

What are the issues and challenges facing economic policies in Europe in the face of geopolitical, financial, social and climate tensions?

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What are the challenges facing economic policy in the future?

We are facing :

- a social and economic paradigm shift
- a triple transition :
 - The ecological transition
 - The Technological transition
 - The Demographic transition



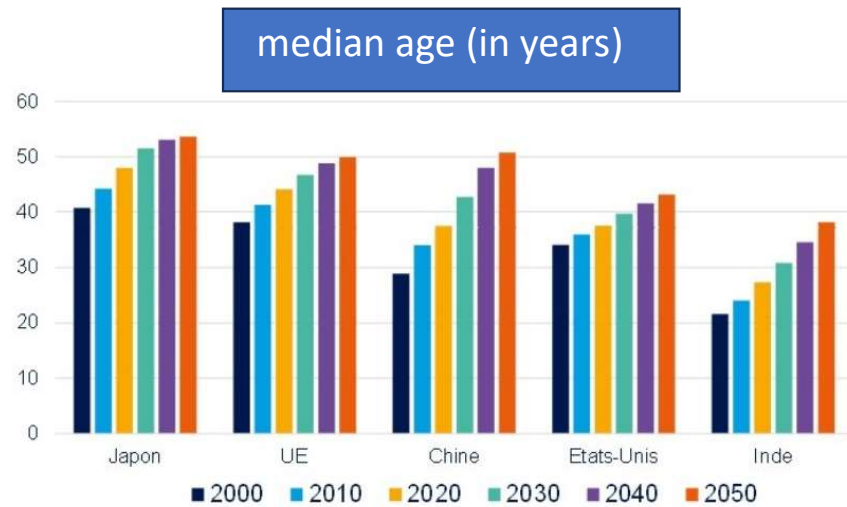
Specific national political and geopolitical contexts



