

SHIFT TO CLEANER ENERGY WOULD NUDGE UP EU OUTPUT, REPORT SHOWS*

A transition towards a low-carbon economy is forecast to boost output and employment growth in the EU thanks to a spur in investment in clean energy, according to a new report released on Tuesday.

An analysis run by Cambridge Econometrics and EU agency Eurofound's European jobs monitor calculated that the EU28 GDP would be 1.1 per cent higher by 2030 in case of the Paris Climate agreement was implemented compared to the baseline scenario.

The number of jobs would be boosted by 0.5 per cent over the same period. "The impact of a transition to a low-carbon economy is positive for the EU as a whole," stated the report.

The positive impact is largely due to additional investment in energy efficiency and generation of renewable energy, together with the impact of lower spending on fossil fuel. The report forecasts a boost in investment of 1.7 per cent and in consumption by 0.7 per cent by 2030.

This is in line with Brussels' projections of investment growth in renewable energy worth in the range of €175bn to €290bn annually by 2050 for the implementation of the Paris agreement.

Eurofound's report showed that cutting carbon emissions to zero in line with the Paris climate accord would have larger employment gains in Spain and Germany than in the EU average by 2030. In Germany, the transition toward a low- carbon economy is set to reduce the costs of its large fossil fuel imports, while in Spain lower energy prices are expected to boost consumer spending.

In contrast, Poland is projected to have a small contraction in employment by 2030 compared to the baseline scenario. Large job losses in the country's coal extraction and higher petrol and electricity prices are projected to have a stronger impact than the positive output and employment gain resulting from investment in renewable technologies.

Across the bloc, the construction and manufacturing of renewable and energy efficiency equipment, together with the associated supply chains show the largest projected employment gains. However, employment is also expected to increase in the services sector, partly linked to the supply chain, but also as a result of higher consumer spending following lower energy prices.