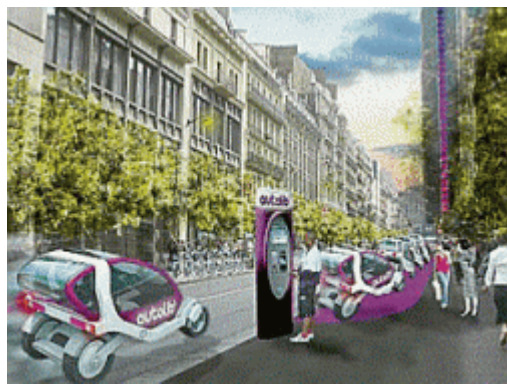


# **COSTS AND BENEFITS OF THE GREEN ECONOMY**

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The world is moving inexorably towards [green economy](#). Consequently and responsibly, the European Commission recognizes in the [Europe 2020 Strategy](#) the need for Europe to move in that direction. Becomes a resource efficient, sustainable and competitive economy, capitalizing on Europe's leadership in the race to develop new processes and technologies, including green technologies, accelerating the development of smart grids in the EU and reinforces the competitive advantages of our companies (particularly in the field of manufacturing), and that helps consumers to value the

efficient use of resources.

This process of change will have enormous long-term benefits for the economies that manage to adapt to the new situation, and are capable of generating businesses adapted to the new requirements and demands of the market. But as in any process of change, the transition towards a new model of an efficient and low-carbon economy will have short-term adjustment costs that may jeopardize the achievement of these other benefits in the longer term. Costs in the form of changes in employment patterns (employment movements: from resource-intensive sectors to cleaner sectors), changes in the structure of the economy (production shifts between sectors and sub-sectors) and changes in the patterns of behavior and consumption of citizens.

The costs (of adjustment) will be higher or lower depending on the policies that governments are able to develop and implement to "lubricate" the process. This obviously has clear implications for our policy makers, who need to be able to identify potential costs and manage them appropriately (to minimize them) by devising creative actions that prevent unnecessary tensions in the transition process. Specific measures (from product policy to regional policy, through the promotion of innovation and education) that, ultimately, facilitate the evolution towards this new economy and eliminate or reduce its possible costs and negative impacts. Only in this way will we be competitive, prevent environmental degradation and contribute to economic, social and territorial cohesion.

To understand the potential costs and impacts of green transition policies, we need to look at the continua and continua [structural changes](#) that have taken place in the world throughout history. Structural changes that have meant great challenges for companies to maintain their market share and competitiveness, and from which we can undoubtedly draw important lessons (for example, what implications did the decline of heavy industry in favor of the sector have in Spain? services from the 1980s? What did the introduction of the steamboat mean globally? Who won and lost -and why- in the race towards the massive use of the railway?). Lessons that will help us to design current policies, with the certainty that these will not aggravate the problems caused by the structural change underway (for example, by raising the costs of production in the EU in markets where the market share of the The EU is already under threat from non-EU producers - as is the case in some energy intensive sectors) and that they will help us reduce the impacts of change through, for example, investments in innovation and training (the logic followed in the design of the green stimulus packages developed in the wake of the recent financial crisis).

The transition towards a greener and more sustainable economy represents a tremendous challenge for Europe, its Member States and its regions. A challenge in which there will be winners and losers. If we are to be among the winners, our policy makers will need to understand how and with what policies they can support and accelerate the transition towards a competitive, low-carbon and resource-efficient economy. Political inaction or poor decision-making will mean that we are unable to keep up with changes taking place in other parts of the world and will be stuck in the use of high-carbon infrastructure, technologies and systems that have stopped being competitive, etc.

(Header image from [flightlessXbird](#))

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