impacts on economic policies

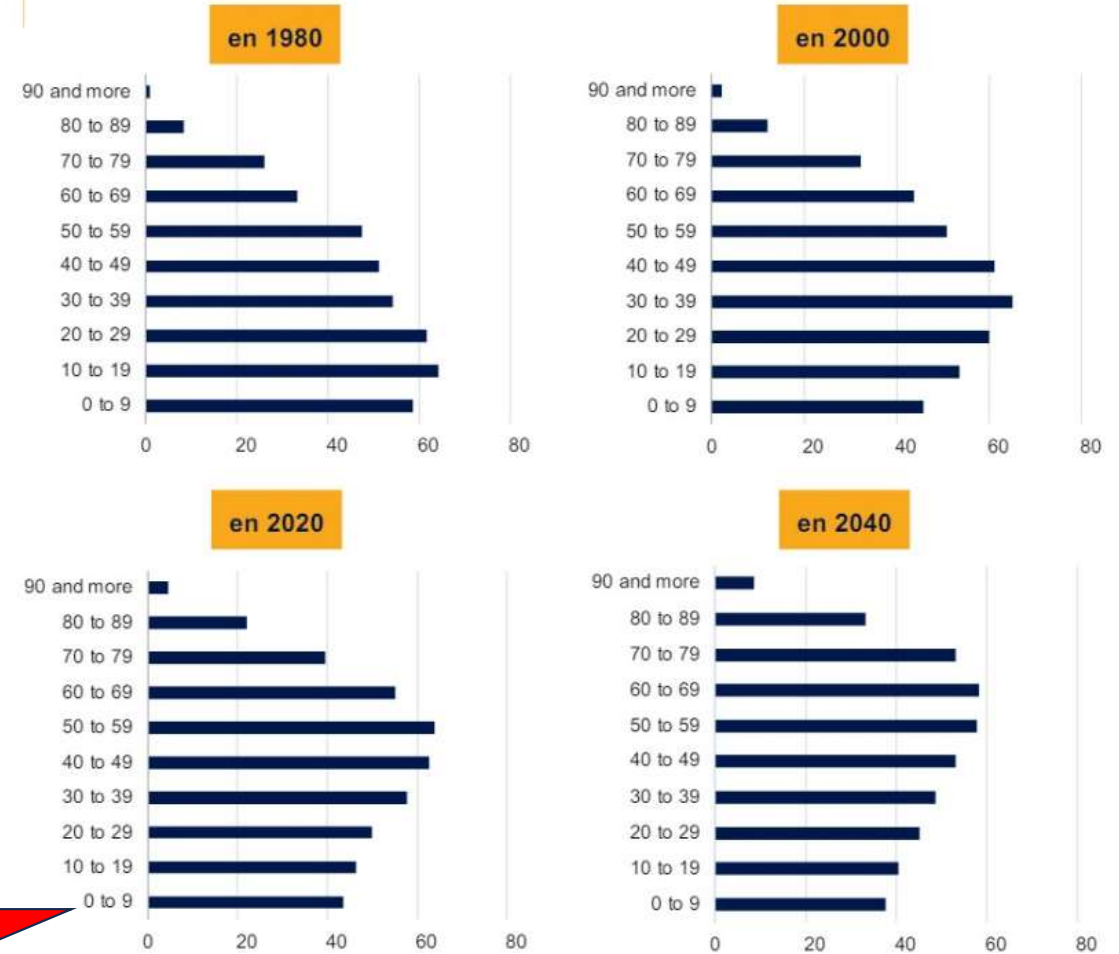
The demographic transition

Europe : an ageing population



Source: CPR AM, Nations unies

European Union: age pyramid in millions



Sources : CPRAM, Nations Unies

**Social
inequalities**

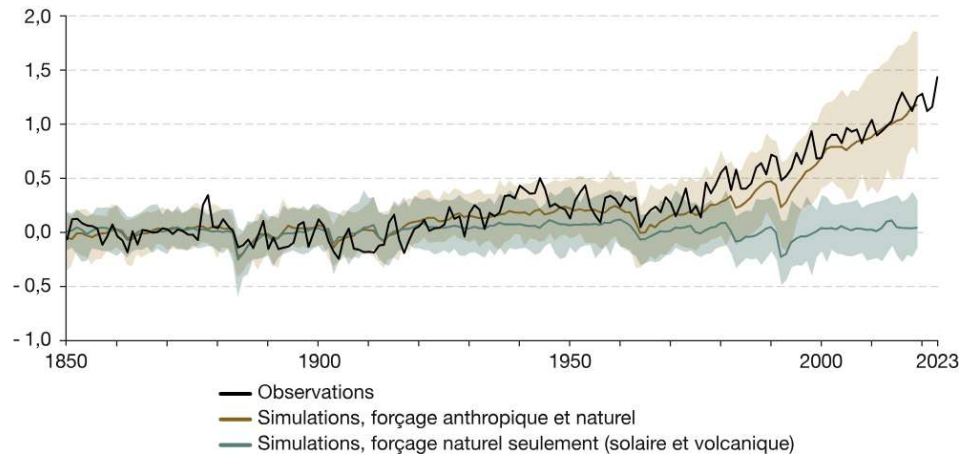
The ecological transition

Climate shock

Trends in annual global temperature

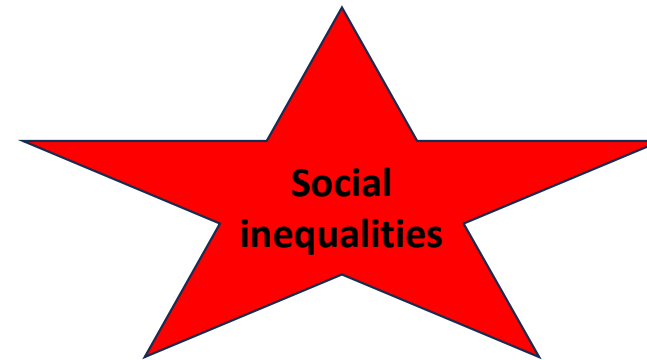
ÉVOLUTION DE LA TEMPÉRATURE MOYENNE ANNUELLE MONDIALE DE 1850 À 2023

Anomalie des températures (en °C) par rapport à la période 1850-1900

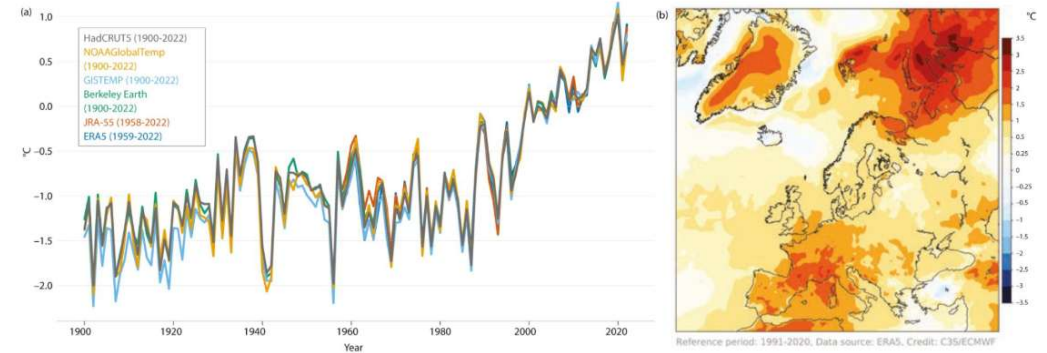


Sources : Giec, 1^{er} groupe de travail, 2021 ; HadCRUT 5, Indicators of Global Climate Change, 2024

<https://www.statistiques.developpement-durable.gouv.fr/edition-numerique/chiffres-cles-du-climat/fr/3-observations-du-changement-climatique-et>



Europe is the fastest-warming continent



<https://www.meteosuisse.admin.ch/portrait/meteosuisse-blog/fr/2023/06/europa-im-jahr-2022.html>

Since the 1980s, the rise in temperatures in Europe (+0.5°C per decade) has been twice as high as the global average.

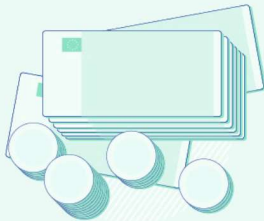
The direct impact is already very significant in Europe

Climate change leads to economic losses

The financial losses caused by extreme weather and climate-related events exceeded **€487 billion** in the EU27 over the last 40 years.

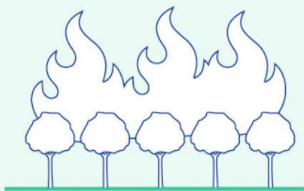
This is significantly more than what the EU spends over two years on all its policies and programmes.

