



MAIN FINDINGS FROM THE OECD STUDY, “THE JOBS POTENTIAL OF A SHIFT TOWARDS A LOW-CARBON ECONOMY”

REMARKS BY DEPUTY SECRETARY-GENERAL YVES LETERME

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Thank you very much Commission Andor and good afternoon ladies and gentlemen. It is my pleasure now to highlight several key findings from the new OECD study, “The Jobs Potential of a Shift towards a Low-carbon Economy” that is being released today and which provides a wide-ranging analysis of the ways the much-needed transition towards environmentally-sustainable growth will reshape labour markets.

Context of the study

Before summarizing our key findings, I would like to say a few words about the broader context into which this study fits. A first point is that this study is just one example of numerous ways that the OECD and the European Commission are working together to achieve a better understanding of key policy challenges and provide guidance to policy makers for how best to meet those challenges. We find this to be a very productive partnership and I would particularly like to thank Commissioner Andor for the support that the European Union provide to us to conduct this study.

I would also like to say a word about how the topic of this report fits into the broader policy challenge to achieve an overall transition to environmentally sustainable growth. The fundamental reason to move decisively towards green growth is that failure to decouple economic activity from harmful environmental pressures will have unacceptably high and potentially irreversible consequences for the state of the environment and living standards. While it is important to assess how labour markets fit into the transition towards green growth and to put in place policies that maximize the resulting benefits for workers, it would be a mistake to judge green growth policies primarily in terms of how effective they are in raising employment rates. At the same time, promoting quality employment is a key policy goal on its own right, even more so at the present time, when many people are unemployed and at risk of exclusion: more and better jobs are needed to tackle poverty and assure broadly-based prosperity. If there are no automatic links between greener growth and stronger labour market performance, the key policy challenge is to find win-win strategies that further both policy goals.

Key findings

I would now like to highlight several of our key findings. I will limit myself to mentioning a few of the ways that the green transition will change labour markets and then several lessons for how best labour market and skill policies can facilitate a successful and worker-friendly transition.

Key impacts on the labour market

- *The greening of the European economy is already generating significant numbers of new jobs in key sectors, such as renewable energy and energy-efficient construction, and will continue to do so in coming decades.* There has also been an acceleration in the development and application of new environmental technologies which is creating new occupational specialties, such as designers and operators of smart electrical grids, and opening up new export markets.
- *While the transition towards a green economy creates new opportunities for workers, it also creates new risks, particularly for workers in the most carbon-intensive industries.* A relatively small number of industries account for nearly 90% of CO₂ emissions in the EU, but just 14% of employment. Although relatively few workers appear to be at-risk, some of the workers in these industries likely will need targeted assistance, such as retraining to work with cleaner technologies or help finding new jobs in growing green sectors.
- *The net impact on overall employment is likely to be small, but it can be increased by well designed policies.* The report uses simulation models to analyse how ambitious climate-change mitigation policies, for example, may affect labour market outcomes. These simulations show that recycling tax revenues from carbon pricing to lower the taxation of labour can sometimes achieve a “double-dividend”: both environmental gains and higher overall employment.
- *The green transition is changing job skill requirements, but there appear to be few uniquely green skills.* As a result, there is no need to “reinvent the wheel”. Most of the green skills that new labour market entrants will require can be met through incremental enrichment of established vocational education and training programmes, while a modest amount of top-up training should suffice for most experienced workers. The strong trend increase in environmental patenting, which is documented in the report, underlies the importance of preparing the workforce for a period of rapid eco-innovation, including by raising science, technology, engineering and mathematics (STEM) skills.

Key lessons for labour market and skill policies

- *Labour market and skill policies should play an active role in helping workers and employers to make the transition to green growth.* Existing policies, such as those identified in the European Employment Strategy (and the *OECD Reassessed Jobs Strategy*), provide the essential framework for successfully managing the structural labour market changes required to decouple production from harmful environmental effects. In adapting these policies to facilitate the transition towards green growth, priority should be given to:
 - Supporting the mobility of workers from declining to growing firms, while reducing the adjustment costs borne by displaced workers.
 - Supporting eco-innovation and the diffusion of green technologies by strengthening initial education and vocational training, and assuring that overly-strict regulations are not blunting the incentive to innovate.
 - Reforming the tax-benefit system for workers in order to ensure that cost pressures generated by environmental policies do not become a barrier to employment.



- *Green-specific labour market and skill policies also have a role to play, especially in meeting new job skill needs.* An OECD questionnaire sent to labour and employment ministries reveals that about 60% of the responding countries have implemented at least one labour market measure targeted on facilitating green growth, with training being the most common type of measure. However, most of these measures are of small scale and were only recently introduced. The role that green-specific measures should play is likely to emerge only incrementally, as the environmental policy framework needed to support green growth develops and experience with managing the labour market dimension of the transition to green growth accumulates.

Thank you for your attention.