

Northern light

Sales of green vehicles are booming in Norway

Ever more electric cars are on the road. Now to build a charging network to support them



From the print edition | Business

Feb 18th 2017 | Oslo

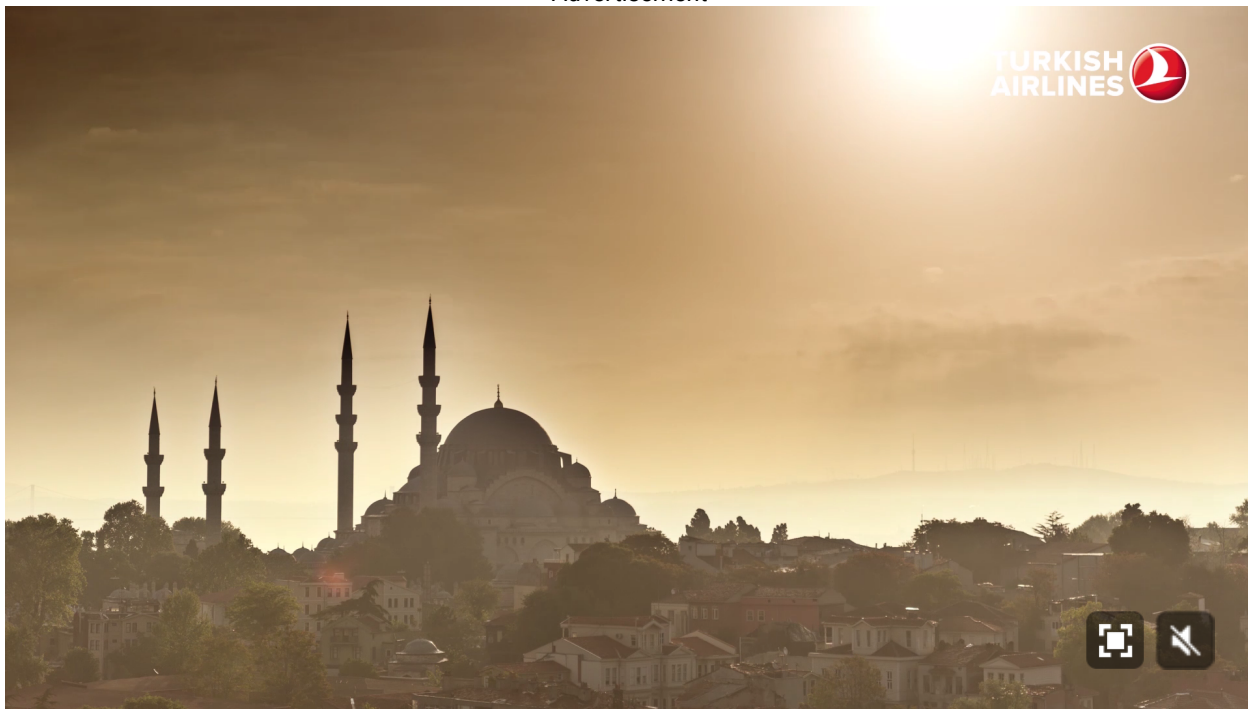
TO JUDGE by the gleaming rows of Teslas, Nissan Leafs and other electric cars parked in the snow in central Oslo, Norwegians might already have given up on the internal combustion engine. Before long they probably will. Battery-powered cars and plug-in hybrids together accounted for 29% of all new car sales last year. The 100,000th battery-powered unit sold in December.

Norway first introduced tax perks to boost the electric-car market in the 1990s. But sales only sparked in the past five years or so after slicker vehicles with better batteries appeared. Now the country's 5m citizens constitute the most developed national market for electric cars anywhere. Christina Bu, who heads the country's association for electric cars, expects

400,000 electric-only vehicles on the roads by 2020, and predicts 70% of new sales will be of zero-emission cars. As range increases and price falls, demand will rise faster.

Though less than 5% of the total fleet of cars in Norway are electric, the country's transport minister calls it "realistic" to expect an end to sales of new cars powered by fossil fuels by 2025. Fiscal incentives, not an outright ban, will bring this about. Eye-popping purchase taxes typically double the cost of a high-emission car, but these and other levies are waived for clean ones. Drivers of zero-emission vehicles also skip costly road tolls, cross fjords by ferry for free, park without paying in cities and use bus lanes to whizz by other commuters.

Advertisement



The next step is to finish a part-built charging network. In Oslo seven in ten residents live in apartments and few can charge a car at home. Opportunities abound. Providers of fast-charging services such as Fortum, a Finnish power firm, are starting to sell electricity at a premium. Big stores, including IKEA, have installed recharging stations—for about NKR1m (\$120,000) each—so customers can top up while shopping. The government says charge points will exist every 50km on main roads, and is subsidising firms that build and run them.

Countries without Norwegians' oil wealth will struggle to boost the market for electric vehicles similarly. Cheap electricity—Norway produces a surplus from hydropower—and expensive petrol and diesel skew running costs. Mr Solvik-Olsen guesses that last year alone his government missed out on as much as NKR3bn in tax because of the incentives. Most Norwegians, eager to do more to cut local pollution from traffic in cities, and short of other ways to lower carbon emissions, reckon this is money well spent. In other markets it will be crucial that even cheaper and better cars appear to create an appealing market.