The overall cost was the highest for Germany, Italy and France.



over €5 billion

Economic cost of river flooding in Europe on average every year



€2 billion

Economic damage caused by forest fires every year

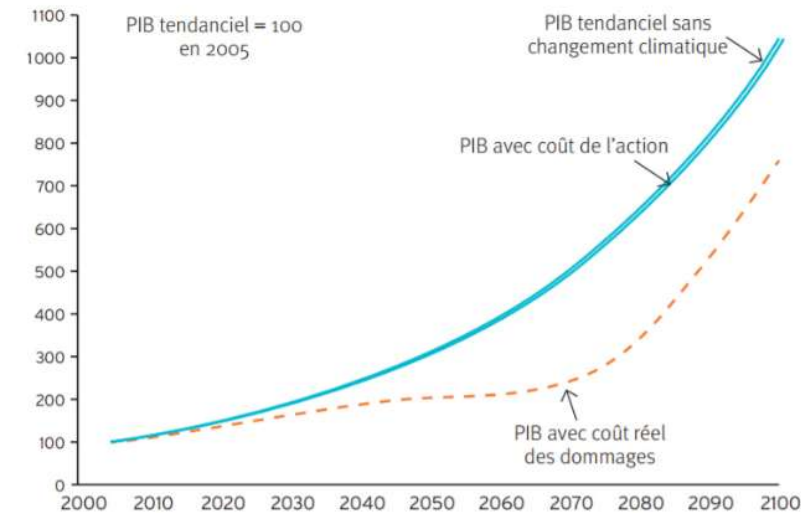
<https://www.consilium.europa.eu/en/infographics/climate-costs/>
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STERN Report (2006): economic impact of global inaction = between 5 and 20% of global GDP per capita



Cost of doing nothing COÛT DE L'INACTION

Projections du PIB mondial*



<https://observatoire.atmo-grandest.eu/enjeux-des-changements-climatiques/>



The costs of inaction outweigh the costs of action

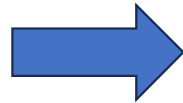
A zero-carbon economy by 2050



a great deal of public and private investment



Princeton University estimates that the **USA** will need to invest **\$2,500 billion (or 11% of its GDP) between now and 2030.**



The **European Commission** is talking about an investment of **€3,500 billion over the next ten years (or 25% of GDP)**

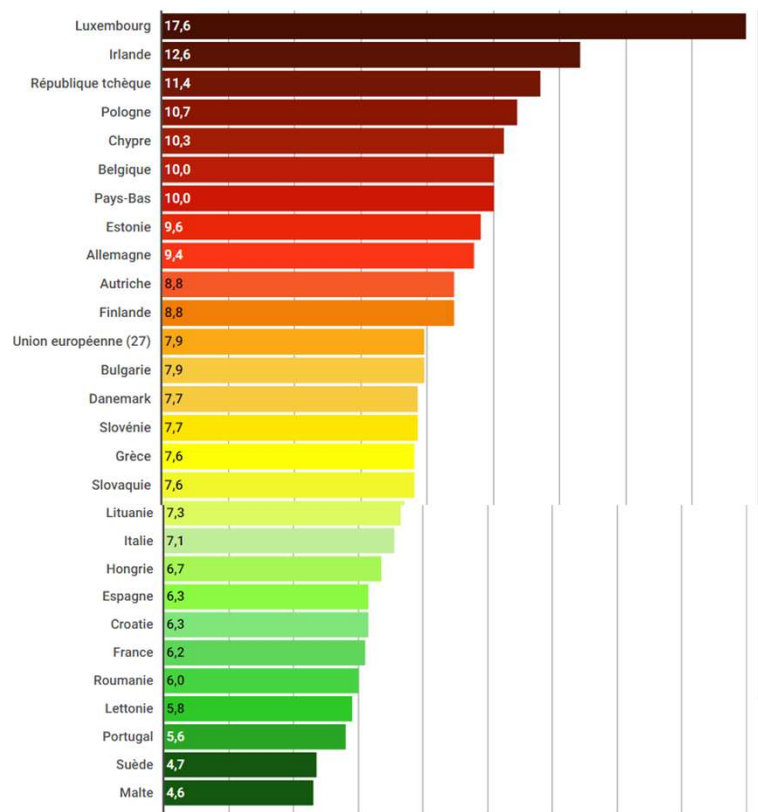
Tsinghua University predicts that the **Chinese plan** will cost RMB 138,000 billion (**around \$21,600 billion**) over the next four decades, which represents 122% of the country's GDP

<https://www.axa.com/fr/insights/changement-climatique-le-co%C3%BBt-de-linaction>

Europe is a high-carbon society

Greenhouse gas emissions in the European Union

Emissions de gaz à effet de serre dans l'Union européenne (2021, en tCO2e/habitant)

