



Workers in carbon-heavy industries and the green transition

SUMMARY

The green transition will lead to the creation of new green jobs in the Nordic Region. Nonetheless, some jobs—particularly those in carbon-heavy industries—may disappear or undergo profound changes in terms of job requirements and tasks. Our research shows that 37% of employees in carbon-heavy industries worry about job loss due to the green transition, while only 24% of people working in other sectors share this sentiment. Employees in carbon-heavy sectors are also less optimistic about potential economic gains from the green transition than the rest of the population and worry more about price increases.

In this policy memo, we present new statistics and insights on people who work in carbon-heavy sectors in the Nordic Region. We also offer suggestions on how to support this group—for example, by expanding adult education programmes for re-skilling and up-skilling and by maintaining a close dialogue between the government, industry organisations and trade unions.

KEY INSIGHTS

1. People working in carbon-heavy industries are less worried about climate change than employees in other sectors.
2. 35% of people in carbon-heavy sectors say we should spend more public resources on fighting climate change – compared to 53% of employees in other sectors.
3. Employees in carbon-heavy sectors are less optimistic that the green transition will bring economic benefits.
4. 37% of people in carbon-heavy sectors worry about job loss due to the green transition.
5. 38% of employees in carbon-heavy sectors say the green transition has a negative impact on their household economy.
6. Employees in carbon-heavy sectors are more worried than others about future price increases from the green transition.
7. More research is needed about the skills requirements in a greener economy.
8. Trust in the Nordic welfare systems is essential to maintain support for the green transition.
9. The involvement of social partners in the green transition is necessary for ensuring fairness.

Introduction

The green transition will have profound impacts on the Nordic economies and labour markets. The International Labour Organisation (ILO) argues that the green transition will impact jobs in at least three ways (see Tapia et al., 2022): First, some jobs are likely to disappear during the green transition, especially in carbon-heavy sectors. Second, new jobs will be created, especially in green sectors. Most studies conclude that the net effect of these trends will be small but positive (Fragkiadakis et al., 2023; Malerba & Wiebe, 2021; Olsen, 2009). In other words, the number of new jobs will likely be higher than the number of jobs that will disappear. Third, many existing jobs are likely to undergo a transformation and see changes of tasks and routines, potentially requiring new skills and education. Some of these impacts will emerge in the short run, while other effects may only appear in the longer term as value chains adjust to new demands and requirements (Fankhauser et al., 2008). Some jobs may also be relocated during the green transition, for example towards regions with good access to renewable energy or mineral resources (Martinez-Fernandez et al., 2010).

The United Nations and the European Union have declared the goal that the green transition shall “leave no one behind”. To achieve this goal, it is important to understand the impacts of the green transition on diverse sectors. Even if the aggregated labour market impacts of the green transition are likely to be positive, climate policies may still have a negative effect on employment for specific sectors and regions, or among some groups of employees (Malerba & Wiebe, 2021; Marin & Vona, 2019).

What are the worries and expectations of employees – in particular those working in carbon-heavy sectors - and how can policymakers best support them during the green transition? This policy memo sheds light on these questions. It is based on a literature review, a Nordic survey and a focus group discussion with labour unions for the Nordic countries. (see Box 1).

Box 1: Sources behind this policy memo

1. Literature review about the impacts of climate mitigation policies on different social groups in the Nordic Region

- Conducted: Spring 2022
- Method: A systematic search of academic papers, legal documents, and grey literature using a set of keywords

2. Nordic survey on the green transition

- Conducted: October – November 2022
- Interview method: Computer-assisted telephone interviews
- Target group: A representative sample of the adult population (interlocked gender-age quotas) in the Nordic Region
- Number of completed interviews:

Country	Number of completed interviews
Denmark	910
Finland	901
Iceland	380

Norway	909
Sweden	908
Faroe Islands	382
Greenland	405
Åland	383
Total	5178

All figures shown in this policy brief are based on the Nordic survey.

3. Focus group discussion on the green transition with Nordic labour unions.

- Conducted: 9 March 2023. Follow-up discussion conducted on 3 June 2024.
- Method: Discussions held in Copenhagen and Stockholm.
- Eight participants from Denmark, Finland, Iceland, Norway, and Sweden
- All direct quotes that are included in the following sections come from the focus group discussion.

