

Investigating the impact of the Swedish carbon dioxide tax

Client's objectives

In light of Japan's new carbon dioxide tax, the Institute of Energy Economics, Japan (IEEJ) wanted to understand how it should be designed and its potential impact. Sweden was one of the first countries to introduce a carbon tax, resulting in emissions decreasing by 26% since implementation, and formed an exemplary model to base their research on.

The project

As part of our analysis of the Swedish carbon tax, we undertook a detailed literature review of over 60 documents and arranged interviews with five key experts for the IEEJ, on behalf of Borg & Co AB. Our research looked into four aspects of Sweden's carbon tax, namely:

- A description of the tax, how it is collected and how much revenues it generates to the government.
- The political process before, during and after implementation of the tax.
- How the tax has performed with regards to emission reduction, consequences for the industry, cost effectiveness, public acceptance of the tax, and how it relates to other policy instruments aimed at climate change.
- Whether there exist any possibilities to improve the tax.

Key project outputs

Our findings were presented to the IEEJ as a 35-page report, and concluded that a carbon tax is cost-effective, and boosts the success of other climate policy instruments.

In Sweden, it worked particularly well as part of a wider tax reform, and was introduced at a low level and gradually increased so households and companies could adjust. It also benefitted from widespread acceptance among the public to introduce climate-oriented policy instruments.

Some minor improvements could be made, such as better transparency about future changes and removal of tax exemptions, but overall, the tax is one of the more efficient policy instruments aimed at reducing greenhouse gas emissions.

About Anthesis

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