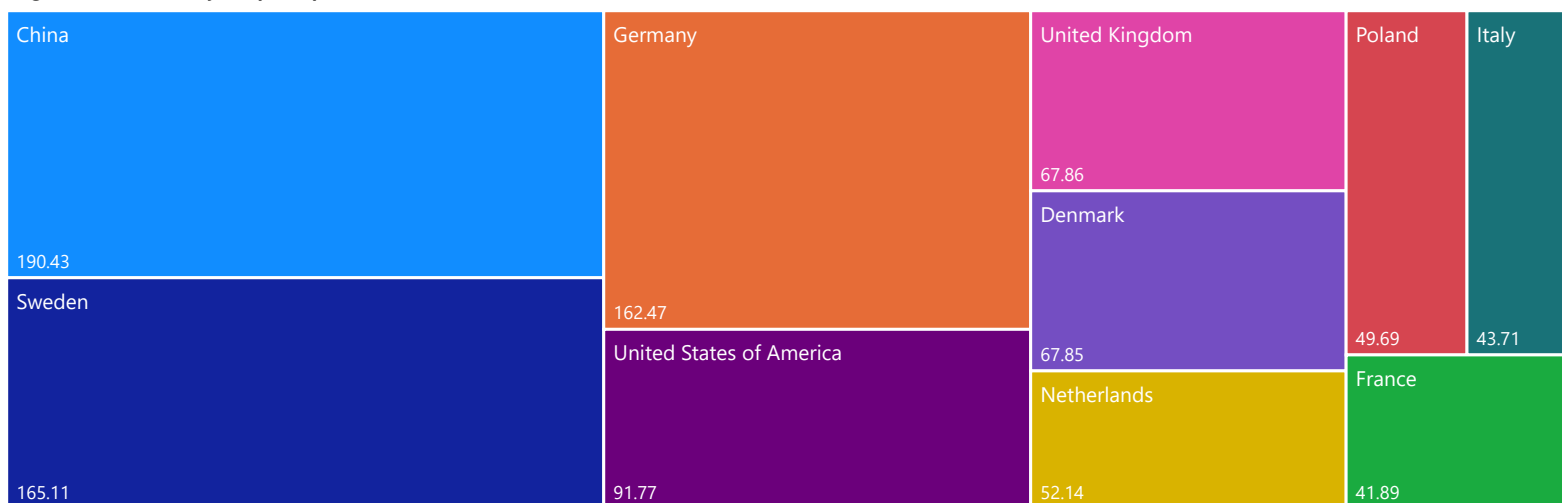
Figure 7: Norway Top Import Products, 2021 (Average growth: 2017-2021)



Source: Trademap, 2022

China, Sweden and Germany were Norway's top three largest importing partners and accounted for more than one-third of imports into Norway in 2021. More particularly, China (with a 13.1% share), was its largest import partner, reaching a total import cost of ZAR190.43bn in 2021. Automatic data-processing machines, telephone sets and motor vehicles were among the top three products imported from China and accounted for approximately 27% of total Chinese imports into Norway in 2021.

Figure 8: Norway Top Import Markets (ZARbn), 2021



Source: Trademap, 2022

2.2) Trade Agreements and developments

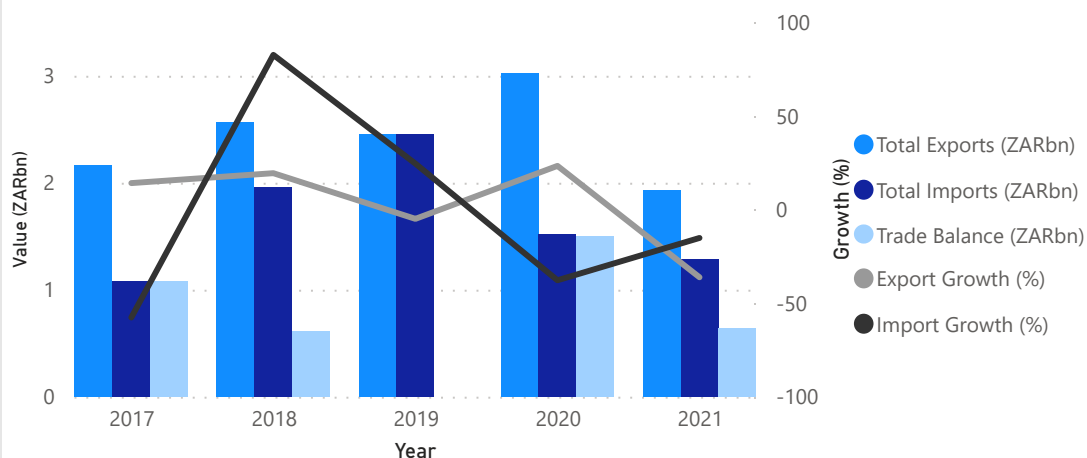
"Norway negotiates free trade agreements with other countries through the European Free Trade Association (EFTA). The trade agreements secure Norwegian business' access to international markets and facilitate trade with partner countries. EFTA is an inter-governmental organisation established in 1960. Since then, the European Union (EU) has absorbed six of ten EFTA members. Today, EFTA consists of Iceland, Liechtenstein, Switzerland and Norway. All except Switzerland are members of the European Economic Agreement (EEA). EFTA was founded on the premise of free trade as a means of achieving growth and prosperity amongst its Member States as well as promoting closer economic co-operation between the Western European countries. Furthermore, EFTA was created to be an alternative to the EC's (EU) ambitions on economic integration"

Source: Regjeringen.no, 2022

2.3) Bilateral Trade: South Africa and Norway

From Figure 9 alongside, SA's exports to Norway declined by 36.2% in 2021, reaching a value of ZAR1.93bn after dropping from its peak of ZAR3.02bn in 2020. This makes Norway SA's 59th largest export market in 2021. Import growth likewise retracted, declining at 15.2% in 2021 from ZAR1.52bn in 2020 to ZAR1.29bn in 2021, with Norway ranking as SA's 69th largest import market in this year. With this, the larger decline in exports compared to imports narrowed SA's maintained trade surplus, from ZAR1.5bn in 2020 to ZAR0.64bn in 2021. SA's relatively poor export performance to Norway in 2021 was largely driven by a plunge in other nuts exports, which fell by -1044% in 2021 and was also one of the top 10 exports to Norway in the year under consideration.

