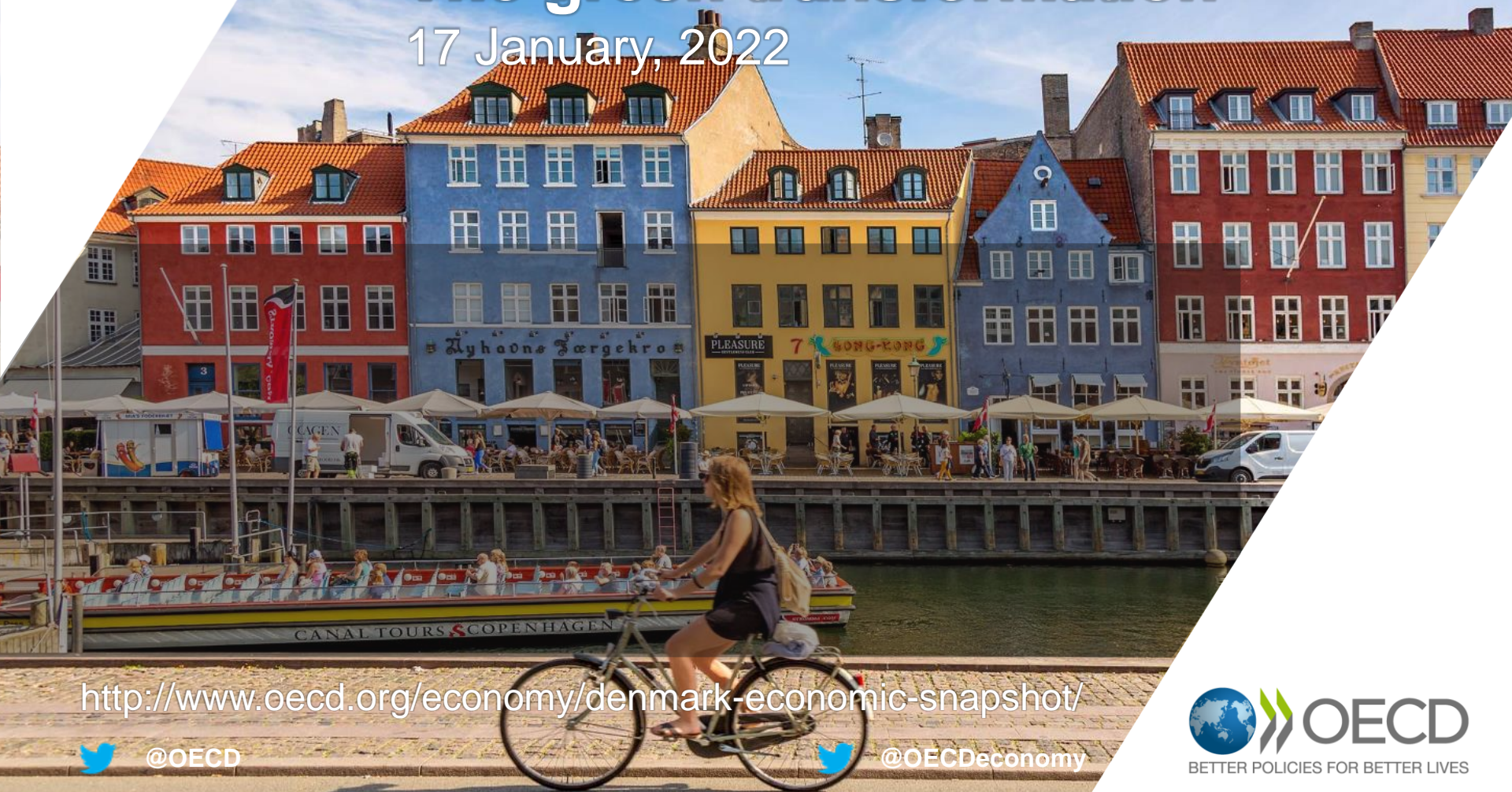




2021 OECD ECONOMIC SURVEY OF DENMARK

The green transformation

17 January, 2022



<http://www.oecd.org/economy/denmark-economic-snapshot/>



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Key messages

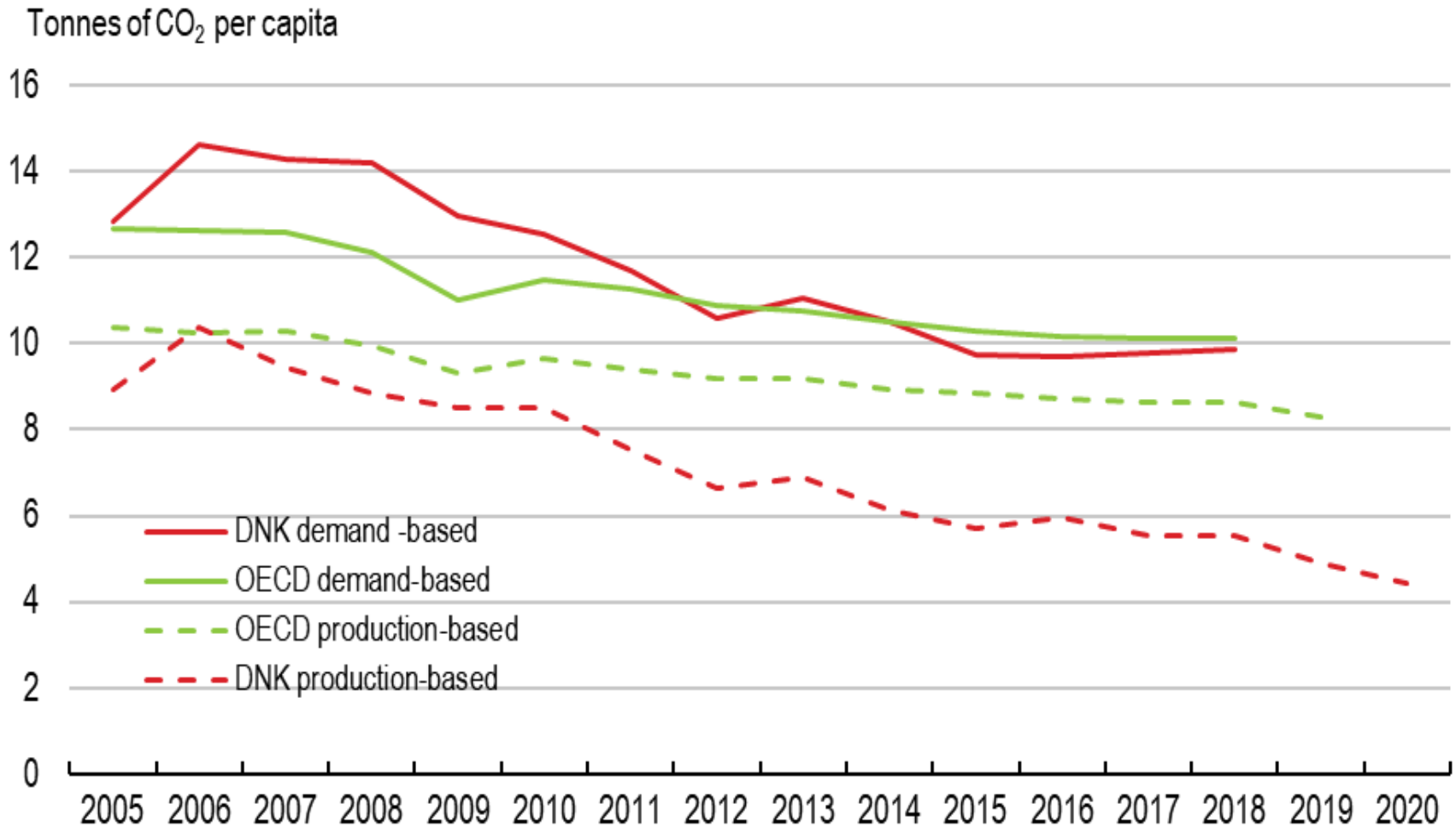
- Denmark has made the commendable commitment to deep greenhouse gas emission cuts.
- Rapid deployment of renewables has seen emissions decline by 36% between 1990 and 2019 without disrupting economic or jobs growth.
- However, managing the socioeconomic consequences of further emission cuts will be challenging, heightening the importance of good policy and a just transition.



