



# Conference "A Call for Change" on 29 April 2010 in the European Parliament, Brussels

## Conference of European Churches

panel discussion

Egbert Holthuis DG EMPL/D2



European Commission

# Climate change threats



- World poverty and global warming considered the most important challenges that the world is currently facing
- European citizens consider that corporations and industry, citizens, national governments and the European Union are not doing enough to fight climate change
- Erosion of biodiversity continues, pollution is harming public health, and waste volumes continue to increase
- IPCC (2007) and Stern Review (2007): world is already experiencing global warming, deep and significant cuts in anthropogenic greenhouse gas emissions (GHGs) are urgently needed to avoid irreversible and self-reinforcing changes in the world's climate
- If global temperatures were to rise to 2°C *above* pre-industrial levels, 15-40% of species could face extinction



# Climate change and the employment challenge



- Global warming itself and the adaptation to global warming is expected to have important effects on the level, and especially the composition, of employment.
- Global warming destroys certain production factors (e.g. agricultural areas, touristic resorts, and fish stocks) and disrupts production processes (e.g. through hurricanes and flooding) which leads to a significant reallocation of labour and capital across and within sectors and regions.
- At the same time adaptation to global warming will also bring about opportunities to create new jobs as new 'green' markets emerge and as the infrastructure is modernised





*Greening-up* the EU economy – measures taken in the frame of:

## 2008 climate package targets ('20-20-20')

- Increase use of renewables (including biofuels)
- Improve energy efficiency – cut energy consumption (Buildings, Combined Heat and Power, Ecodesign and Ecolabel)
- Reduce GHG emissions

## Crisis Recovery Programmes

- financial incentives for green innovation, energy efficiency and infrastructure investment



# Europe 2020 strategy for smart, sustainable and inclusive growth



## Reinforcing objectives:

- promoting a more resource efficient, greener and competitive economy
- Decoupling economic growth from resources
- Increase use of renewables
- Modernise transport, energy efficiency (- € 60 bn oil/gas imports 2020)
- 20% target energy renewable potential for 600.000 jobs...



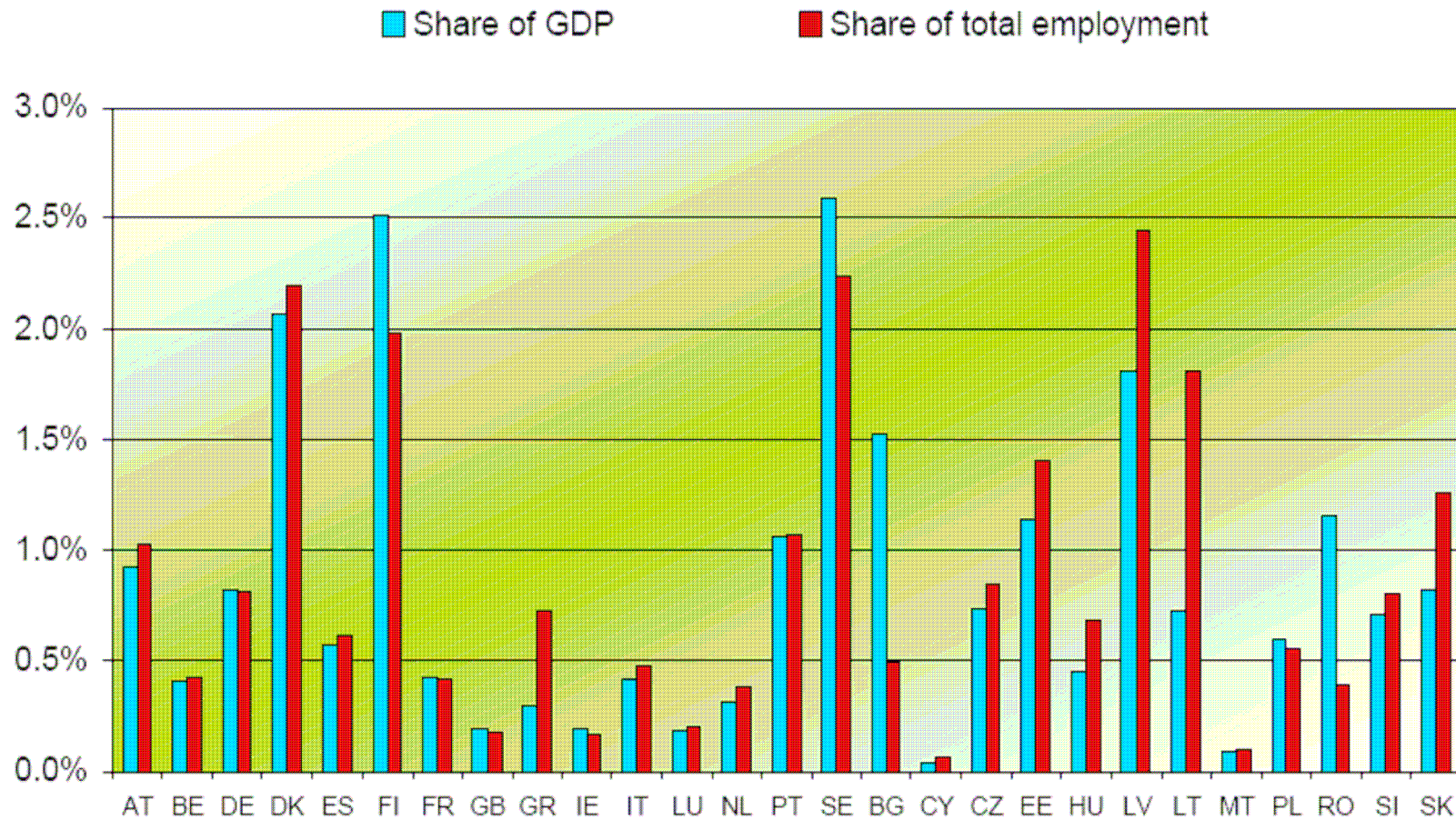
# Definition of employment connected to climate change (eco industries)



