

strategy for the NHO
community 2004-2013

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PREFACE

The Confederation of Norwegian Business and Industry (NHO) shall work on issues which are important to its member companies and to society in general. This is why we need to know the priorities of our member companies. And this is why NHO need to base its work on knowledge related to national and international development trends which have an impact on enterprises and the society around us, both in a short-term as well as a long-term perspective.

The new strategy for the NHO community has been developed through broad participation with the elected NHO member representatives. The work on the strategy has been going on since the Main Board's policy meeting of 1. September 2002, until it was adopted by The Main Board on 19. November 2003. This ensures that the strategy is firmly rooted with our members.

The strategy is based on assessments of what will be important issues for Norwegian business and industry and Norway. The strategic objectives set out NHO's priorities and proposed solutions in important areas. The Main Board has laid down both short-term as well as long-term objectives. While the long-term objectives for 2013 constitute the direction we desire for the socio-economic development, the short-term objectives for 2004 and 2005 constitute our action plan for the next two years.

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The strategy is based on the three main relations of NHO:

- NHO and the employees of the member companies
- NHO and the authorities
- NHO and public opinion

When the structure of the strategy is founded on NHO's relations to other groups in society, this signifies that NHO shall be a communicating organisation. Thus, the implementation of the strategy must be viewed in connection with our vision that NHO shall awaken new thoughts and the four core values for NHO's work: Courageous, credible, accessible and interactive.



Jens Ulltveit-Moe
President

Confederation of Norwegian Business and Industry (NHO)

19. November 2003

OUR MISSION

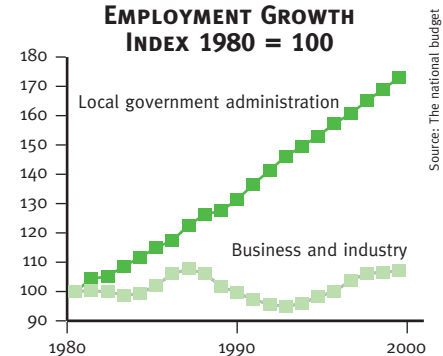
The Confederation of Norwegian Business and Industry (NHO) was formed by and for its member companies to insure the interests of its members. The objective of our work must also be in the best interests of society. Creation of values and welfare are inextricably interlinked. NHO shall do what its member companies deem beneficial to them to achieve together. We shall not do tasks which best can be done by the enterprises themselves or by local and central government.

OUR STRATEGIC CHALLENGE

Like all industrialized countries, Norway is facing new challenges due to increased international interaction. Communication, trade and investments take place across national state borders. Enterprises are spreading their activities to more countries, becoming part of an internationalized network economy.

Focus on the individual, with its increased diversity and freedom of choice, has to an even greater extent than ever before, become the dominant set of values.

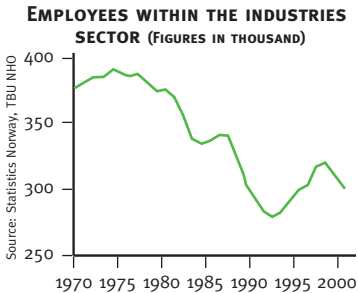
These changes expose enterprises to new and rapidly changing challenges while at the same time widening their scope for action. Norwegian



value creation and welfare are dependent on enterprises, Norwegian as well as foreign ones, find Norway an attractive choice for their investment localisation.

In a globalized economy it is hard for a high-cost country like Norway to compete in areas where labour-intensive production is required. Norway is facing the same challenge as other Western countries when it comes to creating and attracting research and knowledge-based enterprises. A highly competent workforce is an advantage for Norway. At the same time, the Norwegian effort within the areas of innovation, research and development is low compared to other countries.

In other countries, the economic situation is forcing reforms to emerge in order to increase efficiency and productivity in both the public as well as the private sector. Norway's oil revenues enable us instead to indulge in increased consumption and we get labour scarcity. At the same time the petroleum-based economy is camouflaging the need for reforms or makes it possible to postpone them. Internationally exposed business and industry in Norway is under heavy pressure. This challenge is being met by NHO in four main areas:



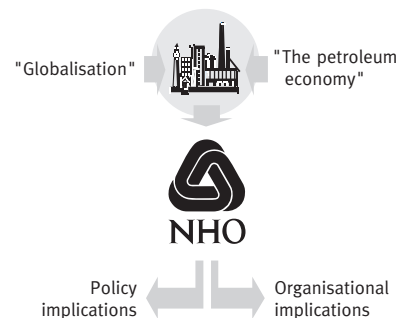
- The business and industry policy where growth in internationally exposed mainland business and industry is required in order to meet future challenges.
- The employment policy where it is an important prerequisite that internationally exposed business and industry should set the norm for wage formation.
- The work for increased understanding of the importance of an internationally exposed business and industry.
- Our member basis which is influenced by a decline in internationally exposed business and industry.



CONSEQUENCES FOR NHO

The strategic challenge describes how globalisation and the particular Norwegian petroleum-based economy have an impact on enterprises localised in Norway. NHO shall work to ensure the best possible conditions for value creation in Norway, and to insure the interests of its member companies. The challenges for its member companies will have consequences for NHO in two main areas:

- For policy-making in the areas of employment, business and industry and in relation to public opinion.
- For how we organise the NHO community and the way we work.



our philosophy

VALUES AND VALUE CREATION

People need both material as well as immaterial values. Such values may be created by the individual himself/herself, within the family, in civil society, within the public sector and within business and industry – or through an interaction of all these (actors). Business and industry contributes material values in the form of goods, services and wealth creation, as well as immaterial values in the form of security, personal growth and a sense of belonging. Freedom of speech and diversity of opinion, openness and transparency within business and industry and in government administration is the basis for a democratic well-functioning society characterised by trust, respect and tolerance. But no society can survive without vital and energetic businesses and industries.