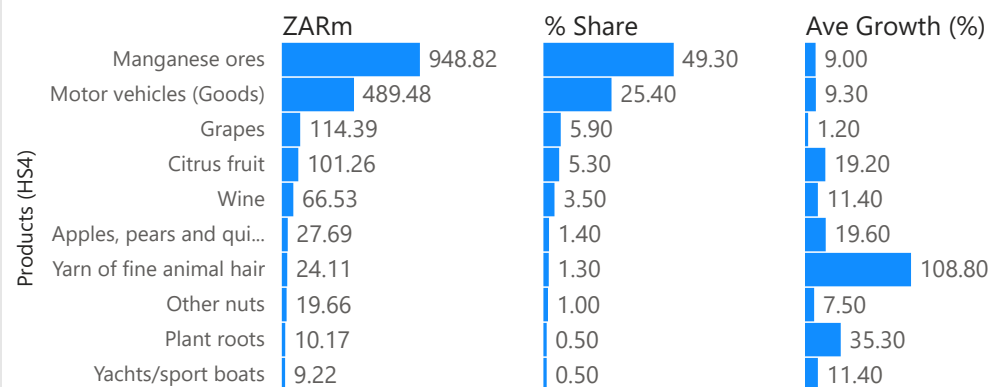
Figure 9: SA Trade with Norway, 2017-2021



Source: Quantec, 2022

South Africa's top three exports to Norway accounted for more than 80% of the top 10 exports to the country in 2021 - indicating that exports to Norway is highly concentrated. SA was Norway's second largest supplier of manganese ores, accounting for over 40% of the product's imports into Norway in 2021. This is expected, as manganese ore exports to Norway ranked as the largest export from SA, reaching a value of ZAR948.82m in 2021, while motor vehicles for transport of goods (ZAR489.48m) and grapes (ZAR114.39m) ranked in second and third. The growth of yarn exports to the Norway recorded impressive growth over the last 5 years, averaging at a 109% growth per annum from 2017 to 2021.

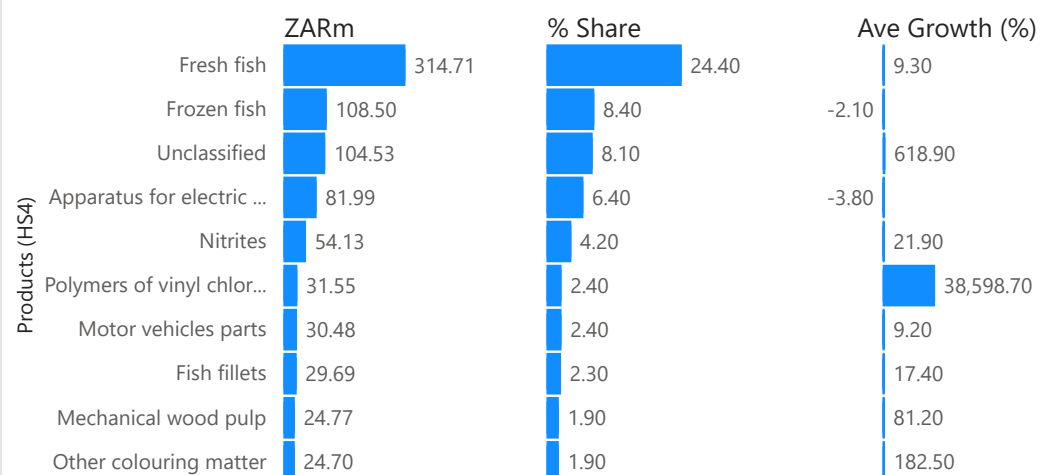
Figure 10: SA Top Exports to Norway, 2021 (Average Growth: 2017-2021)



Source: Quantec, 2022

SA imports from Norway were largely concentrated within the fishing products sector, with the top two imports, fresh fish and frozen fish, reaching a combined import cost of ZAR423.21m and accounting for over 32% of the import basket from Norway. Although imports of frozen fish diminished at an average annual rate of -2.10%, fresh fish recorded robust growth, increasing at a rate of 9.3% per annum from 2017 to 2021. Superfluous growth in polymers of vinyl chloride (PVC) resulted from a spike in imports in 2020 and 2021, where imports of this product grew at 312% and 388% respectively.

Figure 11: SA Top Imports from Norway, 2021 (Average Growth: 2017-2021)

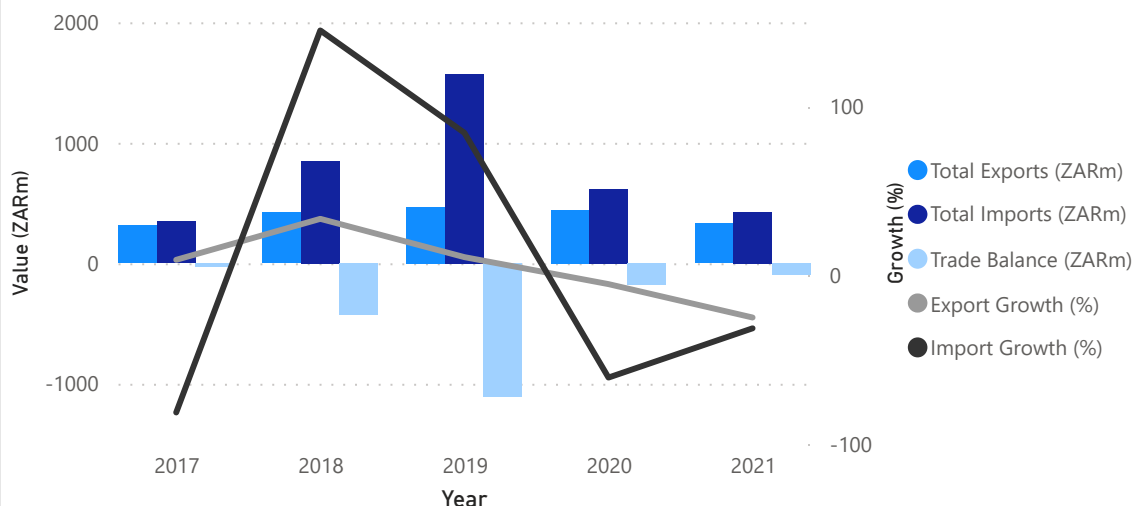


Source: Quantec, 2022

2.4) Bilateral Trade: Western Cape and Norway

Norway was the WC's 62nd largest export partner in 2021, with exports to the country growing at a moderate average annual rate of 5% per annum from 2017 to 2021. Pandemic-induced adverse effects, such as the closure of international borders, had a significant impact on the WC's trade with Norway, as exports fell by -25%, while imports declined by -31.4% to ZAR424m - making Norway the WC's 60th largest import market. This dynamic narrowed the sustained trade deficit from ZAR177.14m in 2020 to ZAR93.39m in 2021. A significant contributor to the decline in exports in 2021 was the plunge in citrus and beauty product exports, which fell by -69% and -445%, respectively.