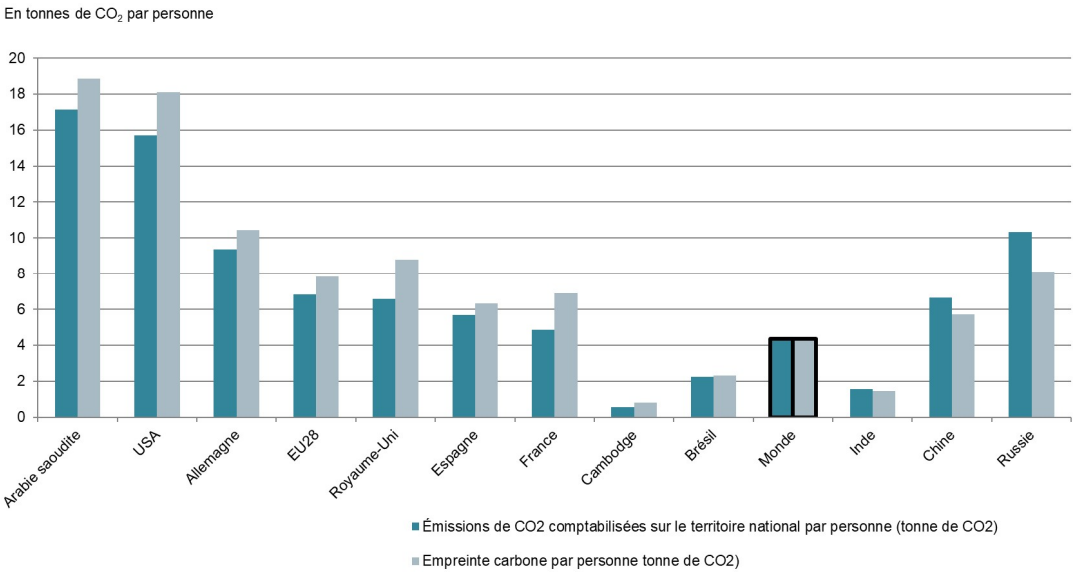


L'indicateur mesure les émissions de gaz à effet de serre dans chaque Etat membre en tonnes équivalent CO2 (tCO2e), incluant l'aviation et excluant l'utilisation des terres (LULUCF), qui fait l'objet d'une comptabilité à part.

Source : Eurostat



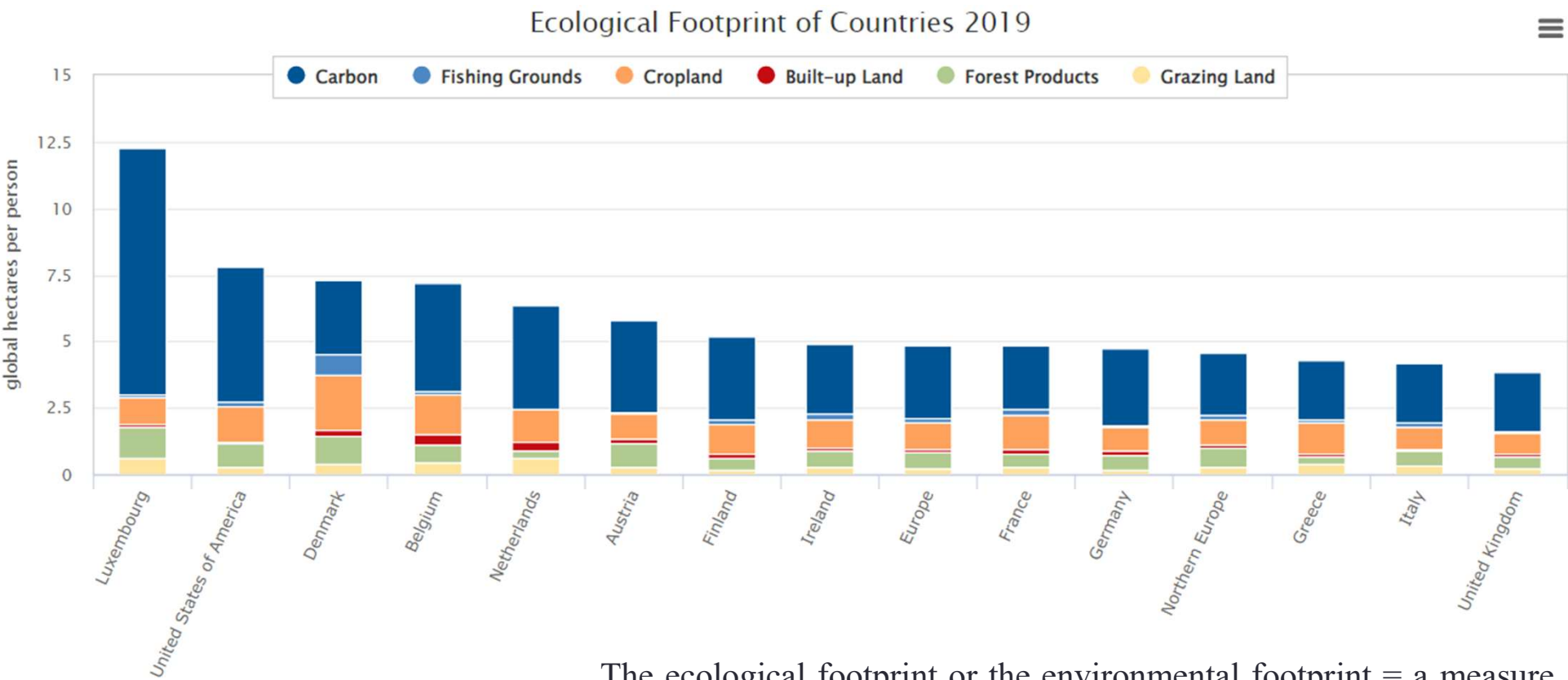
COMPARAISON D'EMPREINTES ET D'INVENTAIRES EN 2015
(CO₂ D'ORIGINE ENERGETIQUE UNIQUEMENT)



