

Climate policies in the Nordics

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Nordic Economic Policy Review (NEPR): themes

Recent themes

- Youth unemployment in the Nordics – 2015
- Challenges to the Nordic welfare model – 2016
- Labour market integration of immigrants in the Nordics – 2017
- Increasing income inequality in the Nordics – 2018

Planned theme

- Financial regulation and macroeconomic stability – 2020

Climate policies in the Nordics

- Naghmeh Nasiritousi and Karin Bäckstrand: *International climate politics in the post-Paris era*
- Frederik Silbye and Peter Birch Sörensen: *National climate policies and the European Emissions Trading System*
- Björn Carlén and Bengt Kriström: *Are climate policies in the Nordic countries cost-effective?*
- Mads Greaker, Rolf Golombek and Michael Hoel: *Global impact of national climate policy in the Nordic countries*
- Katinka Holtsmark: *Supply-side policies in Norway.*

Aspects of appropriate Nordic policies

- Spillovers
 - world market prices
 - EU Emissions Trading System
 - technology spillovers
 - political demonstration effects
- Cost effectiveness
- Smallness of the Nordic countries
 - marginal *direct* effects
 - *indirect* effects are the most important ones

Silbye-Sörensen: EU ETS

Before 2018 reform

- Larger national emission reductions did not affect total emissions
- Determined by overall volume of emission rights
- Buying and cancelling emission rights reduced the overall volume of emission rights

After 2018 reform

- National emission reductions increase the stock of *saved* emission rights
- This triggers less issuance of new emission rights in the future
- Buying and cancelling emission rights mean more issuance of emission rights in the future

Carlén-Kriström: Cost effectiveness

- Basic point: marginal abatement costs should be the same for all emitters
- Overlapping national policies imply marginal abatement cost differences within countries
- Different ambition levels in the ESR sector imply large marginal abatement cost differences between countries
 - possibilities of inter-governmental trading in the ESR sector should be exploited