DRAFT REPORT

on the Green Employment Initiative: Tapping into the job creation potential of the green economy
(2014/2238(INI))

Committee on Employment and Social Affairs

Rapporteur: Jean Lambert
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MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

on the Green Employment Initiative: Tapping into the job creation potential of the green economy
(2014/2238(INI))

The European Parliament,

– having regard to the Commission communication ‘Green Employment Initiative: Tapping into the job creation potential of the green economy’ (COM(2014)0446),

– having regard to the Commission communication ‘Green action plan for SMEs’ COM(2014)0440),


– having regard to the Commission staff working document ‘Exploiting the employment potential of green growth’ (SWD(2012)0092),

– having regard to the Council Conclusions of 6 December 2010 on ‘Employment policies for a competitive, low-carbon, resource-efficient and green economy’,

– having regard to the Council Decision 2010/707/EU of 21 October 2010 on guidelines for the employment policies of the Member States,

– having regard to the OECD/European Centre for the Development of Vocational Training study of 2014 on ‘Greener Skills and Jobs, OECD Green Growth Studies’,


– having regard to the International Labour Organisation/European Centre for the Development of Vocational Training report of 2011 on ‘Skills for green jobs: a global view: synthesis report based on 21 country studies’,

– having regard to the European Centre for the Development of Vocational Training report of 2010 on ‘Skills for green jobs – European synthesis report’,

– having regard to the OECD, CFE-LEED working document of 8 February 2010 on ‘Green jobs and skills: the local labour market implications of addressing climate change’,

– having regard to its resolution of 12 December 2013 on Eco-innovation – jobs and growth through environmental policy¹,

– having regard to its resolution of 15 March 2012 on a roadmap for moving to a

¹ Texts adopted, P7_TA(2013)0584.
competitive low carbon economy in 2050\(^1\),

– having regard to its resolution of 7 September 2010 on developing the job potential of a new sustainable economy\(^2\),

– having regard to Rule 52 of its Rules of Procedure,

– having regard to the report of the Committee on Employment and Social Affairs and the opinions of the Committee on the Environment, Public Health and Food Safety and the Committee on Women’s Rights and Gender Equality (A8-0000/2015),

A. whereas global trends such as the inefficient use of resources, the unsustainable pressure on the environment, climate change and growing social exclusion and inequalities are close to the limits beyond which irreversible impacts on our societies and the natural environment cannot be prevented;

B. whereas the lack of a coherent policy response to tackle these challenges risks leaving a significant part of the employment potential of a green and socially inclusive transition unused;

C. whereas in response to these threats, we are seeing the development of new sectors, a change within many others and the decline of some sectors, such as those which are heavily polluting; whereas, with regard to the latter sector, special attention needs to be paid to the workforce in terms of retraining and alternative employment;

D. whereas the EU and its Member States made a commitment, at the United Nations Framework Convention on Climate Change Conference in Cancun in 2010, to ensure ‘a just transition of the workforce that creates decent work and quality jobs’; whereas a just transition for all towards an environmentally sustainable economy needs to be well managed and must contribute to the objective of decent work for all, social inclusion and the eradication of poverty;

E. whereas the potential for expansion in ‘green’ jobs is hampered by a skills deficiency caused by a number of factors;

F. whereas there is clear evidence that shifting from labour to environmental taxation, investing in energy and resource efficiency, and developing the supply chain through a clear industrial strategy has a positive impact on job creation;

G. whereas clear, fixed, mid- to long-term targets can be important drivers of change, and whereas EU regulation also has an important role to play in this regard; whereas targeted investment leading to job creation should stem from, and be consistent with, a clear policy framework;

H. whereas SMEs are important generators of employment and have led the way in many ‘green’ sectors, but may face particular difficulties in fulfilling the job potential of the transition;

\(^1\) OJ C 251E , 31.8.2013, p. 75.
Towards a green economy – opportunities for the labour market

1. Emphasises that a transition towards sustainable societies and economies, including sustainable patterns of consumption and production, generates the potential both to create new jobs and to transform existing employment into green jobs in virtually all sectors and across the entire value chain;

2. Notes that the transition bears significant potential to create local jobs which cannot be offshored, including in sectors hit by the crisis;

Just transition’ and decent work

3. Welcomes the Commission’s statement that restructuring should be handled in a socially responsible way;

4. Calls on the Commission and the Member States to commit to a ‘just transition roadmap’ that combines ambitious environmental goals with strong social requirements, including the promotion of decent work, healthy and safe working conditions, and training and skills programmes, and the strengthening of worker information, consultation and participation rights regarding matters concerning sustainable development as well as of effective workforce representation;

