

Unit 1.2 The Sustainable Development Goals and THE EUROPEAN GREEN DEAL - The key points of the European Commission

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THE IMPORTANCE OF SUSTAINABLE DEVELOPMENT

Climate change and environmental degradation are an existential threat to Europe and the world. To overcome these challenges, the European Green Deal will transform the EU into a modern, resource-efficient and competitive economy, ensuring:

- ▶ no net emissions of greenhouse gases by 2050
- ▶ economic growth decoupled from resource use
- ▶ no person and no place left behind

The European Green Deal is also our lifeline out of the COVID-19 pandemic. One third of the 1.8 trillion euro investments from the NextGenerationEU Recovery Plan, and the EU's seven-year budget will finance the European Green Deal.

The European Commission adopted a set of proposals to make the EU's climate, energy, transport and taxation policies fit for reducing net greenhouse gas emissions by at least 55% by 2030, compared to 1990 levels.

Making Europe the first climate neutral continent in the world is the goal.



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These proposals aim to make all sectors of the EU's economy fit to meet this challenge. They set the

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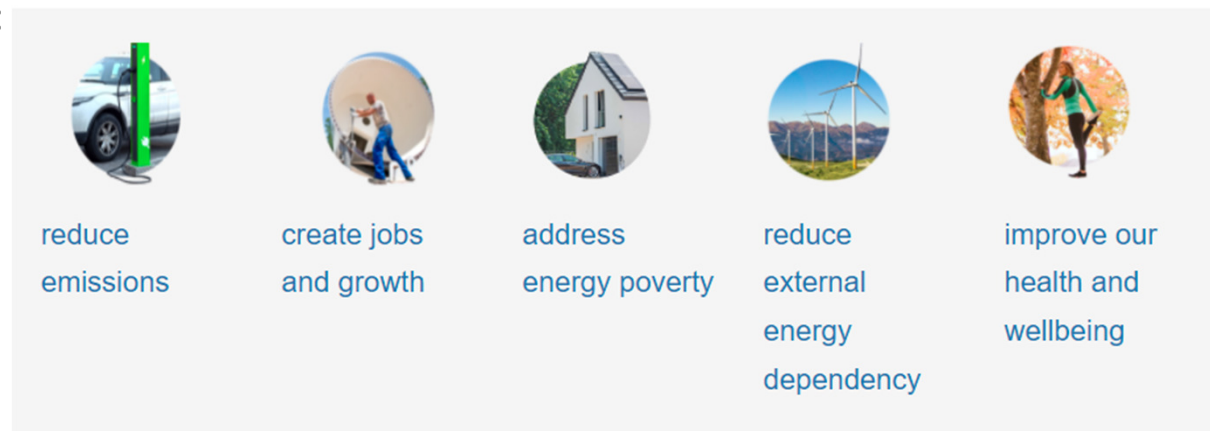
THE ULTIMATE GOALS OF SUSTAINABILITY

Transforming our economy and societies

Climate change is the biggest challenge of our times.
And it is an opportunity to build a new economic model.

The European Green Deal set the blueprint for this transformational change.

This will create new opportunities for innovation and investment and jobs, as well as:



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THE ULTIMATE GOALS OF SUSTAINABILITY

Our transition to greener mobility will offer clean, accessible and affordable transport even in the most remote areas.

The European Commission proposes more ambitious targets for reducing the CO2 emissions of new cars and vans.

- ▶ 55% reduction of emissions from cars by 2030
- ▶ 50% reduction of emissions from vans by 2030
- ▶ 0 emissions from new cars by 2035

The Commission also promotes the growth of the market for zero- and low- emissions vehicles. In particular, it seeks to ensure that citizens have the infrastructure they need to charge these vehicles, for short and long journeys.

In addition, from 2026, road transport will be covered by emissions trading, putting a price on pollution, stimulating cleaner fuel use, and re-investing in clean technologies. The Commission is also proposing carbon pricing for the aviation sector, which benefited from an exception until now. It is also proposing to promote sustainable aviation fuels – with an obligation for planes to take on sustainable blended fuels for all departures from EU airports.



To ensure a fair contribution from the maritime sector to the effort to decarbonise our economy, the Commission proposes to extend carbon pricing to this sector. The Commission will also set targets for major ports to serve vessels with onshore power, reducing the use of polluting fuels that also harm local air quality.

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THE ULTIMATE GOALS OF SUSTAINABILITY



Therefore, the Commission proposes a mechanism to ensure that, even when they are from countries with less strict climate rules, companies importing into the EU have to pay a carbon price as well.

