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How to address challenges of the transition?

Linda Kunertová

F3, Fair Green and Digital Transitions, Research
DG Employment, Social Affairs and Inclusion

Structure

- Introduction
- Main challenges
- Policy context
 - Fair transition towards climate neutrality
 - Social Economy

Introduction

General context

Developments since mid-2021:

- Rising **energy prices & inflation** since mid-2021, exacerbated by geopolitical developments (war in Ukraine)
- **Labour market** resilience, but increasing labour and skill shortages
- EU measures since autumn 2021, including **REPowerEU Plan** and **emergency interventions** to ensure energy security and solidarity.: **Green Deal Industrial Plan, NZIA**
- For **93% of Europeans**, energy prices pose a **serious problem**.

Transition towards 2030 targets:

- 2030 climate target: reduce EU **GHG emissions by 55%** vs 1990 (30% reduction achieved by 2021)
- **“Fit for 55” legislative package** (July/Dec 2021)
- **88% of Europeans** agree **no one should be left behind** in the green transition.

IPCC 2022 report:

- “Without immediate and deep emissions reductions across all sectors, limiting global warming to 1.5°C is beyond reach.”

The only way out: **“massive social and societal transformations”**



Main challenges

Employment and skills

Energy poverty

Climate inequality

Employment and skills

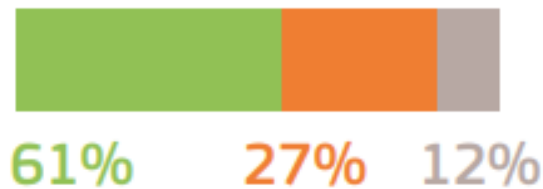
Evidence on main challenges & opportunities

- **Green jobs** offer significant opportunities for job creation (e.g. up to 1 mill additional jobs by 2030; +92% jobs in renewable energy production 2000-2019), but **job quality and equal opportunities** are key
 - increasing risks of **labour and skill shortages** that can hamper the transition
- “**Triple dividend**” possible with **the right accompanying policies** in place, but **job losses / job gains, labour reallocation and changing skills needs** in certain sectors (e.g. energy-intensive industries) and regions
- **Active inclusion and social protection**: focus on unemployed; people affected by transition/job losses, notably in vulnerable situations

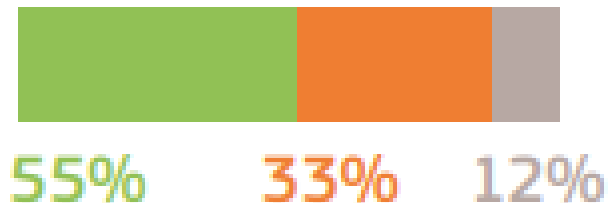
Employment and skills

Fairness perceptions of the transition

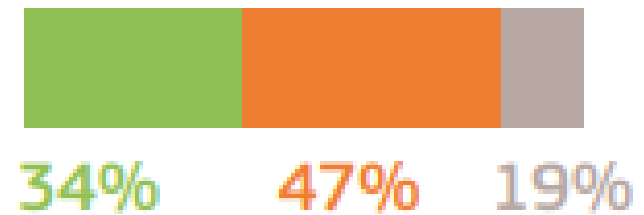
61% think that policies to tackle climate change will **create good quality jobs** (in terms of earnings, job security and quality of the working environment)



55% think that being in a job that contributes to advancing the green transition is **important to them personally**



