

# Implementation of the EU Sustainable Development Strategy

Sweden's report to the European Commission,  
June 2007



REGERINGSKANSLIET

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## 1. Political objectives and principles

The Government attaches great importance to securing ecologically, economically and socially sustainable development. Resources are to be used in a manner that is effective in the long term, thus ensuring that the needs of the present generation are met without compromising the ability of future generations to meet their own needs. Sweden has been able to show by its actions that it is possible to combine a high level of economic and social welfare with high environmental ambitions. Sweden will continue along this path, but will respond to new challenges and renew its working methods.

Sweden has everything to gain as a country from being a pioneer in the area of sustainable development. A policy for sustainable development is an important driver for renewal, growth and employment in our own country. Just as structural and social reforms continue to contribute to economic progress, an environmental transformation will require new solutions, new ways of supplying energy, modern, environmental technologies and future innovations that generate jobs and development.

In March 2007 the Government appointed a *Commission for Sustainable Development*. The Commission will comprise a broad spectrum of representatives from business and industry, independent organisations, the research community and political life. The Chair of the Commission is the Prime Minister and the Deputy chair is the Minister for the Environment. The Minister for Finance is also a member.

By applying a sustainable development approach, the Commission is to promote work across sector boundaries, adopt an international perspective and take account of ecological, social and economic aspects. The Commission's work is to be action-oriented and focus on selected themes identified as essential to create the conditions for sustainable development. The Commission is to analyse barriers to sustainable development and develop cross-sectoral action strategies. The Commission's work is to be science-based. The Commission is to review how efficiency gains and modernisation of organisations, regulatory frameworks and policy instruments can facilitate work for sustainable development and environment-driven growth. The Commission is assisted by a Secretariat in the Government Offices.

In December 2006 the Government also appointed a *Globalisation Council* for the purpose of deepening knowledge and broadening the public conversation about what Sweden needs to do to compete well in a world characterised by continuing rapid globalisation. The Globalisation Council will conduct a discussion on the challenges and opportunities

that globalisation presents for Sweden with an emphasis on action, that with a broad definition, makes Sweden more competitive and attractive. The main focus of the Globalisation Council will be on the economic aspects of globalisation. Several business leaders, leading representatives of Swedish research and the chairs of the three trade union organisations – Swedish Trade Union Confederation (LO), the Confederation of Professional Employees (TCO) and the Swedish Confederation of Professional Associations (SACO) – are members along with five government ministers. The Council is chaired by the Minister for Education and Research. The results of its work will be summarised in a final report no later than in 2009.

The Government considers that there is a close link between the EU strategy for sustainable development and the *Lisbon strategy* for sustainable economic growth and employment. The overall goal of both strategies is sustainable development and the strategies overlap to some extent. This is particularly true regarding questions of social inclusion, employment and demography as well as energy and resource issues. In order to provide a comprehensive report according to the EU SDS we have included some of the texts in Sweden's national programme for Growth and Jobs for 2006–2008 from November 2006 and updated them.

## **2. Progress on EU SDS key challenges**

### **2.1 Climate change and clean energy**

#### **2.1.1. Kyoto Protocol commitments**

One of Sweden's 16 environmental quality objectives concerns reduced climate impact. The objective is for concentrations of greenhouse gases in the atmosphere to be stabilised at a level that would prevent dangerous anthropogenic interference with the climate system, in line with the UN Framework Convention on Climate Change (UNFCCC).

This objective is to be achieved in such a way and at such a pace that biological diversity is preserved, food production is assured and other objectives of sustainable development are not jeopardised.

In 2002 the Riksdag adopted a national objective to reduce greenhouse gas emissions by 4 per cent by 2010. The objective is to be attained without counting emissions reductions in other countries or removal by carbon sinks. The target differs from Sweden's commitments under EU burden-sharing under the Kyoto Protocol, which permits an increase of 4 per cent in emissions in Sweden.

In January 2007 the Government appointed a Scientific Council on Climate Issues. The tasks of the Council include proposing objectives for Swedish Climate policy from a scientific perspective, and it has the remit of contributing scientific assessments to a government bill on climate policy to be presented to the Riksdag in 2008. The Council is to submit its report on 1 September 2007. The Government has also appointed an all-party Climate Committee that is to prepare the climate policy bill.

Sweden introduced a *carbon dioxide tax* in 1991. The tax rate has been increased from SEK 0.25/kg in 1991 to SEK 0.93/kg in 2007. Certain sectors pay a lower carbon dioxide tax, and there are special rules for the reduction of the tax for energy-intensive industries. Some sectors are exempt from the carbon dioxide tax. The carbon dioxide tax is an important explanation why Swedish emissions in 2005 were below the 1990 level.

Other economic instruments to reduce carbon dioxide emissions from vehicles are reported under sustainable transport (3.2).

### *Adaptation to climate change*

In 2005 the previous government appointed a Commission on Climate and Vulnerability Inquiry with the remit of surveying the vulnerability of Swedish society to a climate change and proposing action to reduce it. In the autumn of 2006 the Commission submitted an interim report on the flood risk in three large lakes. Its final report is to be presented in October 2007.

#### 2.1.2. Renewable energy

The long and short-term objectives of Swedish energy policy are to secure a reliable supply of electricity and other forms of energy on internationally competitive terms. Energy policy is to create the conditions for efficient and sustainable energy use and a cost-effective Swedish energy supply with a low negative impact on health, the environment and the climate and is also to facilitate the transition to an ecologically sustainable society.

Sweden has a target for the production of renewable electricity that is an increase to 17 TWh by 2016, compared with the 2002 level.

In June 2006 the Riksdag decided to develop the electricity certificate system, which means that a certain share of consumers' electricity consumption must come from renewable energy sources (*Govt Bill 2005/06:154 Renewable electricity with green certificates*). The system is being extended to 2030.

An inquiry chair has been appointed in 2007 concerning the connection of facilities for renewable electricity production to the electricity grid. The main task of the inquiry is to evaluate whether the present regulations present obstacles to the large-scale development and expansion of renewable electricity production. If the inquiry chair makes the assessment that regulations need to be amended, the inquiry is to make such proposals.

An investment incentive for energy and environmental investments in public buildings that was introduced in 2005 has been extended and is now available until 31 December 2008. A total of SEK 2 billion has been allocated to this form of support.

In the 2007 Spring Fiscal Policy Bill the Government has announced the reinforcement and extension of the support for solar heating in residential buildings and premises related to housing.

In June 2006 the Riksdag approved a bill setting out the direction of work on wind power and windfarming over the coming five years (*Govt Bill 2005/2006:143 Environment friendly electricity with wind power – action for robust windfarming*). The measures adopted include a reduction of real estate tax for wind turbines and the allocation of an additional SEK 350 million to support the market introduction of wind power. Special temporary financial support has been introduced for municipalities that take active measures in their planning to accelerate the expansion of wind power. Further work had been carried out to simplify and review regulations in order to facilitate wind power development. The threshold between the notification requirement and the permit requirement for wind turbines has been raised from 1 to 25 MW.

Rural policy and the actions included in the Rural Development Programme have helped to promote entrepreneurship and competitiveness in the area of renewable energy as regards production, processing, marketing and technology development, etc. (More information is given on the Rural Development Programme under natural resources in section 3.4.)

### 2.1.3. Biofuels

On 21 June 2005 the previous government appointed an inquiry chair to analyse the conditions for Swedish agriculture as a producer of bioenergy. The inquiry reported its findings on 9 May 2007. The inquiry's general position is that in many cases the market is capable of efficiently assessing the development potential of business concepts. The inquiry's proposals include a contract bonus in 2008–2013 for heating

and power companies that sign contracts for new-planted willow salix and the provision of temporary investment support for manure-based biogas production within the framework of the Rural Development Programme.

