



## Facts & News from Finland

February 2021

### **New Climate and Energy Strategy being prepared**

The preparation of a new national climate and energy strategy started in May 2020, led by the Ministry of Economic Affairs and Employment. The strategy content should be completed in summer 2021 and the strategy is to be submitted as a report to Parliament in autumn 2021.

The work is based on the Government Programme, according to which the emission reduction levels required by the carbon-neutrality target to 2035 will be reached. The solutions will be evaluated from the perspective of their impact and cost-effectiveness, while also considering regional differences and effects to employment.

The strategy will cover all greenhouse gas emissions and removals through the carbon sinks. The matters to be covered also include the reviews according to the five pillars of the Energy Union (low-carbon solutions including renewable energy, energy efficiency, energy market, security of supply and RDI activities), climate change adaptation, energy and greenhouse gas balances, and comprehensive impact assessments of the set of policy measures to be selected (strategic environmental assessment SEA, equality, national economy, central government finances, and social and regional impacts).

Studies and analyses concerning certain individual sectors to be carried out in different ministries include sectoral roadmaps to carbon neutrality (Ministry of Economic Affairs and Employment), working group on peat (Ministry of Economic Affairs and Employment), carbon footprint of construction (Ministry of the Environment), roadmap for fossil-free transport (Ministry of Transport and Communications) and working groups on taxation (Ministry of Finance).

An unofficial background group with representatives from the key ministries in climate issues was set up to support the strategy work. A kick-off event for stakeholders was organised in September 2020.

### **Scientific research information for the strategy work**

A background study under the Government's analysis, assessment, and research activities (VN TEAS) will be launched to support the strategy work. The study will be coordinated by the VTT Technical Research Centre.

The project 'Carbon-neutral Finland 2035 – climate and energy policy measures and their impacts' (HIISI) responds to the needs for research and analyses for the preparation of both the climate and energy policy strategy and the mid-term climate policy plan. The project will also produce scientific data and analyses for the reporting under the EU Governance Regulation (progress reports) and updating the National Energy and Climate Plan to be submitted to the EU. The project will produce



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both quantitative and qualitative analyses on the impacts of the new climate and energy policy measures for the different emission sectors, businesses, people, and the natural environment. The aim of the new policy and other steering instruments is to ensure a just and sustainable transition to a carbon-neutral society by 2035.

The project aims to involve different stakeholders and individuals as broadly as possible and communicate on the outcomes and analyses in diverse ways to enhance the understanding and acceptance of the new climate and energy policy measures.

Further information: <https://tem.fi/en/energy-and-climate-strategy>,  
[Press release 25 September 2020](#)

## **Sectoral low-carbon road maps support the transition to carbon neutral Finland**

Sectoral low-carbon road maps were prepared in 2020 in cooperation with the respective sectors' operators to provide a more accurate picture of the scale, costs and conditions of the measures required for transition to a carbon neutral Finland. The roadmaps show that the Government's objective of a carbon-neutral Finland in 2035 is achievable for industry and other sectors with existing or upcoming technologies. However, the realisation of road maps requires that the investment environment is favourable and that a number of conditions are met. Several sectors are planning or preparing further steps on their road maps, including more thorough reviews and means to put the results into practice.

Further information: [Summary of sectoral low-carbon roadmaps](#)

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## **Medium-term Climate Change Policy Plan**

The preparation of the new Medium-term Climate Change Policy Plan is coordinated with the preparation process of the new Energy and Climate Strategy in 2020–2021. According to the Government Programme, the Climate Change Act will also be updated, and the new Act will enter into force in 2021. The Medium-term Climate Change Policy Plan will be updated to pave the way for a carbon-neutral Finland 2035.

To support the drafting process, a working group composed of the key ministries and the Finnish Climate Change Panel as the scientific expert body was appointed in October 2020. The draft plan will be completed in summer 2021 and it will be submitted as a report to Parliament in autumn 2021. The Ministry of the Environment has invited people to participate in an online survey (by 19 February) and tell their views and opinions on how emissions can be reduced effectively and fairly. Their responses will be used in the preparation of the new Medium-term Climate Change Policy Plan.

Source: [Medium-term Climate Change Policy plan](#)



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## Roadmap for fossil-free transport – three phases towards climate friendly mobility

The Government's objective is to at least halve the greenhouse gas emissions of domestic transport by 2030 from the level in 2005. By 2045, transport must be changed to zero-emission transport. Carbon dioxide emissions from road transport in 2005 were about 12.5 million tonnes, which means that in 2030, the emissions should total about 6.25 million tonnes. According to the basic forecast of greenhouse gas emissions from transport, carbon dioxide emissions from road transport have decreased by 1.5 million tonnes. It is estimated that the measures already decided will bring about a decrease of an additional 3.1 million tonnes by 2030. A further reduction of about 1.65 million tonnes of carbon dioxide is sought for road transport so that emissions would be halved from the level in 2005.

Transport causes one-fifth of Finland's emissions. Road transport accounts for about 94 percent of emissions from domestic transport. The roadmap has been prepared on the basis of the recommendations of the Working group on fossil-free transport, and the impact assessments of VTT Technical Research Centre of Finland Ltd, Aalto University, and the Finnish Transport and Communications Agency Traficom.

The measures of the three-phased roadmap are particularly relevant for road transport, which accounts for most transport emissions. The Ministry of Transport and Communications has invited comments on the roadmap, i.e., the Resolution to reduce greenhouse gas emissions from domestic transport, by 19 February 2021.

