

Position Paper - Sweden

The nature of the problem

Climate change constitutes one of the most dangerous problems of the 21st century, which has the capability of affecting vast spectrum of socioeconomic variables including capital stock, health, mortality, water stress, famine, biodiversity and survival of species. [1] Delayed policy response is likely to bring about potentially catastrophic and irreversible outcomes. For instance, one million of the eight million species on the planet are at risk of extinction, thousands of acres of forests are destroyed and oceans are increasingly polluted. Furthermore, due to considerable inertia in the climatic system, emissions produced today will continue to affect the climate in centuries to come. [2]

At the end of 2015, The United Nations Framework Convention on Climate Change signed up to a landmark convention, known as the Paris Agreement, for the purpose of combating climate change and accelerating the actions towards attaining a sustainable low-carbon future. [3] The Paris climate agreement committed the world to keeping global warming as close as possible to 1.5°C above pre-industrial levels. [4] Nevertheless, progress on climate action to date has been limited and the gap between the Paris Agreement goal and the current pathway continues to grow. On the government side, even though 121 countries have now committed to be carbon neutral by 2050, they account for less than a quarter of total emissions and moreover, only few have, in spite of the commitment, enacted policies robust enough to produce desired effect. On the corporate side, only handful of companies fully disclose their emissions. Besides, there has been a 2.9% increase in global energy demand, primarily owing to the resurgence of energy-intensive construction and steel industries. [5] And on top that, despite worldwide growth of renewables, almost 70% of the energy demand increase was met by rising consumption of fossil fuels, which seems hardly offsettable by currently-adopted incentives towards carbon neutrality. [6] Thus, new action on the international level is required to be taken.

The European Green Deal is a set of policy initiatives brought forward by the European Commission whose goal is to transform EU into a fair and prosperous society, with a modern, resource-efficient and competitive economy with zero net emissions of greenhouse gases by 2050. [2]

Desired outcome of negotiations

Sweden takes the issue of climate change very seriously. It has been one of the top priorities since 1967, when Sweden was the first country to establish an environmental protection agency. [7] Since then, the government of Sweden has taken many steps in terms of helping to achieve (inter)national climate goals. For instance, the New Climate Act, which entered into force in 2018, provides assessment of our country's compliance with environmental goals. By 2030, Sweden's energy use efficiency will be 50% higher than that of 2005 and is targeted to attain 100% renewable electricity production by 2040. [8] Besides, Sweden is globally among the least carbon-intensive economies with well-integrated energy policies targeted at reaching net-zero carbon emissions by 2045. Furthermore, emissions from transportation are expected to be reduced by 70% by 2030 (IEA, 2019). Considering the global temperature rise, Sweden is prepared to engage vehemently in international efforts of reducing temperature rise below 1.5°C above pre-industrial levels. [8]

Funding of the European Green Deal is proposed by the European Commission to be provided by proportional contributions from both governmental as well as private sector. [2] Total costs necessary to cover this ambitious bid of the EU is estimated to amount to more than €1 tn. [11] Furthermore, according to the Commission, additional €260 billion (about 1.5% of 2018 GDP) of annual investment will be required to achieve the objectives set up for the year 2030 [2], which constitutes the amount exceeding the total EU budget for 2017 by astonishing €100 billion. [12] However, these figures are relevant for achieving current EU targets, whose GHG emissions reduction is targeted at 40% by 2030 relative to 1990 emission levels. The Commission President von der Leyen has supposedly claimed that further deepening of carbon emission slashes in the extent of 50-55% will be centered upon, an action necessitating higher investments needs. [13]

As for Sweden, the country rejects the EU Commission's funding plan, since the national Finance Department considers further budgetary increases as unacceptable, owing to the country's focus directed to trying to secure and protect Sweden's membership contributions (Palme, 2020).

The country's goal is to persuade other member states to concentrate on decreasing current unionwide actions with financial resources currently available rather than directing the Union's attention to initiating new actions [14].

Sweden already adopted energy taxation system based on a combination of carbon dioxide tax and energy tax for heat production more than three decades ago. [8] This is in line with the IMF recommendation who considers carbon taxes as one of the most powerful and

least expensive tool to reduce domestic CO₂ emissions. [9] Sustainable biofuels are currently exempt from taxation, carbon-intensive fuels used for heat production, agricultural, forestry and other industrial sectors are subject to various taxation levels, ranging from 30% to 100%. [8] Besides this fiscal policy, in 2018 Sweden also introduced emission reduction obligation as a part of Fuel Change Reform, obliging petrol and diesel suppliers to reduce emissions through biofuel blending. By reaching the indicative target of 40% emission reduction by 2030, this equals the share of 50% of biofuels in transportation fuels. [8] The market availability of biofuels is also granted by legislation, requiring major fuel suppliers (determined by annual fuel sales) to supply at least one kind of renewable fuels in their filling stations. In addition to that, by the end of 2019, the Government has set up a committee to explore the possibilities of phasing out fossil fuels and banning sales of new petrol and diesel cars. This way Sweden wants to become the world's first fossil-free welfare nation. [10]

All those policies were further supported by incentives such as offering tax reliefs to power-intensive industries in exchange for their drawing up new energy plans to reduce energy use or offering “energy advisors” for households who can provide help and guidance on how to save energy. [7]

Identification of key issues in alternatives

Since western and eastern European legacy in terms of nations' socioeconomic structures mix, it is natural that exceptions on the European Union's path leading to climate-neutrality occur. Concordantly, there is a fundamental issue which should be addressed: how to conduct a reliable and inclusive plan resulting in achieving climate-neutrality in 2050 without any damage for the cohesion of policy funds?

Firstly, countries that are not complying with the net-zero target are likely not only to put their and future generations well-being in danger, but also leave their economies vulnerable to future market forces. For example, countries which are highly dependent in their electricity production on coal, are angling for more lenient policy requirements of the EU towards moving away from fossil fuels before they agree to comply with the target. They are trying to promote the idea of every country reaching the emission and climate targets at their own pace. [15] Another reason of other countries' possible non-compliance is the concern that the EU will cut cohesion funds in the aftermath thereof. Ironically, this position could cost them half their claims on future JTF spending. [16] Media argue that the Just Transition Fund needs to predominantly focus on those who will be hit hardest by transition costs. Certain countries feel neglected in this consideration, since neither the former Commission, nor the existing one, have purportedly come up with a viable solution to this issue.

Conclusions

Deteriorating climatic conditions represent a serious threat to our coexistence not only from the environmental, but also socioeconomic point of view. As has been shown above, our international endeavors towards attaining desired climate goals and the the failure to comply with the Paris Agreement internationally calls for immediate global action. As a region of highly developed countries we have the capability and resources to adopt adequate and robust enough policies without unnecessary delays and accelerate thus the process of mutual convergence towards a more sustainable welfare, thereby saving not only the well-being of current generations, but primarily the well-being of the future ones.

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