Note : (*) A l'échelle mondiale, le total des émissions est égale à l'empreinte.
Source : OCDE. Traitements : SDES, 2017

<https://www.touteurope.eu/environnement/les-emissions-de-gaz-a-effet-de-serre-dans-l-union-europeenne/>

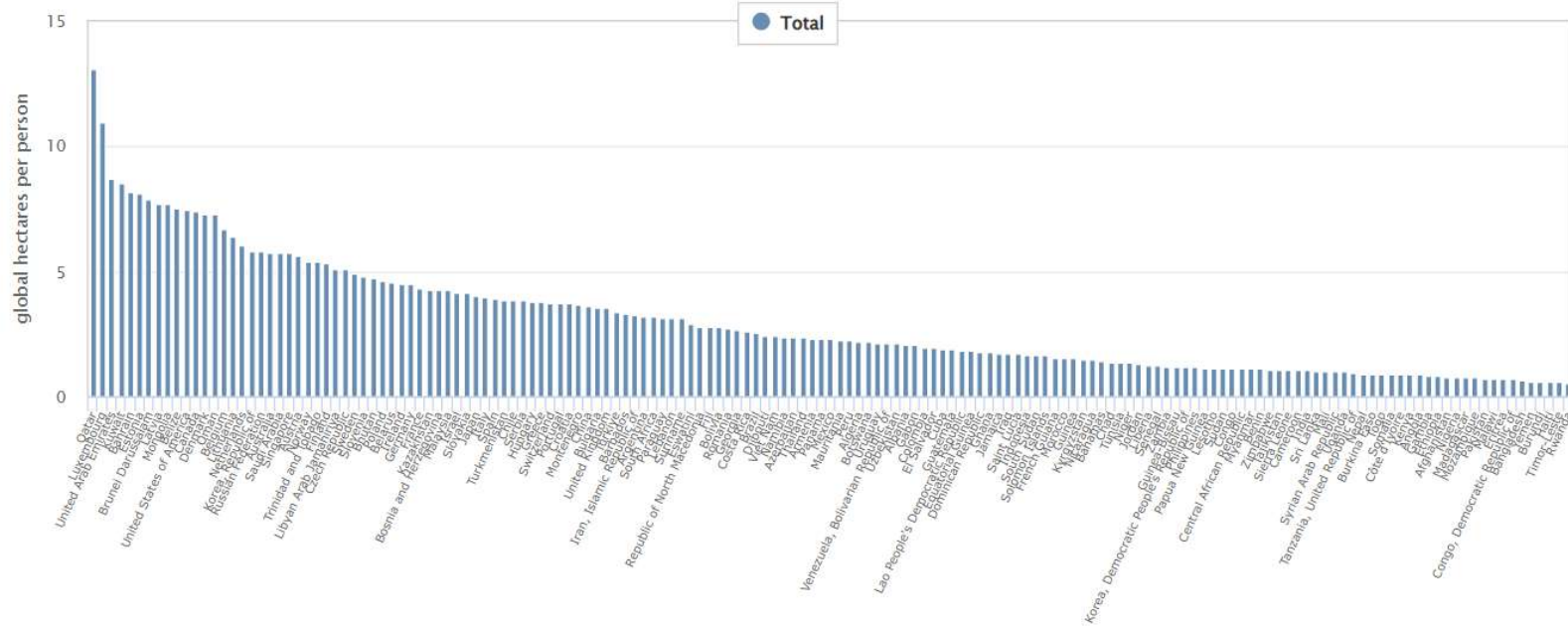
Ecological Footprint (gha per person)



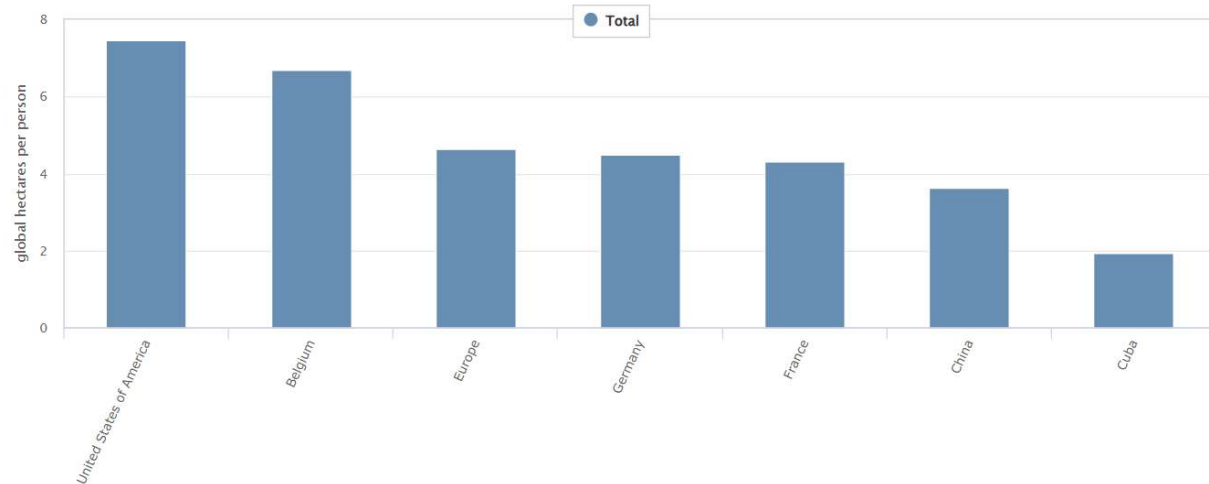
The ecological footprint or the environmental footprint = a measure of the pressure that humans exert on the planet. Measured in terms of global hectares (gha) or number of planets, it provides an estimate of the land area required by each individual to meet their needs: food, heating, housing, drinking water and waste absorption.

