



ECONOMIC
AND SOCIAL
COUNCIL
OF GREECE

***Own-initiative opinion
of the Economic and Social Council of Greece
on***

***"Climate change and policies seeking to address climate change
in Greece and the European Union"***

Short version in English from the drafted document by the working group

Athens, March 2022

1. INTRODUCTION

Climate change, recently referred to as climate crisis in the literature and public debate, poses a major global challenge to health and life on this planet, which calls for short- and medium-term objectives and a systematic, multilateral cooperation on all levels (international, European, national) in order to address it.

The phenomenon of man-made global warming is an undeniable fact. Rising temperatures and carbon dioxide concentrations are causing a series of phenomena that have a significant impact on the economy, the environment and society. Extreme weather conditions, the shrinking glaciers, the alternating long periods of drought and rainfall, and the loss of biodiversity are all signs of climate change, with consequent effects on agriculture, tourism, transport and water resources, resulting in a reduced quality of life and survival of populations. Given that the greatest challenge today is to ensure a decent standard of living for current and future generations, we need to design and implement policies that will help us meet our objectives and needs.

The Economic and Social Council of Greece sees climatic and environmental crisis as a condition which aggravates economic and social well-being indexes, disrupts the objectives of sustainability and sustainable development, and requires multiple resources to counteract the adverse effects and damage that are progressively taking effect. Social dialogue and the holistic appraisal of contemporary agendas calling for short and long-term policy interventions are at the core of the priorities of the ESC.

Moreover, in its recent opinion on the Future of Europe initiative, the ESC points out that *"... the green and energy transition, the development of new forms of green economy and green entrepreneurship and sustainable products will be central to the forthcoming policies both at national, European and international level, as well as at the level of enterprises, where the "green transformation" will become the new technological and organisational reality for their strategies, operation and growth, even in terms of competitiveness, as the practices of circular economy may*

create new fields of economic activity where the extent to which these are adopted is becoming a critical benchmark for assessing the profitability of more and more industries".

... In order to promote green economy and green investments, it is crucial that the essential declaratory objectives of the Green Deal are transposed into the real economy, businesses and employment in an effective and just manner. In the light of considerable upheaval in the international energy map and the pandemic crisis, the impartial transition is a difficult equation to solve both in terms of the appropriate time for adaptation and the distribution of losses and benefits across social structures and interest groups."

According to the recent 6th assessment report by the UN's Intergovernmental Panel for Climate Change (IPCC)¹, regarding the basis of physical science for climate change, it is now clear to the international scientific community that climate change, although a natural phenomenon, is the result of human-induced global warming of the atmosphere, oceans and land.

In fact, the report states that human activity has already overheated the climate at an unprecedented rate, causing changes to the entire climate system that are also unprecedented. As a result of global warming, more frequent and more intense heat waves, rainfalls, droughts and tropical cyclones are observed; these weather phenomena, according to the report, are expected to become even worse in the coming years and also exert numerous negative effects on the planet.

The UN and a number of studies by international and European organizations have consistently stressed for several years that the Mediterranean², which Greece is a part of, is a high Vulnerability Hotspot and is expected to be affected by the impact of climate change more severely than other regions of the planet, with socio-economic and environmental impact becoming more pronounced.

¹ <https://www.ipcc.ch/report/ar6/wg1/>

² <https://www.unep.org/unepmap/resources/factsheets/climate-change>

Worldwide, national efforts are focused on two aspects: a) reduce (mitigate) human-induced greenhouse gas (GHGs) emissions, which are mainly responsible for the anthropogenic global warming and b) adapt to the impact of climate change, while aiming to protect economies, societies and the environment from the negative consequences of the phenomenon, but also seize any socio-economic opportunities that may arise. Regarding mitigation, it is worth noting that in order to succeed in reducing the greenhouse gas emissions that are exacerbating climate change globally, the G20³, producing an estimated 78% of the global greenhouse gases, and in particular the six (6) largest global polluters, play a key role: China, the US, the EU, India, Russia and Japan are estimated to produce the largest percentage of global GHGs; their policies however have not yet produced the required results. It should be noted that the largest countries, being global consumers, also share the responsibility in this endeavour and should focus on similar efforts in the area of product and energy consumption.