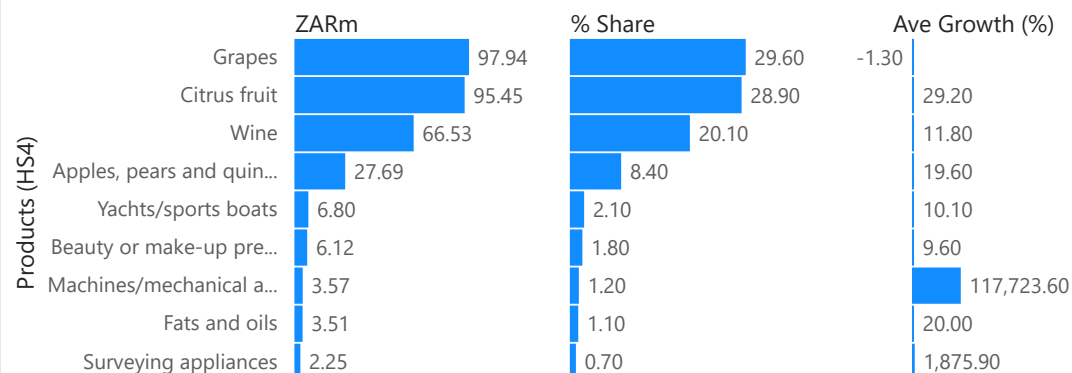
Figure 12: WC Trade with Norway, 2017-2021



Source: Quantec, 2022

WC exports to Norway was largely concentrated within its top three exported products, where grapes, citrus and wine exports accounted for nearly 80% of the total export basket to Norway and reached a collective ZAR259.92m in export receipts in 2021. Animated growth in machines and mechanical appliances of 117,723% over the last five years was largely due by a spike in exports in 2019 and 2021, where exports attained record-breaking growth values of 583,972% and 4646% respectively. SA was the leading exporter of grapes to Norway, with 85% originating from the WC.

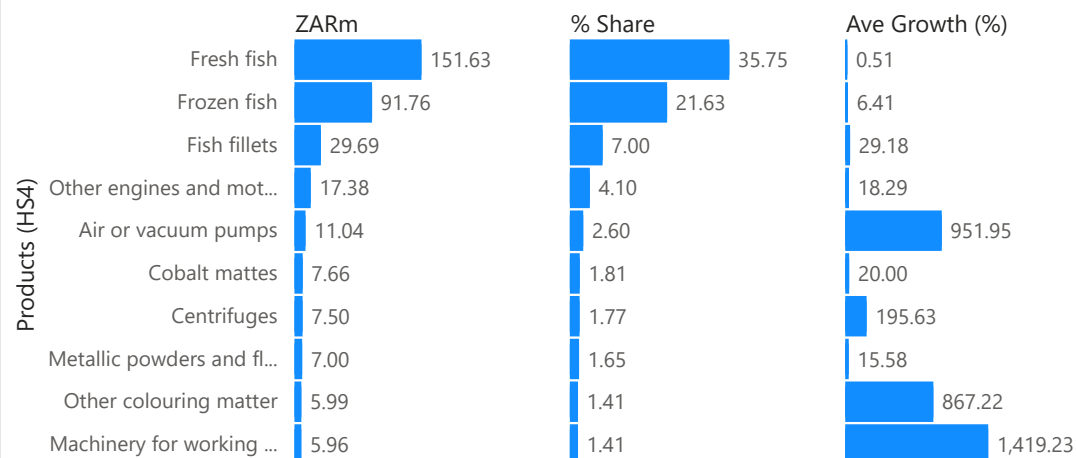
Figure 13: WC Top Exports to Norway, 2021 (Average Growth : 2017-2021)



Source: Quantec, 2022

As with SA, WC imports from Norway are dominated by fish imports - accounting for a collective 65% of imports at a value of ZAR273.08m in 2021. Moreover, Norway was the WC's largest import partner of fresh fish in 2021 and this has remained the status quo over at least the last decade. Other top imports from Norway were engines and motors, air/vacuum pumps and so forth. Machinery of working rubber reported the highest growth, increasing at an average annual rate of 1419% per annum over the last five years spanning 2017 to 2021, while air/vacuum pumps (952%) and colouring matter imports (867%) were also noteworthy high-growth imports.

Figure 14: WC Top Imports from Norway, 2021 (Average Growth: 2017-2021)



Source: Quantec, 2022

3) Foreign Direct Investment

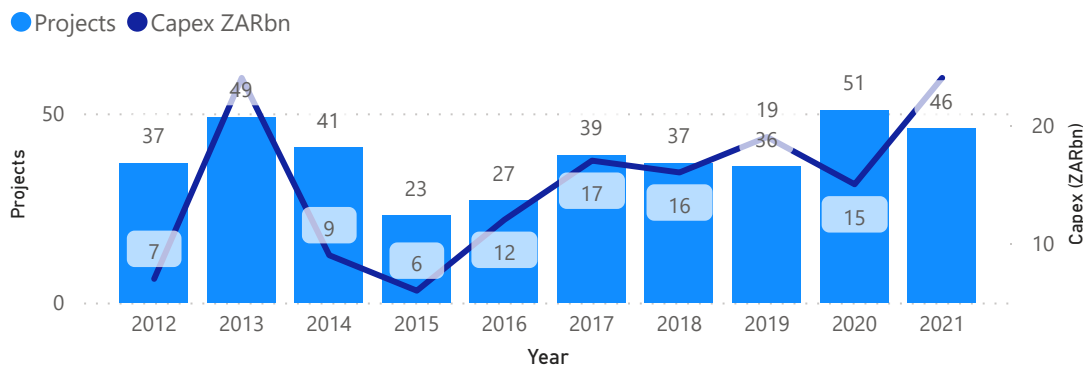
3.1) Global FDI into Norway

Investment into Norway followed an upward trajectory since 2015, increasing from 23 capital projects invested in 2015 to 51 projects invested in 2020, while declining slightly to 46 projects by 2021. Capital expenditure (capex) followed a similar trend, albeit nearly halving from a capex of ZAR36bn invested in 2019 to ZAR15bn invested in 2020. The disinvestment is likely the outcome of a drop in investor confidence due to pandemic-related concerns. Moreover, 13 out of the 51 projects invested into Norway originated from neighboring Sweden. However, FDI into Norway is expected to recover in the post-pandemic era.

In capex terms, the US was the leading foreign investor into Norway over the last 12 years, investing a cumulative ZAR32bn predominantly in the communications (ZAR11.92bn with 7 projects) and oil and gas (ZAR11.43bn with 2 projects) sectors. In contrast, the UK was the leading source market for FDI projects into Norway, leading with 81 projects dominated by the business services (21 projects worth capex of ZAR1.54bn) and industrial equipment (18 projects worth capex of ZAR611m). As expected, Sweden was the second largest investor into Norway in both capex (ZAR31bn) and projects (80 projects). Consumer products, software and IT services and business services were among the top three leading sectors attracting projects from Sweden, while investment into renewable energy reached an impressive ZAR3bn over the last 12 years.

