

Deloitte.



Work toward net zero

The rise of the Green Collar workforce in a just transition

November 2022



Contents

- 01
- 02
- 03
- 04
- 05
- 06
- 07
- 08
- 09

The science of climate change is reverberating through economies, communities, and business, worldwide.

The great advance over the last few years has been the translation of this challenge from environmental or moral arguments to an economic, and now commercial, discourse.

As highlighted in our Turning Point series, the reality is now clear: the progression of climate change, if unchecked, could slow economic growth (by some USD\$178 trillion in net present value terms from 2021-2070) and destroy jobs and communities; while the economics of addressing climate change, with an active and global transition, could generate economic growth (by some USD\$43 trillion in net present value terms from 2021-2070), jobs, and incomes for people around the world.

Our capacity to navigate the task ahead is informed by our understanding of structural economic change and the dynamics that will play out during the fastest industrial revolution the world has ever seen. Reaching net-zero emissions by 2050 will fundamentally change the global economy through hard shifts in industrial policy, energy systems, and consumer behavior- how resources are allocated, and the perceived fairness of the processes involved in this allocation, are live and critical issues that will define history.

Planning for transition and offsetting costs with shared benefits will ensure economic history looks

back kindly on the low-emissions transformation and the governments guiding this change.

In this way, governments will not only be judged on economic performance, but on how growth is distributed within economies and across countries.

Equity is not just the product of transition; it is a critical ingredient to enabling it and driving sustainability in economies and societies. At the very center of this is people, their work and their livelihoods.

This Deloitte Global report provides a policy framework which posits workers and their skills as the driver of economic transition, rather than being the consequence of economic transition.

With around one quarter of global jobs (around 800 million jobs) at risk from unchecked climate change, policy action to upskill and retrain workers can both realize the potential of economic growth while driving greater equality as the world economy shifts to a low-emissions production system.

But investing in skills must be a priority and a purposive act by governments and business, today.

Considering skills, not just occupations and jobs, allowed us to assess the incremental changes to

worker requirements over the transition period and the role of policy in helping workers participate in a net-zero future.

Just as industrialization gave rise to a blue-collar workforce, and technology and the growth of services has given rise to a white-collar workforce, the path to net zero is giving rise to a new Green Collar workforce. Deloitte Global's modeling shows that the skills required in a Green Collar workforce are not too different from the skills held in the current workforce, and effectively harnessing this talent to learn more, teach others and create an active transition to net zero, will result in over 300 million additional jobs globally at 2050.

But this employment dividend can only be achieved by active policy support from governments globally in workforce and decarbonization policy efforts.

This report presents a Green Collar workforce policy agenda to guide how decision-makers should consider supporting industries and workers to adapt to global decarbonization for equitable employment outcomes.

While this report provides a global perspective - a framework for thinking about skills as the driver of economic transition - the challenge will always to be to act local; to determine the specifics of a local workforce and the skills needed to drive an economy in a net-zero world.

How governments and businesses - individually and collectively - design the transition to mitigate climate impacts and capitalize on the opportunity of decarbonization will be one of the greatest determinates of equality in the coming decades.

The future is not pre-ordained and our skills are not pre-destined.

Just as the Turning Point provided a hopeful story for our humanity, a just transition focused on skills provides us with a hopeful and purposeful story of growth - of shared prosperity - for all.

Jennifer Steinmann
Global Sustainability & Climate Practice Leader

Steven Hatfield
Global Future of Work Leader

Insight summary



Transforming the global economy to achieve net-zero emissions by mid-century is an unprecedented economic opportunity.

With the right policies in place, an industrial revolution in under 30 years can be achieved—creating new industries, more jobs, and a confident future of work as the worst impacts of climate change are avoided.

But the promise of decarbonization presents risks unless the right planning and support is provided to those most vulnerable to climate change and job disruption in transition. As economies accelerate to net-zero, the success of the global effort to mitigate climate change will be judged on how it protects those most vulnerable.

This report identifies the industries, regions, and workers who will be most adversely affected by climate change and the global transition to a net-zero economy. It demonstrates how a coordinated policy for transition toward new areas of low-emissions growth can create viable employment pathways for vulnerable workers, reduce disruption, and improve standards of living globally.

Climate extremes and unplanned economic transition create substantial risks to workers

According to the Deloitte Economics Institute's analysis, more than 800 million jobs worldwide—around one-quarter of the global workforce today—are highly vulnerable to both climate extremes and economic transition impacts.

The impacts will be particularly severe in Asia Pacific and Africa, with many workforces in these regions, such as workers in India and China, having more than 40% of employment in highly exposed industries.

Government coordination is key to ensuring the transition takes place at the optimal pace and scale to achieve the greatest possible economic growth and job creation while mitigating climate impacts and costs to vulnerable workers.

A coordinated and rapid transition to net-zero delivers new job growth

Deloitte Economics Institute modeling shows that with rapid decarbonization and active transition policy in the coming decade, all regions globally can have higher economic growth and more jobs in the long term. More than 300 million additional jobs globally can be created by 2050 from seizing the decarbonization opportunity and making the transition work for all.

Deloitte Economic Institute's analysis demonstrates that an active transition with the right policy support from governments globally means more jobs and better outcomes for workers, in comparison to a passive, uncoordinated transition to net-zero.*

The net-zero economy will create—and require—a Green Collar workforce

The transition to net-zero emissions fundamentally changes the global economy. But where there is transition, it does not mean the people, or their skills disappear. In fact, workers and their skills will be vital to creating a pathway that delivers on the promise of global net-zero to deliver job creation.

Just as the Industrial Revolution gave definition to blue collar workers, which then gave rise to white collar workers, a new skill set is giving rise to a new group of workers.

The transition to net-zero emissions creates a cadre of workers with new skills, which we describe as the Green Collar workforce. This workforce reflects how global decarbonization is already changing the workforce today and how it could remake the future of work in a net-zero world.

A Green Collar worker can be an office worker or a manual laborer. It is not about the industry, location, or skills of a worker that makes them Green Collar; it is about how decarbonization (does or doesn't) influence their work and their skills.

Some existing occupations will significantly transform, others may only need to change at the margins, and entirely new ones will emerge as the Green Collar workforce shapes the future of work. The Deloitte Economics Institute has established five categories of occupations that define the Green Collar workforce today. These categories establish a framework for how workforce policy can be designed for a decarbonizing global economy.

Today's workers have the skills needed for the Green Collar workforce

To deliver the economic opportunity of an active transition to net-zero, there is a need to think about the skills of those workers in the Green Collar workforce.

Deloitte Economics Institute's mapping of existing skills in the workforce shows that 80% of the skills required in the short-to-medium term to achieve net-zero emissions by 2050 already exist.

This means most current workers are likely to only require upskilling (such as on-the-job training), rather than complete retraining to remain in their current job or to gain a new job due to decarbonization. The skills of workers can facilitate equitable employment opportunities as economies decarbonize.

Importantly, as the Green Collar workforce develops, only a small number of jobs will be immediately and negatively affected by the net-zero transition. For most workers across economies, either in the Green Collar workforce or not (such as teachers, nurses, hospitality workers, and small business owners), decarbonization of the economy is unlikely to change the skills they require in their role.

Proactive public policy can support vulnerable regions, industries, and workers during the transition

The Deloitte Economics Institute has developed a Green Collar workforce policy agenda to guide how decision-makers should consider supporting industries and workers to adapt to global decarbonization for equitable employment outcomes.

The policy agenda is shaped by the need for an active transition to net-zero globally, and this means an active role for governments globally in workforce and decarbonization policy efforts.

*The 300 million jobs represents the additional level of total global employment at 2050 under an active transition, in comparison to a passive transition pathway, thus making the case for coordinated policy action.

Green Collar workforce policy agenda

1/ **Set ambitious interim emissions reduction targets**

Clearly defined and implemented interim reduction targets can guide industries, businesses, and individuals to make effective investment decisions for a timely and coordinated transition. Getting the timing and scale of emissions reduction right is key to an active transition that will leave workers better off and lower the costs of transition for economies overall. Net-zero workforce policy must be a function of the right emissions reduction pathways.

2/ **Design new industrial policy**

Accelerating progress toward net-zero emissions and tackling our toughest climate challenges will require extraordinary levels of collaboration and coordination across emerging economic systems.

Systems are broader than traditional industry definitions and policy settings. A systems approach to decarbonization recognizes that existing industries will be rebuilt as a series of complex, interconnected, emissions-free systems—like energy, mobility, manufacturing, agriculture, and land use. Government, finance, and technology can have a catalytic role to enable transformation and the emergence of new sources of jobs and growth.

“System deals” represent tailored arrangements between central government, industry bodies, specific firms, research, and skilling organizations to collectively design, fund, and deliver on a defined economic outcome in relation to decarbonization – *what must the energy, mobility, manufacturing, agriculture, and land use systems look like by 2050? What needs to change today to ensure the workforce can deliver growth in these systems?*

New industrial policy settings should be adopted with the Green Collar workforce at the center to deliver on rapid decarbonization at the least cost to existing industries and workers.

3/ **Create high-value jobs for transition pathways**

Balancing the costs and benefits of transition to net-zero requires more than providing a disrupted worker with a new job opportunity. Employment pathways are required that represent an equivalent, or higher, quality job opportunity to ensure their living standards and meaningful engagement in work are maintained.

Policy settings for skill pathways should offer the structure to create better outcomes in terms of wage, working conditions, and job security and equally identify with a worker’s career purpose and ambitions.

4/ **Reform education and training systems for decarbonization**

The education and training sector is an important economic policy lever governments can pull to empower people to establish new and fulfilling vocations in a low-emissions future.

Education and training systems globally will be responsible for upskilling and retraining disrupted workers and new students to facilitate pathways into high-growth sectors with in-demand skills. Reforming the education and training sector to evolve in line with the decarbonization of economies is critical to realizing the economic potential of decarbonization.

5/ **Target workforce policy to direct skills to where they are needed**

Not all workers, skills, or regions will require the same policy solutions. Active transition assistance can target improved economic, workforce, and skilling outcomes based on a “portfolio approach” that targets specific cohorts in the economy. This will be core to successfully designing place-based and cohort-based workforce policy for decarbonization.

01

How the climate changes the future of work



Economic growth and development are about dynamics. As economies grow and evolve over time, they are shaped by history, natural endowments, the ingenuity of people, and the constant strive by policymakers, businesses, and individuals to keep doing better.

But economic growth and improved standards of living are not guaranteed. As economies evolve globally, there can be no complacency about getting the right mix of factors for equitable and sustainable economic growth.

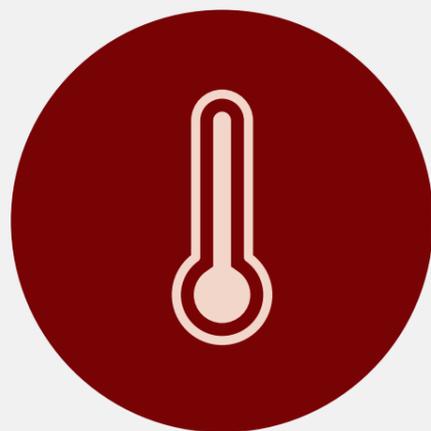
Climate change, and the world's response to it, is a fundamental factor to get right for good economic growth. Deloitte's analysis in *The Turning Point* has shown that unchecked climate change, where global average temperatures rise by 3°C, slows growth in every region. By 2070, mounting global economic losses could total US\$178 trillion (in present-value terms), a future that would be marked by significant declines in productivity, job creation, standards of living, and well-being.¹

In 2070 alone, global GDP could be 7.6% lower due to climate damages to growth. Unless the world takes rapid and coordinated action, this increasingly

Figure 1:
Summary of global *Turning Point* Report
figures: Cost vs. opportunity



Unchecked climate change could create **\$178 trillion** in global economic losses in net present-value terms from 2021–2070, in US dollars.



climate-damaged outlook will become the new normal. In acting to rapidly achieve net-zero emissions by mid-century, the global transformation to a net-zero economy could create stronger economic growth by 2070. Deloitte's modeling has shown that such a transformation could increase the size of the world economy by US\$43 trillion in net present-value terms by 2070 (figure 1).

Transforming the economy to achieve net-zero emissions by mid-century is an opportunity to change the arc of our global economic future. With the right mix of policies in place, the world could achieve an industrial revolution in under 30 years—giving rise globally to new industries, more jobs, and new types of work and skill sets as the worst impacts of climate change are avoided. Net-zero transformation offers a win-win for the climate and the economy.

But the promise of decarbonization still presents risks unless the right planning and support is provided for people who are vulnerable to both climate damages and job disruption. As policymakers and business leaders accelerate to net-zero, the success of the global effort will be judged based on how it protects those most vulnerable today.

As the world enters a new era of sustainable economic growth, where emissions intensity is decoupled from the production system of the economy, there is an opportunity to rebuild economies and societies more equitably. The transition to a net-zero world can only be achieved through the ingenuity of the workforce, and a focus on skills can ensure that workers drive the economic transition and, in so doing, ensure a just transition.



Coordinated climate action could increase the size of the world economy by **\$43 trillion** in net present-value terms from 2021–2070, in US dollars, compared to a climate-damaged baseline.



Prosperity and fairness are key ingredients to a just workforce transition

As the global economy decarbonizes, all societies must aim for sustainable economic prosperity and fairness. That means public policy designed for transition must account for both growing the size of the economic pie (prosperity) and how it is sliced up (equity/fairness). Success in the transition to net-zero will be measured by how well policies deliver on both.

But the nature of economic change means that it can be challenging to influence a transition in the direction where the greatest majority are better off and disruption and inequality are minimized. Challenging, but not impossible.

How resources are allocated, and the perceived fairness of the processes involved in this allocation, are live and critical issues. This means government and business have an important role to play in protecting the livelihoods of people affected.

The notion of climate justice is intimately linked to the outcomes of the transition to net-zero and broader issues of intergenerational disadvantage, global poverty,

political and economic marginalization, land rights, discrimination, and unemployment, for example. Transition and climate mitigation not only enable countries to achieve their individual climate and decarbonization goals, but also create a more resilient social contract between citizens, governments, and businesses. This stronger social contract can occur while also lowering the costs of transition for economies.

Planning for transition and offsetting costs with new opportunities and more evenly shared benefits will ensure economic history looks back kindly on the low-emissions transformation. Cooperation across and within countries to effectively solve for climate change is much more likely if there is a belief that the procedures, institutions, and outcomes involved in the transition are fair.¹

Equity is not just the product of transition; it is a critical ingredient to enabling it and driving sustainability in economies and societies. Understanding the role of the global workforce in achieving an equitable transition to net-zero is, thus, important for public policy.

Workers make the transition possible

The workforce is as complex as the humans that make it up. This complexity, combined with the unrelenting pace of economic change, sees the structure of the workforce create gaps between the types of jobs that are created and the types of workers and skills an economy has to fill them.