5. Recalls that the revised EU Health and Safety strategy should take into account specific risks in new sectors;

6. Stresses that anticipating change in employment needs proactive transformation management and that long-term planning is essential for ensuring an effective transition and stable employment;

7. Notes that some regions are facing more challenges than others; calls on local and regional governments and on social partners collectively to implement roadmaps supporting communities and workers affected by change;

8. Stresses the importance of workers’ participation in these changes; calls for the involvement of trade union ‘green representatives’ working with employers on increasing sustainability at their workplaces;

Skills for green employment

9. Welcomes the tools for skills development and the forecasting of skill needs proposed by the Commission; stresses, however, that more ambitious action is needed;

10. Calls on the Member States and on regional governments to involve social partners and training providers, and to adopt and implement skill development strategies with the objectives of improving generic, sectoral and occupation-specific skills;

11. Notes that these strategies should include the identification of skill gaps and targeted vocational and lifelong training programmes; stresses the need to actively include in the strategies both displaced workers and low-skilled workers at risk of being excluded from the labour market; stresses that steps need to be taken to counter the gender imbalance in certain sectors;
12. Calls on Member States to integrate sustainable development, and environmental competences and skills, into training and education systems; recalls the importance of science, technology, engineering and mathematics (STEM) skills;

13. Stresses the need for targeted action by public authorities and services to bridge the skills gap; calls on the Member States to train staff in employment authorities and services to mainstream skills for green employment across labour market policies;

Policy coherence to fully develop the job potential of sustainable economies

14. Calls on the Commission and the Member States to adopt ambitious and integrated regulatory, fiscal and financial frameworks to guarantee sustainable investment and encourage innovation, thereby fully unlocking the employment potential of these changes; highlights that policies should be developed in a framework of long-term horizons that includes binding targets where necessary as well as indicators to measure progress towards their achievement;

15. Stresses the need for consistent policies that promote renewable energy production and energy efficiency with a view to triggering local development and creating local jobs;

16. Calls on the Member States to fully respect and implement the new provisions of the revised EU legislation on public procurement, and to introduce proactively environmental and social criteria in their public procurement policies in order to create sustainable jobs;

17. Calls on the Commission to honour its commitment to propose more ambitious waste legislation that makes full use of the significant job potential of the circular economy without delay;

18. Calls on the Commission to use the EU Semester and the review of the Europe 2020 strategy to support green job creation; calls on the Commission to issue country-specific recommendations that contribute to higher employment and smaller ecological footprints, including a shift from labour to environmental taxation and the phasing out of counterproductive subsidies by 2020;

19. Calls on the Commission to renew its commitment to the Europe 2020 strategy and to issue its mid-term review without delay; calls on the Commission to introduce quality employment and resource efficiency as lead goals; calls on the Commission to propose more ambitious social and environmental targets for 2030 and 2050;

Investing in sustainable job creation

20. Calls on the Commission and the Member States to promote quality investments geared towards generating societal benefits; calls on the Commission and the Member States to focus investment in areas with positive labour market impact with the aim of creating decent jobs and fighting unemployment;

21. Highlights the fact that investing in energy efficiency promotes local job creation and local economic development, and that ensuring energy efficiency in buildings is the most cost-effective way to offer long-term solutions to energy poverty;
22. Recommends that climate, renewable energy and energy efficiency targets should be considered investment targets;

23. Calls on the Member States to make full use of the possibilities under the legal framework for the European Structural and Investment Funds and other sources of EU funding to promote sustainable projects that foster green employment;

24. Calls on the Commission and the Member States to use the 2016 post-electoral revision of the Multiannual Financial Framework (MFF) to promote the green transition of our economies;

**Small and medium-sized enterprises (SMEs)**

25. Supports the objectives of the Green Action Plan for SMEs and the SMEs-oriented actions it proposes to improve resource efficiency, support green entrepreneurship, exploiting opportunities for greener value chains and facilitating market access for green SMEs;

26. Notes that SMEs are key drivers of job creation in Europe; stresses that SMEs face particular challenges when exploiting the job opportunities of a green transition, in particular regarding access to finance, training and bridging skills gaps; calls on the Commission and the Member States to take ambitious action to provide support to facilitate green job creation in SMEs, including targeted information, awareness raising, technical assistance and access to finance and training measures;

27. Instructs its President to forward this resolution to the Council and the Commission, and to the Governments and Parliaments of the Member States.
EXPLANATORY STATEMENT

The Commission’s Green Employment Initiative was published in July 2014, together with the Green Action Plan for SMEs (also covered in this report) and the Communication on the Circular Economy.

The Initiative aims to build on the 2012 Staff Working Document ‘Exploring the employment potential of Green Growth’ - part of the Employment Package - which highlighted that up to 20 million jobs could be created by 2020 in the green economy and takes account of the Employment Guidelines, which call on Member States to: “foster job creation, including in the areas of care and green employment.”

