

# **THE CLIMATE PROGRAM OF THE SWISS ECONOMY AS A CONTRIBUTION TO A SUSTAINABLE GLOBAL ECONOMY**

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## **1 Relevance of the Climate Program of the Swiss Economy**

In 2021, the new climate program of the Swiss economy was adopted because Switzerland is affected by climate change above average. Thus, Switzerland is affected by climate change above average, because Switzerland with the Alps has on the one hand a large mountainous landscape and on the other hand a large amount of lakes and rivers. Against this background, the warming factor in Switzerland is twice as high as the global average. The social and economic costs of unchecked climate change would exceed the financial expenditure for climate protection measures in Switzerland. In addition, there is also the social responsibility of Switzerland towards other countries, but especially its neighboring countries and the countries of the European Union, which is why the adoption of the new climate program of the Swiss economy was necessary (Hirschi/Anliker 2022).

Climate change also affects companies in Switzerland in the short to medium term. Therefore, companies in Switzerland represent a significant share that can contribute to solving the climate problem in Switzerland and in the world. However, it must be taken into account that the climate targets are implemented in an effective, cost-effective and economically compatible manner so that no economic damage is caused and Switzerland's attractiveness as an interesting business location is not lost (Economiesuisse 2021). Against this backdrop, many companies in Switzerland take responsibility for climate-friendly goals and promote sustainable development, especially since the achievement of climate-friendly goals depends crucially on the support of companies (Wettstein/Lienin

2017). However, this requires legal frameworks as well as a self-responsible commitment of all business actors. This scientific article therefore first presents the principles and structure of the Climate Program. Subsequently, it will be shown that companies in Switzerland consider climate protection as a prioritized goal in the context of sustainable development and which approach companies in Switzerland use to send a strong signal for climate protection. Finally, a summarizing conclusion is formed.

## **2 Principles for climate policy in Switzerland**

Since the new climate program of the Swiss economy must have effective and impact-oriented framework conditions, five principles were defined (Economiesuisse 2021, 1f.):

➤ Market orientation and international networking

Market orientation and international networking require extensive international coordination of the climate program so that climate protection can be successfully pursued and competitive disadvantages for Switzerland can be prevented.

➤ Flexibility

All options for reducing greenhouse gases must be exhausted, since it does not matter where and with which measures emissions are saved. Therefore, the reduction of emissions has to be done independent of location and with flexible measures, which are adapted to the individual situation.

➤ Personal responsibility

In principle, companies must decide on their own responsibility at what times and with what measures they implement the climate targets. For this reason, a ban on climate-damaging energy sources

would also not be expedient, since technological developments on the one hand and investment budgets on the other must be available.

➤ Equal treatment of energy sources

All energy sources, such as combustibles and fuels, must be subject to equal treatment, since the responsibility of emission reductions must not be transferred to a few energy-intensive industries. It is more effective if the population is allowed to decide on the most environmentally effective instrument.

➤ Competitive orientation

The implementation of all climate targets must follow simple organizational structures and should not involve government subsidies. This approach generates an innovation-friendly environment that can be expected to increase economic growth and social welfare. Figure 1 shows the relationship between the five principles.

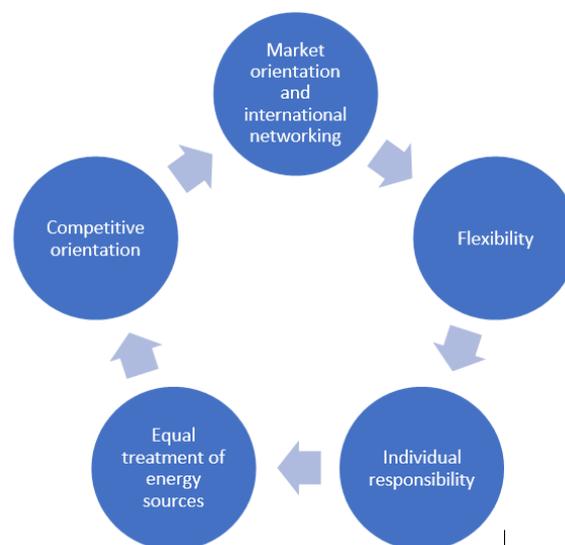


Figure 1: Principles of climate policy in Switzerland

Source: Economiesuisse (2021), 2.

### 3 Presentation of the new climate program of the Swiss economy

The five principles of climate policy for Switzerland were taken into account in the new climate program of the Swiss economy, which was developed with nine fields of action. These nine fields of action are composed as follows (Economiesuisse 2021, 2-6):

- Implementing the net-zero target by 2050.
- Advancing international solutions.
- Optimizing processes and increasing efficiency.
- Decarbonization of transport.
- Realizing the potential of sector coupling.
- Promoting innovation, research and digitalization.
- Enabling transparent investment decisions.
- Supporting voluntary savings by companies and sector solutions.
- Creating transparency across all sectors.