Almost universally in workforce policy, to date, such gaps are often seen as a consequence of economic forces with policy needing to react to the change. The economy creates new or different jobs that demand new skills; workers seek out training to remain competitive; and the training system follows suit. Public policy sees “job or skill gaps” being created and then thinks about how to fill them.

But conducting workforce policy in this way misses an opportunity to create better outcomes for workers and the economy overall. And a just economic transition requires harnessing the power of the workforce and directing it toward meeting net-zero globally. This requires investing upfront in the skills and support the economy will need to become low emissions.

The world needs to tap into the skills, knowledge, and experience of the global workforce to create the Green Collar workforce of tomorrow. The net-zero transition won't just happen to workers; today's workers will create the transition.

Because today's workers have valuable skills, knowledge, and experiences that are assets to both the economy and to their own success, as the economy transitions, the new future of work will give workers a chance to use their skills in new ways, to build emerging industries, and to explore new occupations altogether. A just transition is not just about focusing on the future jobs that will be lost or created. It is about the future skills needed and how workforce policy can harness the full potential for workers to use them in a world of emerging economic opportunity.

Modeling the impacts of policy choices on workforce transition



Deloitte's [Turning point](#) series highlighted the economic cost of unchecked climate change and the opportunities of coordinated action to decarbonize economies to reach net-zero emissions by mid-century.



This report builds on this analysis and presents a more detailed look at the impacts of decarbonization on jobs and how workforce policy can create an equitable transition to net-zero globally.

The Deloitte Economics Institute has used scenario analysis to model how the global net-zero transition and climate change affect employment or jobs.

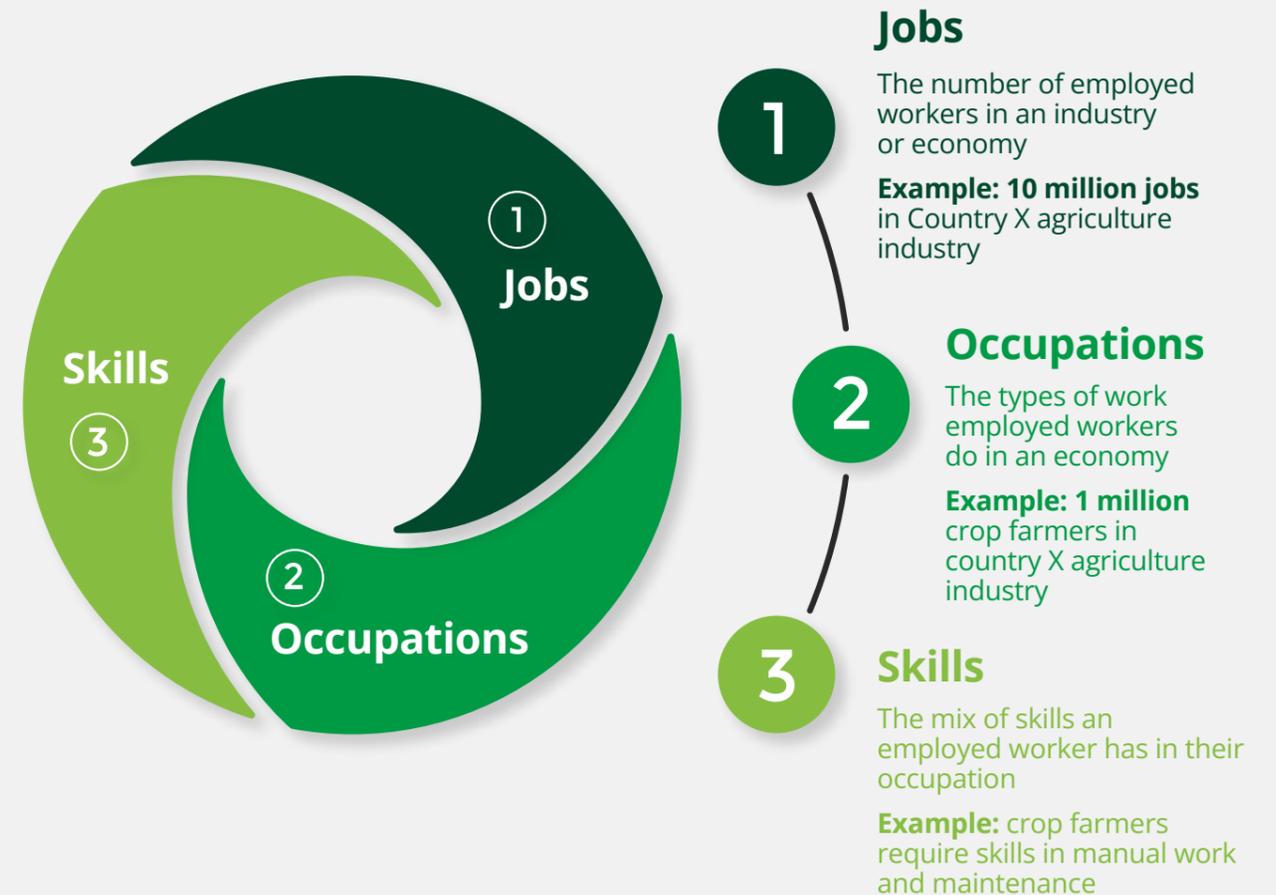
Using scenario analysis from Deloitte’s Regional Climate Integrated Assessment Computable General Equilibrium Model (D.Climate), this research demonstrates how climate damage and the net-zero transition could affect economic output (gross domestic product), industry growth (gross value added), and employment for the global economy and at the country level.²

The modeling determines both the cause and the scale of impact on jobs due to global climate change and the transition to net-zero. Using this modeling, researchers have insight into the vulnerability of industries and jobs today. By understanding current workforce vulnerability, the analysis can determine where to focus policy effort to design equity into the transition to net-zero to secure job growth and limit disadvantage.

Using this understanding, the Deloitte Economics Institute has modeled the “job dividend” of global economies achieving net-zero on a coordinated and assisted global transition pathway. The dividend reflects the clear benefit that policy coordination can have on ensuring more equitable outcomes for workers and communities today, and into the future.

This insight supports an assessment of how workforce policy solutions can support a more just transition to minimize costs and create greater opportunities. The assessment of policy solutions is informed by an understanding of how both occupations and skills are affected in transition as jobs change in the Green Collar workforce (figure 2). Refer to the technical appendix for further detail on the methods applied.

Figure 2:
Overview of analytical framework



This analysis

1. **From vulnerability:** Using D.Climate to model how climate change and economic transition to net-zero affect **jobs** in the global economy
2. **To opportunity:** Using D.Climate to model the **job opportunities** in the global economy from an equitable transition to net-zero
3. **The Green Collar workforce:** How the decarbonization of economies will affect **occupations** and create a new Green Collar workforce
4. **Skills are the currency of work:** How **skills** must be the focus of workers’ policy to secure an equitable transition and job opportunities

02

The workforce impacts of climate change and decarbonization



Because all regions or “places” have different intrinsic economic advantages, there is an inherently different distribution of industries and drivers of economic growth across geographies.

As economic disruptions emerge, certain places, industries, and their workforces are affected more than others.

Decarbonizing the global economy will require fundamental shifts to become low emissions by design. This dynamic process will have unique interactions between multiple actors, geographies, systems, and technologies over different time scales. The global transition will not be a single process but rather a series of place-based transitions, each shaped by the physical climate, unique transition risks, and importantly, how policymakers prepare.

Economic history often can provide a guide on the “where” and “who” that will need support to ensure disruption to workers is minimized. But the net-zero transition has unique characteristics, which means how policymakers can prepare for it differs.

To start with, the environmental, economic, and social costs under a “no change” approach to climate change and decarbonization will be significantly greater than those from transitioning.² This means the global economy is decarbonizing for a clear reason and toward a committed end goal of net-zero emissions to limit global average warming.ⁱⁱ

We know what we are moving away from, and we know where we are heading. And because of this, the right policies can work to ensure the workforce transition does not leave anyone behind.



Identifying the workforces most vulnerable to change

To identify who is vulnerable to climate change and decarbonization, the Deloitte Economics Institute has constructed a **Job Vulnerability Index** (“the Index”) based on today’s share of each country’s employed workers (number of jobs) in industries identified as extremely vulnerable to climate damage and economic transition to net-zero.

The Index is not a measure of job losses. Rather, it indicates relative “job vulnerability” based on a region having the most to lose (economically and socially) if policy does not mitigate both climate change impacts and the costs from the economic transition to net-zero.

No region, industry, or job is without job vulnerability, but some have a significantly higher level of risk compared to others (figure 3). This makes the Index a measure of relativity, where all regions globally are exposed to climate and transitions risks.

The regions with the highest level of job vulnerability in the Index share characteristics such as the following:

- A large share of the workforce is employed in industries that have high exposure to climatic extremes such as heat stress.
- A large share of the workforce is employed in industries that are capital-intensive and where increasingly frequent and severe natural disasters and climate extremes disrupt productivity and investment.
- A significant proportion of national income and economic growth is derived from mining, fossil fuel, and energy-intensive production, which is exposed to transition risk.

Figure 3:
What the Job Vulnerability Index reflects

Sectors in the Job Vulnerability Index that are exposed to physical climate damage and net-zero transition risk



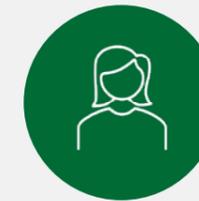
Agriculture



Conventional energy



Heavy industry & manufacturing



Transport



Construction

The Job Vulnerability Index was constructed using D.Climate data containing employment information from 2021 for individual industries, with five major industry groups identified as vulnerable to:

1 / The physical damages of climate change, including capital damages, sea-level rise damages to available land for use, heat stress impacts to workers, human health damages, agricultural damages from changes in crop yields, and tourism impacts to the net inflow of foreign currency.

2 / The costs of economic adjustment from the net-zero transition, which may disrupt industries and their workers in emissions-intensive industries, such as fossil fuels, heavy manufacturing, or agriculture. This disruption is caused by emissions-intensive activities, assets, and processes needing to be replaced by low-emission alternatives.

A country or region’s vulnerability is determined by the share of workers employed in these industries, relative to total employment. For example, a country is extremely vulnerable if more than 40% of a country’s workforce is employed in agriculture, conventional energy and mining, heavy industry and manufacturing, transport, and construction. Based on the vulnerability measure, countries are then scored based on their

relative vulnerability. For example, South American countries, such as Argentina and Chile, have the lowest share of their workforces employed in vulnerable industries and rank the lowest. While several African countries, for example, have a much higher share of vulnerable workers in these industries and rank higher. **The technical appendix provides additional detail on the methodology for the Index.**

Global risks with local impact

More than 800 million jobs, and the workers who fill them, are highly vulnerable to climate extremes and economic transition impacts, based on Deloitte's analysis.³ This represents more than a quarter of the global workforce and signifies the urgency at which both climate action and planning for a just transition must occur globally.⁴

According to the Index, the countries with highest job vulnerability are in the African and Asia Pacific regions. Many workforces in these regions, such as workers in India and China, have more than 40% of employment in exposed industries (see the technical appendix for a full list). While not all workers in these industries will be adversely affected, the degree of workforce vulnerability to extreme temperatures and unplanned economic transition is highly dependent on the mix of capital and labor intensity, which produces the economic output in those industries.

For many African and Asia Pacific economies, it is this mix of how economic activity, growth, and jobs are produced that creates a "perfect storm" to increase the exposure of both their workers and the jobs that create their livelihoods..

These regions have the highest physical climate risks from increasing global average warming due to their locations, and their locations typically include high-emissions industries, which are also incredibly vulnerable to a net-zero transition if planned poorly.

The economic impacts of both risks will compound over time, each reinforcing the other. This means that those global economies with the most to lose from unchecked climate change also have the most to lose from a failure to plan decarbonization to mitigate the impacts of a changing climate. This "double" risk creates disproportionate inequality in wearing the burden of climate change and transition costs.

Figure 4:
Global Vulnerability



Where countries may have a lower proportion of workers with job vulnerability, there remains a significant number of people who need to manage the exposure to climate extremes and the costs of transition to net-zero.

"vulnerable workforce" represents around 50 million workers—an estimated 50 million people who will require targeted transition support and urgent global climate action to ensure they have meaningful work in a net-zero economy.

For example, where South America scores lower in the Index compared to regions in Africa and Asia Pacific, its

It will be no small feat for any economy to manage this, and the highly localized impact of these risks requires significant focus.

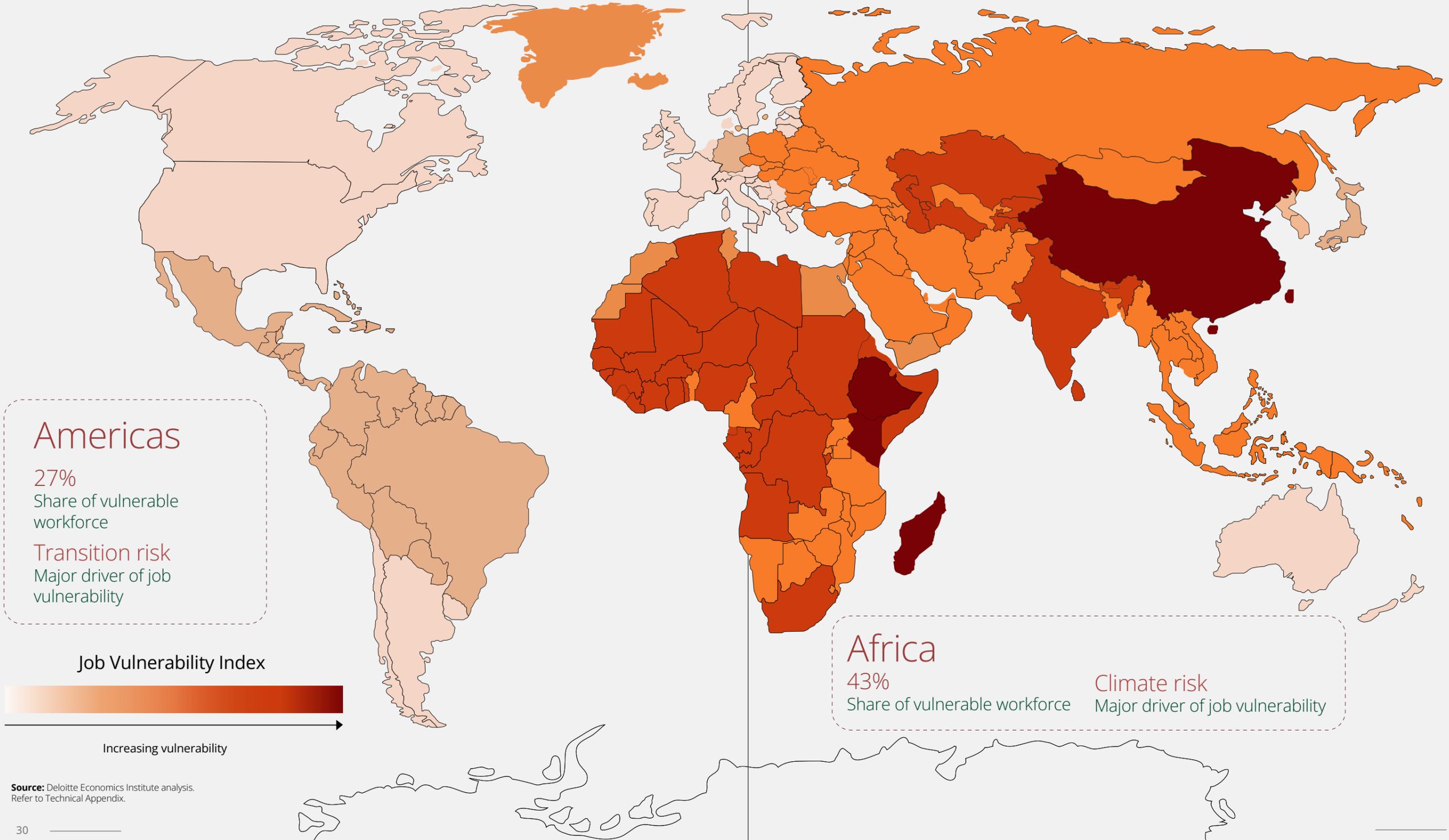
Countries with highest job vulnerability are in:



Highly vulnerable workforces:

40%
of employment in exposed industries

Figure 5:
Global Job Vulnerability Index



Location-based Job Vulnerability Index—the United States

Zooming in: Vulnerability across the United States

Across the United States, the share of vulnerable jobs in the United States is lower than other regions. But this does not mean the risks are low and there can be economic complacency when it comes to climate action and planning for decarbonization. It means the national vulnerability risk masks the highly location-based impacts of climate and transition risk.