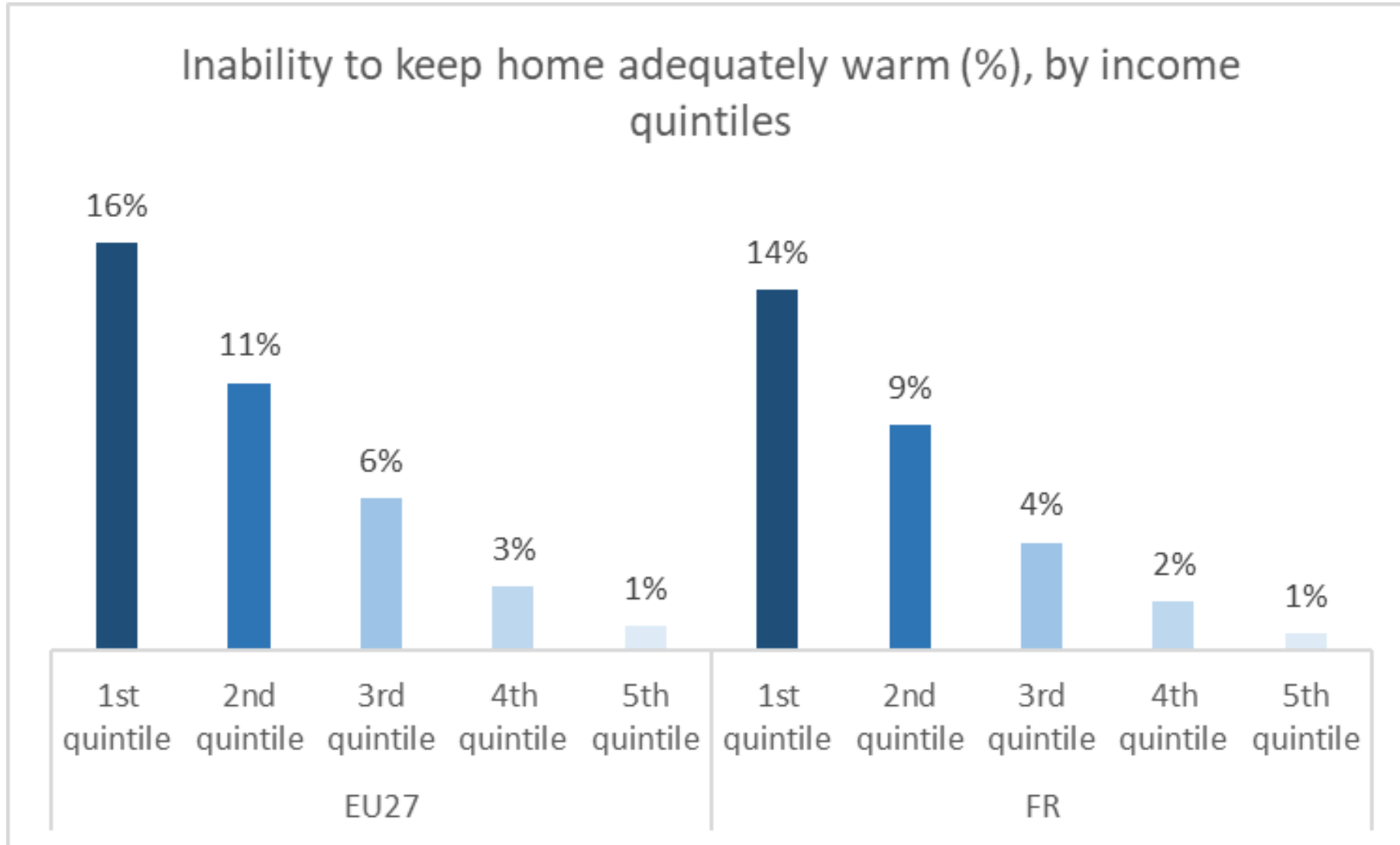
34% think that their job is contributing to **advancing the green transition**