Towards net zero emissions



Denmark has succeeded in cutting emissions

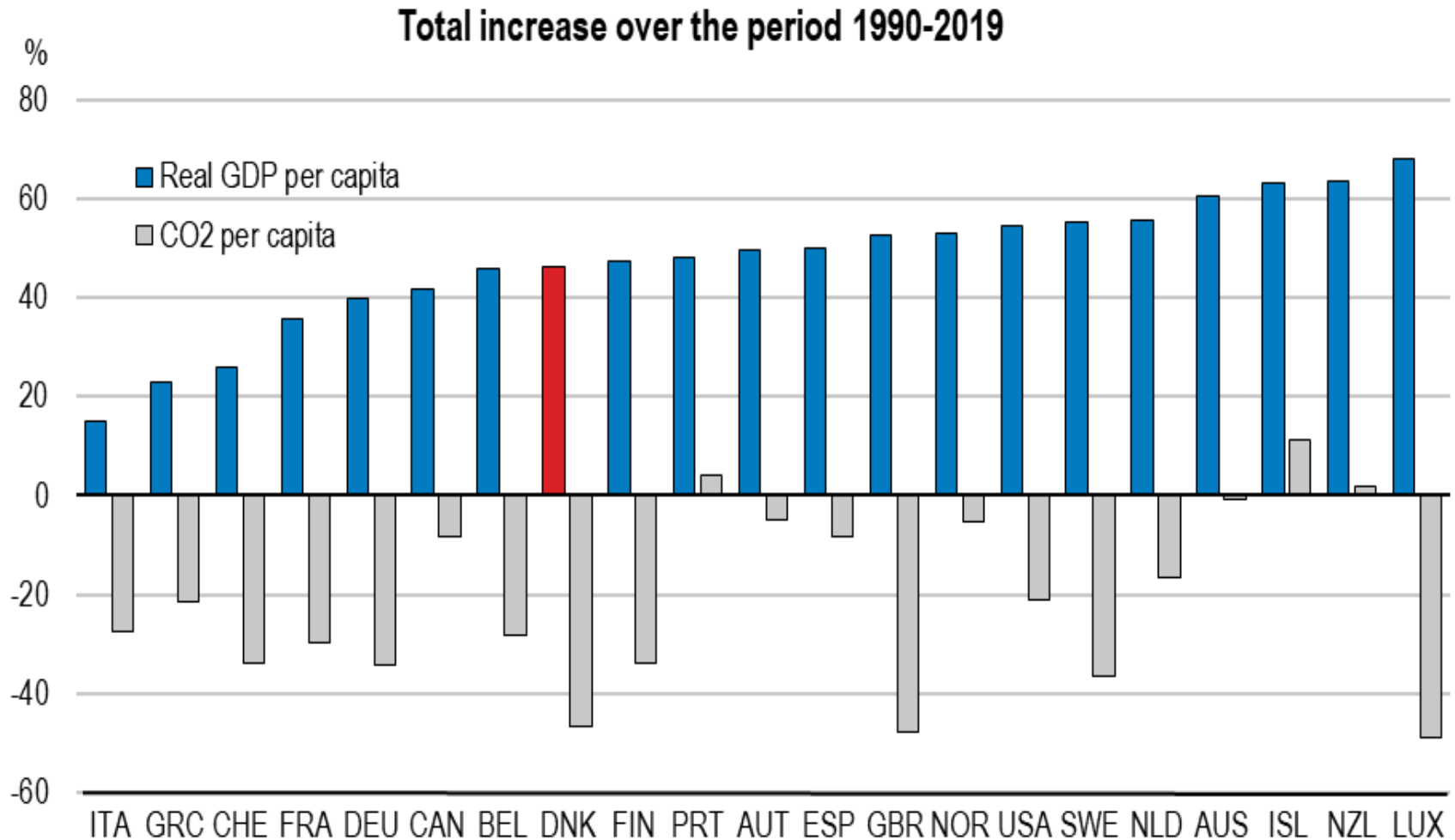


Note: Production-based emissions account for emissions directly generated in domestic production. Demand-based emissions include emissions embodied in imports and deduct those embodied in exports.

Source: OECD, Green Growth Indicators database.



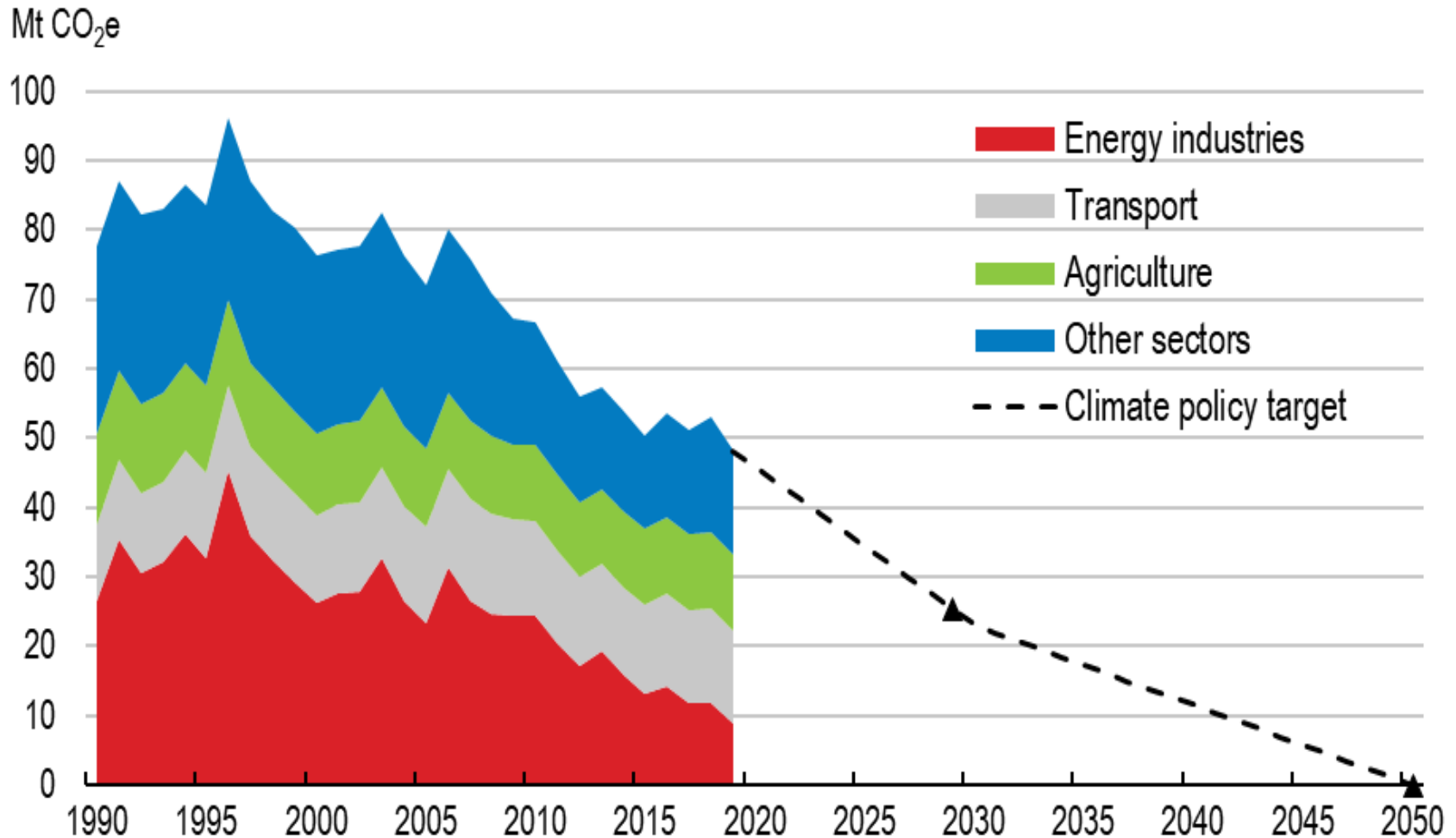
Carbon emission cuts have not prevented economic growth



Source: OECD, Economic Outlook database; [Our World in Data](#).