More than 13 million jobs in the United States have a high vulnerability to climate extremes and economic transition impacts.⁵

A failure to plan and manage decarbonization could be the biggest driver of economic impacts on jobs concentrated in the energy-producing southern states, such as Texas and Louisiana. Jobs in these regions are concentrated in industries and activity highly reliant on fossil fuels. Today, more than one-quarter of the workforce in these regions is employed in these highly vulnerable industries.

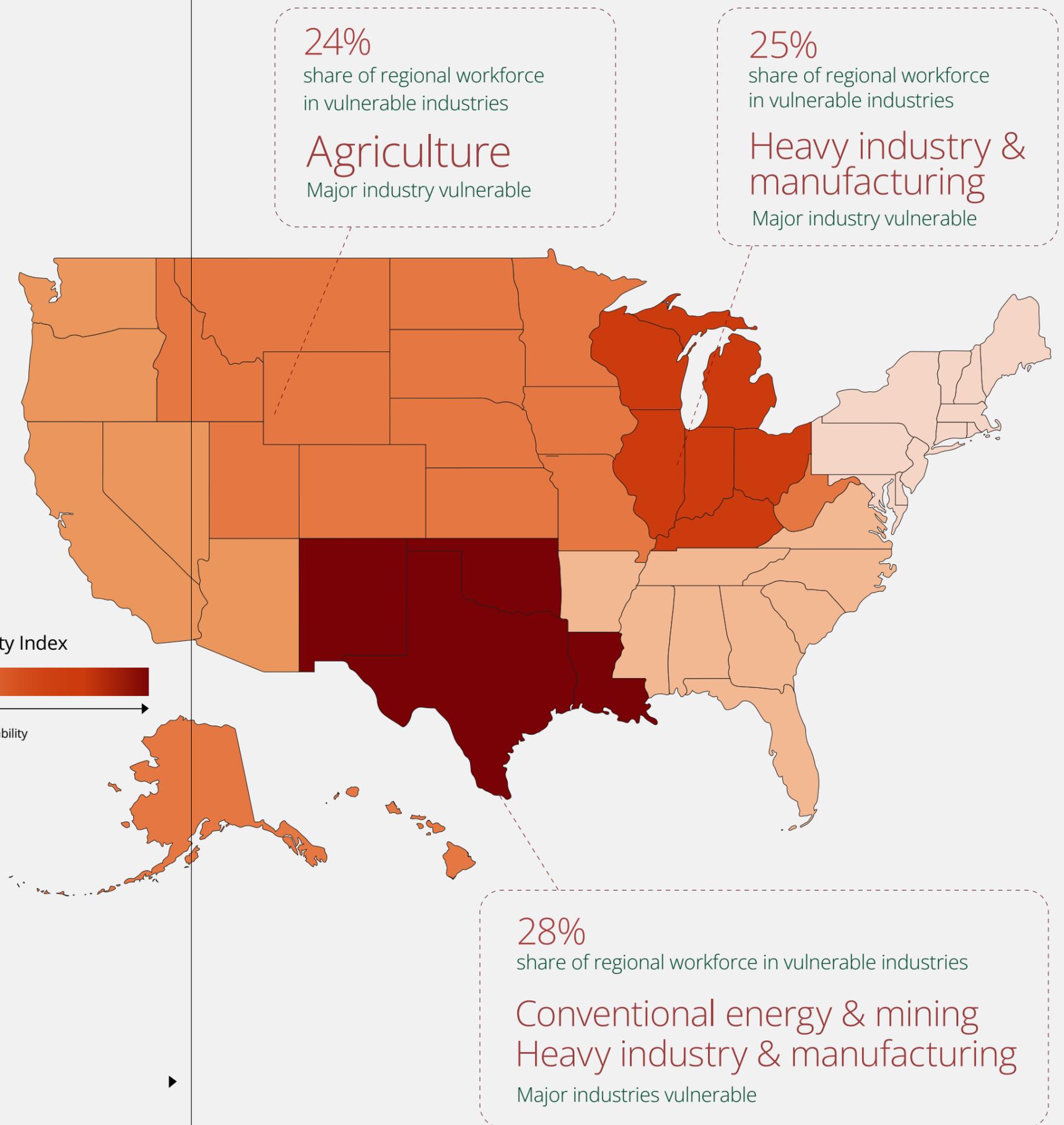
Similarly, with their concentration of heavy manufacturing industries, states around the Great Lakes, such as Michigan and Indiana, will need to rapidly plan for global and domestic decarbonization to adopt innovative low-emission technologies. A failure to proactively plan for decarbonization in a way that transforms demand for their industries and reorients the skill base of their workers increases job vulnerability.

While unplanned transition risk dominates, states with large agricultural sectors, such as Iowa and Kansas, have greater risk of climate impacts, which could compound with transition costs. Here, increased climate extremes will reduce productivity and hinder economic growth in industries that need to manage decarbonization simultaneously.

Figure 6:
Location-based Job Vulnerability Index – the United States



Source:
Deloitte Economics Institute (2022)



03

Creating job opportunities in a just transition



Reaching net-zero emissions will fundamentally change the global economy. It will involve hard shifts in industrial policy, energy systems, and consumer behavior.

These shifts will contribute to decline of emissions-intensive industries and associated jobs as new technologies and active and emerging industries develop to disrupt that activity. This will have important flow-on impacts for workforces everywhere.

But where there is a decline in job numbers, it does not mean the people, or their skills, disappear. This makes investment in new industries and areas of economic demand that deliver both decarbonization and job creation an important feature of any successful transition.

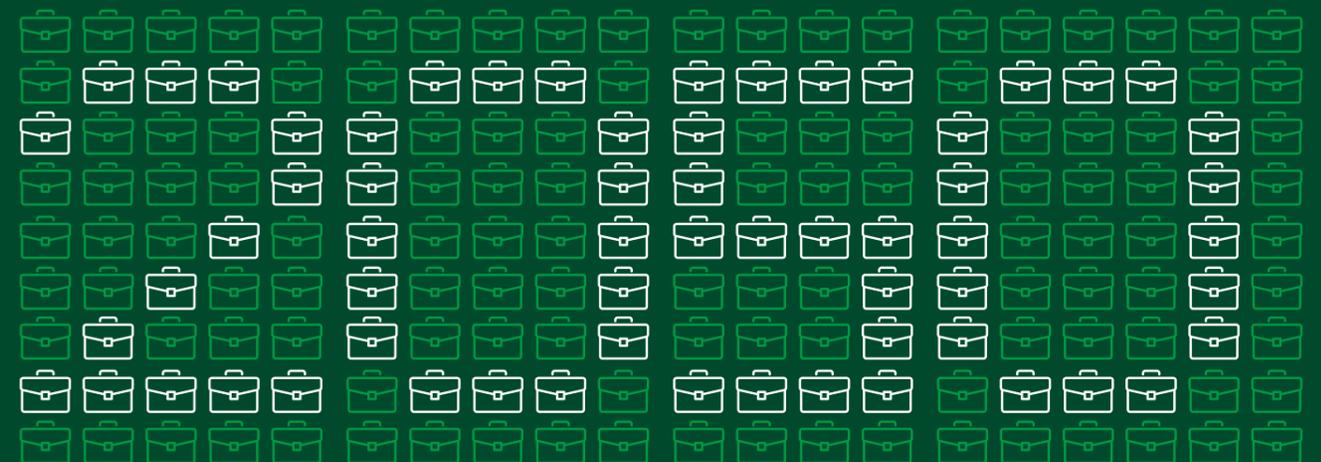
Deloitte Economics Institute modeling shows that with bold climate plays and active transition policy in the coming decade, all regions globally can have a stronger economy.⁶

This economic outcome reflects a successful global transition to net-zero, where the impacts of climate change are minimized and job opportunities are realized.



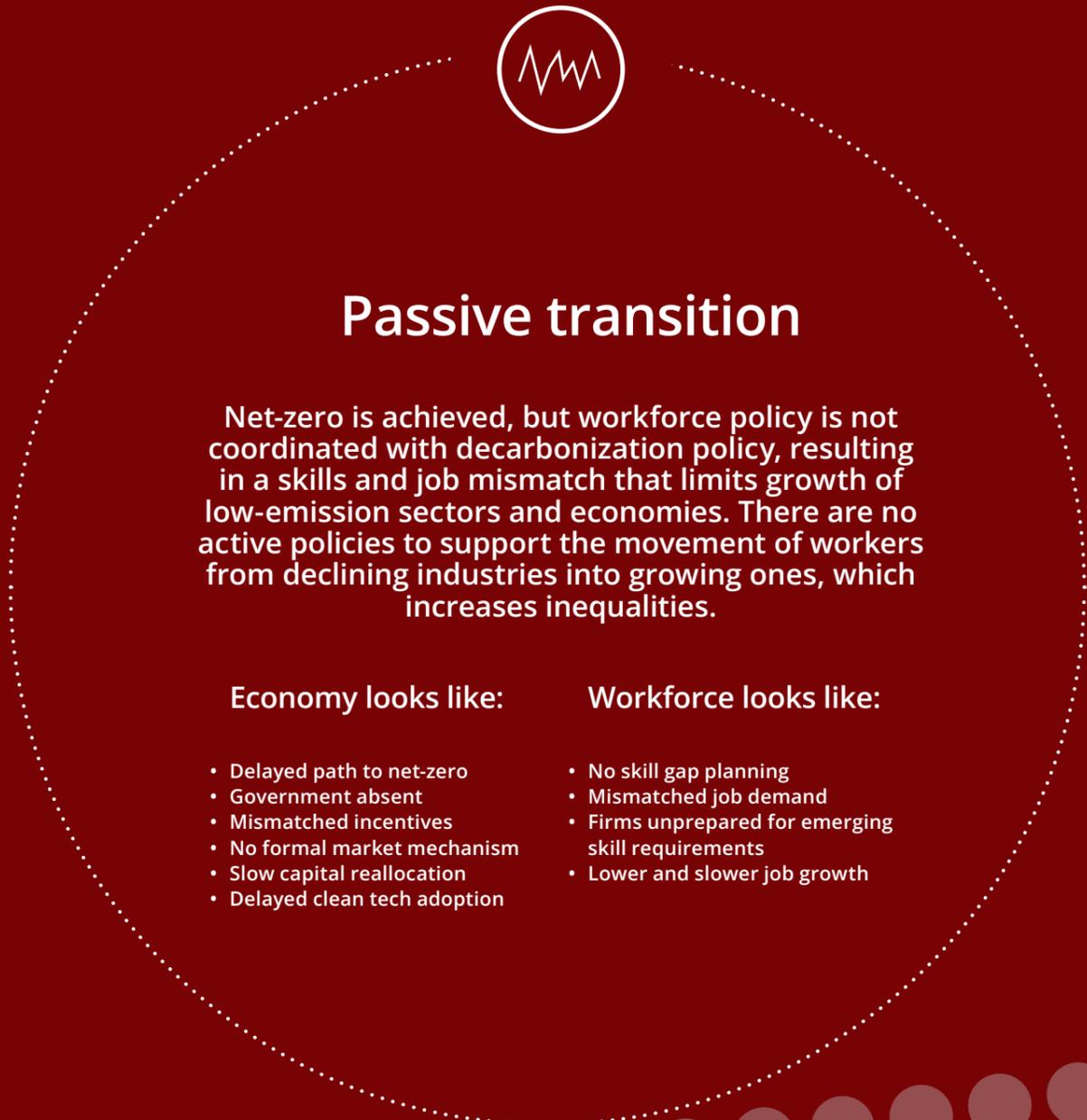
The job dividend from making the transition work for all is more than

300 million additional jobs globally byⁱⁱⁱ



A tale of two transitions

Figure 7:
Summary of active and passive transition concepts



Passive transition

Net-zero is achieved, but workforce policy is not coordinated with decarbonization policy, resulting in a skills and job mismatch that limits growth of low-emission sectors and economies. There are no active policies to support the movement of workers from declining industries into growing ones, which increases inequalities.

Economy looks like:

- Delayed path to net-zero
- Government absent
- Mismatched incentives
- No formal market mechanism
- Slow capital reallocation
- Delayed clean tech adoption

Workforce looks like:

- No skill gap planning
- Mismatched job demand
- Firms unprepared for emerging skill requirements
- Lower and slower job growth



Active transition

Net-zero is achieved by 2050, and economies have the appropriate skills and workforce to accelerate growth of low-emissions industries. Cost of transition to workers is minimized by planning for equitable employment outcomes from today.

Economy looks like:

- Rapid path to net-zero
- Central role for government
- Regulatory frameworks
- Market-based mechanisms
- Capital reallocation
- Clean tech diffusion

Workforce looks like:

- Identified skill gaps
- New skill pathways
- On-the-job training
- Micro credentials for in-demand skills
- Job creation in new industries

Making the transition work for all



The jobs dividend represents the additional level of total employment in an economy in comparison to a passive transition pathway. The analysis shows that the global economy and the workforce that makes it requires support—or an active transition—to deliver net-zero emissions and offset the costs of transition.⁷

Just like there is no free ride for business and industry in the shift to net-zero, governments around the world will need to carefully plan the policies, investments, regulation, and incentives that create the net-zero world they have committed to.

