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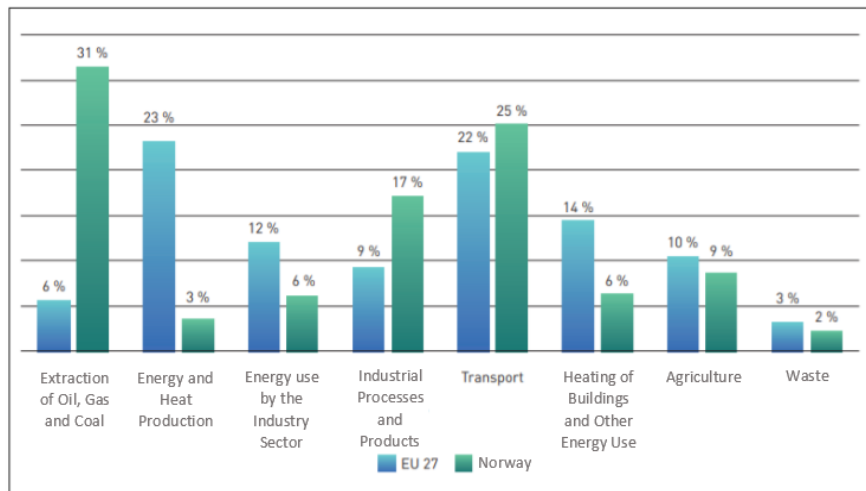
**Report Highlights:**

In January 2021, the government of Norway presented its climate action plan for the transformation of Norwegian society by 2030. The plan details how Norway aims to achieve its climate targets while generating green growth. It focuses on reducing emissions by 45 percent from 2005 levels (in economic sectors that are not included in the EU Emissions Trading System (EU-ETS)) and calls for a significant increase in the carbon tax rate by 2030. For agriculture, the government of Norway has set a target to reduce carbon dioxide (CO<sub>2</sub>) emissions by 5 million tons by 2030. This target is based on an earlier agreement between the government of Norway and the agriculture sector established in 2019. In addition, the government of Norway has defined clear objectives regarding biofuel quota obligations for various modes of transport, and proposes a number of measures to enhance the uptake of CO<sub>2</sub> by forests and to reduce CO<sub>2</sub> emissions from land use.

## Norway's Climate Objectives

Norway has ratified the international [Paris Climate agreement](#) and is committed to achieving at least a 50 percent (up to 55 percent) reduction of greenhouse gas emissions by 2030 (compared to 1990 levels). This goal is considered a crucial step in Norway becoming a low carbon-emission society by 2050.<sup>1</sup> Norway's long-term (i.e., 2050) goal of becoming a "low-carbon society" has been engrained in the [Climate Change Act](#) in 2017, which came into effect on January 1, 2018. The goal is for greenhouse gas emissions in 2050 to be reduced by 80 to 95 percent from levels in the reference year of 1990.

**Figure 1. Norwegian CO2 Emissions by Sector**



Source: <https://www.regjeringen.no/contentassets/a78ecf5ad2344fa5ae4a394412ef8975/nm-no/pdfs/stm202020210013000dddpdfs.pdf>

## Norway Launches Climate Action Plan

On January 8, the government of Norway released a white paper outlining its comprehensive [Climate Action Plan](#) for achieving its targeted emissions reductions by 2030 under the Paris Agreement. The plan proposes concrete measures for all sectors and establishes concrete objectives.

The Norwegian government notes that achieving a low carbon emission society will require a major restructuring of the country's economy to substantially cut emissions. In line with these ambitions, Norway's Prime Minister (PM) Erna Solberg notes that "the government aims to facilitate green and sustainable growth" and that "it should be clear that with this plan, Norway aims to cut emissions, but certainly not development."<sup>2</sup> PM Solberg emphasized that economic growth and value creation can go hand-in-hand, and not be an obstacle to achieving climate goals.<sup>3</sup>

The main emphasis of the climate action plan is on emissions that are not covered by the EU Emissions Trading System – so-called 'non-ETS emissions' - for which the country envisions a 45 percent

<sup>1</sup> <https://www.regjeringen.no/contentassets/a78ecf5ad2344fa5ae4a394412ef8975/nm-no/pdfs/stm202020210013000dddpdfs.pdf>

<sup>2</sup> <https://www.lifeinnorway.net/norway-climate-plan-2030/>

<sup>3</sup> <https://www.regjeringen.no/en/aktuelt/heilskapeleg-plan-for-a-na-klimamalet/id2827600/?expand=factbox2834802>

