

Sweden – on the track to miss all climate targets but with potential to do better: Summary and recommendations from the Swedish 2030-secretariat

Summary

Sweden is currently on its way to **not** meet any of its national climate targets, particularly the 2030 target for the transport sector. Sweden is also well of track compared to the EU ESR target, the EU energy efficiency target and the EU renewable energy target, all for 2030. In the years 2024-2026, Sweden's climate emissions are set to rise by around 5 million tons of CO₂e per year, mainly in the transport sector, instead of the sharp reduction needed to meet the targets.

The Government's national climate policy action plan is severely lacking in clarity on how emissions will be reduced; many relevant measures for emissions reductions have been abolished or are being phased out, new measures are more limited in scope, have a much more limited emissions reductions potential than what is being left behind, and cannot compensate for the increased emissions due to cheaper fossil fuels and a lower percentage of renewables.

The plan has positive wordings, which it does not follow through on – but which we in the following will build on to propose a way forward where climate targets are met and Sweden's role as a frontrunner in the switch to a sustainable future is maintained.

Contents

Summary	1
Background	2
Overall	2
Climate targets	2
Focus: Cost-effectiveness	4
EU-targets.....	4
Support and incentives.....	5
Responsibilities.....	5
Vehicles	6
Fuels	6
Charging infrastructure and hydrogen	7
Behavior switch	7
Compensatory measures.....	8
Investigations	8
Popular support.....	9
Final words	9

Background

Sweden's national climate targets are

- By 2045, Sweden is to have no net emissions of greenhouse gases, and thereafter achieve negative emissions. GHG emissions from Swedish territory should be at least 85 % lower by 2045 than in 1990.
- Emissions in 2030 should be 63 per cent lower than in 1990.
- Emissions in 2040 should be 75 per cent lower than in 1990.
- Emissions from domestic transport are to be reduced by at least 70 per cent by 2030 compared to 2010.

Sweden has an EU obligation to reduce emissions by 50 percent between 2005 and 2030 in the ESR-sectors; transport, agriculture and forestry, with additional specific LULUCF targets as well as EU Commission targets for national energy efficiency.

The national climate policy action plan ("the plan"), presented at the end of December 2023, is the key document for the Government's overall policies to achieve the climate targets, while the national climate- and energy plan which Sweden along with all other member states is to hand in by the 20th of June 2024 is the key document for Sweden's policy with regards to the EU targets. In the following, we give our estimation on how Sweden is performing and how the performance could improve, based on the actual decisions and statements from the current Swedish government. Quotes from Swedish are translated by us and not official-

Overall

The government states that "*The fossil-free society is not poorer or worse than today's society. On the contrary, there are considerable synergies between the climate goals and other societal goals such as growth, security of supply and environmental goals*" and "*By Sweden being among the leading countries in the transition, Swedish companies gain advantages in a global market with increasing demands for climate neutrality while creating future economic gains.*" (p 14) We agree with this, as well as the Government's assessment that Sweden will only be a pioneering country if others choose to follow suit.

However, this requires concrete proposals that lead to significant emission reductions in the near future, which the plan lacks. Recently decided policies lead to concrete emission increases of over five million tons of CO₂/year, primarily through reduced taxes on fossil fuels and sharply reduced blending of renewables in fossil fuels, putting both the national 2030 targets – overall and for the transport sector – and EU's conditions for 2030 at risk, as well as the path to net zero by 2045. Furthermore, the government's emphasis on the 2045 target is at odds with climate research, which stresses the importance of emission reductions in the near future, and breaches with the national climate law which does not allow for any ranking or prioritization between the climate goals.

Climate targets

The action plan states that "*Climate policy should steer towards the long-term climate goal of reaching zero net emissions of greenhouse gases by 2045 at the latest and then negative emissions. The national intermediate targets are important checkpoints on the way to the long-term climate goal.*" In fact, this is *not* the case – the Swedish legislative climate policy framework does not rank the goals, and both the IPCC and the agreement from COP28 emphasize that goals and emission reductions during "this critical decade" are crucial.

"The Environmental Objectives Committee should be tasked with reviewing the design of the national intermediate targets so that they are more in line with Sweden's commitments within the EU. The committee should also review the intermediate target for domestic transport by 2030." It is highly detrimental for the transition that the government signals that the targets may no longer apply, especially since they were developed in an extensive and inclusive and adopted by seven parties in the parliament – to change them with a far less involving process would reduce participation in Swedish climate work just when it needs to increase. It is particularly concerning that the government acts as if the climate goals in the near future have put on hold, when in fact they are fully applicable and *must* form the basis of the climate action plan.