There is an issue as to how to define what is meant by ‘green’ jobs, particularly when trying to track their development for statistical purposes. The ILO says that green jobs are decent jobs that:

–Reduce consumption of energy and raw materials

–Limit greenhouse gas emissions

–Minimise waste and pollution

–Protect and restore ecosystems

It was put to your Rapporteur by a number of contributors to this report, including UEAPME and Professor Paul Ekins of UCL that it would be more helpful to think within an overall context of ‘greening the economy’ as being more appropriate in terms of products, processes and services and that this needs to be mainstreamed in all policies: fiscal, employment, labour market, education and training, research, innovation, climate and energy policy.

The green economy takes as its background a number of challenges outlined by the Commission: ‘The inefficient use of resources, unsustainable pressure on the environment and climate change as well as social exclusion and inequalities...’ social pressures well-known to this Committee, as is that of high unemployment. These challenges will obviously affect the world of work. For example, the major supermarket chain, ASDA estimates that 95% of its fresh produce is at risk from climate change, one third at serious risk.

The need to mainstream thinking was reflected in a key demand put to your Rapporteur by many contributors: the need for a coherent, comprehensive policy framework that would provide a predictable environment for training and investment. Inconsistent policy and incentives were frequently cited as blocking progress, restricting the employment potential. Such policy also has to look long-term: buildings erected now could stand for the next fifty

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1 Green Employment Initiative: tapping into the potential of the green economy COM (2014) 446 final
2 Commission communication ‘Green action plan for SMEs’ COM(2014)440
3 Commission staff working document ‘Exploiting the employment potential of green growth’ SWD(2012) 92 final
5 Green Employment Initiative: tapping into the potential of the green economy COM (2014) 446 final
6 Preparing for the Perfect Storm - skills for a sustainable economy, IEMA, 2015.
years so need to meet the highest standards of energy efficiency and sustainable construction; investment in major renewable energy installation needs to look beyond 2020 etc.

Three key drivers of job creation, known to be effective, were identified by Professor Ekins and others and have been proposed by both Commission and Parliament at times, but with inadequate follow-through:

- Environmental tax reform - shifting the tax burden from employment to environmental costs, but ensuring it is not regressive in effect. This could be further enhanced through the ongoing use of the Semester process and national recommendations. In order to be consistent, there should also be efforts made to remove counterproductive subsidies which support polluting or carbon intensive sectors

- Energy and resource efficiency. The EP has consistently highlighted the potential in this area, not least in addressing energy efficiency while combatting fuel poverty through a comprehensive insulation programme. Estimates for the employment effect of the Energy Performance of Buildings Directive pointed to the creation of a possible 2 million jobs, many of which would, by definition, not be off-shored and the Energy Efficiency Directive added further impetus. However, the effects can only be felt if the Directives are effectively implemented (and that may require stronger enforcement mechanisms) and backed by the necessary investment and training. There is considerable demand for improved resource efficiency: UEAPME pointed to Eurobarometer data showing that 93% of SMEs are taking at least one action to be more resource efficient.

- Developing the supply chain, so that the EU benefits from all stages in terms of employment and economically. There is a clear need for an industrial strategy which directs and encourages investment in, for example the renewables industry, which could bring more employment to rural and former industrial areas. Supply chain development is also necessary to drive change and ensure that all parts of a business are able to respond to challenges. Many companies do not engage with supply chains on emissions, climate change-proofing or on resource efficiency.

In bringing about this transition to a green economy, workforce engagement is crucial. Some sectors will undergo considerable change, even decline, and managing that change will be more positive with the provision of effective support, retraining and possible change of production. EU Funds have an important role to play here if they are used efficiently. At the sectoral level, European Works Councils have an important role in managing change. Workforce participation is also about helping to create opportunities. ‘Green reps’, the equivalent of health and safety reps can be useful in leading awareness and change, as demonstrated in the TUC Report, ‘The Union effect’. PHS Group, for example, has

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1 European Parliament resolution of 11 June 2013 on social housing in the European Union (2012/2293(INI))
3 Flash Eurobarometer 381 -2014
4 The Union Effect - greening the workplace, TUC
established a network of environmental champions, equipped with the right skills and expertise, as well as the opportunity to gain accreditation for those skills, they have helped reduce lighting costs and made significant progress in recycling and recovering materials.

Workforce engagement is also important because work should be decent work: fairly paid, with good working conditions and a sound health and safety ethos. Industrial relations in some green sectors are rather weakly developed at both employer and employee levels and new sectoral social dialogue should be encouraged. The revised Health and Safety Strategy should take account of new or changing risks in developing sectors.

