

# *Challenges of the energy transition for the Norwegian economy*

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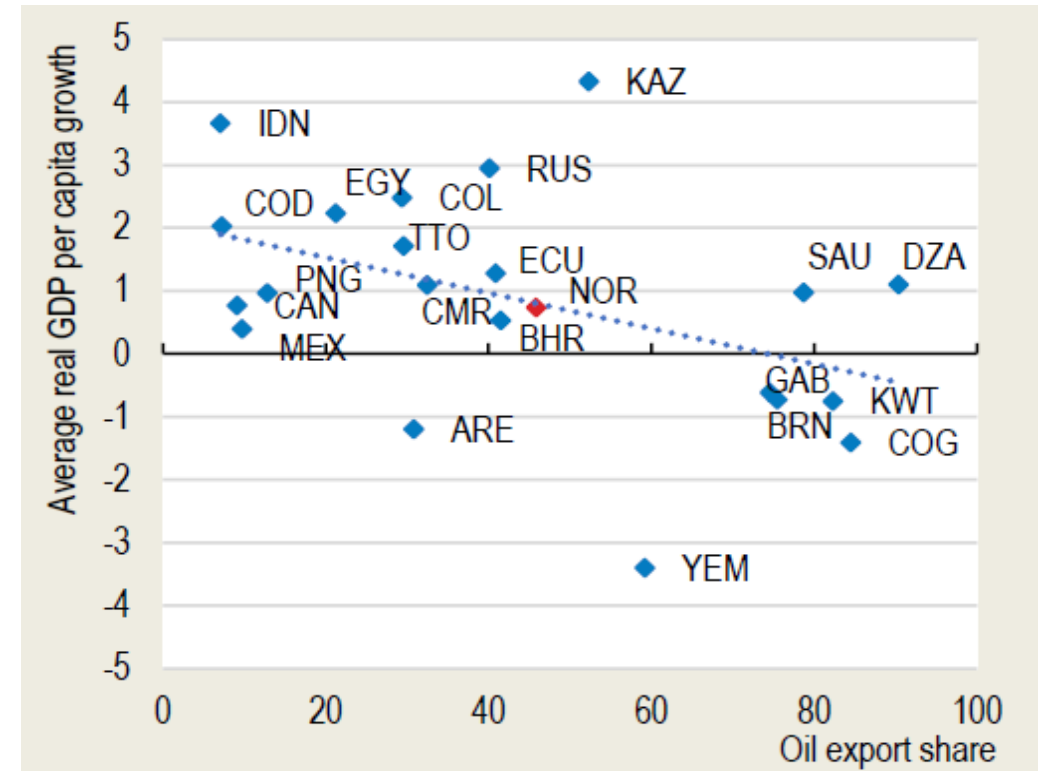
*Norges Bank Climate Conference, October 21, 2025*

# Economic repercussions for a resource rich economy

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- ❑ Climate change has led to push for green energy: shift towards renewables
- ❑ In any case, petroleum reserves will eventually run out
- ❑ Little is known about consequences of the energy transition for energy exporting countries

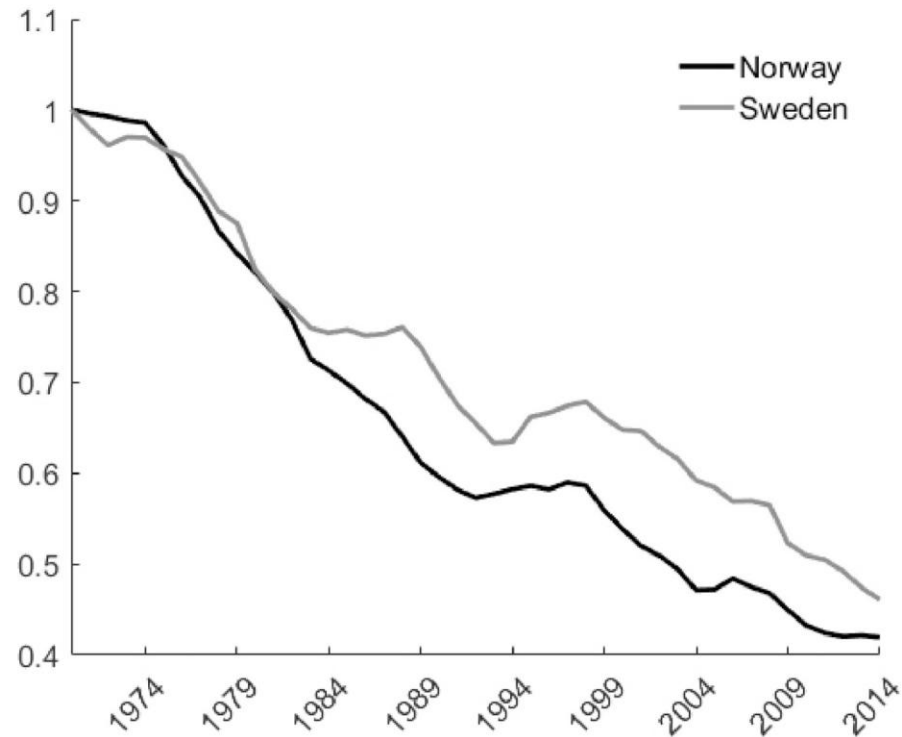
# A blessing or a curse?