Labour market impacts of the green transition

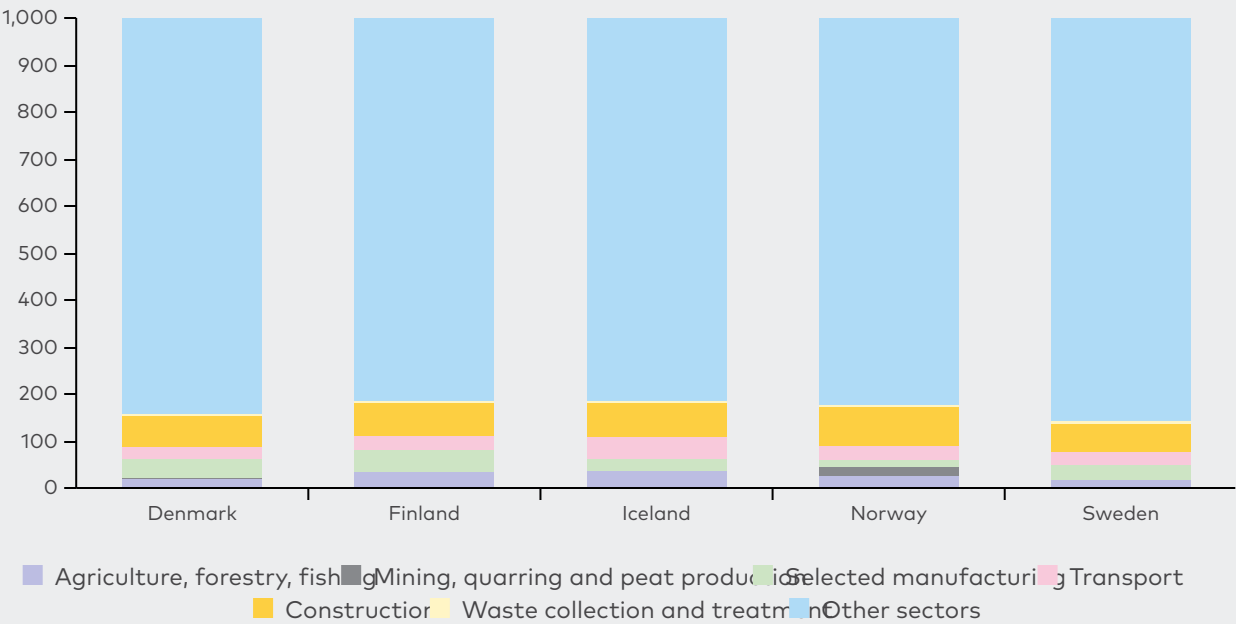
This policy memo discusses concerns and perspectives of workers during the green transition, focusing in particular on people employed in carbon-heavy industries. People who work in such industries will likely experience greater transformations of their work tasks and may even face unemployment during the green transition (Tapia et al., 2022). Survey results that we present in the following sections allow us to distinguish between the attitudes and views of people in carbon-heavy industries and people who work in other sectors of the economy. A focus group discussion with labour union representatives from all Nordic countries provided additional insights on how workers in different sectors of the Nordic economies experience the green transition and which issues are most pressing. Finally, a literature review provided information on key labour market impacts (see Box 1).

According to the National Communications to the United Nations Framework on Climate Change (UNFCCC), the industries that account for the largest share of

greenhouse gas emissions in the Nordic countries include agriculture, forestry, and fishing; mining, quarrying, and peat production; oil and chemical industry, pulp paper and cardboard production, cement and ceramics, steel and metal industries, and power plants; transportation of people and goods; building and construction; as well as waste collection and treatment (Tapia et al., 2023). In these industries, major efforts will be required in the coming years to lower emissions.

Data from the European Labour Force Survey (Eurostat, 2024) suggest that between 15% and 20% of all employees in the Nordic countries worked in these carbon-intensive sectors in 2023 (Figure 1). In the following sections, we present nine insights on workers and employees who work in carbon-heavy sectors and share several suggestions from labour union representatives on how national governments in the Nordic countries can support a just green transition on the labour markets.

