



Centre for Transport Studies

STOCKHOLM

Potential mistakes in designing support policies for green growth

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Potential pitfalls in climate policy

- Causing lock-in effects and long-term dependency on subsidies
- Poor system analysis – neglecting negative side-effects such as embedded CO2 emissions
- Giving in to special interests who claim to represent green growth – overrating positive side-effects of infrastructure investment

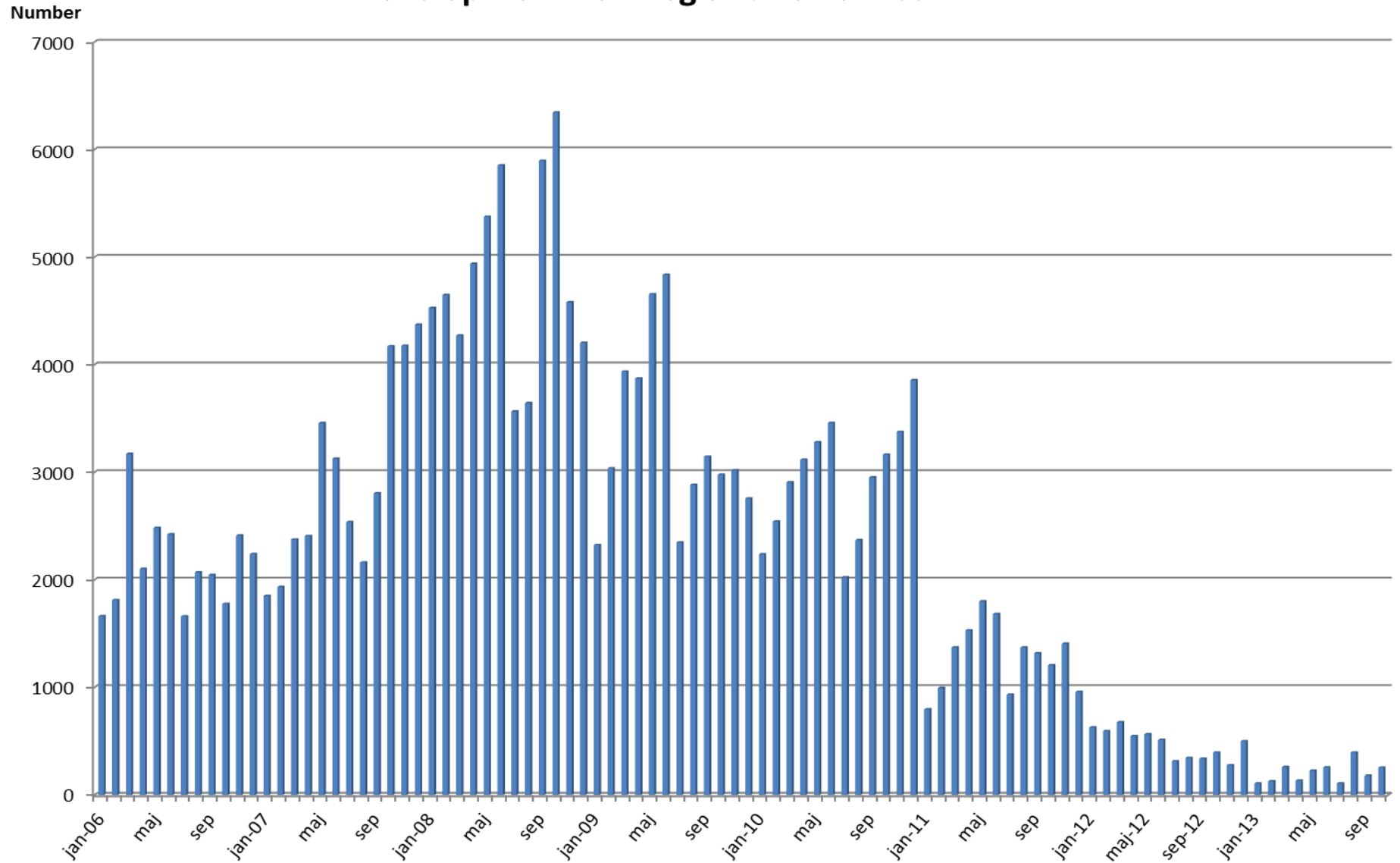
The rise of E85 in Sweden

- The fuel is exempt from taxes
- Cars subsidised and allowed a discount of 55 gram/km (previously 98 gram on fuel-efficiency rules compared to petrol cars)
- Exempt from congestion charges and parking fees
- Petroleum distributors have been forced to invest in E85 tanks and pumps in 1,800 gas stations
- Flexible-fuel (E85) makes up 5% of current fleet

