



EMPLOYMENT AND SOCIAL DEVELOPMENTS 2019: ZOOMING IN ON THE SOCIAL IMPACT OF CLIMATE CHANGE



#ESDE2019



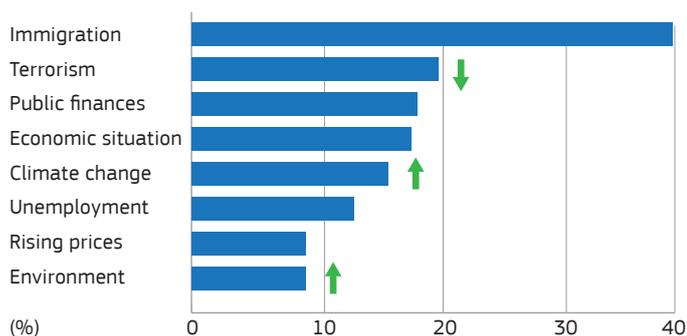
WHAT ARE THE KEY DIMENSIONS OF SUSTAINABILITY?

Sustainable development in the EU has three dimensions – economic, social and environmental. All three are fundamental objectives of the European Union. They are also reflected in the UN 2030 Agenda for Sustainable Development with its [17 Sustainable Development Goals](#), to which the EU actively contributed.

Employment is at a record high and unemployment keeps declining in the EU:

- ▶ 240.7 million people in the EU are in employment, up from 13.4 million since the Juncker Commission took office at end of 2014.
- ▶ The unemployment rate stands at 6.3% (May 2019) - the lowest level since the start of recordings in 2000. Unemployment rates in all Member States have decreased since 2014.

Despite these positive developments, EU citizens are increasingly concerned about the sustainability of economic, fiscal, social and climate developments. In particular, they are increasingly concerned about the impact of climate change and the environment for their future wellbeing (up 10 pp and 4pp, respectively, compared to 2014).



Source: ESDE 2019 (Eurobarometer, November 2018)

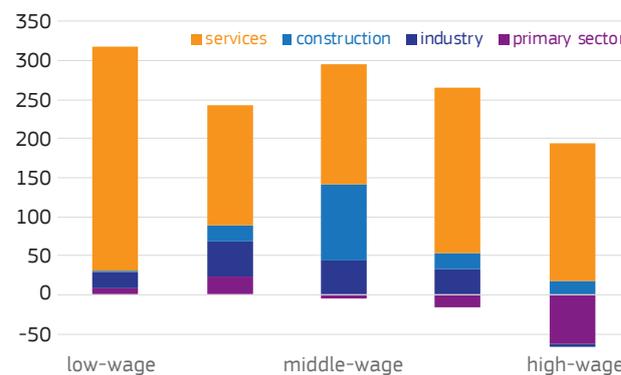
TACKLING CLIMATE CHANGE AS DRIVER FOR JOBS AND GROWTH

The transition to a low-carbon economy is expected to create more than one million jobs by 2030, and more than 2 million by 2050. In some sectors, **job losses will occur**, such as sectors focusing on fossil fuel extraction and processing. Job gains will come in construction and manufacturing of renewable and energy-efficiency equipment as well as from ICT and other service sectors.

Much of the **expected employment creation will be in middle-skilled, middle-income jobs**, notably in construction and in services.

Workers and sectors need support to adjust to new production technologies and skill requirements. Yet, currently the EU regions with the highest share of employment in energy intensive industries and automotive manufacturing are also regions with below average participation rates of adults in training. Further investments are necessary for the retraining and upskilling to ensure a just transition.

Employment gains from climate action by skill-wage profile and sector, 2030



Source: ESDE 2019 (based on Eurofound (2019))
Note: in thousands employees

POLICY OPTIONS TO ACHIEVE A CLIMATE-NEUTRAL ECONOMY THAT BENEFITS ALL

STRENGTHENING PRODUCTIVITY AND INNOVATION

Given the limitations on human resources imposed by demographic ageing, and scarcity of natural resources, growth in the EU has to rely increasingly on changing the modes of production and consumption and a more efficient use of existing resources.

