



**European Committee
of the Regions**

COTER-VII/024

151st plenary session, 10-12 October 2022

OPINION

Just and Sustainable Transition in the context of the coal and energy intensive regions

THE EUROPEAN COMMITTEE OF THE REGIONS

- welcomes the mission of a climate-neutral European Union by 2050, which will require a digital and green transition in Europe's municipalities and regions that will fundamentally affect the way people work and live;
- underlines that the changing world landscape led to an energy crisis, which forced some Member States to temporarily find flexible regional solutions to meet the programme's objectives;
- points out that the JTF programme planning should be stepped up in order to mobilise funding in a timely manner. If the JTF programme is not up and running in 2022, there is a risk of losing the full year allocation of 25% of the available funds;
- stresses that the European Commission should, in a timely manner, put forward the necessary proposals for the continuity of JTF programme planning; urges the co-legislator to properly involve regions in the future JTF programme;
- concludes that it is essential for the Sustainable Development Goals (SDGs) to be incorporated into the implementation of all instruments. Regionally, the search for the most suitable and effective means will only succeed when regions and cities are genuinely involved in all stages of planning and implementation.

Rapporteur general

Sari Rautio (FI/EPP), Chair of board, Häme health care district

Reference document

Referral letter from Czech Presidency of the Council of the EU from 16 June 2022

**Opinion of the European Committee of the Regions –
Just and Sustainable Transition in the context of the coal and energy intensive regions**

I. POLICY RECOMMENDATIONS

THE EUROPEAN COMMITTEE OF THE REGIONS

1. welcomes the mission of a climate-neutral European Union by 2050, which will require a digital and green transition in Europe's municipalities and regions that will fundamentally affect the way people work and live;
2. notes that the offensive war launched by Russia in February 2022 has made the just transition more difficult and yet more urgent as Europe needs to become less reliant on external energy supplies in a short period of time. Underlines that the transition to a low-carbon society must be achieved while considering the needs of the most vulnerable citizens, by creating new jobs and equal opportunities in rural and coal dependent regions;
3. welcomes that 74 plans were submitted by the Member States, which are all based on the different circumstances in the respective regions; underlines that the changing world landscape led to an energy crisis, which forced some Member States to temporarily find flexible regional solutions to meet the programme's objectives;
4. underlines the cumbersome procedures for the approval of the plans and stresses that some regions face problems with the timely planning and execution of projects due to the fact that the bigger part of the total available funds, coming from the RRF, has been programmed for 2021-2023, giving little opportunity for sustainable implementation of projects towards the end of the programming period; regrets that only a fraction of the programmes have been assessed and approved by the European Commission and calls on the Commission to consider extending the spending deadline for those resources for the Just Transition Funds that are financed by the Recovery and Resilience Facility;
5. is of the opinion – starting from this premise – that the timeframe for the implementation of the Fund should be reviewed to ensure the Fund's success;
6. underlines that the Just Transition Fund should be mainstreamed within cohesion policy, so that synergies and spillover effects can be fully used;
7. points out that the just transition must focus on those regions where change, and the risks it poses, are greater, as Member States and regions have very different starting points. The Fund's success depends on the largest beneficiary countries, Poland and Germany, which together account for around one third of the total Fund, i.e. almost 33%. Romania, the Czech Republic and Bulgaria are also major beneficiaries. These five Member States together account for almost 60% of the funds. The implementation of these Member States' plans on schedule (territorial just transition plan, TJTP) will be key to the success of the programme as a whole;

8. stresses that, in connection with the JTF, it is essential to take account of the current major energy crisis. This crisis also poses a serious threat to a just and green transition, at least in the short term. In particular, the energy sector, energy-intensive industries, the manufacturing sector and SMEs are struggling with unprecedented price pressures, which put additional pressure on the green transition; underlines that the industry's ambitions to become carbon-neutral also depend on the availability of green electricity for hydrogen production and on alternative energy sources to replace natural gas; welcomes that the Just Transition Fund can play a role in achieving this goal;
9. points out that the Just Transition Fund has been designed on a smaller scale than the traditional structural funds, but some of its objectives overlap; calls on regions to use synergies between cohesion policy programmes;
10. requests the implementation of a stronger social component in the JTF as a place-based instrument, involving strong involvement of the social partners, and advocates keeping the bottom-up place-oriented approach as the main element of the Fund as each region represents a unique socio-economic ecosystem;
11. notes that the basis and objectives of the Just Transition Fund are sound and that the Fund plays an important role for regions, but also industries in transition; it is therefore necessary to make the mechanism as flexible as possible regarding the eligible operations, in order to achieve the economic diversification of the territories. Recalls that the adopted Regulation supports large companies and companies under ETS, included as potential beneficiaries in the JTF Regulation as a differential element with the Structural Funds; underlines that the future Just Transition Fund should be fully integrated into the Common Provisions Regulation, respecting the partnership principle, and its budget should be additional to the current cohesion funding;
12. It stresses that, due the different regional transition processes towards carbon neutrality, such changes to the Fund should include a methodology for the regional allocation of resources, consistent with a large scope of application and with criteria for geographical allocation of its resources more adapted to the territorial diversity of the EU.
13. calls for a clear commitment to the creation of a JTF 2.0, covering a wider range of regions that face the challenge of the green transition in industry and the manufacturing sector, and for a broad discussion of the scope and size of the instrument in the context of the preparation of the next Multiannual Financial Framework;
14. stresses the fact that combining EU budget resources from the MFF with revenue from the Recovery and Resilience Facility (from 2021 to 2023) has brought significant difficulties for regions both in terms of planning and execution of projects due to the fact that the bigger part of the total available funds, coming from RRF, has been programmed for 2021-2023, giving little opportunity for sustainable implementation of projects towards the end of the programming period;

