



Italian Presidency
of the Council
of the European Union



**Informal Meeting of EU Environment Ministers and
Informal Joint Meeting of EU Environment and Labour Ministers**

Milan, 16 – 17 July 2014

PRESIDENCY SUMMARY

Session “Approaching Ban Ki-Moon Summit”

The Designated President of COP20, **Manuel Pulgar Vidal Ojalora**, emphasized that the Lima Conference will be an essential stage on the road to finalize the 2015 agreement in Paris. The President acknowledged a substantial change in the general perception of the risks associated with climate change and of the urgency to act and, in this respect, he welcomed the growing engagement of some major economies in terms of emissions reductions and financial support for the initial capitalization of the Green Climate Fund. The President stressed the importance of making tangible progress at COP 20 in Lima by clarifying the scope and the key aspects of the Intended National Determined Contributions (INDC) and the related up-front information; progressing on concrete initiatives to accelerate pre-2020 climate ambition; addressing the legal form of the agreement and ensuring a proper balance between mitigation and adaptation. In particular, Minister Vidal’s intervention stressed the importance of guaranteeing a balance between the needs of developing countries and those of the industrialized economies in order to combine realism with legitimate ambition.

Ministers and Commissioner widely shared the possible deliverables for Lima COP as presented by President Pulgar Vidal Ojalora and reiterated the firm commitment of the European Union to secure a successful outcome to COP20 in Lima.

Ministers also discussed the Climate Change Summit which will be hosted by Secretary General Ban Ki-Moon in September 2014. It was acknowledged that the Summit represents a relevant opportunity to generate high level political momentum to foster multilateral action and to secure leaders’ commitment towards the 2015 agreement as well as to showcase what the European Union and its Member States have achieved so far. Ministers emphasized also the importance of the need to communicate intended contributions internationally in a transparent, clear and understandable manner by the end of the first quarter of 2015 by major economies and those states ready to do so.

A common understanding was expressed on the relevance of the substantive initial resource mobilization of the Green Climate Fund as a critical element to ensure a successful outcome in Lima. The majority of the speakers underlined also the need to support the World Bank initiative related to Statement “Putting a Price on Carbon”.

Ministers also recognized the need for the European Union and Member States to deliver ambitious and consistent messages during the Summit. In this context, it was agreed that the Presidency would have worked in close collaboration with the European Commission to prepare overarching EU messages to deliver at the Summit.

Session “Framework 2030-update on progress”

At the beginning of the session, **Director General Pietras** provided a very useful debriefing on the progress made during the first round of bilaterals with the Sherpa's which took place from 16-19 June. It was the first occasion for the Ministers to discuss the bilaterals’ outcome together.

Following this debriefing, Ministers expressed their views on the 2030 package. During a full roundtable all delegations expressed their views on the 2030 package, in particular on the

reform of the European Union Emissions Trading Scheme (EU ETS) and the possible flexibilities in non-traded sectors.

The Reform of European Union Emissions Trading Scheme (EU ETS)

All delegations underlined the importance of the ETS and confirmed that this should remain the central pillar of EU climate policy.

All delegations but one were of the opinion that the Market Stability Reserve as proposed by the Commission could improve the functioning of the scheme.

Opinions were divided on the entry into force of this proposal: several Member States expressed their strong view on the necessity of an entry into force of the Reserve well before 2020, more stringent parameters in order to address the surplus and a link between the reserve and the *backloading*; others highlighted the possible impacts on competitiveness and uncertainty of market prices.

On the general future functioning of the EU ETS, several Member States stated that the redistribution of auctioning revenues could represent a means to address the solidarity principle together with a special fund devoted to address the investment challenge of the modernization of the energy system in Member States with lower GDP; one Member States was of the opinion that more funds could be available through auctioning revenues if the system is properly reformed. Many member States stressed the need to address carbon leakage properly in order to create a level playing field. One Member State made it clear that the ETS should respect the different starting points within the MS in order to solve the problems; other Member States expressed the view of extending the scheme to other sectors, such as transport, in order to equalize carbon prices.

Possible flexibilities in non-traded sectors.

The possibility of trading non-ETS rights between Member States, as already foreseen in the 2020 Climate and Energy package, was endorsed by a majority of MS. However, a few Member States expressed their concern on the actual economic impact of such flexibilities on Member States with lower GDP, given the current situation. One Member States expressed the view of possible flexibilities between ETS and non-ETS.