Leading the third industrial revolution industry

The green transition presents a major opportunity for European industry by creating markets for clean technologies and products.

These new proposals will have an impact across entire value chains in sectors such as energy and transport, and construction and renovation, helping create sustainable, local and well-paid jobs across Europe.

- ▶ 35 million buildings could be renovated by 2030
- ▶ 160,000 additional green jobs could be created in the construction sector by 2030

The electrifica

tion of the economy and the greater use of renewable energy are expected to generate higher employment in these sectors. Increasing the energy efficiency of buildings will also create jobs in construction, with local labour in higher demand.

We want to preserve our climate ambition by avoiding that efforts by our industry to cut emissions are undermined by unfair competition from abroad.

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The tax system for energy products must also support the green transition by giving the right incentives. The Commission proposes to align the minimum tax rates for heating and transport with our climate objectives, while mitigating the social impact and supporting vulnerable citizens.

Cleaning our energy system:

Reducing greenhouse gas emissions by at least 55% by 2030 requires higher shares of renewable energy and greater energy efficiency.

The Commission proposes to increase the binding target of renewable sources in the EU's energy mix to 40%. The proposals promote the uptake of renewable fuels, such as hydrogen in industry and transport, with additional targets.

In addition, reducing energy consumption is essential to bring down both emissions and energy costs for consumers and industry. The Commission proposes to increase energy efficiency targets at EU level and make them binding, to achieve by 2030 an overall reduction of 36-39% for final and primary energy consumption.

- ▶ *40% new renewable energy target for 2030*
- ▶ *36-39% new 2030 energy efficiency targets for final and primary energy consumption*

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THE ULTIMATE GOALS OF SUSTAINABILITY

Renovating buildings for greener lifestyles:

Renovating our homes and buildings will save energy, protect against extremes of heat or cold and tackle energy poverty.

The new Social Climate Fund will support EU citizens most affected or at risk of energy or mobility poverty. It will help mitigate the costs for those most exposed to changes, to ensure that the transition is fair and leaves no one behind.

It will provide EUR 72.2 billion over 7 years in funding for renovation of buildings, access to zero and low emission mobility, or even income support.

In addition to homes, public buildings must also be renovated to use more renewable energy, and to be more energy efficient.



The Commission proposes to:

- require Member States to renovate at least 3% of the total floor area of all public buildings annually
- set a benchmark of 49% of renewables in buildings by 2030

- require Member States to increase the use of renewable energy in heating and cooling by +1.1 percentage points each year, until 2030

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THE ULTIMATE GOALS OF SUSTAINABILITY



Working with nature to protect our planet and health nature

Nature is an important ally in the fight against climate change.

Restoring nature and enabling biodiversity to thrive again offers a quick and cheap solution to absorb and store carbon.

The Commission proposes therefore to restore Europe's forests, soils, wetlands and peatlands. This will increase absorption of CO₂ and will make our environment more resilient to climate change.

A circular and sustainable management of these resources will

- ▶ *improve our living conditions*
- ▶ *maintain a healthy environment*
- ▶ *create quality jobs*
- ▶ *provide sustainable energy resources*

Bioenergy contributes to the phase-out of fossil fuels and the decarbonisation of the EU economy. But it must be used sustainably. The Commission proposes strict new criteria to avoid unsustainable forest harvesting and to protect areas of high-biodiversity value.