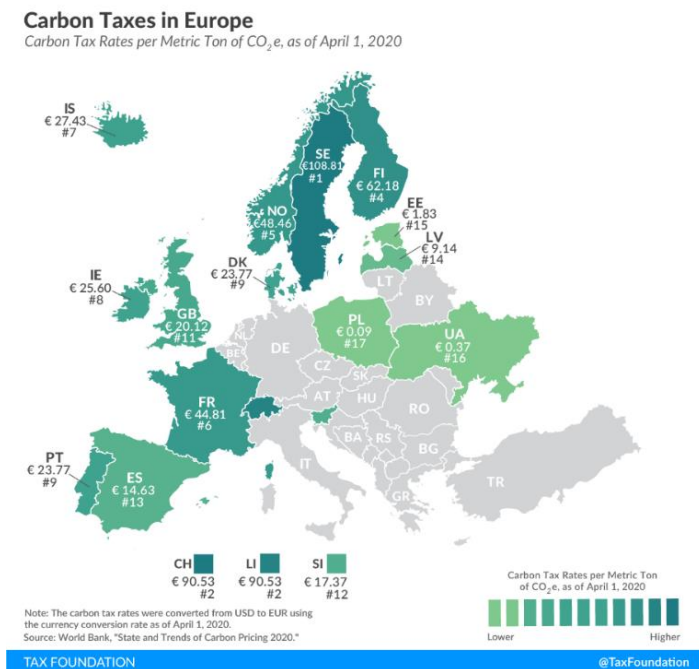
reduction compared to 2005 levels (targeting a maximum of 15.7 million tons in 2030). These include emissions from transport, waste, agriculture, and buildings, and some emissions from industrial production and the oil and gas industry, and account for approximately 50 percent of Norway’s carbon dioxide (CO2) emissions. The climate plan further sets out clear ambitions for those industries covered by the [EU-ETS](#) (i.e., heavy-energy using installations), which concern the bulk of emissions from industrial manufacturing, the oil and gas industry, and commercial aviation. Moreover, it calls for additional CO2 uptake and a reduction in emissions from the land-use, land-use change, and forestry (LULUCF) sector. “This climate action plan will give new momentum to Norwegian climate policy. For the first time, a government is putting forward a compelling, comprehensive plan for cutting emissions in every sector. We must make sure that it pays to cut greenhouse gas emissions,” said Sveinung Rotevatn, Norway’s Minister of Climate and Environment.<sup>4</sup>

The government of Norway plans to employ several policy instruments to achieve its climate plan goals, including increased taxation of greenhouse gas emissions, regulatory measures, climate-related requirements in public procurement processes, information on climate-friendly options, financial support for the development of new technology, and initiatives to promote research and innovation.

### Government of Norway Intends to More Than Triple its CO2 Tax

In its action plan, the government of Norway calls for a gradual increase in the tax on CO2 emissions for industries. Norway plans to more than triple its national tax on carbon dioxide (CO2) emissions from its current level of NOK 590 (\$70 USD) to NOK 2000 (\$237 USD) per ton of CO2 equivalents in 2030.

**Figure 2. Carbon Taxes in Europe (as of April 1, 2020), in Euros**



Source: <https://taxfoundation.org/carbon-taxes-in-europe-2020/>

<sup>4</sup> <https://energynorthern.com/2021/01/11/norway-releases-comprehensive-climate-action-plan/>

The CO2 tax was first introduced in Norway in 1991, and has proven to be a cost-effective measure to reduce CO2 emissions. The CO2 tax targets both the EU ETS-sectors and non-EU ETS sectors, and is levied on combustion of fossil fuels, and CO2 emissions from the petroleum industry. However, some sectors are exempt from the tax, such as agriculture. The government, however, does not intend to increase the overall level of taxation. Any tax increase will therefore be offset by reducing other taxes correspondingly.

## **Norwegian Agriculture to Reduce Emissions by 5 Million Tons by 2030**

Agriculture accounts for roughly ten percent of Norway's CO2 emissions. In its climate report, the government of Norway writes that the country aims to reduce CO2 emissions from agriculture by five million tons in 2030. This ambition has been defined by a previously established voluntary [Agreement](#) between the government of Norway and the agriculture sector in June 2019.<sup>5</sup> The agreement facilitates the contribution of the agriculture sector to attain the climate goals, and affects some 40,000 businesses around the country. However, the climate action plan contains no specific measures, targets or deadlines for the agriculture sector, as it does for other sectors. Instead, the Government states, “measures and tools to reach the climate ambition will be evaluated in the yearly negotiations over subsidies and framework conditions between the government and the agriculture sector.”<sup>6</sup>