One Member State stated that no progress could be made on the package unless the important questions (what will be the GHG target 2030, who should deliver and what will be presented in 2015) were addressed. The Commission should provide more information on the consequences for the individual Member States. One delegation distributed a non paper containing elements on possible economic impacts of the package on individual Member States. Another Member State added that the quality of the package prevailed above speed in the decision making process.

All delegations requested the Commission to provide as soon as possible the overview on the consequences of the package for the individual Member State and underlined the need for receiving the "negotiating box" well in advance the next round of Sherpa meetings.

Commissioner Hedegaard was positive on the fact that almost all Member States could accept the stability reserve. On the requests for more information, Commissioner Hedegaard replied that all the material needed for the next round of Sherpa meetings will be provided on time.

Session “Green growth: greening the European Semester and the EU 2020 Strategy”

The urgent need to boost the green economy in Europe, to reinforce the environmental dimension of the Europe 2020 Strategy and the European Semester, with a particular focus on resource efficiency and the circular economy, and to ensure a strengthened role of Environment Ministers in planning European economic policies are the key elements that came out from the debate.

To steer the discussion a Presidency paper stimulated the Ministers’ reflection on economic and social benefits generated by environment as well as climate policies and on the best way to move towards a circular economy, where virtually nothing is wasted. Ministers were invited to consider the opportunities deriving from the debate on greening the European Semester and the mid-term review of the Europe 2020 Strategy, and to link them with the recent Commission initiatives on circular economy, waste policy and targets, green job, sustainable food, and sustainable building.

The session was introduced by three opening statements:

Janek Potocnik, EU Commissioner for Environment, drew attention to the increasing risks related to approaching planetary boundaries and the increasing global competition for resources exploitation. He explained the Circular Economy package of the Commission, advocating joint actions by EU and Member States, in order to accelerate decoupling between economic growth, resource use and its environmental impact. To this end, he encouraged the EU to make a step forward and explained the rationale of including a target on resource productivity in the Europe 2020 Strategy. .

Walter Radermacher, Director General of EUROSTAT, affirmed that official statistics are an essential component to depict a future scenario where social and environmental indicators are regarded on an equal footing with economic indicators. EUROSTAT is monitoring the indicators of the 2020 Strategy, although an indicator on resource productivity is still missing. Raw Material Consumption (RMC) would be more appropriate as an indicator than Domestic Material Consumption (DMC), since it would guarantee a whole outlook on resource exploitation, including exported and imported goods. EUROSTAT will advocate that RMC data be produced by Member States on a voluntary basis in addition to DMC which is already obligatory, even if many Member States do not yet produce RMC. For the time being DMC could be used as a temporary proxy for those MS.

Fabio Iraldo, professor at the Bocconi University of Milan, presented the work of the ‘*Green Economy Observatory*’ and provided audience with a more concrete perspective by illustrating various cases of winning actions taken by companies in order to reduce their environmental impact, including some experiences aiming at promoting industrial symbiosis within a single district.

The **debate among Ministers** was intense and rich, with all Ministers strongly emphasizing the benefits of greening the economy and the society, in terms of increased competitiveness, employment, inclusiveness, and more in general of well being of all citizens. It was highlighted that the “business as usual” scenario, outlining a possible choice between the brown and the green economy, is not an option anymore: greening is a “must” if we want to ensure long-term prosperity. On this purpose, it was recalled that green sectors, such as renewable energy, are

the only ones that grew during the economic crisis of recent years. A broad understanding also emerged on the need to strengthen the environmental dimension of the economic governance of the EU, concerning not only the substantial aspects but also the decision making processes.

There was broad recognition that current green goals indicated by the Europe 2020 Strategy, focusing on energy and climate, are not sufficient to ensure a green growth in the EU and there is the need to make the European economy more efficient in terms of resources use: not only energy, but also raw materials, including metals and minerals, and water and land. In this perspective, Ministers affirmed that the current “take-transform-throw away” model is unsustainable, polluting, generating costs, worsening crisis, and losing precious materials. There is an urgent need therefore to move towards a circular economy, doing more with less, and the recent initiatives undertaken by the Commission are considered as an excellent start.

