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Federal Department of the Environment, Transport,
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Federal Office for the Environment FOEN
Climate Division

National carbon pricing and net-zero strategies
The Swiss perspective

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August 2019: Swiss Federal Council announces 2050 net-zero-target for GHG emissions



Official photo of the Swiss Federal Council 2019

→ By 2050, Switzerland should **not emit more GHG than can be absorbed** naturally or by technical means.

→ **Domestic emissions** must be reduced as much as possible.

→ **Remaining hard-to-abate emissions** must be balanced by natural or technical sinks

→ **Reductions outside of Switzerland** should contribute to reaching the target

January 2021: Federal Council adopts Switzerland's long-term climate strategy



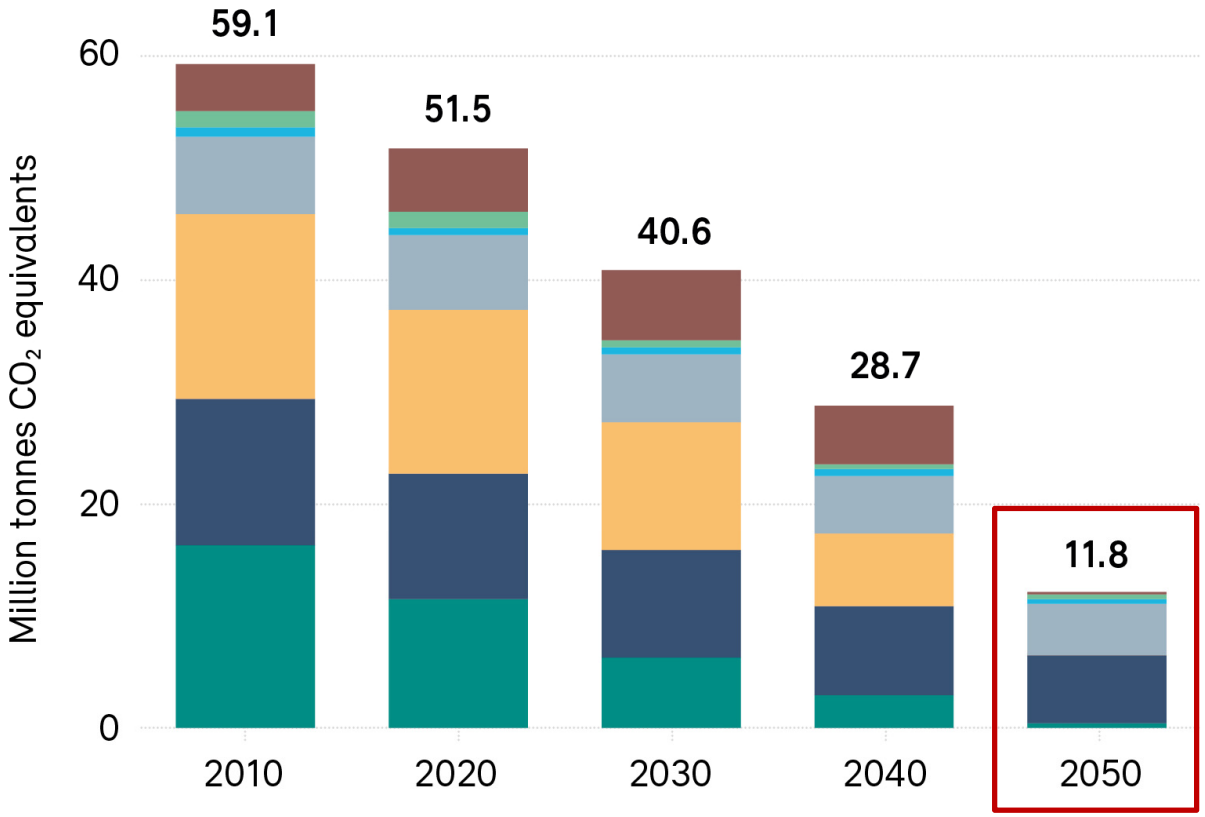
→ Reduction to net-zero-emissions by 2050 is **realistic, technically feasible and economically viable**

→ By 2050, Switzerland can **largely phase-out fossil fuels** (minus 80% compared to 1990 excluding CCS)

→ **Roughly 12 Mt CO_2eq** are hard-to-abate emissions that will have to be addressed by CCS and by negative emissions technologies (NET)

→ **Projects outside of Switzerland** should focus on negative emissions

2050: Difficult-to-avoid emissions from industry, waste recycling and agriculture



- Buildings
- Industry
- Transport
- Agriculture
- Waste
- Synthentic gases
- Int. air transport

Source: Switzerland's long-term climate strategy, January 2021

~5 Mt CO_2eq agriculture

~4 Mt CO_2eq industry, mainly cement production

~3 Mt CO_2eq emissions from waste incineration

Possible role of domestic pricing instruments

Switzerland has two pricing instruments. Both could play a role on the way to net-zero.

- **CO_2-levy on heating fuels:**
  - → Targets **building sector and part of industrial emissions**; currently capped at 120 CHF per tonne of CO_2 (112 €).
  - → Could be increased or extended to other sectors, but currently no political momentum.

- **Emissions trading scheme (ETS), linked with EU-ETS:**
  - → Swiss abatement challenge mainly in **industry** (particularly **cement sector**)
  - → Need for incentives to **deploy and scale-up CCS and NET**
  - → Guiding principle: **Level playing** field CH-EU to be maintained

Possible role of international carbon markets

- Switzerland plans **to make use of international mechanisms middle- to long-term**
  - Political considerations
  - Use innovative potential to assist other countries on their way to net-zero
- Switzerland advocates the definition of **clear, ambitious guidelines within Article 6**
- Switzerland has concluded **several bilateral agreements** for the implementation of Article 6 of the Paris Agreement, e.g. a declaration of intent with Iceland on cooperation on climate change mitigation in the field of Carbon Removal and Carbon Capture and Storage
- **Guiding principles:**
  - Projects or agreements must be compatible with the long-term goal of net-zero emissions
  - Assist host countries on their way to net-zero (no low-hanging fruits)
  - Long-term strategies of host countries should be included/considered

Thank you for your attention!

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