Meeting climate targets will require further progress across all industries

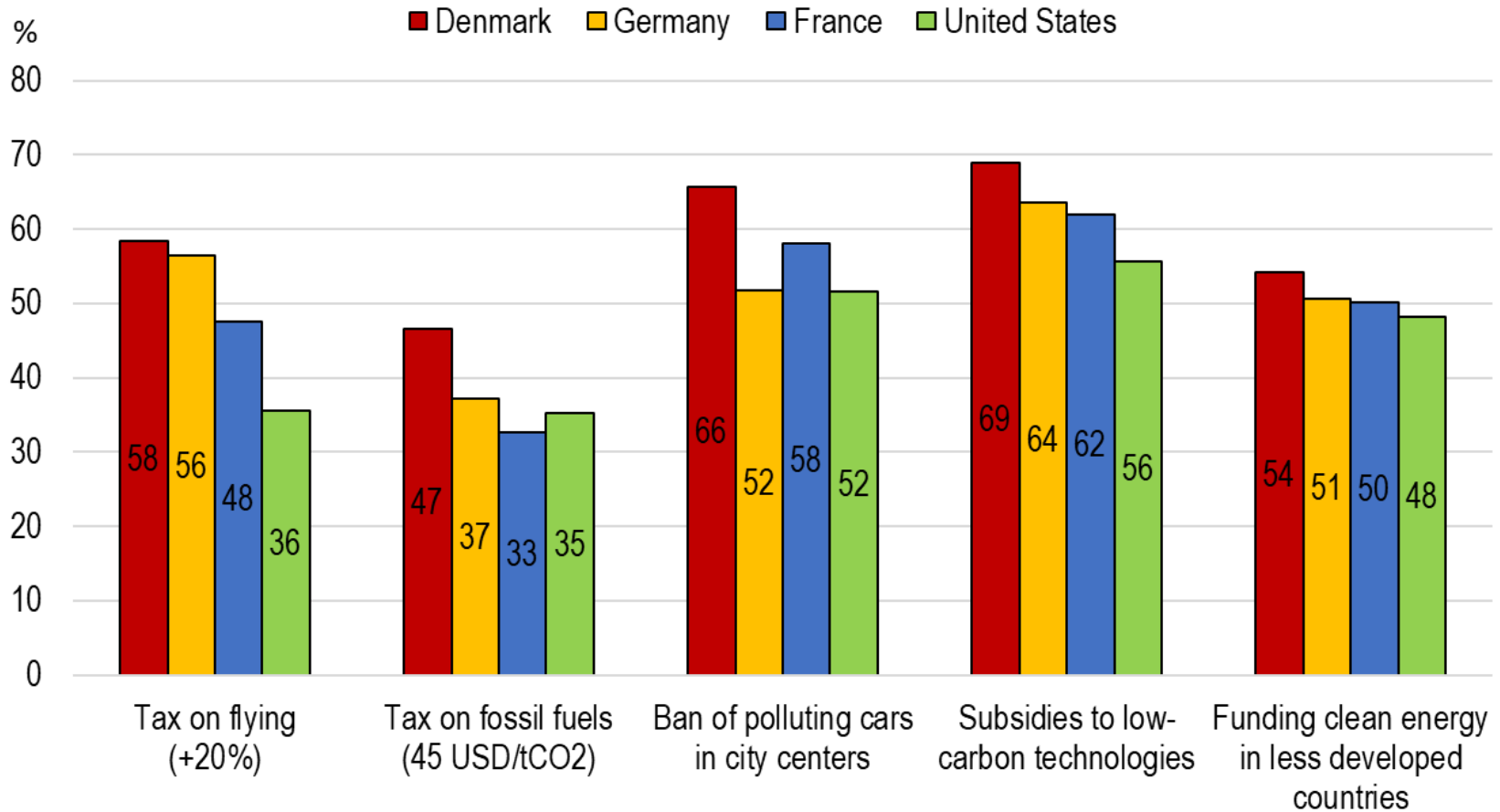


Source: UNFCCC, GHG Data Interface; Government of Denmark.