Various instruments have been highlighted by Ministers as part of a policy toolbox to promote a more sustainable and resource efficient economy. Particular attention was paid to environmentally friendly taxation as one of the best drivers of green growth. To shift taxation from labour to pollution/resource use was indicated as an appropriate tool to simultaneously promote job creation and greening the economy. Ministers also stressed the importance to move beyond GDP, in order to take into account social and environmental aspects of development and well-being, as well as other key instruments such as Green Public Procurement, eco-design and eco-innovation, evaluation of natural capital through environmental accounting, green infrastructures, a strengthened use of ICT, and energy efficiency in buildings.

The wider and more general implementation of such measures in the context of an adequate regulatory framework would increase sustainable production and consumption patterns, to enhance circular economy at all levels, and to boost real green jobs.

The introduction of specific goals/targets/indicators on resource efficiency in the Strategy was discussed in line with the Commission Communication and the work done by several MSs, and with the target proposed by the European Resource Efficiency Platform. This proposal was generally welcomed by Ministers, who affirmed the importance to include resource efficiency objectives in the Strategy, without overburdening it, and agreed to further develop the possibility to insert such a target, to verify the possible statistics knowledge gap, to analyze if there is the need for further methodological work, consistently with the elements highlighted by EUROSTAT Director general in his introductory remarks.

In any case, most Ministers would favor a non binding target, flexible enough in order to take into account national circumstances, various economic structures and sectors. Many Ministers affirmed that a bottom-up approach would be more suitable than a 'one-size-fits-all' approach.

According to Ministers, green growth is a core message that should be applied at the first stage of the so-called 'European Semester', the main process of the programming cycle deriving from the Europe 2020 Strategy. Greening the European Semester means including environmental policies and resource efficiency objectives in the annual cycle of coordination of economic policies, so that at national level also budget policies will take into account environmental priorities. Satisfaction was expressed for the fact that 2014 AGS (Annual Growth Survey) already mentions resource efficiency as a supply for long term growth and competitiveness. According to Ministers this concept should be developed further and become

more central in the overall process, including the AGS, the National Reform Programmes, and the Country Specific Recommendations.

Strengthening the environmental dimension within the European Semester is strictly linked to the governance process: this a key point on which Ministers agreed upon.

Sustainable development, according to the EU Treaty, is a guiding principle of all European policies. The enforcement of this principle implies that environmental issues are treated at the same level of economic and social ones within the annual cycle of European policies. Ministers stated that, in such context, the role of Environment Council should be reinforced in order to concur with other relevant Councils to the European Semester.

Ministers welcomed the Presidency proposal to capture the general agreement that emerged from the debate and to transfer it to the formal Council, with a view to adopt Council Conclusions in October and to build up a clear and focused political message for the Heads of State and Government at the European Council.

Session “Green growth and employment”

This informal meeting represented the first-ever joint meeting of the EU Environment and Labour Ministers and aimed to address the linkages between green growth and employment. An integrated approach is fundamental to exploit the employment potential and identify possible challenges of the transition towards a green, low carbon and resource efficient economy. The discussion at this first joint meeting launched an important process for policy integration, in a new perspective aimed at overcoming the dichotomy between environmental protection and employment policies through a common understanding.

The Italian Presidency, on the basis of the input of the EC Communications on green employment and circular economy, drafted a background document to orient the debate providing an integrated approach among environment, green growth and employment policies.

The background paper included also the contribution that the moderators prepared for the roundtable dialogues.

This summary, including the main messages raised from the discussion, should contribute to the mid term review of the Europe 2020 Strategy, which represents an important opportunity to concretely carry out the integration between environment and job creation policies and realize a positive and significant improvement in the EU policy governance (European Semester). This summary also represents a substantive policy message to inform the preparatory process of the October sessions of the Environment and EPSCO Council. Preparatory work should also be envisaged by the relevant Committees.

Key issues from the opening remarks

Mr. Guy Ryder, General Director of ILO, in his opening statement highlighted that since the postwar period, despite the progress achieved in job and capital productivity, the natural resources productivity has increased just by 30%. The EU should seek more ambitious objectives on resource efficiency and emissions reduction in order to achieve the 30% target. This could provide a contribution to the EU GDP in terms of 0.6 points yearly. The current monetary policy is in favor of supporting investments in new technologies as it is widely recognized as a fundamental requirement to give impulse to growth. Furthermore, Mr. Ryder

affirmed that the environmental sustainability must be considered as an important driver for economic growth. In this regard, the widespread youth unemployment in Europe is still characterized with a strong unsustainable ecological footprint.