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THE TASK OF BUSINESS AND INDUSTRY

The task of business and industry is to create, offer and distribute goods and services while at the same time creating an economic surplus value. This surplus value benefits owners and employees. It makes new investments and innovation possible, and it contributes to the financing of welfare and value creation in all parts of society.

THE TASK OF THE COMPANIES

The individual enterprise can only fulfil its task if it is offensive and profitable over time. Therefore, main objective for the individual enterprise is therefore to produce and distribute goods and services in the most efficient way in order to create the largest possible profit long-term. In a time of increasing competition, this means a

demand for continuous improvement. This makes the companies a driving force for innovation and improvement in the rest of society.

THE COMPANIES' RESPONSIBILITY

If the companies are to fulfil their task and take responsibility, it is required that the authorities as well take responsibility for the companies' framework conditions. The companies earn their trust by conducting their affairs within the current legal framework, and by being considerate to their employees, their customers and to society in general.

Internally, the companies themselves are responsible for safety, health and environmental issues and facilitating for ethical behaviour, good working conditions and competence training.

Externally the companies have a responsibility that requires a reflexive attitude with regard to ethics, including environmental issues and human rights.

THE AUTHORITIES' RESPONSIBILITY

If the companies are to fulfil their task and take responsibility, it is required that the authorities as well take responsibility for the companies' framework conditions. The companies will be most successful if they can operate in a well-functioning, open market economy with internationally competitive framework conditions and in a climate conducive to individual creativity, competition and a private and active ownership.

MUTUAL DEPENDENCY

A mutual dependency does however exist between the company and society in general. The enterprise, through its activities, contributes to laying down the foundation for the welfare community and a good public sector. At the same time an efficient public sector and a dynamic and socially harmonic society are a prerequisite for well-functioning companies.

Our vision for Norway 2013

Internationally exposed business and industry shall by now be re-established as a driving force in the economic development in Norway.

The stagnation and reduction of the internationally exposed sector shall by now be turned to optimism, entrepreneurship and growth.

A majority of the Norwegian parliament, the Storting shall agree that the Government's fiscal policy must be tight in order to provide a foundation for further advancement for the internationally exposed business and industry. Tight budgets will result in a competitive level of interest and exchange rates.

In employment, the income settlements shall have resulted in wage increases at an equal level to that of our trading partners.

The growth in the public sector has been considerably slowed down. Less pressure on resources has provided business and industry

with easy access to competent manpower. The public sector shall to a greater extent be open to competition. The production of services to the public has been made more efficient. At the same time, new privately owned businesses and industries are being developed in the rapidly growing service sector.

The economic policy shall include a predictable taxation policy which does not impose a heavier burden on Norwegian business and industry than on our competitors. This has led to a positive attitude towards employing Norwegian companies among existing as well as new investors, both at home and abroad. As a result, access to equity capital has been good. Problems and uncertainties surrounding the working

condition for Norwegian business and industry with regard to the outside world have been resolved by Norwegian membership in the EU.

A broad understanding shall exist among the general public for this political course.

A considerable majority of the public shall found their opinion on the comprehension that the values created by business and industry are a prerequisite for the welfare society. People accept that this needs to be reflected in political decision-making. The general public shall appreciate initiative, work effort and innovation. Business and industry, as well as the market economy are perceived as arena for the individual to realise personal dreams and goals. The percentage of the Norwegian population with a desire to establish their own business shall be just as high as that of other countries.

NHO shall have consolidated their position as the most important tool to ensure that a collective business and industry and employment

sector achieve good framework conditions. NHO shall have strengthened their position as the major interest organisation within Norwegian employment, business and industry: NHO shall be well known, act with great authority and be respected as one of the most prominent (actors) in Norwegian community life. NHO shall be effective and powerful, based on the strong support from their members, a high level of competence within the organisation and good relations with other (actors) in society.

The NHO community shall be attractive both to existing members and to new member groups which share the NHO objectives. The NHO community shall be organised in such a way that the capacity and competence are focused on the most important tasks for achieving these objectives. The members shall find that the effectiveness and power of the NHO community are linked to an efficient organisation work throughout the community.

NHO's membership basis

NHO is currently the dominant business and employers' organisation in Norway. As of January 2003, the total number of members was 16,436 member companies. These companies employ 448,768 man-years. The great majority of the member companies in NHO employs less than 20 man-years. In the 825 companies employing more than 100 man-years, the total number of man-years equals 237, 452 man-years.

NHO's members are companies doing business in internationally exposed markets. Companies owned by municipalities or by the State naturally belong in NHO if they operate under normal competitive conditions. Moreover, as a result of developments, companies that have previously been protected by special ownerships or sheltered by rules and regulations are becoming increasingly more exposed to markets and competition. As a result, this means that such companies find their natural place in NHO. If companies which do not do business in the manner described herein, apply for membership in NHO, they have to accept that NHO works to safeguard the interests of internationally exposed business and industry, and that this is the basis of NHO's policy.

