

The Just Transition must stimulate entrepreneurship and creation of new jobs

EUROCHAMBRES input for consultation on the social and employment aspects of the climate change

EUROCHAMBRES believes that the Green Deal's significant impact on employment and skill demand should be addressed by providing targeted assistance to businesses, particularly small and medium-sized enterprises. As a result of the green transition, European businesses will face significant skills shortages and will be forced to invest in employee training. These challenges will necessitate substantial support from the EU and member states in the form of funds for reskilling and upskilling, as well as entrepreneurship promotion. The green transition will succeed only if job creation, support for job redefinition, and positive entrepreneurial attitudes toward establishment of new sustainable businesses are prioritized.

The impact of the green transition on the labour market should be evaluated primarily in terms of employment levels and the skills required for transitional jobs. The impact may be both an opportunity and a threat to businesses, which is why, to ensure that opportunities are maximised and threats are mitigated, businesses must receive targeted assistance with labour transitioning. However, it is critical to ensure that not only the workforce, but also entrepreneurs and business management, have access to the specialized training and knowledge necessary to succeed in a transitioning economy.

Impact of the green transition on jobs

There are industries where job losses are unavoidable due to the green transition. However, the impact of **job** destruction must be viewed from the perspective of both an employee and an employer. If a company operates in a declining sector and must lay off employees as a result of political decisions resulting from either national policies or EU objectives, it must receive dedicated assistance that would allow their employees and managers to adjust their competencies in order to change their way of operating into a way that would allow them to succeed in the greener economy, if the company wishes to do so. Such assistance for businesses operating in sectors that must significantly restrict their operations should be considered, particularly in the most affected regions; however, it should not be limited to these regions alone, as the impact of the green deal will be so large that companies facing job losses will be found all over the continent.

However, in order for the green transition to be an opportunity for **job creation**, adequate incentives should be put in place to encourage the establishment of new businesses in industries with a high potential for increased employment, such as the circular economy. This must be ensured by providing people with the necessary sectoral skills for the green transition and green entrepreneurship training at all levels of education, with a focus on vocational education not excluding higher education and adult learning.

Most existing jobs are likely to require some redefinition as a result of climate change to varying degrees, however. In some cases, learning how to optimise energy supply and consumption, or redesigning design processes with an eye toward environmental impact, may be required. Upskilling and reskilling are important components of **job redefinition** and **job substitution**; however, funding cannot come solely from companies; thus public financial support for businesses must be provided. Furthermore, governments and public employment services should create training opportunities for the unemployed and the employed who need to reskill in order to supply skills in line with regional labour market needs for the green transition. As a result, skills intelligence should be used to determine which industries and regions require the most critical skills.

Policy recommendations to ensure a smooth and successful transition to a green economy while mitigating adverse effects on employment and skills.

Support for the small and medium-sized enterprises (SMEs):

- The Just Transition Fund and other EU funds facilitating the green transition should **prioritize improving member states' results in terms of delivering green transition skills**. Their performance should be evaluated based on the findings of regional skills intelligence and their incorporation into education and training curricula, as well as progress in closing local skill gaps. The performance of countries should be evaluated as part of the European Semester as well. To ease the transition, the aforementioned funds must prioritize the provision of skills that are demanded in respective regions by businesses and entrepreneurs.
- **Investing in skills intelligence and forecasting** that also investigate specific sectors and jobs in relation to the green transition. Some countries and regions already have developed these tools, often in collaboration with chambers. However, a use of the AI solution might be enhanced for the sake of more precise forecasting of demand for skills. Such initiatives should be backed up with funds by national authorities and be developed jointly with chambers or businesses. It is also critical that the findings of the skills intelligence be widely applied in education and training curricula, national skills, and education policies, as this valuable data is currently underutilized.
- **Assistance with upskilling and reskilling of the workforce**. Some businesses will be forced to drastically reduce their operations and, as a result, employment. People who will lose their jobs must be given adequate training opportunities by the public employment services, which could also aid in the transition of businesses that will be harmed by the greening of the economy. Furthermore, assistance must be provided to businesses that are redefining jobs. All jobs will necessitate some kind of redefinition. Companies will need to rethink employee training and produce new ways to adapt internal training to climate change mitigation and adaptation. They will need assistance in the form of funding, knowledge transfers, experts, and training materials, and the EU's / member states' support in this regard is critical. These objectives are already included in the National Recovery Plans, but they must be implemented properly. Because not all member countries have the same level of experience in addressing green economy skills, some peer learning between member countries should be implemented, such as assistance to member states in updating school, university,

and training institution curricula concerning demanded skill. This should be done to avoid graduates completing their education with an immediate need to learn new skills for labour-force needs. Therefore, education for a greener economy should be implemented at all levels of education.

- A special emphasis should be placed on the **provision of skills related to the EU's climate neutrality goals – renewable energy and energy efficiency**. Many new jobs will be created to accommodate the achievement of these EU objectives; thus, many workers will need to reskill in order to function in an economy that strives for achieving both goals. Similarly, such training is required for entrepreneurs and managers. This action requires a high-level of urgency.
- **Green transition necessitates specific and targeted assistance for SMEs**. The member states should provide businesses with advice on issues such as energy efficiency, material use, or waste management. The EU should assist member states in establishing a mechanism to provide this specialist knowledge to SMEs, which are frequently lacking resources and knowledge to meet these goals on their own and cannot afford special consulting.

Support for the youth, learners and aspiring entrepreneurs:

- Incentives for **green (sustainable) entrepreneurship** will be especially effective in areas where jobs are at risk of being lost or where there is an opportunity for job creation through the establishment of new businesses. Tax incentives, access to finance, entrepreneurial education at all levels of education and training, and access to facilities for entrepreneurs should all be encouraged to foster entrepreneurial attitudes. Entrepreneurship education is critical to increasing willingness to open new businesses; however, new businesses are also more likely to adapt to new opportunities such as those proposed by the green transition. The EU should support national programs of education for sustainable entrepreneurship and facilitate the exchange of practices among member countries.
- The European Commission will develop **frameworks for the development of green skills**. However, it should be flexible and adaptable because each sector has unique requirements, and skills may evolve as a result of technological advancement and climate change. As a result, the framework should be applicable to regions and sectors, and useful in influencing training for climate change mitigation and adaptation.
- **Career counselling** is a useful tool for advising people on successful career choices that will assist them in getting jobs that are in line with labour market demands. Students and job seekers would benefit from real-world experts who can advise on green economy opportunities and challenges. Entrepreneurial success stories in the green economy should be shared and used to inspire new enterprises.

Support for all actors:

- **Regional partnerships of stakeholders** to develop skills for the green transition should be formed in order to adequately address the skills shortages. For example, vocational education and professional education institutions could form alliances with chambers to propose joint micro-credentials' offers or updated programs for specific professions that prepare for mitigation and adaptation to climate changes. Relevant financial incentives should be put in place.
- **Labour mobility must be improved** to ensure a steady flow of skills and knowledge to facilitate the green transition. Because skills and knowledge related to a greener economy are not evenly distributed across the EU, labour mobility and the attraction of talent with these skills must be improved. In this regard, the EU should work to improve cross-border recognition of qualifications and learning outcomes in the field of vocational and education training.

EUROCHAMBRES – The Association of European Chambers of Commerce and Industry represents over 20 million enterprises in Europe – 98% of which are SMEs – through 45 members and a European network of 1700 regional and local Chambers.

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