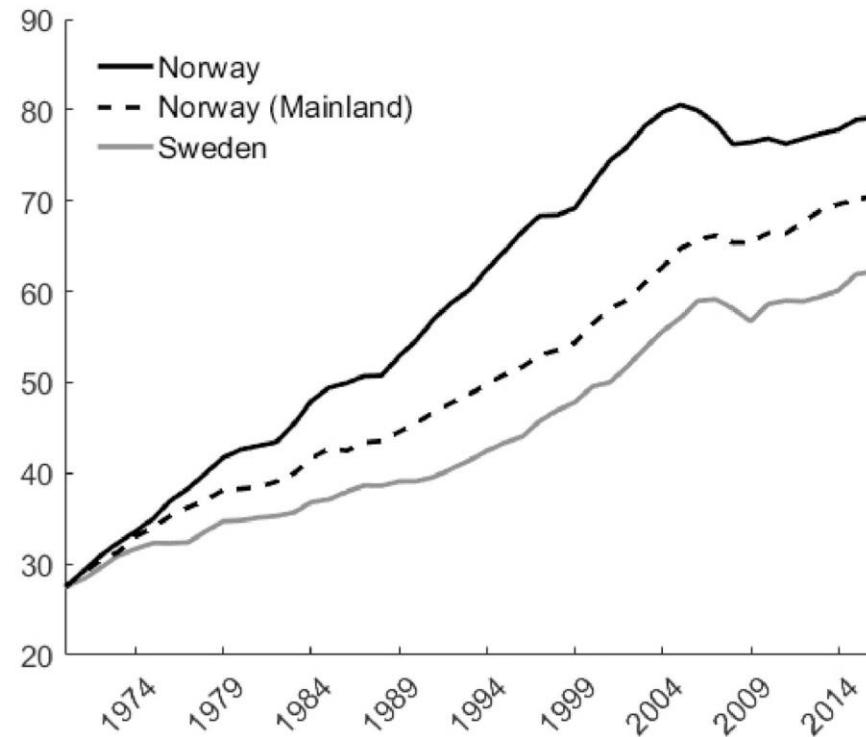
Note: Average 2000-2022

# No Dutch Disease: Oil boom has generated productivity spillovers

(a) Employment

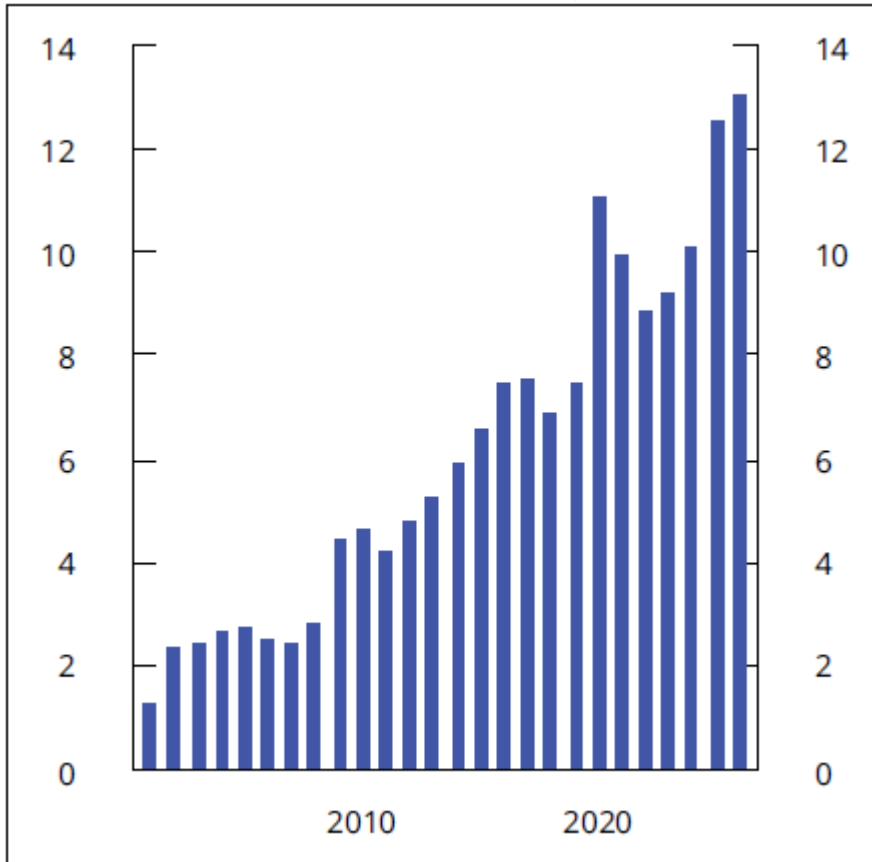


(b) Labour productivity