NHO is an organisation for small and large enterprises throughout the country regardless of which sector they belong to, the only condition being that these companies are in agreement with NHO's ideology.



NHO's membership basis

OUR SITUATION IN 2-3 YEARS

- We have adopted a new recruitment strategy. NHO has strengthened its position as the largest organisation for business and industry and employers in Norway. The NHO companies are characterised by ethic consciousness, quality and honesty. More business sectors have developed quality labelling schemes for their companies.
- NHO has an active and more visible SME policy which gives the smaller companies an attachment to the organisation.
- NHO is the key organisation for active, personal owners in Norway.

OUR SITUATION IN 2013

- NHO is the organisation for a united business and industry sector in Norway.

NHO and the employees of the member companies

An organisation working to ensure greater
freedom and more responsibility for the companies,
their employees and their management

WHY IS NHO WORKING ON THESE ISSUES?

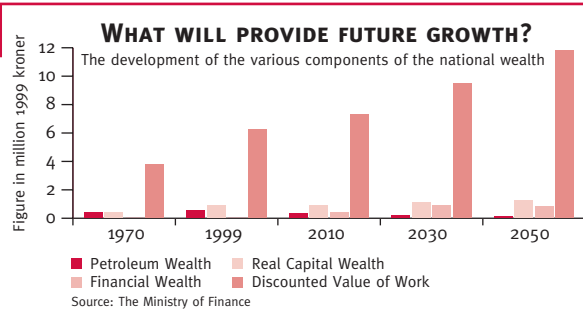
- NHO shall safeguard employers' interests by solving common tasks and by offering services to its member companies. NHO plays a central part in the establishment of a comprehensive framework for wage development, and framework conditions for the entire employment sector. This grants NHO a unique position as a participating (actor) in the Norwegian economy. This grants NHO a powerful and effective influence in other areas.
- Internally in the companies, co-operation is good, but differences do exist in areas such as profit sharing and wage determination. Employers, employees and management have a strong common interest in their workplace. NHO shall stimulate enterprise growth and productivity: NHO has a special responsibility in assisting company executives in fulfilling their role as employers in a manner conducive to stimulating growth for their companies.
- Competence training, a good working environment and an employment policy which favours diversity and inclusion are important to the employees as well as for society. NHO shall contribute to such a development within the employment sector.

THIS MEANS

- A NHO member company shall offer its employees good, well regulated employment relationships.
- NHO shall contribute to solutions rather than confrontation, but also put its foot down when required. Solutions should be found locally rather than nationally.
- NHO shall have direct contact with its member companies and offer legal assistance and council and advice on competence training and working conditions.
- NHO shall coordinate interests between companies and across different sectors.
- NHO shall have sound relations with and a key role among the other employers' organisations in relation to the workers' organisations and to the authorities.

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NHO and the employees of the member companies



THE SITUATION TODAY

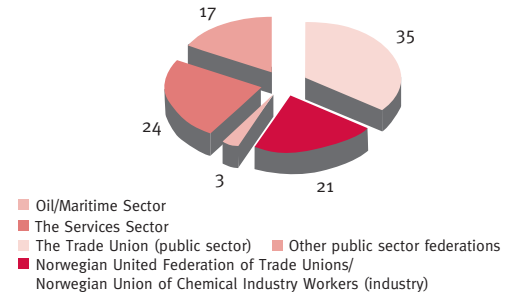
- NHO plays a national key role in relationship to wage and working conditions, both as a bargaining partner and in relation to policy makers.
- The provision of services to employers is a vital element in what NHO can offer its member companies – for companies both with and without wage agreements.
- Member companies with wage agreements organise nearly 80% of the employees within the NHO area. However, less than half of NHO's member companies have wage agreements, and the percentage is decreasing.
- The Norwegian Confederation of Trade Unions – LO has previously had a strong base within internationally exposed industry. Current trends indicate a development towards an organisation with an emphasis on public sector employees. At the same time a multitude of organisations within the field of employment has been established. So far, NHO has upheld the traditional, close co-operation with LO, which at times has led to moderate wage settlements. The co-operation has also resulted in costly social reforms, such as the

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contractual early retirement scheme and the introduction of the fifth vacation week. NHO's member companies with a wage agreement pay a fee to some co-operation measures in addition to paying their membership fee.

MEMBER GROUPS IN THE NORWEGIAN CONFEDERATION OF TRADE UNIONS (LO)

Percentage of the total number of members = 850 000



Source: www.lo.no, Pie Chart by NHO

WHAT MUST NHO DO ABOUT THIS?

- The companies must be granted increased influence on local wage and working conditions. Collective wage bargaining shall not be utilised for wage equalisation. The wage settlement profile must be established locally by the individual company. Companies must be granted local freedom to deviate from the collective wage settlement framework.
- Increased predictability and long-term perspectives must be introduced. The wage settlement period should be at least 3 years.
- NHO's utilisation of resources with regard to employers must be shifted more towards increased provision of services to the individual company. This will increase the possibility of good local solutions.
- The NHO community must appear more coordinated and with clear priorities. NHO must to a greater extent initiate and develop its own proposals and measures for a comprehensive employment policy.
- NHO must choose its partners based on issues. The established joint projects with LO should be replaced by issue-based co-operation in current areas. NHO must also collaborate with other social partners.
- The wage agreements must not develop into a competitive disadvantage for the NHO companies.

