

**PLEDGE ON JUST TRANSITION:
BALANCING SOCIAL AND ENVIRONMENTAL OBJECTIVES**
Call for pledges – Transition pathway on proximity and social economy

ANNEX I: THE EUROPEAN SITUATION AND THE ISSUES AT STAKE WITH REGARD TO CIRCULAR ECONOMY, SHORT SUPPLY CHAINS, ENERGY EFFICIENCY OF BUILDING, AND ACCESS TO QUALITY OF FOOD

The selected just transition initiatives have illustrated how social economy contributes to circular economy, short supply chains, energy efficiency of building and access to quality food. The annex attempts to provide some order of magnitude of these four issues at stake in the EU. Each selected initiative contributes to implement ecological solutions in a social way, but their contributions are of course extremely small by comparison to the magnitude of the issues. However social economy as a whole has the potential to bring solutions that are significant with regard to them.

CIRCULAR ECONOMY

The challenge of the circular economy can be summed up in one major indicator, namely “the day of overrun”. This indicator, calculated by the American NGO Global Footprint Network, marks the date from which, each year, humanity has supposedly exhausted all the resources that the Earth can produce and renewing in one year. The result is alarming with a date that occurs earlier and earlier from year to year: in 1970, it took place on December 23 and today in 2022, it occurred on July 28¹. By extrapolating, in 2050 we will need the equivalent of 3 planets to meet the needs of humanity. Food production is responsible for 70% of the loss of terrestrial biodiversity and 50% of loss of fresh water ecosystems, and agriculture is responsible for 80% of global deforestation and represents 70% of freshwater use. The linear “extract, manufacture, consume, throw away” model of our current economic system is no longer sustainable. Today, it is still essentially linear, as Mr. Frans Timmermans points it out, since only 12% of materials and resources are reused (in reference to European studies carried out since 2015).

Most air pollution comes from energy use and production that releases gases and chemicals into the air. Air pollution is also exacerbated by climate change that increases the production of allergenic air pollutants, including mold and pollen (due to a longer pollen season). Despite the progress made, nearly 90% of the urban population in Europe is exposed to pollutants whose concentrations are higher than air quality levels believed to be harmful to health. For example, the fine particles (PM2.5) in the air are estimated to have reduced life expectancy in the EU by more than eight months². Germany emits CO₂ due to its strong dependence on coal and alone represents ¼ of the European Union’s CO₂ emissions.

The citizens wonder about the direct and indirect consequences of pollution such as the effects of chemicals present in everyday consumer products. According to a new Eurobarometer survey from December 2019, more than eight Europeans citizens out of ten are worried about these effects. 94% of citizens across all EU Member States believe that protecting the environment is important to them

¹ Source : <https://www.altaroad.com/plan-economie-circulaire-europe-2050/>

² Source : <https://www.eea.europa.eu/fr/themes/air/intro>

and 91% think that climate change is a serious problem in the EU. For 83% of those questioned, European legislation is necessary to protect the environment³.

The need for action by Member States, reinforced by public awareness, has positioned the circular economy at the heart of the priorities of the Green Deal of the European Commission. In this context, the Commission presented on March 11, 2020 a new action plan for the circular economy with the aim of achieving by 2050 a Europe that is more respectful of the environment, more competitive and fully contributing to climate neutrality⁴. The plan includes strategic axes and proposals such as the extension of eco-design, the promotion of repair, consumer information, the principle of prohibiting the destruction of unsold durable goods, the consideration of the carbon and environmental footprint of products, the harmonization of selective sorting systems or the strengthening of supply chains with extended producer responsibility.

But the challenges of the circular economy are not only ecological. The worldwide economic growth is closely dependent on the consumption of material resources resulting from the extraction of natural resources, renewable (energy, water, biomass, fishery resources) or non-renewable ones (mineral resources, ores, fossil fuels).

Since long, social economy has been pioneering circular economy that had net positive impacts in terms of GDP growth and job creation. Thus, social economy has triggered sustainable and non-relocatable activities and job creation. It is estimated that the implementation of ambitious – but achievable – circular economy measures in Europe could increase the EU GDP by 0.5% by 2030, creating around 700,000 new jobs⁵.

