



Norwegian Ministry
of Finance

Carbon Pricing as an Instrument to align Financial Flows with Climate Objectives

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The Benefits of Carbon Pricing

- Pricing GHG emissions corrects the market failure associated with climate change
- It allows market participants to choose the most cost-effective ways to reduce emission
 - for example, by investing in low-carbon technologies and products
- This helps achieve emissions reductions at lower cost to society while generating public revenue
- Revenue can be recycled through tax relief or transfers to households

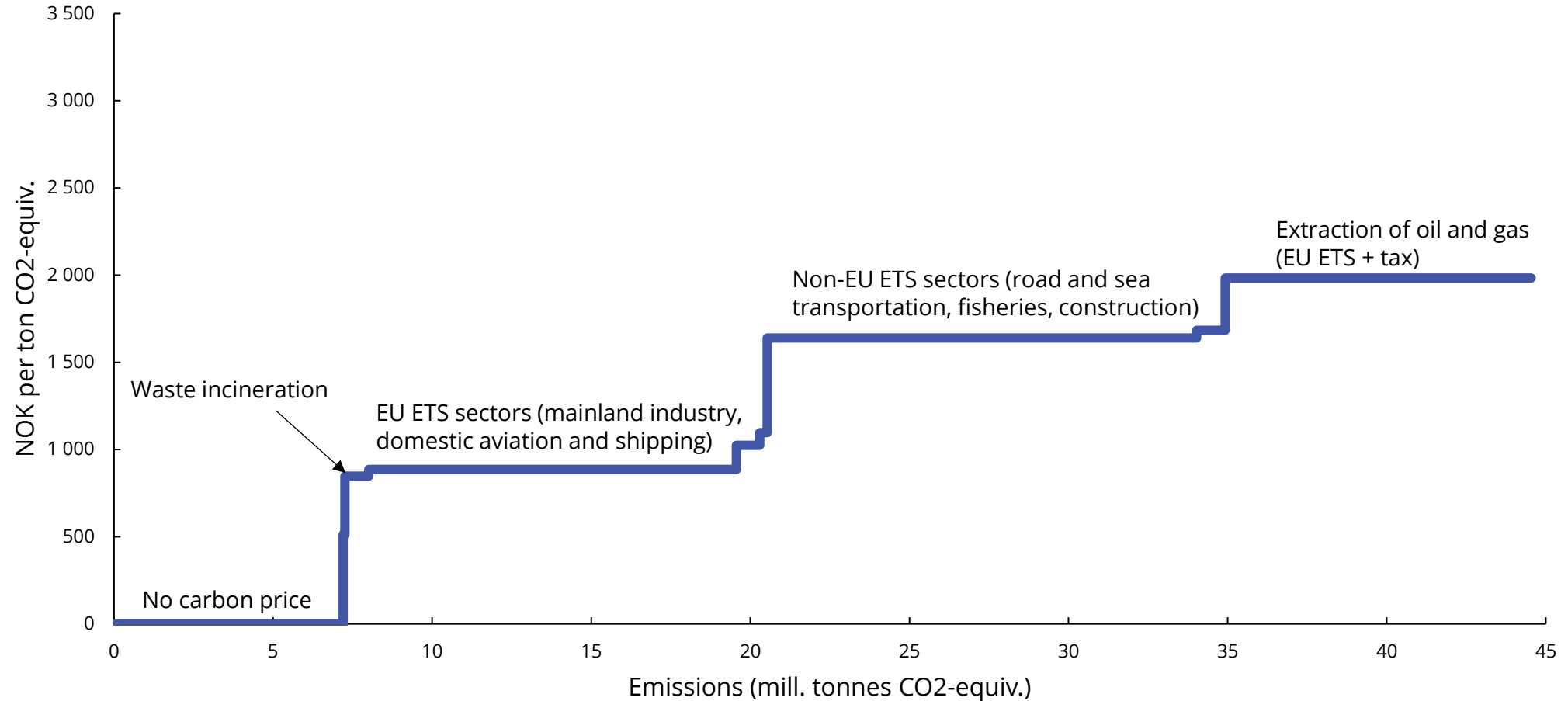


Carbon Pricing in Norway

- Norway has a long history of carbon pricing, dating back to 1991
- Since then, coverage has expanded, and carbon price rates increased
- Today, about 85 pct. of Norwegian emissions are subject to a carbon price
- Tax revenues are not earmarked, but support a strong welfare system