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NHO and the employees of the member companies

OUR ACHIEVEMENTS IN THE LAST 2-3 YEARS

- Increased understanding of the fact that a level of wage costs 30-35% higher than that of our trading partners is non-sustainable.
- A somewhat more moderate wage development, first and foremost locally, has provided an important contribution to a reduced level of interests and exchange rates.
- Approval of the proposal on the strengthening of the role of internationally exposed business and industry in wage settlements in accordance with the Recommendation of the Holden II Commission.
- An increase in the period of time in which an employer is required to pay laid-off personnel has been prevented. A number of sectors have been granted a temporary extension of their lay-off period.
- An increase in the period of time in which an employer is required to pay sick-leave payment has been prevented. NHO was instrumental in bringing about the Tripartite Agreement on a more inclusive workplace (the IW Agreement).
- Introduced more flexible rules relating to occupational pensions.
- Partial agreement has been achieved for rule amendments limiting the use of the Contractual Pension Scheme.
- Increased flexibility relating to the use of overtime.

WHAT ARE WE CURRENTLY WORKING ON?

- The main challenge for NHO is our efforts to achieve a more competitive wage level in Norway and to reach a level more equal to that of our trading partners for the 2004 wage settlement.
- Assisting companies in the process of ensuring that a greater part of the working and wages conditions are laid down locally.
- A new legislation relating to employment which ensures adequate flexibility and equal competitive conditions compared to other countries.
- Developing of proposals for a new welfare and social policy with an emphasis on increased employment participation based on functional ability.
- Recruiting more companies as inclusive workplace enterprises.
- A defined-contribution-pension scheme will be offered to the NHO member companies.
- A more flexible vocational training scheme.
- Developing a system for real competence documentation.
- Recruitment and vocational training schemes for young people.
- Recruit more women into company management. Complete the project "Female Future".
- Strengthening the integration of immigrants in employment.

OUR SITUATION IN 2-3 YEARS

- The level of wage costs in relation to our trading partners shall have returned to the same level as in the year 2000.
 - Increased local wage bargaining.
 - The principle of normal wage has been replaced by the principle of minimum wage.
 - No low wage premiums in collective wage settlements.
 - Wage agreements are adopted for a period of 3 years.
 - Occupational pensions are a matter to be decided by the individual company, and are not part of wage agreements.
- Increased knowledge of defined-contribution pension schemes.
- The Basic Agreement with the Norwegian Confederation of Trade Unions (LO) has been considerably simplified.
- NHO has increased its contact with other trade confederations besides LO.
- NHO has entered into a more committed co-operation with other social partners within employment, also within the public sectors.
- General joint schemes between NHO and LO have been replaced by a more goal-oriented co-operation projects with LO and other trade confederations.
- Absence from work due to sickness has been reduced by 20%. The Inclusive Workplace Agreement has been developed further. A minimum of 80% of employees in NHO's member companies is employed in an Inclusive Workplace enterprise.
- The percentage of women in management in NHO member companies has increased considerably, a development which forms the basis for greater diversity on the board of directors of private limited companies.
- The Young Enterprise Scheme, partnership agreements and the language programme "migra-norsk"
 - "migration-Norwegian" has been established as part of an introduction programme for immigrants.

OUR SITUATION IN 2013

- Highly qualified manpower constitutes a key advantage for Norwegian companies in an increasingly stronger global competition.
- The wage development in Norway is internationally competitive in comparison to our trading partners.
- NHO and the workers' organisations have reached a common understanding concerning the fact that the Norwegian economy can not differ substantially from that of other countries.
- The companies themselves are responsible for wage formation and the termination of labour conditions. Through local wage bargaining the company will determine conditions of labour and pay within the four criteria of their economic situation, their productivity, future outlook and competitive ability. Employment is based on trust and co-operation between employees and management.
- Collective wage bargaining determines a basic level for wage development, legislation, the basic agreement and other agreements with workers' organisations. One is free to make local adjustments.
- Mutual trust, local freedom and responsibility promote a more inclusive employment policy.
- The ability to work of elderly persons in particular are utilised beyond the previous retirement age.
- The NHO member companies are frontline campaigners for work methods which increase corporate value creation. The efforts relating to the working environment are used as a strategic means in corporate development.
- Greater diversity in the management and on the board of directors of NHO member companies contribute to a strengthening of profitability.
- Strengthen the integration of immigrants within employment.
- Employment participation among immigrants on an equal level to that of the rest of the population.

NHO and the authorities

An organisation working to achieve a good, creative and innovate business climate and the best possible conditions for value creation in Norway

WHY IS NHO WORKING ON THESE ISSUES?

- Globalisation intensifies competition between nations and regions on investment, employment opportunities and tax revenues. An increasing amount of the business activities carried out by Norwegian companies is located outside Norway. If Norway is to be a preferred country of localisation for investments and value creation, the framework conditions must be able to compete with other countries and regions.
- Norwegian authorities and international agreements lay down the framework conditions for Norwegian companies. NHO shall work to ensure internationally competitive framework conditions for companies in Norway, while at the same time improving access to markets through the WTO and EFTA agreements on free trade.
- NHO shall call on authorities, both internationally, nationally and locally. NHO serves as a consultation body on many matters and thus becomes an important participant in Norwegian policy-making. NHO is the only organisation in Norway whose sole task is to further the common interests of Norwegian business and industry. This gives NHO a special responsibility, a unique legitimacy, and a strong position in the public debate.

