

# Car scrapping premiums - removing polluting vehicles from Finland's roads

By Alia Armistead

Finland's car scrapping premium campaigns have been a marked success in removing thousands of polluting vehicles from Finnish roads and helping people transition to lower emissions transport.



Image source: Nord News<sup>1</sup>

*“The cash incentive is the first activity on the roadmap toward fossil-free transportation. It will in part help meet emission reduction goals, as it will support the purchase of low-emission vehicles or a transition to an electric bicycle or public” —Finnish Transport & Communications Minister<sup>2</sup>*

Finland's car scrapping premium campaign ran throughout 2021, providing grants for motorists switching to more efficient vehicles, e-bikes or public transport.

The policy was first introduced under a six-month pilot program in 2015, granting €1,500 towards the purchase of a new, more efficient vehicle in exchange for surrendering a vehicle more than 10 years old. The pilot saw 8,000 old vehicles taken off the road. They were replaced by vehicles with an average of 107 grams CO<sub>2</sub> per kilometre (g CO<sub>2</sub>/km), lower than the then-national average of 122 g CO<sub>2</sub>/km.<sup>3</sup> In 2018, 6,600 new efficient vehicles were purchased through the scheme.<sup>4</sup>

The 2021 iteration of the policy broadened the eligibility for low emissions transport and lowered the permitted emissions of purchased vehicles. The policy supported grants of €2,000 towards the purchase of vehicles emitting below 95 grams CO<sub>2</sub>/km and €1,000 towards the purchase of vehicles up to 120 g CO<sub>2</sub>/km.

The scheme was also expanded to allow the purchase of e-bikes or public transport tickets,<sup>5</sup> making Finland the first country to use car scrapping schemes to incentivise transitioning from passenger vehicles to active and public transport. (In 2021, France became the second, subsidising electric or non-electric bicycle purchases in exchange for scrapping old vehicles.<sup>6</sup>) E-bikes proved popular in Finland: a few months into the scheme, 2,000 of 3,200 applications were for the purchase of e-bikes and over 100 were for public transport tickets.<sup>7</sup>

Increasing the uptake of non-motorised transport—such as cycling, and public transport use—can support the emissions reductions achieved through vehicle efficiency and electrification measures.<sup>8</sup> Various studies show the potential for cycling and e-bikes to lower per capita transport emissions by displacing motorised travel.<sup>9</sup> In addition to upgrading the efficiency of passenger vehicle fleets and shifting fleets towards zero-emissions vehicle models, moving away from privately-owned transport can both reduce public and private spending on transport while reducing also emissions.<sup>10</sup>

Transport makes up 17.4% of Finland's national emissions, with passenger cars responsible for the largest share at 8.7%.<sup>11</sup> Finland's *Roadmap to fossil-free transport* aims to halve 2005 levels of transport emissions by 2030.<sup>12</sup> Zero- and low-emissions passenger cars make up approximately 20% of new passenger car purchases in Finland currently, but the aim is for this to be “as close as possible” to 100% by 2030.<sup>13</sup>

Additionally, Finland aims to be completely carbon-neutral by 2035, and to phase out transport emissions completely by 2045.<sup>14</sup> Transport emissions have declined since 2008 but steeper reductions are required to meet the 2030 transport emissions target.<sup>15</sup>

The car scrapping campaigns are one of the key policies used to achieve these targets. Finland's *Roadmap to fossil-free transport* calls for “scrapping premium campaigns to be repeated from time to time”, and for purchase criteria to be tightened progressively. While some fossil fuel vehicle purchases have been supported in these campaigns to date, such as efficient gas and hybrid vehicle purchases, the Roadmap states that “Supporting petrol and diesel cars will no longer be appropriate closer to 2030, as petrol and diesel must be completely eliminated in the long term.”<sup>16</sup>

Car scrapping campaigns are commonly referred to as “cash for clunkers” schemes in Australia. Finland's policy demonstrates the potential use for such schemes to both remove old cars from our roads and to incentivise transport mode-shifts away from motorised transport and towards active and public transport. Such a policy could be taken up more broadly in Australia to support transport decarbonisation.

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- <sup>2</sup> The Financial District (2020) *Finland Reviving 'Cash For Clunkers' Scheme*, <https://www.thefinancialdistrict.com.ph/post/finland-reviving-cash-for-clunkers-scheme>
- <sup>3</sup> YLE News (2016) *Trafi: Cash for clunkers scheme brought 8,000 lower-emission cars onto the roads*, [http://yle.fi/uutiset/trafi\\_cash\\_for\\_clunkers\\_scheme\\_brought\\_8000\\_lower-emission\\_cars\\_onto\\_the\\_roads/8806391](http://yle.fi/uutiset/trafi_cash_for_clunkers_scheme_brought_8000_lower-emission_cars_onto_the_roads/8806391)
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- <sup>5</sup> YLE News (2020) *Finland to revive cash for clunkers scheme*, <https://yle.fi/news/3-11595689>
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- <sup>9</sup> Brand et al. (2021) *The climate change mitigation impacts of active travel: Evidence from a longitudinal panel study in seven European cities* in *Global Environmental Change*, Vol 67, <https://doi.org/10.1016/j.gloenvcha.2021.102224>
- <sup>10</sup> Replogle & Fulton (2014) *A Global High Shift Scenario: Impacts And Potential For More Public Transport, Walking, And Cycling With Lower Car Use*, [https://theicct.org/sites/default/files/A%20Global%20High%20Shift%20Scenario\\_WEB.pdf](https://theicct.org/sites/default/files/A%20Global%20High%20Shift%20Scenario_WEB.pdf)
- <sup>11</sup> Autoalan Tiedotuskeskus (n.d.) *Transport and logistics sector's Green Transport Roadmap*, [https://www.aut.fi/en/news\\_and\\_actual\\_topics/publications/roadmap\\_of\\_carbon\\_neutral\\_transport](https://www.aut.fi/en/news_and_actual_topics/publications/roadmap_of_carbon_neutral_transport)
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