Figure 1: Employees by country and sector of employment, 2023



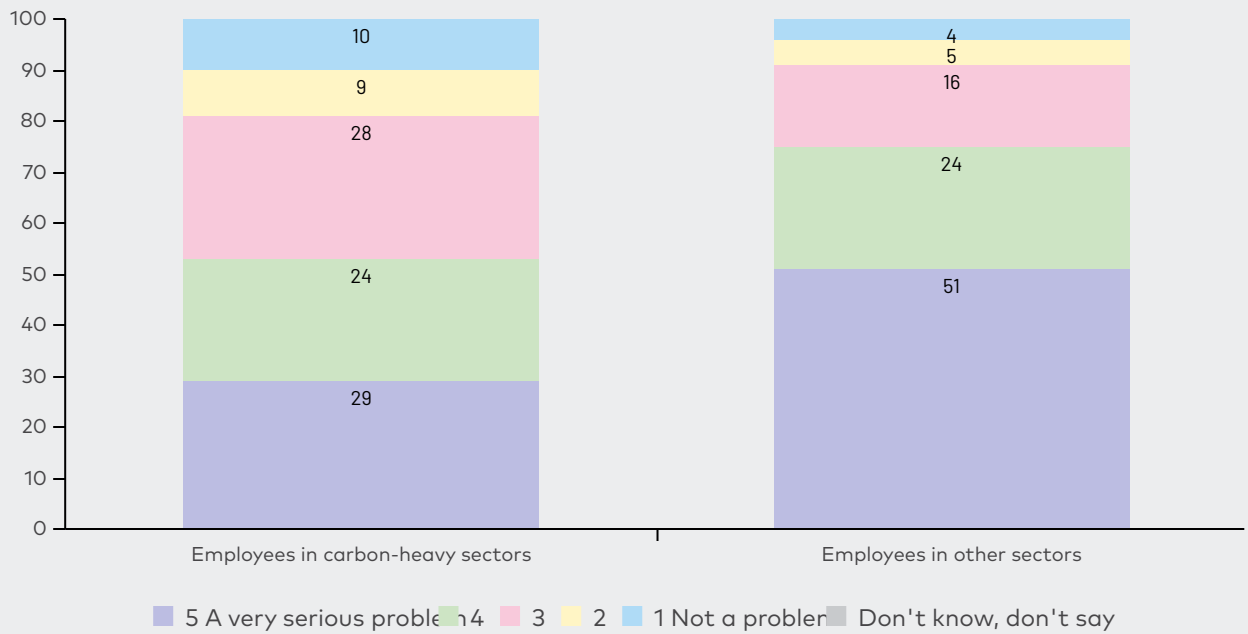
Note: Hover over the legend to see the results.
Source: European Labour Force Survey (Eurostat, 2024).

INSIGHT #1: People working in carbon-heavy industries are less worried about climate change than employees in other sectors

In a pan-Nordic survey conducted in the autumn of 2022 (see Box 1), 53% percent of all respondents who work in carbon-heavy sectors stated that they consider climate change a serious or very serious problem (Figure 2). One in five employees

(19%) in these sectors answered that climate change is not a problem or only a minor problem. Among employees in other sectors, many more are concerned about climate change—75% consider it a serious or very serious challenge.

Figure 2: To what extent do you think climate change is a problem?



Note: The figure shows the survey answers given by respondents who work in carbon-heavy sectors and employees in other sectors. For a list of carbon-heavy sectors, see section on 'Labour market impacts of the green transition'. above. Respondents could answer the question on a scale from 1 to 5, with 1 meaning that climate change is "not a problem" and 5 meaning that climate change is "a very serious problem". The numbers given in the text are calculated by adding the percentages of respondents who chose answer options 4 and 5, and 1 and 2, respectively. Hover over the legend to see the results.

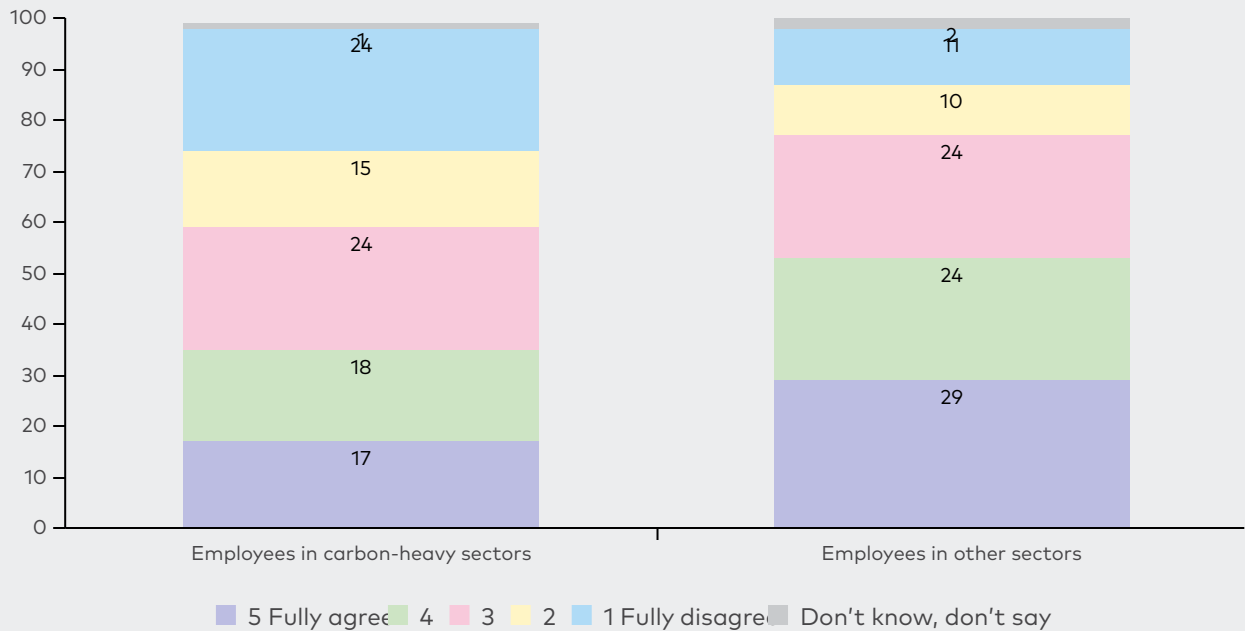
Source: Tapia, Sánchez Gassen, & Lundgren (2023).