Public support for climate policies is high, though taxes are less popular

Proportion of people supporting the following measures, 2021

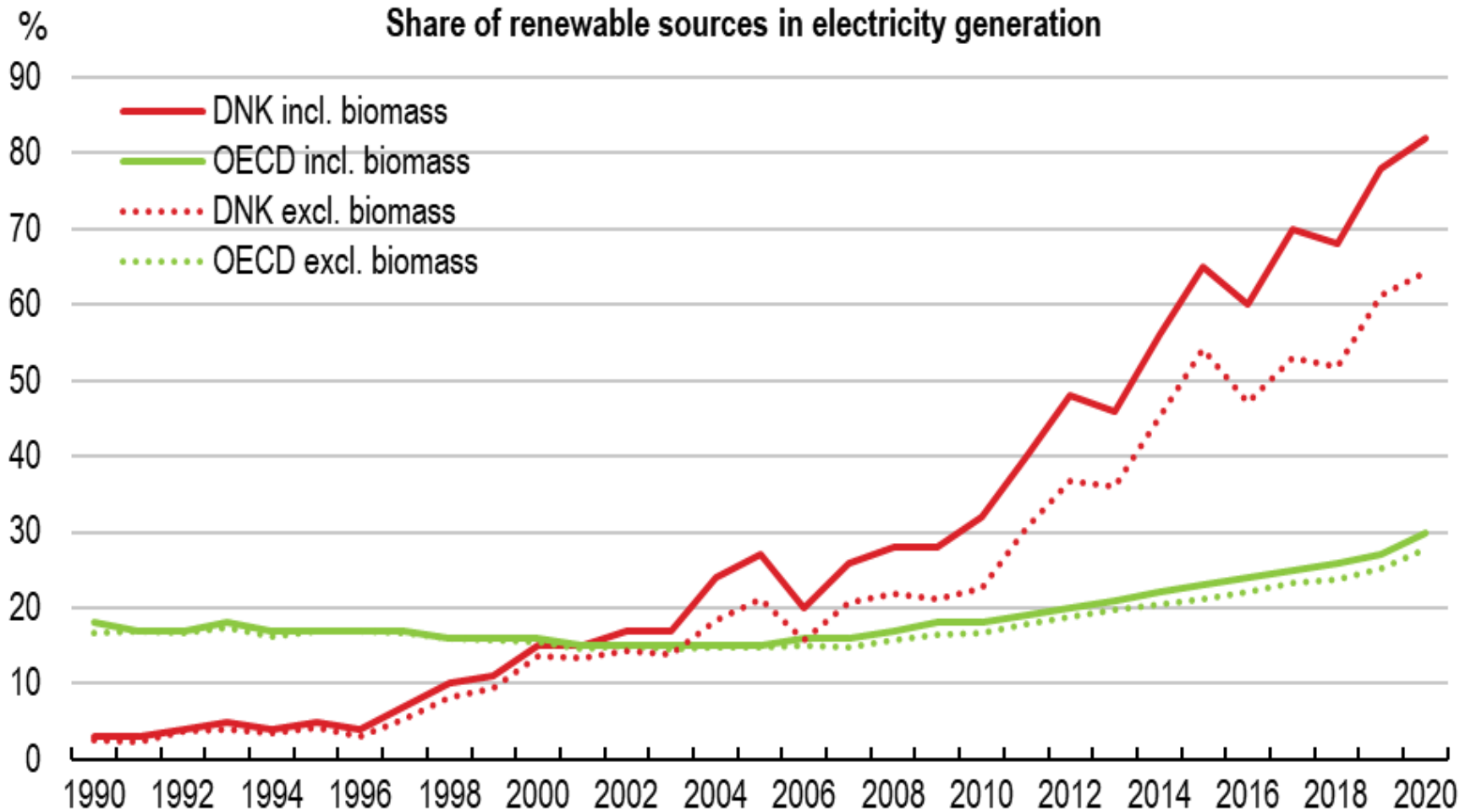


Note: Based on preliminary results pending some additional sampling, final results may differ slightly.

Source: Boone L. et al. (forthcoming), Understanding Public Acceptability of Climate Change Mitigation Policies across OECD and non-OECD Countries, OECD publishing, Paris.



Renewable generation has grown fast, but relies increasingly on biomass



Note: Renewable sources include biomass, hydroelectricity, wind and solar.
Source: IEA, World Energy Balances and World Energy Statistics databases.



Recommendations for cutting emissions in an effective, inclusive and comprehensive way

- Continue with a well-balanced policy mix of pricing, regulatory measures, investment and structural reforms.
- Clarify and communicate the climate strategy.
- Make emission pricing outside the EU Emissions Trading System more uniform by implementing a minimum price.
- Continue to undertake regulatory reform to facilitate market entry, competition and skill formation.
- Offset negative distributional consequences of climate policy on vulnerable households.
- Provide temporary time-limited rebates of emission pricing based on production levels in emissions-intensive trade-exposed industries.



