



SWEDISH NAO

# Central government measures for more green cars

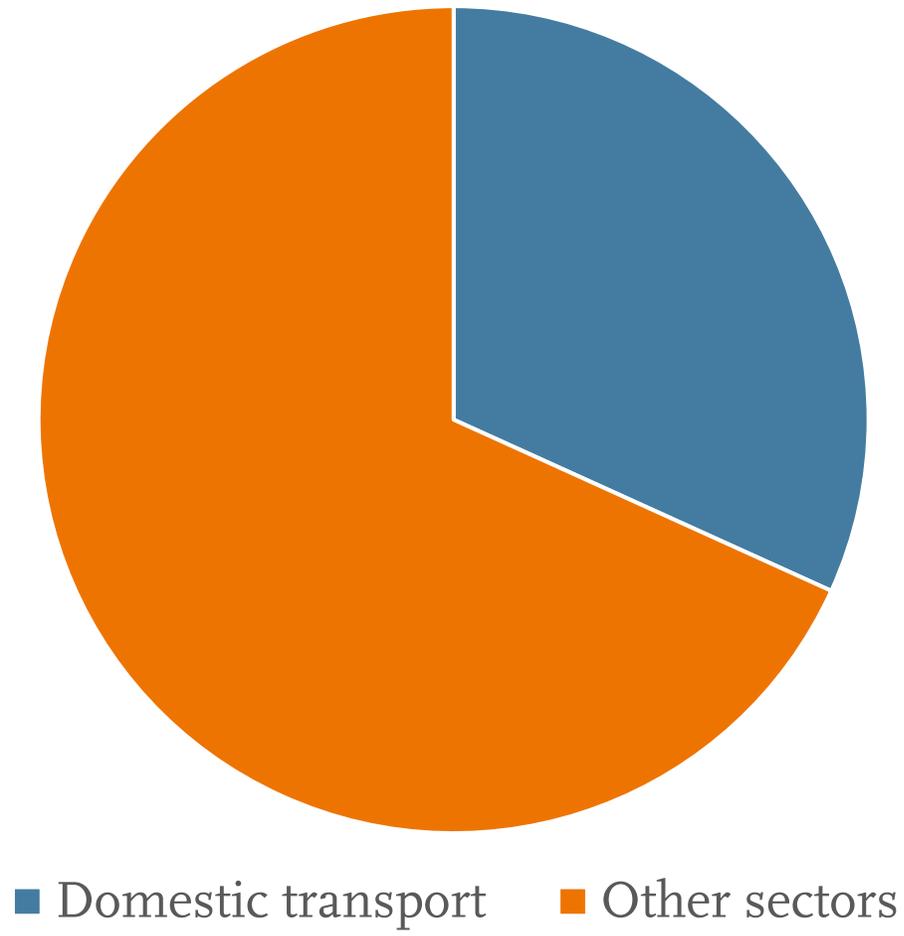
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# Background

Swedish national target:  
 GHG emissions from  
 domestic transport should  
 reduce with 70 percent by  
 2030

GHG emissions 2018



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# Overall purpose

Have the policy instruments contributed to achieving Sweden's **objective of reducing greenhouse gas emissions** in the transport sector at a **reasonable socio-economic cost** and contributed to **stable long-term conditions**.

The purpose has also been to assess whether the Government and the responsible agencies have produced **impact assessments** so that the Riksdag has received a **transparent basis for decision-making**.

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# Policy measures covered by the audit

- reduced taxable benefit for green cars (2002 -
- CO2 differentiated motor vehicle tax (2006 -
- green car rebate (2007 – 2009)
- motor vehicle tax exemption for green cars (2009 – 2018)
- super green car rebate (2012 – 2018)
- the bonus-malus system (2018 –

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# Method

- Systematic analysis of several impact assessments carried out by the government or its agencies between 2006 and 2018
- Calculation of socio-economic and public finance costs of subsidizing green cars.
  - All green cars sold between 2012 and 2018 included
  - Costs of green cars compared to costs of fossil fuel cars
  - Socio-economic valuation of external effects included (pollution, noise etc.)
  - All costs put in relation to CO<sub>2</sub>-emissions
- Descriptive analysis of regional distribution of subsidies

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# Conclusions

- Insufficient impact assessments
  - Environmental impact is poorly described
  - No overall socio-economic assessments
  - No plan for follow-up and evaluation

# Conclusions

- The socio-economic costs of the policy instruments seem to be relatively high
  - The policy instruments are inefficient due to
    - *Drivers of company cars for private use currently receive a larger subsidy for green cars compared to private individuals.*
    - *The socio-economic cost of a subsidized company/benefit car is essentially higher compared to a privately-owned car.*
    - *Subsidies to green cars give incentives to export*
    - *A subsidized green car, which is exported, triples the socio-economic cost*
    - *The costs of subsidized green cars appear to be relatively high*
  - Support is unevenly distributed in the country

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# Conclusions

- Long-term and predictable conditions for the purchase of new cars and car ownership have not been created
  - Several changes in the motor vehicle tax
  - Several extensions of the reduction in the taxable benefit of green cars
  - Risk in light of past experience that extra funds, in addition to budgeted levels, will need to be added
  - Uncertainty for the car market due to that bonus-malus was introduced before the effects of WLTP were known.

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# What the government should do

- ensure that impact assessments are prepared for decisions on policy measures
- compare the socio-economic costs of reducing emissions of all alternative policy instruments in order to ensure a cost-effective climate and transport policy
- plan for evaluation
- review the possibilities of reducing the socio-economic costs of exporting subsidised green cars.
- analyse the need for and cost efficiency of the reduced taxable benefit targeting green company cars for private use.
- clearly state how the existing policy instruments should be developed in the future

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# Reactions

- The government agreed that impact assessments should always be done before introducing policy measures
- The government disagreed that the policy instruments are inefficient
- The government however agreed that something has to be done about export of subsidized green cars
- The parliament has not yet handled the report
- A lot of publicity in media