³ <https://wedocs.unep.org/bitstream/handle/20.500.11822/30797/EGR2019.pdf>

5. POLICY SUMMARY-PROPOSALS

The Economic and Social Council of Greece acknowledges that in order to address climate change, rapidly turning into a climate crisis, the model of economic prosperity and the production and energy standards in the EU Member States should be reformed. This implies the need to formulate policies with medium- and long-term horizons, with a focus on improving the environmental footprint, while ensuring that inequalities arising from the transition to the new climate adaptation system are mitigated, green funding tools are accessible, and energy poverty in households and high energy costs for the industry and businesses are addressed promptly.

The stated objective of a Just Transition should not, however, ignore the short-term impacts on employment, poverty and business competitiveness.

The growing effects of the climate crisis (heat waves, heavy rainfalls, cyclones, rising sea levels) and their consequences in various forms (fires, floods, widespread drought, soil and coastal erosion, destruction of crops) pose a threat not only to the natural ecosystem, but also to public, technological and construction services, infrastructure networks and the effective responsiveness of central and local authorities in general.

With regard to the impact of climate change on human health, the key findings of relevant studies indicate that climate change may, among other things, lead to: a) increased mortality due to rising temperatures, and at the same time it may lead to reduced mortality in less warm countries for the same reason; b) a higher incidence of communicable disease epidemics due to flooding and extreme weather conditions; and c) a severe impact on human health due to the displacement of populations as a result of rising sea levels and the increased frequency of extreme weather phenomena.

Following up the own-initiative opinion with reference to the Conference on the Future of Europe, the ESC acknowledges green transition as an undeniable priority and calls on the EU and national governments to take all necessary measures, following the necessary assessments, to

ensure that this transition is inclusive for citizens and businesses, creates conditions for productive reconstruction, ensures social cohesion, offers new growth opportunities by redirecting research towards prevention and fosters the development of broader institutional and operational partnerships.

Furthermore, at an institutional and regulatory level initiatives are required to address a number of structural weaknesses in the implemented policy, namely:

- a) failure to integrate adaptation and mitigation objectives in a timely manner into a large part of existing sectoral policies/strategies (e.g. tourism, health, economy) and absence of consultation at both the planning and implementation stages,
- b) lack of interconnection between individual policies on the basis of a clearly defined National Development Strategy,
- c) lack of socio-economic mapping of adaptation and mitigation costs at national level,
- d) lack of monitoring and evaluation systems for the implementation of the majority of the said policies,
- e) lack of a permanent mechanism for consultation on multiple levels with public stakeholders and social partners on green transition issues, especially in the planning phase of these policies.

The ESC firmly supports the view about analysing periodically the impact of introducing major legislative changes in economic and social life, to pursue the maximum degree of adaptation and integration of social and economic priorities when they arise in the public sphere.

Some of the major areas of intervention proposed by the ESC are set out below, in dialogue with social stakeholders and its members, in order to achieve the stated objectives regarding climate adaptation, address the impact of climate change and mitigate dysfunctions in economic and social life due to the intensity of the phenomena.

A. Climate change adaptation and mitigation policies

The regulatory framework based on the Green Deal must now focus on both adaptation and mitigation, with an emphasis on aspects of enhancing the country's resilience to new environmental conditions, while simultaneously acting on mitigation issues related to: a) regulating the energy market; b) facilitating mobility; c) food quality, sufficiency and safety; d) adapting consumer standards; and e) promoting new financial products in a way that allows citizens, businesses and governments to reduce the impact of climate change while saving resources. Awareness-raising among social actors and lobby groups is important to that effect. More specifically, the ESC puts forward a package of actions aimed at:

- Planning and implementing measures to protect workers and the general population from extreme weather phenomena effectively (e.g. intense heat waves, extreme storms and snowfalls), already occurring or expected to increase in frequency and intensity in the coming years.
- Taking measures to adapt critical state infrastructures and the way businesses operate to extreme weather conditions.
- Taking measures to manage climate change-related natural disasters and protect the general population.
- Strengthening and adapting the National Health System with regard to managing incidents and events that result from extreme weather phenomena.
- The adaptation of all sectors of the Greek economy, while supporting and adapting sectoral activities and possibly exploiting new opportunities for sustainable development in other areas of the economy.
- Reducing housing emissions while cutting down on energy bills: during energy interventions, support should be provided by 'one-stop shops', which will provide essential assistance in finding certified installers, dealing with administrative procedures and obtaining the right financial support.