The Government intends to circulate the report for comments to a broad group of stakeholders, central government authorities, municipalities and higher education institutions, as well as business, industry and organisations, with a closing date for replies in the autumn of 2007.

An inquiry has evaluated and reviewed Swedish forestry policy. In its final report *Added Value Forest (SOU 2006:81)* the inquiry concludes that the demands made on raw material from forests will increase, not least in view of the increased demand for bioenergy. The measures needed to increase production are largely available within the current regulatory framework, and an increase is likely to take place via price signals from the market through increased demand for forest raw material. The inquiry has been circulated for comments and is now being processed in the Government Offices.

Biofuels in transport are reported under sustainable transport (section 2.2).

#### 2.1.4. Energy efficiency

The Government considers that the incentives for energy efficiency in both households and industry should be reviewed. Considerable improvements can be made in energy efficiency in the existing housing stock. The Government's aim is to make it possible to decouple economic growth from increased use of energy and raw materials through, for example, energy efficiency initiatives.

The Government has decided to freeze the tax assessment values of real property as of 1 January 2007. One result is that energy-saving measures will not increase real estate tax. The intention is to abolish the national real estate tax on single-family homes and rental buildings and to replace it with a low local government property-related charge.

In June 2006 the Riksdag approved a government bill containing proposals on how greater energy efficiency can lead to a reduction in the need for energy (*Govt Bill 2005/06:145 A national programme for energy efficiency and energy-smart construction*). The programme contains a new objective for energy efficiency in housing and non-residential premises. The implementation of Directive 2002/91/EC of the European Parliament and the Council on the Energy Performance of Buildings was adopted according to a proposal in the same Bill. A system for energy declarations of buildings is being implemented in stages beginning on 1



October 2006. Energy declarations provide information about the energy performance of buildings and propose cost-effective measures.

In 2007 an inquiry chair has been appointed to present proposals no later than 31 October 2008 on the implementation of Directive 2006/32/EC of the European Parliament and the Council on Energy End-Use Efficiency and Energy Services. The proposals made by the inquiry chair are to include an indicative national target for energy efficiency and a national plan for energy efficiency.

## **2.2. Sustainable transport**

The Government considers that the transport sector must be more environmentally sound.

Sweden's indicative targets for the introduction of biofuels have been set at 5.75 percent for 2010, with 3 per cent for 2005, calculated on the energy content in line with the EC Directive (2003/30/EC) on the Use of Biofuels or Other Renewable Transport Fuels (*Govt Bill 2005/06:16 Obligation to supply renewable fuels*). Following a commission from the Government, the Swedish Energy Agency has produced indicators to match the national indicative targets and reports the results each year.

One of Sweden's environmental quality objectives is A Good Built Environment. One interim target is that by 2010 physical planning and settlement development are to be based on programmes and strategies for achieving a varied supply of housing, workplaces, services and cultural activities, in order to reduce transport needs and improve the scope for environmentally sound and resource-efficient transport. According to a report from the Environmental Objectives Council this target has not yet been achieved in all municipalities.

### *Vehicles*

A carbon dioxide-based vehicle tax was introduced in 2006 in order to encourage purchases of fuel-efficient vehicles, thus reducing emissions from the transport sector.

A new Act on the obligation to supply renewable fuels entered into force on 1 April 2006. Under the Act large filling stations must offer a renewable fuel for sale alongside petrol and diesel. More than 20 per cent of the approx. 3 800 of the filling stations in the country provided an alternative fuel at the end of 2006. This can be compared with the corresponding figure at the end of 2005, which was 9 per cent. The target is for the proportion of fillings stations selling a renewable fuel to be around 60 per cent of all fillings stations in 2010.

Grants are provided for investments in filling stations for biogas or other renewable fuels. For 2006 and 2007, SEK 150 million has been set aside for this purpose.

In general, vehicles purchased under public procurement have to be green vehicles. As of 2007 at least 85 per cent of the passenger cars purchased or leased by central government agencies have to be green cars. As regards emergency vehicles, the requirement for 2007 is that at least 25 per cent of the vehicles bought by government agencies have to be green vehicles.

In the spring of 2007 the Government introduced a premium to encourage private individuals to switch to green cars in order to provide an incentive for fuel-efficient cars and vehicles and environment-friendly fuels. The cars covered by the premium are conventional fuel-efficient cars, cars that run on alternative fuels and electric cars of a particular efficiency. A private individual buying a new green car in the period 1 April 2007 to 31 December 2009 will receive a premium of SEK 10 000 (corresponding to about EUR 940). In all, the Government has allocated SEK 250 million to the green car premium.

The proportion of green cars in new car sales has increased sharply in recent years. The proportion increased from 5 per cent in 2005 to 13 per cent in 2006 (in this context green cars means fuel-efficient cars with carbon dioxide emissions of no more than 120 g/km and cars that can use alternative fuels). The proportion of green cars has continued to increase in 2007. According to preliminary figures green cars had a market share of 16.6 per cent in May 2007.

### *Ships*

Since 1998 fairway dues in Sweden have been differentiated by emissions of sulphur and nitrogen oxides. Differentiation on environmental grounds has increased since 2005.

### *Air travel*

Since 1 January 1998 Sweden has applied a schedule of charges at state-owned airports that has differentiated landing and take-off charges based on emissions of nitrogen oxides and hydrocarbons during the aircrafts' landing and take-off cycle, or LTO cycle. In 2004 the Swedish Civil Aviation Administration replaced the old schedule of charges with a new one based on the ERLIG model. This model has been developed in the ECAC and now applies as a recommendation for levying environment-related landing and take-off charges in Europe.

### *Traffic safety*

The action areas can be divided into roads, vehicles and road-users. One important part of action concerning the road environment is that since 2000 the Swedish Road Administration has built some 200 kilometres of separated oncoming traffic lanes in 2+1 lane roads each year. Other important actions are the removal of obstacles in the side zones of roads, redesigning junctions and separating unprotected road users and vehicles in built-up areas. Vehicles have become much safer in recent years, and the active participation of the Swedish Road Administration in EuroNcap is an important contribution to this. The Government also contributes to the development and introduction of new safety-enhancing technology in vehicles. Automatic speed cameras are an important, cost-effective measure for influencing road-users to follow the rules to a greater extent. Other important actions are the practical work done by the police in speed controls and controls of drink driving and seat belt use.

### **2.3. Sustainable consumption and production**

Sweden is developing a Memorandum on Sustainable Consumption and Production (SCP), in order to describe the current situation, what concrete actions are being taken and what additional actions are needed. The memorandum, which will be the point of departure for new national initiatives on SCP together with the forthcoming EU Green Book and Action Plan on SCP, will be finalised in July 2007. It focuses on three sectors: Building, Transport and Food. It also describes the most important tools and the need for cooperation between actors.

The memorandum is intended to cover all three dimensions of sustainable development, i.e. the environmental, economic and social dimensions. It is also intended to integrate SCP at different levels of society (national, regional and local). Moreover, the memorandum demonstrates the need to work in a cross cutting way, with SCP integrated into different policy areas.

### *Public procurement*

Environmental public procurement is a powerful market-based tool in work to steer society in the direction of sustainable consumption and therefore sustainable production. At present environmental requirements are not specified in public procurement as much as they could be.

In March 2007 the Government therefore adopted an action plan to increase the use of environmental requirements in public procurement. In the 2007 Budget Bill the Government substantially reinforced the

resources to provide support to enable public purchasers to specify environmental requirements in procurement. The Swedish Environmental Management Council, a limited company owned by the State, the Swedish Association of Local Authorities and Regions (SALAR) and the Confederation of Swedish Enterprise, is an expert body that supports public purchasers that want to specify environmental requirements in various ways including through training and a web-based tool, the Swedish Instrument for Ecologically Sustainable Procurement. The Council is receiving additional resources amounting to SEK 10 million in 2007 and SEK 6 million in 2008 and 2009.

