## **Executive summary**

### Improved environmental performance but not in all domains

Against the backdrop of economic growth in line with that of the OECD average since 2000, Switzerland has made progress in decoupling by reducing emissions of greenhouse gases (GHG) and other main atmospheric pollutants, curtailing freshwater abstraction and enhancing material productivity. Energy consumption is decreasing and becoming less intensive. There is an increasing modal shift of freight from road to rail. Half of municipal waste is recycled. Well-being perception is generally high.

Nevertheless, a number of environmental pressures remain. Municipal waste generation is rising. Eutrophication affects water quality in many lakes. Use of agricultural nitrogen inputs remains excessive and results in nitrogen deposition beyond critical loads for ecosystems. Mostly dyked Swiss streams struggle to fulfil their natural functions. More than one-third of species are threatened and few habitats of national importance are strictly protected. Still waters, shores and wetland ecosystems are threatened. Land take is gaining pace, especially on the outskirts of cities, fragmenting habitats and diminishing biodiversity. Concentrations of NO<sub>2</sub> and particulates in the air are still above the legal ambient limit values in areas of heavy traffic and there are peaks of summer ozone in some rural areas.

#### Environmental democracy but implementation gaps on the ground

Switzerland has a long tradition of direct democracy through referendums and popular initiatives, which are useful in giving an impulse to policy making. Switzerland also has a well-developed system of *ex ante* evaluation of environmental policy, including assessments of cost-effectiveness, regulatory impact and sustainability, while strategic environmental assessment has yet to be introduced. Switzerland ratified the Aarhus Convention on Access to Information, Public Participation in Decision-making and Access to Justice in Environmental Matters in 2014. Since 2015 environmental information has had to be released in open and digital form (if possible), as part of an "open government data" system.

Federal "enforcement aids" promote uniform application of federal law across the cantons. However, there are no cantonal environmental inspectorates and a 2013 federal survey revealed that insufficient inspection was impeding proper implementation of environmental law. Switzerland needs to mobilise more inspection resources, prioritise risk-based inspection and develop inspection synergies among cantons (via methods such as peer reviews). Environment police exist in most cantons, but prosecutors often lack expertise in environmental law. Switzerland has strengthened liability rules for environmental damage; in particular, the law now requires the clean-up of contaminated sites.

#### Promising steps towards greener growth

Switzerland has made progress in greening its economy, as illustrated by its above-average performance on a number of green-growth-related indicators. It has opportunities to do more, including addressing the environmental impact of consumption. Acknowledging the need to further green the economy, the Federal Council (the government) adopted a well-defined Green Economy Action Plan in 2013. A major achievement of climate policy was the introduction, in 2008, of a  $\rm CO_2$  tax, which was raised to EUR 77 per tonne in 2016, one of the highest rates in the OECD. However, a narrow tax base (road fuel is excluded and there are many tax exemptions) combined with a low carbon price under the Swiss emission trading system makes it challenging to meet the intended GHG reduction objectives by 2030.

The planned phase-out of nuclear energy will require scaling and speeding up the deployment of renewable energy sources and energy efficiency solutions. Policy options include expanding the  $\rm CO_2$  tax base and incentive-based taxation more generally. Switzerland is one of the few OECD countries that tax diesel fuel at a higher rate than petrol. The heavy goods vehicle tax was effective in speeding up renewal of the fleet and the modal shift of freight from road to rail. However, mobility pricing has remained at the level of pilot testing. The economy features a sizeable financial industry. Mainstreaming environmental considerations into business and investment decisions, as well as increasing private participation in financing green investments, could yield significant environmental benefits.

#### Paving the way for new aspects of water management...

Switzerland is one of the first countries implementing a national policy to reduce micropollutants in municipal sewage treatment plant effluents, consistent with the polluter-pays principle. Many micro-pollutants have been detected in Swiss surface waters, and they can have adverse effects on aquatic ecosystems (e.g. feminisation of male fish by hormonally active substances) and possibly on human health. Nitrogen and pesticide loads in watercourses remain too high. Switzerland is considering tax incentives to improve agricultural nutrient and pesticide management but it lags behind the European Union in preparing a pesticide action plan. Growing urbanisation threatens groundwater, the source of 80% of Swiss drinking water, so groundwater protection should become an integral part of land use planning.

Switzerland has embarked on an innovative approach to the rehabilitation of its rivers. Around 40% of rivers have been altered, with adverse consequences for nature and landscape. Since 2011, the cantons must provide sufficient space for all surface waters to ensure their natural functioning; hydropower production must reduce its negative impact on downstream waters by 2030 and some 25% of waters with poor morphological status must be rehabilitated over the longer term. Switzerland is also to be commended for its consensus-building approach to setting "acceptable" minimum flows for hydropower development since 1991, though the approach has rarely been implemented in practice. About 25% of hydropower plants built prior to 1991 do not meet the pre-1991 minimum flow requirements, which were less stringent.

#### ... but lagging behind in biodiversity conservation policy

Switzerland released a national biodiversity strategy in 2012 and finally approved the accompanying action plan in September 2017, three years past the commitment to do so. Protected areas have expanded but remain short of the global Aichi target to protect 17% of

the earth's land surface by 2020. Switzerland also has lower levels of strict protection than other OECD countries, relying heavily on a game reserve designation originally intended to limit excessive hunting. The quality of protected areas is also lacking: many are too small, poorly connected with each other and with European networks, and do not fully meet conservation objectives. Access to information on the state of biodiversity and proactive awareness campaigns are necessary to correct what polls show is a misconception by most Swiss that nature is doing well.

Efforts have been made to mainstream biodiversity considerations into sectoral policies, but more could be done. Significant reform to agricultural support has shifted emphasis to biodiversity and landscape protection. Switzerland has dedicated only 5.6% of forest surface as forest biodiversity reserves, among the lowest levels in Europe, though it committed itself to protect 8% by 2020 and 10% by 2030. Expansion of tourism and transport infrastructure increases the risk of landscape fragmentation and habitat disturbance. More wildlife corridors are needed, along with increased reliance on fees for tourism operations. Maintenance of landscape services is ultimately in the tourism industry's interest, so there is a good case for consumers of these services paying for their maintenance.



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