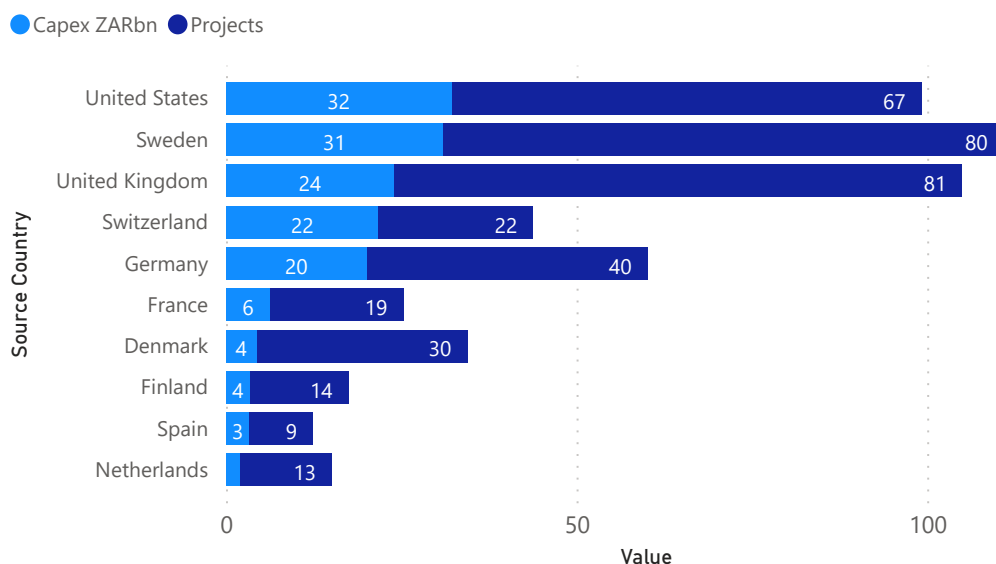
With Norway being the largest exporter of oil and gas in Western Europe, it's expected that the majority of the capex invested into Norway was destined for the coal, oil and gas sector, which were recipients of 25 projects which reached a total capex of ZAR46bn over the period 2010 to 2021. The UK was the largest investor into the coal, oil and gas sector, investing 8 out of the 25 projects and accounting for 23% of capex into the sector. In contrast, the business services sector was the largest recipient of FDI projects into Norway, with the UK accounting for 21 out of the 70 projects over the period under review. Other leading project attracting sectors were the software and IT services sector (67 projects) and industrial equipment with 41 projects invested.

Figure 15: FDI into Norway, 2010-2021



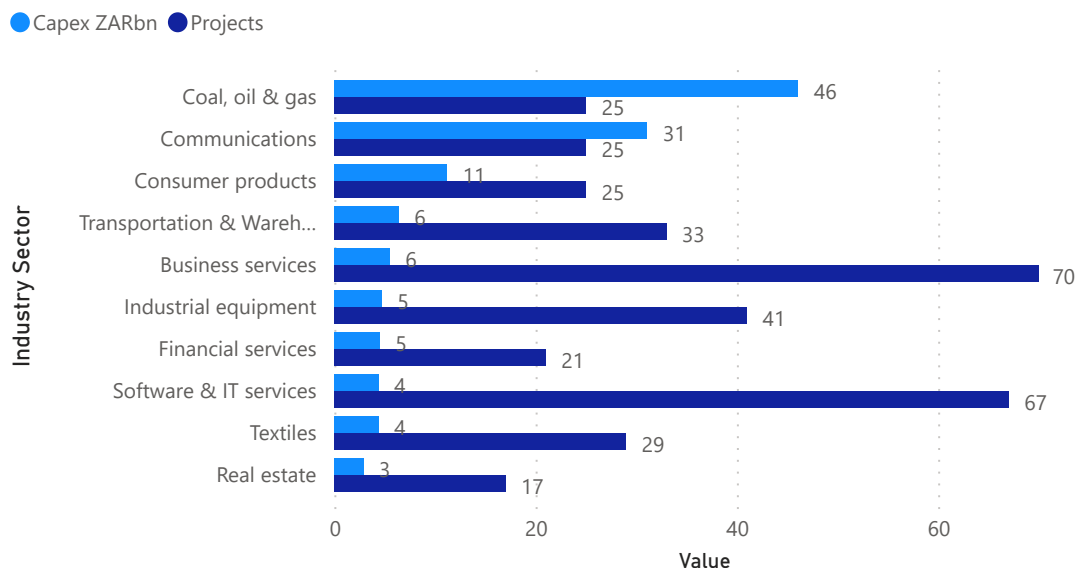
Source: FDI Markets, 2022

Figure 16: FDI into Norway by Source Markets, 2010-2021



Source: FDI Markets, 2022

Figure 17: FDI into Norway by Sector, 2010-2021

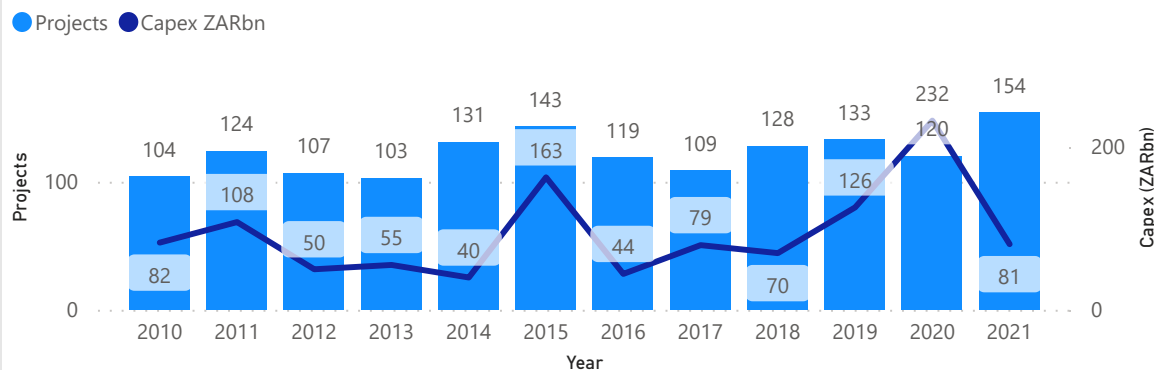


Source: FDI Markets, 2022

3.2) OFDI From Norway to the Globe

Norway's Outward Foreign Direct Investment (OFDI) in terms of capex was three times larger than that of its Inward FDI over the last 12 years. The country invested 1,475 projects globally which reached a total capex of ZAR1.13tr and created 96,307 jobs worldwide. Although capex continued strongly through the pandemic year, it plunged to nearly 50% of its value in 2021, while projects increased from 120 projects undertaken in 2020 to 154 projects in 2021. This again could be a sign of dampened investor confidence in cross-border FDI.