In the action plan the Government sets out how work on environmental specifications in public procurement is to be reinforced. The objectives are to increase the share of public procurements and state framework agreements with well-formulated environmental requirements by 2010. The proportion of agencies in central government, municipalities and county councils that regularly use well-formulated environmental requirements should also increase.

Actions in four strategic areas deal with matters including agency governance; the commitment of politicians and other decision-takers at local and regional level; education and training; and support for public purchasers. The actions are intended to help to increase the development of environmental goods, services and technology, thereby contributing to strong Swedish competitiveness in future markets with high environmental requirements.

#### *Environmental technology and innovation*

In the spring of 2006 Sweden presented its information to the Commission on work to implement the ideas in the Environmental Technologies Action Plan (ETAP).

In 2006 SWENTEC, Swedish Environmental Technology Council, started its work. The Council has the task of strengthening business opportunities for Swedish companies by coordinating central government actions in the area. The Council also has to help to create meeting places where these issues can be discussed by different actors. In 2007 the Council presented two surveys in which Swedish environmental technology companies are at the forefront. The first dealt with the area of renewable energy while the second focused on water and waste water treatment. Further reports are planned during the year in other areas of technology. These reports are then matched against different markets by the Swedish Trade Council to achieve the greatest possible effect. An analysis has also been initiated of Swedish activities for environmental technology in China. In September 2007 SWENTEC is to present a proposal for Swedish work to implement the ambitions in ETAP by 2010.

During 2007 the Government intends to present a programme for environmental technology to be implemented in dialogue with the industry.

In connection with the 2007 Spring Fiscal Policy Bill, the Government presented a multi-year initiative to develop Swedish environmental technology. The Government makes the assessment that there will be a great need in several areas for technology that reduces environmental impacts and increases the efficiency of resource use (for example through more efficient production processes) and creates environmental goods and services. SEK 80 million was allocated for 2007, and SEK 150 million per year will be allocated for the period 2008–2010. Initially action has a focus on environment-oriented research, development and demonstration mainly for vehicles, but it also covers civil aircraft.

The Swedish Environmental Management Council has initiated work on technology procurement of a number of products in health care and other areas, to reduce the use of chemicals.

Since 2003 the Swedish Agency for Economic and Regional Growth (Nutek) has been conducting an “environment-driven business development” programme. Most projects aim at improving the possibilities for business development and financing of eco-innovations, and at spreading information and tools to encourage environment-driven business development and environmental technology exports. Some of the pilot projects in the programme aim at enhancing the opportunities for companies to work efficiently with standardised environmental management systems. So far the programme has provided some SEK 40 million in funding for projects. The Agency has also published several reports on how to work with environmental issues in companies.

### *Information campaigns*

The Swedish Consumer Agency provides various services along with objective information on its website in order to enable consumers to make sustainable consumption choices by supplying information on various choices open to consumers and the effect of these choices.

Under a commission from the Government, the Swedish Consumer Agency has also prepared information for a communication strategy for organic foods that has been spread to NGOs and to business and industry. The purpose of the strategy was to give representatives of business and industry and of NGOs supporting information and tools in their work to create the conditions for consumption of organic foods.

The Government is also providing support to the association for the Swedish Fairtrade Label for its work to communicate information about ethical consumption and – via Sida, the Swedish International Development Cooperation Agency – for a campaign intended to increase the consumption of fair trade goods among consumers and in the public sector.

## **2.4 Conservation and management of natural resources**

### *Biological diversity*

In November 2005 the Riksdag decided to adopt a new environmental quality objective for the conservation and sustainable use of biological diversity. The objective is intended to safeguard the habitats of different species and to ensure that the functions and processes of ecosystems are in balance so that they can continue to be productive and deliver goods and services. Three interim targets specify the direction and time perspectives of further environmental work to achieve the environmental quality objective. The interim targets apply to halting the loss of biological diversity, reducing the proportion of threatened species and sustainable use.

A considerable quantity of the projects and inquiries announced in connection with the environmental quality objective in Government Bill 2004/05:150 are currently in progress. The Swedish Environment Protection Agency is preparing a monitoring system based on the international system for indicators for the 2010 target that is being coordinated by the European Environment Agency (EEA) as part of cooperation on indicators under the Convention on Biological Diversity.

The action programmes for threatened species that are being produced jointly in cooperation between central and regional authorities have a central role. In 2005–06, 87 action programmes were prepared. A total of 127 programmes have been produced, covering more than 250 species and quite a number of habitats. Under current plans, just over 215 action programmes for more than 550 species will be operational or completed by 2010.

In 2005–06 some 67 000 hectares of valuable nature have been secured through purchases/compensation for encroachment and grants to municipalities and foundations. Management practices for protected areas were further developed through the *Safeguarding, Caring and Showing* programme of the Swedish Environmental Protection Agency that focuses on local participation, management plans and conservation plans, outdoor recreation and tourism, information, management of natural habitats and monitoring and evaluation.

In 2007 reports will be presented on the work in seven county administrative boards on producing regional landscape strategies, and the Swedish Environment Protection Agency will produce guidance for work on landscape strategies by 2008 at the latest.

Methods for monitoring the use of biological diversity are being produced and are expected to be available in 2007. The sectoral agencies are working on defining sustainable use in agriculture and forestry and in the fishing industry.

In 2006 the local and municipal nature conservation initiative was completed, but several projects are still in progress. Over three years the country administrative boards distributed SEK 300 million to local and municipal projects in 90 per cent of Swedish municipalities in order to provide extra support for local nature conservation and outdoor recreation. According to the initial evaluations the initiative has helped to establish local political support for a broad participation in nature conservation work.

Sweden contributes actively, in the forums available, to the work of the Commission to establish and implement priority actions in the action plan for biological diversity presented to the Council and the Parliament in 2006. At present, the Government is working on analyses of what actions we should take with respect to the plan, in addition to activities that have already been decided or started.

Work is under way on completing the Natura 2000 network in Sweden's three biogeographical regions: the alpine, boreal and continental regions. In 2008 Sweden will report new proposals to the network concerning marine species and natural habitats.

### *The Rural Development Programme*

The Government has adopted a national rural development programme for the period 2007–2013. The programme is half-funded by the EU and half-funded nationally and covers a total of SEK 35 billion during the programme period. Within the framework of this programme, which was approved by the EU Rural Development Committee on 23 May 2007, Sweden has introduced the following actions in the environmental field. The competent authorities have already received grant applications, but before decisions can be taken the Swedish regulations on the application of the Rural Development Programme have to come into force. This is expected to take place in the summer of 2007.

Compensatory payment is available for agricultural areas used for ley, the management of pasture land, and growing potatoes and grain in areas currently identified as less favoured areas.

Farmers, and in certain cases other land managers, may receive payments for environment friendly farming if they use production methods that improve biological diversity and improve the landscape, manage cultural heritage features, conduct organic production, keep livestock breeds that are threatened with extinction, carry out actions to reduce plant nutrient losses from agriculture or carry out actions that lead to the safe management of plant protection agents, etc.

In addition to environmental payments, compensation is also available for creating wetlands or for restoring pastures or mown meadows.

In the forestry sector compensation is available for action intended to conserve and develop forest biological diversity and to increase the area of broad-leaved deciduous forest. All of the above components can be supplemented by support for skills acquisition. Support is also available for companies that make investments to develop an activity or to improve the opportunities for people living and working in rural areas through various forms of project initiatives. One example of a specific action is the investment support available to increase energy efficiency and cultivate energy forest.