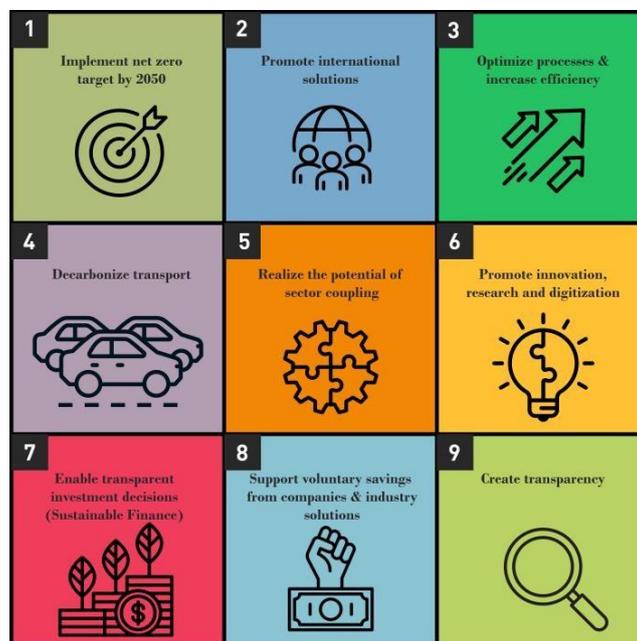


Figure 2: Fields of action of the new climate program of the Swiss economy

Source: Economiesuisse (2021), 3.

In the sequel, these fields of action are briefly outlined in detail (Economiesuisse2021, 3).

#### Implementation of the net-zero target by 2050

By 2030, 50% carbon dioxide savings are to be achieved. In order to achieve this savings target, the Swiss economy supports within the framework of the CO2 law. On top of that, the net zero target is to reduce all emissions generated in Switzerland by the year 2050.

#### Advancing international solutions

Although the climate program of the Swiss economy presented here can be used to counteract progressive global warming at the national level, a successful slowdown of global warming is only possible if the criteria are coordinated at the international level. Since international coordination has not yet been sufficiently established, the business community in Switzerland must commit itself to better international coordination. This implies, for example, Switzerland joining the EU Green Deal of the European Union in order to introduce a uniform minimum price for CO2 emissions and to exclude competitive disadvantages for all participating players. Similarly, better coordination between the political and economic spheres would be required.

#### Optimizing processes and increasing efficiency

Switzerland is one of the most efficient economies in the world. However, there are still opportunities to increase efficiency and reduce emissions. Therefore, the goal under this climate program is also to evaluate emissions more rigorously in the future and to achieve savings of between fifty and one hundred percent. While Switzerland has successfully achieved its self-imposed target goals in recent years, it must continue to pursue and strengthen them in the future due to the immense climatic changes.

### Decarbonization of transport

One of the largest contributors to CO<sub>2</sub> emissions are motorized vehicles, which are also used by the economy and thus also contribute significantly to high traffic volumes. A national and international equal treatment of fuel costs, which could be equated by means of a levy, would internalize the external climate costs.

### Realizing the potential of sector coupling

Electrification of the heat and transport sectors is spreading through the increasing use of electric vehicles and heat pumps. The use of photovoltaic systems can realize very good synergy potentials by generating a sector coupling of energy production, heat generation and mobility. This approach can serve as a long-term and attractive success factor. A sector coupling between energy and gas is also conceivable, as seasonal storage potentials exist and the security of supply for the winter half-year can be designed more effectively and efficiently.

### Promoting innovation, research and digitalization

Switzerland characterizes itself as a global innovator and technology supplier, which is why it can make a major contribution against global warming. In addition, the Swiss economy can achieve further efficiency gains through digitalization, use digitalization as an active driver, and develop new business models.

### Enabling transparent investment decisions

The economy in Switzerland promotes sustainable financial products as well as sustainable financial investment opportunities. Furthermore, sustainable companies are actively promoted. The state intervenes only cautiously in these approaches and coordinates such interventions at the international level wherever possible.

### Support for voluntary corporate savings and industry solutions

Many large companies have already set voluntary climate targets, which

contain savings options for their own company but are also helpful for other companies. However, each industry has different potentials and opportunities. Companies that consume the most fossil fuels have the best potential and opportunities. Similarly, agriculture has a high contribution to the release of climate-damaging gases (Kumpfmüller 2019).

#### Creating transparency in all sectors

The Swiss economy is already making a high contribution to energy efficiency and emissions reduction at the present time. While it is an international leader in many areas, it will be able to perform even better and more transparently at the international level in the future on the basis of this climate program.

#### **4 Swiss companies send a strong signal for climate protection**

Companies in Switzerland have already been surveyed in the past by the "SGD Pulse Meter" on their sustainability goals. A total of 103 companies took part in this survey. Climate protection, high-quality education, responsible consumption and production, clean and affordable energy, and industry / innovation / infrastructure were named as essential goals for the Swiss economy. However, the focus was on climate protection and industry / innovation / infrastructure. Many companies see climate protection as an opportunity to rethink their own corporate commitment in a sustainable context, to prioritize sustainability and climate issues, to differentiate themselves on the market and to improve their reputation (ÖBU 2022). Figure 3 shows this trend.

