



Opinion of the European Economic and Social Committee

Climate change and its impact on the economy

(own-initiative opinion)

(C/2025/102)

Rapporteur: **Juraj SIPKO**

Advisor	Petr ZAHRADNÍK (to the rapporteur)
Plenary Assembly decision	18.1.2024
Legal basis	Rule 52(2) of the Rules of Procedure
Section responsible	Economic and Monetary Union and Economic and Social Cohesion
Adopted in section	11.10.2024
Adopted at plenary session	23.10.2024
Plenary session No	591
Outcome of vote (for/against/abstentions)	130/3/3

1. Conclusions and recommendations

1.1. The EESC would point out that climate change is primarily the result of human activity. This has resulted in rising sea levels, higher temperatures, wildfires and frequent, major storms which have caused widespread flooding. Climate change also causes unanticipated damage, including loss of human life. In addition, the EESC emphasises that, in nature, everything is interconnected. If nature is in balance, then the conditions are in place for good economic growth and a healthy population. This means that a **long-term strategy must be adopted to safeguard public health** in the wake of unanticipated instances of climate change.

1.2. The EESC considers that climate change is an existential threat to economic and social development in the EU Member States and that it has a very negative effect on both macro and microeconomic development, business, financial and social stability, infrastructure and human health.

1.3. The EESC stresses that no time can be lost in adopting and implementing all necessary measures to reduce emissions (mitigation) and adapt to the new conditions (adaptation), including introducing prices on emissions and a carbon tax in line with the latest recommendation of the European Commission. The social cost of carbon dioxide, which measures the monetised value of the damage to society caused by each additional metric tonne of CO₂ emissions, should be made a key metric in forming climate policy in the European Union (EU).

1.4. The EESC considers that investment linked to climate change is an historic economic opportunity to support and seize the enormous innovation and development potential in the EU Member States. It will also lead to fundamental, historically unprecedented changes in both the architecture of the economy and in society. Support for the fight against climate change requires broad social consensus. The EESC calls for social dialogue and collective bargaining to be integrated into climate transition discussion at all levels.

1.5. The EESC points out that in addition to harnessing valuable growth potential, reduced running costs for the economy and society is another key long-term effect of the economic response to climate change. Accordingly, it is crucial to lower negative externalities which harm the environment and exacerbate the adverse effects of climate change.

1.6. The EESC is fully aware that the response to climate change is very demanding, in terms of the investment required (while avoiding massive stranded assets due to climate change-induced transformation) and the fiscal and financial efforts needed. Care must be taken to ensure that this does not lead to further economic imbalances; for instance, unsustainable deepening of fiscal deficits and public debt, and undermining of the stability of the financial sector, in particular the insurance industry.

1.7. The EESC is aware of the fact that an inappropriate response or the failure to tackle the problems related to climate change can lead to enormous risks, in terms of both economic growth and, subsequently, harm to society. It can also lead to uncontrolled inflation, particularly cost-push inflation, and ultimately to a damaging fall in living standards.

1.8. The EESC considers that it is imperative not to underestimate the importance of the human factor in the broadest meaning of the term when responding to climate change. Climate change will likely trigger fundamental and long-term changes in the labour market, requiring a more resilient and flexible labour force, with lifelong learning in new fields.

1.9. The EESC stresses that measures must be adopted and implemented to ensure that the impact of climate change on Member States' economic and social development is systematically analysed, evaluated and forecast. Other than reducing emissions (physical risk-mitigation), these measures should be geared to changes in the structure of the economy (transition risk-adaptation) and to processes brought about by climate change and its impact on unpredictable international migration flows.

1.10. Climate change affects every country which is part of the global economy. Therefore, in response to climate change, the EESC considers that all actions must be coordinated and aligned at international level. In this context, the EESC strongly supports the EU's efforts to give the fight against climate change the highest priority. This will involve a collective commitment at national, subnational, EU and global level, in all areas such as economic and social areas, with clear, well defined roles and responsibilities at all levels of the decision making process.