- Direct employment covers employment in activities concerning the operation and maintenance of equipment or the provision of environmental goods and services, as well as employment in activities aimed at the production of environmental equipment or infrastructure to provide environmental services.
- Indirect employment covers employment in activities that provide intermediate inputs for the production of environmental equipment and services.



# Significance of economic and employment impacts at the Member state level

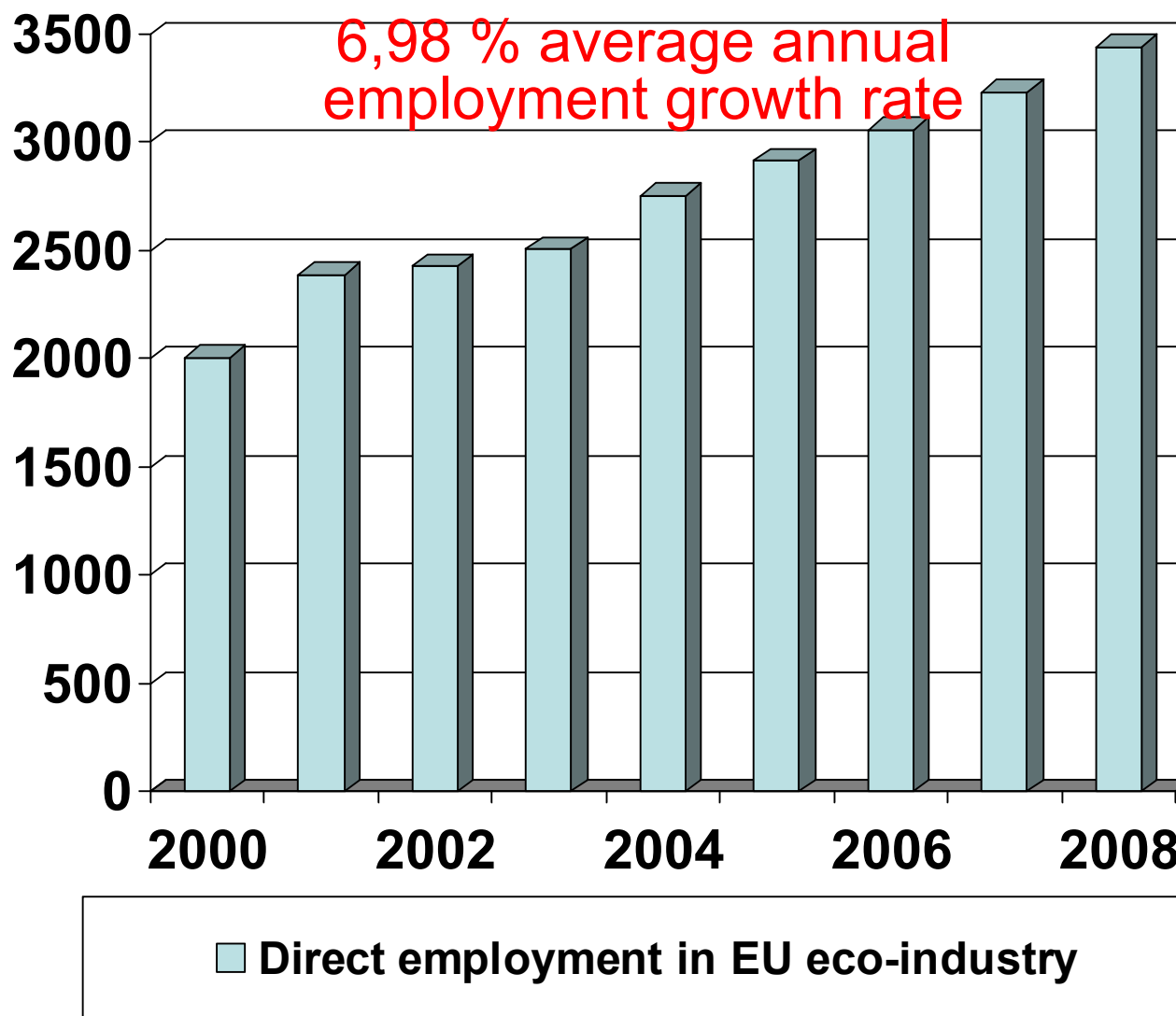


Source: Fraunhofer ISI et al. (2009, p. 54).

Note: The GDP and employment shares in Member States differ because of different RES-related and average labour productivities



# Study on the Competitiveness of the EU Eco-industry





# Compare number « eco » jobs to jobs available 2010-2020 (demand side)



- 2010 – 2020: 80 million job opportunities across the EU; 73 million replacement jobs, 7 million new jobs
- Most new jobs in knowledge- and skill-intensive occupations
- Share of jobs requiring high-level qualifications: from 29% - 35%
- Low qualifications: from 20% - 15%

Source: Cedefop 2010



# Does the demand for workers meets the supply?



- Does the workforce have the right skills?
- Not enough information on skills (current data based on educational attainment)
- Changing needs
- Changing composition of workforce
- Early-school leavers
- LLL





## Expert group report: **New skills for New Jobs:** **Action Now**

- Provide the right incentives to upgrade and better use skills
- Bring the worlds of education, training and work closer together
- Develop the right use of skills
- Better anticipate future skills needs



# Typology of labour market changes



Economy *greening* will:

- Affect primarily the composition of employment (both in terms of occupation and geographical location) and to a lesser extent the overall employment levels
- Sectors affected: energy, building, manufacturing, transport, agriculture, energy-intensive industries
- New jobs in: design, production (manufacturing), sales, instalment, maintenance
- Some jobs might be lost or redeployed in the process of restructuring

Job can be *green* in terms of: sector in which it is created (eg. renewables), technology being used for the output generation (eg. clean-tech), or working methods /practices at the work place

**Overall:** composition of employment and changes in skill demand



# Knowledge gaps



## Labour market developments will depend on

- pace of implementation of policies in MS
- speed of new markets development
- speed and the degree of commercial deployment of new technologies
- L-market readiness and responsiveness to accommodate all these changes

## Gaps

- Projections regarding the effects of climate change on the labour markets are uncertain and sparse – no comprehensive information, in terms of numbers, illustrating the LM impacts
- Mapping /monitoring of policy measures needs to be improved
- There exists a limited number of targeted LM actions
- No much debate on design of *green* recovery measures from LM perspective has been observed