For more information



<http://oe.cd/denmark>

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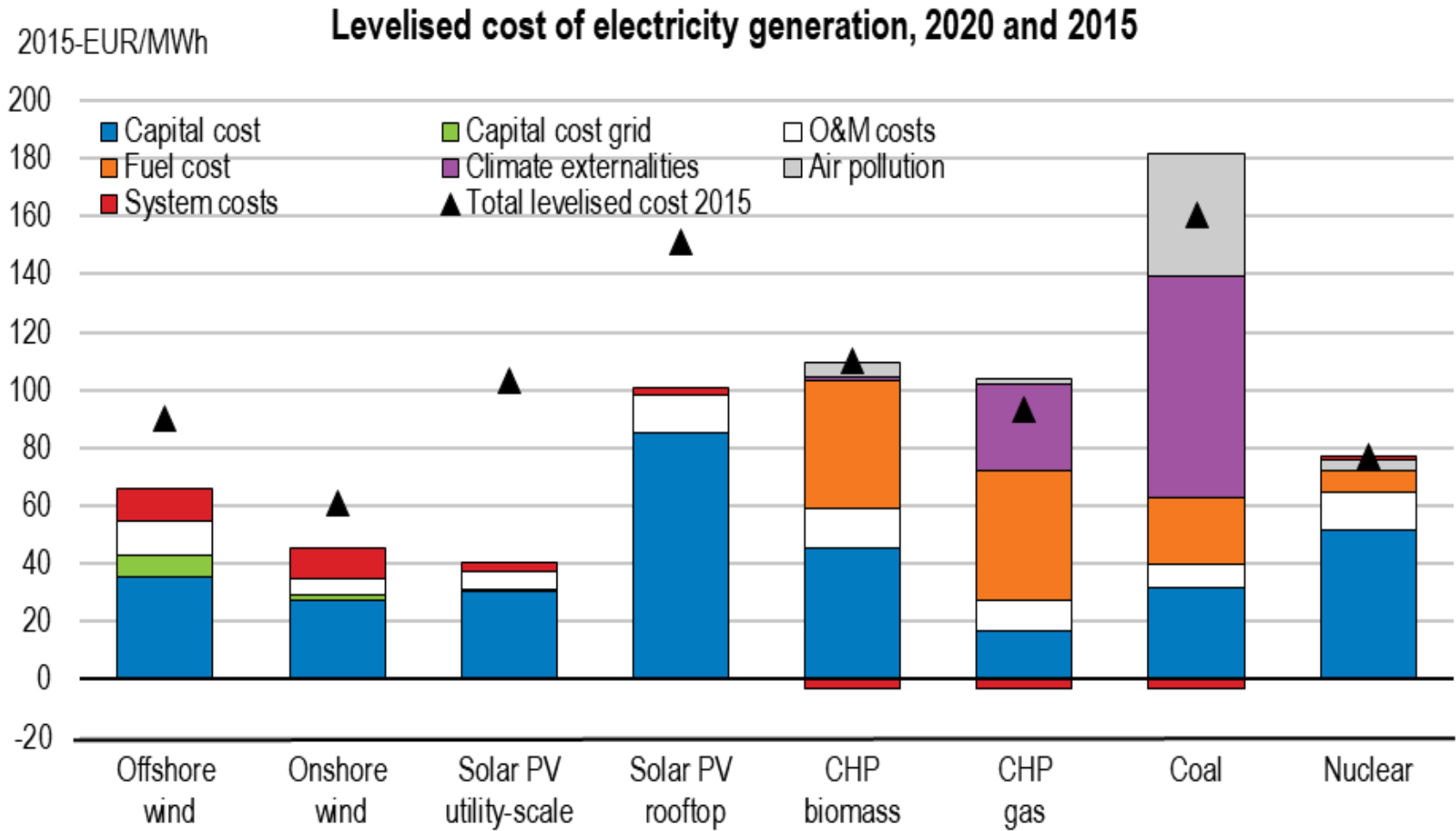
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Additional slides - climate policy in energy, transport and agriculture



Renewables are now the cheapest source of electricity after including environmental costs

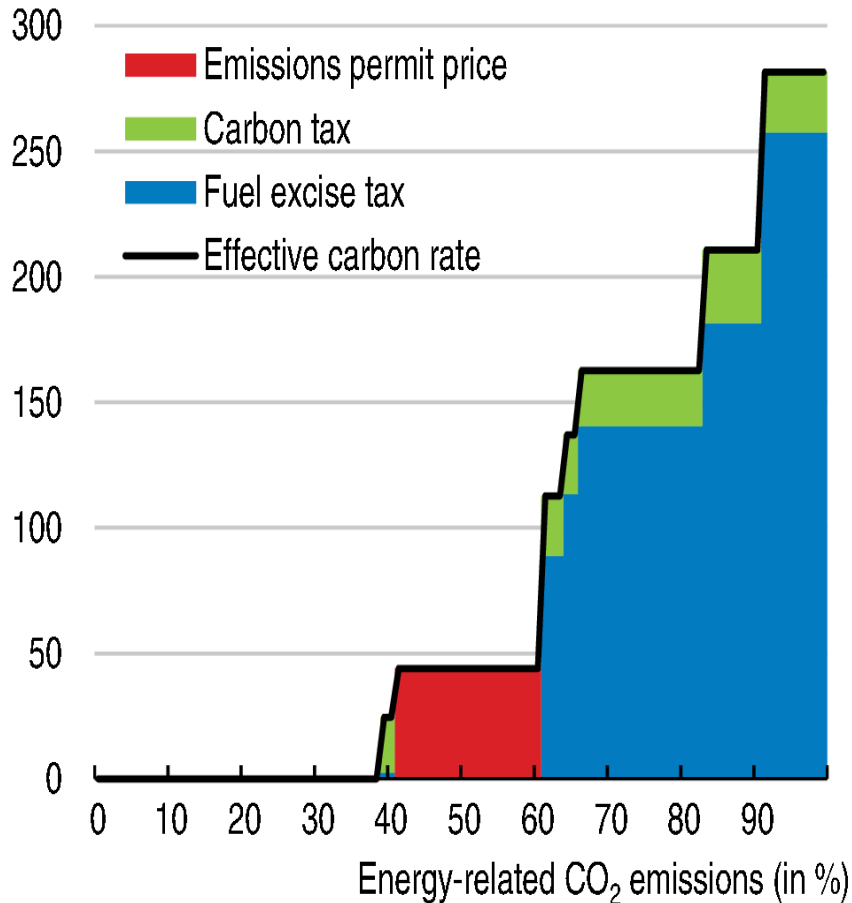


Source: Estimated using Danish Energy Agency (2020), *Levelized Cost of Energy Calculator*; IEA and NEA (2020), *Projected Costs of Generating Electricity*; and OECD, Effective Carbon Rates database.