2. Basic background and facts

2.1. Over the past four years, the EU Member States' economies have faced three real external and systemic shocks. COVID-19, military conflicts and climate change have had a significant negative impact on the economies of the EU Member States. As one of the above-mentioned shocks, climate change poses an existential threat to the further development of EU countries' economies in the medium and long term.

2.2. The costs of no action to tackle climate change will be very high. The preliminary data indicates annual costs of EUR 600 billion for the period 2024-2030. Lost economic output due to increased mortality, poorer health, decreased productivity and shortened lives will directly influence economic prospects, especially taking into account the exponential (not linear) type of impact from each additional tonne of CO₂ emitted. For example, according to the 2023 Lancet report ⁽¹⁾ 490 billion productive work hours were lost at global level in 2023 due to heatwaves alone, and this number will continue rising in line with heat trends. Therefore, postponing both mitigation and adaptation financing will have a huge negative impact on the overall economy, infrastructure and agriculture, as well as on the health of the population. Based on these considerations, it is self-evident that climate change should be the key policy priority of the EU and the Member States. From an institutional point of view, the adoption of the Green Deal ⁽²⁾ has put in place a set of substantive and systemic requirements in the fight against climate change and its unforeseen and unprecedented impacts on all important areas that significantly affect the EU economy.

⁽¹⁾ The 2023 report of the Lancet Countdown on health and climate change.

⁽²⁾ Delivering the European Green Deal.

2.3. Climate change is having an immediate impact on macroeconomic indicators, financial and social stabilities, the real economy, international trade, infrastructure and agriculture, including the health of the population. In addition, climate change will have very negative impact on the elderly and the aging population, increasing mortality. The elderly are particularly affected and have to adapt their living conditions. Children and young people are also affected.

2.4. The EESC noted that at the macroeconomic level in the monetary field, climate change is expected to lead to higher inflation rates and thus to higher interest rates, a decline in working conditions and a more difficult labour market, a decline in labour productivity and, consequently, a slowdown in economic growth. From a fiscal perspective, climate change is bringing about increased additional expenditure linked to natural disasters, floods, forest fires, and costs related to damaged infrastructure ⁽³⁾. Moreover, it is having a significant impact on the external balance of individual EU countries' economies.

2.5. Climate change can be considered a negative externality. Here, it should be stressed that this negative externality may lead to additional cost increases, in line with mitigation and adaptation processes, in the production of goods and services provided, which hampers sustainable and inclusive economic growth in the long term.

2.6. From an economic point of view, it is important to gradually reduce and eliminate emissions and consequent pollution as efficiently as possible in response to climate change. Therefore, in order to restore the climate balance and its sustainability, measures need to be adopted and implemented targeting those who contribute most to pollution and thereby undermine the fundamental principles of sustainable development.

2.7. While reducing and gradually eliminating the persistent pollution of the planet will require relatively high volumes of additional investment, the primary long-term return is the avoidance of costs incurred by climate change. The direct and indirect costs of financing the consequences of climate change can have a significant impact on individual sectors other than manufacturing, such as insurance and agriculture as well as on fields of activity and regions that are based on the traditional model of energy-intensive manufacturing.

2.8. As part of the ongoing transition towards the green and digital economy, it is essential to undertake comprehensive and far-reaching structural changes that may have a significant impact not only on the shape of the economic and social systems but also on the way in which they operate. Therefore, partnerships and multi-stakeholder, integrated processes are crucial.

2.9. It is important to highlight the consequences and costs of not addressing climate change (the cost of doing nothing), which will, over time, increasingly give rise to irreversibly disrupted climate conditions, a deterioration in the health of the population and, consequently, a decline in labour productivity and in the overall performance of the economy as a whole.

2.10. The investment cost of tackling climate change is very high. The additional annual average investment needs for achieving 2030 climate and energy objectives were estimated at around EUR 480 billion. Taking into account the link with the digital transformation process and ensuring open strategic autonomy (in line with REPowerEU) ⁽⁴⁾, these costs will amount to EUR 3 200 billion ⁽⁵⁾. Public resources will be limited to deal with this issue, so private resources will also be needed, which could cover the funding for the priority areas of response to climate change.