<https://data.footprintnetwork.org/#/compareCountries?type=EFCpc&cn=255,68,84,11,54,67,79,104,106,150,256,231,1012,229,2002&yr=2019>

Ecological Footprint of Countries 2022



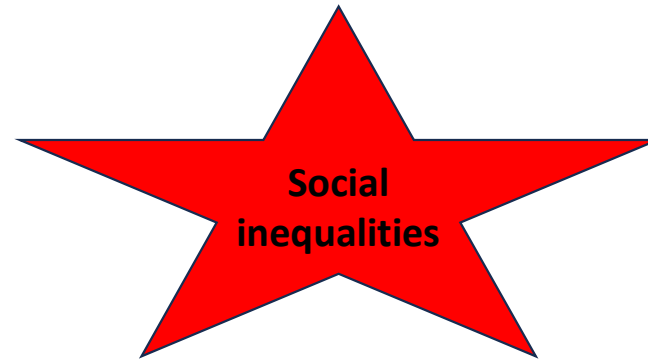
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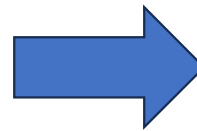
Ecological Footprint (gha per person)

<https://data.footprintnetwork.org/#/>

The digital transition



For businesses = integrating IT and digital technologies into all aspects of their operations = adopting new technological tools but also rethinking the organisation, culture and business operations to take full advantage of the opportunities and impacts (particularly economic) offered by digital technology.

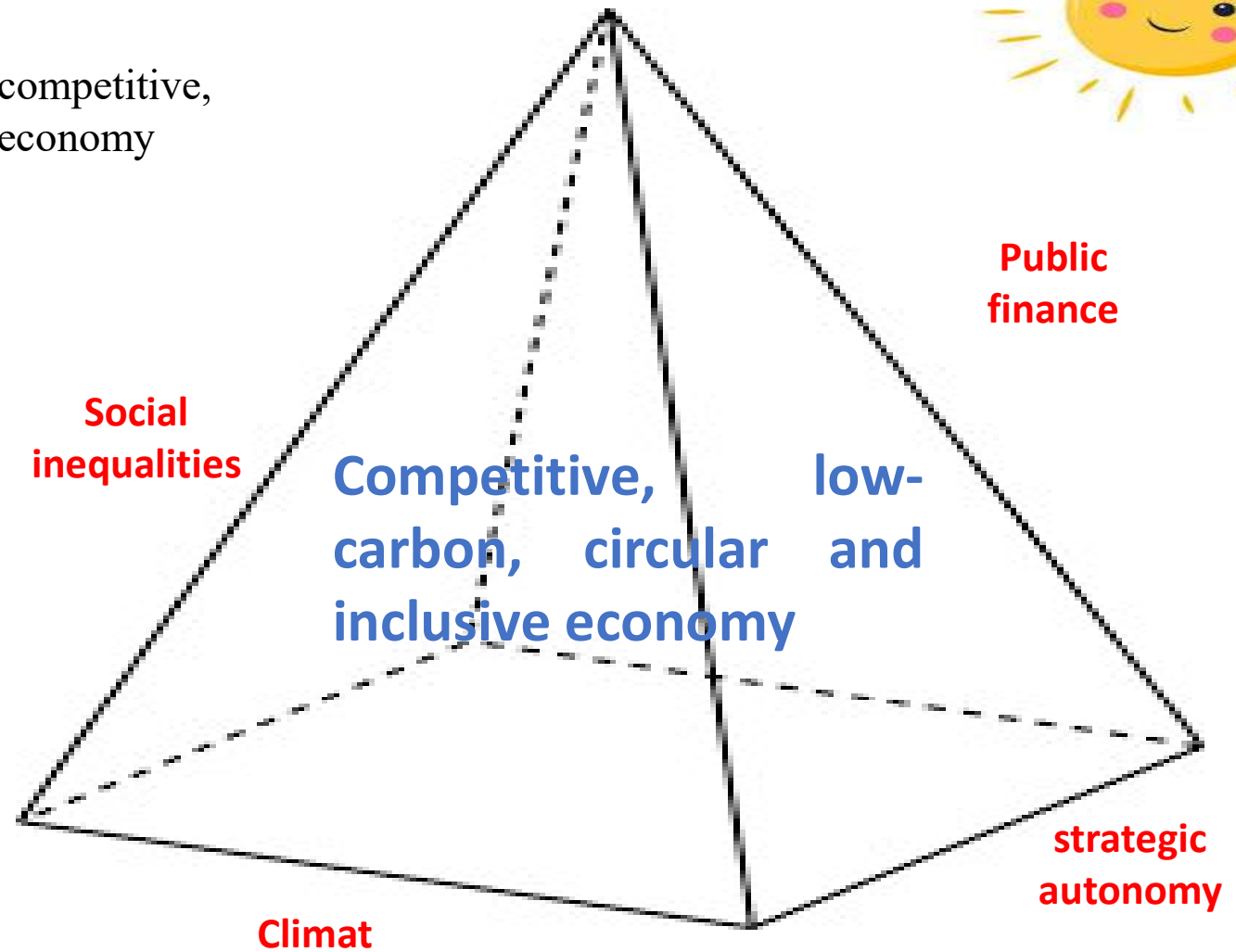


Impact on the labour market and skills requirements

A new socio-economic model under pressure

4 constraints for one model: a competitive, low-carbon, circular and inclusive economy