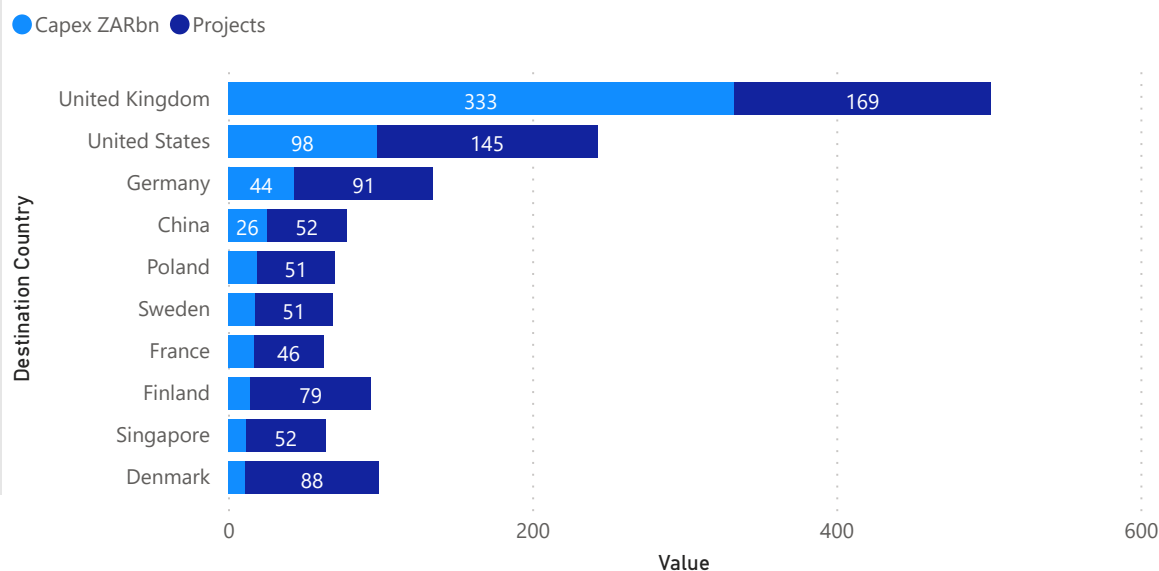
Figure 18: Trend in OFDI from Norway, 2010-2021



Source: FDI Markets, 2022

The UK was the leading destination market for OFDI from Norway in terms of both capex (ZAR333bn) and projects (169) over the period spanning 2010 to 2021. Majority of projects invested into the UK originated within the business services sector (29), industrial equipment (23) and software and IT services (22) sectors. With Norway's commitment to doubling its efforts to ensure environmental sustainability, along with an expanding national wealth fund, 66% (or ZAR220bn) of capex invested into the UK was destined for the renewable energy sector which facilitated 15 projects within this undertaking.

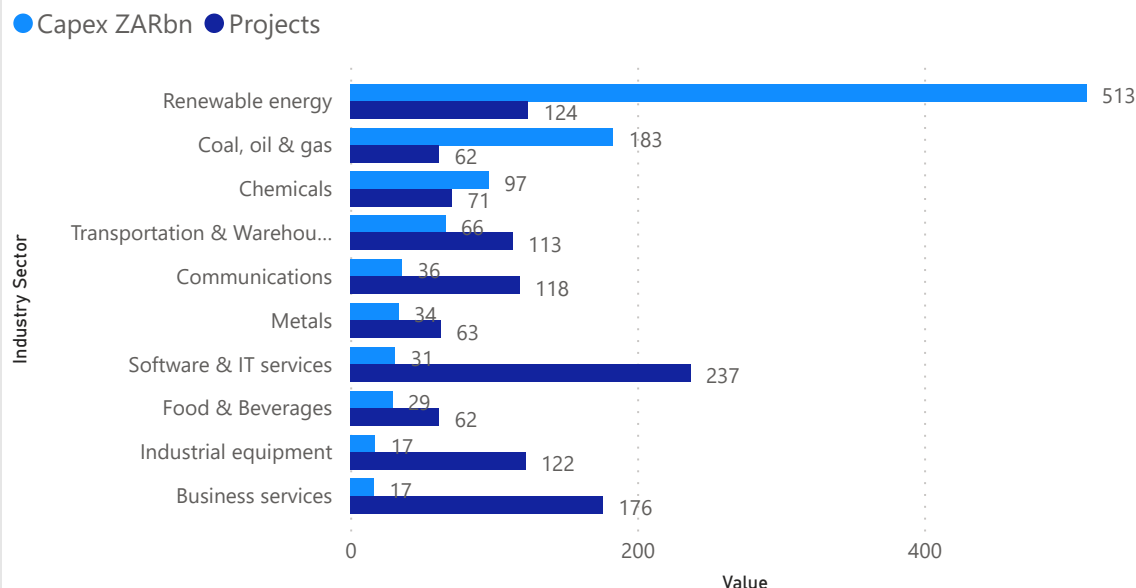
Figure 19: OFDI from Norway by Destination Market, 2010-2021



Source: FDI Markets, 2022

As noted, Norway's commitment to its green agenda channeled capex towards this sector, with majority of capex (ZAR513bn) being invested abroad originating within the renewable energy sector. The UK was the largest destination market for renewable energy capex investment (ZAR220bn), followed by the US and Germany. Interestingly, South Africa was the largest recipient of projects (16) into the renewable energy space, followed by the UK (15) and Chile with 7 projects. Further, software and IT services was a key project driving form of FDI for Norway, investing 237 projects over the review period, with the US (38 projects), UK (22 projects) and Finland (21 projects) being the top three priority markets for IT investments from Norway.

Figure 20: OFDI from Norway by Top Sectors, 2010-2021

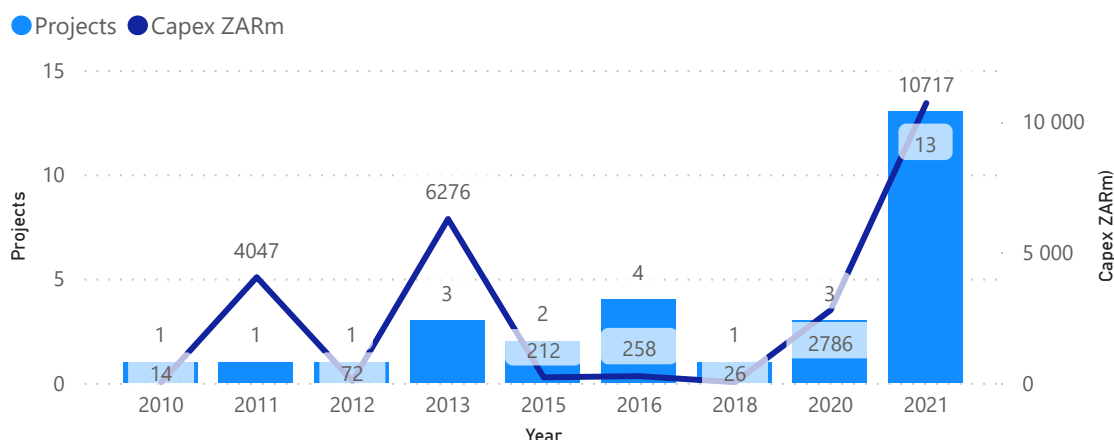


Source: FDI Markets, 2022

3.3) Bilateral FDI: Norway into South Africa

Figure 21 alongside shows FDI flows from Norway into SA over the period 2010 to 2021. Over the last 12 years there were 29 capital projects invested into SA, reaching a total capex of ZAR24.41bn which created 535 jobs. Evidently, FDI from Norway into SA spiked and peaked in 2021, with 13 projects invested amounting to an accumulated ZAR10.71bn in capex. This was solely driven, as part of Norway's green agenda, through rampant investment into SA's renewable energy sector, making SA the largest global destination market for Norwegian investment into renewable energy.