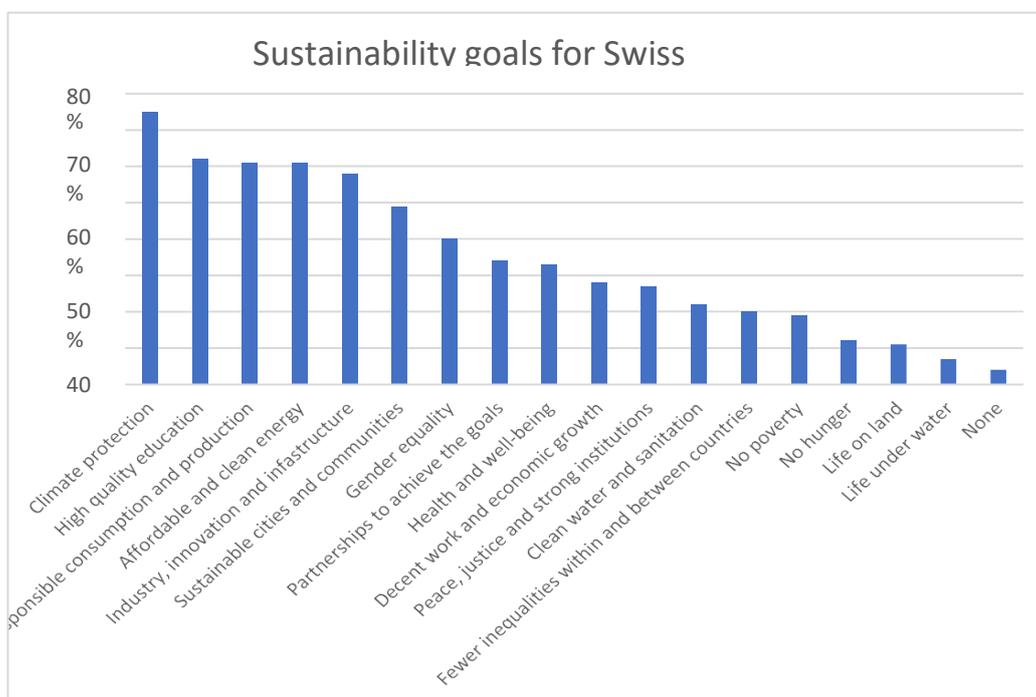


Figure 3: Sustainability goals for Swiss companies

Source: ÖBU (2022).

Companies see their biggest challenge in adapting their general goals to the corporate situation (Wettstei/ Lienin 2017, 11-13). Swiss companies that integrate climate goals as a sustainable concept into their corporate objectives are therefore increasingly using the circular economy. It focuses on reducing primary raw materials by consumers, creating a more resilient economy and society, and addressing systematic risks related to resource waste. This maximizes the value of capital and raw materials while increasing a company's climate resilience.

The circular strategy can take place in four strategies: Slow Down, Limit, Close, and Regenerate.

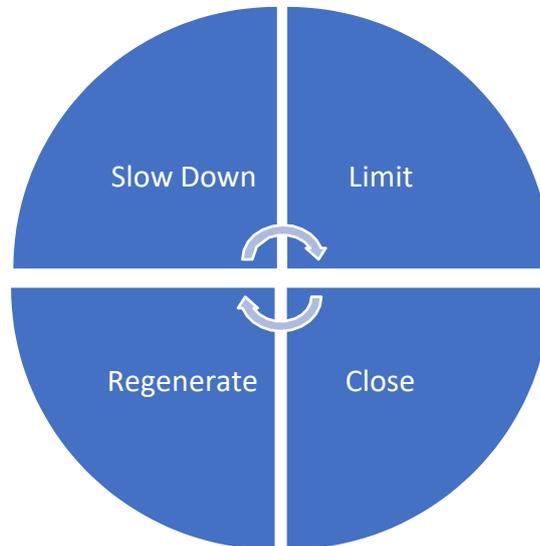


Figure 4: Circular economy strategies

Source: Hirschi/Anliker (2022).

The circular economy strategies will be briefly outlined. Slow down Longer life cycles slow consumption, reduce costs, increase efficiency, reduce procurement risks, and hold potential for new business models.

#### Limit

When companies use fewer resources per product, a higher proportion can be invested in research and development, resulting in a higher volume of innovation.

#### Close

By transforming waste into recyclable materials, the recyclable material cycle can be closed. This reduces procurement costs, prolongs customer relationships, and increases customer contacts as well as referral rates.

#### Regenerate

By regenerating resources, ecosystems are optimized. This helps to secure potential sources of production resources as well as new procurement channels.

## 5 Conclusion

With the Climate Program of the Swiss Economy and its fields of action, Switzerland is positioning itself as a strong climate-friendly nation and, with its long-term climate plans, is also taking a constructive position in climate policy worldwide. The Swiss economy has set itself ambitious goals, with which it aims to become the most innovative, effective and leading force in climate protection. With the circular economy approach, it can be seen that it supports sustainable development and thus also the climate goals, as well as aiming to secure resources for the present and future generations. By reducing emissions, the circular economy can make an important contribution to achieving climate goals for a sustainable national and global economy.

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