The government states that *"The target for domestic transport until 2030 is designed in such a way that other sectors in practice hardly need to reduce their emissions by 2030 to meet the target for the ESR sector. This reduces the transition pressure for these sectors, which risks leading to sub-optimization where transport buyers and passengers are hit with higher prices than would otherwise have been necessary."* In the business community, there is a very broad consensus on a completely different assessment; that a rapid transformation of the transport sector lays the foundation for successful Swedish exports. This is aligned with the Government's statement that *"Exporting companies are crucial for strengthening Sweden's competitiveness and for industry to be a leader in the green transition [...] The Swedish automotive industry has a strong position in the EU and has the potential to become a leader in the green transition. Through high climate ambitions, Swedish manufacturers have the potential to also push other manufacturers in the transition."* At the national climate summit on 16 June 2023, the opportunities of the transformation of the transport sector were also underlined." In addition, only the forestry and agricultural sectors are also included in the ESR, and to significantly reduce the climate impact in these sectors in the near future would entail reduced production just when the need for increased self-reliance and self-sufficiency is reinforced by war in our immediate surroundings – thus reinforcing the argument for a strong emphasis on emissions reductions in the transport sector.

The government states that *"the goal is currently not considered to be achievable without a large mix of expensive bio-based fuels by 2030, which shifts the focus from the long-term transition of the transport sector."* Here, too, a very broad business constellation has clearly stated that two parallel processes must be possible; a rapid electrification of new vehicles *and* a rapid shift from fossil to renewable, sustainable fuels for existing vehicles as well as those transport modes that are difficult to electrify (mainly shipping and aviation).

The government correctly states that *"Emissions from domestic transport account for more than half of Sweden's emissions under the Effort Sharing Regulation (ESR) and one third of Sweden's total greenhouse gas emissions. The transport sector's climate transition is therefore of crucial importance in order to achieve both Sweden's commitment to reduce emissions within the ESR by 50 percent by 2030, compared to 2005, as well as Sweden's long-term climate goal of net zero emissions by 2045 at the latest."* Based on this, *any change to the national climate goals must mean increased ambitions;* a reduced percentage or a conversion to indicators such as the number of charging points or the proportion of electric cars cannot be accepted.

However, it may be wise to supplement with more specific targets within the framework of existing targets, and follows [2030's long-term work on indicators](#). Like the national research institute VTI, [we propose a national target for cycling](#), and support additional goals on transport efficiency and smart multimodality.

Focus: Cost-effectiveness

The Government emphasizes that the transition must be cost-effective, which we fully support – Sweden will not be a source of inspiration with measures that are unnecessarily expensive, and expensive measures mean that we do not achieve as much as we would need. But it is not possible to assess how cost-effective the measures proposed by the government are; They have neither cost estimates nor emissions calculations.

On the fifth page of the text, the government states that "*In order to achieve Sweden's climate goals and commitments within the EU, the most important prerequisite is access to fossil-free energy at competitive prices*", without any source or reasoning for the claim. We believe that other aspects are as central, such as access to labor, capital and market conditions. Despite this strong emphasis, there is no concrete proposal as to when Sweden will have new fossil-free electricity; The target of 300 TWh by 2045 is stated, but not the journey there, neither regarding economic conditions for nuclear power nor offshore wind, the municipal veto against new wind power, the final repository or other thorny issues. New nuclear power is mentioned 75 times in the government's plan, against wind power 25, biofuel 18, district heating 18 and none at all for solar or energy efficiency; we strongly question whether this is the best emphasis, particularly since Sweden needs additional energy well before new nuclear plants can realistically be inaugurated.

Efficiency improvements are only mentioned in very general terms, without any sharp proposals, and the government proposes "reviewing" the current efficiency target. This is disappointing, as efficiency improvements often have the least negative side effects, can be implemented quickly and can be designed so that the distributional policy effects are positive.

Among the modes of transport, air travel is mentioned 210 times, public transport 12, train 5, bicycle 4. This again reflects a skewed focus in the plan; A strong focus on the transition of aviation is welcome, but it should not, as now, be at the expense of modes of transport that account for larger parts of travel and have better conditions to contribute to the climate goals in the near future.

Among fuels, hydrogen is mentioned 53 times, electrofuels 20, ethanol 14, biogas 37, methanol 2 times and HVO 3. We welcome a strong focus on hydrogen, but here again we warn against a serious discrepancy compared to what can primarily contribute to achieving the climate goals in the near future – in the continued work, a better balance is needed.