INSIGHT #2: 35% of people in carbon-heavy sectors say that we should spend more public resources on fighting climate change – compared to 53% of employees in other sectors

In the same Nordic survey, respondents were asked whether more public financial resources should be invested to protect the climate, even if this would imply that taxes must increase. While half of employees working in less carbon-heavy ("other") sectors (53%) were positive to this suggestion, people working in carbon-heavy sectors (35%) were markedly less likely to support such a proposal (Figure 3). Taken together, employees who work in carbon-heavy sectors are distinct by being less

likely to worry about climate change than their counterparts working in other sectors, and also by feeling less of a need for more ambitious climate policies.

Figure 3: To what extent do you agree or disagree with the following statement? – “More public financial resources should be invested in preventing climate change, even if it means that taxes are increased.”



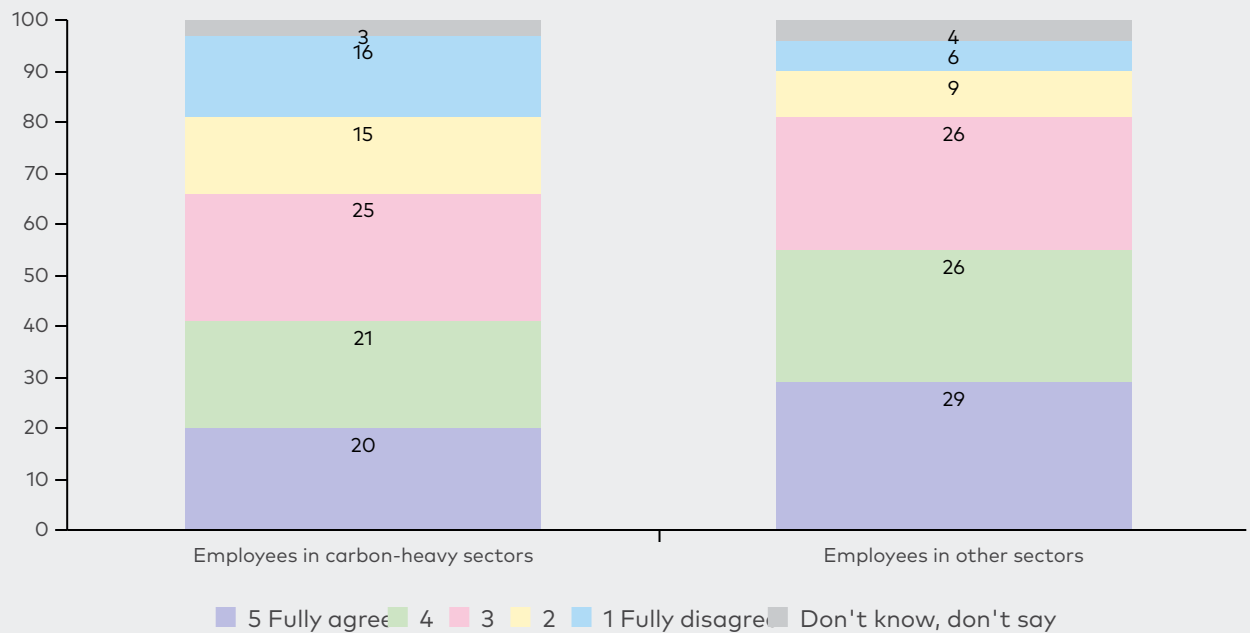
Note: The figure shows the survey answers given by respondents who work in carbon-heavy sectors and employees in other sectors. For a list of carbon-heavy sectors, see section on 'Labour market impacts of the green transition' above. Respondents could answer the question on a scale from 1 to 5, with 1 meaning that they “fully disagree” and 5 meaning that they “fully agree”. The numbers given in the text are calculated by adding the percentages of respondents who chose answer options 4 and 5. Hover over the legend to see the results.

Source: Tapia, Sánchez Gassen, & Lundgren (2023).

INSIGHT #3: Employees in carbon-heavy sectors are less optimistic that the green transition will bring economic benefits

People who work in carbon-heavy sectors are also comparatively pessimistic with respect to the economic impact of the green transition. When asked whether they think that climate action would be beneficial for the economy in their country, 41% among this group fully or partly agree (Figure 4). Among employees working in other sectors, more than half (55%) expect positive impacts.

Figure 4: To what extent do you agree or disagree with the following statement? – “Taking action on climate change would be beneficial for the economy in my country.”