### *Conservation of fishery resources*

Community policy applies to the fisheries sector, so no additional legislative action is relevant. Sweden participates actively in work on new actions within the framework of the EU's common fisheries policy and the actions that follow from our environmental quality objectives Flourishing Lakes and Streams, A Balanced Marine Environment and Flourishing Coastal Areas and Archipelagos and A Magnificent Mountain Landscape. Fisheries policy, both EU policy and national policy, form a single integrated whole so that actions in one area have effects on other parts of fisheries policy. Objectives for fisheries are often set up in various management and action plans. In 2006 a management plan was adopted for cod in the Baltic Sea. Work on management plans for plaice and sole in the North Sea are being concluded. These objectives have been coordinated with the overall EU SDS objectives. At national level three indicators are reported for fisheries: the number of overruns of fishing quotas; the rate of implementation of fisheries programmes and the value of catches per licence to fish professionally.



### *Waste*

In common with the other EU countries, Sweden has implemented the Community legislation on waste (the Framework Directive for Waste, the Hazardous Waste Directive, the Packaging Directive, the WEEE Directive and the RoHS Directive on electronic waste and the ELV Directive on end-of-life vehicles) and this has led to better waste management with greater recycling of materials and energy recovery and also to the substitution of toxic substances from electric products so that these have become easier to recycle .

In Sweden the national environmental quality objective A Good Built Environment works in the direction of more recycling of materials. The previous government decided on a tax on the combustion of household waste that entered into force on 1 July 2006 in order to increase the recycling of materials. Sweden has also introduced a ban on the landfill disposal of combustible waste and organic waste. Moreover, in 1994 producer responsibility was introduced for packaging and recycled paper in order to promote environmental design and disposal, chiefly through the recycling of these products. There is also producer responsibility for cars (1998) and electronics (2001). In addition, there are reuse systems with deposits for beverage packaging so as to promote packaging return and recycling.

### *Integrated management of water resources*

On 1 April 2007 Sweden notified a proposal for a national ban on phosphates in laundry detergents for private use to the Commission. The purpose is to improve the marine environment and limit phosphorous discharges from laundry detergents containing phosphates. Phosphorous contributes to the eutrophication of sea, lakes and streams. Sweden is advocating the proposed phosphate ban both within the framework of Baltic Sea cooperation, HELCOM, and in the EU. In addition, the Government has decided to commission the Swedish Chemicals Agency to present a proposal for the national regulation of phosphates in dishwasher powder for private use by consumers. The report on the commission is to be presented to the Government no later than 7 September 2007.

## **2.5 Public Health**

The overall objective of public health policy is to “*create conditions in society that will ensure equal access to good health for the entire population*”. Public health policy in Sweden starts from health determinants, i.e. the factors in people’s living conditions and habits that are of most importance for health. These determinants can be divided into two categories: factors that are linked to people’s living conditions and

factors concerning people's habits and lifestyles. In 2005 the National Institute of Public Health presented a first report giving an account of the development of public health. The next report is expected in 2009.

### *Pandemics*

The Swedish action plan for pandemic influenza is updated continuously by the National Board of Health and Welfare. This includes analysing whether existing legislation provides enough legal support to take action in a pandemic. Exercises have been held both in the Government Offices and at agency level in 2006 and 2007 to test preparedness. A pandemic will hit all sectors of society and therefore requires all sectors of society to have sufficient preparedness. Because of this, the national action plan is not limited solely to health actions but covers the whole of society. The Swedish action plan for pandemic influenza contains certain targets and indicators.

### *Drugs*

A national action plan for drugs has been adopted for the period 2006–2010 (Govt Bill 2006/06:30). The action plan is in line with the EU drugs strategy. In 2008 responsibility for the implementation of this drugs action plan will be transferred to a more long-term sustainable organisation that is part of the regular structure of government agencies. Since the adoption of the first action plan in 2002 use of drugs among school students (aged 16) has decreased slightly from what is a low level in international terms.

### *Tobacco*

National targets for reducing the use of tobacco have been adopted within the framework of national public health policy. These intermediate targets form the core of a concerted tobacco policy consisting both of action to reduce demand and of supportive action. The National Institute of Public Health is responsible for monitoring. The Government also works with tax incentives and increased the tax on tobacco goods in 2007. SoRAD (the Centre for Social Research on Alcohol and Drugs) specifically monitors consumption habits a monthly basis.

### *Nutrition and physical activity*

Material for an action plan for increased physical activity provided by the National Institute of Public Health and the National Food Administration forms the basis for further work in the area of nutrition and physical activity. In the first place the Government wants to see

voluntary action and industry agreements in preference to restrictions and control via legislation and taxation. A hearing was held with key actors in the spring of 2007 in order to see what contribution various actors in the area can make. These are planned to continue, as are specific commissions to the relevant agencies. A coordinating function at national level is one of the priority actions to monitor and find out what has an effect. Ongoing budget negotiations will decide the final priorities. Cross-sectoral cooperation is promoted.

Preparations are under way to set up a national database for reporting and monitoring children's height and weight. Two studies of ten-year olds in Stockholm and Göteborg point to the same thing. The proportion of overweight and obese children is not increasing any more and among girls there is even a reduction. However, the period studied is quite short and the results must be repeated before the researchers will be sure of these trends. There are successful methods for promoting physical activity and healthier eating habits for school children, where very limited action has produced good results. Physical activity on prescription in primary care is another example of a positive initiative.

### *Alcohol*

In February 2006 the Riksdag adopted a national action plan prevent alcohol-related harm for the period 2006–2010 with the overall objective of promoting public health by reducing the harmful medical and social effects of alcohol. The objective is to be reached by action to reduce total alcohol consumption and action to address harmful drinking habits. SoRAD (Centre for Social Research on Alcohol and Drugs) surveys alcohol consumption in Sweden and how it changes on a monthly basis. The Government also intends to appoint an inquiry to review the Alcohol Act. The starting point for such a review will be the continuation of a restrictive alcohol policy. In addition, the Government intends to develop quantifiable and time-bound interim targets for alcohol policy. The previous national alcohol action plan has been evaluated and the results have been incorporated in the present plan. Between 1995 and 2004 annual alcohol consumption among people aged 15 years or older increased by more than 30 per cent in Sweden. After the peak year in 2004, consumption decreased from 10.5 to 9.7 litres in 2006. However, according to preliminary figures for the first quarter of 2007 the decrease appears to have stopped. The objective of Swedish alcohol policy and the action included in the national alcohol action plan are consistent with the intentions of the EU strategy for supporting Member States in their work to reduce alcohol-related harm.

### *Mental health*

The public health policy objective of “*Good and secure childhood conditions*” is a priority area. The Government intends to present actions to improve and promote the mental health of children and young people in a bill on public health policy in 2007/2008. The Government intends to provide support for parents throughout childhood as part of evidence-based action to prevent mental ill health among children. The Government is working on drafting a proposal for a parent support programme. The National Board of Health and Welfare and the National Institute of Public Health have jointly prepared a draft national suicide prevention programme. In the spring of 2007 the Government commissioned the National Board of Health and Welfare to set up a national knowledge centre for early action for children and young people at risk of severe mental ill health. The new centre is to gather and spread knowledge. The final report of the national psychiatric services coordinator Ambition and Responsibility has been circulated for comments and is now being processed in the Ministry of Health and Social Affairs.

### *HIV/AIDS*

*A national strategy to combat HIV/AIDS and certain other communicable diseases* was adopted by the Riksdag in 2006. The starting point for the strategy is the “Declaration of commitment on HIV/AIDS” adopted by the UN General Assembly at a special session in 2001; the declaration contains global commitments on action to combat HIV/AIDS and their consequences. The strategy contains objectives and actions and sets out the organisation of central government work to reduce the spread and consequences of these diseases. The National Board of Health and Welfare has started work on implementing the strategy and is planning at the same time for a system that will enable systematic monitoring and evaluation of implementation. Sweden is participating actively in the Commission think tank on HIV/AIDS, whose functions include providing support for the implementation of the plans in the Commission Communication.

