

Damian Szacawa

Green Alliance between the European Union and Norway.

Keywords: Norway, EU, climate policy, energy policy

On 24 April 2023, in Brussels, the European Union and Norway signed an agreement on creating a so-called Green Alliance, aimed at strengthening joint climate and environmental action and greater cooperation in clean energy and energy transition. The agreement reflects an intensification of the existing cooperation between the parties in this field, which accelerated after Russia invaded Ukraine. To meet the ambitious targets of reducing greenhouse gas (GHG) emissions in 2030 by 55% compared to 1990 levels, Norway needs to significantly increase its efforts domestically.

Climate and Energy Relations between the EU and Norway. Cooperation between Norway and the European Union (within the European Economic Area) is an important element of Norway's climate policy. This state is a party to EU climate change legislation. This includes three pieces of legislation: the EU Emissions Trading System (EU ETS), the Effort Sharing Regulation (ESR) for emissions not covered by the EU ETS, and the Regulation on land use, land use change, and forestry (LULUCF). Norway and the EU states are working together to jointly implement their commitments under the Paris Agreement, particularly in reducing GHG emissions from sectors not covered by the EU ETS (from transport, construction, agriculture and waste management, among others). Following the agreement with the EU, Norway submitted a national plan to reduce GHG emissions in December 2019.

Norway is important as a supplier of energy carriers to EU states. This increased especially after Russia's invasion of Ukraine, when several EU states began diversifying their natural gas and oil supply directions (see more: "[IEŚ Commentaries](#)", No. 799). In 2022, Norway produced 123.8 bcm of natural gas, a significant increase compared to the production of 115.3 bcm in 2021. The increase in production was mainly due to the high demand for the commodity in EU states and followed the joint statement of 23 June 2022, which announced measures to increase the energy independence and resilience of EU states to the negative consequences of Russia's invasion of Ukraine. As a result of these measures, Norway's share of natural gas supplies to the EU increased from 25.8 per cent in Q1 2022 to 30.8 per cent in Q4 2022. Thus, Norway has been the largest supplier of natural gas to EU countries since Q2 2022 and the second largest (after the US) supplier of oil since Q4 2022.

An important element of the relationship between Norway and the EU is also the Energy Dialogue on energy transition that has been taking place since 2002. During this dialogue, the parties also discuss energy security, the protection of critical energy infrastructure connecting Norwegian gas fields with Denmark, Poland, and other Central European states (Baltic Pipe), Germany (Europipe I and II, and Norpipe), Belgium (Zeepipe I), France (Franpipe), and the UK (Langeled and Vesterled), about the development of hydrogen technology and offshore wind energy as well as the REPowerEU plan for Europe's independence from Russian fossil fuels and the 'Fit for 55' package.

Short- and long-term areas of cooperation. In February 2022, European Commission President Ursula von der Leyen and Norwegian Prime Minister Jonas Gahr Støre announced the strengthening of cooperation between the EU and Norway in the fields of climate, energy, and industry. During the following year, the parties engaged in intensive dialogue on policy provisions and concrete plans in areas such as energy or battery production. The final agreement on the creation of the Green Alliance was signed on 24 April 2023 in Brussels. This is the second agreement of its kind, following the EU-Japan green alliance signed in 2021. These documents represent the most comprehensive form of international engagement established under the European Green Deal, in which parties commit to climate neutrality and align their national and international climate policies to achieve this goal. In the long term, the partnership aims to help limit the global temperature rise to within +1.5° C. To this end,

the parties have placed a strong emphasis on moving away from fossil fuels – including the development of zero-carbon technologies for transport (electromobility), renewables, and hydrogen production – as well as acquiring the critical raw materials needed for these technologies. The Green Alliance will cover eight priority areas: adapting to climate change, enhancing environmental protection (including reversing biodiversity loss), supporting green industrial transformation, accelerating the transition to clean and just energy generation, decarbonising the transport sector (green mobility), and supporting research and innovative environmentally friendly technologies including CO₂ removal as well as carbon capture and storage (CCS) technologies.