■ Total 'Agree' ■ Total 'Disagree' ■ Don't know

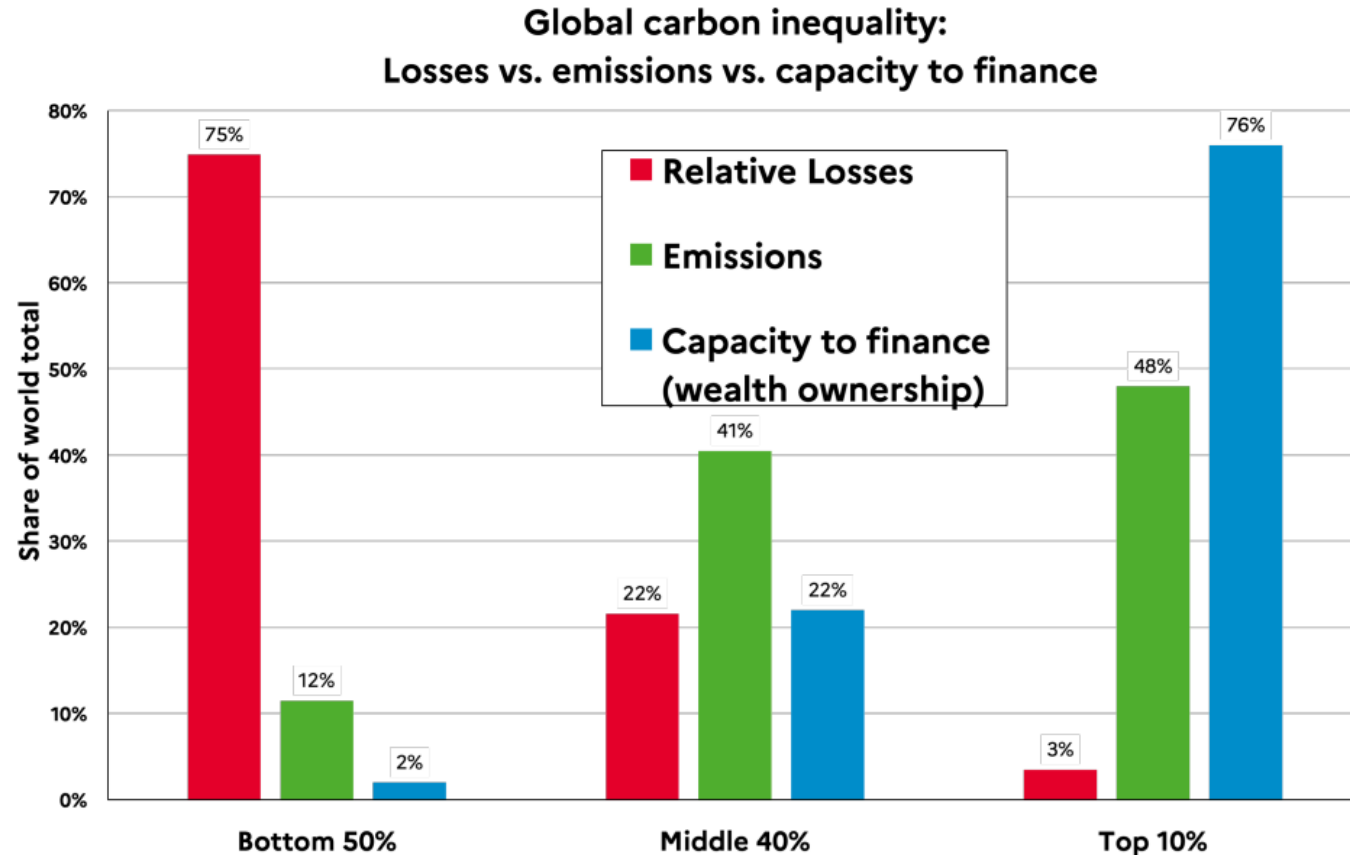
Energy poverty

by income group (quintiles)



Climate inequalities

“Carbon inequality” (footprints) and relative climate-related losses



“The bottom 50% of the world population (in terms of GHG emissions) contributes to 12% of global emissions but is exposed to 75% of relative income losses due to climate change.”