- Cleaner and more diversified mobility systems that reduce costs: Legislation promoting affordable electric cars, improved passenger rights, investing in railways, public transport networks, walking and cycling infrastructure.
- Sustainable and healthy food as an affordable option for consumers, while promoting healthy eating and lower-cost organic products.
- Promoting circular economy actions, e.g. with incentives to repair products and/or purchase efficient products that are repairable and last longer: According to a survey by the German consumer organisation VZBV, households could save up to €3.67 billion each year if four widely used consumer goods (TVs, washing machines, smart phones and laptops) had a longer lifespan. The European Union can promote a longer lifespan for consumer products by introducing minimum criteria for the reparability and lifespan of products in European eco-design legislation.
- Green financial products for long-term investments that support Climate and Social Cohesion actions: Banks should be geared to creating specialised portfolios by providing standardised and/or diversified green loans on terms favourable to households and businesses.
- Bio-economy and circular economy: Nature-friendly solutions, bio-economy and the transition to a circular economy contribute significantly to the climate change adaptation process. In addition, sustainable forest, soil and water management practices help with the adaptation to and mitigation of climate change impact. They also provide the basis for climate-resilient, climate-neutral and sustainable food production. Deploy a series of other measures to guarantee climate neutrality by 2050, such as: large-scale afforestation, invest in carbon dioxide capture and storage, pursue energy savings by extending energy-saving programmes to businesses, reduce car use and enhance public transport and fixed-route transport, etc.

B. Policies on fair transition/protection of vulnerable households and workers

Under certain circumstances, the effects of the climate crisis and their severity as well as the process of climate adaptation and green transition may bring about significant short-term inequalities in household access to affordable energy, heating and transport. In certain cases, the climate crisis threatens traditional and modern activities (e.g. fishing and fish farming) and in other cases the structure of employment and occupations. In addition and regardless of income, the current pandemic crisis has exacerbated the dependence of all households on private transport and oil and gas-fired heating, the price of which has reached historic highs.

In the current financial period, households are facing a significant reduction in disposable income due to energy costs, which is pushing up inflation in basic living costs. According to the Hellenic Statistical Authority (ELSTAT), the inflation index rose by 5.1% in December 2021 over the corresponding month in 2020. A major challenge at the policy level is to ensure that this inflation does not become a structural element of the economy and only has a short-term impact.

Overall, policies seeking to ensure a fair transition and protect vulnerable households and workers should aim at the following:

- Commitment of political and social players through a broad social dialogue on a "Win-win Green Transition", focusing on the issue of energy poverty. Today, Greece holds the European record in the arrears ratio, with 32.5% of households having unpaid energy bills (compared to 6.2% in the EU-27) and one of the highest rates of inability to keep the house sufficiently warm: 17.9% (compared to 6.9% in Europe).
- The subsidies of the Ministry of Environment and Energy should focus on certain "hard indicators", i.e., the energy poverty rate in Greece should not exceed the respective European rate. In particular, the introduction a target year by the government in which energy poverty in Greece should converge with the European average shows substantial support and a strong political commitment to the objective of mitigating the most negative effects of green transition.

- Systematic recording, transparent calculation, with continuous monitoring of the development in the level of prices and quality of services regarding energy and fuel. Despite the possible relative deceleration of energy prices, it is generally acknowledged that future equilibrium price levels will be well above pre-crisis levels.
- Plans to compensate those affected in a contemporary manner and provide insurance to citizens and businesses against extreme events. Every year, an increasing number of climate change-related damages are not covered by insurance. This entails greater difficulties for the uninsured and as extreme weather phenomena increase, the "insurance gap" will become a very big problem for vulnerable households and small businesses.
- Adaptation programmes for occupations, specialisations, and employees to help them adjust to modern climate adaptation patterns (applicable to all sectors from tourism, construction and related trades to food and the primary sector), with corresponding education and training programmes.

