

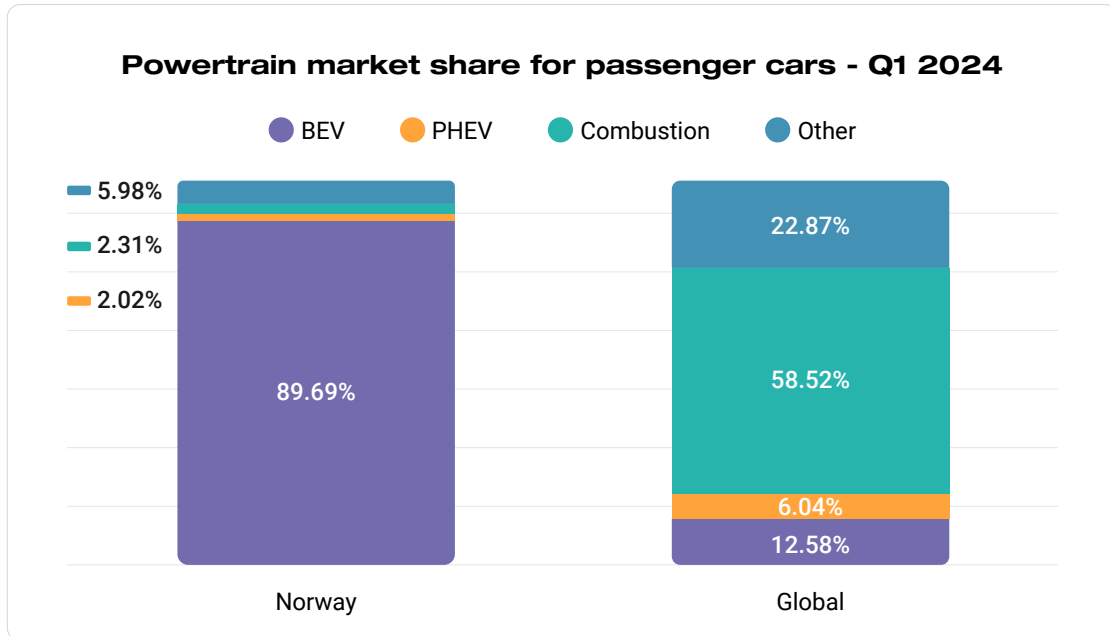
Volumes Highlights - H1 2024

# Norway's electric vehicle revolution: a case study in policy success

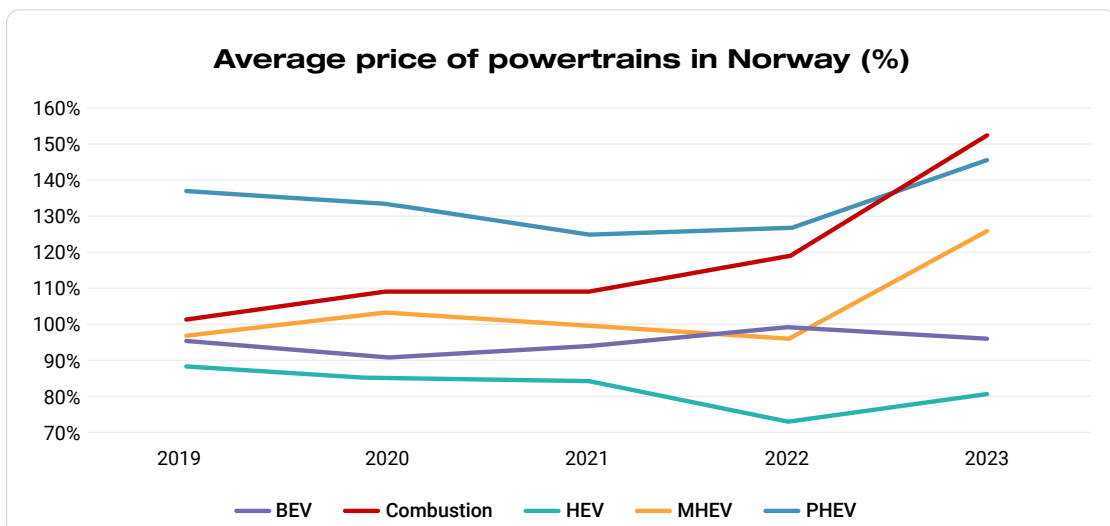
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**In the realm of electric vehicles (EVs), Norway stands out as a global leader. For several years, the Scandinavian nation has boasted the highest market share of battery electric vehicles (BEVs) worldwide. This remarkable trend is not by chance; it is the result of a series of strategic policy measures and incentives implemented by the Norwegian government.**