This model should be resilient



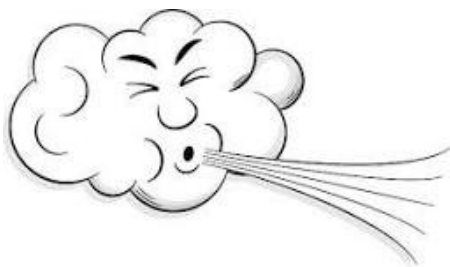
Implementing these three transitions in a difficult context

Internal political tensions

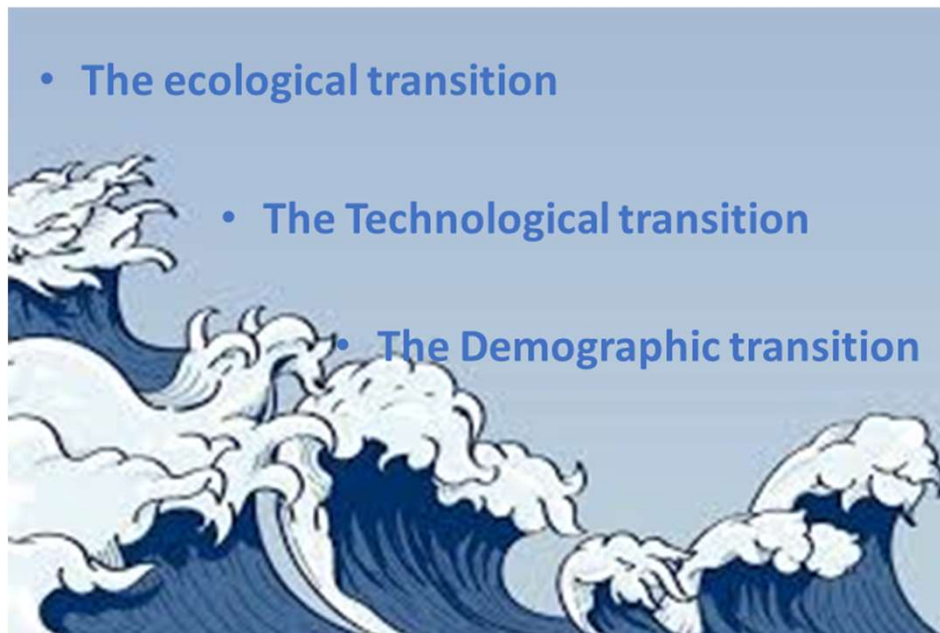
Geopolitical tensions

Energy crisis

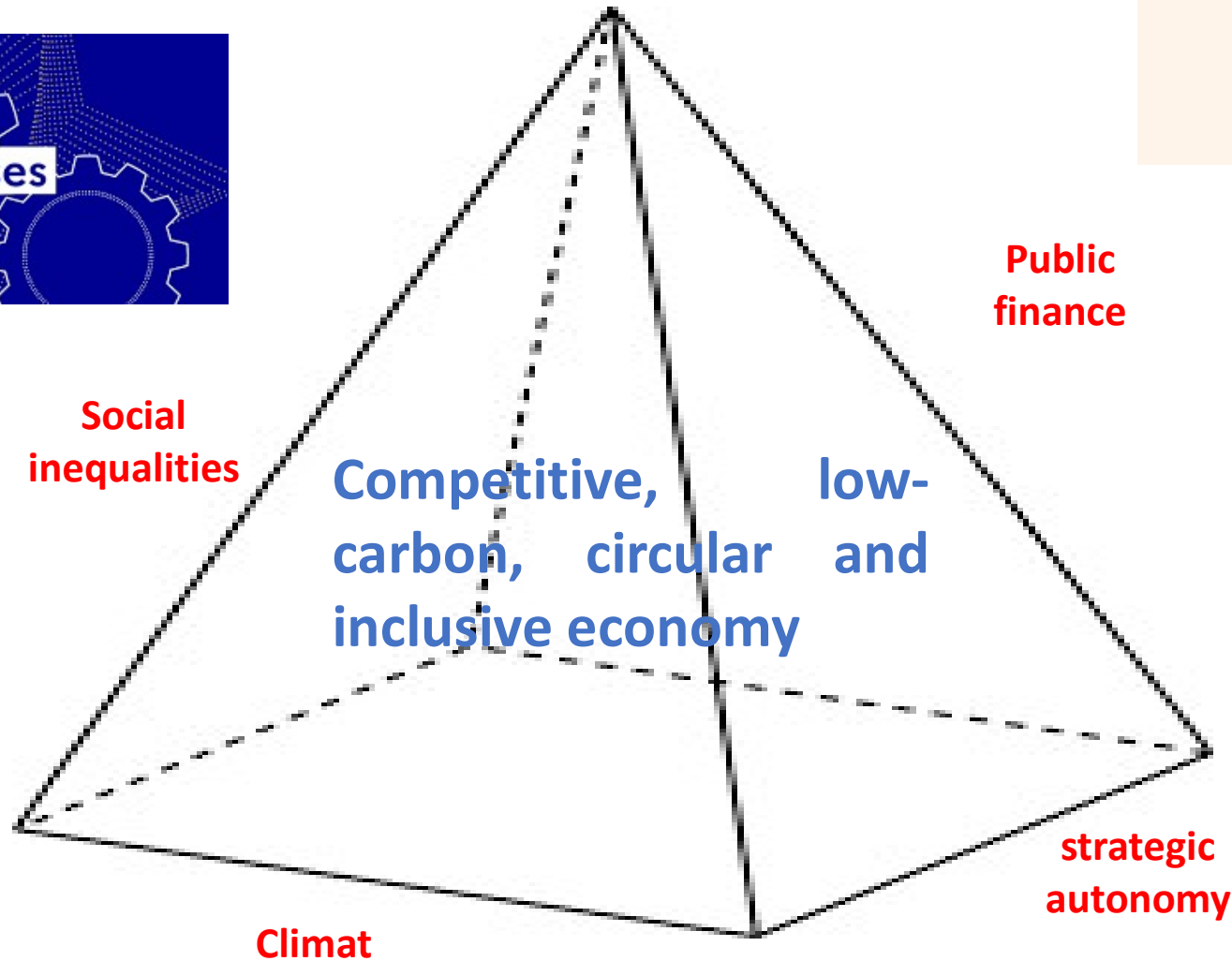
Access to minerals (transition)