THIS MEANS

- NHO shall contribute to increased focus on the competitiveness of Norwegian business and industry, and provide knowledge and information on the challenges faced by Norwegian enterprises, both nationally, within the EU, and globally.
- NHO shall be well-informed on the development in our competitor countries and especially on the situation within the EU.
- NHO shall coordinate the interests of Norwegian business and industry and bring priority issues related thereto to the attention of the authorities.
- NHO shall develop relations to and build alliances to others working to ensure competitive framework conditions for Norwegian business and industry.
- NHO shall make visible the challenges relating to governance within Norwegian politics and the consequences to Norwegian enterprises related to the lack of predictability and long-term perspectives.

THE SITUATION TODAY

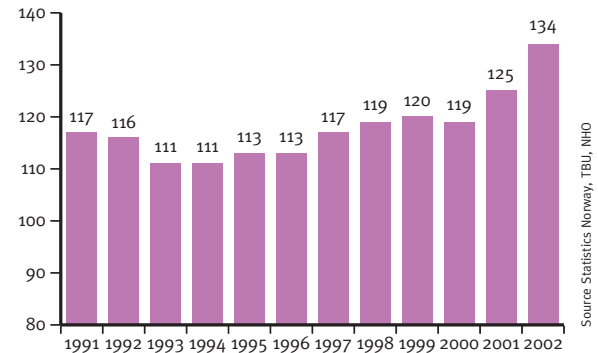
- Western industrialised countries are characterised by high costs. Business and industry are relocated to low-cost countries.
- The negative effects of Norway's non-membership of the EU are becoming increasingly evident.

- The EU countries are working on becoming the world's most competitive and knowledge-intensive region. This gives Norway a special challenge in relation to the decision not to join the EU.
- Political instability results in a lack of predictability.
- The State's oil revenues cover up the need for reforms on increased productivity and efficiency in both the public as well as the private sector. We must avoid a gap in value creation once the State's oil revenues level off or become reduced.
- The level of innovation in Norway is in compared to our competitor countries.
- There has been deterioration in external global competitiveness for Norwegian enterprises, first and foremost because other countries have improved their framework conditions.
- Norway has a small home market. Norwegian enterprises have high transportation costs related to bringing their products onto foreign markets.
- The combination of a deficient infrastructure and high transportation costs increase the distance-related disadvantages for the enterprises.
- The State is responsible for a considerable part of national saving,

- The State is a dominant owner within Norwegian business and industry. The terms of private ownership are poorer in Norway than in many other countries.
- Norway has considerable natural resources especially in oil and gas, fish and hydropower. We have a highly educated population. We make too poor use of these resources.
- An economic downturn has resulted in increased unemployment in a short-term perspective.

Long term, there will be a shortage of labour due to a low birth rate and an increasing number of elderly persons in the population.

WAGE COSTS FOR NORWAY AND ITS TRADING PARTNERS



WHAT MUST NHO DO ABOUT THIS?

- NHO must be clearer and more to the point and focus on fewer issues.
- NHO must put greater emphasis on promoting new solutions rather than arguing against proposals we oppose.
- NHO must create greater focus to issues relating to the competitiveness of Norwegian business and industry.
- NHO must contribute to the development of a comprehensive strategy for sustainable economic growth and strengthened competitiveness for Norway, like the EU has done.
- NHO shall be the organisation for Norwegian business and industry of the future as well. Entrepreneurship and innovation must be given a higher priority than today.
- NHO must enter into alliances with other organisations and specialists that share our objectives on important issues within business and industry policy.
- The companies' future need for labour must be ensured through re-training of the unemployed, mobilisation of persons on disability benefit and increased labour immigration.
- In order to provide increased predictability and long-term perspectives, NHO will assume an active role in the debate on governance reforms within politics and government administration.

OUR ACHIEVEMENTS IN THE LAST 2-3 YEARS

- NHO has contributed to a political understanding regarding the necessity of adopting a tight State budget for 2003. Lower interest rates and lower exchange rate for the krone have improved conditions for private sector value creation.
- More competitive framework conditions have been adopted by increasing the rate of the depreciation tax by 15 to 20 % on investment in machines and equipment, and through the removal of the investment tax. R&D and innovation has been given a higher priority on the political agenda. The tax exemption scheme SkatteFUNN, which grants tax exemption on product development, has been implemented and expanded.
- Several modernisation and efficiency enhancing measures have been introduced, especially in the municipal sector. Several competition-distorting rules have been removed. To a greater extent, the municipalities make use of tenders and exposure to competition.
- NHO has contributed to Norwegian business and industry being granted an extended EEA-agreement in light of the EU enlargement.

WHAT ARE WE CURRENTLY WORKING ON?

- The necessity of continued tight public budgets.
- A more competitive personal and corporate taxation.
- More measures which can trigger more innovation and research within business and industry.
- Pension system reforms which lay the foundation for a sustainable economic policy, stimulate the supply of labour and contribute to increased private saving.
- Decrease the companies' transportation costs through increased investment in road construction.
- Greater public responsibility for the construction of broadband nets.
- Improving business and industry's access to energy, both in regard to price and accessibility. The utilisation of natural gas and efficiency enhancing measures are key issues.
- A utilisation and development of the EEA agreement that best serve Norwegian companies.

- A climate policy which safeguards competitiveness.
- A more business and industry-friendly legislation.
- Bringing the WTO negotiations back on track following the breakdown at the Ministerial Conference in Cancun.

