

Talanoa-dialogue

Norway

2nd April 2018

Norway welcomes the opportunity to share some of our experiences from our efforts to reduce greenhouse gas emissions.

Norway's initial input to the Talanoa-dialogue for the first summary report is in the following areas:

- Role of tropical forests
- Carbon pricing
- Zero-emission transport
- Market-based cooperation
- Near term climate change
- Just, inclusive and participatory transition to a low emission future
- Policy and institutional arrangements

Our inputs mainly respond to the third question of the Talanoa-dialogue, namely: *how do we get there?*

Norway would like to highlight that the Talanoa-dialogue must be **based on best available science**. This places the IPCC at the core of the Talanoa-dialogue as the authoritative source of input on where we are and where we should be to achieve the long term temperature goals enshrined in the Paris Agreement.

Further, it is our expectation that the Talanoa-dialogue will reflect that ambition and action must be **based on a broad coalition between government and non-state actors** - businesses and industries, trade unions, local governments and communities, organizations, youth and children, indigenous people and many more. This implies that the Talanoa-dialogue can only be successful if it is open, transparent and inclusive. We are confident that the current and incoming Precedencies will facilitate active participation from all.

Putting a price on emissions: Polluters should pay

Putting a price on emissions ("carbon pricing"¹) is generally the most effective measure to reduce emissions. Norway has an extensive history of pricing emissions. Today, around 80% of Norway's greenhouse gas emissions are subject to taxes or emission trading (EU ETS), or both.

- Emission pricing is generally the most efficient way of achieving climate targets. Carbon pricing gives producers, consumers and investors the right incentives to make climate friendly choices. Putting a price on emissions creates a basis for flexible, decentralized and informed actions.
- To be successful, carbon pricing policies has to be well aligned with the broader policy context in a country. Norway's experience with carbon pricing is just an example, not a recipe.
- Pricing emissions can be done by taxes or through emission trading. In Norway, we do both. A CO₂ tax was introduced in 1991. Emission trading (ETS) was introduced in 2005. Today, over 80% of Norwegian emissions are subject to the CO₂ tax and/or are covered by the ETS. This includes the petroleum sector.
- Norway was the first country in the world to introduce a green tax (1970: mineral oil tax). We were the second country to introduce a CO₂ tax.
- Without carbon pricing, Norway's emissions would have been 10-15% higher than they are today.
- Norway supports the promotion of carbon pricing through initiatives such as the Carbon Partnership Leadership Coalition (CPLC), Partnership for Market Readiness (PMR) and Transformative Carbon Asset Facility (TCAF).

¹ Carbon pricing is a term for putting a price on all the greenhouse gases in the Kyoto basket, not just the greenhouse gases that includes carbon atoms as the name may imply.

Cooperation between Parties can raise ambition

Historically, the cooperative approaches under the Kyoto Protocol have made it possible, in particular for small countries like Norway, to assume and implement more ambitious targets than if all emissions reductions would have to be made within our own borders. We have now more than 15 years of experience with market based cooperation. Article 6 of the Paris Agreement is designed to allow for higher ambition in Parties' actions through voluntary cooperation and is an important point of departure.

- While a rulebook for the Paris Agreement is under development, an initiative have already been launched seeking to operationalize the criteria agreed on under Article 6, the **Transformative Carbon Asset Facility, TCAF**. This initiative will assist countries to increase their mitigation outcome by implementing economy-wide or sectoral policies and programs, as a basis for market transfers of mitigations outcomes.
- TCAF will pilot programs that can qualify under the provisions of the Paris Agreement. The aim is to incentivize increased ambition among countries by showcasing how emission reductions can be achieved through market based cooperation, using a mix of instruments, including emission pricing.
- In the design process of programs under TCAF, participants strive to ensure:
 - Coherence with national mitigation aims reflected in the NDC;
 - Increased domestic ambition in the host country;
 - A credible path for the program to become self-sustaining or to ensure the permanence of emission reductions after the TCAF program period ends;
 - Support of sustainable development goals (SDGs) and maintain environmental and social safeguard standards;
 - Use of economic incentives, such as putting a price on emissions ("carbon pricing") and removal of harmful fossil subsidies; and
 - A high level of environmental integrity of emission reductions and transfers of emission reductions between countries, including transparent accounting.