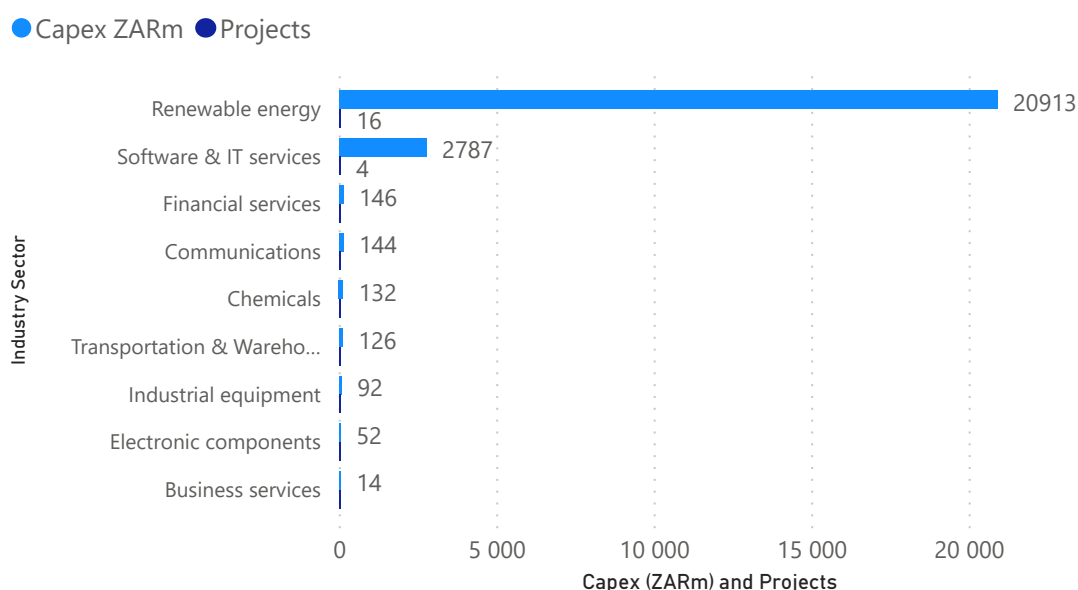
Figure 21: FDI from Norway into SA, 2010-2021



Source: FDI Markets, 2022

Over the last 12 years however, 16 (or 55%) of Norwegian capital project investments into SA was committed to the renewable energy and captured 83% of total FDI, while the software and IT services sector ranked in second in terms of both capex (ZAR2.79bn) and projects (four projects). Overall, six projects were invested into the Free State, while Gauteng, Northern Cape and Western Cape each attracted five projects. Cape Town and Johannesburg were each a recipient of one project within the software and IT services sector, with the other two unspecified.

Figure 22: FDI from Norway into SA by Sectors, 2010-2021



Source: FDI Markets, 2022

Figure 23 alongside shows the top 10 Norwegian companies (by capex) investing into SA over the period 2010 to 2021. Scatec AS invested four projects into SA's renewable energy sector, which reached a total capex value of ZAR13.14bn and created 153 jobs over the period under review. Other leading renewable energy investing Norwegian companies were Scatec Solar (with three projects reaching ZAR10.19bn); Aker ASA (12 projects reaching ZAR7.8bn); and Infront with two projects into SA's software and IT services sector to reach a total capital outlay of ZAR159m over the reviewed period.

Figure 23: Norwegian Companies Investing in SA, 2010-2021

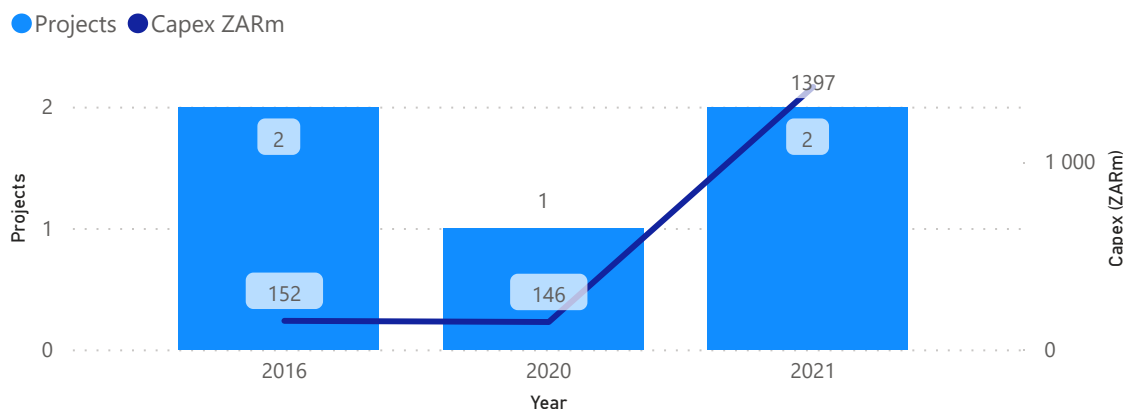
Company name	#Projects	Capex ZARm	Total jobs	Primary sector
Scatec AS	4	13 147.76	153	Renewable energy
Scatec Solar	3	10 196.34	132	Renewable energy
Aker ASA	12	7 765.11	100	Renewable energy
Infront	2	159.54	16	Software & IT services
Arendals Fossekompagni	2	144.20	74	Communications
NSSL Global	2	144.20	74	Communications
LignoTech South Africa	1	132.28	12	Chemicals
Elmatica	1	26.08	12	Electronic components
Kongsberg	1	26.08	12	Electronic components
Total	28	31 741.59	585	

Source: FDI Markets, 2022

3.6) Bilateral FDI: Norway into the Western Cape

Over the last 12 years spanning the period 2010 to 2021, there were five FDI projects invested into the WC from Norway, which reached a total capex value of ZAR1.7bn and created 80 jobs. Three of these projects were invested into Cape Town, while the other two were in unspecified locations. Two of these projects were invested in 2016, with the remaining one invested more recently in 2020 across the communications, financial services and IT sector.