15. stresses the importance of actively involving all regions across the EU in reaching the 2030 and 2050 climate targets, without leaving anyone behind; calls on the private sector to update its plans, so that energy needs and long-term sustainable development are taken into account;
16. considers that, given the current energy crisis and the uncertain geopolitical situation in the world, the question of a secure energy supply is being increasingly raised alongside the climate-friendly nature of energy production. This is particularly relevant for energy-intensive industrial sectors, but ultimately also determines the energy consumption of households;
17. suggests that the EU should, in particular, help those regions most dependent on fossil energy sources, so as to prevent regions from drifting further apart when it comes to future investment; stresses that the available EU funds for regions must be targeted to best achieve their aims;
18. Additional attention should be paid to the particular circumstances of islands and outermost regions facing serious socio-economic challenges, especially regions that are isolated and highly dependent on fossil fuel;
19. In this regard, it recalls the needy specific situation of the Outermost Regions, which, due to their small size, remoteness and isolation, are highly dependent on fossil fuels and prevented from connecting to the continental network; however, these regions were not covered by the JTF.
20. recognises that the JTF alone will not solve the climate emergency, but it can play an important part in it; stresses that it should be used to invest in the EU's various regions as efficiently as possible, and on the right scale, in order to ensure its full effectiveness; points out that it is difficult for local and regional government decision-makers and experts, such as those preparing JTF programme planning, to develop ties with bigger, central government-led investments or to build cooperation;
21. notes that energy production and customer supply (industry and consumers) are often in the hands of large, even multinational, companies, which hampers cooperation from the point of view of regional and local governments;
22. points out that the green transition in the energy sector is gradual and will show major results only in the 2030s, despite the current intense product development and experimentation with new technologies;
23. points out, moreover, that the potentially long-lasting Russian war of aggression in Ukraine has increased the importance of security of energy supply across Europe. The importance of a secure supply must be taken into account in all energy policy solutions in the coming years, in order to achieve the long-term goal of clean, affordable and secure energy, which is written into the EU Green Deal and is to be welcomed;
24. stresses that the JTF's objectives also help meet the objectives of the subsequently created REPowerEU plan. REPowerEU targets should also be taken into account in the implementation of the JTF in the Member States and regions.

25. believes that, with a view to achieving the best possible just transition, the Union's existing financial instruments and practices should be further developed and adapted to different situations, so that synergies between the different programmes can be found;
26. points out that the cohesion policy programmes are continuously evaluated; calls on regional and local authorities to ensure that those programmes also contribute to achieving a just transition;
27. insists on clear guidance on the possible synergies with ESF+ and other ESIF funding; asks the European Commission to provide additional expert assistance to concerned regions in order to achieve the objectives of the Just Transition Fund;
28. from among the cohesion policy's tools, the ERDF and the ESF are well suited to reducing regional disparities and synergies should be used to achieve the best results using JTF funding;
29. notes that EU cohesion policy aims to achieve a better economic, social and territorial balance in Europe. Cohesion policy must lay the foundations for long-term territorial development, helping to cope with sudden crises and supporting the economic recovery; underlines that action at local and regional level is particularly important when it comes to building crisis resilience; stresses that the long-term objectives of cohesion policy should not be put aside in the face of a crisis;
30. points out that the JTF programme planning should be stepped up in order to mobilise funding in a timely manner. The financing of the RRF was made available within the space of one year. The European Commission and the Member States have been working on the JTF for almost three years. If the JTF programme is not up and running in 2022, there is a risk of losing the full year allocation of 25% of the available funds;
31. stresses that the European Commission should, in a timely manner, put forward the necessary proposals for the continuity of JTF programme planning, in line with long-term climate objectives; urges the co-legislator to properly involve regions in the future JTF programme and calls for more participatory elements in the implementation of the territorial just transition plans, so as to avoid centrally managed decisions without taking the real needs of regions into account;
32. concludes that it is essential for the Sustainable Development Goals (SDGs) to be incorporated into the implementation of all instruments. Regionally, the search for the most suitable and effective means will only succeed when regions and cities are genuinely involved in all stages of planning and implementation.

Brussels, 12 October 2022

The President
of the European Committee of the Regions

Vasco Alves Cordeiro

The Secretary-General
of the European Committee of the Regions

Petr Bližkovský

II. PROCEDURE

| | |
|---|---|
| Title | Just and Sustainable Transition in the context of the coal and energy intensive regions |
| Reference(s) | CZ Presidency referral |
| Legal basis | Article 307 TFEU |
| Procedural basis | Rule 41 (b)(i) of the CoR Rules of Procedure |
| Date of Council/EP referral/Date of Commission letter | 16/06/2022 |
| Date of Bureau/President's decision | 22/07/2022 |
| Commission responsible | Commission for Territorial Cohesion Policy and EU Budget |
| Rapporteur | Sari RAUTIO (FI/EPP) Chair of board, Häme health care district |
| Analysis | 15/07/2022 |
| Discussed in commission | N/A |
| Date adopted by commission | N/A |
| Result of the vote in commission (majority, unanimity) | N/A |
| Date adopted in plenary | 12 October 2022 |
| Previous Committee opinions | COTER-VII/002 Just Transition Fund - 139th plenary session, 30 June-2 July 2020 Rapporteur-general Vojko Obersnel (HR, PES), Member of Local Executive: City of Rijeka |
| Date of subsidiarity monitoring consultation | - |