

Enterprise and Learning Committee

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Background

1. The Bevan Foundation is a charitable think tank that promotes social justice in Wales through research, publications and events. It is funded by a mixture of membership subscriptions, grants and donations.
2. The Foundation's report on the making the transition to a low carbon economy in Wales was published on 27th April 2010. The report was financially supported by Wales TUC. The review looked at government plans and strategies and analyzed the possible impact in Wales.

Key Findings

3. The research was **not** arguing against the evidence on climate change or the need for action, nor was it making predications about the impact of change.
4. However it did find that changing to a low carbon economy will involve a major restructuring of production and employment, with many independent commentators claiming it will amount to a second industrial revolution.
5. The process of industrial restructuring will see some jobs disappear, some jobs change, and some new jobs being created. It is vital that people and communities do not bear the brunt of those changes - a principle called the 'just transition' to low carbon.
6. We found that there were three key 'drivers' towards a low carbon economy:
the price of carbon in those industries covered by the EU carbon trading scheme and the UK's carbon reduction commitment scheme;
regulation and taxation to reduce emissions e.g. on energy consumption, vehicle emissions;
shifts in consumer demand for green products.
7. Estimating the impact of change is complex as it depends on the characteristics of the companies affected, e.g. how innovative or competitive they are, how much energy they use and how important it is in their costs, and the price of carbon relative to other inputs. Supply chain and the risk of 'leakage' overseas will also affect the impact.
8. The evidence suggests that the Welsh economy is at greatest risk in the UK of moving to a low carbon economy because of the presence of a number of carbon emitting industries (e.g. iron and steel). It will also be affected by changes in other significant industries such as the automotive sector. The impact can be summarized as follows:
about 18,000 jobs are vulnerable from the EU Emissions Trading Scheme;
a further 100,000 jobs are in sectors that are likely to see significant change e.g. power generation, automotive industries and construction;
all remaining jobs are likely to need to adapt in some way because of higher energy prices and changes in consumer demand.
9. The report estimated that about 20,000 new jobs could be created in new 'low carbon' sectors, e.g. renewable energy and energy efficiency. But it also found that the low carbon goods and services sector is relatively weak in Wales compared with the rest of the UK.
10. The report reviewed that action currently being taken and found that the Welsh Assembly Government has produced a large number of strategies and plans on environmental issues as well as a green jobs strategy. We also found that there are many initiatives to promote renewable energy, encourage domestic energy efficiency and sustainable construction, and to advise businesses.
11. Although we found many initiatives, we concluded that the various strategies could be more joined-up, both with each other and with action on the ground, with many examples of where this had not been done to date. In particular we identified a significant gap in strategy and action on skills. Many other parts of the UK have the same ambitions as Wales to lead the low carbon revolution and have very clear strategies and actions in place.
12. We concluded that there needs to be a firm commitment to a 'just transition' to a low carbon economy, and that the concept had unfortunately not been adopted to date.
13. The report recommended that the Welsh Assembly Government should:
Put fairness and job creation at the centre of its climate change and green jobs strategies.
Join up the green jobs strategy with other strategies and with action on the ground.
Produce comprehensive action plans to support vulnerable sectors and their workforces.
Urgently address the skills needed for a low carbon future.

Ensure that new green jobs are decent jobs.

Recognize the key role of employees in 'greening' workplaces and support a green workplace campaign.

Develop support for communities vulnerable to change.

Establish a sound evidence base for its low carbon policies and actions.

14. Copies of the full report are available at: www.bevanfoundation.org