## Steering group on fossil-free transport started its work

The Ministry of Transport and Communications appointed an interministerial steering group on fossil-free transport in February 2021. The steering group has representatives from the Ministry of Transport and Communications, the Ministry of Economic Affairs and Employment, the Ministry of the Environment, and the Ministry of Finance. The group is tasked to promote the implementation of the Government Resolution on the reduction of greenhouse gas emissions from domestic transport.

Source: [Roadmap for fossil-free transport](#) Press release on [Steering group work](#)

## Working Group exploring solutions for Sector Integration

Ministry of Economic Affairs and Employment (MEAE) has initiated a working group on energy sector integration tasked with presenting concrete solutions for promoting sector integration. The working group will, between August 2020 and June 2021, explore the needs for different forms of energy and the opportunities they offer and obstacles for sector integration. In the first phase three expert groups, representing key stakeholders, addressed the topics of energy system integration, sector integration in industry and sector integration in cities and regions. integration, sector integration in industry and sector integration in cities and regions.

In the [interim report](#) (only in Finnish), the working group on sector integration, submitted in January 2021, highlights needs, opportunities and challenges for sector integration:

[Sector integration and electrification](#) is a cost-efficient form to utilise the features of different sectors and the flexibility in the system. The two focal drivers are, on one hand, fast increase of clean but



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fluctuating production of electricity, and on the other hand, quick electrification of the society.

Sector Integration provides a tool to maintain cost-effectiveness and security of supply.

Markets of different forms of energy and cooperation: Energy system will be strongly affected by the transition to low-carbon society. In the new system energy production and supply chains will be distributed and may, at the same time, become more complicated.

EU legislation should support the transition to low-carbon economy. Legislation has a key role in enabling smart sector Integration. The contents and coherence of the EU legislation will have a central role in facilitating investments in clean electricity production and low-carbon industrial processes. Close observation of the developments is crucial to all stakeholders to anticipate the future needs for business opportunities.

Financing of demonstrations and commercial use of new technology calls for new funding schemes to facilitate launching of economical projects in terms of life-cycle costs without sizeable initial capital. Subsidies' incentive effects are not always motivating. Finland invests in R&D&I of novel technologies, e.g., hydrogen, power-to-X and digital solutions between different sectors and has gained competence therein. Large-scale uptake of the technologies requires financial support in investing and production of pilot projects.

Taxation has a central role facilitating sector integration in the low-carbon transition. Taxation structure on new applications in sector integrations, such as hydrogen and power-to-X is still under discussion. Government supports the promotion of electrification in Industry by decreasing the electricity tax to lowest allowed level by the EC. That enables profitability of several sector integration solutions based on industrial electrification. Allocation of taxation of sector integration solutions based on new energy forms in the energy use phase could be optimal solution.

Other aspects relevant to sector integration are implementation of national objectives on local level, and competence development in sector integration. Local authorities have variable practices and decision-making processes. One solution for streamlining the practices could be local municipality-level energy strategies. Competence development is a challenge to sector integration, which requires closer collaboration of competencies in different sectors and competence in sector integration itself. Competencies and skills needs shall be explored.

Further information: Ministry of Economic Affairs and Employment [Press release](#)

## Promotion of Wood Building

The Wood Building Programme (2016–2021), a joint government undertaking coordinated by the Ministry of the Environment, aims at increasing the use of wood in urban development, public buildings as well as large constructions such as bridges and halls. The programme also aims to diversify and expand different applications for wood while creating as much value added as possible. Wood construction is promoted as part of the government's spearhead project Wood on the move and new products from forests.

The Wood Building Programme promotes the use of wood by strengthening the skills base in the industry, updating legislation, and building regulations relevant to wood construction and by providing evidence-based information on wood construction.



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The Ministry of the Environment launched a call on public wood building projects. The first call in autumn 2020 contributed to funding of 8 innovative local wood building projects.

Motiva promotes the programme, commissioned by the Ministry of the Environment, by offering advisory service for municipalities on questions regarding wood building. The advisory services will assist the municipalities in planning and implementing wood building projects, which require understanding of the versatility of possibilities wood offers and improved competence in design, in procurements and in city planning. Special features, e.g., fire safety, require special attention in wood building. In addition to advisory services, Motiva organises webinars and on-line trainings on several themes (e.g., procurements, city planning and land use, municipal and procurement strategies of wood building, life-cycle assessment, energy efficiency, fire regulations, and acoustics) during 2021-2022.

Motiva will establish two groups, one on new construction and one in renovation of buildings, to assist the municipalities. The groups will provide concrete assistance in development, peer support and expert views in wood building. The first group on new construction will start the work in spring 2021 and the renovation group will start in autumn 2021.

Further information: [Wood Building Programme](#)

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## Strategic programme to promote a circular economy

The aim of the strategic programme to promote a circular economy is to transform the economy into one that is based on the principles of circular economy by 2035. This programme will contribute to strengthening Finland's role as a leader in the circular economy. The transition into a circular economy is also a step towards achieving the Government's carbon neutrality target by 2035.

The strategic programme sets out objectives for the use of natural resources. It sets the objectives and indicators, specify the measures to be taken and allocate the resources needed to promote the circular economy and achieve systemic change.

The programme has been prepared as a collaborative effort between ministries, research institutes, the Finnish Innovation Fund Sitra, Business Finland, and several companies and municipalities.

The preparation of the programme for circular economy has been supported by a citizens' jury, consisting of 50 citizens randomly selected from among volunteers. Also, all citizens had an opportunity to participate in the preparation of the programme through an online brainstorming platform.

Source: [Strategic programme to promote a circular economy](#)

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