2.11. The design and implementation of climate change measures must also be consistent with other processes currently taking place in the global economy, which will ensure the efficient functioning of the EU. These relate primarily to current geopolitical tensions and geo-economic developments, to economic, food, energy and health security, as well as to ensuring social stability and sustainable competitiveness ⁽⁶⁾.

⁽³⁾ Tools for Climate Change Adaptation.

⁽⁴⁾ REPowerEU: Affordable, secure and sustainable energy for Europe.

⁽⁵⁾ REPowerEU: Affordable, secure and sustainable energy for Europe.

⁽⁶⁾ Green growth and competitiveness in EU climate policy: paradigm shift or 'plus de la même chose?', Oscar Fitch-Roy and Ian Bailey, July 2023.

3. General comments

3.1. The EESC stresses that the quality of the environment is pivotal to people's health and to sustainable, inclusive, resilient and sustained economic growth. It is clear that people's health is influenced by their environment. It follows that for healthy EU Member State economies we need healthy people to contribute to higher labour productivity, leading to higher competitiveness, higher standards of living and high-quality economic growth.

3.2. The EESC points out that the correct response to climate change is to seize the new opportunity that the technological and innovation potential in this area presents for the economy and the business sector. A delayed response at EU level to this historically unprecedented challenge may lead to a further decline in the position of EU countries in the global economy in terms of share of global GDP (which fell from 25 % to 18 % between 2005 and 2023) ⁽⁷⁾.

3.3. In addressing the consequences of the climate crisis, reference should be made to the individual instruments related to physical and transition risks ⁽⁸⁾:

3.3.1. ICT tools: ICT tools will have an indispensable place in the transition. In dealing with the impact of the adverse consequences of climate change on the economy as a whole, there will need to be systematic and objective communication and awareness-raising regarding the conclusions of analyses on the additional investment costs which will have to be incurred. A clearly drafted impact study aimed at the general public setting out the evidence underpinning the rationale for and necessity of taking large-scale, coordinated action to respond to climate change seems imperative.

3.3.2. Incentives: it will be necessary to focus on designing and rolling out appropriate policies and instruments to encourage acceptance of climate change measures. Examples here are the EU Emissions Trading System (EU ETS), environmentally and climate-friendly tax instruments, and the sustainable finance framework, based on the 'double materiality' principle, enabling the financial intermediation sector to fund the green transition. In addition, other incentives, such as subsidies, will need to be geared towards climate and environmental sustainability, in particular in the areas of energy efficiency, renewable energy sources, the circular economy, clean mobility, land use in the agricultural and forestry sectors, etc.

3.3.3. Regulatory instruments and sanctions: the enforceability of the rules, objectives set and specified requirements under the Green Deal, as well as SDGs for 2030, which are clearly set out in the 'Fit for 55' package ⁽⁹⁾. Here, it should be emphasised that the key indicators must be legally binding both for the EU as a whole and on a pro rata basis for the individual parties concerned, and in the event of non-compliance, it should be possible to impose immediate and effective sanctions, using the system of enforceability in practice. The European Green Deal also includes sector-specific targets and measures. Several mechanisms are in place that can be used in the event of non-compliance with legally binding targets.

3.3.4. Impact on workers and working conditions: achieving the climate targets should not negatively affect wages and working conditions despite the high investments needed. Climate change needs to be seen as an investment opportunity for generating skills and building partnerships with workers and civil society for the success of measures dealing with climate transition. Protected jobs is a key for building trust and the success of the climate transition since there is no transition without a social transition.

3.4. The EESC believes that the coordinated response to climate change can provide a significant stimulus for the overall growth of the EU economy in the areas set out in the Fit for 55 package, provided that an ex ante evaluation of investment intensity and return on investment is carried out in line with an impact assessment.

⁽⁷⁾ World Economic Outlook Database.

⁽⁸⁾ Key steps to manage climate risks to protect people and prosperity.