Targeted action is required to overcome inherent economic vulnerabilities and exposure to both climate and transition risk. Active transition assistance makes the transition work for all and creates significant job opportunities, relative to a passive transition with limited policy interventions.

Because opportunity in transition can be created by planning for equity, guiding and coordinating a path to net-zero by using the workforce as an input into decarbonization can create a significant job dividend and positive employment outcomes for workers and communities today, as well as for future generations.

Without this active coordination, the shift to net-zero risks being disorderly and occurring at a higher cost to the economy and jobs. Allowing a **passive transition** will likely be a function of poor planning and poor timing. It is expected to lead to higher unemployment, underemployment, and slower jobs growth as industries struggle to find the right workers and skills to meet the needs of a low-emissions economic system. This makes for a slow and low-growth transition to net-zero.



Modeling the job dividend from an active transition

The Deloitte Economics Institute has modeled the “job dividend” of global economies achieving net-zero on a coordinated and actively supported global transition pathway. The dividend reflects the universal role an equitable transition can have in ensuring job creation and improved employment outcomes as economies decarbonize (figure 7).

The dividend represents the additional level of total employment in an economy or industry in comparison to a passive transition pathway.

Both the active transition scenario and the passive transition scenario are compared to a “baseline worldview” that does not transition to net-zero emissions and experiences increasingly significant climate change costs. This baseline scenario aligns to the Deloitte Economics Institute analysis in the *Turning point* series presented for the global economy, Asia Pacific, the Americas, and Europe, in terms of the “no further action from today” pathway.

Figure 8:
Modeling the job dividend created by active transition

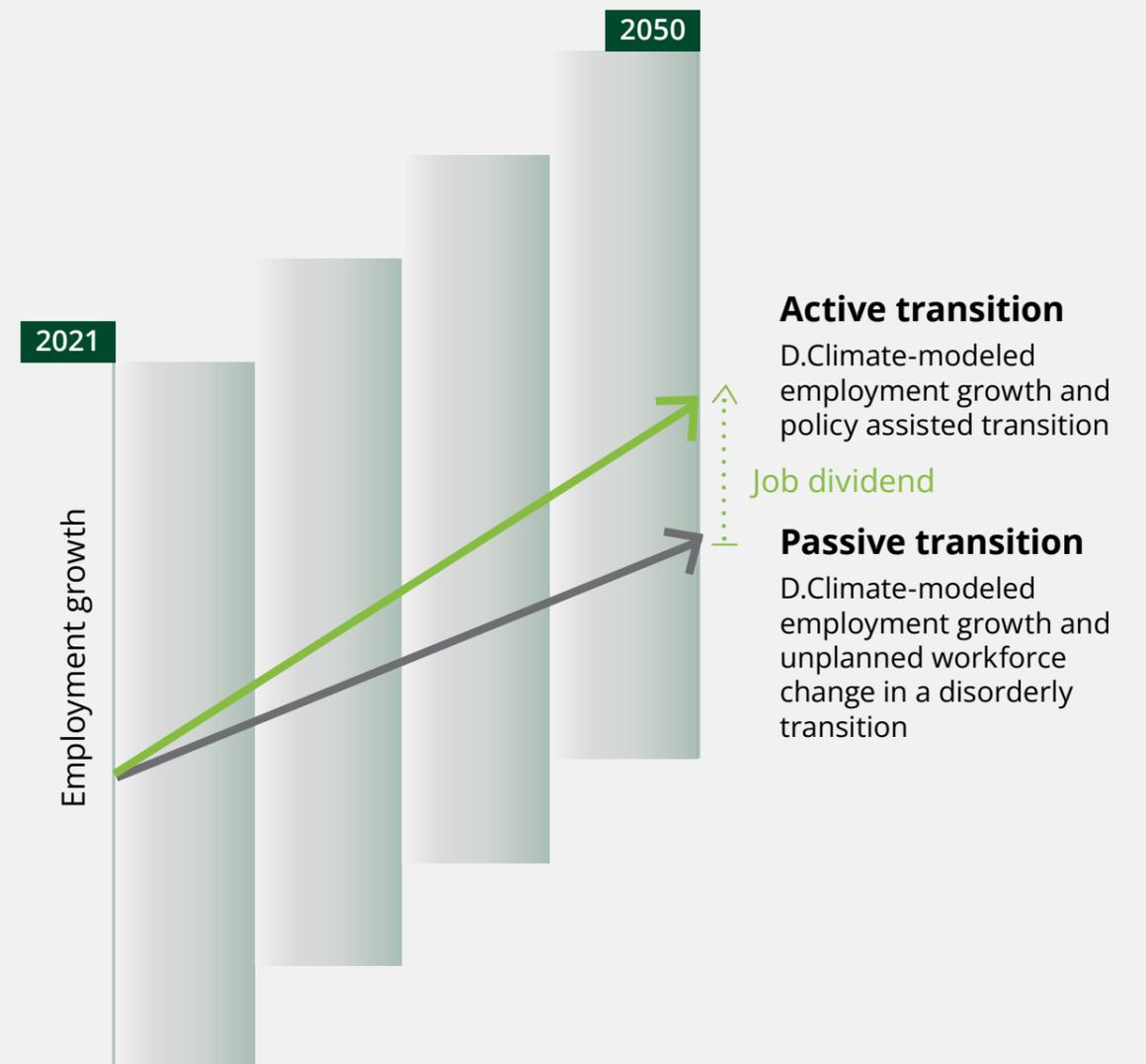


Figure 9:
The job dividend from an assisted transition,
compared with a passive transition

80% 
of the skills required
in the Green Collar workforce are
used in the current workforce

An active, rather
than, passive transition
could create:



China

Figure 10:
Zooming in: Country-specific job dividend

**Zooming in:
China's job dividend**

With active policy settings, China could have an additional **38 million jobs** by 2050, in comparison to a passive transition. These jobs will be found in traditional areas of economic strength but also by the growth of new low-emissions industries. For example, China's **wholesale and retail trade** sector is expected to have an additional **5.5 million jobs in 2050**, compared to a passive transition.

Energy-intensive manufacturing, which currently employs more than 20% of the workforce, could face significant challenges with an unplanned net-zero economic shift and associated technology changes. Under an active transition with strategic industry investments, an additional **7 million jobs** could be created by 2050 in the metal, technology, chemical, and other **manufacturing industries**, when compared with a passive transition.



United States

Figure 11:
Zooming in: Country-specific job dividend

Zooming in:
United States' job dividend

The United States is well placed to navigate the net-zero transition relative to other regions. However, workforces in some states, particularly the energy-producing southern states, are vulnerable and require an active transition and decarbonization policy to create a job dividend.

With proactive policy decisions in the next decade, the **United States is expected to create a job dividend** more than **30 years earlier**, compared to a passive transition. This means the economy is not only growing but creating jobs in the right industries and regions by 2039, compared to 2070.



India

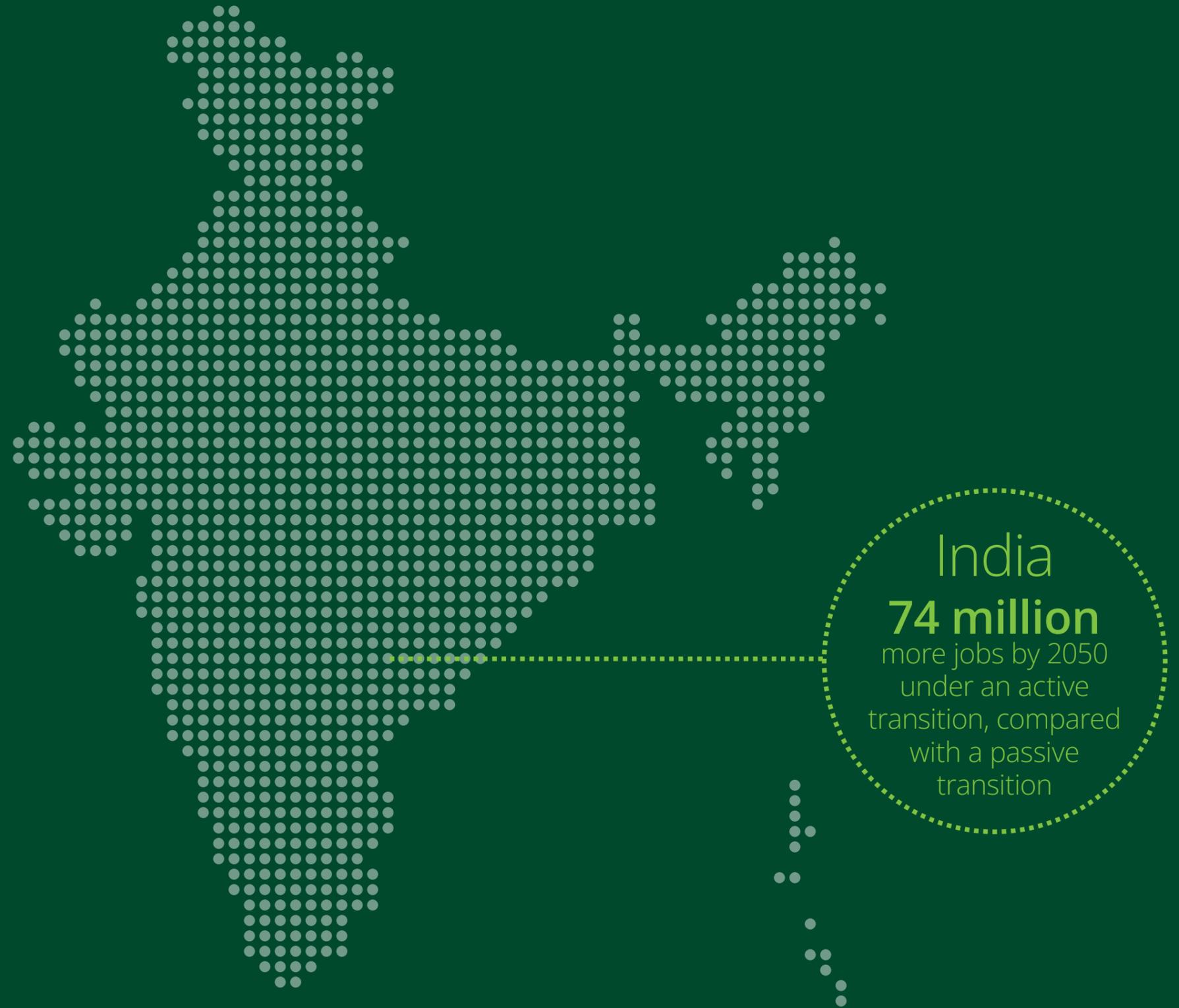
Figure 12:
Zooming in: Country-specific job dividend

Zooming in:
India's job dividend

India's workforce and economy are especially vulnerable to the impacts of climate change. This means it has much to gain from an active transition.

India is expected to have 74 million additional jobs by 2050 under an active transition path. A significant proportion of these jobs are in the services industries (27 million), which includes government, financial, and business services.

Further, a well-planned transition allows for the diversification of the agriculture sector, resulting in 5 million more jobs in 2050, when compared to the outcomes of a passive transition.



04

Building a new Green Collar workforce



The economics of the transition to net-zero emissions will require—and create—a Green Collar workforce.

The Green Collar workforce reflects how global decarbonization is already changing the workforce today and how it could remake the future of work for a net-zero world.

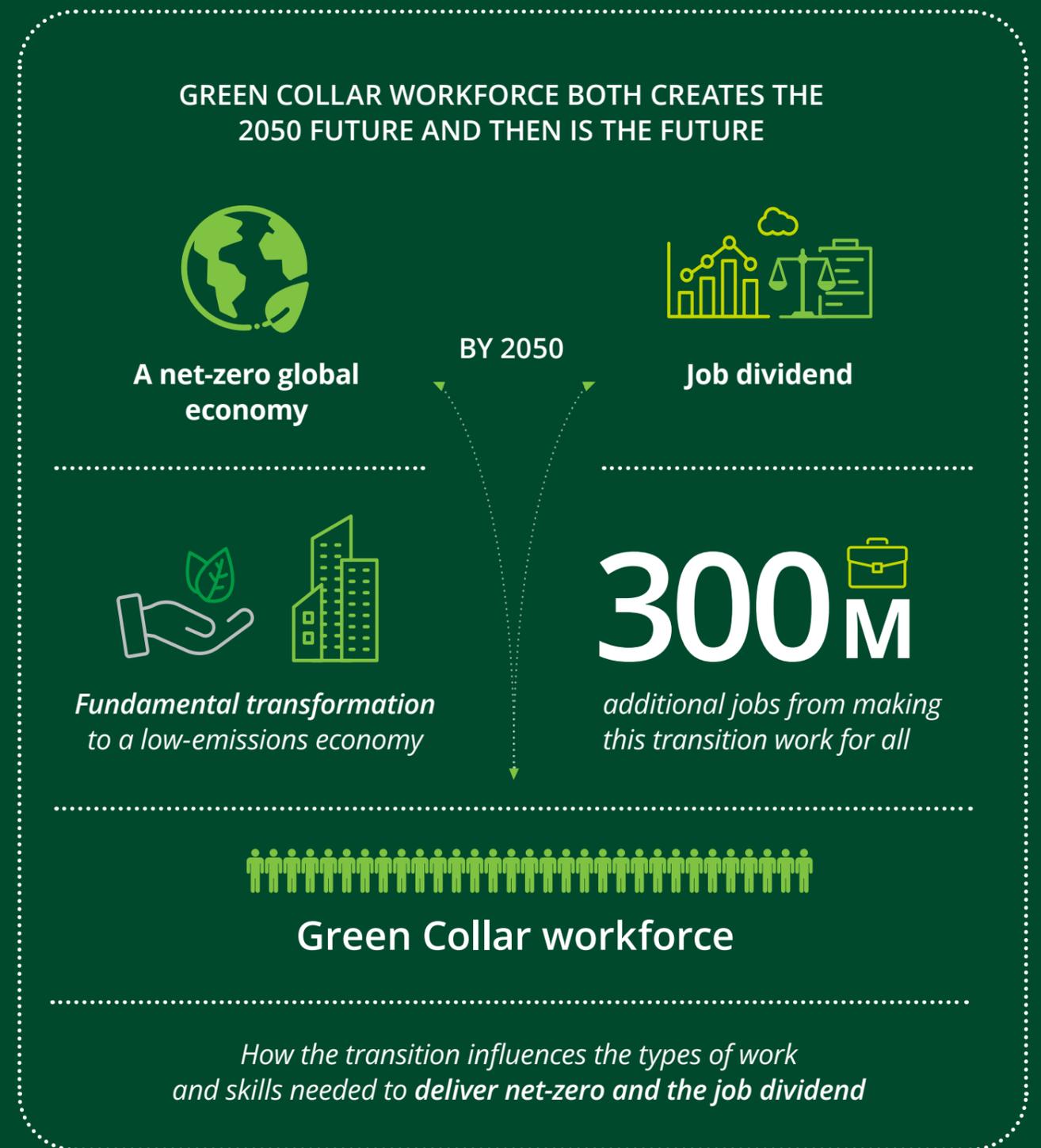
Ultimately, it's about augmentation, rather than decline due to decarbonization. While jobs are changing because of economic transition, they will not disappear altogether. Just like how a net-zero economy will not be a supersized version of today's economy, the types of work and tasks people will do in it will also change.