An important issue to take into account is that green economy is dominated by small and medium-sized enterprises, which are also the main source of new employment creation globally. However, they face particular barriers to access these new markets. The SME's have a key role in energy sector and it is expected that 4.4 million of employers will need a new training in the energy efficiency sector and that they will need support to adapt their skills in this transition.

Identifying future skill needs and developing coherent environmental skills and strategies are therefore essential to enhance the job creation potential from green growth and to ensure access to these jobs for all, including women, youth and disadvantaged groups.

The post 2015 Agenda represents an opportunity to improve the international sustainable development governance, ensuring an integrated policy approach and identifying more effective instruments to fight poverty and promote employment.

Mr. Simon Upton, Environment Director of OECD, noted in his statement that the need for environment ministers to engage with colleagues from across government portfolios – including employment ministers – is intuitive given that green growth implies massive structural changes across the economy. While environment may be less obviously amongst the immediate challenges to be addressed by employment ministers - the OECD considers that the transition will not lead to massive changes in absolute employment or a large “churn” – there will be significant impacts in certain sectors and employment, training and social protection programmes will need to be adapted. Consequently, green growth is very much a live issue for labour policy and policy coordination among the Ministries is crucial. Green growth is not a slogan; it is a strategy to head off some very severe disruptive economic and social consequences. Skills and mobility are key to ensuring that workers can fully participate in this transition, which should not result in a deepening of income or other inequalities by putting unfair burdens on certain groups. Social protection and redistribution policies will also be required. Beyond inequality concerns, the distributional consequences of attempts to introduce environmental taxes and other green policies can result in green policy “train wrecks” if policies are not well designed to protect the most vulnerable. Little work has been done on the impact of green growth on relative earnings. But we know that the distributional consequences of policy changes will be central to their implementation. These include the impacts on workers in different sectors and with different skills, and impacts on different kinds of households. Further work is also required on what changes in taxation and social transfer systems will be needed to offset any adverse impacts. Finance, economics, social policy and taxation ministers need to be fully involved in meeting this challenge and OECD experts from across policy areas will be taking forward work in this area.

The European Commissioner for the Employment Mr. Laszlo Andor noted that jobs in sectors with high emissions or potential efficiency gains will be transformed, for example in the building sector. He emphasized the need for integrated strategies, which few Member States had. He highlighted the need for better coordination between employment and environmental policies and better targeting of employment policies and tools in order to improve actions to accompany and ease the transition towards green economy. The Communication from the Commission on “green employment initiative” is timely as it feeds into the on-going mid-term review of the Europe 2020 strategy that should ensure better embedding of Europe 2020 into the European Semester.

The Commissioner affirmed that in the field of employment it is important to define policies aimed at stimulating the demand and supply sides of the labour market. There is a significant number of instruments that should be adopted: green public procurement (GPP), support for green entrepreneurship, shifting taxation from labour to environment and the full and integrated utilization of EU funds, that should play a supportive role in this. On the supply side, the Commissioner stressed the importance of skills intelligence tools, better anticipation of change and also the need for securing quality job transitions. He considered the involvement of social partners as essential to manage the process of transition.

The European Commissioner for the Environment Janez Potočnik noted that “everything has been said, but not by everybody”. He made clear that green growth was about greening the entire economy, while emphasizing the contribution of environment policy to the creation of sustainable jobs. He pointed to the conclusions of the previous day (Environment informal ministerial meeting) that there was need to re-orient the European Semester away from austerity towards sustainable and inclusive growth; he underlined the positive effects that higher resource productivity would have on employment across the economy; and he stressed the need to prepare the workforce for a transition to a green economy, as structural change was inevitably on its way. If Europe is to maintain and improve citizens' quality of life in the context of increasing global competitiveness without competing by lowering wages and social and environmental standards, there is no other option but to increase the EU value added.

Key issues from the roundtables

(The following reports were kindly provided by Moderators)

Roundtable 1 “Employment and environmental policies: tools, experiences and barriers”

*Moderated by Jacqueline McGlade
Chief Scientist - UNEP*

Roundtable1 has explored instruments available for the development of policies contemporaneously favourable to employment and environment (climate change included).

Among instruments useful for environmentally favourable policies capable to produce at the same time jobs, many participating Ministers and invited Stakeholders representatives have mentioned among the most powerful **environmental taxes and market-based instruments**. They are to be used in the frame of a significant shift – perceivable by firms and taxpayers – of tax burden from labour towards pollution and use of natural resources (environmental fiscal reform).