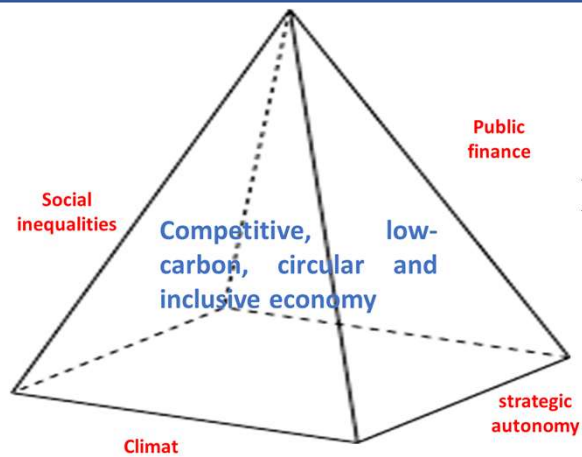
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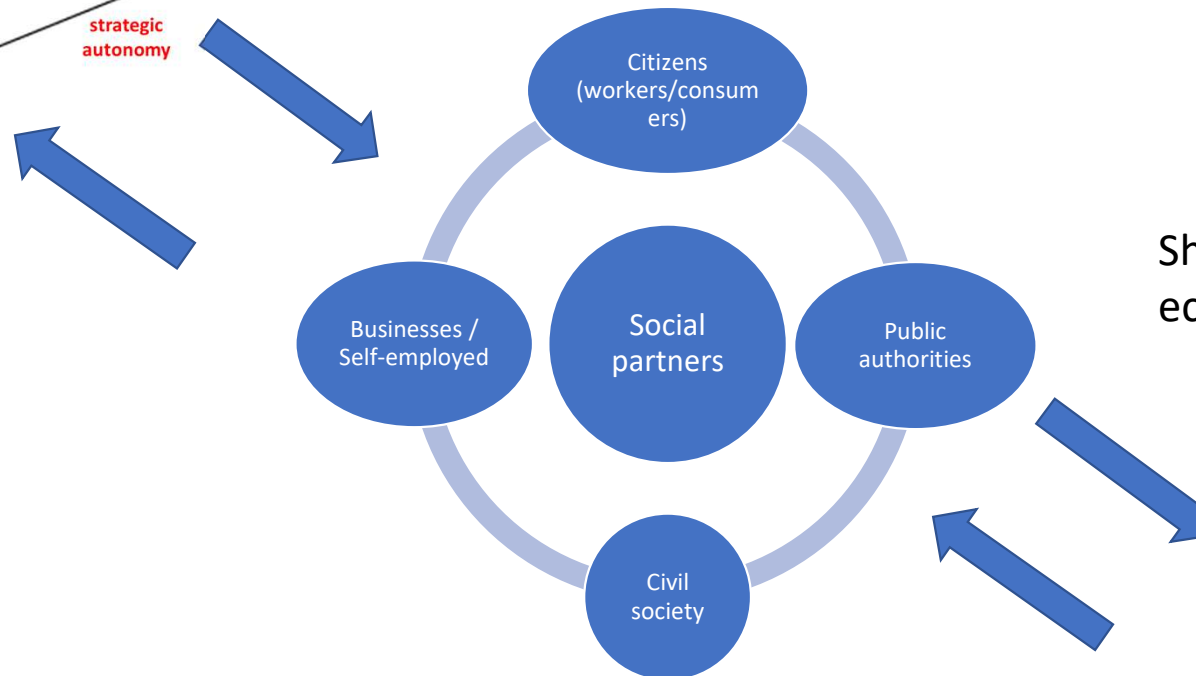
How can such a model be successfully developed?



Involving civil society in the debate



Building objectives and the model together



Shaping and assessing economic policies together