C. Policies to ensure the competitiveness of enterprises

Greece fulfils its obligations under the Kyoto Protocol, has doubled the contribution of Renewable Energy Sources (RES) from 10% to 20% over the last decade and has committed to lignite power plant phase-out by 2028. Next is the revision of the National Energy and Climate Plan (NECP) under the new European targets and the adoption of the National Climate Law.

However, the country faces significant challenges, the most notable of which is the country's increased exposure to the risk of carbon leakage due to its geographical location. The risk of carbon leakage hampers efforts to change the country's production model.

It is therefore particularly important that Greece participates in the EU climate policy dialogue, and in particular in the "Fit for 55" debate, with a view to strike a balance between climate-target ambition, business competitiveness and fair transition.

To ensure that Greek businesses can compete in the global market on equal terms of climate cost, the following are required:

1. Maintain the current allocation of emission allowances in the Emissions Trading System (ETS).
Any further reduction of emission allowances in the current period represents a severe and irreversible blow to competitiveness which, at the same time, creates uncertainty as regards decision-making on high-cost and slow-payback investments required for the green transition.
2. Complementary operation of the Carbon Border Adjustment Mechanism (CCM) with the ETS until the CCM proves to be both sufficient and effective in equalising carbon costs between European producers and non-EU producers. A major shortcoming in this regard is the current exclusion of exports from the mechanism, the inability to confirm the carbon costs of producers outside the EU and the possibilities to circumvent it by importers.
3. Revision of the ETS towards a fairer burden-sharing and setting objectives for sectors outside the ETS. Emissions covered by the ETS amount to about 40% of total EU GHG emissions and, so far, the sectors covered by the ETS have contributed proportionally more to reducing total GHG emissions than non-ETS sectors.
4. In the shipping sector, national governments should take the initiative to revise items and regulatory gaps in the Green Deal specifications so that shipping does not become less competitive.

In particular, with regard to the legislative package "Fit for 55" in its entirety, it is proposed that the principle of avoiding double counting and two-fold requirements on shipping for the same issues should be applied, otherwise the viability of the Greek and European shipping sector will be seriously jeopardised.

Furthermore, the proposal by the European Parliament's rapporteur for setting up an Ocean Fund is a step in the right direction, highlighting the need to allocate at least 75% of the

revenues from the ETS (Emissions Trading System) allowances of shipping to investments for the decarbonisation of the sector.

5. First and foremost, the country's strategy for increasing investments towards developing energy storage systems based on renewable energy sources should certainly be strengthened. Alongside the exploitation of domestic energy sources such as geothermal energy, biofuels, biogas and the exploitation of hydroelectric power stations, the activation of fossil fuel deposits should be carefully examined and planned as a last resort in times of energy crises, in order to provide coverage, among other things, against the stochasticity of renewable energy sources. The utilisation of additional resources, including the soft and complementary transitional use of fossil fuels, aims at enhancing energy security and sufficiency and will reduce the sustainability gap between large and smaller economic operators. However, in no event should it be a medium-term strategic option towards the main objective of climate neutrality.

For SMEs, the policy mix should focus on the following:

- Create training schemes for SME managers on major issues related to the green transition (green skills, circular economy, energy management and saving, sustainable financing, etc.)
- Provide incentives and interventions specifically for SMEs to facilitate their green transition and address the challenges of climate change, with a focus on small-scale renewable energy investments such as net metering and circular economy. The need for a decisive response to the challenges of climate change (see European Green Deal) has triggered a comprehensive review of the way energy policy is formulated in the European Union - and other parts of the world - characterised by promoting a decentralised production mix, designing inclusive policies for energy and the development footprint, putting emphasis on establishing competitive and fair conditions for the energy market in order to ensure the viability of both large and small business operators. National Energy

and Climate Plans (Austria, Lithuania, etc.) have been submitted to and approved by the European Commission, which rely heavily on the installation of domestic solar panels and small-scale power plants. Such systems, like energy communities, can decentralise electricity production, ensure the resilience of small businesses and guarantee the consent of local communities. However, to this effect the institutional framework should be further improved and the licensing process must be accelerated.

