



EUROPEAN UNION  
European Regional  
Development Fund



**WHAT POLICY INSTRUMENT  
IS PREFERRED..**  
..by citizens and experts?

# Background

- Nutrient trading is suggested by economists and other because it can achieve targets in a reliable manner at low cost (at least in principle).
- Why, then, is it not applied in the Baltic Sea region?
- Many studies have investigated the willingness-to-pay for improved water quality in the Baltic Sea.
- Nobody has asked about the willingness-to-pay for different policy instrument.

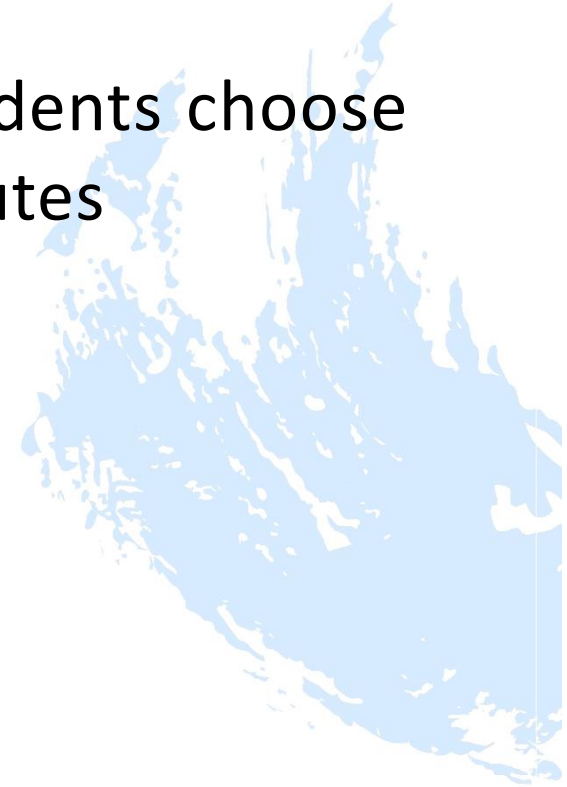


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# Survey to identify preferences for policy instruments in Sweden

- Two groups of respondents: citizens (2001 complete responses) and municipal experts (146 responses)
- Survey was distributed in spring 2017
- A so called choice experiment: respondents choose between different "bundles" of attributes



# Attributes in each bundle

Attribute	Different levels that the attribute could have
Type of policy instrument	Legislation; emissions trading; environmental subsidies
Target compliance: Baltic proper	12%; 40%; 70%; 100%
Target compliance: lakes, streams, coastal waters	50%, 65%; 80%; 100%
Likelihood that policy is effective	Very certain; rather certain; rather uncertain; very uncertain
Cost to farmers (SEK per year and farmer)	0; +10,000; +20,000; +30,000
Cost to taxpayers (SEK per year per taxpayer)	0; +100; +150; +200; +250; +300

# Results

- Which policy instrument do citizens and experts prefer?
  - Legislation
  - Emissions trading
  - Environmental subsidies
- Citizens:
  - Legislation > Subsidies > Trading
- Experts:
  - Subsidies > Legislation > Trading



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# Conclusions

- Citizens and experts are reluctant to the use of emission trading
- For citizens and experts to prefer emission trading above legislation and subsidies, it is necessary that they are convinced that this
  - a) Saves costs
  - b) Leads to reliable achievement of the environmental targets



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