Nevertheless, in the short term, EU states are keen to increase their energy supplies from Norway. This is all the more important as, according to a report by the International Energy Agency, natural gas supplies from Norway will be one of the most important sources of natural gas supply for the EU in 2023. The EU and Norway have also agreed to jointly promote ambitious climate action on the global stage (so-called 'green diplomacy', see more: ["IEŚ Commentaries", No. 192](#)) and to support developing countries and emerging economies in the implementation of their climate policies.

Prospects and challenges for Norwegian climate policy. As set out in the Climate Change Act of 16 June 2017, Norway aims to build a low-emission society. Accordingly, the initial targets of reducing GHG emissions in 2030 by 40% and 80-95% in 2050 compared to 1990 have already been revised twice. The amendment of 25 June 2021 indicates that the new climate target is to reduce GHG emissions by at least 50-55% in 2030 compared to 1990 levels, and the climate target for 2050 is to transform Norway into a low-emission society, which is equivalent to reducing GHG emissions by 90-95% compared to 1990 levels (see more ["IEŚ Commentaries", No. 444](#)). In early November 2022, just before the start of the United Nations Framework Convention on Climate Change (UNFCCC) conference in Sharm el-Sheikh, Egypt (COP27), Prime Minister Støre announced an increase in the GHG emissions reduction target to at least 55% by 2030.

While recent years indicate Norway's growing ambition to reduce GHG emissions, it should be emphasised that achieving the 2030 target will be a challenge. This is because the relatively easiest activities, i.e., electricity generation as well as energy consumption in the building industry, are already essentially CO₂-free. Meanwhile, according to the latest national inventory report submitted to the UNFCCC Secretariat, GHG emissions in 2020 amounted to 49.27 MtCO₂e (megatons of carbon dioxide equivalent), a decrease of only 4.2% compared to the base year (1990). The largest share of total GHG emissions in 2020 (without LULUCF) was the energy sector (about 69.38%), followed by the industrial processes and product use (18.72%), agriculture (9.15%), and waste (2.74%) sectors¹. Thus, in the process of reducing GHG emissions, the decarbonisation of the energy industries and transport (whose emissions have increased by 96.85% and 18.63% respectively, compared to 1990) is crucial. In these sectors, a high level of public spending on energy research and development, greater consideration of environmental requirements in the public procurement process, and decisive action on the development of CCS technologies are necessary.

An important element of Norway's climate policy is the carbon tax (introduced as early as 1991), amounting in 2023 to NOK 761 (approximately €66)/tonne of CO₂. This tax covers more than 80% of the country's national emissions and is one of the highest rates in Europe. Furthermore, in order to encourage more investment in renewable energy and low-carbon technologies, as proposed in Norway's Climate Action Plan for 2021-2030, it is to be gradually raised to NOK 2,000 (approximately €190) by 2030.

Conclusions

- The EU-Norway Green Alliance creates an overall framework for cooperation between partners in key climate and energy policy sectors. Both parties have agreed to increase the supply of natural gas from

¹ A more detailed list of categories with emissions data is available at https://di.unfccc.int/ghg_profiles/annexOne/NOR/NOR_ghg_profile.xlsx [accessed: 08.05.2023].

Norway (to replace Russian gas), as well as to develop long-term cooperation in renewable offshore energy, hydrogen, CCS, and energy research and development.

- While the dominant narrative in Norwegian public discourse is that Norway's main goal is to support the energy security of EU states, it should be noted that in 2022, oil and gas exports accounted for more than 65% of Norway's export revenues and around 35% of its GDP. At the same time, as an advocate for mitigating global climate change, Norway is committed to promoting international agreements and solutions that support sustainable development and environmental protection.
- Since the gap between Norway's plan to reduce GHG emissions by 55% in 2030 and the emissions recorded in 2020 is estimated to be around 26.1 MtCO_{2e}, additional tools will be required. A large potential for this exists in the energy sector, including oil and gas extraction (e.g., through the process of electrification of offshore platforms with onshore renewables), transport, and the manufacturing industry.