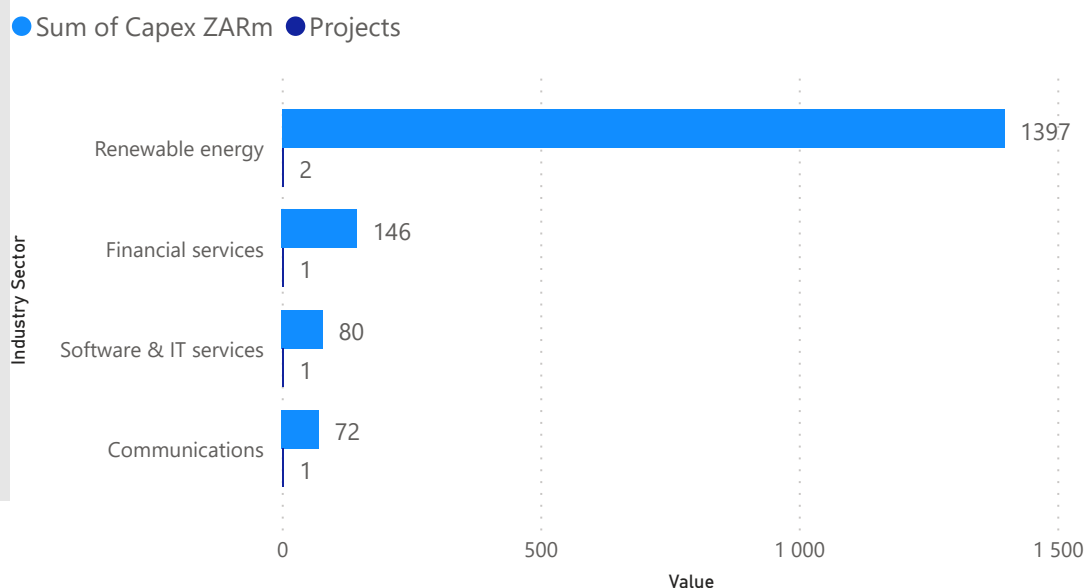
Figure 24: FDI from Norway into WC, 2010-2021



Source: FDI Markets, 2022

Two of the five projects invested into the WC occurred more recently in 2021, where Norway invested two FDI projects in the renewable energy sector with a total estimated capex of ZAR1.4bn into an unspecified city within the WC. This undertaking created an estimated 18 jobs. As mentioned, the remaining three projects were invested into Cape Town within the financial services sector (in 2020), communications and software and IT services sector - each occurring in 2016. It has been cited that the motive for investment into the WC by companies were because of its robust domestic market growth, as well as good transport infrastructure.

Figure 25: FDI from Norway into WC by Sector, 2010-2021



Source: FDI Markets, 2022

The value associated with the capital investment from Aker ASA in the renewable energy sector was the largest source of FDI into the WC, reaching a total capex of ZAR1.4bn - albeit only investing 2 project over the period under review. Other noteworthy investment companies were Norfund (financial services), Infront (software and IT services) and Arendals (communications), which each invested one project each into the WC to reach a cumulative capex of ZAR297.6m over the period 2010 to 2021.

Figure 26: Norwegian Companies Investing into WC, 2010-2021

Company name	#Projects	Capex ZARm	Total jobs	Primary sector
Infront	1	79.77	8	Software & IT services
Norfund	1	145.73	17	Financial services
Aker ASA	2	1 397.47	18	Renewable energy
Arendals Fossekompani	1	72.10	37	Communications

Source: FDI Markets, 2022

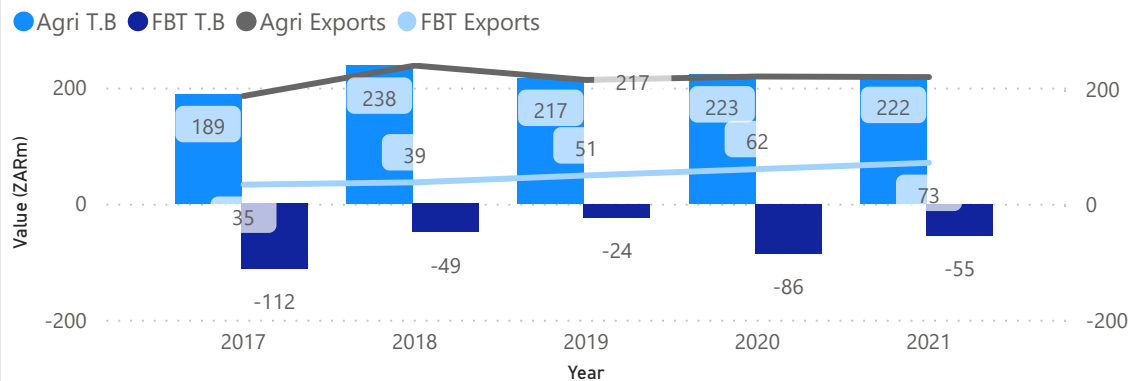
3.7) Bilateral FDI: South Africa into Norway

There were no FDI from South Africa into Norway over the period under review

4) WC Agribusiness Trade with Norway

As Figure 27 alongside suggest, the WC was a net exporter of primary agricultural products with Norway over the last five years, recording a trade surplus of ZAR189m in 2017. As agricultural exports increased faster than the rate of agriculture imports from Norway, this led to a widening of the agricultural trade surplus to ZAR222m by 2021. In contrast, the WC was a net importer of food, beverage and tobacco (FBT) trade with Norway, on account of its large import of fish from Norway.

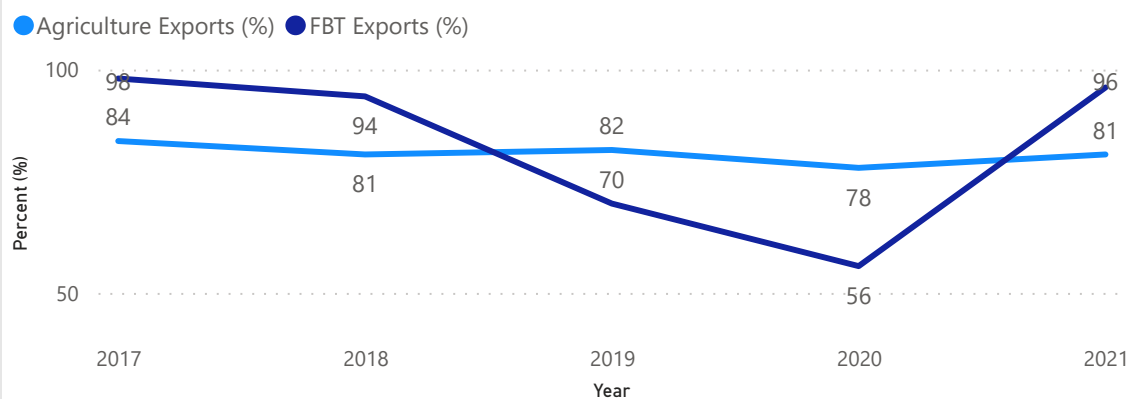
Figure 27: WC Agriculture and FBT Trade with Norway, 2017-2021



Source: Quantec, 2022

The WC accounted for the majority of SA agribusiness exports to Norway, accounting for an average annual share of 81.2% of primary agricultural exports and 82.8% of FBT exports over the period 2017 to 2021. The WC's share of agribusiness exports with Norway increased significantly in 2021, where the province accounted for 81% of primary agriculture exports (up from 78% in 2020) and 96% of FBT exports, up from 56% in 2020. This reaffirms the WC position as the agricultural powerhouse of the national economy and a key exporter of agribusiness products to Norway.

