Coordinating the next wave of EU climate policies
Workshop 20 Nov 2019, MCC, Berlin

SESSION 1: National climate policy and carbon pricing developments -

Sweden

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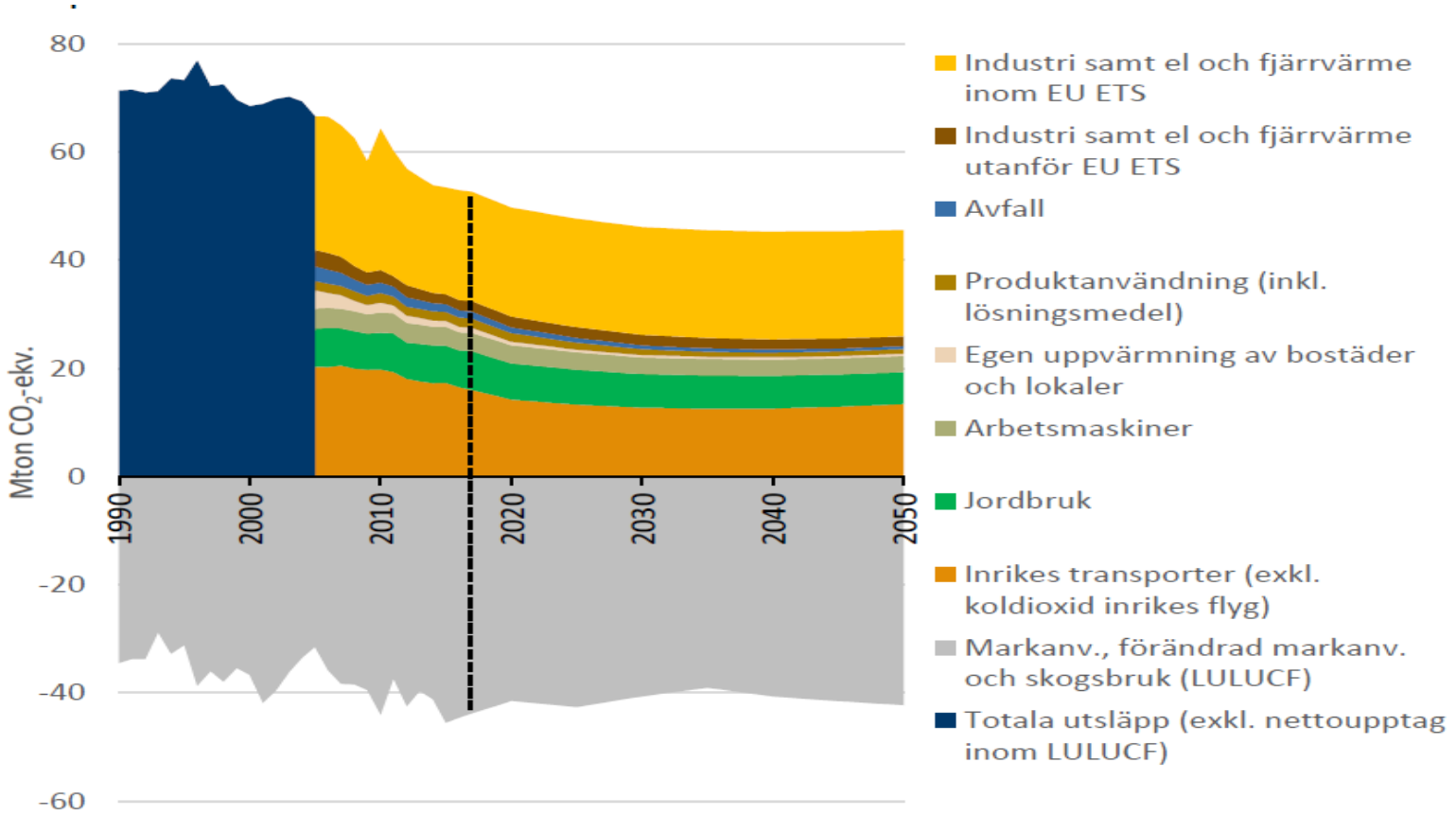
MISTRA CARBON EXIT

Sweden’s climate objectives:

- Net zero emissions by 2045
- At least 85% reductions of territorial emissions
- Complementary measures: LULUCF, Negative emissions (Bio-CCS), international credits

In which area of climate policy action is your country pushing the hardest?

