

## Foreword

The past year was challenging for the petroleum industry. Oil prices at the beginning of 1999 were about a third of the level they reached at the end. We can also expect to see big oil price fluctuations in future. Out of consideration for a stable development of the oil market, the Norwegian economy and the administration of the country's petroleum resources, the government resolved in December 1999 to continue the reduction of 200 000 barrels per day in Norway's crude oil production in the first quarter of 2000.

Our most important ambition for the oil industry is to maximise value creation for the Norwegian community while taking care of environmental and safety considerations. Petroleum revenues account for a very important part of the government's overall income. From 1995, a growing proportion of these earnings have been transferred to the Government Petroleum Fund. The greater part of the revenues from the petroleum industry are now being converted to financial assets at the disposal of later generations.

Norwegian crude oil production averaged 2.9 million barrels per day in 1999. This output will peak in the near future, and then begin to decline. But the Norwegian continental shelf nevertheless represents a substantial resource base. That applies to fields in operation, under evaluation and yet to be discovered. Recovering the bulk of these resources calls for new investment. They accordingly form a basis for continued activity, employment and government revenues from the industry. In the years to come, maintaining the Norwegian continental shelf as an attractive region for new investment will be an important task.

The Norwegian oil and gas business has developed into an internationally competitive industry. In many areas – such as subsea production – it ranks with the world leaders. Exports of petroleum-related goods and services have expanded sharply in recent years.

Our 16th offshore licensing round is now imminent. The blocks placed on offer in the autumn of 1999 will be awarded in the spring of 2000.



*Marit Arnstad*

Marit Arnstad  
Minister of Petroleum and Energy

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