A region's growth potential depends on its capacity to adopt new technologies from advanced, "technological benchmark" regions, and this in turn depends on the skills of the workforce. The better educated a region's workers are, and the higher its R&D expenditure, the stronger is its capacity to adopt new technologies.

EU instruments and policies play a key role in promoting competitiveness and raising productivity. The EU's Cohesion Policy has a long-lasting positive impact on the economy. For instance, in the EU's less developed regions, investments supported by the European Social Fund+ could raise labour productivity by 0.7% and GDP by 1% in the long term, compared with a no-investment scenario.

INVESTING IN PEOPLE'S SKILLS

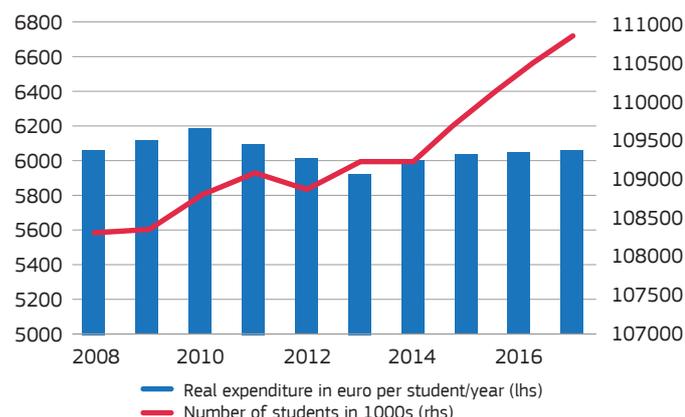
Investment in education and training has significant returns in terms of innovation and productivity as well as employment and income. But investment in education has grown more slowly than GDP, and education expenditure per student has continued to fall in some Member States.

Highest education level	Effect on employment probability
Secondary education	+ 11,5%
Tertiary education	+ 21,2%

Work experience during education	Effect on employment probability
Paid work experience during the highest level of education	+ 12,4%
Unpaid work experience during the highest level of education	+ 1,8%

Migration background	Effect on employment probability
EU-15 mover	+ 4,8%
EU-13 mover	+ 5,4%
non-EU European migrant	- 5,1%
African or Asian migrant	- 12,3%

Education expenditure per student by Member State

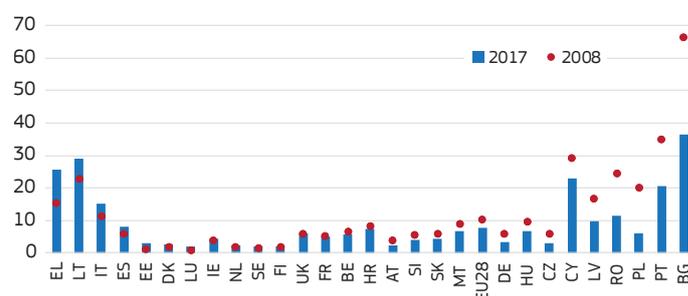


Vocational education and training and adult learning are important means to increase people's skills level. Work experience during studies, for instance, increases the chances of subsequent employment. Europeans with paid working experience during their studies had a roughly 9% higher likelihood of working compared with those without such experience. Accompanying measures to support children and families play a role too: The availability of affordable and good quality childcare, for instance, is important for parents as it increases incentives or enables them to work. Furthermore, formal childcare services provide children with stimulating environments where they can gain new skills they can capitalise on throughout their life course and which can reduce inequalities at the start of school life.

ADDRESSING ENERGY POVERTY

In light of the fight against climate change, energy prices are projected to increase by more than 20% between now and 2030. This can make energy poverty worse and may affect both low-income and middle-income households, notably if energy costs increase faster than total disposable household income. There have been some positive developments in the EU as indicators of energy poverty have declined below 2010 levels on average. Yet, almost one household out of ten in the EU cannot afford to keep their house warm or pay their utility bills.

Population share facing difficulties to heat their homes (%)



Source: EU-SILC 2017.

Well-targeted social benefits and social housing, as well as energy-efficiency measures, can mitigate energy poverty. The [Clean Energy for All Europeans package](#) brings a new and holistic focus to energy poverty in the EU climate and energy framework – addressing it in electricity market legislation, energy efficiency legislations and in National Energy and Climate Plans. This represents a key component of ensuring a just transition.