⁽⁹⁾ Commission welcomes completion of key 'Fit for 55' legislation, putting EU on track to exceed 2030 targets, Press release, 9 October 2023.

3.5. The EESC envisages that the impact of the response to climate change can be positive in the long term, especially in eliminating negative externalities, and that it will enable a more efficient allocation of capital to more productive and efficient sectors and fields of activity. Therefore, the roll-out of the major structural changes that would be most the significant in the last two hundred years appears to be highly investment-intensive, but has the potential to bring about a more productive, better performing and resource-efficient economic system ⁽¹⁰⁾. In this context, the circular economy should be seen as an important instrument, along with the waste market and waste management.

3.6. The EESC notes that the historic transition process will require an increase in overall investment in the development of new sectors, technology, fields of activities and business activities, including small-medium sized enterprises, which may also see existing value chains being disrupted and having to adapt to the new conditions (the transition of extractive and heavy industries to new clean energy and low-pollution or zero-pollution manufacturing industries).

3.7. The EESC believes that the current inflationary process that is slowly coming to an end, in which cost-push inflation has predominated with a significant role played by the risk premium, has led to a differentiation between less vulnerable groups of people and more vulnerable groups of people in the different EU countries. Climate change, like the energy crisis, can translate into a strong asymmetric shock on labour and capital. It is important to be ready for this and to avert its potential negative consequences as far as possible and provide more support to those regions that will be most affected.

3.8. The EESC believes that an economy that is structurally prepared to respond to climate change will be more resilient to potential inflationary impacts (caused for example by severe climate fluctuations affecting economic performance and labour productivity in the business environment), without adverse social effects ⁽¹¹⁾.

3.9. The EESC is very conscious that measures linked to the response to climate change represent a major quantitative and qualitative challenge for the labour market in EU countries. Failure to respond quickly enough and robustly enough to these measures may lead to limited working hours that will bring about an increase in unemployment ⁽¹²⁾. Here, it should be pointed out that the relevant institutions and organisations should respond flexibly by preparing retraining courses and adaptation programmes, as well as creating better conditions for a flexible labour market in sectors where there is a high demand for labour. Climate change might be used to facilitate redistribution processes within the EU.

3.10. Furthermore, the EESC points to the need to improve the entire education system, including vocational training, and to create conditions for lifelong learning that are in line with the requirements of the Fit for 55 package and the Digital Compass ⁽¹³⁾. This transformation process in the education system will require fundamental changes in demands for the education, qualifications and skills of the workforce. Since the economic impact of natural catastrophes for all age groups in society will be unpredictable, learning how make lifestyle changes, how to react to and how to engage in prevention, would therefore be essential.

3.11. As a huge volume of financial resources will be needed to properly tackle climate change, relying solely on public funding does not seem feasible. The EESC therefore recommends that the rules on prudence in public finances under the newly adopted rules on economic governance ⁽¹⁴⁾ be fully respected and complied with.

⁽¹⁰⁾ 'European competitiveness and strategic autonomy' – The European Union and the double challenge: strengthening competitiveness and enhancing economic security, Paolo Guerrieri and Pier Carlo Padoan, February 2024.

⁽¹¹⁾ Green growth and competitiveness in EU climate policy: paradigm shift or 'plus de la même chose?', Oscar Fitch-Roy and Ian Bailey, July 2023.

⁽¹²⁾ 3 ways the climate crisis is impacting jobs and workers, World Economic Forum, October 2023.

⁽¹³⁾ Europe's Digital Decade: digital targets for 2030.

⁽¹⁴⁾ Tools for Climate Change Adaptation.

3.12. The EESC points out that in addition to public funds, there are significant volumes of private financial resources available, for example, in insurance and pension funds, and the high volume of savings in general (which are often kept in current accounts or saving accounts but are often left there for long periods) which could be used more efficiently, as the Capital Markets Union promises. In this context, these resources could be used to finance the appropriate response to climate change, while adhering to the strict financial prudential rules.

