

# Press release

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## **KOF-NZZ survey: economists assess Swiss climate policy goals and measures**

**KOF and the Neue Zürcher Zeitung (NZZ) newspaper have surveyed economists at Swiss universities on the upcoming vote on the Climate Change Act and other topical economic policy issues relating to climate change. There is disagreement among survey respondents as to whether the measures contained in the counter-proposal are sufficient to achieve the goal of net-zero emissions by 2050. In addition, the survey shows that the economists who responded would favour an expansion of the emissions trading system.**

On 18 June this year the Swiss electorate will vote on an indirect counter-proposal to the Glacier Initiative (Federal Act on Climate Protection Targets, Innovation and Strengthening Energy Security (KIG)). This law sets the goal of net-zero greenhouse gas emissions by 2050 as well as interim targets for buildings, transport and industry. In addition, financial assistance is provided for the promotion of new technologies and processes, the replacement of heating systems, the renovation of buildings and the risk protection of infrastructure. The survey of Swiss economists conducted in May this year asked these economists whether Switzerland can achieve its net-zero emissions target for the year 2050 by adopting the measures contained in the counter-proposal. There is no consensus among survey respondents: while roughly half expect that Switzerland will (probably) be able to achieve this goal, the other half believe that this is (probably) not possible.

The revised carbon emissions law is currently being discussed in parliament. The law stipulates certain measures and requires that emissions in 2030 be 50 per cent below their 1990 level. At least two-thirds of emissions are to be cut in Switzerland. Does this distinction between domestic and international emissions make sense? Around 44 per cent of the economists surveyed agree with this stipulation. On the other hand, one in three respondents is sceptical about such a regulation and would instead allow emission reductions to be achieved anywhere in the world without restrictions. Proponents of allowing emissions to be offset abroad put forward arguments such as (cost) efficiency and the global climate impact. At the other end of the opinion spectrum are 16 per cent of economists who would only recognise domestic emission reductions, citing factors such as local environmental quality and securing local energy supply.

### **Carbon taxes rather than carbon certificates**

Both carbon taxes and carbon certificates (emissions trading) can be seen as market-based instruments for reducing carbon emissions. The surveyed economists were asked which of these two instruments is more suitable. While 39 per cent of respondents considered both instruments to be equally suitable, the remaining respondents favoured carbon taxes (35 per cent) rather than carbon certificates (21 per cent). Carbon taxes are easier to implement and offer greater planning certainty, whereas carbon certificates are economically flexible and can be used efficiently because they can be traded. 4 per cent consider both instruments to be unsuitable.

### **Majority in favour of border adjustment tax**

Swiss firms may face cost disadvantages when trading with countries that pursue less ambitious climate targets than Switzerland. Consequently, imported goods may be cheaper in Switzerland than Swiss products, while Swiss exports can be more expensive abroad than foreign products. Swiss economists were therefore asked whether a carbon border adjustment tax should be levied on imports and whether Swiss exports should be subsidised in order to eliminate this competitive disadvantage for Swiss firms. 81 per cent of these economists were in favour of imposing a border adjustment tax on imports. Export subsidies, on the other hand, were rejected by more than three-quarters of survey respondents.

### **Emissions trading seen as sensible**

In 2008, Switzerland introduced an emissions trading system (ETS) covering operators of industrial plant that emits high levels of greenhouse gases. The sectors included in this scheme are cement, chemicals, pharmaceuticals, refineries, paper, district heating and steel and, since 2020, air travel between Switzerland and the European Union. The companies participating in this scheme accounted for about 10 per cent of total domestic emissions in the most recent trading period.

The KOF-NZZ survey of economists covers topics relevant to economic policy in Switzerland and provides a means of making the views of academic economists visible to the public. KOF's media partner in the preparation and interpretation of this survey of economists is the Neue Zürcher Zeitung (NZZ) newspaper. In May, KOF and the NZZ conducted a survey of the upcoming vote on the Climate Change Act and other topical issues relating to climate change. The survey was conducted between 10 May and 25 May this year. 853 economists were contacted and responses were received from 124 economists at 17 institutions.

Further information on the KOF-NZZ survey of economists and a graphic representation of the results are available here:

<https://kof.ethz.ch/en/surveys/experts-surveys/economists-surveys.html>

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