OUR SITUATION IN 2-3 YEARS

- The growth in public expenditures is lower than the growth in GDP for mainland Norway.
- The level of interest rates and the exchange rates for the krone is at a competitive level.
- In an increasing number of municipalities and in new areas of services, the inhabitants have been given real user choice. Municipalities have become more professional buyers of services exposed to competition.
- The county municipalities in their current form are in the process of being abolished.
- The reform of the pension system has been completed.
 - Pensions are inflation-adjusted rather than wage-adjusted.
 - It is economically profitable to remain employed rather than taking early retirement.
 - Part of the National Insurance Scheme's supplementary pension has been funded.
- Norway is among the ten most competitive and knowledge-intensive countries in Europe. The Government regularly carries out systematic competitiveness surveys in areas that are important to companies.
- The supply of labour is good. More people remain employed until the general retirement age. More people on disability benefit return to work. It is easier for companies to bring in manpower from abroad, also from non-EEA countries.
- A new and competitive tax system is in place. Capital tax has been abolished. Marginal personal tax rates have been reduced by 50%. Improved depreciation rates.
- Natural gas is utilised for energy and new industrial purposes. Norway is integrated into the EU quota trading system.
- Business-related R&D activities have increased by 25%.

- State ownership has been reduced.
- There has been a considerable increase in investments through improvements in the infrastructure. Broadband net services and motorway standard on the most important main roads are given priority.
- New legislation within the area of competition and auditing and amendments made to the legislation relating to the companies acts has been adjusted to accommodate the needs of business and industry.
- Real consequence analyses are carried out upon the formulation of rules and regulations relating to business and industry. The current legal framework has been simplified and reorganised.
- NHO has succeeded in bringing across the message on Norwegian companies and their dependency on an EU membership. In their election programmes for the Storting period of 2005- 2009, the various Norwegian political parties have made clear their views on submitting a renewed application for EU membership during that Storting period.
- The WTO negotiations have been completed. Norwegian companies have been granted far better access to markets globally.
- The Norwegian continental shelf must be guaranteed continued existence as an attractive area for investment.

OUR SITUATION IN 2013

- Norway is a member of the EU and has adopted the Euro as its national currency.
- Norway is among the ten most competitive and knowledge-intensive countries in Europe through a considerable improvement within the fields of innovation and commercialisation.
- Norway has renewed and strengthened its position as Europe's leading nation within the field of energy.
- There is political support for the view that the wage level of publicly employed personnel is important to maintain a competitive private sector.
- Norway shall have the world's most efficient and best public sector.

- Decreased growth in public expenditures has resulted in a decline in the shortage of labour.
- The level of interest rates is equal to that of our competitor countries.
- The pension system has been reformed to include a greater level of private saving. The State ensures income for all. The pension saving scheme rewards employment participation.
- State ownership has been significantly reduced. A predictable taxation policy has been implemented. Norwegian enterprises do not have a heavier burden inflicted upon them than companies in competitor countries.
- The Norwegian legal framework is business-friendly and competitive.
- Good conditions for the establishment of new businesses have made it attractive to set up new business enterprises. The percentage of self-employed persons is as high as that of other EU countries.
- Political and administrative governance reforms have been implemented which contribute to increased predictability and long-term perspectives.
- A new WTO Agreement has been implemented. Among other things, the industrialised countries have abolished duty on industrial goods, including fish. WTO has strengthened its role as the global agreement framework for international trade.
- The disadvantage inflicted on Norwegian business and industry related to long travel distances has been reduced compared to the competitor countries. Improved infrastructure results in reduced queuing costs. The bottlenecks have been removed. The transportation tax has been harmonised according to European level.

NHO and public opinion

An organisation that makes visible the social importance of corporate value creation

WHY IS NHO WORKING ON THESE ISSUES?

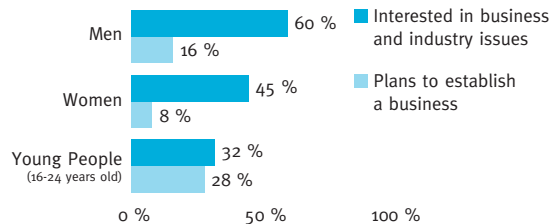
- There is a clear connection between corporate value creation and welfare in society. NHO represents small and large enterprises throughout the country, across a wide spectre of sectors. For this reason alone, no other organisation than NHO may deliver this message with greater credibility. NHO is also alone in working on these issues.
- NHO's activities with regard to public opinion are therefore an independent area of priority. Good and effective work on public opinion issues is vital in order to strengthen NHO's abilities and opportunities to gain support for our policy and bargaining positions.

THIS MEANS

- If we are to succeed in our long-term work on public opinion, our day to day work related to communication must be credible.
- Good public opinion-related work is dependent on a good reputation. To succeed, we must maintain and renew our organisational culture.
- A successful public opinion-related work will also be helpful to the NHO member companies in their everyday work, for instance in the recruitment of employees.
- Three conditions must be present in order to comprehend NHO's position on the relationship between corporate value creation and our welfare:
 - An understanding of socio-economic relationships.
 - Ability to see opportunities in market-based solutions.
 - Trust in the willingness of enterprises to assume corporate social responsibilities.

