Swiss climate policy: Role of carbon tax

Andrea Burkhardt, Head of Division
History of CO$_2$ tax in Switzerland

• 1990: CO$_2$ tax rejected in formal consultation
• CO$_2$ Act 1999: CO$_2$ tax only on subsidiary basis, if voluntary measures are insufficient by 2004
• Introduction in 2008 only on industry and process fuels (motor fuels exempted)
• Gradual increase of tax rate triggered by predefined intermediary targets:
  ➢ 2008: CHF 12 / t CO$_2$ (3 cts / litre heating oil)
  ➢ 2010: CHF 36 / t CO$_2$
  ➢ 2014: CHF 60 / t CO$_2$
  ➢ 2016: CHF 84 / t CO$_2$
  ➢ 2018: further increase to max. CHF 120 possible
CO₂ levy on heating and process fuels

Per capita, via health insurance

In proportion of wages paid, via old pension fund

Buildings programme / Technology fund
Exemption for CO₂ intensive industry

- **CO₂ tax on heating and process fuels**
  - Exemption
    - Emissions trading scheme
      - Big and middle emitters
    - Legally binding commitment
      - Middle and small emitters
    - Voluntary agreements
      - All emitters submitted to CO₂ tax regime
GHG emissions by sectors:

- Industry: 12.3%
- Commercial/Institutional: 7%
- Residential: 20.6%
- Transport: 31.1%
- Agriculture: 20.5%
- Waste: 8.5%

Few GHG emissions from power generation:

Electricity production:
- 59% hydropower
- 36% nuclear power
- 4% fossil power plants
- 1% new renewables
Impact of CO₂ tax

• Switzerland’s reduction targets until
  ➢ 2020: 20% below 1990 levels (CO₂ Act)
  ➢ 2030 according to INDC: 50% below 1990 levels (use of market mechanisms envisaged)

• Expected contribution to 2020 target: ~20%

• Confirmed in evaluation under way, difficulties:
  ➢ Top down (modelling): short time series, low tax rate
  ➢ Bottom up (survey with companies): single out effect on decision making

• Beyond 2020: revision of CO₂ Act required, mix of instruments revisited
Thank you for your attention