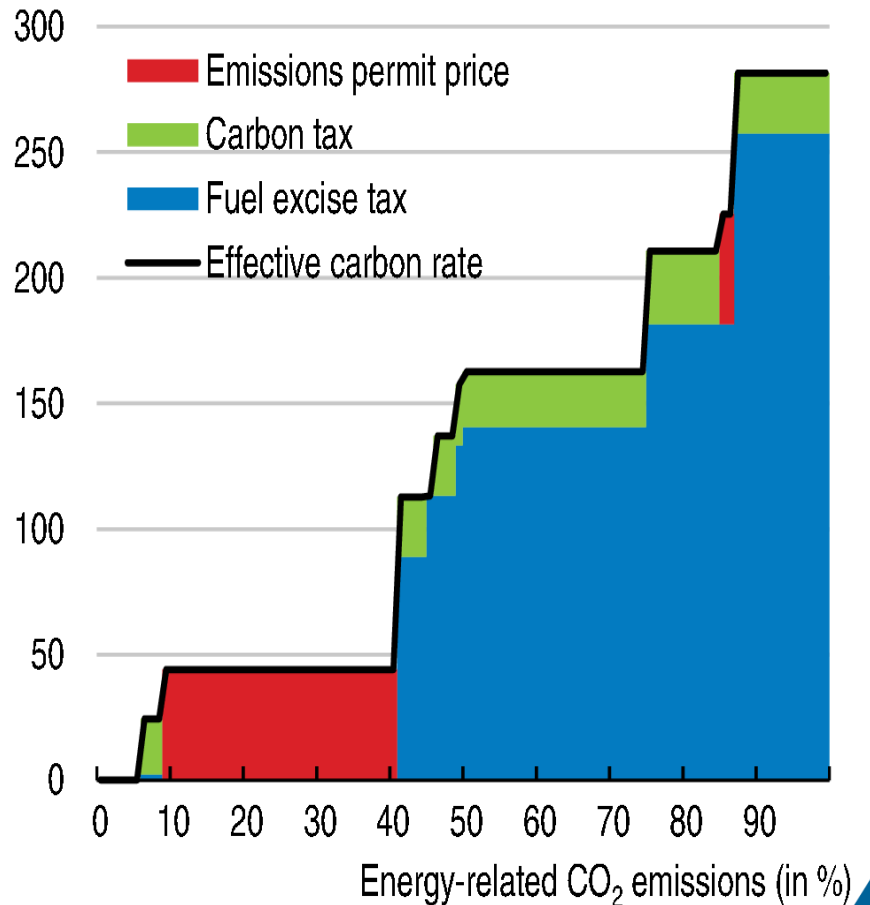


Pricing of emissions varies considerably

A. Energy CO₂ emissions
EUR per tonne of CO₂



B. Fossil fuel CO₂ emissions
EUR per tonne of CO₂

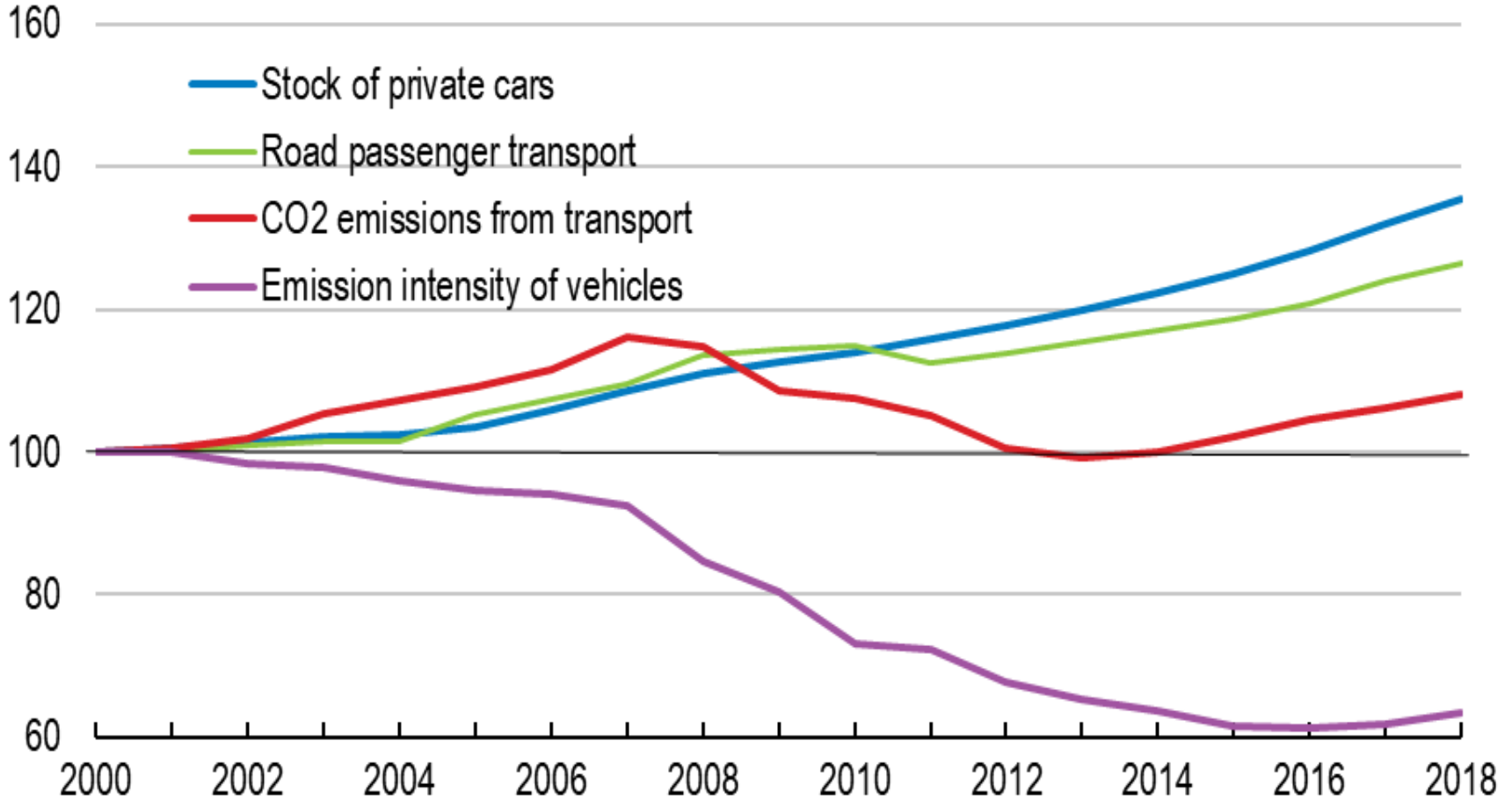


Source: OECD (work in progress), Taxing Energy Use 2022.



