

National climate policy in global cooperation

FACT SHEET

Ministry of Sustainable
Development

May 2006

Government Bill 2005/06:172

In the *Bill National climate policy in global cooperation*, the Government has decided that Sweden is to maintain its leading role in climate work by reducing national emissions and, in global cooperation, work towards a long-term sustainable international policy to globally limit climate change. One point of departure of the Swedish climate strategy is that Sweden is to set an example by showing that it is possible to combine proactive climate policies and economic growth.

Closer cooperation, in the European Trading Scheme and internationally in the Kyoto Protocol, has created new conditions and opportunities for Swedish climate policy. The issue of climate change is integrated into the Government's overall policy for environmentally driven growth and equitable and sustainable global development. Dynamic national measures and active participation in global climate cooperation are activities that complement and mutually enhance one another.

Swedish climate policy objectives

The national climate target, adopted for Swedish climate policy in 2002, remains in place. This means that prior to the period 2008–2012, Swedish emissions are to be four per cent lower than emissions in 1990. This is to be achieved without compensation for sequestration in carbon sinks or recourse to the flexible mechanisms of the Kyoto Protocol.

Medium-term and long-term targets

The Bill proposes a medium-term target to complement the short-term climate target. By 2020 Swedish emissions should be 25 per cent lower than in 1990. The ambition level for a Swedish medium-term target depends upon national commitments by other European countries to reduce emissions. The target is based on the position adopted by the European Council, which states that reduction pathways for developed countries in the order of 15–30 per cent should be considered by 2020. The target is to be regularly followed up in reviews at least every five years, beginning in 2008. The evaluations are to examine the target in light of social and economic

consequences, and with consideration to the transition of the energy system, economic growth, industrial competitiveness and other social objectives.

A more detailed study of how the different sectors of society can be expected to contribute to fulfilling the medium and long-term targets, will be conducted ahead of the review in 2008. Another new feature of the Bill is the effort to develop separate indicative targets for 2015 for different sectors. The indicative targets are important to establish a pathway to achieving the overall target for 2020. Another target is that by 2020 dependence on fossil fuels is to be broken.

The Government also proposes supplementing the environmental quality objective *Reduced climate impact* with a new long-term target: a temperature target of a maximum global average temperature increase of two degrees Celsius above pre-industrial levels by 2050. The temperature target corresponds to the long-term target previously adopted to stabilise the concentration of carbon dioxide in the atmosphere at about 450 ppm (parts per million). Since it is not currently possible to positively establish the level of stabilisation necessary to limit the global average temperature increase to two degrees, the long-term target is therefore being supplemented with a temperature target.

Policy instruments

The success of Swedish climate policy is partly based on the broad action programmes with economic instruments – both cross-sectoral and sector-specific – as the main tools. A clear example is the carbon dioxide tax, which Sweden, as the first country in the world, introduced in 1991. Energy taxes have also had considerable importance in limiting climate impact in a socially and economically efficient manner.

Cross-sectoral instruments

One important policy instrument has been, and remains, government support to environmental and climate investments in the country's municipalities (LIP and Klimp). Clear legislation, information activities, education, public procurement and environmental control systems are other significant policy instrument in Swedish climate work.

Climate investment programme

The climate investment programme is an important instrument for reducing emissions of greenhouse gases. The Government therefore proposes that the programme be enhanced by providing SEK 200 million in 2006, and extended by providing SEK 320 million annually in 2007–2008. The allocated funds also include investments in the transport sector. In addition, the programme includes information activities on the environmental impact of greenhouse gases, focusing on what can be done to reduce emissions of greenhouse gases. Another aim of the programme is to support small municipalities in their efforts to develop climate strategies.

Sector-specific instruments

In order for Sweden to reach the established climate targets, additional measures are needed in all sectors. More efficient use of energy and the promotion of renewable energy are of great importance to break the dependence on fossil fuels and limit the impact on climate. Regarding those sectors not included in the emissions trading scheme, there is reason to particularly focus on limiting climate impact from the transport sector and buildings, since emissions of greenhouse gases from these sectors are still considerable. The Government therefore proposes new measures to develop a cost-effective and coherent energy and climate policy. The goal is to create the conditions to break Sweden's dependence on fossil fuels for transport and heating by 2020.

Housing and services

There should be continued reduction of greenhouse gas emissions from housing and non-residential premises. By means of appropriately formulated policy instruments and other measures, it is possible to achieve continued energy efficiency improvements and a further reduction of emissions from both new buildings and existing buildings.

The transport sector

A variety of different policy instruments are currently used in the transport sector. These will continue to be developed and reviewed from the perspective of social and economic efficiency, and with a view to reducing and limiting the emissions of greenhouse gases. The Government's goal is that by 2010 the emissions of carbon dioxide from the transport sector will have stabilised at the 1990 level.

Priority will be given to the continued introduction of renewable vehicle fuels so that a minimum of 5.75 per cent of vehicle fuels are renewable by 2010. Important elements for reaching the goal are that carbon dioxide-neutral fuels should continue to receive competitive fiscal conditions even after 2008 and that in the EU, Sweden

should work for an increase of low-level blends of ethanol to ten per cent in petrol. Increased availability of renewable vehicle fuels is necessary.

The climate investment programme (Klimp) will be important for special investment efforts in the transport sector, primarily with regard to three action areas to reduce emissions: transport-saving solutions, increased energy efficiency and renewable fuels.