EU and its Member States should adopt **ambitious policies**: Carbon Tax and ETS must be used more effectively, but also measures related to energy efficiency, use of land, soil and natural resources, promotion of eco-innovation in production and consumption are needed.

The introduction of environmental fiscal measures often raises concerns of employment and social actors. In using the instruments of environmental fiscal reform, it is key to proceed to ex ante and ex post **impact assessment** examining short- and long-term environmental and social costs and benefits, a good norm which should apply not only to environmental policies but to all policies.

It is possible to internalize environmental costs (externalities), **moving towards the “right price”** so as to eliminate distortions from market mechanisms, through a mix of economic and regulatory instruments. As numerous studies from OECD, UNEP, GBE, EEA and EC have shown, possible social redistributive and competitive (sectorial and regional) impacts - sometimes disregarded but often overestimated - can be in most cases easily compensated with ad hoc and transition measures, if there is the political will.

Green Economy tends to be **labour-intensive** compared to other development perspectives; obviously labour-environment policies and framework conditions must be designed in a consistent way. It is a matter to do “more with less”, but also to do “differently and better”.

We have increased budgetary union policy (on the side of expenditure), but we still lack fiscal union policy, which would give a fairer level playing field to firms and citizens. The present need of **unanimity in fiscal matters** - which sooner or later will need revision - does not impede however the possibility of using, for the introduction of environmental fiscal measures favourable to jobs creation, institutional **intermediate forms of cooperation** like enhanced cooperation by a group of States, or the autonomous common initiative of a few States in the form of **like-minded countries** (or coalition of the willing). And wide margins of action exist for **initiatives at national level**.

It is moreover crucial to identify ways to **orient the investment sector**: e.g., incentives to eco-innovation; financing conditioned to impact assessment; clear, stable and durable norms.

The perception by a large part of public opinion and firms faced by the Green Economy and Green Jobs options, is that they are **costly and complicated themes**. Necessary attention and resources must be given therefore to a) **education**, so to orient the future, through the promotion of sustainable models of consumption and production; b) **information**, so to make evident and comprehensible environmental and employment benefits in terms of benefits for individuals, for the economy and for the environment; c) **governance**, integrating the value of environmental and sustainability policies involving employment into the decisions of policy-makers, of firms and of citizens-consumers-labour.

Roundtable 2 “Employment potential and skill needs in a greener economy”

Moderated by Peter Poschen

Director Job Creation and Enterprise Development Department - ILO

The conclusions emerging from a lively exchange with different institutional and geographic perspectives can be summarized as follows.

There clearly is growth potential for a green economy in Europe including for employment. The experience with the economic crisis in many countries with the performance of producers of green goods and services confirms this. The potential is far from fully exploited. Development of the green economy is a natural part of a competitiveness strategy for Europe.

Greening should involve the whole economy, but there are key sectors. Some of these are common to all or most countries, in particular energy efficiency (buildings) or renewables. Others are more specific to parts of the EU or individual countries, including tourism, agriculture, forestry and recycling for example. Strategies should take these differences in potential into account.

More anticipation of structural change is needed to better manage the transition. Some countries struggle in defining green sectors and jobs. More attention is needed to job quality in addition to the numbers of jobs that can be created. This should include occupational safety and health as well as gender dimensions. Beyond economic models, social dialogue (with organizations of employers and trade unions) is a good source of information on likely changes and their implications.

Awareness and perceptions are crucial for a successful transition. There are still information asymmetries among citizens, workers, business, in particular among SMEs which need to be tackled to increase buy-in and mobilize investment.

There is a need for a clear and stable policy signal and ability to manage transition. The social partners and civil society play a key role in influencing public opinion. They can help for a consensus in society which stabilizes policies across electoral cycles.

The eco-tax is an attractive policy instrument which could be applied in more countries and to a greater extent. Particularly smaller member states would benefit from transfer of good practices, exchange of experience and support when planning environmental and labour tax reforms. Green public procurement and financial incentives/assistance are other public policy tools which have been used effectively in a number of countries.

Skills are a bottleneck for green growth – most countries are aware of the issues and are addressing it. The skills issue is complex and in many ways requires measures and institutional arrangements generally needed in dynamic labour markets: responsive education and training systems, defined competencies responding to labour market demand, employment services capable of skills matching, labour mobility (including for reallocated workers) and activation policies (for unemployed youth e.g.).