Note: The figure shows the survey answers given by respondents who work in carbon-heavy sectors and employees in other sectors. For a list of carbon-heavy sectors, see section on 'Labour market impacts of the green transition' above. Respondents could answer the question on a scale from 1 to 5, with 1 meaning that they “fully disagree” – i.e. they do not think that climate action is beneficial for the economy – and 5 meaning that they “fully agree” and expect positive economic impacts. The numbers given in the text are calculated by adding the percentages of respondents who chose answer options 4 and 5. Hover over the legend to see the results.

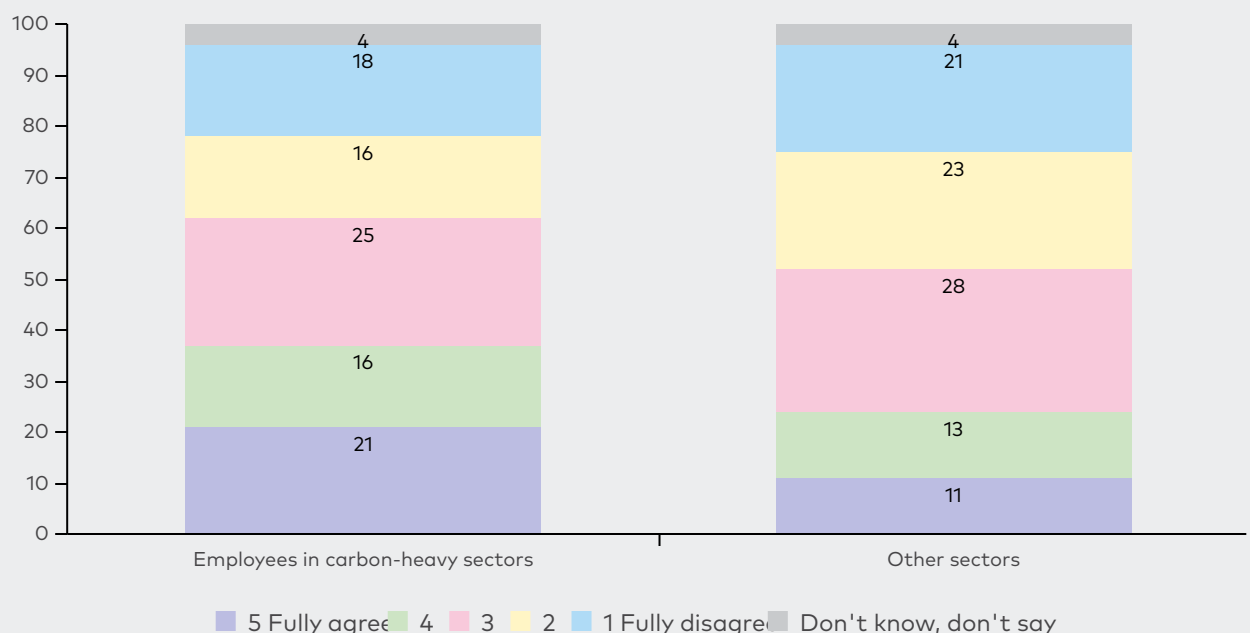
Source: Tapia, Sánchez Gassen, & Lundgren (2023).

In a focus group discussion (see Box 1), labour union representatives from the Nordic countries pointed out that employees' expectations about the economic benefits of the green transition may differ across industries and between the Nordic countries, and they may also change over time depending on government policies and green transition policies. New initiatives and investments that benefit their sector can rapidly change employees' expectations toward the green transition to the positive and vice versa. In a survey from 2023 administered by the Central Organisation of Finnish Trade Unions (SAK), a majority of employees stated that climate policies had, thus far, not had any impact on employment (SAK, 2023). Similarly, in a survey conducted by the Danish Trade Union Confederation (Fagbevægelsens Hovedorganisation, 2022), 74% of workers were generally positive about the green transition, even though some worries were expressed concerning price increases and potential job losses. In this sense, the answers shown in Figure 4 and elsewhere in this memo should be considered as snapshots of attitudes expressed in a specific time and policy context.

INSIGHT #4: 37% of people in carbon-heavy sectors worry about job loss due to the green transition

People who are occupied in carbon-intensive industries are more concerned about job loss than other groups (Figure 5). In the Nordic survey, 37% expressed worries that jobs could be at risk during the green transition. Among employees working in less carbon-heavy ("other") sectors, only 24% shared these concerns.

Figure 5: To what extent do you agree or disagree with the following statement? – "I am worried that some jobs in my country may be at risk due to the transition to a low-carbon economy."



Note: The figure shows the survey answers given by respondents who work in carbon-heavy sectors and employees in other sectors. For a list of carbon-heavy sectors, see section on 'Labour market impacts of the green transition' above. Respondents could answer the question on a scale from 1 to 5, with 1 meaning that they "fully disagree" – i.e. they are not worried about job loss – and 5 meaning that they "fully agree" and are worried. The numbers given in the text are calculated by adding the percentages of respondents who chose answer options 4 and 5. Hover over the legend to see the results.