INTEREST IN BUSINESS AND INDUSTRY

(THE MARKET AND MEDIA INSTITUTE (MMI) 1999 FOR NHO)



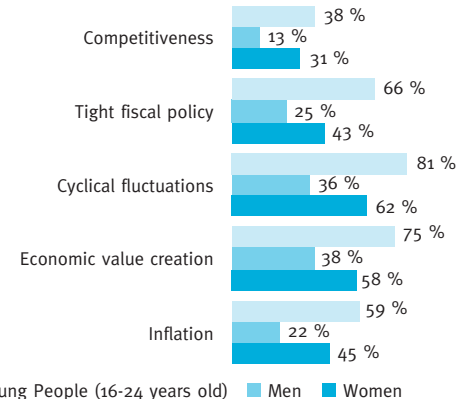
Source (The Market and Media Institute (MMI))

THE SITUATION TODAY

- NHO and Norwegian business and industry are faced with considerable challenges with regard to public opinion. This is expressed through:
 - The petroleum-based economy tempts us to make demands for public spending. An increasing number of people are living on public pensions, benefits or other forms of support.
 - Women make up the majority of students in higher education. To an increasing extent, these women will be holding key position within public administration and politics. At the same time, there are few women holding a higher management position within business and industry.
 - Young people do not choose education and vocational training there is a demand for within business and industry. Business and industry show little interest in the studies and vocational training courses young people choose.
 - The main elements of NHO's public opinion-related work today:
 - the school projects Business at School and Young Enterprise focus on students to foster future recruitment, long-term attitude formation and the likelihood of the establishment of new businesses.

- In the NHO journal "Horisont," important opinion leaders and policy makers give their views on fundamental issues concerning business and industry.
- NHO's activities with regard to corporate social responsibility, from natural environment and SHE (safety, health and environment) to ethics, human rights and economic crime, have a considerable potential for creating trust
- NHO's campaigns prior to central and local government elections have put the conditions of business and industry on the agenda throughout the country.

KNOWLEDGE OF ECONOMIC CONCEPTS - PERCENTAGE OF PERSONS WHO CHOSE THE "DON'T KNOW" OPTION
(MM1 1999 FOR NHO)



WHAT CHANGES MUST BE MADE?

- The work related to public opinion must be given a higher priority.
- NHO must be clearer with regard to its own message and use a simpler language. We must be able to be brief and to the point when formulating our message when needed.
- The public opinion-related work must concentrate on two main target groups:
 - students; especially those aiming for a leading role in society by taking on assignments and activities or through their choice of studies.
 - established opinion leaders; politicians, the media, bureaucrats, academics, business and industry leaders, employees within the education sector and key figures within various organisations etc.
- Public knowledge concerning socio-economic relationships and concepts must be strengthened.
- Resources and competence must be turned more towards public opinion-related activities.
 - We must get better at reaching women and young people when choosing media or spokespersons.
 - Employees and elected NHO member representatives in NHO must have sufficient knowledge on business and industry, economics, and on NHO's political programmes and positions. Everybody must have easy access to facts, arguments and background information.
 - The regional associations shall have NHO's public opinion-related work as its main task.

OUR ACHIEVEMENTS IN THE LAST 2-3 YEARS

- People's trust in NHO has increased.
- The Young Enterprise Scheme has quadrupled the number of young enterprises in four years. Participants in the Young Enterprise Scheme are five times more likely to establish their own business than average.
- The project Business at School has been included as an integrated part of school curriculum and in public business plans both locally and regionally.
- The NHO Annual Conference has become a central meeting place between business and industry, politics and society. Here issues important to both business and industry and society in general are put forward for debate.
- The Småtinget, "the small assembly" has become a central meeting place for chief executives of smaller enterprises and central government politicians.
- The NHO journal "Horisont," has been established as an important channel in which to raise debate and give perspectives on basic ideological choices with regard to political direction, on which important framework conditions for business and industry are based.
- We have designed a website nho.no, which has become an important channel for news and background information. The number of hits to the website has more than doubled since the revision.
- NHO has facilitated greater trust in business and industry and strengthened their credibility with regard to corporate social responsibility through several projects in areas such as chief executive's salaries, enterprises operating in zones of conflict and the role of business and industry in relation to development and aid to countries in the Southern hemisphere. The committee on ethics and corporate social responsibility has been redefined and has been re-established in its role as advisor to the NHO administration.
- NHO has strengthened its profile with regards to showing that diversity within employment is important for value creation.

WHAT ARE WE CURRENTLY WORKING ON?

- The development of new channels for communicating our message on the connection between value creation and welfare to NHO's main target groups: Young people, public opinion leaders and women. New media (web) is important.
- Making visible the NHO effort within the field of corporate social responsibility and sustainable development.
- Systematic efforts in relation to local government and parliamentary elections in order to bring business and industry-related issues on the political agenda during the election campaign.
- The development of new guidelines relating to NHO's provision of economic support for various causes - sponsoring.
- Get more young people to start their own business.

