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INVEST

FOREIGN DIRECT INVESTMENT

FDI in Norway dropped sharply in recent years: according to UNCTAD's [World Investment Report 2023](#), FDI inflows were negative by USD 3.43 billion in 2022, compared to a positive flow of USD 1.74 billion one year earlier and USD 16.7 billion recorded before the pandemic. In 2022, FDI stock reached USD 145.5 billion, around 25.1% of the country's GDP. Despite the uncertain economic situation, Norway continues to be a major investor abroad, with a total stock of outward FDI of USD 188 billion. The latest data from Statistics Norway show that the main sectors in terms of inward FDI are financial and insurance services (17.5%), wholesale and retail trade (11.6%), manufacturing (11.4%), information and communication (10.1%), and real estate (9.3%). In terms of ultimate investing country, the U.S. leads the way with 16.7% of the total stock, followed by Sweden (13.3%), Finland (8.2%), the UK (7.8%), and Italy (5.7% - Statistics Norway). The decline in the price of hydrocarbons led to a drop in investment in Norwegian oil companies in recent years. However, the trend reversed due to the ongoing conflict between Russia and Ukraine and the consequences it caused in the energy market. The Norwegian Oil and Gas Association, representing Offshore Norway, has projected investments of NOK 240 billion (around USD 22.3 billion) on the continental shelf in 2024, marking a 9% rise compared to the figures for 2023, while the investments are estimated to fall gradually by 2027. Lately, the Norwegian government pension fund has enhanced its efforts to move towards sustainable investments, for example by announcing the divestment of carbon-related assets from its portfolios. According to the latest figures by the OECD, in the first six months of 2023 FDI to Norway totalled USD 2.4 billion, compared to a flow of USD 4 billion recorded in the same period one year earlier.

The Norwegian government introduced a new investment screening regime, allowing Norwegian authorities to investigate and block FDI on grounds of national security, financial stability and autonomy. The decision applies to EU and non-EU investments alike. There are about 8,363 foreign-owned companies in Norway (U.S. State Department). While the country has a small domestic market, it possesses several assets, such as its geographic location in a fertile region, its favoured ties with the United States, its skilled and multilingual population, a modern economy and rich energy resources. Norway has a particularly favourable business climate, and the country ranks 14th out of 82 nations in the Economist Business Environment ranking. It is also ranked at 8th place out of 133 in the [2023 Corruption Perception Index](#). Furthermore, Norway ranks 19th among the 132 economies on the [Global Innovation Index 2023](#) and 10th out of 184 countries on the [2023 Index of Economic Freedom](#).

Foreign Direct Investment	2020	2021	2022
FDI Inward Flow <i>(million USD)</i>	-8,229	1,749	-3,436
FDI Stock <i>(million USD)</i>	167,096	211,593	145,513
Number of Greenfield Investments*	52	46	49
Value of Greenfield Investments (million USD)	1,210	1,663	2,214

Source: UNCTAD - Latest available data.

Note: * Greenfield Investments are a form of Foreign Direct Investment where a parent company starts a new venture in a foreign country by constructing new operational facilities from the ground up.

Country Comparison For the Protection of Investors	Norway	OECD	United States	Germany
Index of Transaction Transparency*	7.0	6.5	7.0	5.0
Index of Manager's Responsibility**	5.0	5.3	9.0	5.0
Index of Shareholders' Power***	8.0	7.3	9.0	5.0

Source: Doing Business - Latest available data.

Note: *The Greater the Index, the More Transparent the Conditions of Transactions. **The Greater the Index, the More the Manager is Personally Responsible. *** The Greater the Index, the Easier it Will Be For Shareholders to Take Legal Action.

WHAT TO CONSIDER IF YOU INVEST IN NORWAY

Strong Points

Advantages for FDI in Norway:

- Norway has a very strong economy and encouraging prospects of development.
- The high value-added sector of information and communication technologies is, for example, very well developed.
- The public sector is well organised (around a sovereign fund in surplus that can intervene at any time in the economy) and the country has high quality infrastructure.
- The workforce is highly skilled, multilingual and has one of the highest purchasing powers in the world.
- As can be seen from its eighth spot in the World Bank ranking of countries where it is easier to do business ([Doing Business Norway](#)), the business environment in Norway is very positive and stable.
- The banking and financial sectors as well as the fiscal and legal framework are also very robust.
- The country's political environment is democratic, healthy and transparent.

Weak Points

Disadvantages for FDI in Norway:

- Norway's economy is generally not very diversified and is therefore very dependent on the price of oil, and the country has already exceeded the peak of its production (even if new deposits have been discovered).
- Like any open international economy, it is also very vulnerable to the economic situation of its main economic partners and the impact of the exit of the United Kingdom (Norway's largest export market) on its economy is still difficult to predict.
- Due to the geographical isolation of certain regions of the country, expenditure in the areas of transport, logistics and telecommunication infrastructure is very high.
- The country has put in place relatively strict labour laws that accentuate the extremely high wage costs in the country.

Government Measures to Motivate or Restrict FDI

The government maintains an open position towards FDI in Norway. Norway does not offer significant tax

benefits to investors (whether foreign or Norwegian), but some benefits, such as lower social security contributions, lower tax rates and additional deductions for individuals apply for investments made in the less populated areas of northern Norway. Existing regulations, standards and practices may slightly favour Norwegian, Scandinavian and European Economic Zone investors.

For more information you can visit the [Innovation Norway](#) page, the government agency whose purpose is to help companies offer financing through the Industrial Development Contracts and Research in Norway.

Special restrictions exist in Norway and apply in the following sectors:

- Acquisition of waterfalls, rights for power supply and mines
- Acquisition of land, real estate and leases in the long term
- Acquisition of cultivable land and forests
- Purchase of more than 10% of the share capital of a Norwegian financial institution
- Direct investments in exploration and petroleum operations that are licensed by the government

On January 1, 2019, a new law on national security came into force that provides the legal basis for a better evaluation of foreign investment by the government. 'Target' businesses are obliged to notify the relevant ministry under which they are regulated.

INVESTMENT OPPORTUNITIES

The Key Sectors of the National Economy

The best business opportunities are consumer goods, information and communication technologies, construction and services for business, oil and gas, food processing, marine industry, fishing, shipbuilding, mechanical engineering and metals.

High Potential Sectors

Equipment / machinery and services for natural gas fields, telecommunications, naval and marine equipment, renewable energies, environmental technologies, medical equipment and supplies, security equipment, transport infrastructure (road network, rail network and urban transport), data centers, battery tech, life sciences, ocean tech, digitalisation, tourism.

Privatization Programmes

Norway has no current plans to privatize any state-owned enterprise.

Tenders, Projects and Public Procurement

[Doffin](#), Public Procurement portal

[Tenders Info](#), Tenders in Norway

[Ted - European public markets](#), Business opportunities in EU 27

[DgMarket](#), Tenders Worldwide

Sectors Where Investment Opportunities Are Fewer

Monopolistic Sectors

Postal services, railways, domestic production and retail sale of alcohol.

Sectors in Decline

None in particular.

Finding Assistance For Further Information

Investment Aid Agency

[Invest in Norway \(Innovation Norway\)](#)

[Start and run a business in Norway](#)

Other Useful Resources

[Oslo Chamber of Commerce](#)

[Kvasir Business Search Engine \(in Norwegian\)](#)

[Nortrade - Official Norwegian Trade Portal](#)

Doing Business Guides

[Altinn - Norwegian portal for dialogue between businesses and government agencies](#)

[Doing Business in Norway - UHY](#)