

PROBLEMS AND PERSPECTIVES OF NET ZERO TRANSITION FOR UKRAINE

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The European Green Deal, unveiled by the European Commission in December 2019, aims to make Europe the first climate-neutral continent by 2050, reducing greenhouse gas emissions by less than 55% by 2030 compared to 1990 levels. In the transition to a net-zero economy, Europe's competitiveness will largely depend on its ability to develop and produce the clean technologies that will make this transition possible. At the World Economic Forum in Davos in January 2023, the European Green Deal Industrial Plan was recognized as the European Union's initiative to strengthen its competitive advantage by investing in clean technologies and maintaining leadership on the path to climate neutrality. The war in Ukraine and the reaction of European countries to it have shown that energy can be used as a weapon (especially in a context where Europe has been heavily dependent on Russian fossil fuels for decades), escalating trade wars and returning confrontational geopolitics. In addition, climate change already comes with a huge cost. In such circumstances, the transition to a clean economy is gaining relevance.

The net-zero transformation is already driving major industrial, economic, and geopolitical transformations that involve changing the nature of companies' and industries' operations. The road to net zero requires the development and use of a range of new clean technologies in the economy (transportation, construction, manufacturing, energy). In this environment, those companies that develop and manufacture the technology that will be the foundation of tomorrow's economy will have the greatest competitive advantage. According to the International Energy Agency, by 2030, the market for clean energy technologies of mass production will amount to approximately USD 650 billion. This is three times higher than today's level. Clean tech is now the fastest-growing investment sector in Europe – doubling its value between 2020 and 2021 alone.

The transition to a clean economy is an urgent issue for Ukraine, which on June 23, 2022, received the status of a candidate country for accession to the European Union and is currently undergoing reforms and developing a post-war recovery plan. On February 3, 2023, at the EU-Ukraine Summit, it was noted that Ukraine has fulfilled approximately 70% of the EU's requirements and is one of the key partners in green energy and renewable energy in the implementation of the European Green Deal Industrial Plan. Successful transformation of Ukraine's current climate and energy policy to the new realities will allow achieving long-term, sustainable multiplier effects that will ensure sustainable development and competitiveness of the national economy.

The success of the transition to a clean economy is determined by the availability of a skilled workforce that can make the transition. The best technology is only as good as the skilled workers who can install and operate it. The rapid emergence of new technologies is increasing the demand for skills and qualified professionals in this sector. Such transformations affect all sectors of the economy. Training specialists of this profile is a priority for the European Year of Skills. The United Nations Environment Programme [1] emphasizes the importance of creating a skilled workforce to ensure the transition to a clean economy. According to the International Labour Organization, by 2030, about 24 million new jobs could be created worldwide if the right policies are adopted to promote a clean economy. This statement is mirrored by a yearly 8 % growth in green job postings on LinkedIn in the past five years. Meanwhile, the global share of green talent has only grown by 6 % each year. Many are already feeling left behind by the current rate of progress. Over half of workers believe the green transition will make it harder for them to find work in the future.

The skills of working in a climate-neutral economy cover almost all areas and take many forms. LinkedIn's Global Green Jobs Report [2] distinguishes between green jobs, greening jobs and non-green jobs. The fastest-growing green skills are in ecosystem management, environmental policy and pollution prevention. But in addition to responsibly managing the environment, skills in clean energy, sustainable finance, construction, technology and urban planning will also be required for an effective and inclusive transition to a climate-neutral economy.

In a climate-neutral economy, green skills will be ubiquitous. This is confirmed in LinkedIn's latest research, which highlights that knowledge of ISO 14001 (environmental management) was identified as one of the top ten skills added to LinkedIn member profiles in the past five years. The infrastructure to upskill workers must be put in place right now so that the transition to a climate-neutral economy can be a success in the long run.

A mismatch between the skills needed to transition to a climate-neutral economy and the skills offered by the labour market can significantly increase the cost of decarbonization, slow or prevent the transition, and ultimately lead to irreversible global climate and ecosystem change. Conversely, history shows that a properly

recruited and highly skilled workforce can be a catalyst for major transformations. Whether a transition skills gap can be prevented will also determine whether a just transition can be achieved.

The creation of a hub in Ukraine to train specialists for the transition to a climate-neutral economy will help strengthen the strategic autonomy of the European Union in the political, security, and economic dimensions. When studying the business models of large European businesses, it is worth noting that part of the production is located in Southeast Asia, in particular, in China, India, and Bangladesh. This model has certain disadvantages that Ukraine can overcome. For example, labour costs in Ukraine are lower, but the working conditions of employees and their motivation are higher. Transportation costs are lower compared to Southeast Asia. In addition, the carbon footprint will also be lower by about 80% if products are transported from Ukraine rather than from China or Bangladesh. The value chain would be significantly shortened, which would definitely benefit European businesses. After joining ENTSO-E, Ukraine has become a reliable exporter of clean electricity to the EU and has the potential to develop its own green hydrogen, biogas and other renewable energy sources, the surplus of which can be exported to Europe.

Thus, the net-zero transformation plays an important role in ensuring the economic functioning and growth of the state; it is an integral part of the quality of life of citizens and one of the important criteria for the return of temporarily displaced persons. In the process of Ukraine's recovery, the energy sector should become one of the key industries that will ensure export revenues and maintain the financial stability of the state. A reasonable approach to the modernization of the Ukrainian energy sector will allow Ukraine to make a significant contribution to the EU's strategic autonomy and reduce the bloc's dependence on external energy resources. This mutually beneficial approach will accelerate Ukraine's integration into the European Union.

The training of managers in the field of the Clean-tech economy at Ukrainian universities will also contribute to the development of cross-border cooperation for the exchange of experience, implementation of joint initiatives and projects in the transition to the net-zero economy, which will cover not only representatives of educational and research institutions, but also business structures, authorities, and local governments and research institutions, but also business structures, authorities, and local governments.

References:

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2. Global Green Skills reports 2022. [Electronic resource]. URL: <https://cutt.ly/73LUSNz>.