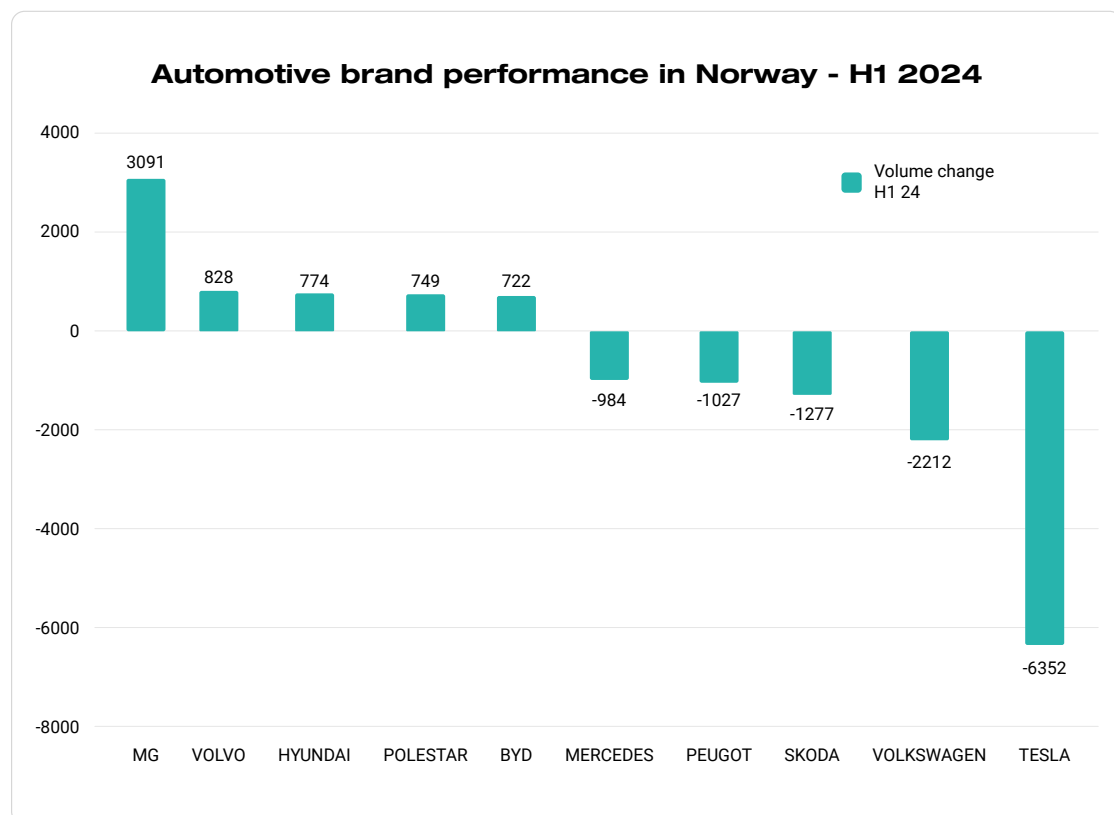
The journey towards Norway’s BEV dominance began in 1990 with the removal of import taxes on BEVs, effectively eliminating a significant barrier to ownership. This move was particularly impactful given Norway’s historically high taxation on automobiles, making BEVs significantly more affordable compared to traditional combustion engine vehicles. Subsequent measures, such as the elimination of value-added tax (VAT) in 2001, further incentivised the adoption of BEVs, causing their popularity to surge throughout the 2010s and today.



In addition to tax exemptions, the Norwegian government introduced a range of incentives to encourage BEV adoption. These included toll road exemptions, free public parking, reduced road taxes, access to bus lanes, and exemption from ferry fees and re-registration costs. These incentives not only made BEVs financially attractive but also addressed practical concerns such as accessibility and convenience, especially in urban areas.