Projected greenhouse gas emissions with current policies:



Source: Naturvårdsverkets report 6879

- 2/3 of emissions in transport and industry
- Significant gap between targets and what current policies are projected to deliver

Principles for strengthened policies

- PPP, Pricing of emissions, a clear carbon price signal, cost effectiveness has long been leading principles in Sweden
- But transformative changes require complementary instruments
- “This and that”-policies. Carbon pricing together with other instruments, national and international efforts, short-term and long-term
- Gov. and industry should share risks for developing new technologies

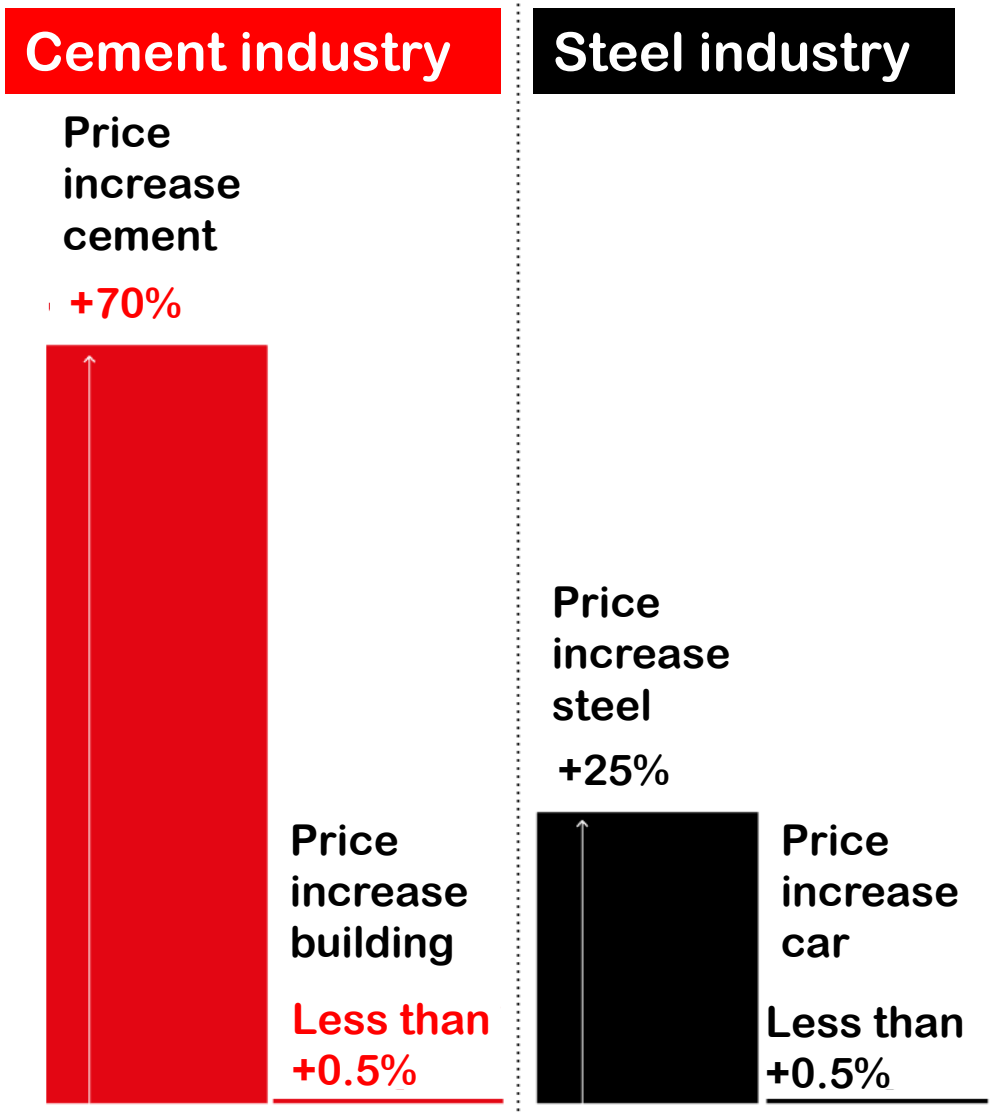
Source: Naturvårdsverkets report 6879

Industry - background

- Accounts for 30 % of total emissions
- Current policies: Mainly EU ETS. Also innovation funds and energy efficiency policies