Reaching global net-zero by 2050 will take nothing short of an industrial revolution in less than 30 years,

and new types of work—*different occupations*—are needed to achieve this. These new occupations will fill demand in transitioning industries and new demand in entirely new industries.

A Green Collar worker can be an office worker or a manual laborer. It's not about the industry, location, or skills of a worker that makes them Green Collar: it's about how decarbonization does or doesn't influence their work and their skills. Some existing occupations will need to transform, others may only need to change at the margins, and entirely new ones will emerge as the Green Collar workforce shapes the future of work (figure 13).

Figure 13:
Net-zero will demand and create a Green Collar workforce



The composition of the Green Collar workforce



The Deloitte Economics Institute has established five categories of occupations that define the Green Collar workforce today. Three out of the five categories represent the types of work that will significantly benefit from the global changes brought on by decarbonization. (see technical appendix for detail)

Two categories represent types of work that are more exposed to the risks of unmanaged costs from the transition to net-zero and climate change damages (figure 14).

While all types of work in the Green Collar workforce have the potential to benefit from an active transition to net-zero, some occupations require greater prioritization and focus to promote equitable outcomes for those currently employed in them.



Figure 14:
Categories that make the Green Collar workforce

Old economy at risk

Blue + White collar existing skills



High job vulnerability to unplanned transition



High exposure to physical climate changes

Two categories represent types of work that are more exposed to the risks of unmanaged costs from the economic transition to net-zero and the impacts of climate change.

80%

of skills required in transformed and new net-zero jobs in the short-to-medium term, are used in the current workforce

Three out of the five categories represent the types of work that will significantly benefit from the global changes brought on by decarbonization.

New economy emerging

Blue + White + Green collar
(existing and new) skills



Increase in demand for jobs with these skills



Existing jobs where the requirements are expected to change



New jobs that will emerge and become prominent

Emissions-intensive jobs

Workers who are employed in **emissions-intensive** industries will typically experience a direct impact from the net-zero transition. They will likely either be disrupted, with no job to return to, due to permanent changes in demand or technology (i.e., reduced demand for labor in highly concentrated fossil-fuel sectors, such as thermal coal miners) or the disruption could be temporary and direct employment pathways into other industries will exist (e.g., electricians, engineers, administrative, and managerial workers in fossil-fuel sectors where there is strong demand across other

industries). These workers could also find employment within the industry, as the industry restructures (e.g., growth of the carbon farming industry in agriculture that offsets disruption).

In many economies, many of these vulnerable workers (like crop farm workers and coal miners) are already experiencing disruption due to automation and technology change. But where economies still have labor-intensive industries that are also emissions-intensive, the workforce impacts will be more acute and severe—there is simply more to lose.

Emissions-intensive jobs are directly related to an emissions-intensive activity or industrial process. As global energy grids and the production of goods shift away from fossil fuels and high-emitting industrial processes, it is expected that demand for labor in these jobs will decline as technology and industries change.

Growing-demand jobs

Just as the transition to net-zero will cause disruption to some workers, it will also provide a positive impact on jobs growth in many areas of the economy. For example, demand in manufacturing, construction and critical minerals mining industries will be stimulated as new industries, such as green hydrogen, emerge to aid the transition to net-zero. The emergence and expansion of low-emissions sectors will **grow demand**

for a large cohort of occupations. Many of these jobs already exist in the economy, such as project managers, some engineers, laborers, scientific services, and trade workers. The impact of decarbonization is not expected to fundamentally change the requirements of workers in these roles but just increase the overall demand for jobs with these skills.

Growing-demand jobs support general development across the economy and will be a key input to the emergence and expansion of low-emissions sectors. Demand for these jobs will increase under the transition period, but the skills and tasks of the role will not dramatically change.

Transformed jobs

Just as the type of work is changing, so, too, are the skills required to perform in a net-zero workforce. Such a shift is not new; the skills required in the labor force are constantly evolving, reflecting changes in development, technology, and preferences. It is an important component of driving future prosperity.

In line with this, there are jobs that will be **transformed** over the transition period. These roles have tasks that are tied to emissions-intensive activities, with the decarbonization of the economy affecting how these

jobs are performed. An example of this is how the steelmaker profession will change as the steel industry uses green hydrogen rather than coal in processing. The transformation of tasks will require workers to learn new skills. It is expected that for most of these occupations, this upskilling can be done on the job or through a short course. As the skill requirements of these roles transform, the education and training sector will need to be responsive (e.g., modular changes to courses) so that new graduates have the skills in demand by the industry.

Transformed jobs are existing jobs where the work and worker requirements are expected to change as the global economy transitions toward net-zero.

New net-zero jobs

While the tasks of transformed jobs change, there are some roles that change so significantly that a **new net-zero** job emerges. An example of this is the emergence of a fuel cell engineer as the global hydrogen industry grows. These jobs are beginning to emerge but

are yet to be identified in the occupation classification framework of many economies. It is expected that over time, the growth of new net-zero jobs will be so substantial that they would be recognized in national occupation classifications, and education and training courses will provide direct pathways into these roles.

New net-zero jobs are new jobs that will emerge and become prominent as new technology and processes are adopted during the transition to net-zero.

Climate-reliant jobs

Reaching net-zero by 2050 will mitigate the most catastrophic impacts of climate change. However, over the coming decades, the world will experience rising temperatures because of historical emissions already in the atmosphere and those that will be emitted before net-zero is achieved.

Warming causes the climate to change and results in productivity losses and physical damages to the factors of production in an economy—the use of land, the way people work, and capital flows. The severity of these damages will depend on a region’s exposure to climate-related extreme weather events (i.e., flooding, heatwaves, storms) and an economy’s reliance on ecosystem services.

It is expected that some workers within these **climate-reliant jobs** will experience **negative impacts**, both in terms of harsher work conditions and labor disruption.

Extreme heat events and the associated heat stress on workers are significant concerns for the health and safety of workers and their ability to perform tasks. Before serious health consequences are reached (such as heat strain/stroke or even death), at lower levels of heat exposure workers are subjected to diminished ability for mental tasks, diminished capacity to work at a typical performance level, and higher risk of accidents in certain job types.

The resulting impacts will particularly decrease labor productivity in roles that are typically manual (physical labor) and exposed to the elements (outdoors), such as construction laborers and farm workers.

Heat stress will also affect workers who are not as directly exposed, as broader health impacts emerge and economies try to adapt to harsher environmental conditions. These impacts, as well as other climate extremes, will likely be felt across economies even as they decarbonize. This will force businesses to transform traditional processes and procedures to increase occupational safety for workers, lift labor productivity, and ensure business models are resilient.

Beyond the direct influence of heat stress on workers, climate damages extend to natural capital inputs, such as natural resources, land, and ecosystems. How economies grow and employment is created is directly related to the climate. As extreme weather events become more severe and frequent, businesses may be forced to reduce production or prices (or produce lower-quality goods), which can decrease the demand for workers.

Under a coordinated and timely global transition to net-zero by 2050, with a view to adaptation, it is expected that job disruption to climate-reliant jobs can be minimized.



Climate-reliant jobs are those directly related to activities that rely on the environment and are more exposed to climate extremes.



The emergence of the Green Collar workforce

The decisions we make today set the economic foundations required to structurally adjust the way people work, what jobs people do, and the types of jobs required. Without getting this right, the labor market transition could be prolonged—delaying employment dividends in the Green Collar workforce.

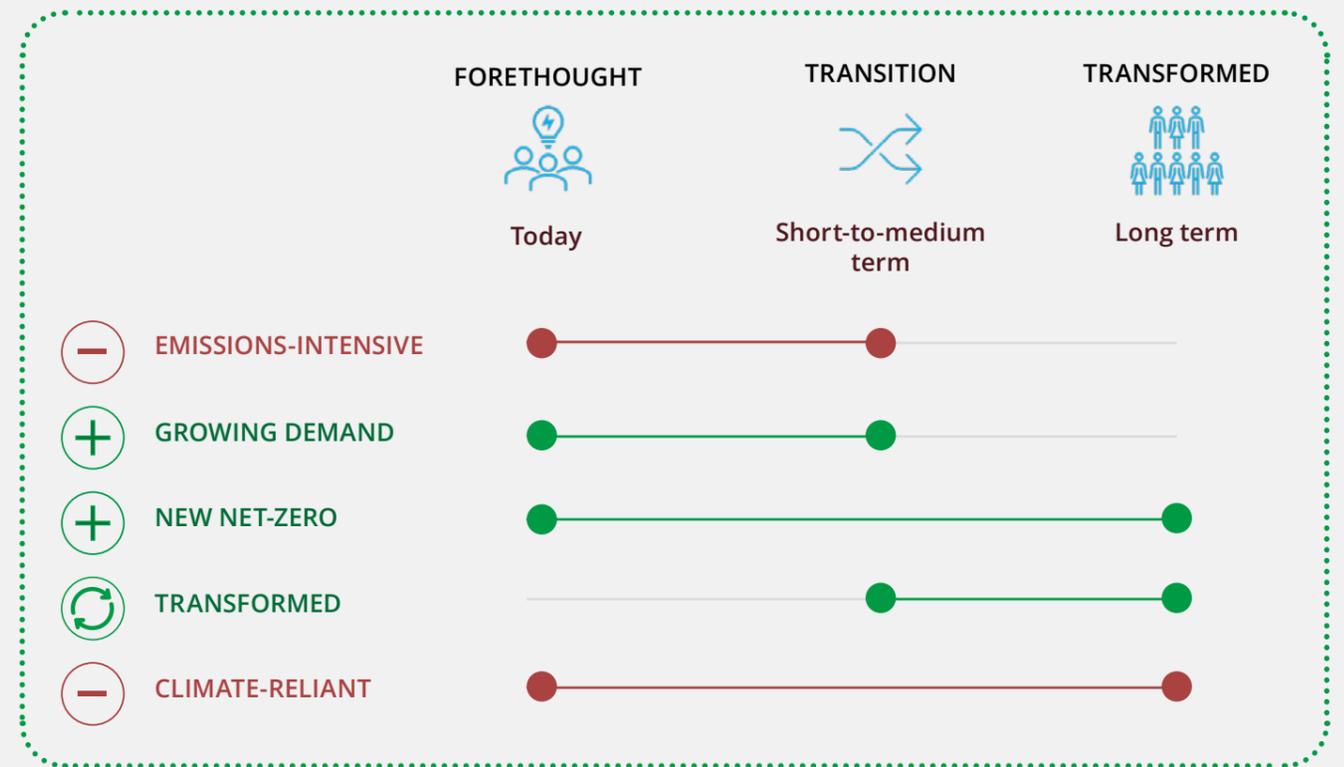
As decarbonization accelerates, investment will be directed away from emissions-intensive activities toward low-emissions activities. Most jobs created during this period will support the development of

new technologies and industries (such as those needed in the design and construction phase of large low-emissions projects). These are jobs as we know them today, with a small proportion of new occupations starting to emerge.

As the Green Collar workforce will both create a net-zero future and establish the types of jobs that become the future workforce, the impacts of transition on each occupation category can be defined in stages that represent the pathway to global net-zero by 2050 (figure 12).

Figure 15:

Timing of occupational change among core occupation categories between 2022-2050



Note: Impacts will be felt across the entire transition period. This figure illustrates when the impacts are expected to be most severe for each category.

Source: Deloitte Economics Institute; O*NET Green Categories.

Forethought from today as to how the skills of disrupted workers (such as those in emissions-intensive and climate-reliant jobs) can be redirected to new economic activities that can prevent periods of prolonged unemployment for these vulnerable workers. At the same time, the economy will need more workers to fill growing-demand and new net-zero jobs to help ensure the transition can be delivered at pace and scale.

Over the **short-to-medium term**, structural employment shifts will result in fundamental changes to how certain jobs will be performed. This is the period where roles will transform, and new skills will be required to perform these roles. During this time, the creation of new and emerging jobs will be significant in the new net-zero and transformed job categories.

To maximize the benefits of this transition period, policy foresight must have supported the creation of these roles (through industry development) and a pipeline of skilled workers (new and upskilled).

By creating and reallocating skills where they are needed in an active transition, not only will the Green Collar workforce be larger but the global workforce can grow to have higher skilled, more productive workers in the **long term**. Importantly, how vulnerable workers are managed is critical to this outcome. It requires the existing skills of workers, regardless of occupation type, to be used to create a net-zero future, rather than being seen as a reason to resist it.

05

How skills offer pathways and opportunity in transition



To deliver the job dividend and economic opportunity of an active transition, there is a need to think beyond just the types of work and about the specific skills of workers.

Skills are the currency in which we can understand disruption in transition, minimize the impacts, and facilitate optimal employment pathways.

As the Green Collar workforce evolves, it is anticipated that only a relatively small number of jobs will be immediately and negatively affected by the net-zero transition (such as certain emissions-intensive jobs). This doesn't mean those jobs disappear. Rather, the skills of these workers are incredibly important in determining a pathway into a new job if they are disrupted by the transition.

For most other workers across economies, either in the Green Collar workforce or not (such as teachers, nurses, accountants, hospitality workers, and small business owners) decarbonization of the economy is unlikely to change the skills required in their role. But there is likely to be substantial skilling changes for those in the Green Collar workforce—some of which are highly concentrated in specific regions that are identified as vulnerable or having high job opportunities.



