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THE IMPACT OF THE IMPLEMENTATION OF THE EUROPEAN GREEN DEAL ON THE ECONOMIES OF THE EU MEMBER STATES

IMPACTUL IMPLEMENTĂRII PACTULUI VERDE EUROPEAN ASUPRA ECONOMIILOR STATELOR MEMBRE ALE UE

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Abstract: *Pactul Verde European reprezintă strategia principală a Uniunii Europene pentru atingerea neutralității climatice până în 2050, având implicații economice, sociale și politice semnificative. Această lucrare adoptă o metodologie de cercetare bazată pe analiza documentară și studiul comparativ al politicilor UE. Obiectivul principal al lucrării este de a evalua impactul Pactului Verde European asupra economiilor statelor membre, iar analiza se concentrează pe identificarea provocărilor și oportunităților asociate tranziției verzi și pe măsurile implementate la nivel național și european. Prin analiza amplă a politicilor statelor membre ale UE s-au identificat principalele riscuri, inclusiv disparitățile regionale, costurile ridicate și pierderea locurilor de muncă în industriile tradiționale. Pentru a asigura succesul tranziției verzi, sunt necesare politici flexibile, investiții în inovare și educație, precum și sprijin financiar adecvat. Concluzia subliniază importanța unei cooperări eficiente între instituțiile UE, guvernele naționale și sectorul privat pentru a transforma această provocare într-o oportunitate de dezvoltare durabilă.*
Cuvinte cheie: *Pactul Verde European, Economie europeană, Politică europeană, Politică pentru integrare europeană.*

JEL CLASSIFICATION F43, F64, F68

INTRODUCTION

The European Green Deal is one of the most ambitious initiatives of the European Union with a significant impact on the economies of its member states. Faced with the challenges of climate change, rising energy costs and dependence on fossil fuels, this policy represents a key opportunity for a sustainable and innovative transition. The European Green Deal is not only an environmental strategy, but also an economic development plan aimed at stimulating growth through green investments, reducing pollution and promoting new technologies.

The European Green Deal policy highlights numerous economic and social challenges at both EU and national level. The biggest difficulty in its effective implementation is finding the right balance between environmental protection and the specific economic and social realities of each member state. A major difficulty is the high costs associated with the environmental transition. States with developing economies, such as Romania, face a less developed renewable energy infrastructure, lack of resources to finance these changes and dependence on traditional industries. In this sense, the problem affects both the economic competitiveness of the Member States and the economic and social cohesion of the European Union. The implementation of the European Green Deal involves several actors, both direct and indirect. Direct actors include the European Commission, national governments, the energy industry, the private sector and environmental NGOs. Indirect actors are representatives of civil society, trade unions of workers in affected industries, international organizations and European consumers. Each of these actors plays a crucial role in determining the success or failure of this policy.

The European Green Deal is an intensely debated topic both in academia and in the public arena. Its supporters emphasize the necessity of this policy to combat climate change and the opportunities it offers for the development of sustainable industries. On the other hand, critics warn of

major economic risks, especially for regions dependent on polluting industries, arguing that the green transition could widen economic disparities between member states.

CORE CONTENT

1. Brief analysis of bibliographical sources in the field of the researched problem

In order to analyze the implementation of the European Green Deal and its impact on EU Member States, a solid theoretical approach is needed, which will explain the mechanisms of the green transition and its implications for European economies and governance. In this context, three theories are particularly relevant: Sustainable Transition Theory, Green Economy Theory and Multi-level Governance Theory.

Sustainable Transition Theory explores how societies can achieve major structural transformations to reduce negative environmental impacts and adopt sustainable practices. Geels (2002, p. 1260) emphasizes that "technological transitions imply major changes in socio-technical structures, which require coherent policies and sustained investments". The application of this theory in the European Green Deal is reflected in the transition from fossil fuels to renewables, which implies changes in infrastructure, economic policies and social behavior.