Source: Tapia, Sánchez Gassen, & Lundgren (2023).

Researchers expect that almost all sectors and workplaces will be affected by the green transition in one way or another (OECD, 2023; Vandeplas et al., 2022). Nonetheless, information about labour market impacts by sector, profession, or region is scarce. Labour union representatives argue that more research is needed about the concrete, place- and sector-specific changes that the green transition will imply.

Since carbon-heavy sectors are often concentrated in specific regions, job loss

during the green transition is likely to occur to a stronger degree in some areas than in others (Alsos & Dølvik, 2021). Similarly, green investments and green job creation can be concentrated in specific regions with access to green energy or natural resources. This may contribute to greater spatial inequalities in economic growth and employment opportunities in the Nordic countries.

At the same time, such developments at detailed spatial level are difficult to predict. Macroeconomic fluctuations, international conflicts and crises, natural disasters as well as megatrends such as automation and the increasing use of artificial intelligence and Big Data can all influence the Nordic labour markets. The simultaneous occurrence of such trends and transformations can have large impacts on the Nordic labour markets that go beyond the effects of the green transition per se, yet these are difficult to predict (Robins & Rydge 2019).

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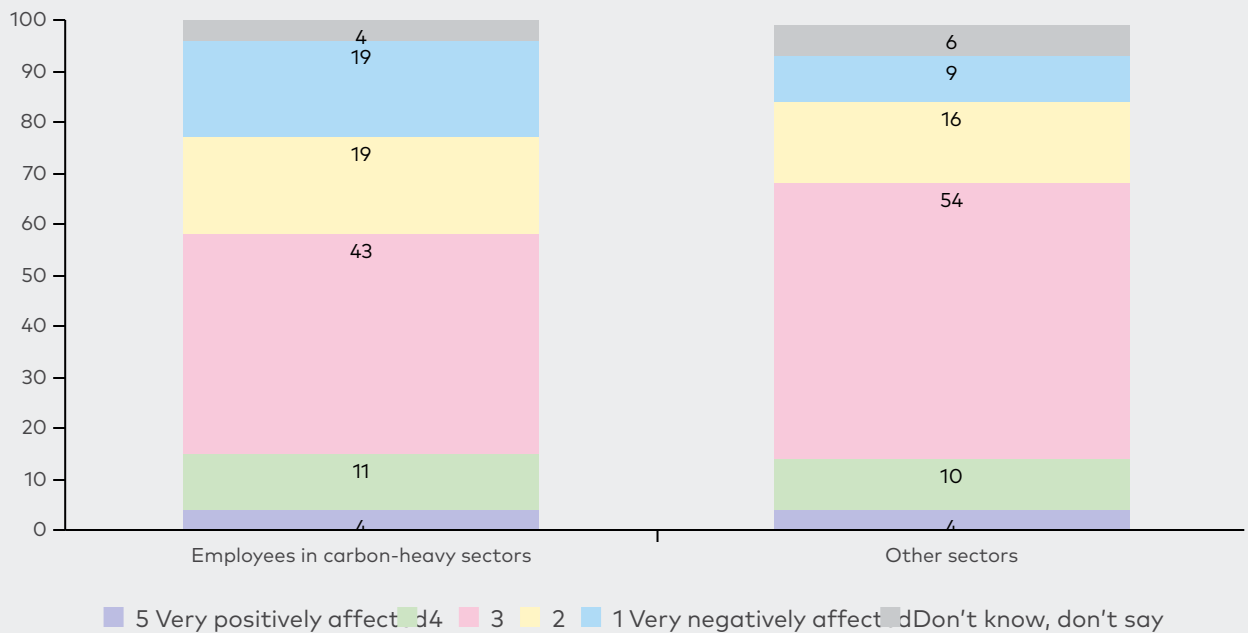
We expect that there will be new jobs and there will be job losses. But we don't know for sure, and it creates a lot of fear and insecurity.

- Labour union representative

INSIGHT #5: 38% of employees in carbon-heavy sectors say the green transition has a negative impact on their household economy

People who work in carbon-heavy sectors are not just comparatively sceptical about the economic impact of the green transition. They are also more likely to report negative impacts of the green transition on their own household (Figure 6). When asked how climate policies affect their household economy, 38% of all respondents who work in carbon-heavy sectors answer that they experience negative or very negative effects. Among employees working in less carbon-heavy ("other") sectors, only 25% state that their household is negatively affected.

Figure 6: Overall, how do you think that climate policies affect your household today in economic terms?