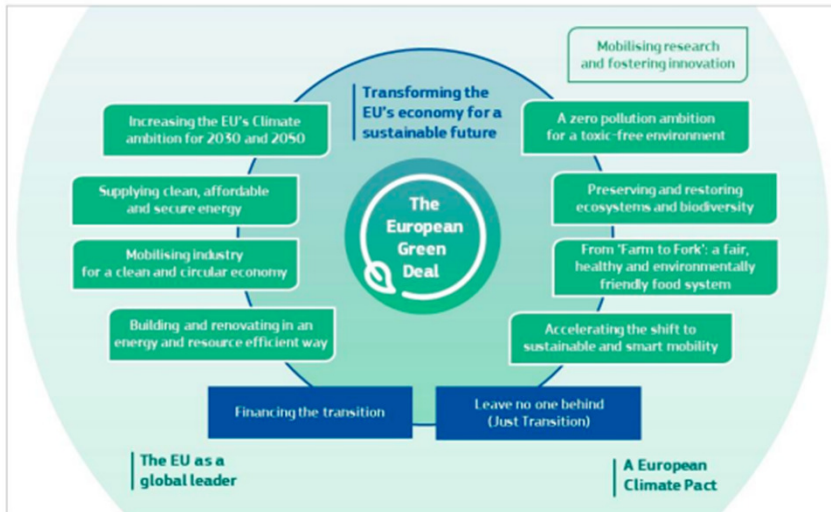
-225 Mt
old target

-268 Mt
current carbon removals

-310 Mt
new target

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The European Green Deal is a response to these challenges. It is a new growth strategy that aims to transform the EU into a fair and prosperous society, with a modern, resource-efficient and competitive economy where there are no net emissions of greenhouse gases in 2050 and where economic growth is decoupled from resource use. It also aims to protect, conserve and enhance the EU's natural capital, and protect the health and well-being of citizens from environment-related risks and impacts. At the same time, this transition must be just and inclusive. It must put people first, and pay attention to the regions, industries and workers who will face the greatest challenges. Since it will bring substantial change, active public participation and confidence in the transition is paramount if policies are to work and be accepted. A new pact is needed to bring together citizens in all their diversity, with national, regional, local authorities, civil society and industry working closely with the EU's institutions and consultative bodies.

The environmental ambition of the Green Deal will not be achieved by Europe acting alone. The drivers of climate change and biodiversity loss are global and are not limited by national borders

The EU can use its influence, expertise and financial resources to mobilise its neighbours and partners to join it on a sustainable path. The EU will continue to lead international efforts and wants to build alliances with the likeminded. It also recognises the need to maintain its security of supply and competitiveness even when others are unwilling to act.

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THE EUROPEAN GREEN DEAL

The benefits of the European Green Deal

The European Green Deal will improve the well-being and health of citizens and future generations by providing:

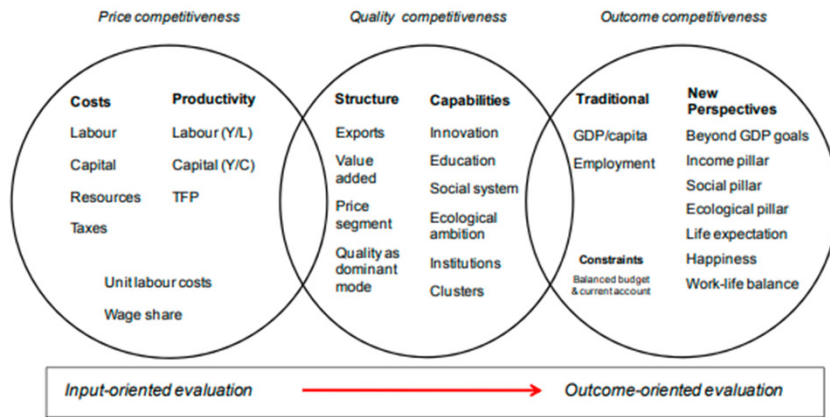
 <p>fresh air, clean water, healthy soil and biodiversity</p>	 <p>renovated, energy efficient buildings</p>	 <p>healthy and affordable food</p>	 <p>more public transport</p>
 <p>cleaner energy and cutting-edge clean technological innovation</p>	 <p>longer lasting products that can be repaired, recycled and re-used</p>	 <p>future-proof jobs and skills training for the transition</p>	 <p>globally competitive and resilient industry</p>

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THE CONCEPT OF COMPETITIVENESS



The concept of competitiveness:

Competitiveness is the demonstrated ability to design, produce and commercialize an offer that fully, uniquely and continuously fulfils the needs of targeted market segments, while connecting with and drawing resources from the business environment, and achieving a sustainable return on the resources employed.

The levels of competitiveness

- ▶ *This level assesses whether companies are managed according to best practices, need resources, and whether they have competencies to manage those resources.*
- ▶ *Business ecosystem This level assesses whether the local business ecosystem, which is made up of business support institutions, supplies enterprises with the resources or competences they need to be competitive.*
- ▶ *National environment This level assesses the macro-economic and regulatory environment enterprises operate under. The national environment is primarily set by government.*



The pillars of competitiveness:

- ▶ *Compete: the static ability to meet market expectations*
- ▶ *Connect: communications with other actors in the market, getting info on what is happening in the market and what is required.*
- ▶ *Change: using this information to anticipate market trends, and adapt to them, dynamically changing with the market*