Ecological Economics theory provides an alternative framework to traditional economic models, emphasizing on the importance of sustainable resource use and the internalization of environmental costs. Costanza and Daly (1992, p. 40) state that "ecological economics focuses on the conservation of natural capital and the internalization of environmental costs into economic processes". In this sense, the EU's green taxonomy policy exemplifies the application of this theory by establishing criteria for sustainable investment and implementing carbon tax mechanisms.

Multilevel governance theory explains the distribution of authority between different levels of government, which is crucial for the implementation of the Green Pact. Hooghe and Marks (2003, p. 236) emphasize that "multilevel governance implies the division of authority between different levels of government, which is crucial for the implementation of complex policies such as the European Green Deal". The EU's Border Carbon Adjustment Mechanism illustrates this theory, with EU institutions, national governments, and economic actors working together to prevent polluting industries from relocating outside Europe.

From all of these approaches, Sustainable Transition Theory is the most appropriate for the analysis of the European Green Deal, as it provides a logical framework for assessing the necessary transformations in infrastructure, regulation and economic behavior. The success of the European Green Deal depends on three main factors: the development of effective regulatory policies, the implementation of appropriate financing mechanisms, and the adaptability of national economies to new environmental requirements.

2. Description of the research methods used

This paper adopts a research methodology based on documentary analysis and comparative study of EU policies. The main objective of the paper is to assess the impact of the European Green Deal on Member States' economies, and the analysis focuses on identifying the challenges and opportunities associated with the green transition and the measures implemented at national and European level.

The paper is based on an examination of official reports of the European Commission, academic studies and relevant legislative documents which in turn constitute the documentary analysis of the research. In terms of data, quantitative analysis will be used - using statistical data on renewable energy investments and the economic impact of sustainability policies. In addition to this the paper will consider the assessment of policy discourses and academic debates on the European Green Deal, which will form the qualitative analytical part.

Even in the case of a multilateral analysis and diverse literature sources, the research methodology has its limitations. These consist of the availability of up-to-date data on the direct impact of the European Green Deal on Member States' economies, the variability of policy implementation

according to the specificities of each Member State and differences in the interpretation of the data, and the lack of a unified framework for assessing the long-term impact. This methodology contributes to increasing the credibility of the scientific endeavor by providing a solid analytical framework for investigating the impact of the European Green Deal on Member States' economies.

3. Results obtained

The implementation of the European Green Deal represents a major transformation for the economies of EU Member States, with both positive effects and significant challenges. One of the main benefits of the European Green Deal is its central objective of reducing greenhouse gas emissions and achieving climate neutrality by 2050. According to Eurostat, between 1990 and 2019, the EU has managed to decrease total emissions by about 24%, demonstrating a continued commitment to sustainability. In addition, the European Green Deal will stimulate the creation of green jobs by supporting the development of renewable energy, energy efficiency and sustainable mobility. According to a Eurofound report, green measures could generate an estimated 1 million new jobs by 2030, reinforcing the transition to a sustainable economy.

A less discussed benefit of the Green Deal is stimulating innovation and increasing economic competitiveness. By investing in sustainable technologies, European industry can strengthen its position in the global market, boosting the development of advanced technological solutions and promoting progress in the green economy. While this policy brings significant benefits, it is not without limitations and side effects that need to be taken into account. The central negative aspect is the significant economic costs of implementing the pact. According to a study published in Nature Climate Change, in order to reach the climate neutrality targets, the EU would need to supplement its planned budgets by about €87 billion between 2021-2025, especially in the renewable energy and rail infrastructure sectors (L. Klaaßen and S. Bjarne, p.25). Job losses in traditional industries also constitute a negative social and economic aspect of the European Green Deal. The transition may lead to the decline of industries such as coal or oil, affecting regions dependent on these sectors. It is estimated that around 180,000 jobs in the mining industry could be lost by 2030 (Charron, 2016, p. 640).