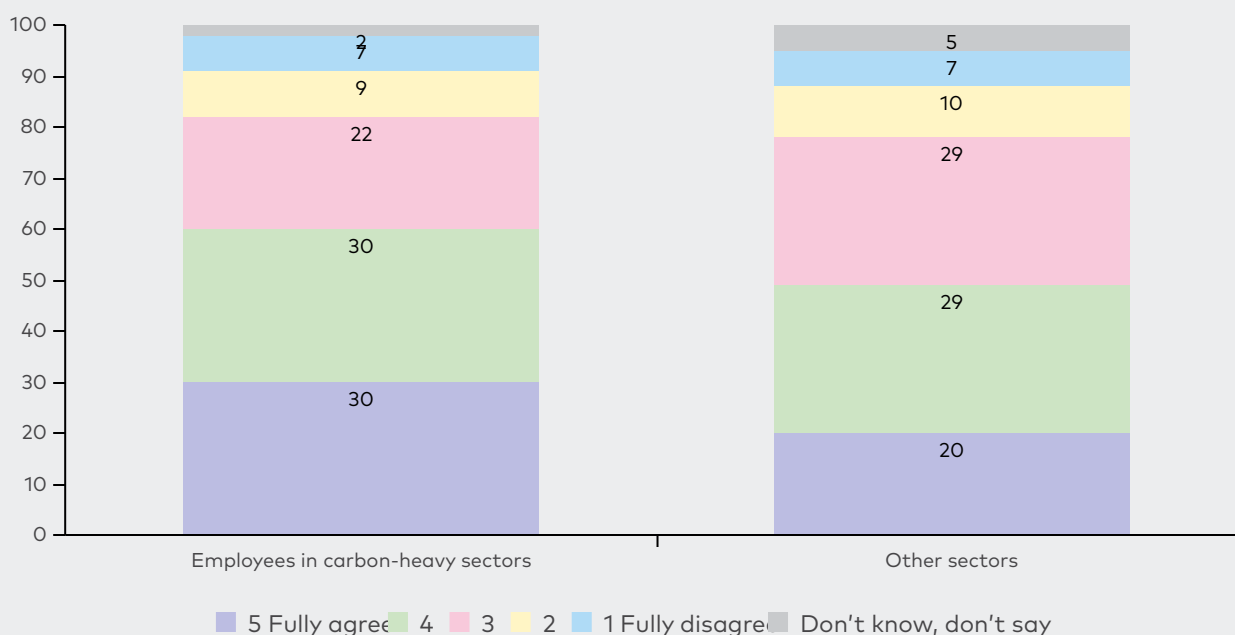
Note: The figure shows the survey answers given by respondents who work in carbon-heavy sectors and employees in other sectors. For a list of carbon-heavy sectors, see section on 'Labour market impacts of the green transition' above. Respondents could answer the question on a scale from 1 to 5, with 1 meaning that their household economy is "very negatively affected" by climate policies and 5 meaning that their household is "very positively affected". The numbers given in the text are calculated by adding the percentages of respondents who chose answer options 1 and 2. Hover over the legend to see the results.

Source: Tapia, Sánchez Gassen, & Lundgren (2023).

INSIGHT #6: Employees in carbon-heavy sectors are more worried than others about future price increases from the green transition

People who work in carbon-heavy sectors are more likely than others to expect negative impacts from the green transition going forward. More concretely, in the Nordic survey, respondents were asked whether they expect prices and cost of living to increase due to the green transition (Figure 7). Three in five respondents who work in carbon-intensive industries (60%) express such concerns while only 16% disagree. Among employees working in other sectors, around half (49%) express concerns about price increases.

Figure 7: To what extent do you agree or disagree with the following statement? - "Initiatives to fight climate change will increase prices and the cost of living in the area where I live".



Note: The figure shows the survey answers given by respondents who work in carbon-heavy sectors and employees in other sectors. For a list of carbon-heavy sectors, see section on 'Labour market impacts of the green transition' above. Respondents could answer the question on a scale from 1 to 5, with 1 meaning that they "fully disagree" and 5 meaning that they "fully agree". The numbers given in the text are calculated by adding the percentages of respondents who chose answer options 1 and 2, and 4 and 5, respectively. Hover over the legend to see the results.

Source: Tapia, Sánchez Gassen, & Lundgren (2023).

INSIGHT #7: More research is needed about the skills requirements in a greener economy

Employees working in sectors that are more directly affected by the green transition may need support in either changing their occupation or in updating their skills to match new professional requirements. Active labour market policies, training, and reskilling initiatives are important to avoid the potentials of unemployment or inactivity for employees in transitioning sectors (Høst et al., 2020; Alsos & Dølvik, 2021).

Upskilling and reskilling activities will be especially important for employees with lower levels of education. Academic studies suggest that manual workers may be disadvantaged during the green transition (Marin & Vona, 2019). Many of the emerging jobs in the green economy will require higher levels of skills, making it more challenging for people with lower educational attainments to qualify (NFS et al., 2021). By investing in reskilling and upskilling programmes, Nordic governments can support these groups of employees to become employable in new green sectors, thereby avoiding new labour market inequalities.

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There is no research, no strategic studies done regarding how working life really changes, and what work projections look like. We need this kind of research!