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THE CONCEPT OF COMPETITIVENESS: SUSTAINABLE COMPETITIVENESS

When we speak about competitiveness we know that is not only about costs and profitability but involves how countries, sectors and firms manage socio-economic and environmental resources to achieve greater prosperity, in both the short and long term (Esty and Sharnovitz, 2013). For example, economic resources can be used at a country level to promote additional economic growth, human capital development, redistribution, equality and well-being. At sectoral level, the interactions between companies can generate economies of scale, technological development, innovation and efficient resource use. At firm level, the impacts on the environment and the use of natural resources can influence the level of development and the well-being of populations. For these reasons, the multiple interactions between the different economic levels and the different socio-economic and environmental dimensions should be taken into account in the planning of a sustainable competitiveness approaches. This broader definition of competitiveness can be described using the concept of 'sustainable competitiveness' and this is based on the idea that competitiveness today should be reached without compromising the possibility of competitiveness tomorrow. It includes elements of high-quality growth, resource management, social equality, human development and well-being. Within this context, the concepts of social and environmental sustainability are linked to that of competitiveness



- ▶ **Sustainable competitiveness is defined as the set of institutions, policies and factors that make a nation productive over the longer term, while ensuring social and environmental sustainability.**
- ▶ **Social sustainability is defined as the institutions, policies and factors that enable all members of society to experience the best possible health, participation and security, and which maximise their potential to contribute to and benefit from the economic prosperity of the country in which they live.**
- ▶ **Environmental sustainability is defined as the institutions, policies and factors that ensure efficient management of resources to provide prosperity for present and future generations.**

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Goals proposed by the UN's Open Working Group on SDGs	Equivalent in the GCI	
Goal 3: ensure healthy lives and promote well-being for all at all ages	4th pillar (health sub-pillar)	
Goal 4: ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	4th pillar (primary education sub-pillar) and 5th pillar (higher education and training)	
Goal 6: ensure availability and sustainable management of water and sanitation for all	Sustainable Framework	Competitiveness
Goal 8: promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	7th pillar (labour market efficiency)	
Goal 9: build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation	2nd pillar (infrastructure) and 12th pillar (innovation)	
Goal 10: reduce inequality within and among countries	Sustainable Framework	Competitiveness
Goal 15: protect, restore and promote sustained use of terrestrial ecosystems, sustainably management forests, combat desertification and halt and reverse land degradation and halt biodiversity loss	Sustainable Framework	Competitiveness
Goal 16: promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels	1st pillar (institutions)	

The multidimensional definition of competitiveness discussed above can be analysed in relation to the goals and targets established in the SDGs. As described above, the SDGs aim to achieve a set of objectives pertaining to economic, social and environmental dimensions. The progress gained in a specific area, however, could generate synergies and trade-offs in another. The analysis of the relationships between targets and goals and the impacts that specific policies could have across the different dimensions should be considered in order to minimise implementation costs and make policies as effective as possible.

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COMPETITIVENESS AND SOCIAL SUSTAINABILITY

Economic competitiveness can be related to sustainable competitiveness by various elements; we would like to highlight those described below.

- ▶ Long-term economic growth: A short-term profit maximisation perspective should be replaced by an economic growth perspective that is oriented to generate benefits in the long term. Within this context, economic growth should be able to sustain itself through the adoption of strategies that manage economic, social and environmental resources from a sustainable and long-term perspective.
☑ Investments: Infrastructure, human capital and research and development should be promoted to increase efficiency and competitiveness and to reduce overall production costs.
- ▶ Specialisation and diversification: The economic sectors that can provide a competitive advantage in international markets should be given particular attention in the policies for competitiveness. Finance: Financial support, from both private and public sectors, is needed to promote the development of business activities and to increase competitiveness on the national and international markets.
- ▶ Access to economic resources and clear legislation: The possibility of having equal rights in the use of economic resources, together with clear legislation in terms of ownership and control, and a consistent and effective framework in 20 terms of illegal activities, are fundamental elements needed to promote investment, economic growth and an increase in competitiveness
- ▶ Trade restrictions and market distortions: International legislation should contribute to reducing trade restrictions and avoiding the market distortions that can prevent improvements in efficiency and productivity and can generate an unequal distribution of opportunities between countries and business activities.
- ▶ Accounting framework: The development of a consistent accounting framework can be useful to increase the transparency of the activities in the public and private sector. This will also facilitate comparisons of the performances and practices of the different business initiatives.
- ▶ Resilience: The recovery capacity of the economic system, recently hit by different financial shocks, and its ability to enhance financial stability should be strengthened by improving the regulation and monitoring of global financial markets and institutions and by implementing macro-prudential policies to guarantee sustainable economic growth in financial terms. An efficient financial market is nowadays considered to be a core characteristic of the economic competitiveness of a country.