EU-targets

The Government notes that the EU will soon have an almost comprehensive climate policy through the ETS, the new emissions trading system ETS2 for transport and housing, and the ESR requirements that provide the framework for the transport sector and agriculture and forestry. This does not mean that national, regional and local climate policy are less important – both since they form the basis for leadership and since the EU may very well revise its targets downwards, as indicated by the results from the recent European Parliament elections, with Hungary as EU presidency in the second half of 2024 and a new EU Commission in autumn 2024. Sweden is currently contributing to this weakening, e.g. by not participating in the many EU countries' (including Denmark and Finland) courting the European Commission with proposals for far-reaching climate goals for 2040.

Support and incentives

Sweden's fossil fuel subsidies have increased sharply in recent years, according to the OECD's official measurement method – even more so if lower prices for fossil fuels are also included. This also increases the need to stimulate the transition that needs to take place.

In practice, the opposite is happening, with the funding for urban transport transition (stadsmiljöavtal) being discontinued, the Climate Leap and the Industrial Leap (Klimatklivet and Industriklivet) being up for review and other tools merely being discussed, such as Carbon Contracts for Difference. Whilst we are positive to the development of new policy instruments, we see that the market currently unfortunately faces increased uncertainty about the support systems. The Government should therefore clarify that the Climate Leap is retained and strengthened until 2030 with faster processing and more announcements, that the Industrial Leap is retained and has clarified application directions, and that new support mechanisms are introduced for shared, multimodal travel where the needs of rural areas are also taken into account.

We also propose:

1. A "Transport Efficiency Premium" for cities and regions
2. A revised Bonus-malus vehicle taxation so that it becomes cost-neutral, with an extended malus to 5/7 years and a new bonus for electric cars below €50 000.
3. A lowered VAT for vehicle sharing services such as carpools and rental cars to 6% VAT, the level of other public transport
4. A revised aviation tax, differentiated on climate impact, with bonuses for flights on electricity and SAF, and support for regional airports conditional on climate transition
5. Long-term clarity on reduction quotas and taxation of fuels so as to clearly favoring renewable, sustainable fuels, hydrogen and electricity.

Responsibilities

The government states that "*The majority of the decisions required for urban transformation are made independently by individuals, companies and public and private organizations.*" That is not true; Climate work takes place and should take place in broad collaboration and on the basis of government policy instruments that more unambiguously need to stimulate development in line with decided climate goals. Here, the government needs to ensure that the state takes a more clearly leading and unifying role, in line with the wording "*The coordination of the transport sector's climate transition needs to be strengthened. An authority should be tasked with coordinating the sector's work to transition so that the transport sector reaches virtually zero greenhouse gas emissions by 2045*" – however, of course, the transport sector's current climate goals should be in focus.

It is positive that all ministries will be tasked with following the climate action plan, even though obviously the ministries are already bound by Swedish law, including the climate goals for 2030. How this task will be designed is currently unclear; we propose that inspiration be drawn from the British Climate Act, which to a large extent was the model for the Swedish climate policy framework, but which, unlike the Swedish one, has elements of the ministries needing to show how their respective areas contribute to the climate goals and where an insufficient reduction in emissions from one sector needs to be compensated by another sector overperforming.

A partial change in the division of responsibilities in the form of strengthened decision-making power for municipalities accelerates and facilitates the transition. Among the things that municipalities should be allowed to decide for themselves are parking fees and benefits (e.g.

reserving street space for shared vehicles), the introduction and adjustment of congestion charges and where bicycles can be driven (e.g. towards one-way traffic).

Vehicles

The government puts a strong emphasis on the switch to electromobility, which we concur with – but it is important to understand that even with 100 percent EV sales from now on, it will not be nearly enough to reach the 2030-target. Roughly 250 000 cars a year are sold in Sweden, while there are already five million motor vehicles on the roads. Furthermore, the switch to electromobility is losing momentum since the government withdrew the previous bonus for electric cars; there are currently only incentives for trucks (light and heavy), buses (excluding city buses).

We also question the government's proposals in terms of efficiency: In August, a premium will be introduced for those scrapping their car and buying an electric car – which not many people will do. A new labeling of cars based on efficiency is welcome, but cannot reasonably be considered to have any substantial impact on emissions.

As for existing cars, despite concrete proposals, there are no incentives in place to convert to biogas, hydrogen or electricity and the government has not introduced any measures to ensure that electric vehicles stay in the country; currently very large numbers are exported which means that Sweden helps other countries reaching their targets rather than our own.

We share the Government's assessment that the early introduction of electric aircraft and electrically powered ships should be promoted but want to ensure that the stimulus refers to reduced climate impact and not a specific choice of technology; The government is right that "*it is the emissions that must be combated*" but does not seem to follow this motto fully.