RREUSE⁶ is an international network representing social enterprises active in the circular economy, notably in the field of reuse, repair and recycling. Most of its members are European. They collectively handle around 1 million tonnes of goods and materials annually, generating a turnover in excess of 1.1 billion€, which the organisations use to provide job and training opportunities to over 100 000 individuals, many of whom are at risk of social exclusion. In 2019, social enterprises of the RREUSE network diverted 1 million tonnes of material from landfill and extended the lifespan of 214 500 tonnes of products, counterbalancing the average CO2 emissions of more than 100 000 EU citizens⁷.

SHORT SUPPLY CHAINS

The common agricultural policy (CAP) has supported short supply chains, over the 2014-2020 funding period, via the European Agricultural Fund for Rural Development (EAFRD) with a budget of 99.6 billion for rural development (second pillar⁸ of the CAP)⁹.

Producing and consuming locally is a way to remunerate farmers more fairly. But the reduction in the European budget for the CAP since 2020 might slow down this progress. The European Coordination Via Campesina (CEVC)¹⁰, an organization that defends farmers' rights and sustainable agriculture, specifies that in Northern Europe, an increasing number of farmers are selling directly to consumers,

³ Source : https://ec.europa.eu/commission/presscorner/detail/fr/IP_20_331

⁴ Source : https://ec.europa.eu/commission/presscorner/detail/fr/ip_20_420

⁵ Source : https://ec.europa.eu/commission/presscorner/detail/fr/IP_20_420

⁶ Source : <https://rreuse.org>

⁷ Policy brief "Making the most of the Social Economy's contribution to the Circular Economy, OCDE/European Commission, ISSN:1977-5342, 2022

⁸ The budget for the CAP over the period 2014 - 2020 is 408.3 billion euros (291.3 billion for direct payments, 99.6 billion for rural development and 17.5 billion for market measures).

⁹ Source : <https://www.touteurope.eu/agriculture-et-peche/la-pac-2014-2020/>

¹⁰ It proposes a positive policy in favour of the installation of young producers through an income support for installation during the first five years, which are often difficult.

which increases their visibility. The CEVC takes the example of Austria where 27% of farmers go through short supply chains and this represents the majority of their income for half of them.

In 2015, 15% of European farmers sold half of their production through short supply chains, according to a study carried out by the Research Service of the European Parliament. The demand for products in short supply chains by households is dynamic and reinforced by the growing demand for bulk and zero waste. The development of short supply chains covers the entire production chain and requires restructuring the sector, both for production, processing and logistics. New agricultural facilities will be needed to meet customer expectations. Thus, short supply chains constitute an important source of employment, particularly in the ESS with the example of cooperatives or even Associations for the Maintenance of Peasant Agriculture (AMPA).

As an illustration, in 2016, according to Statista, 40% in France, 31% in Spain and 36% in Germany of consumers purchased food products through short supply chains. The growing evolution of this demand can be explained, among other things, by the loss of confidence in food products (multiplication of health crises), hence the interest in a direct/disintermediated relationship with producers to better know the origin of the products (their traceability, preference for geographical proximity - guarantee of quality). But also by the consumers' will to support producers and local economy in the face of pressure from large retailers.

In the medium term, the challenge should be to further integrate the short supply chains into training programs for farmers and food traders in order to develop production and supplies in short supply chains. And, as far as public procurement is concerned, the challenge should be to increase the knowledge of local authorities of the local supply of producers in short supply chains (for instance for collective catering).

ENERGY EFFICIENCY OF BUILDING

The Green Deal for Europe proposes to bring the rules on the energy efficiency of buildings into line and decarbonise the EU's building stock by 2050 as more than 85% of the current buildings will still exist in 2050. The European building stock emits 36% of energy-related greenhouse gases in the EU. The Energy Efficiency Directive sets an overall energy efficiency target of at least 32.5% by 2030, which means that EU primary energy consumption is not expected to exceed 1 273 million tonnes oil equivalent (Mtoe)¹¹. Thus, consistent with the European Climate Act of 24 June 2021, the European Union is committed to adopting carbon neutrality by 2050.