The energy sector

The Government wants to promote interaction between energy and climate policy to create conditions for long-term sustainable growth. This can be achieved by promoting renewable energy and energy efficiency, research and development, the development of emissions trading and other flexible mechanisms.

Information on reduced climate impact

If Sweden is to reach the climate target, insight into the necessity of changing consumption and production patterns as well as knowledge of how to do so is needed. Information and education are therefore important instruments for achieving the objective of reduced climate impact. The Government therefore intends to increase support to information activities within the framework of climate investment programmes for the period 2006–2008. Initiatives should be developed to spread information to strategically important groups in society about what can be done to reduce greenhouse gas emissions. Moreover, information should be spread both through targeted campaigns and to support or consolidate other climate measures.

International efforts to combat climate change

Climate change is one of the greatest challenges facing mankind. No other environmental issue affects all parts of society in such a comprehensive way. Vigorous measures are needed to reduce current emissions and to limit future emission increases. At the same time, adaptation measures are necessary to meet the consequences of climate change that are already taking place. Cost-effective measures are a key element in the work to limit emissions.

International climate cooperation is regulated primarily by the UN Climate Convention and the associated Kyoto Protocol. The United Nations Framework Convention on Climate Change (UNFCCC) is the central arena for climate cooperation. The Convention entered into force in 1994 and there are currently 189 parties to it (2005). The Convention contains general objectives for measures intended to help reduce greenhouse gases and comprises the framework in which negotiations are conducted. However, there are no binding commitments on emission reductions in the Convention. The majority of parties to

the Climate Convention have adopted the Kyoto Protocol from 1997, which includes legally binding commitments for industrialised countries to reduce their greenhouse gas emissions by a total of at least five per cent. The Kyoto Protocol entered into force on 16 February 2005.

The first Meeting of the Parties to the Kyoto Protocol was held in December 2005 in Montreal. At the meeting, a set of detailed regulations was adopted for the actual implementation of the Protocol that the parties had agreed upon in Marrakech in November 2001. The agreement includes consequences for a country that does not live up to its commitments under the Kyoto Protocol.

EU's role to remain central even in the future

In recent years Swedish climate policy has developed towards stronger EU integration and deeper international cooperation. One example of this is the introduction of the EU Emissions Trading Scheme on 1 January 2005 that specifies a common ceiling for emissions from the plants covered by the trading scheme. An important task during the next few years will be to reach agreement in international negotiations on how cooperation is to continue after 2012, when the first commitment period under the Kyoto Protocol ends. Sweden will work within the EU to ensure that the Union is capable of taking on this leadership role. It is also important that the EU represents a global climate policy and achieves its joint commitment under the Kyoto Protocol. Successfully implementing the Kyoto Protocol and showing that this can be done in a manner that is cost-effective and beneficial to social development is essential for EU credibility and the possibility of winning global support for a continuation of the international climate work after 2012.

Discussion on future international climate cooperation

An important task during the next few years will be to reach agreement in international negotiations on how international climate cooperation is to continue after 2012, when the first commitment period under the Kyoto Protocol ends. Negotiations regarding the future will be of particular importance and place considerable demands on the parties. The continued discussions on future international climate cooperation will include such issues as:

- commitments of industrial countries (Annex 1 countries) after the first commitment period of the Kyoto Protocol;
- a review of the Kyoto Protocol that will start at the second Meeting of the Parties at the end of 2006 and with certain preparatory tasks already starting at the beginning of this year;
- future international cooperation regarding climate work under the Climate Convention.

Strategy for adaptation to climate change

Climate change is a reality and even with dynamic and immediate emission-reduction measures the climate will change and affect society in different ways. Changes in the climate can have a major impact on society, for example on buildings, electricity supply, telecommunications, roads and railways. The effects of climate change can therefore be a severe strain on society.

Knowledge about the expected climate changes is necessary in order to build up proper preparedness for adaptation measures. A survey of the vulnerability of society, the business sector and natural ecosystems to climate change is therefore a prerequisite for efficient planning to reduce society's vulnerability. The Government has therefore decided that an inquiry is to review the vulnerability of Swedish society to global climate change (ToR 2005:80). In particular, it is necessary to study the regional consequences so as to prevent the effects of such things as storms and other extreme weather events. The inquiry is to deliver its final report no later than 1 October 2007.

Strategic measures for Sweden's climate policy

The following measures are essential for achieving the environmental quality objective Reduced climate impact:

- Swedish climate policy should be more clearly integrated into the overall policy for equitable and sustainable global development and the policy for environmentally-driven growth;
- Sweden should remain at the forefront in climate work through a high level of ambition in the work to reduce emissions of greenhouse gases nationally;
- Sweden should develop a cohesive energy and climate policy;
- A review should be conducted of Swedish society's vulnerability to climate change and an evaluation of adaptation measures must be made;
- Sweden should develop international cooperation by intensifying work with the flexible mechanisms of the Kyoto Protocol;
- Sweden should take a proactive role in climate negotiations and climate cooperation, in the EU and internationally, and help build confidence between countries around the world in climate work;
- Sweden should continue to prioritise research and development so as to increase knowledge about climate change and how climate change can be limited and dealt with.



REGERINGSKANSLIET

Ministry of Sustainable Development

SE 103 33 Stockholm •

Switchboard: +46 8 405 10 00

This fact sheet is available in electronic form on the Government website. Read more on the Ministry of Sustainable Development's policy areas at www.sweden.gov.se/sustainable. The Government website: www.sweden.gov.se. The Government's email address: regeringen@regeringen.se.