### *Children’s environment and health*

In its appropriation directions for 2005 the National Board of Health and Welfare was instructed to draft a proposal for a national action plan for children’s environment and health. This assignment is based on the WHO initiative *Children’s Environmental Health Action Plans for Europe (CEHAPE)*, which focuses on environment-related health and risk factors in children’s physical environment. Sweden’s environmental quality objectives Clean Air, A Non-Toxic Environment, Good-Quality Groundwater, A Safe Radiation Environment and A Good Built

Environment are the objectives with the clearest links to human health. These objectives are at the core of the proposed national action plan for children's environment-related health. The draft action plan prepared by the National Board of Health and Welfare links up with the national objectives that are relevant to children's environment-related health, primarily the public health objectives and the environmental quality objectives. The Swedish Chemicals Agency has produced a report on chemical risks for children, following a commission from the Government.

### *Chemicals*

The EU Chemicals Regulation (REACH) was adopted in December 2006 and will result in an improvement in knowledge of the properties of chemical substances and information about chemical substances in goods and will lead to a time-limited authorisation system, which provides incentives for substitution. The Government has appointed an inquiry to review how Swedish chemicals legislation and associated legislation relates to the REACH requirements. The inquiry chair is also to review the system of charges and supervision of both general chemicals and biocides. The inquiry is to present an interim report on 31 October 2007 and its final report on 30 June 2008. The report is to serve as supporting information for any changes in Swedish statutes to adapt Swedish legislation to REACH. The Government has also appointed a council under the Swedish Chemicals Agency for the exchange of information and cooperation between the industry, government agencies and other relevant actors in matters concerning REACH.

In the summer of 2006 the Commission presented a proposal for a regulation on the placing of plant protection products on the market, which is intended to replace the present directive. The purpose is to increase protection for human health and the environment, in part by increasing the scope for using the substitution principle, i.e. the replacement of harmful products with less harmful products or methods. The experience of substitution in the Union is very limited and there are many questions concerning the Commission's proposal. Sweden held a workshop in Brussels on 8 May this year in order to contribute Swedish experience and increase knowledge among member countries, the industry, members of parliament and NGOs about substitution, including its significance for innovation. The response to the workshop was very good and some participants were of the opinion that it had been an eye-opener. The conclusions of the workshop will be used in the future negotiation work.

The Swedish Environmental Protection Agency will participate on behalf of Sweden in planned research cooperation in the EU – in an ERA-NET– in the area of environment and health.

#### *Animal health*

The new common EU regulations for feed and food safety, feed and food hygiene, protection from pests and public control of the regulations in the areas of feed, food, animal health and animal welfare were incorporated into Swedish legislation as of 1 July 2006. Sweden has participated in an early phase of work in the EU on drafting an animal health policy.

As a result of extensive preventive work and an extensive surveillance programme Sweden is able to maintain its special position in the EU concerning the level of protection against salmonella.

VTEC-bacteria that have infected people with the intestinal infection EHEC are a relatively new phenomenon and were demonstrated at five farms in 2006. This is an infection that can have serious consequences for the people affected and the National Veterinary Institute has been instructed to carry out work to acquire further knowledge of infection paths along with the National Food Administration and the Swedish Board of Agriculture.

#### *Food controls*

Official documents and companies' own monitoring documents have been improved and this has contributed to fewer serious deviations being found in municipal computer-based inspections than in previous years. Food control in Sweden is undergoing major change in order to improve and increase the efficiency of the work. A national control plan for control of the food chain has been prepared during the year.

A number of indicators have been produced to measure fulfilment of the national objective Good and Safe Food. The indicators focus on good eating habits, chemically safe food and consumer confidence in the national food authority.

## **2.6 Social inclusion, demography and migration**

#### *Poverty and social exclusion*

Sweden prepared a national strategy report for social protection and social inclusion for the period 2006–2008 (the report has subsequently

been updated in view of the change of government). The report is based on the objectives produced by the European Commission.

The report also contains a national action plan for social inclusion that is intended to combat poverty and social exclusion. The action plan has four priority objectives; promoting work and education for all; increasing integration; combating homelessness and exclusion from the housing market; and strengthening groups in particularly vulnerable situations. The report also focuses on reducing child poverty.

### *The ageing population*

In view of the ageing population in all European countries sustainable public finances will continue to be an important issue in coming decades. Sweden supports the EU objective that Member States have to reduce their central government debt at a satisfactory pace, increase their employment rate and productivity and reform their systems for pensions, healthcare and elderly care.

Sweden's public finances have shown a surplus in recent years, which has made it possible to reduce central government debt sharply. Sweden is therefore assessed by the European Commission and others as having long-term sustainable public finances. In 1999 Sweden reformed its old age pension system with the result that it is now an autonomous, defined-contribution system. In addition, there is also an automatic balancing mechanism which makes the system financially stable. The current assessment is that it will be possible, with today's policy, to cope with the ageing population and the rising costs of healthcare and elderly care. As a result, there are no plans for radical reforms in this area. As regards the employment rate, Sweden meets the objective that it is to increase.

In order to increase the possibilities for older workers to participate in the labour market the Government has taken measures such as the following:

- The special employer's contribution of about 16 per cent has been abolished for people over the age of 65 who are covered by the new old age pension system. As of 1 January 2008 this will also apply to people who are not covered by the reformed pension system.
- A tax reduction for earned income, the in-work tax credit, was introduced on 1 January 2007. In order to increase the financial incentive to work longer, the tax reduction is higher for people over 65 than for other age groups.
- For new start jobs a subsidy is given to old people aged over 55 years for a period that corresponds to twice the time the person has been absent from working life, but no more than 10 years.

### *The demographic challenge*

Equal opportunities for women and men to combine work and family life are necessary to increase the supply of labour and achieve the Lisbon objectives. In accordance with the agreement to implement the European Pact for Gender Equality the Government intends to investigate the specific conditions for implementing a reform of family policy. The fundamental starting points for the reform will include the introduction of a gender equality bonus in parental insurance, a voluntary municipal child-raising allowance and a childcare voucher. On 1 July 2007 a tax reduction will also be introduced for people who have had expenditure for housework. This will give families greater scope for buying services that make daily life easier and increase the opportunities for the women and men who want to increase their working hours.

On 1 July 2006 new rules in the Parental Leave Act (1995:584) entered into force. The prime purpose was to enhance equality between women and men. The rules were also expected to have positive effects on the labour market in general. A new rule banning disadvantaging jobseekers or employers on grounds related to parental leave was introduced. However, the ban is not applicable if different conditions or different treatment are a necessary consequence of the leave. A new rule of evidence was introduced that divided the burden of proof between the employee and the employer.

On 1 July 2007 new rules in the Employment Protection Act (1982:80) entered into force. Under the amendments the regulations are simplified and the possibilities of using fixed-term employment contracts are improved. The starting point is that more flexible regulations reduce the thresholds for entering the labour market. Agreements on fixed-term contracts can be made for general fixed-term employment, for substitute positions, for seasonal work and when the employee has reached the age of 67 years. A general fixed-term contract becomes a permanent contract if, during a five-year period, the employee has been employed on such a contract by the same employer for a total of more than two years. The contracts of other employees who, during a five-year period, have been employed by the same employer for a total of more than two years also becomes a permanent contract. Employees are not allowed to count an extra period of employment on reaching a certain age.

### *Employment*

High labour force participation in the population of working age and a high number of hours worked in the economy are needed to meet the demographic challenge and secure sound public finances, and with them the Swedish model of a well-developed welfare state.



