

Norway Is a Ukraine War Profiteer

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EDINBURGH/TRONDHEIM – When Russian President Vladimir Putin gave the order to invade Ukraine in February 2022, he surely did not expect that one of Russia’s neighbors would be the main beneficiary of his war. Yet as Russian hydrocarbon exports to Europe cratered in the wake of the invasion, Norway emerged as the continent’s largest supplier.

Owing to the steep increase in gas and oil prices that followed the outbreak of the war, Norway ultimately enjoyed a massive financial windfall. In 2022 and 2023, it reaped nearly kr1.3 trillion (\$111 billion) in additional revenue from gas exports, according to recent estimates from the finance ministry.

Why, then, has Norway allocated only a little more than \$3.1 billion for support to Ukraine in its 2025 budget? Combined with what it contributed in 2024, Norway’s support for Ukraine amounts to less than 5% of its two-year war windfall. For comparison, Germany – Europe’s largest single contributor – provided \$16.3 billion in military, financial, and humanitarian support for Ukraine from January 2022 until the end of October 2024, and the United States has contributed \$92 billion. But while Norway’s two-year windfall is larger than the US and German contributions combined, Norway’s support for Ukraine as a share of GDP, at 0.7%, ranks only ninth in Europe, far behind Denmark (2%) and Estonia (2.2%).

Not only does Norway have the capacity to be making far more of a difference to the outcome of the war and the subsequent civilian reconstruction; it has an obvious moral obligation to do so. Given that its excess revenues are a direct consequence of Russia’s war, surely a greater share of them should go to those fighting and dying on the front lines to keep their country free.

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Instead, Norway’s government has effectively decided to be a war profiteer, clinging greedily to its lucky gains. To their credit, opposition parties have proposed higher levels of support for Ukraine, ultimately pushing up the sum that the government initially proposed. No party, however, has come anywhere close to suggesting a transfer of the total war windfall to Ukraine.

The Norwegian government’s position is puzzling, given that Norway shares a border with Russia and has long relied on its allies’ support for its defense. Its own national security would be jeopardized if Russia wins the war or is militarily emboldened by a peace agreement skewed in its favor.

Moreover, it is not as though Norway would be immiserated by transferring its war windfall to Ukraine. This windfall represents about 6% of its sovereign wealth fund, the world’s largest, with assets valued at \$1.7 trillion – or \$308,000 for every Norwegian.

True, Norway channels all government revenue from oil and gas production to its sovereign wealth fund, and no more than 3% of the value of the fund can be drawn down and transferred to the government budget each year. This rule helps limit the effects on inflation and the exchange rate, and ensures that the fund exists in perpetuity.

But as a macroeconomic and national savings instrument, the drawdown rule was not designed with wartime demands in mind. It therefore should not be seen as an obstacle for a larger transfer to Ukraine. Since such a transfer would not enter the Norwegian economy, it would have no domestic inflationary or other macroeconomic implications. (With the 2025 budget largely set, it would need to be an extrabudgetary measure justified by the wartime circumstances.)

This is not the first time that Norway's hoarding of its war windfall has been an issue. But it is the first time that we have been given an official estimate of the windfall's value. The finance ministry has assigned a number to natural-gas export revenues in excess of what they would have been had gas prices remained around their five-year pre-invasion average. Although such counterfactuals will always be subject to uncertainty and debate, the official estimate is the closest we will get to a value for Norway's war windfall. In fact, the actual number is probably much higher, as the estimate does not include excess revenues resulting from higher oil prices following the invasion.

With Europeans wringing their hands about the implications of Donald Trump's return to power, Norway's government and parliament should transfer the windfall to Ukraine in the form of military and financial support. Norway has a powerful national-security interest in doing the right thing.

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