

# Norges Bank investments Comparisons to Canada and 'Not Free' countries

Canadian Energy Centre

## Norway's investments in autocracies and dictatorships are twice its investments in Canada

Norges Bank, which holds investments resulting from oil revenues over the decades in Norway, recently announced its plan to divest from energy companies with holdings in Canada's oil sands. This Fact Sheet adds up Norges Bank holdings in Canada in total. Using rankings from Freedom House, a Washington D.C.-based think tank which has measured and ranked countries and territories by their degree of freedom since 1973,<sup>1</sup> it then compares Canada (ranked Free) and holdings in major oil sands companies with Norges bank holdings in Not Free countries.

## Ethical investing guidelines and ethical double standards

Critical freedoms measured by Freedom House include civil liberties, political pluralism, the rule of law, freedom of expression and belief, political rights, personal autonomy and individual rights. Norges Bank has justified its [exclusion](#) of Canadian oil sands companies that emit carbon emissions, based on its Council of Ethics recommendations. Norges Bank has thus turned a technological challenge—reducing carbon emissions—into a moral and ethical matter, while it concurrently continues to invest in nations that rank poorly on multiple freedom measurements, freedoms that Norwegians and Canadians take for granted.

Thus, we note that Norges Bank investments include the following countries:

- Saudi Arabia, where Transparency International [notes](#) that “almost total opacity in public accounting prevents ordinary Saudis from understanding how much of the state income generated by massive oil revenues ends up as private wealth for the royal family and its clients”; where a 2019 United Nations commission that investigated

the murder of a Saudi Arabian journalist in Turkey, Jamal Khashoggi, [concluded](#) that his murder “constituted an extrajudicial killing for which the State of the Kingdom of Saudi Arabia is responsible”; and where Freedom House [notes](#) the country’s “absolute monarchy restricts almost all political rights and civil liberties” and gives Saudi Arabia a score of ‘1’ out of 40 on political rights and 6/60 on civil liberties.

- Russia, where Freedom House [reports](#) that “Power in Russia’s authoritarian political system is concentrated in the hands of President Vladimir Putin” and where “the Kremlin is able to manipulate elections and suppress genuine dissent. Rampant corruption facilitates shifting links among bureaucrats and organized crime groups.” Freedom House gives Russia a score of ‘5’ out of 40 on political rights and 15 out of /60 on civil liberties.
- China, where Freedom House [notes](#) that “China’s authoritarian regime has become increasingly repressive in recent years. The ruling Chinese Communist Party (CCP) is tightening its control over the state bureaucracy, the media, online speech, religious groups, universities, businesses, and civil society associations,” and gives China a score of ‘-1’ out of 40 on political rights and 11 out of /60 on civil liberties.

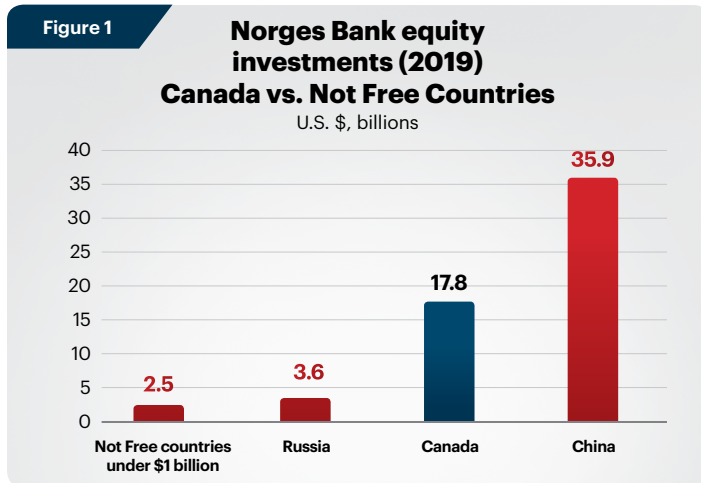
## Norges Bank equity holdings in Canada vs. Not Free countries

Figure 1 compares Norges Bank equity holdings (as of 2019 and in U.S. dollars) in Canada, which is designated Free by Freedom House, with Not Free countries in which Norges Bank also invests. Norges Bank has equity investments of:

- \$3.6 billion in Russia
- \$17.8 billion in Canada
- More than double that in China at \$35.9 billion

<sup>1</sup> Freedom House’ definition of freedom and system of rankings is available on its website at [About Us](#).

- Other Not Free country investments include Bahrain (\$39 million); Oman (\$51 million); Qatar (\$84 million); Saudi Arabia (\$415 million); Vietnam \$479 million; Egypt (\$530 million); and United Arab Emirates (\$888 million). These other countries account for \$2.5 billion in Norges Bank equity investments in Not Free countries in addition to China and Russia.