The most important task for the Government is therefore to take action that leads to higher employment and lower unemployment and that reduces exclusion from the labour market.

The sharp increase in employment that has taken place and is still taking place is also reflected in the development of employment among people *born abroad*. For men born abroad the increase between 2005 and 2006 is actually greater than for men born in Sweden, while women born abroad have not had the same favourable development of their employment rate as women born in Sweden. This gives an aggregate increase of roughly the same size for people born in Sweden and people born abroad. The differences in employment between people born in Sweden and people born abroad – which are bigger for women than for men – still remain.

In view of the high level of youth unemployment special actions have already been taken or are planned. This applies, for instance, to more favourable qualification conditions for new start jobs and a reduction of certain employer's social contributions, etc. for young people who are more than 18 but have not reached 25 years of age. Another job guarantee is to be introduced within the framework of the Government's youth unemployment package.

Under the job guarantee for young people that comes into operation in December 2007 all young people who have been registered at an employment office for three months are offered stronger action in the form of a job guarantee. Initially the focus is on matching and the young people are given a personal coach. In a second phase of the job guarantee, matching can be combined with a work placement and training. Payments to participants in the job guarantee are designed so that they do not deter young people from choosing regular studies instead of unemployment. The job guarantee is seen as being well in line with the EU's renewed strategy for sustainable development and is, in fact, more ambitious concerning the objectives that are to apply from 2010.

According to the most recent Labour Force Survey on *people with disabilities*, employment in this group increased slightly between 2004 and 2006. In the 2007 Spring Fiscal Policy Bill the Government proposed increasing the number of jobs with wage subsidy and the number of positions in Samhall. A further increase is also proposed for 2009 and 2010.

### *Health in working life*

Far too many people leave working life prematurely on account of sickness. In recent years various actions have been taken to reduce sickness absence and various measures are currently in train. One is the

design of a more quality assured, uniform and legally certain sick leave process, one part of which is the drafting of insurance medical guidelines for sick leave. Another measure is the provision of special support to healthcare in 2006–2008 in order to stimulate county councils to take active measures to reduce sickness absence in their county. However, the Government considers that health insurance must be reformed so that it provides stronger drivers for and opportunities to return to work. The work first principle in health insurance is to be reinforced and rehabilitation to return to work is to be made more active.

## **2.7 Global poverty and sustainable development challenges**

Sweden's policy for global development, which was adopted by the Riksdag in December 2003, gives all policy areas the task of formulating and implementing policy so that, as a whole, it contributes to equitable and sustainable global development, which is the overall objective. Global development policy must be informed by two perspectives – the rights perspective and the perspective of the poor on development. Greater coherence in the actions taken between policy areas and actors, including the EU and the UN, the international financial institutions and countries will make poverty reduction more effective. The policy focuses on poor people in developing countries and countries with economies in transition and covers all political decisions that affect these people directly or indirectly.

A holistic approach, in which fundamental values, sustainable development and security are handled coherently at all levels, is required if action is to contribute effectively to equitable and sustainable global development. One challenge is identifying and realising potential synergy effects, where actions can be designed to contribute both to the objectives of the policy areas involved and to the overall objective. Swedish policy for global development is unique just because it adopts this holistic approach.

Sweden belongs to the small group of countries that have long lived up to the UN recommendation to devote at least 0.7 per cent of gross national income (GNI) to international development work. The goal of allocating 1 per cent of GNI to development assistance remains in place, and was achieved in 2006. Development assistance for 2007 amounts to SEK 30 billion, and it is therefore estimated that the 1 per cent target has also been achieved for 2007. The overall objective of international development cooperation is to help create conditions that will enable poor people to improve their lives. Countries own Poverty Reduction Strategies are to form the basis for action taken by Sweden in development cooperation. Development assistance is to be more demand-driven.

As a result of the policy for global development, Sweden has a clear policy for more effective development assistance, fully in line with the spirit of Paris Declaration. Examples of issues that Sweden will continue press forward are:

- working with partner countries and other bilateral and multilateral donors to help achieve a better division of labour and concentrate aid to fewer sectors;
- making greater use of partner countries' administrative systems for procurement, reporting, payments, monitoring and audit;
- coordination should take place with other donors where alignment with a partner country's system is not possible;
- continuing to increase the share of budget support and support to special sectors in countries with acceptable financial systems;
- increasing the untying of aid;
- continuing work to link development results more clearly to the goals set in the poverty reduction strategies and the Millennium Development Goals;
- further strengthening the dialogue with our partner countries and basing it as far as possible on the countries' own strategies and doing so in coordination with other donors.

#### *Actions at EU level*

In 2005 some 7 per cent of Swedish aid was channelled via the EU's common development assistance, known as EC assistance. Sweden has contributed to agreement in the EU on improving the quality and efficiency of the delivery of development assistance in accordance with the Paris Declaration. Sweden has contributed actively to EU work to increase the efficiency of development assistance and has worked, in particular, for the focus to be placed on partner countries' ownership and for donor coordination not to be limited to EU donors.

The reform of EC assistance started in 2000 is in a monitoring and consolidation phase. Progress has been made, but more work remains to be done. In the reform process Sweden has gained support for making poverty reduction an overall objective of all development cooperation and for concentrating development assistance to the sectors where the EU has a comparative advantage.

In 2005 negotiations were held on a review of EU policy for development. This policy – the Joint EU Development Policy Statement or the “European Consensus” – was adopted by the Council, the Commission and the European Parliament in November 2005. Swedish views made a good impact during the negotiations. The poverty focus, development country ownership, harmonisation, complementarity and coherence are important parts of the policy.

Environmentally sustainable development has been highlighted as a priority issue in development cooperation in 2006 and 2007. In 2006 the Government announced a special initiative in which it would give environmental and energy issues greater scope in development cooperation. The Government's initiative for environmentally sustainable development is being implemented in areas where Sweden and Swedish business and industry are strong and can make valuable contributions to development in partner countries, thereby contributing to growth both in partner countries and in Sweden.

### *International environmental governance*

Together with France, Sweden has led an informal working group in the Working Party on International Environmental Issues (WPIEI) to draft and develop the EU position on strengthening international environmental governance and the creating of a specialised agency for the environment (UNEO, the United Nations Environment Organization). Sweden has drawn attention to the matter in contexts including meetings of the UNEP Board of Governors, the UN Commission for Sustainable Development (CSD), ASEM, the UN General Assembly and in bilateral meetings.

Sweden has provided active support for and contributions to reform work at UNEP in order to strengthen the organisation by introducing more results-based management and efficiency in normative environmental work. Through Sida and the Swedish Environmental Protection Agency Sweden has also contributed to strengthening environmental issues in the work of UNDP.

Sweden has provided contributions (over and above the mandatory contributions) to several MEAs such as the UNFCCC, the chemicals conventions, the Strategic Approach to International Chemicals Management (SAICM) and the Convention on Biological Diversity (CBD), etc. Sweden has also provided support for the ongoing work to find synergies between the Basel, Rotterdam and Stockholm Conventions.

### *International Chemicals Management*

Sweden has conducted a review of the Strategic Approach to International Chemicals Management (SAICM) in order to identify areas where Sweden may need to improve its own chemicals work. Cross-sectoral coordination is important in this context. SAICM also provides an important platform for Sweden's international chemicals work and work on chemicals-related development assistance to other

countries. As far as Sweden understands, SAICM has also helped to increase interest in and awareness of the importance of chemicals issues in work to reduce poverty in these countries.