- Need for transformative technologies: Electrification, CCS, biofuels

Source: Naturvårdsverkets report 6879

High costs for producers, low for consumers:



Costs for reaching zero emissions: ~100€/ton CO_2

EU-ETS: 20-25€/ton CO_2

Rootzén and Johnsson, *Energy Policy* 98 (2016) 459–469, *Climate Policy* 17, 6, (2017) 781-800
http://www.dn.se/debatt/plan-saknas-for-att-minska-basindustrins-klimatpaverkan/

Industry - Key policy issues for Sweden I

EU ETS:

- **A strengthened long-term target for the EU ETS**, reaching zero earlier. An LRF of 2.8% would lead to emission reductions of 85% in 2045.
- **A clear price signal over the value chain.** Phase-out free allocation.
- **Investigate other forms of leakage protection than free allocation**. Border adjustments, consumption fees.

Industry - Key policy issues for Sweden II

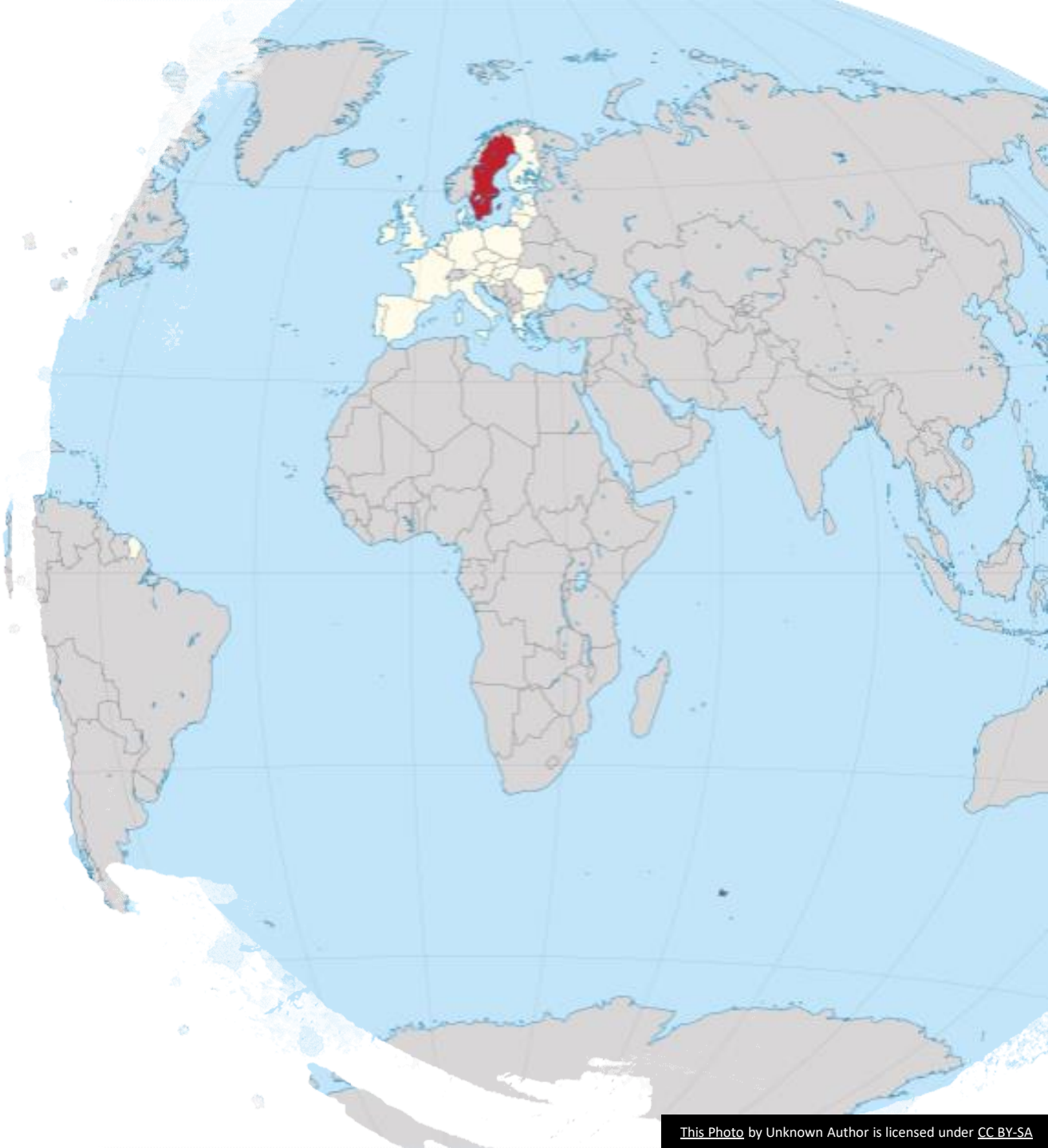
Other policies:

