Coordinating the next wave of EU climate policies
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SESSION 1: National climate policy and carbon pricing developments -

Sweden

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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:

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

Source: Naturvårdsverkets report 6879
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:

Cement industry

- Price increase cement: +70%
- Price increase building: Less than +0.5%

Steel industry

- Price increase steel: +25%
- Price increase car: Less than +0.5%

Costs for reaching zero emissions:
- ~100€/ton CO₂
- EU-ETS: 20-25€/ton CO₂


http://www.dn.se/debatt/plan-saknas-for-att-minska-basindustrins-klimatpaverkan/
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 before 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 CO₂-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 due 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