Fuels

We share the Government's assessment that fossil fuels must be phased out, and that "*Increased production of fossil-free fuels, gases and oils in Sweden can increase national security of supply, reduce the vulnerability of Swedish business and industry to external events, create jobs and contribute to regional development. It can also increase the total supply of sustainable renewable fuels and fossil-free gases and oils on the European market, which also promotes the climate transition in other Member States.*"

Based on this, we regret that there is currently a complete lack of clarity when it comes to the future of renewable fuels, that the government has very sharply reduced the reduction quota for fuels and that the taxation of fossil petrol and diesel has been reduced to amongst Europe's lowest.

The reduction quota (reduktionsplikten) has, as has often been pointed out, had aspects that needed to be corrected, for which there was a formal process through the decided control stations under the auspices of the Swedish Energy Agency. Post 2026, a return to this process should take place, including the adjustments proposed by the Swedish National Audit Office, which assesses the reduction obligation as a cost-effective policy instrument. This process should be initiated as a matter of urgency, coordinated with Finland's similar but currently more ambitious reduction quota and include how RED III includes electricity sold from public charging stations in the reduction obligation. The continued tax advantage of biofuels over fossil fuels should be secured, including biogas, which has now been very unfortunately subject to full tax following EU orders.

The government *"assesses the scope for steering towards climate goals through tax reductions as limited and the government will therefore analyze other options to promote the use and production of fossil-free gases and oils."* In addition, the government wants to stimulate increased biofuel-production in Sweden. It is difficult to read it as anything other than the return of the reduction obligation, but under a different name and with some form of compensation for any price rises at the pump.

Fuels will be covered by EU's emissions trading scheme ETS2, which is fundamentally positive but where the climate effect depends on complementary policies. *"The Government believes that consumers and businesses should be fully compensated for the effects on fuel prices that the introduction of EU ETS 2 entails, for example through reduced taxes on fuel, compensatory measures financed by the EU's Social Climate Fund or support for businesses that are subject to diesel tax reductions for so-called agricultural diesel at the time of the introduction of ETS 2 or that do not pay tax on their fuel, such as fishing vessels and rail traffic."* If the former is chosen, the positive effect may not occur; We look forward to more targeted stimulus aimed at, for example, rural and sparsely populated areas, haulers and public transport, and propose this direction for the announced inquiry into how *"Sweden's commitments in the EU are achieved in a cost-effective and socio-economically efficient manner that ensures that unreasonably high costs for households and businesses do not arise with the risk of serious impact on the competitiveness of Swedish companies."* This also applies to the proposal for a new national emissions trading scheme, the design and compensatory measures of which determine the extent to which the proposal contributes to emission reductions from the transport sector.

Charging infrastructure and hydrogen

The plan contains a number of proposals regarding charging infrastructure, including faster permit processes, an investigation into the principle of access to charging ("right to charge"), and an analysis of how the conditions for the installation of charging points can be improved for community associations and property owners, including the block exemption from the EU's state aid rules. We are positive to all these proposals, pleased that several of them are already being dealt with and satisfied that it now clearly also refers to heavy traffic, shipping and aviation.

It is positive that the plan deals in relatively detail with both hydrogen for vehicle operation – which is to be seen as another form of electrification (although liquid hydrogen in internal combustion engines can also play a role) – as well as electric roads. However, we lack clarity on how the trials with electric roads will proceed without significant loss of pace after the procurement of the first extensive test route was suspended in the summer of 2023. In addition, we want to accelerate the work with V2G, vehicle-to-grid, where electric vehicle batteries become part of balancing the electricity grid while also becoming a source of revenue for vehicle owners or operators.

Behavior switch

The government wants to see more of Stage 1 and 2 measures in infrastructure planning; existing roads and systems are to be better utilized instead of building new ones; *"one or more authorities should be tasked with submitting proposals on how the current conditions for state co-financing of municipal and regional Stage 1 and Stage 2 measures can be clarified in relevant regulations. The assignment should include the development of a catalogue of measures with socio-economically profitable and cost-effective step 1 and step 2 measures"*. This needs to be done in the continued work on the national plan for infrastructure 2026-2037, where the Swedish Transport Administration's proposal focuses on these steps to a far too limited extent, [see also our consultation response](#).

The 2030 Secretariat has presented 55 proposals for behavior switch, all investigated and consulted and/or already tested in other countries. We regret that the plan lacks such proposals, with no incentives for vehicle sharing, revised regulations for cycling or clarified legislation on the right to work remotely.