Increasing car use has pushed up transport emissions despite greener vehicles

Index 2000 = 100

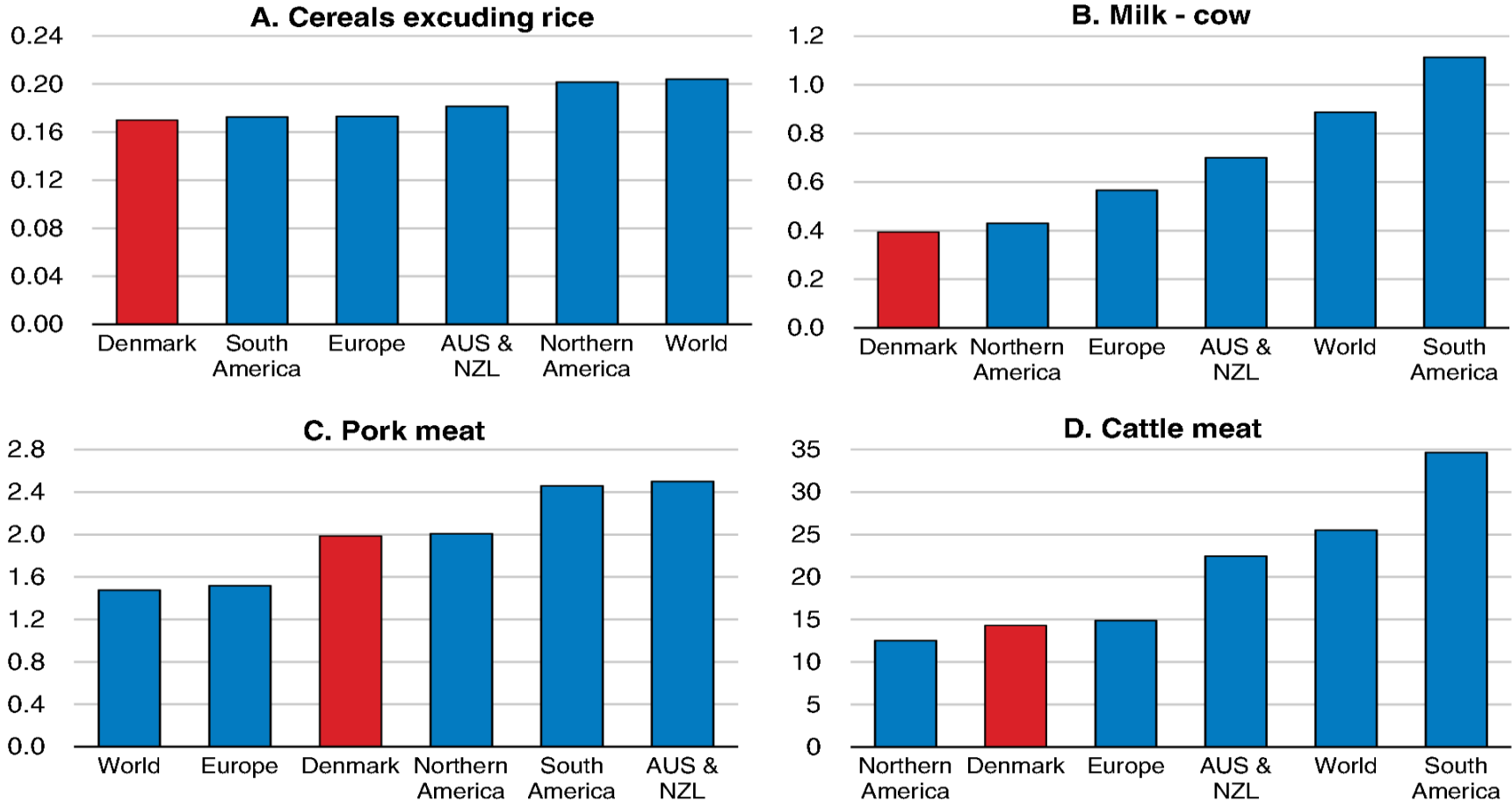


Source: EEA; Statistics Denmark; ITF, Performance Indicators database; and OECD estimation.



Emissions intensity of agricultural products is often lower than in other countries

Kg CO₂ per kg product, 2017



Source: Food and Agriculture Organization, Corporate Statistical Database, Agri-Environmental Indicators, Emissions Intensities data.



Recommendations for climate policy in energy, transport and agriculture

- Better align incentives for woody biomass use with its climate and environmental impact while easing regulation of district heating to allow private investment and innovation.
- Continue to encourage the shift towards low and zero-carbon vehicles, including with incentives to invest in recharging stations particularly in remote areas.
- Prioritise action at the EU level and support further reform of the Common Agricultural Policy to include ambitious climate measures.