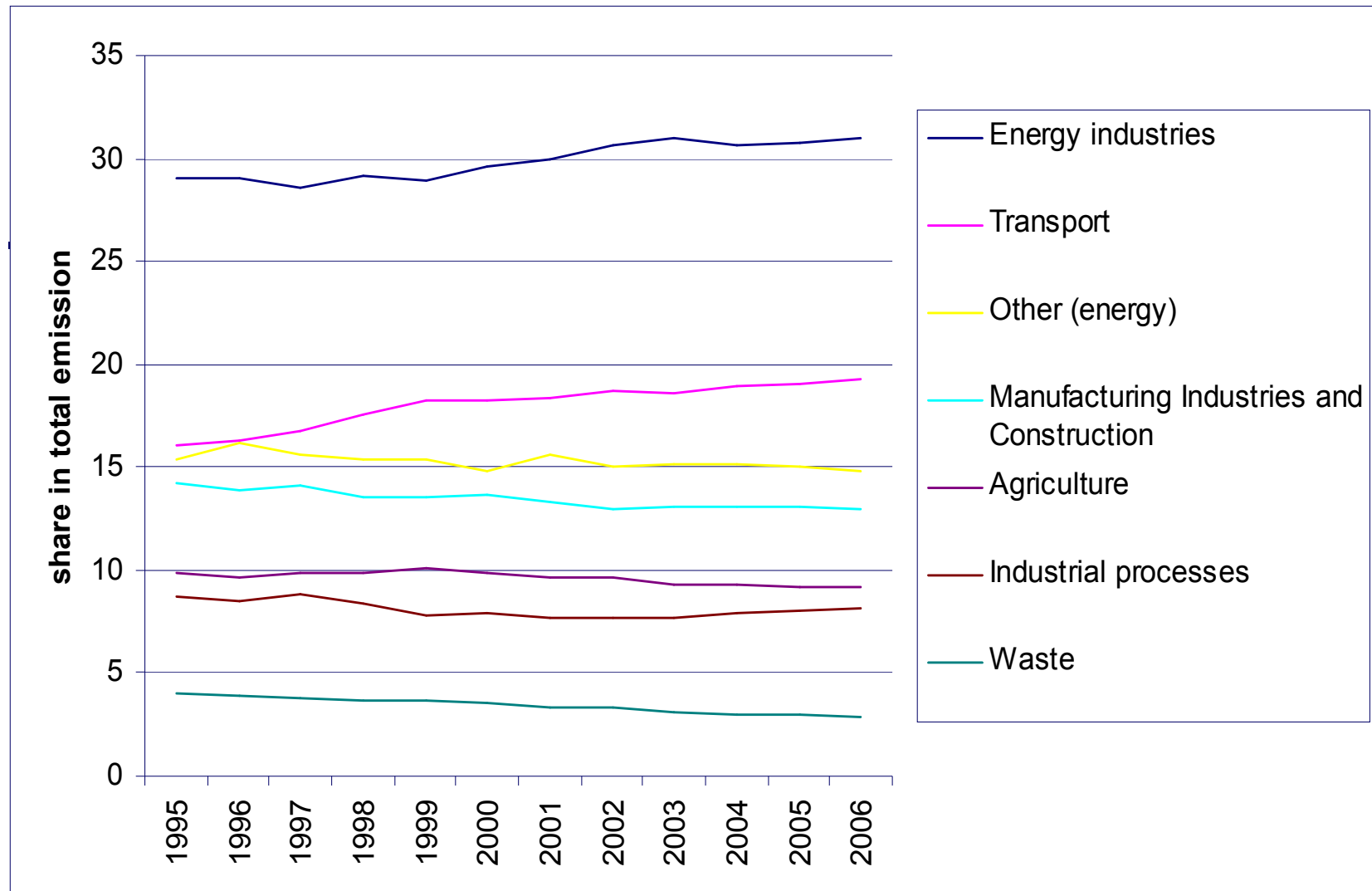
# Impacts on sectors and skills



- Increasing environmental concerns will have an impact on all sectors of the economy and require not only the development of education and training programmes for emerging new professions, but also new skills to be taught as part of changing job profiles within existing professions. Building a low carbon economy is only possible by unlocking the skills, creativity, entrepreneurialism and capacity to innovate firms, the workforce and communities.
- The sectors believed to be most influenced by climate change are agriculture/forestry/fisheries, tourism, and finance/insurance, while climate policies should contribute to an increase in the demand for better educated and skilled workers and a decrease in the demand for lower skilled workers (ETUC).



# Contribution of selected sectors to total pollution in EU-27: 1995-2006 (Source: Eurostat and DG EMPL calculations)





## The following elements seem to be of particular relevance:

- *Easing transitions* to avoid a build-up of structural unemployment from job losses with a focus on low-skilled workers. Likewise, energy-intensive industries, or small and medium size enterprises, might merit specific attention and a coherent strategy.
- *Investing in human capital and skills anticipation* to avoid labour supply shortages, education and training systems will need to adapt to these changes in skill requirements+ viable tools for skills monitoring and anticipation
- *Promoting partnership and information sharing to tackle* information failures to ensure that this leads to a timely anticipation of possible restructuring processes through effective social dialogue and involvement of all stakeholders. Example European social partners (ETUC, BusinessEurope, CEEP, UEAPME) have decided to work in 2009 and 2010 on the development of a joint approach to the social and employment aspects and consequences of climate change policies





# Conclusion (1)



- Global warming is the biggest and most far reaching environmental challenge the world is facing today. Efforts to adapt to climate change and to mitigate its effects will have an important impact on the labour markets in the EU.
- The combined impact of climate change and climate policies on the overall employment level is likely to be neutral or even slightly positive.
- However, the impact will differ substantially across skill types, regions and economic activities - some jobs will be lost but others will be gained.
- In terms of employment policies, the challenges are to a large extent comparable to other contemporary challenges (globalization, technological change, demographic aging). Hence the existing policy toolbox of the European Employment Strategy, in particular the employment guidelines, the flexicurity concept and New Skills for New Jobs agenda, already provide a range of policies that can be applied in response to the climate change challenge.



## Conclusion (2)



- Policies along flexicurity principles should be implemented in consultation with the social partners so that workers can smoothly be reallocated towards less polluting activities and become more receptive to experimental innovations.
- Further research strengthening the EU capacity for assessing the employment effects of a transition to a low carbon economy is needed.
- Social dialogue is required in order to ensure that structural change in relation to climate change is achieved in a way that is efficient and acceptable from both an economic and social perspective.





**THANK YOU FOR YOUR ATTENTION!**