- Increase demand for climate friendly products through for instance public procurement
- Innovation and investment support
- Waterbed: Important that Swedish measures don’t increase emissions in other MS. Need to understand how the MSR functions after 2023
- Timing dilemma: Short-term actions attractive since waterbed is reduced begore 2023. But actions needed in industry are long-term

Is the national climate policy strategy bound to (a) be integrated into and (b) influence EU climate policy?

International cooperation - guiding principles for Sweden:

- Swedish emission targets in line with Paris agreement
- Leverage - Sweden is a small country and need to engage with other countries. Prioritize national actions **that increase the likelihood for successful international climate policy**. Lead by example. Export innovative solutions
- International efforts shouldn’t replace efforts nationally



Source: Naturvårdsverkets report 6879

Linkages between Swedish and EU climate policy – Key issues for Sweden :

- Important to get an EU 2050 target in place and strengthen the 2030-target
- EU ETS accounts for 40% of Sweden's emissions. So very central what happens there. Form alliances to strengthen EU ETS
- EU-coordinated national policies, for instance CO_2-tax (price floor), coordinated phase-out of fossil power, coordinated policies for CCS, Bio-CCS.
- Towards an industry only ETS? Ursula von der Leyen's proposal for sector expansion to include transportation and heating. Sweden will need to have a position soon

Transportation

- Accounts for 30 % of Sweden's emissions (43% if international transportation is included)
- Policies: **blending of biofuels in gas and diesel, EU CO_2-regulation on cars and light trucks**, investment support for EV-charging, premiums for low CO_2-cars, CO_2- and energy tax.
- Emissions change since 1990: -16%
- Emissions target 2030: - 70% as compared to 2010
- Expected emissions change du to current policies: -4% to 2030!

Strategic issues for Sweden:

- Rate of biofuel blending 2020-2030 (not decided yet)
- EU CO_2-requirements on cars and light trucks will be very important
- Speed-up introduction of EV:s. Electrification – charging infrastructure
- Promote shared mobility

Source: Naturvårdsverkets report 6879