Today's workers have what it takes

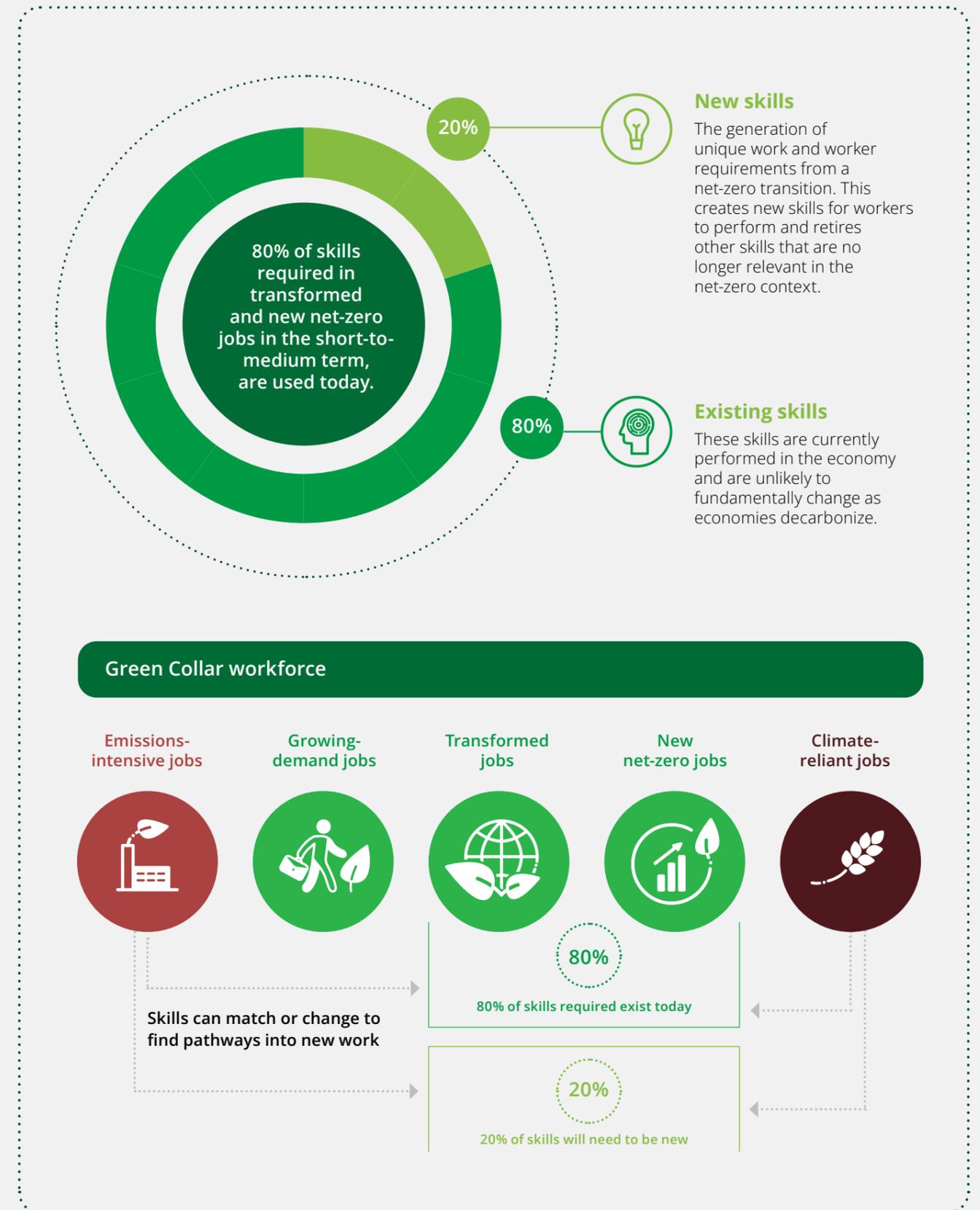
Deloitte Economics Institute mapping of existing skills in the workforce shows that 80% of the skills required in the short-to-medium term to achieve net-zero emissions by 2050 exist.

This means most current workers are likely to require upskilling (i.e., on-the-job training), rather than complete retraining (i.e., obtaining a new qualification) to remain in their current job type or to gain a new job due to decarbonization.

It also means that because most skills required already exist, workers in the Green Collar workforce who are vulnerable to transition and climate impacts can have more immediate pathways via their skills into a new job type. It is the skills of workers that facilitate employment opportunities as economies decarbonize.

Skills offer a passport into new work. But pathways are not always immediate or easy for workers, and there is an important role for policy in creating and facilitating these skilling pathways for workers in the Green Collar workforce (figure 16).

Figure 16:
Skills offer pathways to new work



06

Setting a policy agenda for the Green Collar workforce



Each region will have its own unique pathway to achieve net-zero emissions by 2050. Knowing the disruption and opportunities that are expected to fall out of the transition for jobs, occupations, and skills helps to inform the level and types of policy support required.

The Deloitte Economics Institute has developed a Green Collar workforce policy agenda to guide what decision-makers need to consider in supporting industries and workers to adapt to global decarbonization (figure 17).

Figure 17:
Policy agenda for a Green Collar workforce

**AMBITIOUS
DECARBONIZATION
TARGETS**



...aligned with the latest climate science and investments in rapid decarbonization

**STRATEGIC
INDUSTRIAL POLICY**



...targets traditional strengths and new areas of economic growth

**HIGH-VALUE JOB
CREATION**



...establishes secure career pathways for workers and graduates

**ADAPTIVE EDUCATION
AND SKILLS SYSTEM**

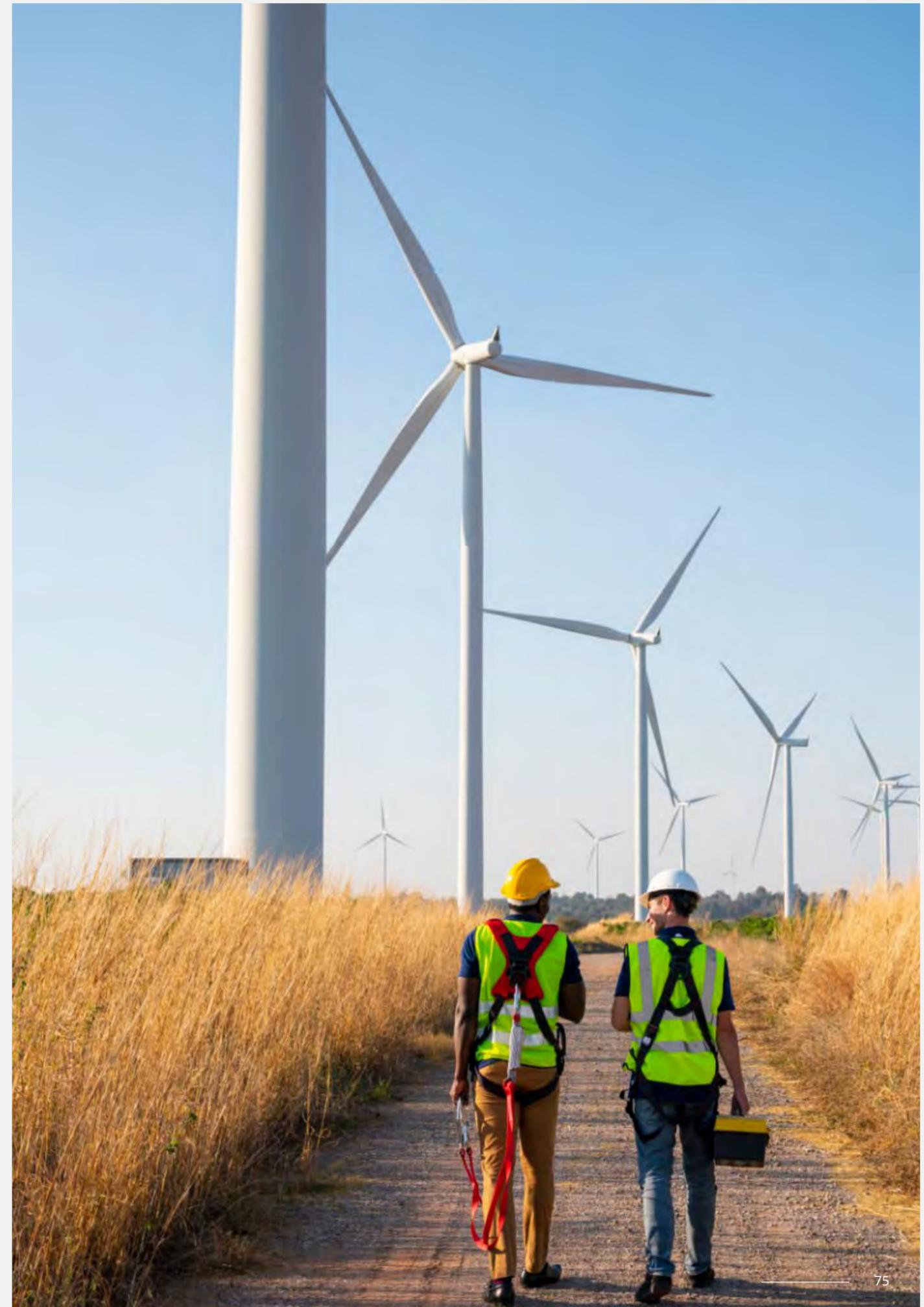


...produces a skills pipeline that aligns to industry demands for transition

**ACTIVE SKILLS
REALLOCATION**



...labor mobility policies direct skills to where they are needed



Setting ambitious interim emissions-reduction targets

In the early stages of transition, the private sector alone is unlikely to provide the level of emissions reduction required due to barriers such as costs, nature of beneficiaries, and investment requirements. This means governments globally have a role in stimulating and directing investment to areas of the economy where it will deliver strong and equitable economic dividends.

Stringent and ambitious interim emissions-reduction targets between now and achieving net-zero emissions in 2050 are required for this.

Clearly defined and implemented interim emissions-reduction targets can guide industries, businesses, and individuals to make effective investment decisions for a timely and coordinated transition. Getting the timing of emissions reduction right is key to an active transition that will leave workers better off and lower the costs of transition for economies overall.

Using 'system deals' for new industrial

Accelerating progress toward net-zero emissions and tackling our toughest climate challenges will require extraordinary levels of collaboration and coordination across emerging economic systems.

Systems, unlike industries and markets, are not grouped by activity nor do they have universally defined boundaries. Instead, systems are unified by their economic purpose. This means different kinds of economic activity make systems broader and more expansive than traditional industry definitions.

The structure of a system is determined by how its elements combine to deliver on its economic purpose. A system's upstream industries provide the necessary materials and foundations for a product to exist. Core industries, meanwhile, transform these foundations into goods and services. Downstream industries broker transactions between the core industries and purchasers. In the manufacturing system, for example, upstream industries extract raw materials and provide the energy used in processing. Core industries (like cement, cotton, and steel) transform these inputs into products before downstream industries, such as retail, bring them to the public.

Similarly, many systems share common elements—like industries and supply chains—that serve multiple purposes in economies. These overlaps create the interdependencies that reinforce the need for a systems approach.

For example, a wide range of core industries for the energy system (like fossil fuels) provide the upstream energy used in manufacturing. It follows, then, that decarbonizing the energy system will deliver emission reductions in the manufacturing system.

A system-of-systems approach recognizes that existing industries will be reconstituted as a series of complex, interconnected, emissions-free systems—energy, mobility, industry and manufacturing, agriculture and land use, and negative emissions. Government, finance, and technology can play a catalytic role to underpin and enable the transformation of systems and emergence of new sources of jobs and growth.

This new growth means existing skills will have a place and new skills are in demand in a net-zero world. But the speed and scale of system transformation comes down to the levers of change being pulled at the right time, in the right way.

"System deals" would represent tailored arrangements between central government, industry bodies, specific firms, research, and skilling organizations to collectively design, fund, and deliver on a defined economic outcome in relation to decarbonization: What must the energy, mobility, manufacturing, agriculture, and land use systems look like by 2050? What needs to change today to ensure the workforce can deliver growth in these systems?

System deals could be centrally led through government but operate deliberately as a mechanism for leadership outside of government to secure advancements in productivity and economic potential. As part of this, governments can set "open door" challenges to industry to develop proposals that look to transform systems and investments to support emissions reduction and economic growth.

Importantly, system deals are not just about industry policy. They are about the combined view to economic and workforce development for long-term growth and shared prosperity. This means location-based jobs, infrastructure, and industry strategies must go hand in hand, and the specific skills and location of workers are an input into system transformation.

Zooming in Automotive industry transformation in Germany

Germany has not only become the lead market for electric vehicles (EVs) in Europe, but its automotive industry is also amid an ambitious transformation process. After the invention of the automobile 1886 in Germany, the industry has accomplished a long history in advancing and producing vehicles with combustion engines. Now, in relatively short time frame, the industry is gearing up to switch to electric vehicles.

The transition to electric mobility in Germany is at full speed – almost half a million battery electric vehicles (BEVs) and plug-in hybrids (PHEVs) were newly registered in the 9 months from January to September 2022. In September, the market share of BEVs has climbed to 20%, while PHEVs represent 15% of all new sales.^{iv} There is currently a substantial backlog in the supply of EVs, with delivery times for new vehicles ranging on average from 8 to 11 months.^v This fast market ramp-up was driven by a range of demand and supply-side public policies:

- An important policy instrument is the EU regulation on CO2 emission performance standards which requires original equipment manufacturers (OEMs) to achieve gradual reductions in tailpipe emissions of new vehicles by 2030 (and eventually a ban of new sales of cars with combustion engines, planned to kick-in around mid-2030s).
- To stimulate consumer demand in Germany, there are government incentives in place, where premiums are paid to buyers of EVs to make them more economically attractive (up to 9,000€ per BEV in 2022 but set to decline from January 2023 as the market is becoming mature) and a substantial reduction of income tax rates for the private use of electric company cars.

The transformation of Germany's automotive industry is challenging for OEMs and suppliers, especially because of a complete change of production processes and the need to develop new technologies. As there are differences in the skills, tasks and workers required to build electric cars compared to vehicles with combustion engines, there are important workforce and skilling considerations to be factored into policy and workforce planning. This affects large parts of Germany's workforce. In the State of Baden-Württemberg, half a million people are employed in the automotive industry^{vi}, representing 10% of the total workforce. While German OEMs are reacting by extending their value chain to secure employment and revenue streams^{vii}, the automotive suppliers are under pressure. The industry needs resources to address market drivers like automated vehicles, automation of production, digitalization and shared mobility^{viii}.

Public policies to maintain local employment are crucial and regional agencies have been established early to accompany the transition with the aim to repurpose workers in the automotive regions, including Bayern, Nordrhein-Westfalen and Baden-Württemberg.

- An example is e-Mobil BW in Baden-Württemberg, which was already established in 2010. This central agency for innovation in electric mobility is well connected with partners from industry, universities and public institutions with the goal to join the effort of shaping the transformation in technology to a successful outcome. As an example, it provides a platform for knowledge build-up and transfer on new components, products and business models related to the automotive sector and new mobility solutions – from electric mobility and digitization to the hydrogen sector (as the latter represents new market opportunities to suppliers). The value of the agency is especially recognized by the numerous small and medium sized companies in the State with sometimes limited resources for strategic planning.



Developing skill pathways into high-value jobs

Workers have valuable skills, knowledge, and experience that are transferable to other areas of the economy where they can add more or different value. But the ability of a worker to transfer that value is contingent on the economy demanding their skills.