When companies want or need to take action to make their business more sustainable, many are not confident about managing either risk or the change process or may discover that they cannot find workers with the necessary skills. The Commission Communication makes a number of positive proposals and we need a comprehensive approach, which instils an appreciation of the need to understand why sustainability matters to business and to society as a whole. There needs to be a general awareness of the principles of sustainability at the school level and there is still a lack of students specialising in STEM skills, especially girls - an ongoing problem. We heard from the UK’s NUS that 60% of first year university students surveyed are interested in learning more about sustainability, regardless of their course of study. This interest needs to be developed and generic skills instilled if we are to mainstream green work: learners are willing to collaborate in designing appropriate courses. As the NUS pointed out, if we are looking for leadership on these issues, 80% of the world’s leaders have been to university - what happens there can shape the future.

There is also much that can be done at the sectoral level, as EUROFER’s ‘GreenVET’ project has shown. By providing in-depth training about the legislative and technical context (including resource efficiency) within which the steel industry works it is hoped that such accredited training will allow greater mobility within the sector and a transference of expertise. We should also be looking to the validation of formal and non-formal learning outcomes as well as the recognition of validation as a tool to bridge the gap between labour market demands and available skills - as was pointed out to your Rapporteur, many workers gain skills through ‘doing’ but these are never formally recognised, which becomes a barrier to promotion. Skills Councils can play an important part in ensuring the updating of curricula for sectoral and specific skills needs and also responding to market developments. But there is a need for an overarching Skills Roadmap and all actors need to be involved, from careers advisers, employment services (the European PES network can make an important contribution) through to training providers (including local authorities), social partners and government.

However, training needs to be accessible, affordable and available throughout an individual’s working life. Skills gaps are not only occurring at entry level but often at the level of project management, as in building engineers for example. The EWEA considers there is currently a skills gap that could lead to a shortfalt of some 15,000 skilled workers by 2030. The skills shortage is likely to be greatest in operations and maintenance roles, which is hindering local and regional job creation in rural areas with wind farms - areas that often lack employment opportunities. It takes time to create an experienced workforce.

https://www.tuc.org.uk/sites/default/files/The_Union_Effect_Greening_The_Workplace_Covers_2014_All.pdf

http://www.gt-vet.com/?page_id=18
We could also build-in a more dynamic approach to those currently unemployed through innovative approaches: unemployed construction workers could be paid to replace workers attending training courses; graduates with sustainability skills could be placed for a period of time (on a paid basis) with companies or organisations wanting to develop their sustainability practices: such a scheme in the UK has created over 50 jobs so far as organisations have decided to keep their placement staff.

However, investment and appropriate incentives in line with a comprehensive and stable policy environment are crucial if we are to see a genuine green economy rather than the current patchwork of initiatives. The new EFSI offers another opportunity for such targeted, quality investment based on the partnership principle, as does intelligent use of other EU funding as set out in the Commission Communication: we know that building renovation offers a good return in terms of jobs for investment as well as energy saved. This is not to forget that other sectors, such as social care, are also in need of investment in decent work. As ENSIE and RREUSE pointed out, the social economy has also demonstrated that it can provide a considerable number of jobs in repair and re-use and contribute to social inclusion. Procurement policy also has a role to play in terms of using sustainable (green and social) clauses for responsible purchasing. The UK’s Social Value Act offers an interesting example.

Investment is also needed to drive the necessary innovation in an EU industrial policy, designed to make the EU the most resource-efficient economy in the world, while developing active strategies to ensure social transitions are well-managed with benefits spread within the EU.

SMEs can face particular difficulty in terms of transition. The OECD considers that their adaptation to environmentally sustainable practices, in both manufacturing and services, is a key to a successful transition but considers that it is of concern that most SMEs appear to have very little awareness about the future needs for green skills and their investments in green training are very limited. These difficulties need a specific response, building on the Green Action Plan for SMEs starting from targeted information and awareness raising, through appropriate assistance to move to greener products and processes as well effective incentives. A comprehensive supply chain approach also has a role to play, where scale can be used to provide training and other benefits. Regional and local authorities also have a role in such support as do financial institutions.

It is clear that the world of work is already being affected by major global trends but that the EU response so far has not resulted in a comprehensive response. To make sure we can maintain and extend employment opportunities and job creation, we need a comprehensive, joined-up response from the policy level to core training. Time is of the essence as we are losing opportunities now to other parts of the world and failing to fully equip our workforce for the challenges we already face. The Commission Communication provides some of the answers but it will require all EU Institutions to play their part if we are to really make the transition necessary.

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1 Public Services (Social Value) Act 2012 http://www.legislation.gov.uk/ukpga/2012/3/enacted
2 The jobs potential of a shift towards a low-carbon economy, OECD