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PANEL SUMMARIES

A Green New Deal - Workshop 4-5 March 2009

The Green New Deal Workshop on 4 March 2009 led to very rich and stimulating debates thanks to high-quality presentations by speakers (which you can see here). While the words "Green New Deal" are becoming commonplace as most traditional political parties try to claim them, Greens/EFA Members, the European Green Party and Greens from EU Member States are working to lay down the foundations of a "real" Green New Deal with the people directly concerned: European citizens, industry representatives, experts and trade unions.

Four panels focused on specific sectors that offer the greatest potential for sustainable job creation together with the necessary steps for change in key areas of our economy. Here is a summary of each panel.

Panel 1: Financing the Green New Deal

The first panel sought to outline the financial and economic elements of a Green New Deal. This included both instruments aimed at stimulating 'green' or sustainable sectors of the economy, and a more general restructuring of the economic system to a more sustainable model.

In terms of green economic stimulus measures, the urgency of the economic situation means there is a need to prioritise measures that are quickly and easily implementable and will have a clear impact in the short-term on jobs and economic activity. Investments need to be timely, temporary and targeted. Focusing on energy infrastructure and, particularly, energy efficiency in the construction sector would seem to be the best approach to this end. It makes no sense to invest in pilot projects in technologies not yet commercially available (e.g. CCS). It is also important to focus on stimulating local level economic activity.

The stimulus measures should seek to combine public funds and private investments. As the bank bail-outs have shown there is no shortage of money, however the use of public money needs to be much better targeted. Using instruments like loan guarantees (such as through the European Investment Bank) is perhaps the most appropriate for maximising the leveraging effect on private investment. Expanding on the potential funding mechanisms, panellists discussed the potentials of both European bonds and local authority bonds, with this being stressed as a way of mobilising private funds from savings and pensions for example.

The need for major reform of the financial system was also underlined. There is a need to clamp down on some of the practices that encouraged the damaging speculation and excessive risk-taking. This means reforming salary schemes so they are not based solely on financial indicators. It also means clamping down on tax havens and promoting ethical and sustainable banks. This implies a much greater level of transparency about financial products and practices.

Panel 2: Resource and building efficiency

The second panel dealt with resource efficiency and the role of energy efficient buildings as part of a Green New Deal.

We need a fundamental structural change to our economic and social systems. Current investments and stimulus packages must encourage and not hold back this shift to a sustainable economy.

Resource efficiency is crucial to improving competitiveness. Around 40% of the cost base in the manufacturing sector is from resources (only 20% on labour). So there is real potential to improve competiveness by improving resource efficiency. The potential for improvements in central and eastern European countries are much greater as they have a much higher "resource intensity" (resources account for an even higher proportion of costs). Structural funds should be oriented to this end. Green New Deal investments must also be designed to stimulate resource efficiency.

Buildings have an energy saving potential of 28%, so there is a real margin for improvements. It is important to ensure all new buildings are as efficient as possible. However, renovation of existing homes also has huge potential. Most measures would be swiftly implementable and also have a quick payback. The construction sector is also the largest employer in Europe so the impacts on employment are obvious.

Small and medium-sized enterprises are the bedrock of the eco-innovation sector. Innovation support mechanisms must stimulate eco-innovative companies. They must focus on demand side and supply side (such as using 'innovation vouchers' to give SMEs access to R&D). Green public procurement will help ensure the green tech sector grows. Only 7 of 27 member states currently have green public procurement. However, evidence shows that green procurement actually works out to be more cost effective in many cases.

Panel 3: Move Green

The third panel dealt with the place of transport in a Green New Deal. Encouraging a modal shift (away from polluting transport modes) must be a priority.

For cars, improving fuel efficiency is the easiest and most swiftly implementable policy. It should be the goal for the short-term. An improved fuel efficiency of 35% is realistic. In part this will mean reversing the size and weight increases that have taken place in the past decades. Any stimulus support should be conditional on commitments from manufacturers to produce better, more efficient cars. Unfortunately current regulation and stimulus packages are not encouraging the most efficient cars. In Germany, you can trade-in a VW Lupo (the most fuel-efficient car) for a polluting SUV and get €2,500 in direct subsidies. EU legislation on fuel efficiency is also far too weak and does not really push for more efficient cars.

In the medium-long term, electro-mobility is clearly an attractive option. Electric cars are good for reducing noise pollution and oil dependence, as well as being much more energy efficient: up to 70% better tank to wheel efficiency. Energy storage, infrastructure and costs remain barriers, so it is not really a short-term option.

75% of the population live in urban areas, so public transport is viable for most people. Increased use of public transport is clearly better for all aspects: reducing accidents, air pollution, congestion and emissions. Unfortunately, only 0.5% of GDP is spent by governments on public transport, however transport costs account for 8-9% of GDP. Public transport should clearly be a major focus of transport elements of a stimulus package - for social reasons as well.

It is also necessary to improve the regulatory environment, so that at the very least public transport competes on a level playing field with other transport modes. This means ensuring the same level of taxation and investment into the necessary infrastructure. There is a multiplier of 2 - 2.5 for every job created in public transport, so this is clearly an important factor to bear in mind for a Green New Deal.

Panel 4: Energy production and distribution

The final panel looked at what a Green New Deal should mean for our energy production and distribution system. Moving to an energy system based on renewables is clearly in the interests of our economies, reducing our dependence on volatile energy imports, while helping us to meet our climate change policy goals.

We need to move away from a unidirectional, disjointed energy distribution system to a smarter, pan-European system that integrates both the specifics of supply and demand. This would improve efficiency and reliability, and help integrate renewables and energy from distributed sources. The first and most practical step to creating a more logical energy system would be to give every household a smart meter. Better informed consumers make smarter energy choices and are integrated into our energy solutions. However, we also need to improve the infrastructure and push ahead with high voltage links and grid expansion and improvements (like in Nordic countries). For offshore grids, investors need price guarantees. On the logistics side, all these developments could be built now. Distance is not a problem. All that is needed is a decision on funding.

As things are at the planned rate of expansion, wind energy will generate 200GW in 2020 (of which 40GW will be offshore), rising to 300GW in 2030 or around 25% of electricity consumption (of which 120GW or 12% will be offshore). Transmission is the first solution and main barrier for wind. Transmission infrastructure must be improved. An interlinked super smart grid that takes advantage of offshore wind is the best option for Europe. Forging ahead with developing wind power is clearly good for energy security but also for job creation. There are 15 new jobs created per new MW (excluding transmission jobs). At the planned level of expansion there will be 180,000 new jobs by 2020, with increased indirect employment of 30%.

Solar PV also provides a means to stimulate growth in the local economy. The industry predicts that it could account for 5.5 million jobs worldwide by 2020 with proper policies and promotion. PV has a payback time of under 18 months in southern Europe and around 3 years in northern Europe, so it promises a quick return on investment as well. PV currently accounts for 9.2 GW in the EU which has exceeded all growth projections but aims at accounting for 12% of energy consumption by 2020 (a business as usual scenario would be 4%). Once PV reaches grid parity (2010-15), real expansion will kick in. There is a need to work with cities for large-scale expansion in urban areas, to continue support schemes and to improve public awareness.

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