Balancing the costs and benefits of transition to net-zero is more than about providing a disrupted worker with a new job opportunity. Rather, it's about providing an employment pathway that is of equivalent or higher quality to ensure their living standards and engagement in work are maintained.

This means new job and skill pathways in transition must offer equivalent or better outcomes in terms of wage, working conditions, and job security and identify with a worker's career purpose and ambitions. Some workers may choose to relocate during the transition period to meet these objectives.

But for policy to achieve inclusive and equitable growth in transition, there should be enough job opportunities in regional and remote regions to stabilize local workforces and maintain populations during the hardest transition periods. If policy allows for transition to create regional decline and socioeconomic disparities, this will likely reinforce entrenched economic disadvantages and lower growth and standards of living.

Policy should account for this and actively overcome such risk. There is a need for all policy areas, whether it be economic and industry development planning or health and social policy to incorporate thinking on what decarbonization means in relation to this from today.

Place-based "system deals" are one such mechanism that can be used to balance economic outcomes within and across regions to create high-value job growth that provides skill pathways, regardless of policy area.

Zooming in: Green Collar skills and jobs in the Philippines

The Philippines is highly exposed to the impacts of climate change. Recognizing its vulnerability, the Philippines has embarked on an extensive development and realignment of national policies over the past decade to link the country's sustainable development with green industrialization. While challenges remain, the Philippines recognized that the structural shifts associated with climate change were an opportunity for economic value-adding and job creation.

Policy foundations underpinning the focus on green skills and jobs include the following:

- **Nationally determined contributions^{ix}** – The Philippines has particularly ambitious plans under the Paris Agreement compatible with keeping global warming below 2°C.
- **The Philippine Development Plan^x** – The plan takes a long-term approach to promoting green jobs and links it to the country's sustainable development.
- **The Green Jobs Act of 2016^{xi}** – The Act provides a legal framework designed to generate and sustain the transition to a green economy and incentivize the creation of green jobs.

When the initial research around green jobs was conducted in 2010, there were no apparent skill shortages.^{xii} But the Philippines anticipated the importance of a skilled and capable workforce in enabling the shift in industrial, agricultural, and services sectors and in protecting communities from climate change risks.

Under the Green Jobs Act, the Department of Labor and Employment was responsible for the development of a National Green Jobs Human Resource Development (HRD) Plan. This sought to identify skills and skill gaps, develop training programs, and upskill workers for jobs in green industries. The plan integrates with the ILO's "just transition" policy guidelines to provide decent work for all and has involved extensive consultation and social dialogue with workers and employers.^{xiii}

The Department took a sector approach. Priority was given to developing green jobs in agriculture, fishery and forestry, manufacturing, transportation, tourism, waste management, energy, and construction. To understand how green jobs may grow and evolve, profiling of these sectors was conducted. The research also identified jobs that will be displaced, created, and transformed in the transition.

This research underpinned a modernization of the higher education and technical vocational education and training (TVET) programs to support the skill needs of the green economy. This included greening the general curriculum by adding specific green competencies into existing qualifications (for example, the design, installation, and servicing requirements for solar-power systems in the construction sector or integrated pest management in agriculture).^{xiv} A Green Technology Center was established for the development of more specific green skills through green skills training courses catering to the needs of emerging green jobs.

The Green Jobs Act also supports green growth through incentives. This includes tax deductions for business expenses for skills training and research and development, as well as tax-free importation of capital, which supports the growth of green businesses and the creation of green jobs.

Source: Adapted from UNDP NDC Support Program (2018); Republic of the Philippines (2016)

Ensuring an adaptive skills and education pipeline



If the right skills are not developed in the labor force—particularly for those whose jobs are highly vulnerable to climate and transition disruption—economies will likely experience higher costs of mitigation, adaptation, and transition over the long term.

The education and training sector is an important economic policy lever governments can pull to empower people to establish new and fulfilling vocations in a low-emissions future.

Education and training systems globally will be responsible for upskilling and retraining disrupted workers and high school and college graduates to facilitate pathways into high-growth sectors with in-demand skills. This means the education and training sector will also need to evolve in line with decarbonization of economies.

Such change means education and training systems will need to consider the following:

- **Increase scale of delivery:** Understand the changing needs of industry and upscale enrollments (students and adults) as needed. This will be particularly important for the courses that correspond to the growing-demand jobs.
- **Course modifications:** Expected changes in development, technology, and preferences will require courses to be modified in line with how the Green Collar workforce evolves. This will be particularly true for transformed jobs, where graduates will need to be “job ready” upon graduation and existing workers will need access to micro credentials to support upskilling (where businesses do not have the capacity to upskill).

- **New courses:** As new occupations emerge, new training and higher education courses will need to be established to support the development of a skills pipeline into the Green Collar workforce.
- **Create new modes of delivery:** New economic structures will require workers to have both qualifications as we know them today and an ability to obtain incremental skills required to optimize productivity and their employment pathway potential. Practically, this would require education providers to offer more flexible, modular courses that cater to a wide range of learners and provide targeted education opportunities to gain practical skills to rapidly transition from one career to the next. Fortunately, there are already indications that the education system is evolving in this manner in response to changing consumer preferences (i.e., micro credentials).

Applying a portfolio approach to skill reallocation

Not all workers, skills, or regions will require the same strategic policy solutions. Active transition assistance can target improved economic, workforce, and skilling outcomes based on a "portfolio approach" targeted to specific cohorts in the economy. This will be core to place-based and cohort-based workforce policy design for decarbonization.

A portfolio approach to policy for the Green Collar workforce should consider the following cohorts:

- **Workers in the wrong place:** Policy targets workers who are likely to be disrupted in the short-to-medium term. This can be as simple as policies to improve the awareness of job vacancies and the transferability of skills to new industries; or policy that is more interventionist can be adopted, such as a labor mobility policy, which provides funding to employers to hire a disrupted worker; or training policy that subsidizes training for disrupted workers in priority courses. Some of these policies already exist today and will only need minor adjustments to target "workers in the wrong place" based on the impacts of decarbonization.

Policy targets disrupted emissions-intensive and climate-reliant workers to facilitate pathways into growing jobs immediately or through upskilling.

- **Workers with the wrong skills:** Policy targets workers who will need to be upskilled to remain in their roles or to transition to new jobs (where the goal is job retention and skill development). These types of policies may include the provision of "micro credentials" (discrete qualifications that demonstrate skills and knowledge in specific subjects or capabilities) to upskill existing workers or provide funding to businesses to deliver on-the-job training as skilling needs are so specialized.

Policy upskills workers in transformed jobs and students expected to pursue a career in a transformed role.

- **Workers who are underutilized:** Policy targets underutilized or disengaged cohorts in the economy (such as women, youth, migrants, indigenous peoples, and people with disabilities) to direct them to employment or training that supports inclusion in the Green Collar workforce. Policy that does not directly address underutilized workers and their inclusion in the Green Collar workforce will significantly hinder economic growth and prosperity.

Policy aims to increase the skills and participation of marginalized cohorts in the workforce.

- **Workers who need a nudge:** Policy to correct for market failures, where skilled individuals are not directed to the areas of the economy (either in occupations, industries, or places) where they are needed most. Improving market signaling for both employers and employees will need to be a critical policy feature of a Green Collar workforce.

Policy directs workers to where they are most needed and add the most value to the economy.

The portfolio approach is not just about ensuring equity in the Green Collar workforce; it is about providing industry and businesses with the skills needed to transform on the path to net-zero. Importantly, how these labor mobility policies are designed will also support mechanisms such as system deals and education-sector reforms to ensure long-term growth in employment.

07

Endnotes



Endnotes

- i) Sonja Klinsky et al., "Why equity is fundamental in climate change policy research," *Global Environmental Change* 44 (May 2017): pp. 170–3.
- ii) Pradeep Philip, Claire Ibrahim, and Cedric Hodges, [The turning point: A global summary](#), Deloitte Economics Institute, 2022.
- iii) Deloitte Economics Institute estimate using D.Climate, which measures the global workforce as persons employed in full-time equivalent (FTE) roles.
- iv) Kraftfahrt-Bundesamt. 2022. Monatliche Neuzulassungen. Data. [Kraftfahrt-Bundesamt - Monatliche Neuzulassungen \(kba.de\)](#)
- v) Carwow.de. 2022. Lieferzeiten für Elektroautos | carwow.de. [Lieferzeiten für Elektroautos | carwow.de](#)
- vi) German Aerospace Center, IMU, bridging IT. 2019. "Structural Study – Transformation through electric mobility and prospects offered by digitalization". e-mobil BW. [Strukturstudie-Summary_ENG.pdf \(e-mobilbw.de\)](#)
- vii) Mercedes-Benz. 2022. Press Release July 22, 2021. "Mercedes-Benz prepares to go all-electric". [Mercedes-Benz prepares to go all-electric - Mercedes-Benz Group Media](#).
- viii) Deloitte. 2022. smartWorkforce Transformation for automotive suppliers. [Automotive Smart Workforce Transformation \(deloitte.com\)](#).
- ix) UNDP NDC Support Program, "Philippines," 2018.
- x) Republic of the Philippines, [Updated Philippine development plan 2017–2022](#).
- xi) Republic Act No. 10771, [Philippine Green Jobs Act of 2016](#), April 29, 2016.
- xii) Dr. Rene E. Ofreneo, [Green jobs and green skills in a brown Philippine economy](#), International Labour Organization (ILO), 2010.
- xiii) ILO, [Guidelines for a just transition towards environmentally sustainable economies and societies for all](#), 2015.
- xiv) Technical Education and Skills Development Authority, [Green skills for green jobs: Preparing the Filipino workforce for the green economy](#), Labor Market Intelligence Report issue 1, June 2018.
- xv) Intergovernmental Panel on Climate Change (IPCC), [Climate Change 2013: The Physical Science Basis](#), Contribution of Working Group I to the Fifth Assessment Report of the Intergovernmental Panel on Climate Change (Cambridge University Press, 2013).
- xvi) The National Center for O*NET Development, "O*NET® green task development project," November 2010.

Footnotes

- 1) Asia Pacific includes China, Japan, South Korea, India, Southeast Asia and Taiwan, Pacific Nations, Australia, and New Zealand. Europe includes the United Kingdom, France, Germany, Italy, all other European Union countries, Belarus, Moldova, Russia, Ukraine, Iceland, Norway, Albania, Andorra, Bosnia and Herzegovina, Montenegro, North Macedonia, San Marino, Serbia, Liechtenstein, Monaco, and Switzerland. The Americas series includes the United States and South America.
- 2) 196 Parties have joined the Paris Agreement, which represents almost all countries in the world committed to substantially reducing global emissions to limit the global temperature increase to 2°C in this century while pursuing efforts to limit the increase even further to 1.5°C. Noting there remains a difference between joining and ratifying the agreement.
- 3) Deloitte Economics Institute estimate using D.Climate, which measures the global workforce as persons employed in full-time equivalent (FTE) roles.
- 4) The total level of global employment, accounting for FTEs, part-time, and casual workers, is much larger.
- 5) Deloitte Economics Institute estimate using D.Climate, which measures the global workforce as persons employed in full-time equivalent (FTE) roles. The highly vulnerable US regions include the Energy North, Energy South, and Great Lakes regions. A full list of states is provided in the technical appendix.
- 6) This global net-zero scenario and pathway aligns to the Deloitte Economics Institute analysis in the Turning point (italicise) series presented for the global economy, Asia Pacific, the Americas, and Europe. See Deloitte's [The turning point](#)
- 7) Refer to the technical appendix for discussion on the definition of active transition assistance and its application in the D.Climate modeling presented in this section of the report.
- 8) IPCC-adopted emission scenarios vary widely, depending on socioeconomic development and climate mitigation policy settings. SSP2-6.0 is chosen as one of the most frequently used "baseline" scenarios in the literature. It describes an intermediate baseline scenario as it carries historical social, economic, and technological trends forward and includes no specific or significant climate mitigation policy effort, making it an appropriate baseline for reference.
- 9) Pre-industrial is defined in IPCC assessments as the multi-century period before the onset of large-scale industrial activity around 1750.
- 10) The associated climate data (such as annual temperature increases and atmospheric concentrations) is estimated using MAGICC as described in Meinshausen et al. (2011) and Meinshausen et al. (2020) and configured by Nicholls et al. (2021). See the technical appendix for further detail.

08

Technical appendix



Modeling climate change and net-zero transition impacts

To quantify its conclusions, the Deloitte Economics Institute modeled the economic impacts of a changing climate on long-term economic growth using the following process:

1. The model projects economic output (as measured by GDP) with emissions reflecting a combined Shared Socioeconomic Pathway (SSP)-Representative Concentration Pathway (RCP) scenario, SSP2-6.0, to the year 2100.⁸ The socioeconomic pathway, SSP2, is the “middle of the road” among five broad narratives of future socioeconomic development that are conventional in climate change modeling. The climate scenario, RCP6.0, is an emissions pathway without significant additional mitigation efforts (a baseline scenario).^{xv} This results in a projected emissions-intensive global economy.
2. Increased atmospheric GHGs cause average global surface temperatures to continue rising above pre-industrial levels.⁹ In the SSP2-6.0 baseline scenario, global average temperatures increase more than 3°C above pre-industrial levels by the end of the century according to the Model for the Assessment of Greenhouse Gas Induced Climate Change (MAGICC).¹⁰ (Note that present-day temperatures have already risen more than 1°C above pre-industrial levels.)
3. Warming causes the climate to change and results in physical damage to the factors of production. Deloitte’s model includes six types of economic damage, regionalized to the climate, industry, and workforce structure of each defined geography across Asia Pacific, Europe, and the Americas. These damages capture the trend or chronic impacts of global mean surface temperature increases. The approach does not explicitly model individual acute economic shocks driven by extreme climate events, such as natural disasters, although these are implicitly captured in an increasing trend of climate change damage.
4. The damage to the factors of production is distributed across the economy, impacting GDP. Any change in emissions (and, correspondingly, temperatures) over time results in a change to these impacts and their interactions. The economy impacts the climate, and the climate impacts the economy.
5. The key variables of time, global average temperatures, and the nature of economic output across industry structures combine to offer alternative baseline views of economic growth. Specific scenario analysis is then conducted, referencing a baseline that includes climate change damage. Scenarios could also include policy actions that either reduce or increase emissions and global average temperatures relative to the current SSP2-6.0 baseline view.
6. There are two net-zero transition scenarios developed and applied in reference to the baseline in this report. The first reflects a similar scenario to the *Turning point* series where the world rapidly accelerates to mitigate climate change and coordinates to transition economies away from emissions-intensive activity and processes. This first scenario limits global average warming to well below 2°C by mid-century and accounts for elements of an equitable transition via the role of government and businesses to transition in an orderly manner. The second scenario follows a similar narrative and global average warming outcome but does not include an orderly, planned, or equitable transition via the role of governments and businesses to mitigate disruption and minimize transition costs.