3.13. The EESC believes that there is a possibility of generating a return on the use of public funds, by using financial instruments which, thanks to the turnover cycle, deliver a higher volume of resources compared to subsidies, provided that the individual transactions pass the eligibility test for using this type of financing.

3.14. The EESC points out that the overall external economic balance, which is significantly affected by the EU's competitiveness, should be strengthened (surplus in the current account of the balance of payments) as a result of climate change and not weakened (current account deficit). At the same time, it must be borne in mind that global economic processes will continue to change and will not take place at the same time and using the same instruments.

3.15. In order to strengthen the competitiveness of the EU economy and to continue to maintain surplus external economic balances, the EESC stresses the need to monitor developments in the centres of economic power, particularly the USA and China, as well as in other highly dynamic emerging economies, especially the countries of Southeast Asia ⁽¹⁵⁾.

3.16. The EESC calls for social dialogue and collective bargaining to be integrated into climate transition discussion at all levels. It is important to be fair in sharing out efforts to build the needed acceptance on the part of workers and society at large for taking a climate-neutral approach to the production of goods and services.

4. Specific comments

4.1. The EESC firmly believes that all tools deployed in response to the climate crisis should be based on real predictability and be consistent with the current megatrends that can be observed both at EU level and in the regional context ensuring that these tools are consistent with and specifically geared towards ensuring the economic security and competitiveness of the EU Member States ⁽¹⁶⁾.

4.2. The EESC supports the efforts to carry out a challenging transition, but also points out that all measures adopted and implemented should be geared towards strengthening the economic performance and social stability of the EU Member States' economies.

4.3. The EESC recommends that the various measures also include options for using and fostering greater (acceptable) tolerance of energy sources which, while not constituting optimal energy sources for the final stage of the green transition in terms of net climate neutrality, will, during the transition period, have a positive impact on the environment and climate compared to the current state of affairs. However, the transition periods should not be prolonged more than is strictly necessary, as this would slow down the green energy transition, both directly and indirectly by depressing innovation in renewable technologies.

4.4. The EESC considers that this line of reasoning should also involve greater leeway as regards the pace of deployment of renewables, provided that they continue to grow in the various areas of business and other activities (e.g. industry, transport, housing, etc.), and that they are deployed according to a realistic timeline.

⁽¹⁵⁾ 'European competitiveness and strategic autonomy' – *The European Union and the double challenge: strengthening competitiveness and enhancing economic security*, Paolo Guerrieri and Pier Carlo Padoan, February 2024.

⁽¹⁶⁾ 'European competitiveness and strategic autonomy' – *The European Union and the double challenge: strengthening competitiveness and enhancing economic security*, Paolo Guerrieri and Pier Carlo Padoan, February 2024.

4.5. The EESC points out that periods of increased risk due to geopolitical tensions and geo-economic uncertainty lead to relatively profound behavioural changes towards energy savings. In this context, energy efficiency measures need to be taken. Relatively large investments, with extensive support from EU funding sources, should be directed towards the qualitative transformation of public, commercial, and residential buildings, taking into account specific national circumstances. A significant competitive advantage for the EU along the entire value chain could lie in the production, installation and servicing of energy efficiency enhancing components and equipment, with a sensitive transition to renewable energy sources.

4.6. The EESC calls on the European Commission to carry out a clear, comprehensible and compelling assessment of needs (the elimination of the negative impacts of externalities on the economies and societies of the EU Member States, as well as of the EU as a whole, in the area of climate and environmental protection) and of costs (the investments necessary to meet the needs, in the form of a basic indicative structure set out according to purpose, source and type of financing).

4.7. That assessment of needs and costs should be regularly updated and evaluated in the light of changing conditions in the context of geo-economic changes and should be provided to those involved in decision-making processes as well as to the general public.

4.8. Furthermore, the EESC points out the need to commit to providing data for the assessment of needs and costs to include the results of analyses of the impact of the green transition on macroeconomics, financial stability, and the labour market, and on economic, food, energy and health security ⁽¹⁷⁾. These analyses could be subject to evaluation in the framework of the European Semester.