### *Agriculture*

Sweden has actively supported ongoing reform work in the FAO, which is being carried out to make the FAO better able to meet the challenges in the Organisation's work on the UN Millennium Development Goals (MDGs). This reform work, which started in 2005, is a response to the call from the UN Secretary-General to all UN specialised agencies to intensify their work on the UN MDGs. In the UN system the FAO is responsible for the environmentally sustainable use of natural resources for agriculture, fisheries and forestry, and at global level the FAO is an important partner for the implementation of conventions on biological diversity, desertification and genetic resources. In fisheries there is a code of conduct for responsible fisheries, which Sweden supports through Sida.

## **3. Progress on EU SDS cross-cutting issues**

### **3.1 Education**

Education and skills development characterised by sustainable development are essential for the sustainable development of society both in Sweden and internationally. The formal education system at all levels, and also popular education, have an important role to play in equipping children, young people and adults with the knowledge, skills, capacity and will to work for sustainable development.

The objective is for knowledge about sustainable development to communicate a message, but above all it should stimulate active participation and critical thinking about the construction of a sustainable society. For individuals, education is crucial in enabling them to assimilate information on sustainable development and make conscious choices as consumers and citizens.

Sweden has played a proactive role in work to develop the UNECE strategy for education for sustainable development. Sweden is also one of the few countries in the UNECE that has already reported on indicators concerning both the 2007 and the 2010 indicators.

It is important to take action as part of education at compulsory school, upper secondary school and higher education to promote an entrepreneurial attitude among children and young people and thereby

increase the capacity to start new companies. It is therefore particularly important that the business opportunities made available by sustainable development are raised in entrepreneurship training at various levels. The public education system at all levels, including adult education, as well as popular education but also further education, have an important role to play in equipping children, young people and adults with the knowledge, skills, capacity and the will to work for sustainable development. Sweden has taken several decisive steps in work on sustainable development in education. The compulsory school curriculum instructs schools that their education has to shed light on how the functions of society and our way of life can be adapted to bring about sustainable development.

As of 1 February 2006, higher education institutions shall, under Section 5 of the Higher Education Act (1992:1434), promote in their activities sustainable development that ensures present and future generations a healthy and good environment, economic and social welfare and justice. It is up to every higher education institution to define more closely how sustainable development can become an integrated part of its activities, based on its conditions and profile. This means that Swedish higher education institutions have to take steps to incorporate sustainable development into their work, within the framework of their tasks of higher education, research and cooperation with the community. This can, for instance, be done by increasing their offers of courses focusing on sustainable development as well as by existing courses integrating the concept to a greater extent into regular programmes.

As of 2007 the Knowledge Foundation is investing SEK 100 million for the coming ten-year period to strengthen ICT in teacher training. It is the biggest investment in ICT in schools and education since a project of the order of SEK 1 billion in the 1990s. The initiative is being carried out in cooperation with teacher training programmes, municipalities and business and industry.

### **3.2 Research and development**

Science-based knowledge is a decisive factor in work for sustainable development. Research and development on questions and conditions in the intersections between the economic, social and environmental dimensions of sustainable development are particularly important. Advanced knowledge is needed as a basis for the strategic choices that have to be made in society and to make an accurate assessment of the effects associated with different courses of action.

In the last two research policy bills Research and renewal (Govt Bill 2000/01:3, Report 2000/01:UbU6) and Research for a better life (Govt. Bill 2004/05:80, Report 2004/05:UbU15, Riksdag Comm. 2004/05:289)

research in support of sustainable development has been a priority area and SEK 210 million has been allocated for the period 2005–2010.

In June 2006 the Riksdag adopted guidelines for further long-term energy policy action concerning research, development, demonstration and commercialisation in the field of energy (Govt Bill 2005/06:127 *Research and new technology for the energy system of the future*). The decision provides long-term conditions for these activities, and over SEK 800 million is expected to be allocated to the purpose each year. The Government considers that the level of ambition for transforming research results into commercial products and services should be increased.

#### *Green accounts*

In Sweden green national accounts are used as a complement to the national accounts. The industry emission calculations in the green national accounts are based on energy statistics (fuel use) and special environmental statistics for emissions to air and water and for waste. In addition, surveys of premises, agriculture, etc. are used to complement the energy statistics, which are only partly classified by economic activity. The Government has begun work to produce statistics on materials flows. This work has been started and the ambition is to build a transparent database for material flow statistics. It is to be possible to use the database to obtain data on materials and resource use by material, industry, commodity or time, for example.

### **3.3 Financing and economic instruments**

#### *Economic instruments*

At present revenue in Sweden from environment-related taxes and charges amounts to some SEK 81 billion per year, of which SEK 79 billion, or 98 per cent, is linked to energy and transport.

At the beginning of 2006 the Government instructed the Swedish Environmental Protection Agency and the Swedish Energy Agency to examine how the existing economic instruments had worked in environmental policy. The report *Economic instruments in environmental policy* was presented in October 2006. Work on the report was done by the Swedish Environmental Protection Agency and the Swedish Energy Agency in cooperation with the National Institute of Economic Research and the Swedish Tax Agency and after consultations with the other environmental objective and sectoral agencies affected. The content of the report is based on a review of the evaluations of economic

instruments in the environmental area. The agencies have compiled the results of the evaluations carried out and also report an assessment of what additional evaluations may need to be carried out. Based on the existing evaluations and economic theory the agencies have drawn general conclusions in order to provide guidance for further work to find long-term socially efficient economic instruments to achieve the environmental objectives.

In March 2007 the report was presented at a meeting with the Environment DG of the European Commission. At the meeting a discussion was opened on cooperation between Sweden and the Commission on market-based instruments. It was decided to return to the matter after the publication of the green book on market-based instruments in order to plan a joint workshop or expert meeting after the summer. This is in line with the text in the green book on exchanges of information and the establishment of a forum for market-based instruments in order to stimulate exchanges between Member States on their experience of environmental tax reforms.

### *Tax shift*

Ever since the early 1990s Sweden has been further developing efficient tax instruments in the energy field in particular. A gradual increase has taken place in the environmental gearing of the tax system. In particular these taxes have made a considerable contribution to the reduced use of fossil fuels.

A green tax shift, in the sense of increasing taxes on environmentally hazardous activities so as to reduce taxes on work, has been implemented in Sweden in two steps. First, such a reform took place in the early 1990s, and then the previous government started a green tax shift project in 2001. The present Government considers that it is important to continue to develop efficient market-based instruments. Environmental and energy taxation has a great influence on investment decisions and therefore needs to be designed so that it pays to take responsibility for the environment.

The tax shift that was started in 2001 involved increases in energy and environmental taxes with a net effect totalling SEK 16.7 billion over the period 2001–2006. The increases were distributed so that households accounted for SEK 10 billion and companies for SEK 6.7 billion. The tax reductions during the period amounted to SEK 15 billion for households and SEK 2.2 billion for companies. The major tax increases during the period were the increases of the carbon dioxide tax by some SEK 4.5 billion, the electricity tax by some SEK 7 billion, the vehicle tax by 1.51 billion, the nuclear power tax by SEK 1 billion, the diesel tax by SEK 0.83 billion and the petrol tax by SEK 0.92 billion. The tax reductions are



somewhat larger than the tax increases because a tax on air travel was never introduced.

However, the green tax shift has not been optimally designed. The environmental effects have been limited. The reductions in taxes on work have had distributional motives rather than being intended to have the largest possible effect on the supply of labour. One problem in a green tax shift is that very substantial increases are needed in environmental taxes in order to generate enough tax revenue to be used for reductions in the tax on work that give a noticeable effect on the supply of labour.

Environmental taxes put a “price” on the environment. The Polluter Pays Principle (PPP) is observed and a more efficient distribution of society’s resources is achieved. There is a discussion in economic research as to whether a green tax shift could give a double dividend under certain circumstances. This would be achieved by using the revenue from environmental and energy taxes to reduce the tax on things that distort the distribution of resources, such as work. However, empirical research shows that it has not been possible to demonstrate such a double dividend. But a green tax shift does give a “single dividend” through a more efficient distribution of the resources in society.