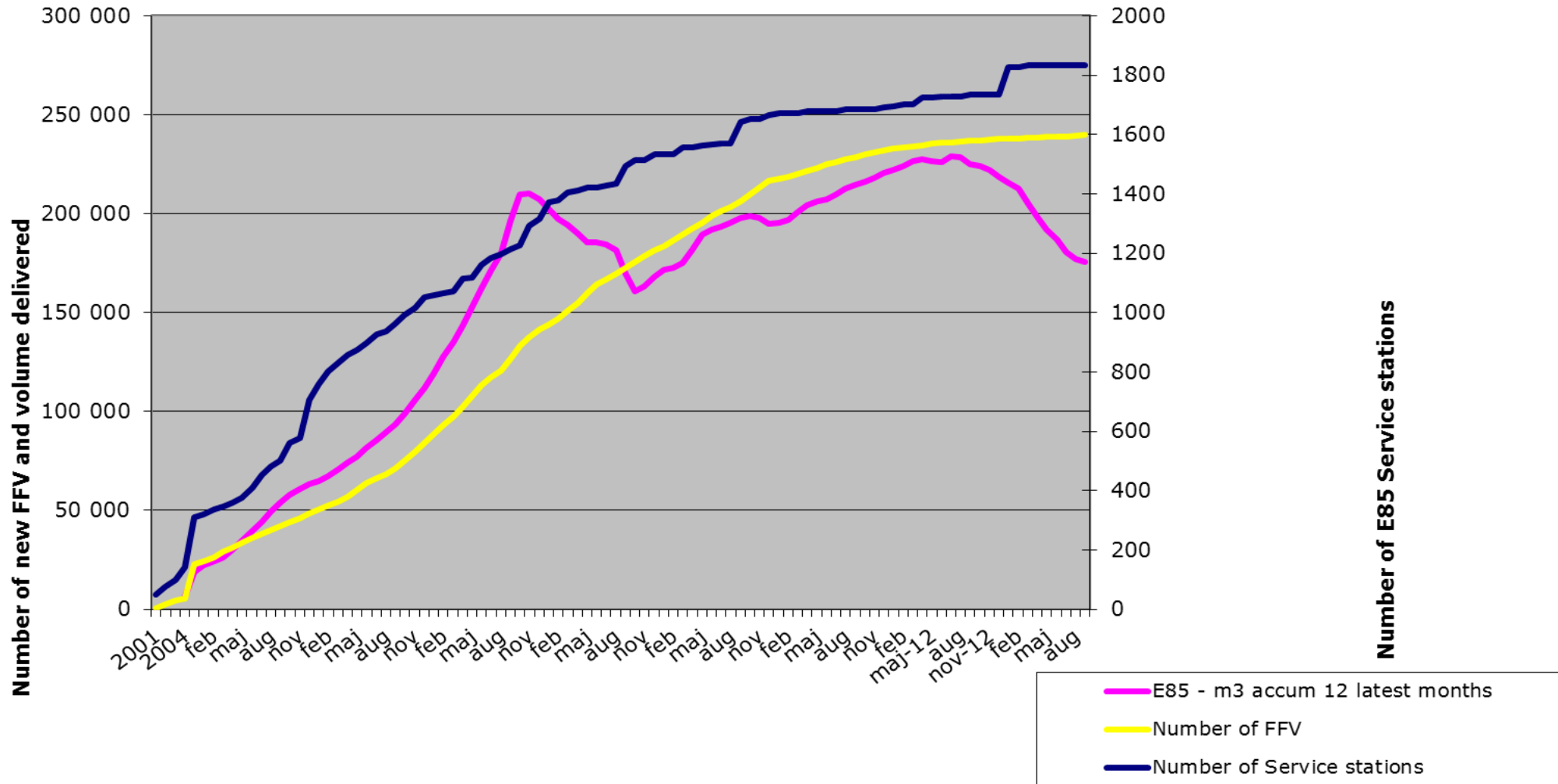
The decline and fall of E85 in Sweden

- Some subsidies have been reduced or removed
- Specific fuel consumption 25% above average
- Some owners use gasoline – despite higher price
- Annual sales have fallen from 58,000 to 6,000
- Few models will meet Euro VI exhaust standard
- Difficulties with regularly obtaining the ethanol quality needed in direct injection engines
- Total number of Swedish gas stations down by 30%

Development new registration of E85 FFV



Development E85



High speed rail speed and freight capacity

- Among the arguments for high speed rail are reducing aviation and freeing capacity for freight
- But HSR may generate more new traffic than it diverts from aviation and cars
- To offset embedded CO2 emissions (in a case with 10% tunnel), annual trips must be in the order of 9 million and with a large share being diverted from aviation

Alternative means for increasing freight capacity

- Differentiation of track fees for time and sections, thereby reflecting scarcity
- Double tracks in congested rail freight corridors
- Use of longer trains in combination with additional passing siding and improvement in traffic signalling and management
- Improving capacity utilization in road transport, short sea shipping and inland waterways

Potential electrification of motorway corridors

Cost-effective when infrastructure cost is high: M€2/km



Possible explanations of short-comings

- Sense of urgency
- Wanting to avoid unpopular measures
- Pressure from special interest groups who dress-up in green clothing
- Bias against road and in favour of rail
- Lack of interest in CBA