However, European renovation policies lack homogeneity and national legislation is more or less flexible. In France, the «Climate and Resilience» law of 24 August 2021 makes it compulsory to carry out an energy performance diagnosis (EPD) and by 2025, it will be forbidden to rent uninsulated housings (20% of all housing in France in early 2022). In contrast, as part of the Superbonus 110% in Italy, it is only expected that all homes built or renovated since 1 January 2018 must cover 50% of their consumption with renewable energy. And in Spain, only a performance energy diagnosis has become mandatory since 2013, without any obligation of renovation. Yet buildings account for 40% of the energy consumed in the EU; heating, cooling and domestic hot water are responsible for 80% of the energy consumed by households.

Currently there are more than 30 million buildings in the EU with excessive energy consumption (at least 2.5 times that of average buildings), but it is often the most vulnerable people who live in the least energy-efficient housing¹² ... At present, about 35% of the EU's buildings are over 50 years old and almost 75% of the building stock is energy inefficient. At the same time, only about 1% of the building stock is renovated each year. Yet the renovation reduces the energy footprint of buildings but also energy costs for households all the more so as energy prices increase.

¹¹ Source : <https://www.touteleurope.eu/environnement/l-europe-au-defi-de-la-performance-energetique-des-batiments/>

¹² Source : https://ec.europa.eu/commission/presscorner/detail/fr/ip_21_6683

ACCESS TO QUALITY OF FOOD

Access to organic quality food in Europe responds to multiple complementary challenges, notably "ensure the population access, in conditions economically acceptable to all, to safe, diversified food, in sufficient quantity, of good taste and nutritional quality, and produced under sustainable conditions."¹³

The first challenge refers to the economic dimension via the accessibility of food. In 2019, according to Eurostat, 10.5% of Europeans live below their country's poverty line with a proportion that varies threefold, from 5% in Finland to 16% in Romania. The level of purchasing power of these populations with low income, or even in precarious situations, the number of which continues to increase in the current context of crisis (job seekers, precarious employees, retirees, single-parent families, isolated people, young people...), impedes access to any food and even more so to quality food.

The second issue corresponds to societal expectations, namely the wish to eat organic food. Between 2021 and 2022, agricultural areas cultivated organically increased from 10.4% to 10.7% of the total cultivated areas in France. Austria, Sweden and Estonia stand out with respectively 20.3%, 17.1% and 15.7% of their agricultural area devoted to organic farming. In 2021, 15.9 million hectares were cultivated organically in the European Union, i.e. 9.9% of agricultural land, according to Eurostat - an increase of 6.5 million compared to 2012¹⁴ which however remains minimal.

Another aspect of food can be mentioned in reference to the new measures, adopted on May 16, 2017 by the European Parliament, aimed at halving the food thrown away by 2030 compared to 2010: as illustration, a European citizen threw away 173 kilograms of food per year in 2012¹⁵ while in 2020, only 127 kilos of food per inhabitant were wasted in the European Union, i.e. barely 26% less in 10 years. Waste occurs at all stages of the food chain, from agricultural production to final consumption (53% of losses from households) and the effectiveness of public policies on this subject still needs to be strengthened.

Indeed, food waste unnecessarily uses scarce resources such as land, water or energy. It also contributes to climate change: for each kilogram of food produced, 4.5 kilograms of CO₂ are released into the atmosphere¹⁶, hence the interest in promoting short supply chains (less impact of transport, among other things, etc.) or even promote the circular economy (e.g. recovery of unsold food, etc.).

¹³ Source: [French law on the modernization of agriculture and fishing of July 27, 2010](#)

¹⁴ Source: <https://www.touteurope.eu/agriculture-et-peche/en-europe-l-agriculture-biologique-occupe-85-des-terres-cultivees/>

¹⁵ Source: <https://www.europarl.europa.eu/news/fr/headlines/society/20170505STO73528/infographie-les-chiffres-du-gaspillage-alimentaire-dans-l-union-europeenne>

¹⁶ Source: https://www.lecese.fr/sites/default/files/pdf/Avis/2014/2014_04_acces_alimentation_saine.pdf