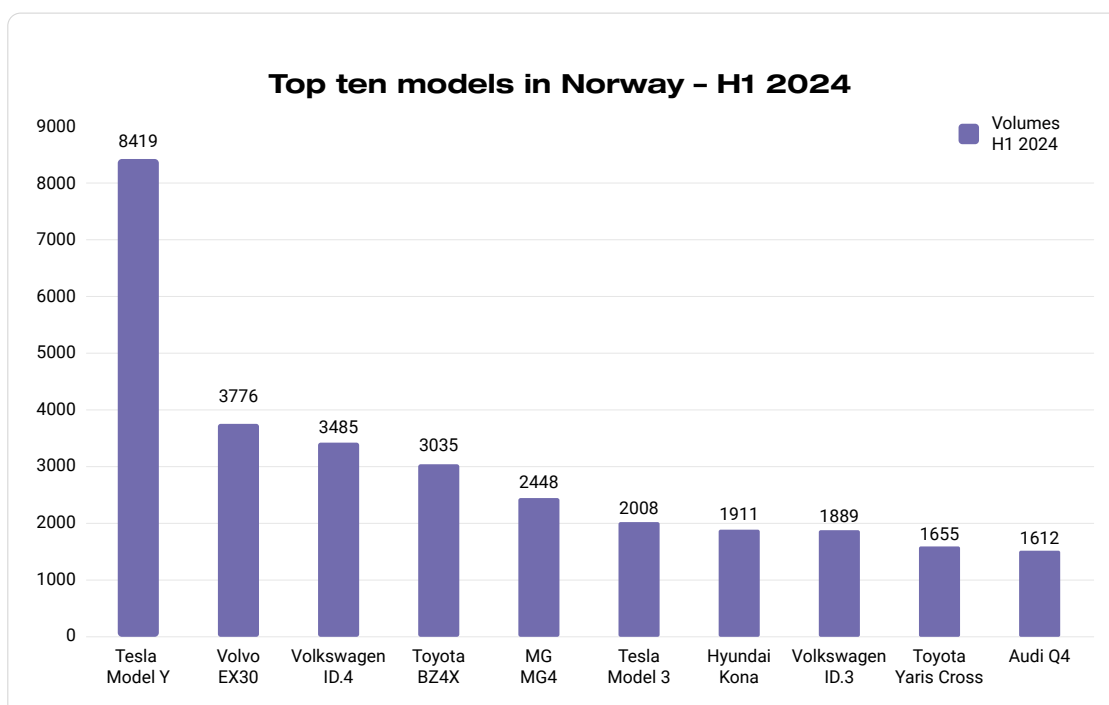
However, as BEV adoption exceeded expectations, the government gradually phased out some incentives, aiming for a more sustainable transition. From 2023 onwards, there were slight reductions in tax benefits, including the reintroduction of VAT on BEVs priced over a certain threshold and the reinstatement of the weight component of the car import tax.

Despite these adjustments, the popularity of BEVs has continued to soar. This growth has been fueled in part by price reductions initiated by importers, notably Tesla, as well as a trend towards purchasing more affordable BEV models. While, since January 2024, EV market share has dropped somewhat, reaching a low in May with 77%, further significant drops are not expected. Plus, the year-to-date EV share in May remained an impressive 87%.



Looking ahead, the Norwegian government has set ambitious targets, aiming for a 100% zero-emission vehicle market by 2025. While achieving this goal may prove challenging, significant progress has already been made, with major automakers phasing out combustion engines in Norway.

Beyond economic incentives, environmental considerations have also played a crucial role in Norway's EV revolution. With most of the electricity in the country generated by renewable sources such as hydropower and wind, BEVs offer significant environmental benefits compared to their fossil fuel counterparts.



Furthermore, Norway's robust infrastructure supports widespread adoption, with the national power grid designed to accommodate home chargers across the country.

However, falling automotive sales in the market coupled with the shift in taxation means that 2024 is showing some interesting market dynamics. Ahead of the proposed full ban of combustion sales in 2025, the HEV market share has reversed its decline with an increase to over 8% in H1 2024. Both these factors have contributed to Toyota and MG increasing their market share for differing reasons, and affordability taking a driving seat.

### Passenger car registrations by powertrain in Norway

Powertrain type	2020	2021	2022	2023	H1 2024
BEV	53.49%	63.89%	78.80%	81.81%	84.16%
HEV	6.69%	5.35%	5.77%	5.93%	8.09%
PHEV	17.73%	21.45%	9.19%	7.95%	3.41%
Combustion	13.93%	5.38%	3.96%	2.71%	2.61%
Others	8.17%	3.93%	2.28%	1.59%	1.13%

In conclusion, Norway's journey towards electric mobility leadership serves as a compelling example of effective policy intervention and strategic incentives. By combining economic incentives with environmental stewardship and infrastructure development, Norway has not only supported the transition locally, but also paved the way for a more sustainable future on a global scale.

However, as both market conditions and technology develop, even Norway continually offers new winners and losers as it moves towards a full electric marketplace.



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