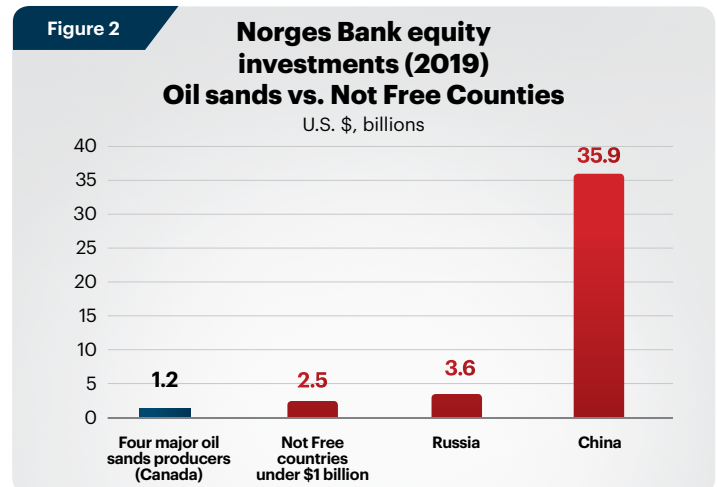
Sources: Norges Bank and Freedom House

**Norges Bank ending \$1.2 billion in oil sands; keeping \$42 billion in autocracies**

Figure 2 shows the Norges Bank equity investments as of 2019 in four Canadian oil sands majors vs. other Norges Bank investments worldwide in Not Free countries.

- The four Canadian oil sands majors are Imperial Oil (\$97.8 million), Cenovus (\$102 million), Canadian Natural Resources (\$380 million), and Suncor (\$578 million) or nearly \$1.2 billion in total.
- In contrast, Norges Bank had equity investments in Not Free countries in 2019 that included Saudi Arabia (\$415 million), Egypt (\$530 million); United Arab Emirates (\$888 million) and much higher amounts invested in Russia (\$3.6 billion) and China (\$35.9 billion).

- Norges Bank is thus ending its \$1.2 billion investment in Canada’s oil sands but retaining \$42 billion in equity stakes in autocracies.



Sources: Norges Bank and Freedom House

**The SNC-Lavalin oddity for Canadians**

Of relevance to ethical investing in Canada in addition to the foregoing, Norges Bank also has an equity investment in SNC-Lavalin Group Inc. In late 2019, a division of SNC-Lavalin Group Inc [pleaded guilty](#) to fraud, related to activities Libya and paid a \$280 million fine. As of 2019, Norges Bank had a \$44.8 million equity investment in SNC-Lavalin Group Inc.

**Takeaway: Norges Bank is ignoring longstanding ethical standards**

The plan by Norges Bank plan to divest from energy companies with holdings in the oil sands is based on categorizing carbon emissions as an “ethical” issue as opposed to a technological challenge to be solved. In so doing, and as Norges’ own investment decisions indicate, it looks to have ignored the longstanding, obvious ethical issues that implicitly exist with investments in countries such as Russia, China, Saudi Arabia and others ranked as Not Free and whose injuries to civil and political rights are a matter of record.

**Notes:** This CEC Fact Sheet was compiled by Mark Milke and Ven Venkatachalam at the Canadian Energy Centre: [www.canadianenergycentre.ca](http://www.canadianenergycentre.ca). Image credit ‘Johan Sverdrup field’ by Ole Jørgen Bratland from Equinor.

**Sources:** (Links live as of May 14, 2020) Freedom House (2020). Countries and Territories: Global Freedom Scores. <https://bit.ly/2yS1IPf>; Freedom House (undated). About Us. <https://bit.ly/2YC53g5>; Freedom House (2020). China. <https://bit.ly/3cAB8Ja> ; Freedom House (2020). Russia. <https://bit.ly/2AkZGrp>; Freedom House (2020). Saudi Arabia <https://bit.ly/2T7pwFQ>; Norges Bank (2019). <https://bit.ly/2y2yJYX>; Norges Bank (2020). “Government Pension Fund Global: Exclusion and observation decisions.” <https://bit.ly/35YBK97>; Osler (2020). “Turning the Page? SNC Pleads Guilty to Fraud Relating to Libya Work; Former Executive Sentenced for Fraud, Corruption.” <https://bit.ly/3fLvAOH>; Transparency International (2020). Saudi Arabia, <https://bit.ly/2AwBNgV> United Nations Human Rights Council (2019). <https://bit.ly/3bxQsVy>.

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