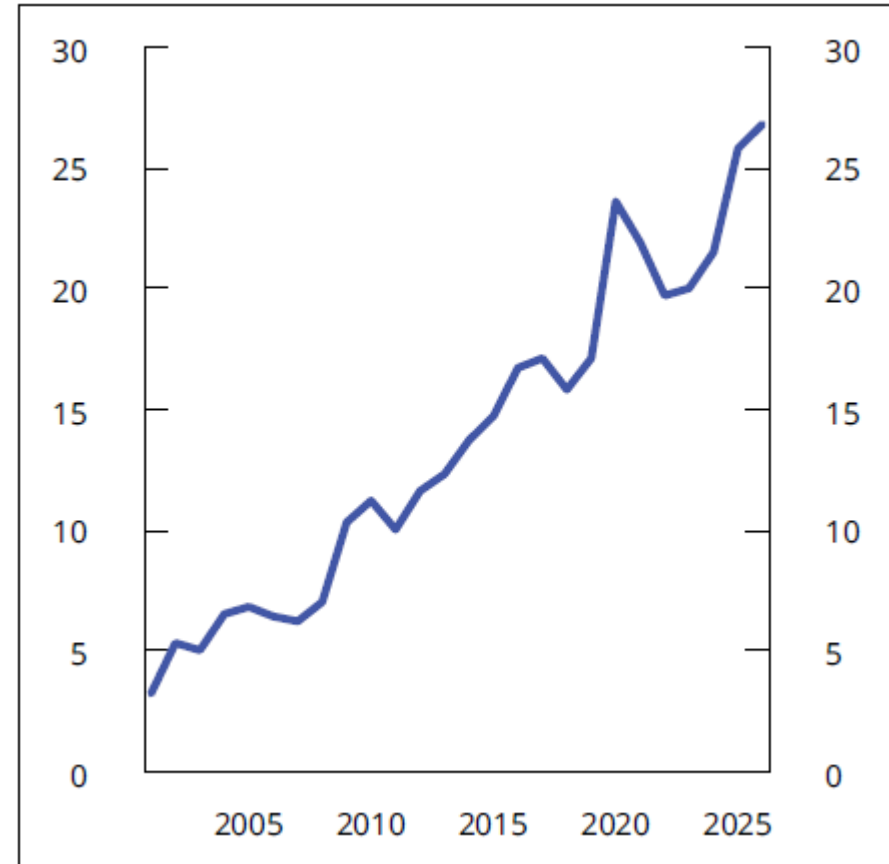


# Norway has saved a lot, but also used a lot ...

Structural non-oil fiscal deficit.  
Pct. of mainland Norway trend GDP



Fund spending as a share of fiscal budget expenditure. Pct.