The Swedish Government is continuing to work on developing market-based instruments in the environmental area.

#### *Community programmes*

Sustainable development is taken into account in preparing and implementing the structural funds programmes. Actions in the programmes are monitored and evaluated under structural funds regulations.

The Swedish Agency for Economic and Regional Growth has prepared a strategy for the implementation of the Competitiveness and Innovation Programme (CIP) in Sweden. This strategy will take account of how this programme is to be coordinated with other relevant EU programmes, such as the Seventh Framework Programme for Research and Technological Development and the Structural Funds Programme.

As regards the new LIFE+ programme of support for the environment, the Swedish Environmental Protection Agency will be appointed as the agency that is to send applications to the Commission and comment on them.

### 3.4 Communication, mobilising actors and multiplying success

#### *The Commission for Sustainable Development*

The Government's Commission for Sustainable Development is to be a forum for discussion, analysis and dialogue and is also to stimulate a broad dialogue in society through open working methods.

#### *Aalborg Commitments*

So far eight Swedish municipalities have signed the Aalborg Commitments. Another two municipalities have made a declaration of intent to participate.

Sweden has taken an initiative to set up a network for Swedish, Nordic and Baltic municipalities so as to facilitate and develop the municipalities' work on the Aalborg Process by spreading experience and providing support for implementation. The network held meetings in Göteborg and Oslo in 2006. Work has begun on a number of initiatives.

#### *The Aarhus Convention*

Sweden has ratified the Aarhus Convention and has implemented its provisions at national level. Sweden participates actively in international work under the Aarhus Convention and is currently the chair country for work on access to justice. Even though Sweden has implemented the Aarhus Convention in Swedish legislation, in accordance with the demands on parties to the Convention, the Aarhus Convention continues to be relevant in relation to new legislation affecting areas that fall within the framework of the Convention. The provisions of the Aarhus Convention on access to environmental information, public participation and access to justice in environmental matters therefore continue to be taken into account in Swedish legislation in the area of the environment.

### 3.5 Implementation, monitoring and follow-up

#### *Indicators*

In March 2006 the Government presented a set of indicators for sustainable development in its national strategy for sustainable development. The set consists of 87 indicators, twelve of which are headline indicators, selected in six different areas.

- The areas are: health, sustainable consumption and production, economic development, social cohesion, environment and

climate, and global development.

- The headline indicators are: average life expectancy, violence, energy efficiency, investments, the employment rate, public debt, growth, risk of poverty, demographic support ratio, greenhouse gases, hazardous substances and development assistance.

The main trend is presented for each indicator. The indicators are presented on the government website.

### *"Peer review"*

Sweden has been the lead country in a peer review of Norway's policy for sustainable development. The review was conducted in the period October 2006 to March 2007. An expert from Uganda participated in part of the work. The review covered four areas:

- general aspects of the formulation of the strategy
- climate policy
- biological diversity (certain parts)
- trade and development assistance.

The review resulted in a report that was presented to the responsible ministers in Norway. The report made a number of recommendations on how to improve Norwegian sustainability policy.

Sweden gained valuable insights into another country's work on sustainability. It was also valuable to gain experience of carrying out a peer review.

## **4. Elaboration of NSDS – Sweden's national strategy for sustainable development**

### **4.1 Process and organisation**

#### *Process*

Sweden's most recent revised strategy for sustainable development – *Strategic challenges: A further elaboration of the Swedish strategy for sustainable development* – was presented to the Riksdag in March 2006 in the form of a government communication.

Sweden's first national strategy for sustainable development that dealt with the three dimensions of sustainable development – the economic, social and environmental dimensions – was presented to the Riksdag in 2002. The strategy had two aims: to fulfil the international commitment

to present a strategy for sustainable development to the UN in 2002 and to report and plan work on sustainable development in Sweden.

The first revision was made in 2004 in *A Swedish strategy for sustainable development*. It gave attention to the commitments at the UN summit on sustainable development in Johannesburg in 2002 on issues including sustainable consumption and production patterns. The communication was also a response to a Riksdag decision on a new Swedish policy for equitable and sustainable global development that was presented in the Government bill *Shared Responsibility: Sweden's Policy for Global Development*, which extended the objective of promoting equitable and sustainable global development to all policy areas. In the revised communication the Government identified four strategic issues for the future and gave an account of current and forthcoming work in eight core areas. The Government also announced that the strategy would be revised in 2006.

### *Organisation*

The revised strategy was prepared by a special coordination unit for sustainable development in cooperation with a cross-ministry working group, with four smaller working groups – one for each main area. Since January 2007 the Division for Sustainable Development at the Ministry of the Environment is responsible for coordinating sustainable development. Because sustainable development is a cross-cutting issue and because the work process in the Government Offices builds on joint decision-making in which all ministries participate, all ministries are involved in the development of work on the sustainability strategy.

The work of the Government's Commission on Sustainable Development began on 7 March 2007 with a seminar held by the Government along with the Commission on Climate and Vulnerability. The Commission's work is also intended to be linked with work on sustainable development at local and regional level. Knowledge and experience from local and regional work are to be used in order to further develop and anchor the national strategy for sustainable development.

## **4.2 Strategic priorities and instruments**

### *Strategic challenges*

The strategy from 2006 covers all the dimensions of sustainable development: the economic, social and environmental dimensions. The strategy starts from a vision for sustainable development in a long-term

perspective. It deals with global work for sustainable development, including work in the UN and the EU Strategy for Sustainable Development.

The Communication focuses on four challenges that do not follow policy areas or expenditure areas in the central government budget but that are cross-sectoral and require greater integration. Challenges and threats are highlighted, and objectives and measures are described

The strategic challenges are:

– *Building sustainable communities*

This challenge involves further developing good living conditions by means of physical planning, regional development, infrastructure projects, as well as the development of housing and urban environments.

– *Encouraging equal access to good health*

This challenge involves creating conditions for good health for all regardless of gender, ethnicity, social or cultural background, sexual orientation, age or disability.

– *Meeting the demographic challenge*

This challenge involves taking action across a range of policy areas to cope with the demographic challenge in its economic and social dimensions.

– *Encouraging sustainable growth*

This challenge involves supporting growth that builds on and combines dynamic markets, a strong welfare policy and a progressive environmental policy.

### *Prerequisites*

The Communication also deals more generally with what prerequisites and tools are needed for efficient implementation and to promote sustainable development as an objective, method and approach. This includes participation at local and regional level, visions and strong leadership as well as seeing the conflicts and highlighting them consciously.

### *Tools*

There are a range of tools in work on sustainable development. The focus of the strategy is on sustainability assessments including impact and cost effectiveness analyses; economic instruments and tax policy; sustainable public procurement; indicators for sustainable development; and education, culture, information and influencing attitudes, as well as monitoring and evaluation.

### *Link to the EU SDS*

Several areas of the EU sustainability strategy – *sustainable consumption and production, social inclusion, demography and migration and global poverty and sustainable development challenges* – are included in or largely correspond to wording in the Swedish national strategy. In the same way, principles and assessments concerning prerequisites and tools largely match in the two strategies, even though the division/structure is not the same. The areas *climate change and clean energy, sustainable transport and conservation and management of natural resources* are also included but are mainly dealt with in separate recurring government bills (the environmental objectives bill and the climate bill).

### **4.3 Monitoring and evaluation**

The strategy will be monitored and evaluated using a set of indicators for sustainable development of which twelve are headline indicators. There are also a long series of sub-indicators that are presented in full on the government website (see also section 4.5).

Sustainability assessments have been assessed as an important tool in work for sustainable development and have been given particular attention in the Swedish national strategy.



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