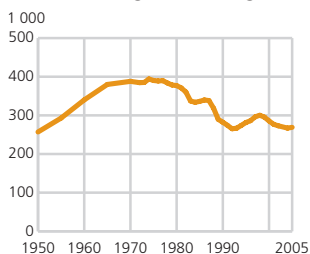




From manufacturing to oil

Number of employees in manufacturing and mining



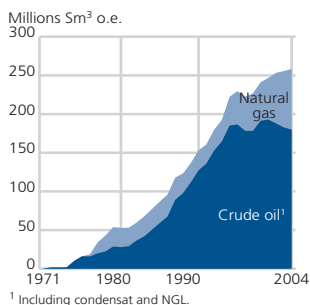
The rise and fall of manufacturing

Seen as a whole, secondary industries (manufacturing, mining and quarrying, oil extraction, building and construction, electricity and water supplies) have seen a slight decline in employment over the last 30 years to 476 000 employees today. However, relatively speaking the decline is greater, and secondary industries today account for 20 per cent of the employed as against one-third until around 1970.

Since 1974, which was a record year, the number of employees in manufacturing and mining has been reduced by approximately one third, from 400 000 to 269 000. This decline occurred at the end of the 1970s and in the 1980s. There was an upturn in the 1990s but the decrease has continued in recent years. Today some 12 per cent of the employees work in manufacturing.

Despite decreased employment, the production value in manufacturing has increased and now amounts to approximately NOK 550 billion.

Total production of oil and gas



Oil and gas: rise in production ...

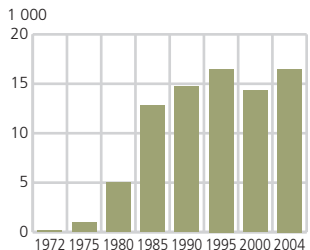
Oil production has increased steadily since the start in 1971 apart from a drop at the end of the 1990s. Production of natural gas started at the end of the 1970s and production remained steady between 20 and 30 million Sm³ oil equivalents for a long period of time. It started to rise in the mid-1990s and today constitutes 30 per cent of the total production, a percentage that is expected to increase in the coming years.

... but relatively few employees

From the modest beginning in 1972, employment in oil and gas extraction gradually increased to 16 500 employees today. In addition, 13 000 are employed in activities related to petroleum industry.

If we include employees in various supply services, the total number of employees in oil and gas-related activities amounts to 75 000 approximately.

Employment in oil and gas extraction

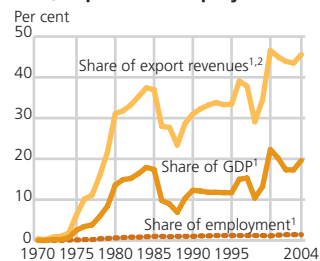


Substantial values

However, the significance of petroleum activities is far greater than indicated by the employment figures. It is Norway's most profitable industry and contributes more than 20 per cent of GDP. Furthermore, the petroleum sector's share of total export revenues has grown to approximately 45 per cent.

Naturally, the economic significance of oil is related to the production volume, but high (and increasing) oil prices in the course of time, are also a contributing factor.

Oil and gas extraction. Share of GDP, export and employment



¹ Including services.

² Only oil and gas.



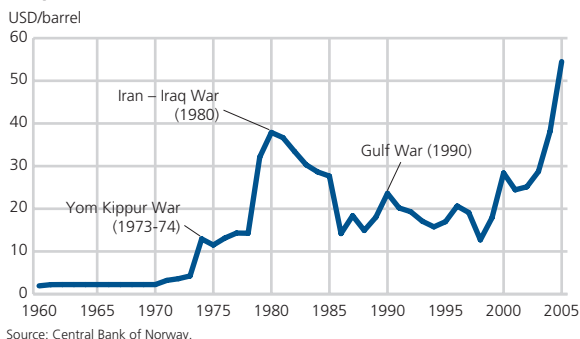
Oil prices

The graph shows that Norway started producing oil at a very favourable time.

Throughout most of the twentieth century a barrel of oil cost 2 dollars. At the beginning of the 1970s, however, the price increased and almost trebled in connection with the first oil crisis in 1973-74. During

the second oil crisis in 1978/79 there was a further increase. From the mid-1980s until 2003, the price varied between 15 and 30 dollars. Once again there was a sharp increase in the price of oil in 2004 and 2005.

Oil prices. Brent Blend



Short life of oil reserves?

The remaining oil and gas reserves on the Norwegian Continental Shelf are estimated at 9 billion Sm³ oil equivalents. In comparison, the total production so far (2004) amounts to more than 4 billion Sm³ oil equivalents.

Norway's share of the world's oil and gas reserves is just below 1 per cent, but we now contribute 4.3 and 2.8 per cent, respectively, to the annual oil and gas production. This implies that the lifetime of Norwegian reserves is considerably shorter than for the world's total reserves, especially in the case of oil.

Money in the bank

Oil revenues will gradually decrease and the increase in the number of elderly people will lead to higher pension, nursing and care expenditures. The Government Pension Fund (the former Government Petroleum Fund), administered by the Central Bank of Norway, is therefore established, and it is funded by oil revenues that are not allocated in the Government Budget. This fund has increased from NOK 48 billion in 1996 to NOK 1 400 billion at the end of 2005.

1 Sm³ (standard cubic metres) oil equivalents (o.e.) = 6.29 barrels

1 barrel = 159 litres

Largest oil producing countries. 2004. Million barrels/day

Russia	9.2
Saudi Arabia	9.0
USA	7.6
Iran	4.0
Mexico	3.8
China	3.5
Norway	3.2
Canada	3.1
Venezuela	2.6
UAE	2.4

Source: Ministry of Petroleum and Energy: Fact Sheet Norwegian Petroleum Activity.

Government Pension Fund