# Tides have turned. A form of Muted Dutch Disease?

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*Economist 2013:  
Rich cousin in the North*



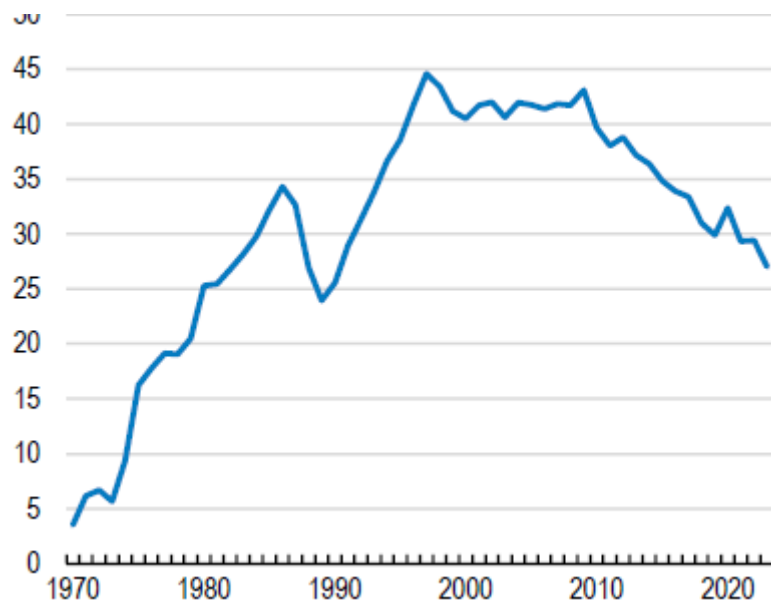
*Economist 2015:  
Norwegian Blues*



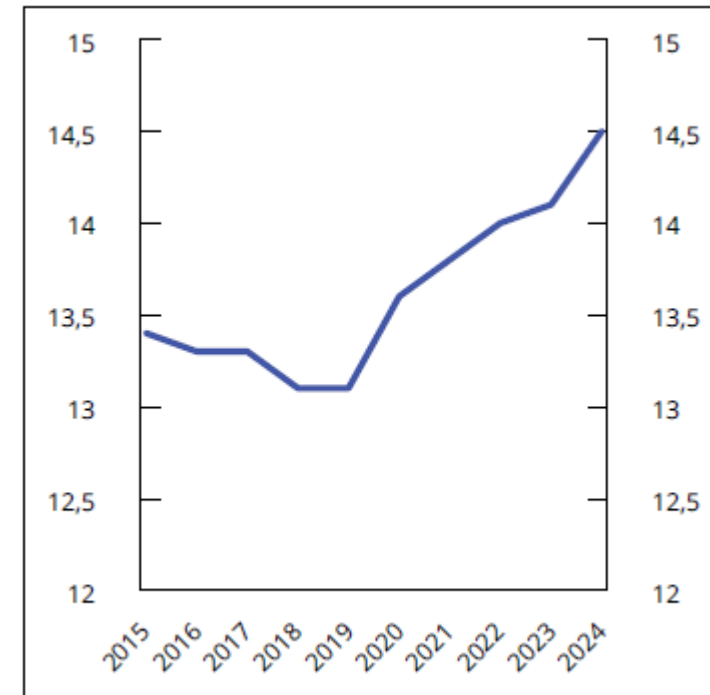
Brett Ryder

# Productivity growth is weakening and share outside labour force due to sickness and disability is growing

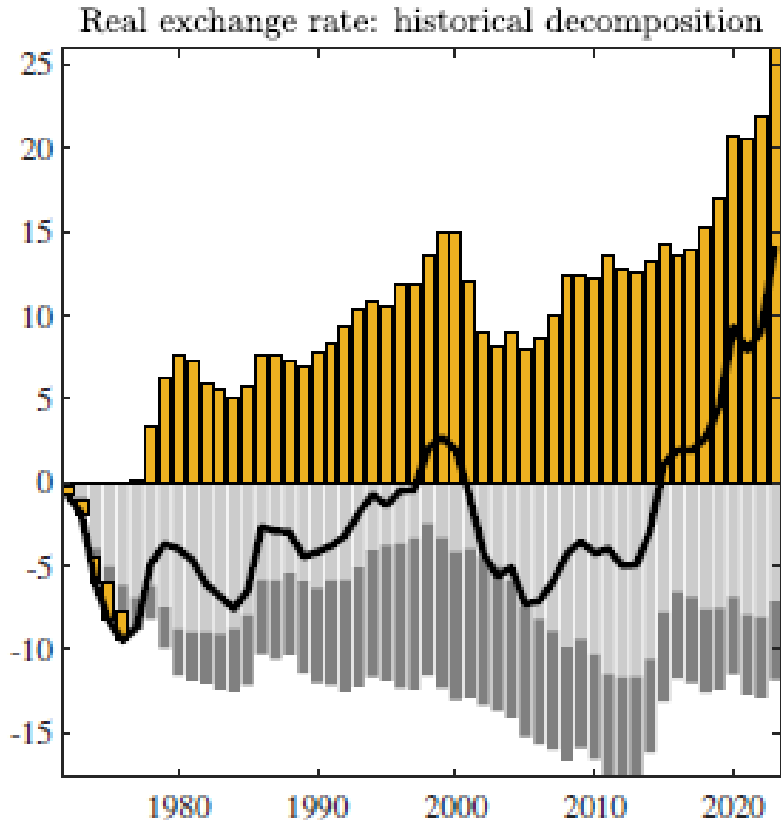
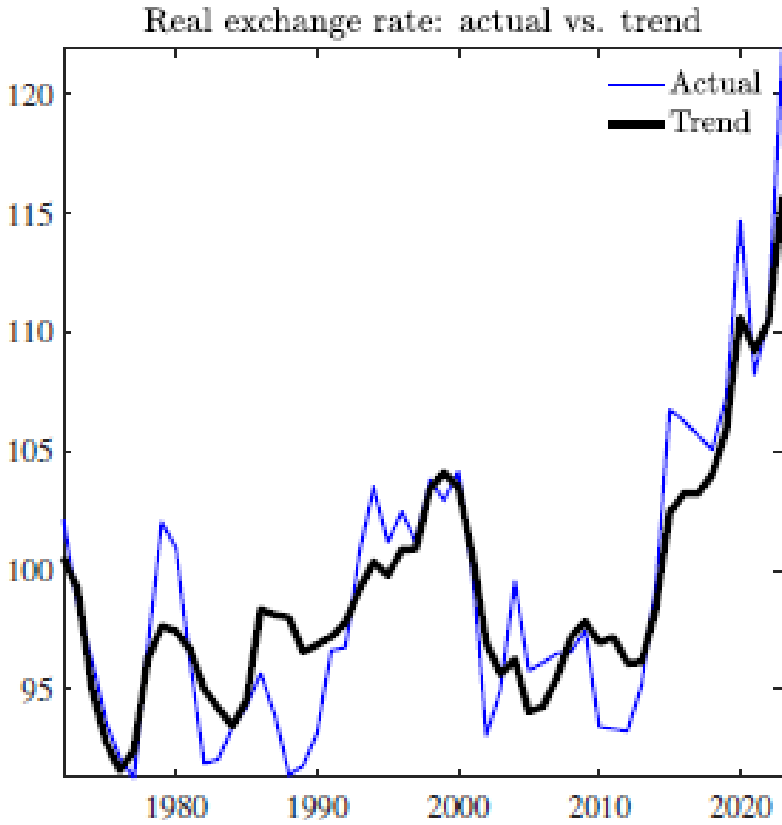
Difference in overall GDP per capita between Norway and the upper half of OECD countries, pct.



Recipients of disability benefits as pct. of population (18-66 years)



# Productivity growth decline: hand in hand with a weakened real exchange rate



Oil price Petroleum activity Productivity differential Global productivity Trend



Source: Bjørnland, Brubakk og Maffei-Faccioli (2025)



# To conclude

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- ❑ From oil-driven exceptionalism to a more “normal” economy
- ❑ Risk of Muted Dutch Disease: Fiscal cushions provide time, but do not solve the growth challenge
- ❑ The energy transition represents both costs and opportunities: ultimately long-term prosperity depends on productivity, skills, and innovation

Still exceptional in many ways - but no longer shielded by oil