OUR SITUATION IN 2-3 YEARS

- NHO has further strengthened its reputation as a credible (actor) within Norwegian business and industry and employment sector. We are renowned for our credible efforts with regard to increased diversity within employment, and we are more courageous in public debates on ethics and corporate social responsibility.
- Young people's attitudes toward business and industry and market solutions have become more positive.
 - We offer knowledge on economy, business and industry and social matters of general concern on the web which are used by students in the upper secondary schools.
 - NHO's activities relating to The Young Enterprise Scheme and Business at School are to a greater extent being used as a channel for NHO's message on the connection between welfare and value creation.
 - More students want to start their own business. More students want to work within business and industry.
- NHO's issues of priority have been on the agenda prior to the General Election of 2005. The NHO community is united in its support of these issues.
- We have contributed to increased knowledge on the EU, and how our non-membership affects Norwegian enterprises/workplaces. Business executives are the most important spokespersons in the EU debate.
- We have developed educational models to make visible the individual enterprise's contribution to society.
- A uniting and easily recognisable NHO profile across all sectors has made public opinion-related work easier.
- A greater part of the resources of the regional associations is used in direct public opinion-related work.

OUR SITUATION IN 2013

- A considerable majority of the population is of the opinion that the creation of values by business and industry is a prerequisite for the welfare society. People accept that this must be reflected in political decisions.
- More people than before are engaged in the socio-economic debate and are able to understand and define key socio-economic concepts. This is especially true for women and younger people.
- Initiative, work effort and innovation are valued. People view business and industry and the market economy also as an important arena for the individual to realise his or her own dreams and goals. The percentage of the population with the desire and the willingness to establish their own business are just as high as that of other countries.
- The trust in business and industry's ability to operate ethically, environmentally and socially responsible has been strengthened. In relation to social and environmental challenges, profitable business and industry are regarded as part of the solution - not as part of the problem. It is especially the attitudes of women and younger people that have changed.
- The NHO organisation is adjusted in accordance with the public opinion-related challenges we face. The regional associations serves an important, operative function in the public opinion-related work directed toward the population throughout the country.
- NHO still enjoys a high degree of public trust.

The organisation of NHO

An organisation the member companies
are proud to belong to

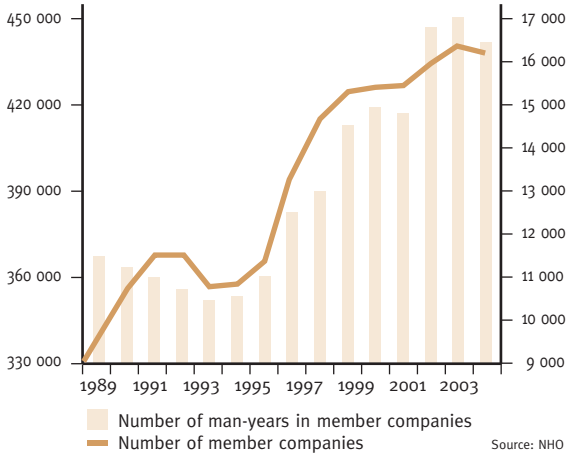
Federation of Norwegian Manufacturing Industries (TBL)
Federation of Norwegian Process Industries (PIL)
Technical Contractors' Association, Norway (TELFO)
Federation of Norwegian Building Industries (BNL)
Association of Norwegian ICT – and Knowledge-based Enterprises (ABELIA)
National Federation of Service Industries (SBL)

BACKGROUND

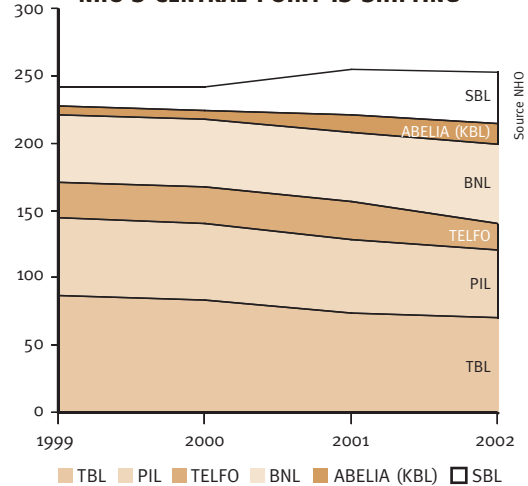
In principle, the organisational structure of NHO is designed as was decided upon NHO's establishment on 1. January 1989, with a central administration, sectoral federations and regional associations.

Since 1989, the structure of the national sectoral federations has been considerably altered. There are also minor changes in the regional structure. A division of labour and responsibility has been established between the central administration, the national, sectoral federation and the regional associations. NHO Service Partner has been established as a joint unit for administrative services.

CAN NHO CONTINUE TO EXPAND?



NHO'S CENTRAL POINT IS SHIFTING



OUR SITUATION IN 2-3 YEARS

- The NHO process relating to its culture and reputation has led to the NHO vision of Awakening New Thoughts and the NHO core values of credible, courageous, accessible and interactive have become a guideline for employees and elected NHO member representatives for their daily assessments and priorities.
- NHO has developed its real estate at Majorstuen in Oslo in such a manner that they have contributed to increased efficiency and reduced operating costs for the entire NHO community.
- There is an opening for competition on joint services.
- A systematic training scheme for elected NHO member representatives have been established.
- An assessment shall have been carried out and a conclusion shall have been reached concerning the regionalisation of NHO's outer organisation.
- An assessment shall have been carried out on whether or not the NHO community safeguards the interests of its member companies in a cost-effective and rational manner.
- The work environment fund is a strategic means for the NHO community to carry out necessary reforms and development measures relating to the work environment area.

OUR SITUATION IN 2013

- NHO is respected as one of the most prominent (actors) in Norwegian society.
- NHO shall be organised in such a way that its capacity and competence are concentrated on the strategic tasks we are to carry out. The overall costs related to membership have been reduced.

strategy for the NHO community 2004-2013



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