Chancel, L., Bothe, P., Voituriez, T. (2023)
Climate Inequality Report 2023
World Inequality Lab Study 2023/1

Figure 29: Global carbon inequality: losses vs. emissions vs. capacity to finance

Policy context

Fair transition

The European Green Deal

'Fit for 55' package

Council Recommendation to ensure fair transition

The European Green Deal

An agenda for a systemic transformation that leaves no one behind

- Climate change and environmental degradation are an existential threat to Europe and the world. To overcome these challenges, the European Green Deal will transform the EU into a modern, resource-efficient and competitive economy, ensuring:

- no net emissions of greenhouse gases by 2050
- economic growth decoupled from resource use
- no person and no place left behind



Massive investment need of ca. EUR 350 billion per year until 2030 in the energy system alone (and an additional EUR 130 billion per year for environmental goals)

Source: COM/2019/640 final



A European Green Deal



fresh air, clean water, healthy soil and biodiversity



renovated, energy efficient buildings



healthy and affordable food



cleaner energy and cutting-edge clean technological innovation



longer lasting products that can be repaired, recycled and re-used



future-proof jobs and skills training for the transition



globally competitive and resilient industry



more public transport

'Fit for 55' package

The Fit for 55 package is a set of proposals

- to revise and update EU legislation and
- to put in place new initiatives

with the aim of ensuring that EU policies are in line with the climate goals agreed by the Council and the European Parliament.

'Fit for 55' package



EU emissions trading system

Carbon border adjustment mechanism

Member states' emissions reduction targets

Emissions and removals from land use, land use change and forestry

Renewable energy

Hydrogen and decarbonised gas market package

CO₂ emission standards for cars and vans

Reducing methane emissions in the energy sector

Greener fuels in shipping aviation, alternative fuels infrastructure

Social climate fund

Energy efficiency

Energy performance of buildings

Energy taxation

Council Recommendation on ensuring a fair transition: *Objectives of the initiative (as part of the 'Fit for 55' package)*

- The initiative aims to encourage Member States to:
 - Fully **exploit the benefits** and opportunities associated with the green transition;
 - While **fairly spreading the costs** of tackling and adapting to climate change.
- Envisaged as accelerator for **a new social model**
- Policy guidance on the **right accompanying policies** necessary to make the most of the green transition's potential
 - Comprehensive policy packages in line with the European Pillar of Social Rights
 - A broad scope on most affected people and households (incl. in affected regions)
 - Meaningful involvement of social partners as part of a whole-of-society approach, including social economy stakeholders

Link: https://ec.europa.eu/commission/presscorner/detail/en/ip_21_6795

Policy context

Social Economy

Social economy



- Social enterprises hit particularly hard by the COVID-19 pandemic
- Challenges remain: recognition of diversity, visibility, investment readiness, access to capital, access to markets and new sectoral value chains and others
 - Social Economy Action Plan (2021) and the Council Recommendation for developing social economy framework conditions (forthcoming, 2023)

Social Economy Action Plan

- Relevant aspects addressed:
 - policy and legal frameworks at all relevant levels of government,
 - access to funding and business support,
 - support to social innovation,
 - development of initiatives to help the social **economy embrace the green and digital transitions**, and
 - the need to make the sector more visible and better known.
- Council Recommendation on developing social economy framework conditions for adoption in June 2023

Thank you & contacts

linda.kunertova@ec.europa.eu

EMPL-F3-Unit@ec.europa.eu

<https://www.consilium.europa.eu/en/press/press-releases/2022/06/16/council-takes-action-to-ensure-green-transition-is-fair-and-inclusive>

https://ec.europa.eu/commission/presscorner/detail/en/ip_21_6795



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Additional slides

Social Economy Action Plan

Why the Social Economy Action Plan?

- Important contribution to job creation, labor market integration, social inclusion, quality social services, sustainable development, and environmental and digital transformation.
- Important contribution to the implementation of the European Pillar of Social Rights and the 2030 Core Targets
- but uneven development in the EU



More and better support is needed to have an even greater impact on society.