Individual farms will focus on reducing emissions without compromising food production by focusing on fertilization techniques, energy use, and animal health. There is also a goal of increasing the capture of carbon in soil using livestock manure, catch crops, and outfield grazing. “Norwegian agriculture will produce what consumers demand in a climate-smart way. Agriculture and forestry are natural sectors and are very central parts in the green shift towards green businesses of the future,” said Minister of Agriculture and Food, Olaug Bollestad.<sup>7</sup>

To the surprise of many, the climate action plan, however, did not address some of the proposals put forward by the [‘Climate Cure’ 2030 report](#) that was published in 2020.<sup>8</sup> The report proposed the introduction of a meat tax as one of the most effective measure to reduce CO2 emissions and highlights the benefits of lowering the sales tax on fruit, vegetables, and nuts. The report noted a tax on meat would lead to a decline in red meat consumption, and, if this consumption were to be replaced by plant-based alternatives, emissions from agriculture could go down by 2.9 million tons.

PM Solberg defended the climate action plan -- noting that although the government of Norway aims to discourage red meat consumption, there are more effective ways to achieve this. Norway’s PM highlighted the relevance of information campaigns and education to influence consumer behavior. Furthermore, she noted the importance of reducing food waste as a way for consumers to reduce their carbon footprint (which would lead to less food produced and, in turn, lower emissions).<sup>9</sup>

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<sup>5</sup> For more information, see <https://www.regjeringen.no/no/aktuelt/enighet-om-klimaavtale-mellom-regjeringen-og-jordbruket/id2661309/>

<sup>6</sup> <https://www.regjeringen.no/contentassets/202fec60ac844d4ca7d53d65b6b9ac9c/alle-regjeringa-vil-punkt-i-meldinga.pdf>

<sup>7</sup> <https://www.nrk.no/norge/mener-landbruket-kan-fa-ned-klimautslippene-selv-1.14890299>

<sup>8</sup> The “Climate Cure” has studied various measures and instruments that could result in at least a 50 percent reduction in non-quota emissions in 2030 (compared to 2005 levels). The study was ordered by the government of Norway (Ministry of Environment) last year and was carried out by a team of experts suggesting 60 concrete measures.

<sup>9</sup> <https://www.nrk.no/norge/etterlyser-konkrete-tiltak-i-klimameldingen-for-a-redusere-utslipp-fra-jordbruket-1.15319265>

## **Forestry and Land Management Key to Lowering and Capturing Carbon Emissions**

The Norwegian land-use, land-use change, and forestry (LULUCF) sector accounts for a large volume of CO<sub>2</sub> uptake and provides raw materials and renewable energy that can replace products that result in higher emissions in other sectors. The government is therefore proposing a number of measures to enhance CO<sub>2</sub> uptake by forest and to maintain the carbon stock in soils in forest, agricultural areas and other green spaces. These measures are expected to play an important part in achieving Norway's 2030 climate target, and will be even more important for achieving the long-term climate target.

To increase carbon uptake by forests, the government of Norway suggests measures such as the strengthening of young forest care and choosing the right tree species to reintroduce after felling (in line with current international forest certification standards). The government's efforts to reduce emissions from the loss of green spaces will focus on promoting the development of compact cities and towns by prioritizing concentration over expansion into green space and developing a strategy to eliminate the exploitation of peat bogs and other wetlands.

## **New Biofuel Quota Obligations Will be Introduced and Subsequently Raised**

The government of Norway is furthermore seeking to replace fossil fuels with sustainable biofuels for various forms of transport. The biofuel quota obligation for road traffic is to be increased in the period up to 2030, while the sales volume of biofuels for road traffic will be maintained to ensure cuts in emissions from the fossil vehicles that are still in use. In addition, the government of Norway plans to introduce biofuel quota obligations for off-road diesel and fuel for shipping from 2022. The proportion of biofuel required in off-road diesel will gradually be increased so that eventually the biofuel quota obligation will be the same as for road traffic. The government notes that it will reconsider the biofuel quota for the various means of transport every two years and make adjustments, if deemed appropriate. Alternatively, vehicle taxes and other policy instruments will be designed such that they will provide incentives for zero-emission vehicles.

In order to fulfill the increasing domestic demand for biofuels, Norway imports ethanol and biodiesel blends, and is expanding the domestic production of biofuels. The United States is one of the main suppliers to the Norwegian market. Norwegian imports of biodiesel blends from the United State grew from US\$8 million in 2016 to \$112 million in 2020. Similar to the biofuels sector in Finland and Sweden, the Norwegian sector is progressive in the production of advanced biofuels, biofuels produced from cellulosic materials, and wastes. For more information about the Norwegian production of biofuels see the [EU Biofuels Annual 2020](#).

### **Attachments:**

No Attachments.