[About TCAF | Transformative Carbon Asset Facility](#)

Incentivizing zero-emission transport

The transport sector accounts for 23% of global greenhouse gas emissions. Measures and technology available today can reduce emissions from this sector considerably in the short term, and transition to zero emission transport is both necessary, feasible and affordable in the long term. This transition should be seen in connection with transformation of the energy systems. The Talanoa-dialogue must bring forward information about measures available today, and highlight the policy and technology options in decarbonisation in the transport sector.

The greater the market for electric transport, the faster prices for zero emission technology will come down and the faster technological development will progress. This can make the global climate goals more readily achievable and at a lower cost for all. Hence, we encourage all countries to introduce or strengthening of incentives for zero and low emission vehicles.

Several measures are affecting greenhouse gas emissions from the transport sector, e.g. public transport, modal shift, blend-in requirement of biofuels etc. As a point of departure the tax system (CO₂ tax, motor vehicle registration tax, etc.) is the main instrument for limiting CO₂ emissions from the transport sector in Norway. As of 2018, the CO₂ tax rate for petrol and diesel was corresponding to a tax rate of about NOK 500 per ton CO₂ (approximately equivalent to €50 per ton CO₂).

The motor vehicle registration tax was introduced already in 1955 and has been a substantial source of tax revenue. Environmental differentiation was introduced in 2007 and in the years from 2009 to 2017 the tax shifted to place greater weight on CO₂ emissions. The registration tax on cars now depends on the weight, CO₂ and NO_x emissions of the car. Changes in the motor vehicle registration tax towards a system that rewards vehicles with low CO₂ emissions and penalizes vehicles with high emissions have contributed to reduced emissions from new cars.

Through tax advantages and other user incentives Norway provides strong incentives for zero and low emission transport. The purchase of electric vehicles (EVs) and equipment are exempt from value added tax (VAT) and electric cars are also exempt from the road usage tax since electricity is not subject to this tax. In addition, electric cars can have other benefits, such as access to public transport lanes, no road toll, free access to ferries connecting municipal roads, and free parking on public parking spaces. In the future, local municipalities will have more influence over “local benefits” (access to public transport lanes, road roll, parking and ferry fares).

More than 10 000 charging points have been established, and much of this charging infrastructure has been partially financed by the government through the State Enterprise Enova, in addition to by the municipalities. Recently, Enova has provided support for a network of fast charging infrastructure along the main highway corridors, and has launched a support program for fast charging in municipalities with less than two fast charging points.

The incentive scheme, together with support for infrastructure, has had a major effect on the sale of electric vehicles. The share of new zero emission cars in the sales of new cars in 2017 was about 20

per cent, and currently Norway has around 130 000 electric cars. About 4 per cent of the Norwegian passenger car fleet is battery electric. This is the largest share of electric cars as percentage of the entire passenger car fleet in the world. The benefits that electric vehicles enjoy in Norway leads to a loss in state revenue. The loss of state revenue from the special tax advantages and user incentives for electric vehicles was calculated as being close to 5 billion NOK in 2017 (½ billion euros).

In the White Paper on Transportation (NTP) (Meld. St. 33 (2016–2017)) the government set new targets for the sales of zero emission vehicles. For instance, all new passenger cars and light commercial vehicles should be zero emission by 2025. Improvements of technological maturity in the vehicle segment that makes zero emission cars competitive with fossil solutions is a prerequisite for the targets.

It is important to point out that the success in Norway is increased by the fact that the Norwegian energy system has a 98% renewable share. In countries where the electricity system is based on coal-fired power, the positive effects would be smaller.