This modeling framework involves significant research on climate and economic impacts across Asia Pacific, Europe, and the Americas, which are used as inputs for Deloitte’s D.Climate model (refer to the technical appendices for those regional reports at deloitte.com/global-turningpoint).

Job Vulnerability Index

The global workforce vulnerability index was informed from employment composition data from the D.Climate model and informed by various statisticians offices from relevant countries. The employment composition data reflects the full-time equivalent workers who are employed in an industry.

Consistent industries were used across regions using the Global Trade Analysis Project (GTAP) classification. The included industries capture all global economic activity. The industries identified as most “vulnerable” to extreme temperatures and economic transition impacts were selected for the Index based on an assessment on how increased temperatures and a carbon price impact labor market dynamics. This was informed by research and assumptions in the D.Climate model undertaken in the *Turning point* series. The industries identified as most “vulnerable” to physical climate damage and net-zero transition risk are presented in Table A.1.

Table A.1:

Sectors in the Job Vulnerability Index that are exposed to physical climate damage and net-zero transition risk

Label	GTAP industry
Agriculture	<ul style="list-style-type: none"> • Rice • Wheat • Other grains • Vegetables and fruit • Oil seeds • Sugar crops • Fibres crops • Other crops • Cattle • Other animal product • Raw milk • Wool • Fishing
Conventional energy and mining	<ul style="list-style-type: none"> • Coal • Oil • Gas • Electricity generation from fossil fuels
Heavy industry and manufacturing	<ul style="list-style-type: none"> • Petroleum and coke manufacturing • Chemical manufacturing • Mineral manufacturing • Metal manufacturing • Technology manufacturing (e.g., machinery and equipment) • Transport manufacturing • Other manufacturing
Transport	<ul style="list-style-type: none"> • Land transport • Water transport • Air transport
Construction	<ul style="list-style-type: none"> • Construction

Source: Deloitte Economics Institute; GTAP

A region’s vulnerability ranking was determined by calculating the proportion of employment that sits in the industries listed in Table A.1.

These proportions were estimated to range between 20% and 50% in regional workforces.



Regional workforces with a high vulnerability to climate extremes and economic transition impacts were defined as having more than 40% of employment in “vulnerable”

industries. A list of countries captured in these modeled regions is presented in Table A.2.

Table A.2:
Regional workforces with a high vulnerability

Country	Modeled region
China	China
Hong Kong	China
Benin	Central South Africa
Cameroon	Central South Africa
Central Africa	Central South Africa
South Central Africa	Central South Africa

Country	Modeled region
Malawi	Central South Africa
Mauritius	Central South Africa
Mozambique	Central South Africa
Rwanda	Central South Africa
Tanzania	Central South Africa
Uganda	Central South Africa
Zambia	Central South Africa
Zimbabwe	Central South Africa
Botswana	Central South Africa
Namibia	Central South Africa
Rest of South African Customs Union	Central South Africa
Ethiopia	East Africa
Kenya	East Africa
Madagascar	East Africa
Rest of Eastern Africa	East Africa
India	India
Kazakhstan	Rest of Asia
Kyrgyzstan	Rest of Asia

Country	Modeled region
Tajikistan	Rest of Asia
Rest of Western Asia	Rest of Asia
Burkina Faso	West Africa
Cote d'Ivoire	West Africa
Ghana	West Africa
Guinea	West Africa
Nigeria	West Africa
Senegal	West Africa
Togo	West Africa
Rest of Western Africa	West Africa
South Africa	West Africa

The US region with the highest proportion of workers in “vulnerable” industries was the Energy South at 32%. The definition of “highly” vulnerable was adjusted when looking at the regional US view. As such, regional workforces with a high vulnerability to climate extremes and economic transition impacts were defined as having more than 25% of employment in “vulnerable” industries. A list of states captured in these modeled regions is presented in Table A.4.

Where industry employment data gaps were present in the GTAP database for particular countries, a global average index score of 2 was used. Data gaps existed in Greenland, Iceland and the Caribbean and Pacific Islands.

There were also industry employment data gaps for large parts of Africa (See Table A.3). Job vulnerability for missing African countries was assumed as the average of the modelled African region where data is available, Index score of 3.7.

Table A.3:
Industry employment data gaps in Africa

Country	Modeled region
Algeria	Gabon
Angola	Gambia
Burundi	Guinea-Bissau
Cabo Verde	Lesotho
Central African Republic	Liberia
Chad	Libya

Congo	Mali
Congo DRC	Mauritania
Côte d'Ivoire	Niger
Djibouti	Sierra Leone
Equatorial Guinea	South Sudan
Eritrea	Sudan
Eswatini	

Table A.4:
US workforces with a high vulnerability

State	Modeled region
Alaska	Energy North
Colorado	Energy North
Idaho	Energy North
Montana	Energy North
North Dakota	Energy North
Utah	Energy North
West Virginia	Energy North
Wyoming	Energy North
Louisiana	Energy South
New Mexico	Energy South
Oklahoma	Energy South
Texas	Energy South
Illinois	Great Lakes
Indiana	Great Lakes
Michigan	Great Lakes
Ohio	Great Lakes
Wisconsin	Great Lakes

Employment impacts of 'active transition assistance'

In the D.Climate model, **active transition assistance** reflects a view of government revenues, collected via a shadow emission price mechanism, being redistributed to represent policy actions that both deliver the emissions abatement and offset the costs of the abatement. This concept is applied in D.Climate to establish a better representation of economic impacts (costs) of the structural adjustment pathway economies will undergo as they decarbonize to net-zero emissions.

D.Climate imposes a shadow price on emissions to deliver the emission reductions in line with the emissions constraint to net-zero emissions by mid-century. In D.Climate, the shadow price is not the same as a legislated emissions tax, or a traded emissions price, but it is analogous in that it represents the projected "economic price" at which a given reduction in emissions can be achieved.

The Deloitte Economics Institute views the shadow price mechanism to represent the various mix of actions, policies, investments, incentives, regulations, or penalties any government may impose to meet its stated emissions target—and the implied economic cost of these actions.

But despite it not being an explicit market-based mechanism imposed by government, there is a revenue stream collected by government as required by the model to solve. That is, where there is a price imposed, it creates a revenue stream a government must collect.

Transition assistance is a mechanism designed to be imposed in the D.Climate model to both:

- Offer a view to the government policies, actions, and investments that deliver abatement that drives the emission price (beyond the constraint); and
- Better reflect the structural adjustment costs in industries and regions as decarbonization accelerates by offsetting them. That is, assuming government policies that deliver the transition will either account for a redistribution of transition costs in implementation or those transition costs will be offset elsewhere by other measures to secure economic growth and job creation.

Transition assistance is implemented as a "shock" to the D.Climate model. A "shock" refers to an imposed change in the model via alternative assumptions beyond what the model would automatically (endogenously) solve for. In this way, the shock represents a specific variable change, usually to create a difference in scenario outcomes and economic impacts in alignment with a scenario framing or narrative.

Transition assistance—or the revenue distribution—is typically researched, designed, and applied to industries that are neither emissions-intensive nor in high demand as an economy decarbonizes. This means government effort does not disproportionately go toward emissions-intensive conventional energy or emerging clean energy, as both primarily respond to price and changing demand—and additional technological productivity parameters imposed in the model to reflect the assumed changing energy and technology mix.

For example, in an emissions-intensive region, transition assistance is targeted to diversify economic activity into areas such as construction, private-sector service industries, retail, and public services. This smooths the structural disruption to economies and their workforces, resulting in increased job creation earlier in the phases of decarbonization.

Government investments are implemented through effective tax reductions and/or subsidies on capital and labor within targeted industries and are constrained at the national level by government revenue that is collected during transition. Investments are distributed across regions according to the relative costs incurred through transition.

Absent transition assistance, modeling results narrowly demonstrate the economic impacts of the shadow price as a "blunter" instrument and the impacts of a changing energy and technology mix. Results also inherently assume there is no defined role for government in facilitating, coordinating, and delivering the transition outcomes of the economy. Where assumed, such results are not a fitting representation of the proposed policy mix and economic objectives of many current governments globally in relation to net-zero targets. That is, jurisdictions have committed to delivering policy mixes (regulation, investments, incentives, penalties, etc.) that deliver stated abatement targets.

With its inclusion, transition assistance both reduces the aggregate economic costs of transition overtime to net-zero and changes the cost-benefit profile at certain points in time. That is, the overall cost of transition is lower in terms of economic growth and job disruption, and the point at which the "dividend" of transition occurs is earlier.

Green Collar workforce occupation definitions

There are no universal definitions for occupations that will be impacted by climate change and decarbonization. For this research, the Deloitte Economics Institute used

the O*NET developed green workforce categories as a starting point, refining the occupations within these categories to a global context.

O*NET: Definitions of 'green' jobs

- **Green increased demand** – The impact of green economy activities and technologies is an increase in the employment demand for an existing occupation. However, this impact does not entail significant changes in the work and worker requirements of the occupation. The work context may change, but the tasks themselves do not.
- **Green enhanced skills** – The impact of green economy activities and technologies results in a significant change to the work and worker requirements of an existing O*NET-Standard Occupational Classification occupation. This impact may or may not result in an increase in employment demand for the occupation. The essential purposes of the occupation remain the same, but tasks, skills, knowledge, and external elements, such as credentials, have been altered.
- **Green new and emerging** – The impact of green economy activities and technologies is sufficient to create the need for unique work and worker requirements, which results in the generation of a new occupation relative to the O*NET taxonomy. This new occupation could be entirely novel or “born” from an existing occupation.

Source: O*NET Resource Center, Occupational Listings: Green New and Emerging Occupations

Separate categories were also added for occupations that were expected to be disrupted by the structural employment shifts of a net-zero transition (occupation- and sector-based impacts) and the occupations that rely heavily on the climate for production (occupation- and sector-based impacts). This categorization is based on the Deloitte Economics Institute's labor market analysis and several studies using D.Climate and other occupational forecasting methodologies.

Although it is expected that all occupations will be affected in some way—either through the impacts of locked-in warming or the transition—the occupations discussed theoretically in the emissions-intensive and climate-reliant categories are those that are highly vulnerable to the structural employment shifts that will result from warming and transition impacts. It is expected that due to the nature of impacts in these categories, the proportion of emissions-intensive and climate-reliant jobs in an economy is somewhat reflected in a region's Job Vulnerability Index score.

In developing the green categories, O*NET investigated the impact of green economy activities and technologies on occupational requirements and the development of new and emerging occupations. It found that the transition to net-zero will likely result in changes to work and worker requirements and the generation of unique work and worker requirements for green enhanced skills and green new and emerging occupations.

As a result of the research, a total of 1,369 green tasks were included in the O*NET Green Task File. The Green Task File includes the entire task lists for each of the 138 occupations that fit into green enhanced skills and green new and emerging occupation categories, which included both green and non-green tasks.^{xvi}

The Deloitte Economics Institute leveraged this database, and our modeling of the timing of global occupation impacts in the transition to net-zero, to estimate the proportion of existing skills that can be leveraged in the current workforce to facilitate the transition to net-zero by 2050.

Authors



Dr. Pradeep Philip
Partner, Deloitte Australia
Deloitte Economics Institute

pphilip@deloitte.com.au



Claire Ibrahim
Partner, Deloitte Australia
Deloitte Economics Institute

cibrahim@deloitte.com.au



Emily Hayward
Manager, Deloitte Australia
Deloitte Economics Institute

ehayward@deloitte.com.au

Deloitte Economics Institute

The pace and scale of global economic, social, environmental, and digital disruption is rapid, and we all now operate in a world we no longer readily recognize. This creates a need to understand how structural economic change will continue to impact economies and the businesses in them, and the livelihoods of our citizens.

In pursuit of economic prosperity, progressive organizations need future-focused, trusted advisors to help them navigate complexity and deliver positive impact. The Deloitte Economics Institute (the "Institute") combines foresight with sophisticated analysis to shape and unlock economic, environmental, financial, and social value. Connecting leading global insight and local knowledge with an independent perspective, the Institute illuminates future opportunities and drives progress.

The Institute's economic rigor comes from its cutting-edge analytic tools; experience working with businesses and governments; and the expertise of Deloitte firm practitioners who help shape public policy, deliver business insights, and inform investment strategy.

The Institute shares practical policy, industry know-how, and evidence based insights to help businesses and governments tackle the most complex economic, financial, and social challenges.

With over 500 economists practicing in Deloitte firms across Asia Pacific, the Americas, and Europe, the Institute's depth and breadth of experience is matched by a strong understanding of trends in global economies and their effect on business. Its dedicated team of economists works closely with the Deloitte network's industry leaders across the globe to apply economic thinking and commercial acumen to everyday business problems.

The Institute prides itself on rigorous qualitative and quantitative analysis, and is supported by proprietary and specialist models refined over many years. Our highly qualified economists and practitioners have a strong reputation for objectivity and integrity. All client services offered by the Deloitte Economics Institute are performed by practitioners at Deloitte firms.

For more information on the Deloitte Economics Institute, please visit our website:
www.deloitte.com/deloitte-economics-institute

Global contacts

Jennifer Steinmann
Global Sustainability &
Climate Practice Leader

jsteinmann@deloitte.com

David Barnes
Global Regulatory &
Public Policy Leader

djbarnes@deloitte.co.uk

Steve Hatfield
Global Future of Work Leader

sthatfield@deloitte.com

Acknowledgements

A special thanks to the following individuals who provided the support to make this report possible:

Cedric Hodges

Samuel Collins

Nicholas O'Hara

Mai Nguyen

Kyra Kaszynski

Tess Boyer

Rachael Ballard

Stuart Kerr

Blythe Aronowitz

Elizabeth Payes

Karen Cunningham

Crystal Upperman-

Christina Brodzik

Derek Pankratz

Kate Hardin

Bevin Arnason



Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited (“DTTL”), its global network of member firms, and their related entities (collectively, the “Deloitte organization”). DTTL (also referred to as “Deloitte Global”) and each of its member firms and related entities are legally separate and independent entities, which cannot obligate or bind each other in respect of third parties. DTTL and each DTTL member firm and related entity is liable only for its own acts and omissions, and not those of each other. DTTL does not provide services to clients. Please see www.deloitte.com/about to learn more.

This communication contains general information only, and none of DTTL or the Deloitte organization is by means of this communication, rendering professional advice or services. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser.

No representations, warranties or undertakings (express or implied) are given as to the accuracy or completeness of the information in this communication, and none of DTTL, its member firms, related entities, employees or agents shall be liable or responsible for any loss or damage whatsoever arising directly or indirectly in connection with any person relying on this communication. DTTL and each of its member firms, and their related entities, are legally separate and independent entities.

© 2022. For information, contact Deloitte Global.