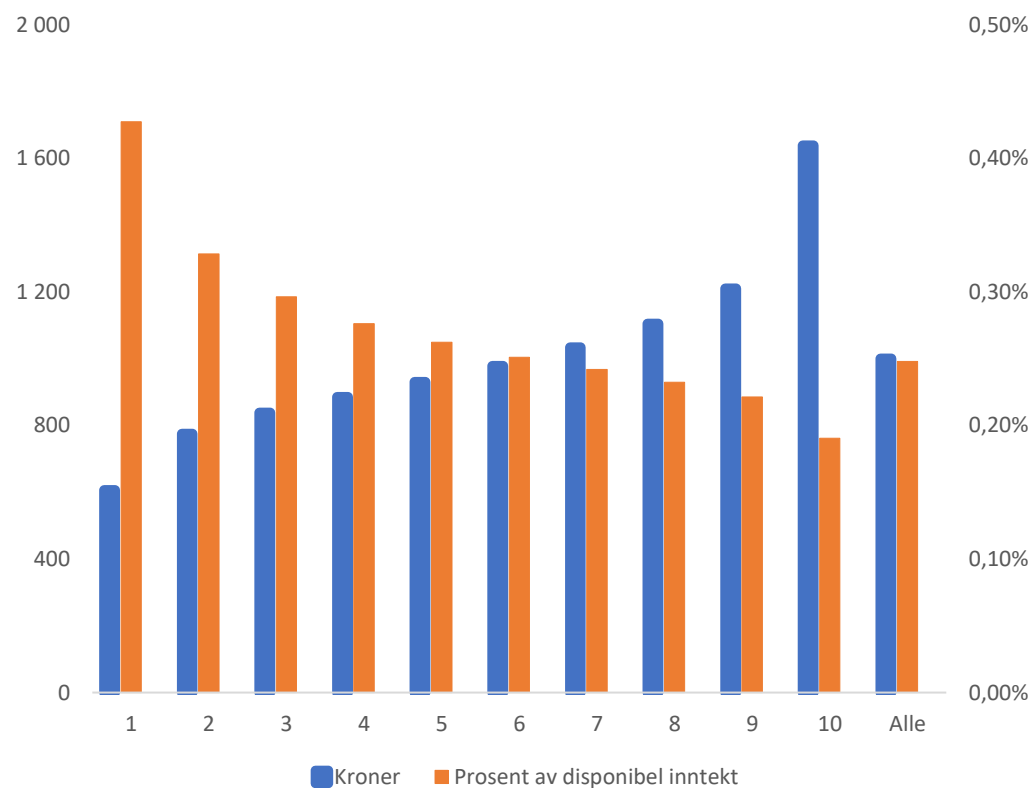
Carbon Prices in 2026



How to Build Public Support

- Changes in carbon tax rates are announced in advance and accompanied by impact assessments
- Significant changes are subject to public consultations
- In 2025, the CO₂ tax raised 18 bn. NOK – about 1 pct. of total govt. revenue
- Additional revenue is used to lower other taxes

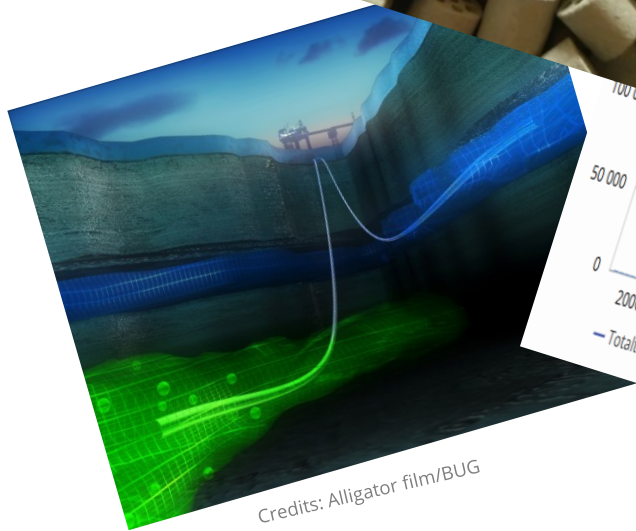
Distributional effects of an increase by 1000 NOK in fuel expenses



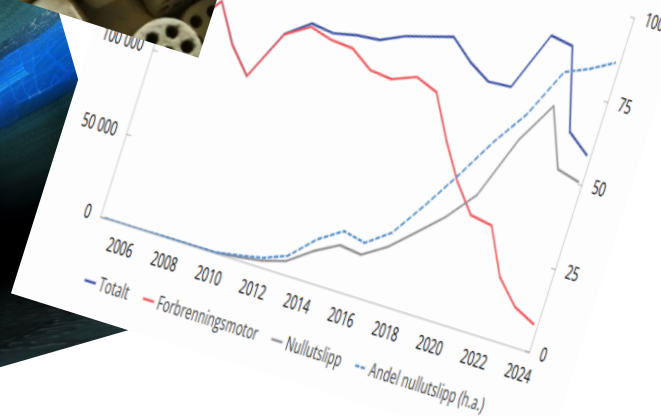
Kilde: Lotte-Konsum



Examples of How Carbon Pricing drive Low-Emission Investment



Credits: Alligator film/BUG



- Catalyst that reduces GHG emissions from production of mineral fertilizer by 95 pct.
[Klimainnovasjon og gjødsel med redusert klimagassutslipp | Yara Norge](#)
- CO₂-injection on Sleipner [20 Years of Monitoring CO2-injection at Sleipner - ScienceDirect](#)
- EV sales in Norway – today close to all new passenger cars are EVs



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