From an economic point of view, the effects of the introduction of the European Green Deal on Member States' economies may also lead to regional disparities. "Member States with less developed economies or with a high dependence on polluting industries face greater challenges in implementing the green transition, risking to widen economic and social gaps within the EU" (Bărbulescu, 2008, p.102). The causes of the negative aspects can be summarized as limited financial resources, resistance to change and dependence on polluting industries. States with weaker economies have limited funds to invest in green technologies and to support retraining of the workforce. There is significant opposition from some industry sectors and political groups to the measures proposed by the European Green Deal, which may delay or undermine their implementation. Many Member States have economies strongly linked to high-emitting industries, making the transition difficult and costly.

Failure to take swift and effective action to tackle the negative impacts of the EU Green Pact may have severe consequences for European economies. The biggest risks include:

1. *Increasing economic and social disparities.* Without adequate support measures, there is a risk that the Green Transition will widen economic gaps between developed and less developed regions. Member States with economies dependent on traditional industries, such as Poland or Romania, could face difficulties in adapting to the new environmental requirements, leading to job losses and lower living standards.

2. *Loss of industrial competitiveness.* Delay in adopting green technologies may reduce the competitiveness of European industry on the global market. While other major economies such as the US and China are investing heavily in sustainable technologies, Europe risks falling behind. An article in Le Monde warns that "The European Green Pact, adopted in 2020 to achieve climate neutrality by 2050, has contributed to widening the gap with US and Chinese industrial policies" (Arezki, & van der Ploeg, 2024)

3. *Environmental degradation and public health.* Failure to implement environmental measures may lead to further environmental degradation with direct effects on public health. Air, water and soil pollution contribute to increased incidence of respiratory and cardiovascular diseases. According to the Council of the EU, "The vision of the European Green Deal is to make the EU the first climate-neutral area in the world by 2050, to cut pollution and restore a healthy balance in nature and ecosystems."

4. *Political and social instability.* Failure to address the challenges of the green transition may fuel social and political unrest. Protests by European farmers in 2024 over perceived restrictive environmental regulations highlight the potential for social tensions.

5. *Energy vulnerability.* Without investment in renewable energy sources, dependence on fossil energy imports may increase, exposing the EU to international market fluctuations and geopolitical risks. An article by Bruegel suggests that "the EU should aim to become a global standard-setter for the energy transition, particularly in hydrogen and green bonds." (Pisani-Ferry et al, 2021)

6. *High costs and impacts on consumers.* If the transition is not properly managed, energy prices can rise significantly, affecting economic competitiveness and living standards. Dupont in his research warns that "the implementation of the European Green Deal may lead to price increases, affecting vulnerable groups in particular" (Dupont &Torney, 2021, p. 2).

In order to achieve the objectives of the European Green Pact and effectively manage the identified risks, concrete and feasible solutions need to be implemented. These measures aim both to remove existing constraints and to achieve an improved economic and social state in line with the forecasts for the ecological transition.

CONCLUSIONS/RECOMMENDATIONS

The European Green Pact is an ambitious EU project with a significant impact on Member States' economies. The transition to a sustainable economy supports environmental protection, stimulates innovation and contributes to increased economic competitiveness. However, this transformation entails major challenges, such as the need for significant investments, adapting national economies to new environmental standards and managing the social impact on affected industries.

Another factor that may slow down the transition is resistance to change among economic and social actors. To increase acceptance of green measures, information and awareness-raising campaigns are needed, together with the active involvement of local communities and business in the decision-making process. In the short term, in order to accelerate the transition, Member States should develop and implement coherent national strategies aligning national and European objectives. These strategies should include clear measures for key sectors such as energy, transport and agriculture. Establishing monitoring and evaluation mechanisms, based on performance indicators and regular reporting, is essential to adapt policies according to results. Investment in research and development is also key to stimulating innovation in green technologies, such as carbon capture and storage solutions, which can help reduce greenhouse gas emissions.

In conclusion, the transition to a green economy entails significant challenges, but the implementation of well thought-out policies and appropriate measures can facilitate the process and ensure sustainable development. Through a coordinated effort at an European and national level, the European Green Deal can contribute to increasing economic competitiveness, protecting the environment and improving the quality of life for all European citizens.

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