Compensatory measures

Sweden's existing climate targets allow part of the emission reduction to take place outside the country's borders, and Article 6 of the Paris Agreement specifies how this can be done in developing countries. [The 2030 Secretariat has previously highlighted](#) how it can accelerate the transition to, for example, electric buses in Asian megacities and looks forward to Sweden following Switzerland's leading example in the area – but we also note that they cannot achieve either the EU's or Sweden's own 2030 target with emission reductions abroad.

"Given the challenges of achieving Sweden's commitments, the government agrees that measures should be taken to investigate the possibilities for Sweden to acquire emission space from other member states," writes the government, and *"This does not mean that Sweden should slow down at home"* – but in practice this is exactly what the Government proposes by opening up for the purchase of emission allowances from, for example, Bulgaria or Romania. This undermines the confidence that Sweden will maintain the pace of change required to achieve the goals nationally.

The Government notes that *"Measures in other Member States may be challenging to implement on a large scale in the near future, which may require that additional measures to achieve the ESR commitment need to be taken nationally"* – precisely this risk that there won't be any surplus of emission allowances from other EU countries reinforces the importance of Sweden reaching its targets by own emissions reduction measures. This is reinforced by the fact that Germany, the EU's largest economy, estimates that it will buy large [amounts of emission rights](#). In addition, the upcoming emission requirements for Sweden are multiplied by 1.08 for [each year we do not meet the requirements according to ESR](#).

Investigations

Most of the proposals in the climate action plan are in the form of upcoming investigations. Among the things to be investigated are national emissions trading before and in addition to the EU's upcoming emissions trading scheme for the transport sector, how households and businesses are to be compensated for increased costs for fossil energy, the "right to charge", another investigation into distance-based taxation of freight transport and a general review of policy instruments. In addition, a number of "analyses" will be carried out, including the development and production of new fossil-free fuels.

We regret that the Government has not used studies that have already been completed and consulted, for example. The Climate Law Inquiry and the Bioenergy Inquiry. In future investigations, it should be ensured that conclusions from investigations already carried out are used. The Government should also ensure that the broad expertise that exists in many areas of the transition is heard through broad dialogues, parliamentary deliberations and an extensive consultation process – the Climate Action Plan should also be treated in this way.

Popular support

The government repeatedly states that climate work must have "*popular support*", without specifying what this means. Recurring opinion polls show very broad public support for extensive emission reductions, a rapid shift in technology and behavior, and a leading role for Sweden in the transition that the whole world is now facing. The seven parliamentary parties, including all members of the government, had and continue to have strong support for the climate policy framework and the climate goals that the parliament decided by a vote of 299-50.

Therefore, we regret that the government's – and its supporting party's – actions repeatedly aim to muster public support by lowering the prices of fossil fuels rather than focusing on factors such as trains that run on time, electric cars that are affordable for everyone, bikeways that feel safe and the opportunity to work remotely.

We are convinced that several of the proposals in the plan would not be popular with Swedish citizens. Buying emission rights for billions from Bucharest or Sofia instead of investing in Sweden weakens acceptance. To favor companies that want to acquire electric trucks but not households that want to buy electric cars seems unreasonable. To give a higher mileage allowance for those traveling by petrol or diesel car than those using EVs, and nothing to those who take the bicycle erodes the legitimacy of the system. Signing at COP28 that fossil subsidies are to be reduced, only to increase them sharply a few weeks later, erodes confidence in the international processes with the Paris Agreement at the forefront, as does the government's decision to remove the global sustainable development goals (SDGs) from the directives to the national authorities. To very quickly reduce or completely abolish support for consumer organizations with an environmental and sustainability focus, weakens the civic engagement in the climate issue, which is fundamentally crucial for the transition. The process around the Climate Action Plan also leaves much to be desired in terms of popular support; The limited dialogue during the development and the fact that the plan neither passed the parliament nor was the subject of public consultations is a missed opportunity for popular support and acceptance. We call on the Government and its supporting party to better safeguard the broad popular commitment and support that exists on the climate issue, and to build on the very broad parliamentary consensus that the current climate goals are a result of.

Final words

We regret that no formal forums have been organized to present views to the Government on the climate policy action plan, which is why it is so important with international scrutiny and analysis by the IEA and others. We look forward to the continued dialogue both with the government and parliament, and other stakeholders and interested parties in order to realize the positive proposals contained in the plan, correct the proposals that are not appropriate and supplement with measures that together lead to the fulfilment of the existing, legally binding climate goals for Sweden for 2030, 2040, 2045 and 2050.

For the 2030 Secretariat, 10 June 2024

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