Forests are key to Paris goals

Norway works with tropical forest country governments, global agricultural companies, civil society, and academia. Norway's Parliament has decided to continue this work through 2030. Since 2008, Norway has invested more than USD 3 billion in reduced tropical deforestation and forest degradation (REDD+), through our International Climate and Forest Initiative.

The Talanoa dialogue must recognize the crucial role of tropical forest and serve as a platform for enhanced action.

1. Tropical forests are indispensable to reach the Paris climate change goals and SDGs.

Forests can deliver up to one third of the climate change mitigation we need over the next two decades, and will – as the most scalable and proven carbon capture and sequestration measure – also play a key role in achieving balance between emissions and removals in the second half of this century. Tropical forests contain 50-80% of our terrestrial biodiversity, are essential to freshwater supply locally, regionally and even globally, contributes greatly to climate change adaptation and resilience, and provide food, energy, wood products, shelter and cultural identity to hundreds of millions of forest dwelling communities, including indigenous peoples' groups.

2. If forests represent a third of the solution, it should get a third of our collective focus.

We know that forests are essential. We know how to sustainably manage, protect and restore them. We also know – through studies like The New Climate Economy and Business and Sustainable Development Commission reports – that doing so is not only good for the climate, but can also create stronger, more sustainable and equitable economic growth in tropical forest countries.

However, despite its essential importance and win-win potential, the forest issue is under-focused in the climate and sustainable development discourse, and under-funded both from a domestic public finance, commercial finance, and international climate and development finance perspective. One essential outcome of the Talanoa dialogue should be to change that situation, and ensure that tropical forests going forward are at the heart of our collective climate change and sustainable development efforts.

3. Protecting forest is primarily a public policy question for tropical forest nations...

Avoiding deforestation comes down to rational land management, sustainable forest management, regulations and laws and their enforcement, as well as investments in productive activities around the forests. Most deforestation happens in countries with abundant land available for agriculture outside of the forests, and where deforestation could be avoided without sacrificing economic growth. In line with the Paris Agreement's goals, tropical forest countries should include significant and rapid reductions in deforestation as part of their NDCs.

4. ... but we all can and must help.

The international community, civil society, companies and investors can help forest countries manage this transition. We must invest in sustainable agriculture and forest management; stop buying commodities grown on deforested lands; fight international criminal syndicates trading in illegal timber and commodities; promote land rights of indigenous peoples and forest dwellers; defend environmental defenders; promote transparency of what happens to forests, who deforests, who buys from whom, who owns the right to clear forests, and who is behind the companies driving it. Critically, as an international community we must deliver on our promise to provide and facilitate large-scale payments for high-quality verified emission reductions from REDD+.

[Norway's International Climate and Forest Initiative \(NICFI\)](#)

The pathway we choose matters

The path the world takes to reach the ambitious long term climate target is as important as the target itself.

By reducing emissions early that contribute to climate impacts both in near and long term, we will increase our chances of success. Slowing down the rate of climate change helps limit feedback effects and reduces the risk of non-linear changes. It increases the probability of staying well below 2 degrees and helps to maintain biodiversity. This is crucial for the most vulnerable people already affected by climate change. Actions with near term impacts may also have multiple benefits for local and regional air quality and human health. In other words, it may also increase our chances of reaching the Sustainable Development Goals.

A multiple-benefit methodology could be applied. **That means analyzing all components, including the Kyoto-gases (CO₂, nitrous oxide, perfluorocarbons (PFCs), sulphur hexafluoride, methane, HFCs) and the short-lived climate forces, including black carbon and other aerosols, both in the short and long term.**

Many countries, including Norway, have done integrated assessments of measures that reduce emissions with effect both in the near- and long term and comes with important co-benefits. Integrated assessments enables decision- makers to compare different policies and measures, both in terms of temperature, time, and multiple-benefits.