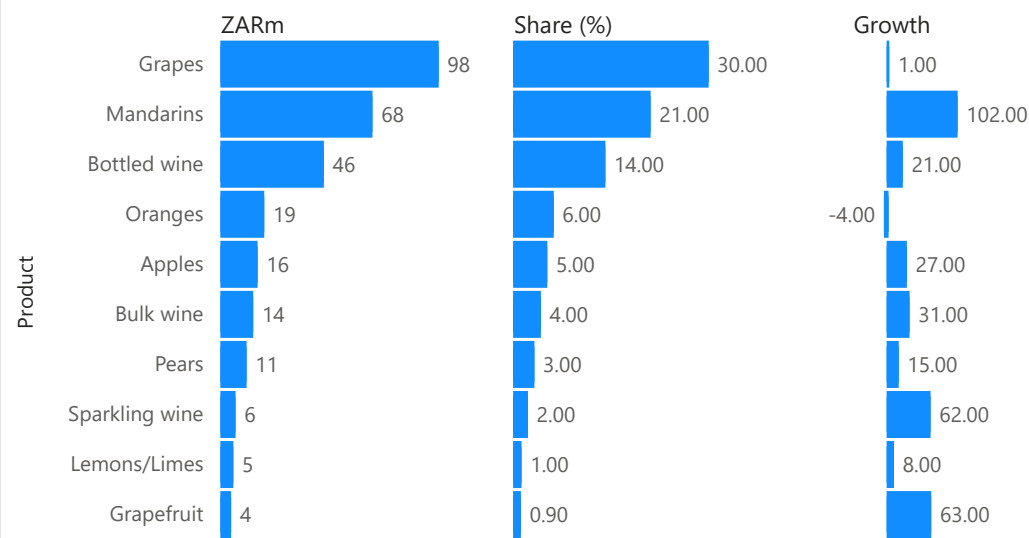
Figure 28: WC Share of National Agri and FBT exports to Norway, 2017-2021



Source: Quantec, 2022

The export of grapes (ZAR98m), mandarins (ZAR68m) and bottled wine (ZAR46m) were the top three agricultural exports from the WC to Norway and accounted for 65% of agri-based exports in 2021. As mentioned, the WC maintained a trade deficit in FBT trade with Norway. However, this deficit has been sharply diminishing over the last five years, as WC exports of FBT grew at 114% from 2017 to 2021, while imports of FBT from Norway fell by -13% over the same period. This diminishing trade deficit in FBT was largely due to the strong growth in wine exports as shown alongside, where sparkling wine exports to Norway grew at an average annual rate of 62% over 2017 to 2021, while bulk wine and bottled wine grew at 31% and 21%, respectively, over the period under review.

Figure 29: Top Agri Exports from WC to Norway, 2021 (Average Growth: 2017-2021)

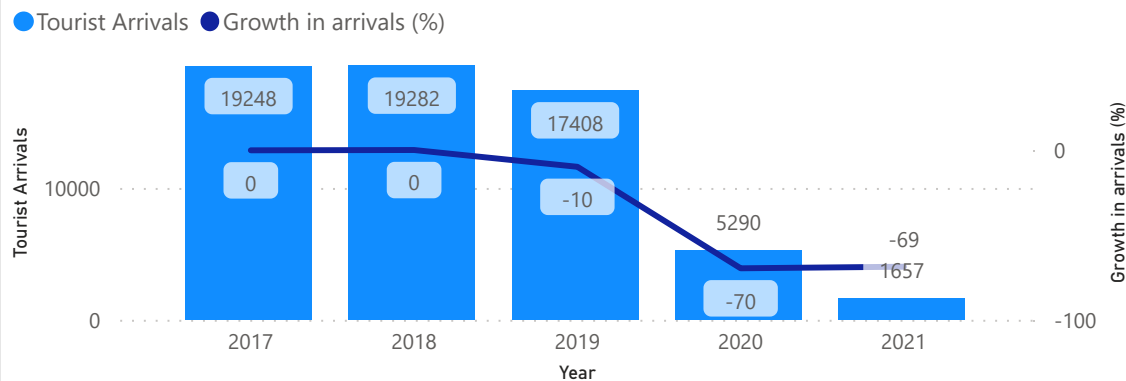


Source: Quantec, 2022

5) Tourism: SA and WC Tourism Flows with Norway

Historically, South Africa saw over 19,000 tourists from Norway between 2016 and 2018, welcoming the largest volume in 2018 (19,282). Arrival numbers have since been on a decline, followed by a significant impact during the Covid-19 pandemic. A 69,6% decrease in arrivals was seen in 2020 (5,290), and a further decline by 68.7% to reach 1,657 arrivals in 2021.

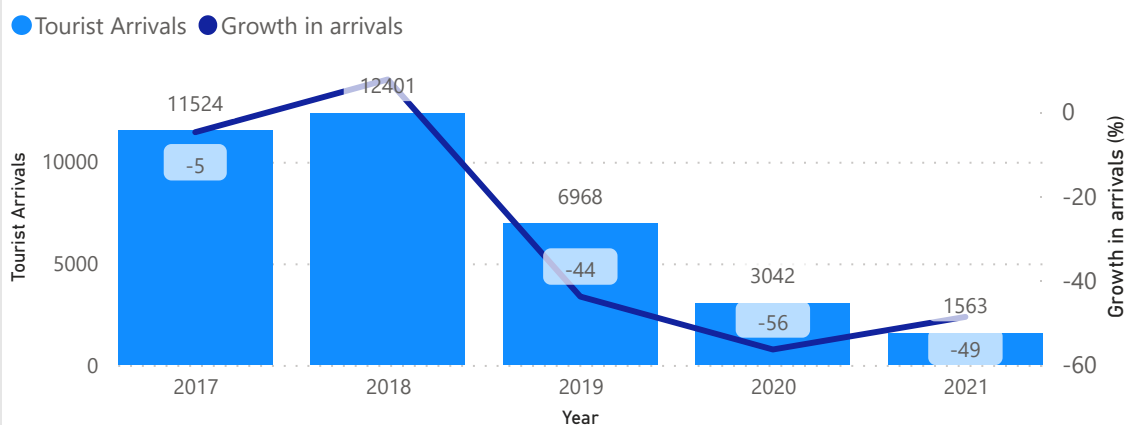
Figure 30: Norwegian Tourist Arrivals to SA, 2017-2021



Source: South African Tourism, 2022

Pre-Covid 19, Norway tourist arrivals to the Western Cape recorded the highest volume in 2018 (12,401). Throughout the period under review (2016 – 2021), the highest share of Norwegian tourists travelling to South Africa were travelling to the Western Cape.

Figure 31: Norwegian Tourist Arrivals to WC, 2017-2021



Source: South African Tourism, 2022

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