To enhance the competitiveness of the agricultural sector, key interventions and good green practices to adopt are:

- In relation to the Common Agricultural Policy, a national and regional plan for the resilience of agricultural production and development against the challenges of climate change should be established;
- Introduce specific measures to support farmers until their energy transition to renewables is gradually achieved;
- Insure and strengthen agricultural income and production in the face of climate impact, by modernising the institutional framework of ELGA (Greek Agricultural Insurance Institute) regarding insurance and compensation payments;
- Introduce iconic infrastructure projects to secure and manage irrigation water that can protect farmers from natural disasters, droughts and floods at national and regional level;
- Energy sufficiency of producers to be a renewed priority, with the possibility for producers and their actors to enhance their participation in renewable energy as a special category of energy communities through fast track procedures;
- Digital transformation to be a means of strengthening the participation of farmers and their actors, in order to address energy poverty, manage Social Fund resources to tackle climate change and secure the environmental return;
- Provide specific support for livestock farming, with a focus on animal feed, based on intra-regional crop planning and incentives to ensure its sufficiency, facilitate the establishment of livestock farmers in organised stables, support mountain livestock farming with

livestock parks, health protocols, collective marketing agreements and specific social support measures;

- Investing in new tools such as anti-hail nets, wind-breakers and fire-fighting equipment is now essential, as is investing in new materials more resistant to extreme weather conditions for the construction of greenhouses, stables and equipment;
- These investments should be combined with digital farming and precision farming technologies. In the livestock sector, it is important to utilise enhanced animal varieties and breeds, taking into account traditional genetic plant and animal resources.

D. Policies on energy transition and climate neutrality of the country

The transition towards climate neutrality is a critical parameter which, by definition, shapes the need to redefine the energy, environment and climate policy package.

1. Establish a flexible institutional framework that does not create hurdles and obstacles for the net metering engineer when it comes to business investment in renewable energy sources, providing for energy offsetting and bilateral agreements.
2. Promote energy efficiency measures and actions seeking to ensure energy affordability and the security of energy supply.
3. Create tools and indicators of climate vulnerability for the entire Greek territory so that businesses are able to assess the effects of climate crisis (climate risk analysis tool).
4. The information disclosure requirement regarding sustainability issues, including large unlisted companies as well, shall be legislated soon. Consequently, tools for easy calculation of carbon dioxide with secure data and emission factors should be created to facilitate carbon reporting (Scope 1, Scope 2, Scope 3).
5. Implement the National Plan for Circular Economy immediately and finance related actions. Other foreign countries are already financing circular economy investment funds to promote marketing of secondary raw materials and products at the end of their life cycle, methodological measurement frameworks, digital awareness tools, repair systems, etc. At the same time, Greece should draw on global and EU know-how and develop tools

and technologies that will be put into practice. However, it is essential that the serious problem of weak waste management and integration of environmental control regulations is addressed.

Energy costs are an important parameter for the energy transition. The current trend of rising prices demonstrates how sensitive economies are to energy prices and should therefore be thoroughly considered in the discussion of EU climate policies.

In particular, as regards the policies promoted through the 'Fit for 55' package, the objectives for renewable energy consumption in industry, as proposed in the Renewable Energy Directive (RED), need to be considered in the light of ensuring availability, and with regard to costs and essential infrastructure requirements. Similarly, the Energy Efficiency Directive (EED) should focus on reducing energy intensity and not on reducing overall energy consumption. On the one hand, the energy footprint of the new technologies that will be required is expected to be high and, on the other hand, phasing out of fossil fuels will increase the demand for electricity. At the same time, the Energy Taxation Directive (ETD) must contribute substantially to the ultimate goal of climate neutrality without undermining the competitiveness of EU-based producers and service providers, especially in Member States such as Greece, which are neighbouring low-cost countries where no such restrictions exist, while maintaining their fiscal neutrality.

Specific issues for Greece include:

- Further rationalisation of the energy cost structure so that the final price of medium- and high-voltage electricity remains competitive with the rest of the EU.
- Ensure energy sufficiency and reduce reliance on imported forms of energy.
- Continue and accelerate institutional adjustments for renewable energy sources licensing, bilateral agreements (PPAs), energy storage and the functioning of the energy market in general.
- Facilitate investment in new generation energy infrastructure/networks as well as in energy saving in buildings and industrial facilities.