- Labour union representative

While the academic literature stresses the importance of upskilling and reskilling programmes to support structural change and the reallocation of labour during the green transition, there is less agreement on how such programmes should be designed and which types of skills they should convey (OECD, 2023). Labour union representatives who participated in a focus group discussion (see Box 1) argue that there is currently too little knowledge about which skills will be required by different industries in a greener economy, making it difficult to prepare and plan. Investments are needed both to gain new information on future skills needs and to set up reskilling programmes that can convey such skills.

INSIGHT #8: Trust in the Nordic welfare systems is essential to maintain support for the green transition.

Labour unions from the Nordic countries stress that employees need to have confidence that public welfare systems will support them if they lose their job during the green transition, including via financial support, reskilling opportunities, and active labour market policies. This type of trust is necessary to maintain public support for ambitious green policies (see also Robins & Rydge, 2019). Nonetheless, labour union representatives say that they see the opposing trend among their members—a declining level of trust. They argue that the Nordic welfare systems have been hollowed out during the last few decades and that this is one reason for this trend. To ensure support for the green transition, labour union representatives argue that trust in the welfare systems needs to be strengthened again. Importantly, cuts in welfare support and services should be avoided during the green transition.

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I think it's a very important element of the green transition to have a strong welfare system that takes care of you if you are impacted negatively.

- Labour union representative

INSIGHT #9: The involvement of social partners in the green transition is necessary for ensuring fairness

Social dialogue and collective bargaining between Nordic governments, industry organisations and trade unions (i.e. the social partners) are key characteristics of the Nordic model and one of the reasons why the Nordic countries tend to top international economic and labour market rankings (Tapia et al., 2022). It is necessary that tripartite cooperation and close dialogue between the social partners are maintained during the green transition.

A just transition engages workers, employees, and labour unions in the development and implementation of industrial strategies, so that those who are affected can be part of shaping how processes will take place (NFS, n.d.). By doing so, Nordic countries can also identify the best strategies for the green transition in different sectors of the economy, develop solutions that support those at risk of unemployment or in need of upskilling, and establish upskilling programmes that convey the right type of competences (Lundgren et al., 2023).

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Suggestions from workers in carbon-heavy industries for a just green transition

Representatives of Nordic labour unions make the following suggestions to policymakers at national levels of governance to ensure that the green transition is just:

1: Support further research on the employment effects and skills needs of the green transition

There is currently not enough information on how the green transition will affect employment at sectoral and regional levels in the Nordic countries. There is also a lack of knowledge about which skills and expertise will be required in a greener economy. In order to prepare for employment effects and support employees who are most affected, more research is needed to study these questions.

2: Collaborate with social partners to develop sectoral roadmaps

Roadmaps can estimate greenhouse gas emissions for each given sector and describe how to reduce emissions to meet climate goals. Such roadmaps have already been developed in several Nordic countries (Ohrling, 2020). Nonetheless, they often do not assess employment impacts or skills needs. This step is important to support future skills supply and develop educational programmes that train workers to use new technologies and take on new tasks.

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The labour force will need to get the right education and skills to take green jobs. So, there are two challenges: the regional question: where will the jobs grow? And what skills will or won't be needed in the future?

- Labour union representative

3: Develop and invest in reskilling programmes

Measures and investments are needed to upskill and reskill workers and employees to make them employable in a greener economy. Low-skilled employees and people with weak labour market attachment need support to obtain qualifications specific to green sector jobs. Nordic governments should acknowledge their important role in this process, develop and invest in adult education programmes that allow for continuous skills development, and work in collaboration with the social partners, employers, and the educational sector. Investing in a skilled labour force will not only facilitate the transition itself, but it will also be a key component to ensure fairness and allow workers and employees to benefit from new job opportunities.

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There will be losers and winners in the green transition. But no one sees it because we don't have information by sector. Politicians don't get prepared, or allocate resources to reskill people.

- Labour union representative

4: Embrace a more positive (but realistic) narrative of the green transition

The green transition will bring many benefits and likely improve the quality of life for people in the Nordic Region. The advantages of the green transition should be better communicated to the public. What is a green and sustainable society about? How will people experience life in the Nordic Region after a successful green transition? People should also be given the chance to co-create such a narrative and become part of the process.

5: Focus on the distributional impacts of taxes and subsidies

Government subsidies and funding mechanisms can play a big role in promoting the green transition – for example by supporting green innovation, accelerating the development of green products or investing in green infrastructure. Government funding can also help to stimulate household demand for sustainable products such as electric vehicles and solar panels. Similarly, different types of environmental taxes can discourage the consumption of specific products and make production more expensive.

The use of government subsidies and taxes should be carefully targeted. A key goal should be to move away from subsidising fossil fuel and instead supporting sustainable and green choices. In addition, a focus should be placed on supporting vulnerable groups and households as well as regions which risk to suffer adverse consequences during the green transition.