

PRESS RELEASE

Climate neutrality: The OECD and EU countries best equipped to lead the way

Under the Paris Climate Agreement, nations around the globe committed to achieving climate neutrality by 2050. But how determined are OECD and EU countries in pursuing this goal? A recent monitoring report by the Bertelsmann Stiftung reveals that Sweden, Denmark, Finland and Spain are setting the pace with their effective policy strategies. In contrast, Canada, Australia, Israel, Poland and Hungary need to significantly ramp up their efforts. The analysis compares the effectiveness of national policies in climate protection, energy transition and circular economy practices.

Gütersloh, December 17, 2024. The Nordic countries and Spain top the ranking of 30 OECD and EU states for their climate efforts, having clearly done their homework. These nations have set ambitious targets for achieving climate neutrality and resource efficiency, developed sector-specific action plans, and monitor their progress using comprehensive indicators. “Countries with robust climate strategies tend to be more advanced in planning energy transitions and adopting circular economy practices,” says Christof Schiller, governance expert at the Bertelsmann Stiftung and head of the Sustainable Governance Indicators (SGI) project. Yet, even these frontrunners face challenges, such as overcoming environmentally harmful subsidies and other obstacles.

The assessment is based on the latest Sustainable Governance Indicators data survey, which evaluates progress across three key areas: implementing consistent climate policy frameworks, achieving a decarbonized energy system by 2050 and preparing the transition to a circular economy. “The success of Nordic countries is no coincidence. Long-term strategies for economic transformation paired with effective executive oversight go hand in hand,” Schiller emphasizes.

To assess the effectiveness of policy strategies, SGI survey data draw on a wide range of publicly available indicators, offering insights into the consequences of past policy decisions. In addition, the dataset allows conclusions to be drawn about the current ambitions and political direction of the surveyed countries. The data is supported by in-depth evaluations from the SGI’s country experts. Additional dimensions of the analysis include progress in strengthening democratic oversight, fostering anticipatory governance and advancing sustainable solutions in other policy areas. “There is a strong correlation between sustainable economic and social policies and progress in implementing effective transformation strategies. In the Nordic countries, innovation-driven economies and forward-looking social policies form the foundation for effective climate and energy policies,” Schiller concludes.

What progress have the countries made in the areas examined?

Climate policy frameworks:

Sweden currently holds the best position for achieving its climate goals, thanks to a long history of ambitious climate policies and consistent progress monitoring. However, the current government has relaxed environmental regulations. At the opposite end of the spectrum, Poland, Australia and Canada face significant challenges in transforming their economies to achieve climate neutrality. The role of the United States in advancing renewable energy remains uncertain, particularly following recent announcements from the Trump administration.

Decarbonizing energy systems:

The energy sector accounts for nearly three-quarters of global greenhouse gas emissions, making its decarbonization a critical factor in achieving climate neutrality by mid-century. The governments of Finland and Denmark have demonstrated a clear commitment to this goal. "Denmark is on track to achieve emissions-free energy production by mid-century, as its policy targets, institutions, tools and infrastructure are effectively aligned," says Thorsten Hellmann, economic expert at the Bertelsmann Stiftung. Conversely, countries like Canada, Japan and Israel need to significantly accelerate their efforts to decarbonize their energy systems within the necessary timeframe.

Transitioning to a circular economy:

While the transition to a circular economy is still in its early stages in many regions, 20 out of 30 EU and OECD countries have nonetheless begun to implement measures. Finland and Sweden appear particularly well-prepared for this shift. In Sweden, the circular economy strategy and accompanying action plans, which are not legally binding, are assessed as part of the national budget alongside other environmental objectives.

Additional information:

The SGI dataset is a comprehensive resource for tracking and comparing policy progress across 30 OECD and EU countries. Using key indicators, it allows for the evaluation of how effectively governance strategies in different OECD states support the transition to a climate-neutral, resource-efficient economy. The latest findings and detailed country reports are available here: www.sgi-network.org

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