



NEW ZEALAND
FOREIGN AFFAIRS & TRADE
Manatū Aorere

MARCH 2024

Decarbonisation of Norway's Cruise Industry

MARKET INTELLIGENCE REPORT

Summary

Norway is decarbonising its cruise industry. This report outlines the benefits, challenges and considerations that may be of interest to New Zealand's tourism and cruise sectors.

- From 2026, greenhouse gas-emitting vessels will be prohibited from sailing into Norway's World Heritage fjords.
- The ban will not directly lower emissions but aims to drive technological developments that lower emissions in the long term.
- Regulation is being developed which includes charging stations and a transition phase, but the geography of the fjords creates barriers to implementation.
- The proposed ban has been controversial among the tourism sector and local communities. Some communities rely heavily on the tourism sector and have not yet been offered much support.
- The economy is expected to benefit from early-mover's advantage, the establishment of a supply chain and production of zero emission ships in Norway.
- Norwegian ship-makers are positive about contributing to the transition.
- Concerns and challenges relate to the timely delivery of new ships and infrastructure.

Report

From 2026, greenhouse gas-emitting vessels will be prohibited from sailing into Norway's World Heritage fjords in order to protect their unique environment. The decision was adopted unanimously by the Norwegian Parliament, and has been publicly consulted. The outcome is now being reviewed by the Ministry of Climate and Environment, with the aim of implementing the proposed ban in 2024.

Emissions reductions and other environmental outcomes

Emissions are not expected to decrease significantly in the short term. An emissions reduction forecast has not been produced for the ban as calculations are complicated by the fact that greenhouse gas-emitting vessels will likely continue to visit other fjords. As well, while air pollution caused by cruise ships is expected to decrease, the limits on which vessels can visit World Heritage fjords may result in increased bus-traffic. The hope is that the ban will instead drive technological developments and an industry transformation that will significantly reduce emissions in the long term. As New Zealand moves towards a lower-carbon future, we could benefit from technological developments drawn from Norway for our own cruise sector.

Estimated economic impact on the Norwegian economy, local economies and the cruise sector

The Norwegian economy stands to benefit from the early-mover's advantage of switching to zero emissions ships. Norway has a well-established ship building industry and consultations have shown that companies "want to build the ships here in Norway ... and help create that zero emissions market".

Communities around World Heritage fjords Flåm and Geiranger are reliant on the cruise industry and other tourism is not well developed. An initial reduction in their economy is expected after implementation of the ban.

Mechanisms and barriers to implementation

Regulation related to the ban is currently being developed. Parliament's decision includes the establishment of a charging station in Flåm funded by Enova (the state-owned enterprise responsible for promoting the shift to a low emissions society). The government is also considering allowing biogas to be used during a transition phase to 2035, but some companies have expressed concern that such a long timeframe will reduce the incentive and slow down the sector's transition. Views on a biogas transition phase will feed into the final decision on timings – as yet “nothing is set in stone”.

The Geiranger fjord is a difficult place to install a charging station at the end of the fjord with no connection to the grid system. Geiranger's World Heritage status also prevents the installation of a cable through the fjord, so Plan B is to install a charging station just outside the fjord. Hydrogen-powered ships further complicate the issue. There is a chicken and egg situation where the companies want to know what facilities will be in place before building their ships, while the local communities want to know what ships there will be before building infrastructure.

Temporary closure of the tunnel out of the Flåm fjord for construction further complicates planning. A corridor with passenger ferries will be established in the meantime.

It is unclear though whether these temporary passenger ferries will need to meet the requirements of the regulation after 2026. There is already a separate regulatory proposal requiring zero emissions of greenhouse gases from all publicly operated ferries and high-speed passenger ships in Norway. The aim is for the regulation to enter into force in 2024, but the requirements for the ships will start applying on specific dates – as soon as possible for ferries, and in 2025 for high-speed passenger vessels.

Reaction of local communities and the tourism industry

The proposed ban has divided the tourism sector and local communities. Communities that rely on the cruise sector are highly critical of the proposal. However, many see this as an opportunity, and that transitioning to emissions-free cruises will be positive for the cruise sector and for Norway as a sustainable tourism destination. There were extensive meetings even before the formal regulation proposal was put out for consultation, and there has been “an open dialogue with stakeholders”. Informal consultations were undertaken initiated by the stakeholders themselves, such as with local communities, port authorities, and the cruise industry. Local communities have, however, received little support to prepare for the impact on their economies.

Other efforts to decarbonise Norway's maritime passenger industry and tourism industry

Norway is combatting other environmental impacts of the cruise industry on the fjords and their surrounding communities through the regulation of sulphides, nitrogen oxides, and a ban on sewage and grey water from ships. These regulations are already in place, and are becoming increasingly stringent.

The Maritime Authority is also looking at expanding regulation on pollution from the World Heritage fjords to the rest of Norway's sea territory. Harbours and authorities at the state level already have mechanisms in place to address emissions and environmental impacts from the cruise sector. Bergen, for example, applies differential pricing for docking depending on emissions.

More info

More reports

View full list of market reports from MFAT at www.mfat.govt.nz/market-reports

If you would like to request a topic for reporting please email exports@mfat.net

To get email alerts when new reports are published, go to our [subscription page](#).

To learn more about exporting to this market, New Zealand Trade & Enterprise's comprehensive [market guides](#) cover export regulations, business culture, market-entry strategies and more.

To contact the Export Helpdesk

email exports@mfat.net

call 0800 824 605

visit Tradebarriers.govt.nz

Disclaimer

This information released in this report aligns with the provisions of the Official Information Act 1982. The opinions and analysis expressed in this report are the author's own and do not necessarily reflect the views or official policy position of the New Zealand Government. The Ministry of Foreign Affairs and Trade and the New Zealand Government take no responsibility for the accuracy of this report.