Economic Instruments in Environmental Policy

Examples from Sweden

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Government Assignment on Economic Instruments

• Reported in October 2006
• Summary of existing evaluations (nearly 200 references)
• Aim of most studies has been to monitor achievement, comprehensive socio-economic analyses are rare
• Many economic instruments aimed at reducing Climate Impact
Policy instruments

Cross-sectorial
- EU ETS
- Local climate investment programmes
- Information campaign on climate change
- Environmental code

Energy
- Energy and CO2 tax
- Investment grants
- Electricity certificates
- PFE (LTA:s)
- Energy eff. in household sector

Industry processes incl. F-gases
- The environmental code
- F-gas regulation

Transport
- Motor fuel taxes
- Biofuels strategy
- ACEA commitment
- CO2-differentiated vehicle tax (company cars)

Waste-management
- Landfill tax
- Ban on landfilling combustible and organic waste
GHG emissions and economic growth has been decoupled
Emission trends per sector 1990-2003

CO₂ equivalents (million tonnes)

Transport
Electricity generation / district heat
Industrial combustion
Agriculture
Housing and service sector
Industrial processes
Waste
Solvents

Production of district heating – clear trends
Housing and service sector
The motor fuel taxes – increases since 1990 helps mitigate the increase in total emissions
Transport biofuels – a rapid increase

Thousand m³

![Graph showing the increase in transport biofuels from 2001 to 2004. The graph displays the volume of RME, E85, and low-adm. ethanol in thousand m³.](image)
The number of "green cars" – growing rapidly
Summing up

• Very positive effects can be seen from policy instruments introduced in Sweden.

• Emissions decoupled from growth in economy.

• Low per capita emissions. Positive emission trends and short term projections. A good start!

• To achieve long-term objectives additional and more far-reaching measures will be required.