4.9. Furthermore, in order to strengthen the sustainable competitiveness of the EU economy, the EESC recommends that the European Commission monitor the performance and experience of the implementation of the Inflation Reduction Act (IRA ⁽¹⁸⁾) in the USA with a view to compatibility and possible synergies with the USA, and to strengthening the EU-US strategic partnership.

4.10. In 2026, the EESC expects to see more concrete analyses of the impact assessment of measures linked to the introduction of the Carbon Border Adjustment Mechanism (CBAM). It therefore recommends that the European Commission carry out an in-depth evaluation, which could make a valuable contribution to greater compatibility between the green transition and other areas of the global economy.

4.11. In analysing the adverse impacts of the climate crisis on different sectors and fields of activities across the EU, it seems imperative to establish a common data base, both within the individual Member States and at EU level. The EESC thus calls on the European Commission to develop a comprehensive data base for key indicators in relation to the physical risks of climate change.

4.12. The social cost of carbon dioxide, which measures the monetised value of the damage to society caused by each additional metric tonne of CO₂ emissions, should be made a key metric in forming climate policy in the EU. The mean estimate of each additional tonne of CO₂ now stands at USD 185 (this is 3,6 times higher than the US government's current assessment of USD 51 per tCO₂) ⁽¹⁹⁾. This means we are currently undervaluing the social cost of carbon by a factor of three. In Europe, the carbon price measured by the EU ETS allowance prices (between EUR 53 and 79 per tonne in 2024) also understates the social costs by a large margin.

⁽¹⁷⁾ EESC opinion on *Addressing the impact of climate change and environmental degradation on peace, security and defence*, OJ C, C/2024/2106, 26.3.2024, ELI: <http://data.europa.eu/eli/C/2024/2106/oj>.

⁽¹⁸⁾ *Inflation Reduction Act*.

⁽¹⁹⁾ Rennert, K., Errickson, F., Prest, B.C. et al. *Comprehensive evidence implies a higher social cost of CO₂*. Nature 610, 687–692 (2022).

4.13. Climate change is set to be very harmful to people's health. It will affect humans directly, and increase the risk of diseases transmitted through the environment and animals. The biggest threat to human health from climate change will be posed by infectious diseases resulting from higher temperatures, drought and water scarcity, torrential rains, floods and warming oceans. Around 58 % of infectious diseases affecting humans are projected to be aggravated by climate change ⁽²⁰⁾. Against this backdrop, the EESC recommends that the European Commission draw up a strategic plan to protect the population from the effects of the climate crisis and its impact as regards infectious diseases.

4.14. The EESC points out that continuing temperature increases may lead to persistent droughts, which could cause so-called climate migration with all the adverse economic consequences that this entails ⁽²¹⁾. A focus is therefore needed on the main factors that have a significant impact on climate change, such as increasing amounts of waste, over-consumption of energy, and over-consumption of food and clothing. All of this will lead to unsustainable production and consequently to further environmental pollution, endangering human life on the planet.

4.15. Climate change is leading to water scarcity. Moreover, it is expected to bring about an increased risk of poor water quality, shortages of water for agricultural production, the risk of water shortages for tourism (limited snow in winter and water scarcity in the summer months) as well as insufficient water for energy production. Agriculture is at risk, as are logistics. Therefore, the comprehensive framework for water management would be needed. The risk of water scarcity may also slow down the climate change mitigation process already under way ⁽²²⁾ ⁽²³⁾.

4.16. The EESC stresses the need to proceed with the progressive reduction of fossil fuel subsidies, which are hugely detrimental in terms of environmental pollution and public health. Furthermore, introducing a tax on carbon and carbon prices would be needed. In 2022, the total subsidies amounted to USD 7 trillion, representing 7,1 % of global GDP ⁽²⁴⁾. In the two years from 2020 to 2022, fossil fuel subsidies rose by USD 2 trillion. Fossil fuel subsidies were relatively stable at about EUR 56 billion over the period 2015-2021, but increased to EUR 123 billion in 2022 ⁽²⁵⁾.

