

Terms of reference for a committee to review Norway's choices for its pathway towards a low-emission society in 2050 (the 2050 Climate Change Committee)

Background

The Climate Change Act sets out a statutory target for Norway to be a low-emission society by 2050. In quantitative terms, the Act specifies that the target is to achieve reductions of greenhouse gas emissions of the order of 90–95 % from the level in the reference year 1990.

The Paris Agreement calls on all countries to formulate long-term low-emission strategies. The Government presented Norway's long-term low-emission strategy for 2050 in the budget proposal for 2020 from the Ministry of Climate and Environment (Prop. 1 S (2019-2020)). In the strategy, the Government sets out general priorities and important considerations for the pathway towards a low-emission society in 2050.

In the strategy, the Government outlines four general characteristics of Norway as a low-emission society in 2050:

- *Emissions are low in all sectors.*
- *Forest and other land categories and natural resources are managed sustainably and in a way that promotes removals and minimises emissions of greenhouse gases. Norway's land and water act as carbon sinks and supply the population with materials, food and energy.*
- *The business sector is green, with low greenhouse gas emissions.*
- *Cities and communities are designed to minimise greenhouse gas emissions and provide good living conditions for their inhabitants.*

The low-emission strategy describes how Norway's climate policy is based on the following principles and ideas: *the polluter-pays principle, policy instruments must be effective, support for technology development, global effects are of crucial importance, and our aim is a low-emission society, not a low-income society.*

Norway's target of reducing greenhouse gas emissions by at least 50 % and towards 55 % by 2030 compared to 1990, and the Government's Climate Action Plan for 2021–2030 (set out in the white paper Meld. St. 13 (2020-2021)) are crucial steps on the path towards the target that Norway will be a low-emission society by 2050. As a party to the Paris Agreement, Norway is required to communicate a new or updated nationally determined contribution (NDC) every five years setting out its emission reduction target. To promote the transformation of Norway into a low-emission society, the Government is also required under the Climate Change Act to submit updated climate targets to the Storting (Norwegian parliament) every five years. The review of Norway's choices for its pathway towards a low-emission society in 2050 will provide important input for these processes.

A low-emission development pathway in line with the international targets of the Paris Agreement will entail both opportunities and challenges for all countries, including Norway.

Norway's climate policy is closely intertwined with EU climate policy through the EEA Agreement and the agreement on cooperation with the EU to fulfil the 2030 climate target (including participation in the EU Emissions Trading System), and because the EU is Norway's most important trade partner. Implementation of the European Green Deal – the EU strategy for green growth – will influence Norway's green transition. Ongoing legislative developments in the EU will also affect the framework for Norway's climate policy.

Norwegian greenhouse gas emissions originate largely from oil and gas extraction and manufacturing, followed by road traffic and other transport, agriculture and waste. Norway is in a strong position for the transition to a low-emission pathway. Participation in the labour market is high, and there are abundant natural resources, a skilled workforce and sound state revenues. One of the main challenges in the time ahead will be to adjust to a new situation where Norway is more similar to Western economies that do not have oil and gas resources. Fulfilling Norway's commitments under the Paris Agreement is likely to result in lower demand for fossil energy and thus reduce the value of the remaining oil and gas on the Norwegian continental shelf. However, this may also increase demand for renewable resources that can replace non-renewable alternatives associated with higher emissions, and thus increase their value. Even if large cuts are made in global anthropogenic emissions in the next few decades, it will take time for the warming trend to be reversed. It is therefore vital to prepare for change and to adapt to a changing climate at the same time as transforming Norway into a low-emission society. The climate is already changing, and the impacts are becoming apparent in Norway.

A satisfactory general framework for the business sector is a vital basis for building long-term capacity for growth and adaptation. A competitive environment and predictability are particularly important for the development of green technology. The framework for transformation to a low-emission society must be based on the best available scientific knowledge. This knowledge is constantly developing. A sound knowledge base is important not only as a basis for implementing policy as effectively as possible, but also because it helps to reduce uncertainty and puts us in a better position to manage the transition to a low-emission society and deal with climate risk. The IPCC's reports, including the special reports *Global Warming of 1.5°C* and *Climate Change and Land*, and the forthcoming Sixth Assessment Report, are considered to provide the best available knowledge base for developing climate policy. The committee will also draw on the expertise of relevant government agencies and on key public documents, relevant analyses and expertise both in Norway and in other countries, and on the work of the technical committee responsible for calculations in the field of climate change mitigation. Both quantitative and qualitative methods will be required to conduct analyses of climate change and wider social development up to 2050. It may be necessary to supplement the currently available knowledge base.

Guidelines

The main tasks of the committee are to conduct an overall review of Norway's choices for achieving its 2030 climate target, and to describe a pathway for the transformation to a low-emission society by 2050 that is as cost-effective as possible, resulting in a

society where resource use is efficient and business and industry is competitive. This process must also ensure a development pathway that safeguards biodiversity and maintains a welfare-based society. The committee will evaluate progress towards the targets and assess the benefits obtained against economic costs.

The review must identify cross-sectoral issues. This is particularly important in areas such as sustainable, integrated spatial management and energy, which involve various sectors. The review must also include emissions and removals in all sectors, and consider key issues relevant to achieving the 2050 target.

In reviewing different pathways Norway can choose to reach its target of being a low-emission society by 2050, the committee should consider:

- policy coherence in the short, middle and long term, including cost-benefit analyses;
- climate risk (transition risk);
- issues relating to a just transition and geographical disparities on the path towards a low-emission society;
- the influence of technology development on costs, prices and market structure;
- Norway's relations with the EU and the development of EU legislation;
- links between behavioural patterns, sustainable lifestyles and a low-emission development pathway;
- issues relating to local and national decision-making processes and governance systems.

The committee will analyse the roles of different stakeholders in the transition to a low-emission society. These include central government, counties and municipalities, business and industry, the financial industry, civil society, and the general public where relevant. The committee will invite input and involve relevant stakeholders in the work, including the business sector, civil society and the social partners. The committee will ensure that the process is inclusive and will encourage broad-based public debate.

The committee will provide the Ministry of Climate and Environment with a status report midway through its work. The committee will submit an overall review and recommendations in the form of an Official Norwegian Report (NOU) by 1 November 2023.