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COMPETITIVENESS AND SOCIAL SUSTAINABILITY

Social competitiveness can be related to sustainable competitiveness by various elements;

- ▶ Inclusion and equality: An inclusive society ensures that all citizens benefit from economic growth and contribute to the prosperity of their own country. Social inclusion and equality are fundamental for stability, social cohesion and long-term development. Any type of exclusion and inequality that prevents people from participating in the following activities can undermine the social stability, the integration and development of social and human capital, with negative consequences on productiveness and long-term competitiveness:
 1. social activities, such as education, health services and the welfare state;
 2. political activities, such as involvement in participative decision-making processes and elections;
 3. economic activities, such as business development, job markets, job training and fair remuneration.
- ▶ Equity and cohesion: Equal opportunities, clear legislation and equal rights must be guaranteed for all members of society. This should include the possibility of developing individual talents, accessing resources and having an equal distribution of benefits with limited income disparities.
- ▶ Resilience: A social system characterised by inclusion, equity and cohesion is more likely to be able to absorb temporary or permanent shocks and to adapt quickly to changing conditions. For this reason, a well-developed welfare state is particularly useful to reduce the impacts that unexpected events could generate on society and to help groups of citizens recover from unemployment and illness.
- ▶ Culture: The promotion of a culture of equality, sustainable lifestyles, peace and the appreciation of cultural diversity can increase social stability and the interactions between members of society.

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COMPETITIVENESS AND ENVIRONMENTAL SUSTAINABILITY

Relation between sustainable competitiveness and environmental sustainability

- ▶ Long-term perspective: A long-term perspective should be adopted in the management of the natural environment. Short-term profit maximisation strategies adopted by governments and business activities should be replaced by policies oriented to the preservation resources in accordance with the principles of renovation and carrying capacity.
- ▶ Resilience: Limited impacts on environment and sustainable use of natural resources contribute to increase the resilience of the natural system, improve the adaptability of society and reduce the costs of unexpected events. □ Uncertainty and precautionary principle: Human societies should recognise that they cannot be completely aware of the impacts that human actions can have on the present and future environment. For this reason, a precautionary principle should be adopted in the management of natural systems. The study of sustainable development requires a deep understanding of human-induced changes.
- ▶ Intergenerational approach: The inclusion of the value and preferences of the present and future generations should be taken into account in decisions related to the use of the natural environment.
- ▶ Vulnerability and exposure: A set of policies oriented to reduce the exposure and the vulnerability of the socio-economic environment should be established to minimise the impact that extreme environmental shocks and disasters could have at both local and global levels

Elements related to the SDGs	Economic competitiveness	Environmental competitiveness	Social competitiveness
Local governance	Transformative vision, good governance, transparency and accountability are key elements to promote investment and economic growth; effective state-business relations can create consensus around policies	High-quality and inclusive institutions can lead to green approaches and create conditions for behavioural and institutional changes	High quality and inclusive institutions are essential to provide health, education and social protection services
Investment in infrastructure	Appropriate infrastructure helps all firms to buy and sell goods and services and to raise productivity	Renewable energy plans and sustainable technologies are key elements to reduce pollution and to increase the long-term availability of natural resources	Infrastructure should be accessible (location and prices) to the poorest; access to water, roads and energy is fundamental to promote social competitiveness and equality
Human capital development	Education, health and skills development are important factors for labour productivity	Skills development and education are important for green jobs creation and for the promotion of sustainable behaviours	Skills and good health are important elements for social equality, stability and inclusiveness
Biodiversity protection	Land and natural resources are important for long-term productivity	Preserving natural capital can increase resilience and long-term availability	Possession of and/or access to land, good-quality water and biodiversity are important assets for the poorest and are fundamental elements to promote social stability and resilience
Green technology	Technologies are drivers of total factor productivity	Development of green technology can reduce the impacts on environment	Green technologies can increase the availability of resources and reduce the impacts generated, particularly on the poorest
Trade support	Linkages across firms and markets can increase demand, production and competitiveness	Market access for environmental goods and services (e.g. the ability to access new markets for solar panels)	Networks foster labour migration and enable the poorest to move to more productive employment; linkages between business activities can expand opportunities and alleviate poverty

Source: European Report on Development (2015).

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