The Climate and Clean Air Coalition offers tools and methodology to for analyzing and linking short-term and long-term impacts and benefits of any climate measure or strategy.

The Talanoa Dialogue should send a strong message to the world that climate change in the near term matters.

[Climate & Clean Air Coalition](#)

A successful transition towards a low emission society must be just, inclusive and participatory

The low emission future is embedded in the grand coalition between national and subnational governments, cities, communities, organizations, work life and businesses. The private sector, our work force, researchers, NGOs, indigenous people, women, youth and children are our most valuable assets. We must enable, respect and protect those who will carry us forward to a low emission future.

- **Business and industry engagement is crucial for a successful low emission transition.** In Norway, 15 business sectors, including trade and commerce, building sector, agriculture and process industries have made roadmaps for a low emission future. These are not government initiated or approved, but represent their own vision for a low emission future and how to get there.
- **Just transition is at the core of the long term transformation to a low emission future.** The work force represents a key asset for low emission solutions, and any transition must be inclusive and fair to be successful. Norway has for decades built a dialogue among parties in the work life. Tripartite cooperation, between trade unions, business associations and government has formed a solid platform of problem solving and mutual trust. In this way we are more robust in face of transition to a low emission economy. A just transition is also built "bottom up" at the workplaces. In a project called "green workplaces", employees and employers at company level engage to find climate friendly solutions in their workplace. The project, supported by the government, is initiated by trade unions and business associations across various sectors.
- **Children and youth must be included in climate dialogues and solutions at all levels.** One example is "The Sustainable backpack" in Norwegian schools which aims to better integrate sustainable development into mainstream education at schools. It has been developed in close

cooperation with the NGOs. One important aim is to help the NGOs to better target their materials in line with the school curriculum. In this way, it provides schools and NGOs with improved opportunities locally to cooperate. The work on providing teachers and schools with support materials has been continued. Extensive support material has been developed to give teachers the best possible guidelines for their work in this area – in particular through the Norwegian Environmental Education Network (<https://www.miljolare.no/en/>). While the "The Sustainable backpack" is an example of local level initiatives for children and youth.

Engaging children and youth in political processes at a national and international level is also important. For example, at the level of international negotiations, Norway has included a youth representative in the delegation to the UNFCCC. We consider that this contributes to the strengthening of our the work in the international negotiations.

Aligning domestic processes to the Paris Agreement: The Norwegian climate change act

The Paris Agreement's ambition cycle and nationally determined contributions (NDCs) are key tools for anchoring progress over time.

The Climate Change Act entered into force January 1st 2018, establishing by law Norway's emission reduction targets for 2030 and 2050². The purpose of the act is to promote the long-term transition of Norway to a low emission society by 2050.

The Climate Change Act introduces a system of five-year reviews based on the same cycle as the Paris Agreement. From 2020, the Government shall present for Parliament updated climate targets every five year based on best available science and the target shall as far as possible be quantified and measurable. The climate targets under the act shall be consistent with the timeframes of Norway's NDC under the Paris Agreement. When assessing future targets under the Paris Agreement, the outcome of the Global Stocktake under the Paris agreement will be taken into account.

In addition, the act introduces an annual reporting mechanism. The Government shall each year submit to the Parliament updated information on status and progress in achieving the climate targets under the law, and how Norway prepares for and adapts to climate change.

Norway has a 2030 target of reducing emission by 40% compared with 1990 emission levels. Further, Norway also has a target of becoming a low emission society by 2050. As a small and open economy, Norway is dependent on a similar shift in other countries if it is to maintain its ability to make full, effective use of labor and other resources and achieve its climate and environmental goals. In quantitative terms the target is to achieve emissions reductions of the order of in 80-95% in 2050 compared to 1990. The effect of Norway's participation in the EU ETS is to be taken into account in assessing progress towards the 2050-target.

² The 2030 target correspond to the Norwegian NDC. The Norwegian NDC covers the time period from 2020 to 2030.