- Strategies have to start with basic education and extend to science, research and development. Generic skills like communication, environment, problem solving and science/technology/engineering/mathematics (STEM skills) are highly relevant in addition to specific ones.
- There is a strong sectoral and often local dimensions to skills shortages. Timeframes to address them can be short, e.g. when aiming at ramping up building renovation as planned by the incoming Commission President.
- Small and medium-sized enterprises will often need job training for their workers and in addition access to market information, to technology and finance.
- Skill strategies should not only consider vocational skills but also emphasize entrepreneurship.

Final comments

Participants appreciated the innovative idea of a mixed meeting and outside facilitation. The ninety minutes available were too short to do justice to the subject and the wealth of experiences, but were seen as a good start. Mutual understanding and concrete links between the two portfolios are progressing with some ministers of labour eloquently describing programmes on energy efficiency and biodiversity and those of environment presenting success stories of skills development and youth employment. Some immediate needs for research and assistance were identified. There are clear benefits from continued exchange not only across countries but also departments.

Roundtable 3 “Towards a green economy; successfully manage the associated labour market transitions”

Moderated by Stefano Scarpetta

Director for Employment, Labour and Social Affairs - OECD

The discussion began with the presentation of the key outcomes of the OECD work aimed at assessing the interactions between the transition towards green growth and job creation. Commissioner Andor opened the debate underlining that during the past few years the expectations about the possible effects of green growth on job creation have improved significantly, with the latest EU analysis pointing to a positive net effect on employment.

Building on the initial presentation and the opening remarks by Andor, the general discussion underscored that achieving a smooth and inclusive transition to green growth will require the underpinning of both a strong political will and a clear strategic direction. There was also a broad consensus on the need for a strong and effective collaboration between government and social partners.

Ministers also agreed that implementing labour market policies and education and skill programs that facilitate the inclusion and participation in green activities of under-represented groups is a common challenge shared by all EU countries. This is even more important in light of the fact that the young generations have been the hardest hit by the crisis and that long-term unemployment has risen sharply in many EU countries, alongside inequality, which endangers social cohesion and weakens social resilience.

Going forward, participants agreed that there remains significant scope for further mainstreaming green growth and green jobs in a number of activities, particularly the ones identified in the Commission’s Communication on the **Green Employment Initiative**, also corroborated by the background note prepared for Roundtable 3 by the OECD, notably:

- The production of energy from renewable sources,
- Energy efficiency,
- Waste and water management,
- Air quality,
- Restoring and preserving biodiversity and developing green infrastructure.

Participants shared a common view that greening the economy will make some jobs obsolete. But they also agreed that greening labour markets will extend well beyond substituting “green” jobs for “brown” jobs. Therefore they underlined the importance of promoting the transition across jobs but also of adapting and up-grading the skills of workers to allow them to better contribute to the transition.

On policies, the discussion focussed on three lines of actions:

1. The need for labour market policy responses

Recognising that many workers in high-polluting industries will likely experience difficulty moving to growing green sectors, there appeared to be a consensus among participants that the transition will reinforce the need for achieving a workable model that combines labour mobility with appropriate support for job losers. It will be especially important to provide effective re-employment support to displaced workers, devoting adequate resources to well-targeted and effective active labour market programmes and in-work support in the short-term.

Participants welcomed the policies already in place in a number of countries. Belgium, Greece, UK, France, Finland, Spain, the Netherlands and Sweden, for example, have national strategies in place to coordinate the transition to green growth, while at the same time reinforcing future resilience. To this end, participants stressed the importance of skills anticipation, education, vocational education and training. Some countries have set up local environmental and employment strategies to better identify opportunities for new jobs, with a particular focus on waste, water, sustainable food and sustainable construction. A common denominator between these experiences is their consensual character and the strong participation and support of social partners. Public employment services also have an important role to play to support skills matching strategies.

2. The need for redistributive policies

Participants agree that green growth policies have the potential to affect the distribution of resources across households. This will partly come *via* the impact on household earnings from the labour market adjustment, but also through a direct impact on the prices households pay for goods and services. Given the high level of unemployment and under-employment in Europe at present and the trend toward rising income inequality, participants acknowledged the importance to pay close attention to the potential negative distributional effects of green growth policies, like carbon taxes and fuel taxes.