- Faster integration of national and international grid interconnections.
- Ensure energy sufficiency to make price fluctuations predictable.
- Design the role of NG in Greece effectively in the energy transition process. Facilitate the transition of industry, transport and distribution networks to innovative forms of energy.
- Non-interconnected islands hinder the development of RES by companies operating in these areas. The Greek GR-eco **Islands** initiative should be strengthened.

E. Policies on public administration efficiency

Alongside its significant impact on the environment, economy and society, the climate change/crisis also tests the limits of the financial systems of EU countries, especially the ones most vulnerable such as our country. It also tests the mechanisms for timely response to the widespread and more frequent natural disasters, which, in addition to ecological disasters, also bring about major economic, anthropological and social changes (migration, land-use change due to saturation of soils, drought, etc.).

The effectiveness of public administration in crisis situations arising from climate change is a key parameter for a smooth and coherent transition in a period with more environmental threats, even in urban areas.

The most important proposals summarised in this scope of intervention are:

- 1) Reinforce civil protection structures centrally, locally and operationally, utilising specialised actions and responsibilities without overlapping. For the effective coordination of the relevant ministries (Ministry of Environment and Energy and the newly established Ministry of Civil Protection and Climate Change), continuity in the state and stability in service structures are required.
- 2) Proceed with the re-establishment and staffing of competent departments of the public sector in the scope of multi-threat management, with specialized personnel and flexible teams focused on actions implementing the National Sectoral Strategies and/or Action Plans.

- 3) Provide education, training and institutional empowerment of public administration staff and services centrally and regionally, in order to manage the effects of intensifying climate change phenomena and subsequent risks (e.g. road projects planning, infrastructure, civil protection response, management of funds for emergency disasters).
- 4) Set up project monitoring and assessment mechanisms, financed by public and private funds.
- 5) Foster the development of collective initiatives across co-operatives, chambers of commerce, etc.
- 6) Reduce bureaucratic barriers for small and large-scale investments in alternative energy sources. Simplify and accelerate licensing procedures, especially for RES.
- 7) Exchange of know-how between countries at international and regional level on public administration response to unprecedented climate events (e.g. water shortage, fires, floods, heavy snowfall and extreme phenomena).
- 8) Cross-border cooperation for the protection and resilience of international infrastructure (railways, energy pipelines, transport).
- 9) Reinforce regional infrastructure with funding instruments and resources to ensure rapid response to crisis events and proactive adaptation.
- 10) Funding⁴ of environmental and epidemiological studies and programmes to address the health impacts of climate change, to ensure adequate preparation for any upcoming challenges in this area while strengthening the health system of individual Member States by integrating innovative and modern precision-medicine methods.
- 11) Digital transition as a driver for and accelerator of the green transition, the ever-evolving smart-cities industry, aided by technological solutions and the Internet of Things and based on data collection and management, can provide solutions to the issues of energy efficiency and smart energy management. By using data more efficiently, smart-city technologies can help with:

⁴ Own-initiative opinion of the ESC, Conference on the Future of Europe, 2021

- *saving resources and service optimisation,*
 - *better monitoring and management of systems,*
 - *fostering economic growth and boosting entrepreneurship with new business models.*
- 12) Plan interventions in local and hyper-local infrastructure (ports, sewerage systems, water and energy networks) to enhance the resilience and sustainability of quality tourism.
 - 13) Reduce the environmental footprint of public spaces and buildings in general.
 - 14) Introduce training material at all levels of education, administration and law enforcement departments, with a view to respond to new environmental changes and raise awareness about natural resource management, waste management, etc.
 - 15) Introduce training programmes in business units for staff and employers. In addition, we should mention the need to set up cooperation networks throughout Europe for research, academic and production operators so that they can access data and knowledge that will accelerate technological development, while creating open databases (e.g. meteorological information) to be used more effectively by scientists and producers.

The Economic and Social Council of Greece actively participates and systematically monitors the public debate at national and European level regarding the effects of climate change and the policies on managing, mitigating and adapting to climate change, while in the coming period it will take initiatives to highlight a specific agenda (organise a conference on international cooperation and social dialogue about climate change, update an own-initiative opinion on climate adaptation for businesses and households, draw-up an own-initiative opinion on legislative interventions related to environmental legislation).



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