4.17. Climate change is set to be very harmful to the stability of the financial sector, in terms of both banking and insurance. The EESC points out that the increasing risks in the financial sector and resilience against those risks should be the basis for decision-making ⁽²⁶⁾. It is therefore important that all of the indicators are comprehensive. Moreover, it is crucial to create the conditions enabling climate risk to be transformed in a way that ensures sustainable investment and avoids, as far as possible, the formation of massive amounts of stranded assets.

4.18. Given the historically unpredictable and unprecedented consequences of climate change, huge financial resources will need to be spent to cover the damage and losses caused by the climate crisis and its impact on people's health. The public resources available are very limited. The EESC recommends that the European Commission consider keeping in reserve financial resources to be deployed at critical junctures to deal with the consequences of the climate crisis, to take the form of an emergency facility/fund. The European Commission is encouraged to study financial tools that could be used by the Member States to protect themselves.

4.19. The EESC stresses that climate change will have a negative impact socially, with the potential to widen income inequality and increase poverty ⁽²⁷⁾. All those involved in decision-making should therefore take these developments into account and, where appropriate, create a social safety net. In this context, the transition makes it imperative to introduce comprehensive reforms focusing on sustainability, inclusiveness, resilience and social fairness.

⁽²⁰⁾ Mora, C., et al., *Over half of known human pathogenic diseases can be aggravated by climate change*, Nature Climate Change 12(9), s. 869-875 (DOI: 10.1038/s41558-022-01426-1), 2022.

⁽²¹⁾ *The climate crisis, migration, and refugees*, John Podesta, July 2019.

⁽²²⁾ *Water abstraction by source and economic sector in Europe*, EEA, 2022.

⁽²³⁾ EESC opinion on *Water politics – Between desertification and securitization – Time for a Blue Diplomacy*, OJ C, C/2023/862, 8.12.2023, ELI: <http://data.europa.eu/eli/C/2023/862/oj>.

⁽²⁴⁾ *Fossil Fuel Subsidies Surged to Record \$7 Trillion*, Simon Black, Ian Parry, Nate Vernon, August 2023.

⁽²⁵⁾ *Fossil fuel subsidies*, EEA, November 2023.

⁽²⁶⁾ *Climate-related financial risks are a major challenge*, Joint Research Centre, March 2024.

⁽²⁷⁾ *The climate crisis and its effect on vulnerable groups*, EESC press summary, December 2023.

4.20. Climate change will have an impact on potential crises in the future. The Sixth Assessment Report of the Intergovernmental Panel on Climate Change (IPCC) identified four risks for Europe in the coming decades arising from climate change, three of which involve heat and drought: a) the mortality and morbidity of the population and the disturbance of the ecosystem due to heat; b) a loss of agricultural production due to a combination of heat and drought; and c) water scarcity in individual sectors ⁽²⁸⁾ ⁽²⁹⁾.

4.21. Our civilisation today lives in a very closely interconnected world. All countries are facing the common enemy of climate change, although not all countries are being or will be affected equally. The EESC believes that in order to eliminate as far as possible the negative consequences of climate change and to preserve life on our precious planet for future generations, there is now an urgent need for constructive cooperation and coordinated action by all countries and all stakeholders across the world, including the relevant multilateral institutions.

Brussels, 23 October 2024.

The President
of the European Economic and Social Committee
Oliver RÖPKE

⁽²⁸⁾ Bednar-Friedl, B., et al., 2022, Chapter 13: Europe, Climate change 2022: Impacts, Adaptation and Vulnerability. Contribution of Working Group II to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change, Cambridge University Press, Cambridge, UK.

⁽²⁹⁾ Bednar-Friedl, B., et al., 2022, Europe. In: 'Climate Change 2022: Impacts, Adaptation and Vulnerability'. Contribution of Working Group II to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change, Cambridge University Press, Cambridge, UK, and New York, NY, pp. 1817-1927.