One immediate priority must be to ensure that redistributive policies are made more supportive of employment and low-income families. In this light, serious consideration should be given to devoting some of the additional tax revenues from carbon pricing to reduce the tax wedge on labour incomes, so as to promote job creation.

Participants in the roundtable underlined the importance to create inclusive frameworks to support the transition. As mentioned above, social dialogue is an essential component. The other is coordination across ministers -- important to create a comprehensive, whole-of-government, framework for change, capable of devoting the required attention to the distributional effects of the transition.

Recognising the potential for international dialogue and for sharing experiences, participants encouraged further work by the EU and the OECD to address the labour market transitions induced by green growth policies, as well as the potentially adverse distributional impacts of green growth policies. A consensus emerged that international organisations can support creating an agreed platform/framework for change with a long term view. The OECD is ready to respond to this call with timely and targeted policy advice, drawing from its ongoing activities on skills anticipation, youth policies, and the new proposed work on addressing the social impact of green growth.

3. The need for skill policy responses

Available evidence suggests that there are few uniquely green skills, but that many workers will require some green top-up training. A consensus emerged that a progressive “greening” of Vocational Education and Training curricula will also be required. In this context, Ministers discussed their experiences with regard to upskilling. For example, France has created a *resaux d’observation de competence* whose aim is to support the transition process from declining to growing employment opportunities. Similar approaches are also followed by the UK, Greece and Finland, for example.

The OECD would like to take the opportunity of this synthesis report on the outcomes of Roundtable 3, in which it was actively involved, to commend the Italian Presidency and the

European Commission for having organised this Informal meeting of EU Ministers on “Green Growth and Employment” and all participants for their active participation.

Roundtable 4 “Monitoring green jobs in the integrated European policy (European Semester/Annual Growth Survey)”

Moderated by Saverio Gazzelloni

Department of Social and Environmental Statistics - ISTAT

The importance of promoting green employment and the full exploitation of its potentials in terms of economic, social and environmental progress was recognized as one of the main drivers of the transition towards green economy. There was also a general and broad consensus on the need for regular reporting on green employment and green growth.

Regular reporting on Green Employment within the Annual Growth Survey is particularly important to support green strategies in the context of the Mid-Term review of EU 2020 Strategy / EU Semester.

Measuring progress on greening and, in particular, on green employment is a tool to raise political attention on the theme, and the participants agreed on the need to build such reporting on adequate statistical data and information. In fact, without a proper and effective statistical framework the transition to a greener economy would be slower, as statistics are needed to build a clear picture in order to adopt appropriate environmental and labour policies to encourage this transition, but also to assess and eventually correct policies and measures already taken.

Further studies on green employment are crucial to better describe the general transformation of labour market, considering firstly the potentials for employment opportunities in the medium and long term linked to the greening of the economy, but also aspects such as mobility, job loss, relocation, decent work, etc.. Data collection improvement on the growth of green employment could allow to better understand how to move from labour intensive to resource efficient processes.

The recently approved Regulation (EU) No 538/2014 allows to establish a framework to build adequate systems for statistical analysis of green jobs, setting up the legal base for the regular production of statistics on the Environmental Goods and Services Sector (EGSS), and including ‘employment’ in the EGSS as one of the aggregates to be reported. This Regulation is a major step forward in the direction of establishing a sound and reliable monitoring system of green jobs in the EU.

Nevertheless, the monitoring of green employment requires the adoption of a broader measurement approach based on more detailed and more integrated conceptual and methodological framework, standards, classification criteria and rules, definitions.

The broadening of the definition of green jobs is in particular crucial to avoid considering only green sectors, according with EU REG 538/2014. A correct and more exhaustive definition needs to consider the three main dimensions of green industries: processes, technologies and occupations.

Surveys and forecasts conducted at national level can be good starting points, but there is still need to build international standards. An integrated statistical framework for the measurement of green employment should also include reliable statistics for monitoring training and skill transformations, providing a key contribution to employment opportunities, to create new

jobs, to bridge skill gaps and labour mismatches, to anticipate human capital needs while enhancing natural capital.

In collecting new data it is necessary to identify the best mix between reducing statistical burden and improving information through the adoption of an integrated approach finalized, on one hand, to create statistical sources to bridge information gaps and, on the other hand, to optimize existing statistical sources in terms of full exploitation.