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Almost a billion euros for environmental protection in 2005

A total of 934 million euros of projected Finnish government expenditure for 2005 has been earmarked for environmental protection – amounting to 2.5% of the total budget. Government spending on the environment in 2004 is expected to amount to €932 million (2.5% of overall expenditure). In addition to central government spending, Finland's local authorities spent a total of 646 million euros on environmental measures in 2003, while environmental investments in the industrial sector amounted to €498M in 1999 (the most recent year for which figures are available).

Significant environmental problems in Finland include high levels of natural resource consumption and the continuing effects of pollution generated in the past. Long-term declines in certain emissions have also bottomed out in recent years, and in some cases started to increase again. Active measures are needed to curb domestic emission levels. Increases in the natural resource consumption, traffic, and total energy use are particularly harmful to the environment. New measures are needed to reduce nitrogen emissions, the diffuse nutrient loads entering river systems, and emissions of pollutants that increase ground-level ozone concentrations.

On the plus side, Finland has successfully integrated objectives related to sustainable development into environmental protection. In 2002 Finland was rated as the country that had best succeeded in working towards sustainable development according to the World Economic Forum's Environmental Sustainability Index (ESI).

These issues are highlighted together with many other environmental issues in the annual review ***Finland's Natural Resources and the Environment 2004***, a comprehensive compilation of the latest information on the state of the environment and environmental economics in Finland. The review, published today, examines trends in all sectors of the national economy from an environmental perspective, and is intended to provide easily accessible up-to-date information for decision-makers, the media, and everyone else interested in the environment.

More environmental subsidies for agriculture

Expenditure levels for many segments of the national environmental budget have remained stable (see Table 1). Significant changes include a reduction in annual spending on direct environmental protection measures to 37 million euros in 2005 (down from €59M in 2004). The total sum budgeted for environmental subsidies for agriculture will increase by 10 million euros to €322 million. Half of this total will consist of EU funding.

Spending on nature conservation will rise to 86 million euros (up €17M from 2004). Environmental spending on regional co-operation projects will fall by €8M to 2 million euros, due to the accession of the Baltic Countries and Poland to the EU in May 2004, which has left Russia as Finland's only regional co-operation partner.



Table 1. Finnish government expenditure on environmental protection 2001-2005

Government expenditure, million euros					
	2001	2002	2003	2004 ¹	2005 ²
Environmental administration	98	102	110	112	114
Development co-operation	95	116	106	117	117
Regional co-operation	10	13	10	10	2
Nordic Environment Finance Corporation	1	1	1	1	1
Research and development ¹	156	175	176	180	183
Environmental NGOs	1	1	1	1	1
Environmental protection	37	40	54	59	37
Nature conservation	63	59	57	69	86
Promotion of energy-saving measures	6	6	7	10	10
Support for investments in renewable energy	19	28	27	24	24
Support for energy-saving housing improvements	-	-	15	17	17
Traffic-related environmental protection ¹	39	26	12	12	11
Support for investments in manure storage	5	2	2	3	3
Environmental subsidies for agriculture	281	284	306	312	322
Promoting ecological forest management	4	4	4	6	6
Total	816	857	886	932	934

¹ = estimate, ² = forecast, .. = no information available, - = not applicable

Income from environmental and energy taxes on the rise

A total of 4.9 billion euros will be collected in the form of environmentally-related taxation and fees next year, according to the government budget for 2005 (see Table 2). This figure is up €312M from current estimates for 2004. The rise is due to the increased fiscal income that will be obtained from energy and motor vehicle taxation, in spite of cuts in vehicle taxation rates. The most significant source of revenue is energy taxation, which is expected to account for 61% of environmentally-related fiscal income in 2005. Other significant revenue sources include motor vehicle tax and vehicle licence tax.

Table 2. Fiscal income from environmentally-related taxes and fees 2001-2005

Government revenue, million euros					
	2001	2002	2003	2004	2005
	A	A	A	B	BP
Alcoholic beverage surtax	13	20	20	20	-
Soft drinks surtax	1	2	2	2	-
Drinks packaging tax	-	-	-	-	13
Pesticide fee	2	2	2	2	2
Energy taxes	2,652	2,756	2,900	2,990	3,010
Oil waste tax	3	4	3	3	3
Motor vehicle tax	922	1,023	1,207	1,020	1,294
Oil pollution control fee	5	6	9	9	9
Vehicle licence tax	435	446	473	513	536
Waste tax	31	32	41	49	53
Total	4,064	4,291	4,657	4,608	4,920

A = Final accounts, B = Budget, BP = Budget proposal



Finland's greenhouse gas emissions exceed Kyoto targets

Finland's total greenhouse gas emissions in 2002 amounted to 82 million tonnes of carbon dioxide equivalent – some 5 million tonnes more than total emissions in 1990, the benchmark year for the Kyoto Protocol. The high emission levels were due to an increase in overall energy consumption, and shortages of hydropower on the Nordic electricity markets, which meant that more electricity was generated by burning coal and peat.

Emissions of sulphur dioxide and nitrogen oxides are estimated to have risen during 2002 by around 10,000 tonnes and 8,000 tonnes, respectively. Finland's sulphur dioxide emissions per unit of GNP are nevertheless still only about two-thirds of the average for European OECD countries. Most of the acidifying deposition affecting the environment in Finland consists of long-range pollution originating elsewhere.

The review of Finland's natural resources and the environment has been published annually since 1994 in connection with the national government budget proposals. The review is drafted by the Ministry of the Environment in conjunction with the Ministry of Finance, the Ministry of Trade and Industry, the Ministry of Agriculture and Forestry, the Ministry of Transport and Communications, Statistics Finland, and the Finnish Environment Institute (SYKE). The working group responsible for the review was chaired by Mr Markku Nurmi, Director General of the Ministry of the Environment.

Source: *Finland's Natural Resources and the Environment 2004. Ministry of the Environment and Statistics Finland.*

For more information on the Internet: <http://www.stat.fi/environmentreview>