ANNEX

The following paragraphs of the section opinion were amended to reflect the amendment adopted by the assembly but received more than one quarter of the votes cast (Rule 74(4) of the Rules of Procedure):

Amendment 3

ECO/645

Climate change and its impact on the economy

Point 1.3

Amend as follows:

Section opinion	Amendment
The EESC stresses that no time can be lost in adopting and implementing all necessary measures to reduce emissions (mitigation) and adapt to the new conditions (adaptation), including introducing prices on emissions and a carbon tax in line with the latest recommendation of the European Commission.	The EESC stresses that no time can be lost in adopting and implementing all necessary measures to reduce emissions (mitigation) and adapt to the new conditions (adaptation), including introducing prices on emissions and a carbon tax in line with the latest recommendation of the European Commission. <i>The social cost of carbon dioxide, which measures the monetised value of the damage to society caused by each additional metric tonne of CO₂ emissions, should be made a key metric in forming climate policy in the EU.</i>

Outcome of the vote:

In favour:	60
Against:	57
Abstention:	18

Amendment 5

ECO/645

Climate change and its impact on the economy

Point 2.2

Amend as follows:

Section opinion	Amendment
The costs of no action to tackle climate change will be very high. The preliminary data indicates annual costs of EUR 600 billion for the period 2024-2030. <i>Postponing</i> both mitigation and adaptation financing will have a huge negative impact on the overall economy, infrastructure and agriculture, as well as on the health of the population. <i>Therefore</i> , climate change should be <i>one of</i> the key <i>priorities</i> of EU Member States. From an institutional point of	The costs of no action to tackle climate change will be very high. The preliminary data indicates annual costs of EUR 600 billion for the period 2024-2030. <i>Lost economic output due to increased mortality, poorer health, decreased productivity, and shortened lives will directly influence economic prospects, especially taking into account the exponential (not linear) type of impact from each additional tonne of CO₂ emitted. For example, according to the 2023 Lancet</i>

Section opinion	Amendment
view, the adoption of the Green Deal [1] has put in place a set of substantive and systemic requirements in the fight against climate change and its unforeseen and unprecedented impacts on all important areas that significantly affect the EU economy.	report [1] 490 billion productive work hours were lost at global level in 2023 due to heatwaves alone, and this number will continue rising in line with heat trends. Therefore, postponing both mitigation and adaptation financing will have a huge negative impact on the overall economy, infrastructure and agriculture, as well as on the health of the population. Based on these considerations, it is self-evident that climate change should be the key policy priority of the EU and the Member States. From an institutional point of view, the adoption of the Green Deal [2] has put in place a set of substantive and systemic requirements in the fight against climate change and its unforeseen and unprecedented impacts on all important areas that significantly affect the EU economy.
[1] Delivering the European Green Deal.	[1] The 2023 report of the Lancet Countdown on health and climate change.
[2]	[2] Delivering the European Green Deal.

Outcome of the vote:

In favour:	63
Against:	56
Abstention:	18

Amendment 7

ECO/645

Climate change and its impact on the economy

Point 4.12

Insert new point:

Position: After existing point - Same level

Section opinion	Amendment
	The social cost of carbon dioxide, which measures the monetised value of the damage to society caused by each additional metric tonne of CO₂ emissions, should be made a key metric in forming climate policy in the EU. The mean estimate of each additional tonne of CO₂ now stands at USD 185 (this is 3.6 times higher than the US government’s current assessment of USD 51 per tCO₂)[1]. This means we are currently undervaluing the social cost of carbon by a factor of three. In Europe, the carbon price measured by the EU ETS allowance prices (between EUR 53 and 79 per tonne in 2024), also understates the social costs by a large margin.

Section opinion	Amendment
	[1] <i>Rennert, K., Errickson, F., Prest, B.C. et al. Comprehensive evidence implies a higher social cost of CO₂. Nature 610, 687–692 (2022). https://doi.org/10.1038/s41586-022-05224-9</i>

Outcome of the vote:

In favour: 67
Against: 61
Abstention: 9