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#### NOTE

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From:	General Secretariat of the Council
To:	Delegations
Subject:	'Karlovy Vary Annual Policy Dialogue Statement' and the need for strengthening just transition in regions affected by decarbonisation
	- Information from the Czech and Slovak delegations

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Delegations will find in the Annex an information note from the Czech and Slovak delegations on the above subject, to be dealt with under 'Any other business' at the Council (Environment) meeting on 25 March 2024.

**‘Karlovy Vary Annual Policy Dialogue Statement’ and the need for strengthening just transition in regions affected by decarbonisation**

**- Information from the Czech and Slovak delegations -**

In the 2021-2027 programming period, the family of European funds has been enlarged with the Just Transition Fund (JTF), aimed at assisting **regions dependent on fossil fuels** in their **transition towards carbon-neutral economy** by providing support to mitigate possible negative impacts. The JTF has been one of the cornerstones of the European Green Deal, being proposed just few weeks after the current Commission took office, and it has been instrumental in fulfilling the EU’s commitment under the Paris Agreement. Measures needed for the EU to become climate-neutral by 2050 will have **significant impacts on regions dependent on coal, peat and oil shale**, therefore going forward early action and special attention is required to keep them on track and find new incentives.

Despite their diversity, most of these regions have been the backbone of their countries’ economies for a long time. However, the **implementation of the European Green Deal poses a great challenge to them**. Transition to a carbon-neutral economy might be a painful process for local entrepreneurs, but also for public sector and population in general. **Helping these regions is therefore crucial to achieve territorial cohesion in the European Union and to ensure that no one is left behind.**

Most of the regions supported by the JTF in 2021-2027 are aware that transition is a long-term process that cannot be completed in a single programming period. In June 2023, **the Annual Political Dialogue (APD)** in Karlovy Vary (Czechia) took place, where key actors in the field of just transition, including **European commissioners, ministers and regional governors**, gathered to discuss the state of play of the just transition process and the practical problems that regions face in implementing the JTF. Individual sessions focused on the implementation of a just transition, the potential of energy communities as a possible solution to foster the clean energy transition, and best practices in skills development and workforce reskilling in the transforming fossil-fuel sector.

The main outcome of the APD meeting was the '**Karlovy Vary Annual Policy Dialogue Statement**', which was signed in 2023 by **22 representatives of regional and/or municipal level from 11 EU countries** (see Annex). As such, the statement represents the position of most of the largest beneficiaries from the JTF.

The statement is based on first-hand experience with the just transition process and the implementation of the JTF, and calls for **early dialogue** between the coal regions and EU institutions regarding the architecture of European funds after 2027 and for **maintaining specific support for transition of coal regions in the 2028-2034** programming period. The statement also calls on the European Commission to conduct a study focused on affected regions undergoing transition.

We welcome that the Belgian Presidency has selected the Just Transition as one of its priorities as shown by the discussion of Ministers at the Informal Council in January as well as the recent European Conference for a Just Transition.

To continue the process, we further call on the Commission to:

- Thoroughly analyse the outcomes of the Member states discussions regarding JTF implementation;
- Facilitate further debate with regional representatives focusing on good practices and bottlenecks of JTF implementation in the 2021-2027 programming period;
- Encourage more dialogue on the European level regarding investment needs and future funding opportunities in the most affected regions.

**Karlovy Vary Annual Policy Dialogue Statement*****Coal Regions need further support beyond 2027 to leave no one behind!***

The Fourth Annual Policy Dialogue of the EU Coal Regions in Transition Initiative, taking place on 27- 28 June 2023 in Karlovy Vary (Czech Republic), aimed to:

- Transformation of the European energy system for fulfilling the European Union's commitment to the Paris Agreement is taking place with wide ranging impacts on coal, peat and oil shale regions (later referred to jointly as '*coal regions*') and their economy, especially as this entails ending a specific sector's industrial and economic activity;
- Coal regions in Europe are very diverse, in terms of both their dependence on fossil fuels for employment and industrial output, and their potential for economic reconversion;
- The transition of these coal regions is far from complete and needs sustained financial and policy support beyond 2027 to ensure that no one is left behind; While these regions face a number of challenges, they are also hubs for ideas, green and digital transition projects and innovation examples that may be of inspiration for the other EU regions that face twin transition or need to support their industries to boost competitiveness of the EU on the global market
- Therefore, the focus should be on:
  - **continuation of strong support for coal regions throughout the course of their entire transition** in the EU policy and funding framework beyond 2027 that can ensure the long- term success of transformative pathways for the economies and citizens of these regions;
  - maintaining a strong focus on **place-based solutions for the just transition** that address specific development challenges in the affected areas, that are developed in an inclusive way by involving **all relevant stakeholders** and that provide the **necessary scope of support**;

- **complementarities and synergies between EU policies** to support the transition of coal regions, such as through the promotion of concept of smart territories, EU support for priority ecosystems, such as the bio-economy, and EU innovation policy combined with a financially strengthened Just Transition Mechanism to reach a successful EU industrial green transition pathway;
- reinforced efforts for **effective coordination of public and private investments in coal regions** across all levels of government and other relevant stakeholders based on **partnership and multi-level governance**;
- optimisation of **delivery systems** based on lessons learned from implementation of current programmes, while **measuring success based on impact** on supported regions;
- a **continuation of the specific provisions with regard to state aid to facilitate support in the context of the just transition** as in the current financing period;
- more **dedicated support for the cross-border and inter-regional cooperation** to further promote peer learning and capacity building;
- **better communication and storytelling** of the ongoing efforts of coal regions in transition;
- **all EU institutions** to seek an **early dialogue with coal regions** in the design and implementation of the next generation of EU policies to ensure a fair and just transition of these regions;
- the European Commission to conduct a **study, focusing on regions that are in the process of transitioning** and following up on the 2018 Joint Research Centre study which was entitled "EU coal regions: opportunities and challenges ahead"<sup>1</sup>;
- a **continuation of the high-level EU Initiative for Coal Regions in Transition's Annual Political Dialogue** beyond 2027 with the regular involvement of all key actors of the EU institutions.

<sup>1</sup> EU coal regions: opportunities and challenges ahead", JRC 2018,

<https://publications.jrc.ec.europa.eu/repository/handle/JRC112593>

**Petr KULHÁNEK**  
Governor of the Karlovy Vary Region  
Czech Republic



Signature, date and place:  
**Brussels, 24. 10. 2023**

**Jan KRKOŠKA**  
Governor of the Moravian-Silesian Region  
Czech Republic



Signature, date and place:  
**Brussels, 24. 10. 2023**

**Iva DVOŘÁKOVÁ**  
Member of the Ústí Region Council  
Czech Republic



Signature, date and place:  
**Brussels, 24. 10. 2023**

**Thomas Gottfried SCHMID**  
Minister for Regional Development  
Free State of Saxony  
Germany



Signature, date and place:  
**Dresden, 30. 9. 2023**

**George KASAPIDIS**  
Regional Governor  
of Western Macedonia  
Greece



**Περιφέρεια Δυτικής Μακεδονίας**  
Γρεβενά | Καστοριά | Κοζάνη | Φλώρινα

Signature, date and place:  
**Kozani, 18. 10. 2023**

**Jakub Piotr CHEŁSTOWSKI**  
Marshal of the Śląskie Region  
Poland



Signature, date and place:  
**Brussels, 24. 10. 2023**

**Maciej SYTEK**

Plenipotentiary of the  
Management Board of the  
Wielkopolska Region for  
Restructuring of Eastern  
Wielkopolska, President of the  
Regional Development Agency  
S.A. in Konin  
Poland



WIELKOPOLSKA  
REGION

Signature, date and place:  
**Brussels, 24. 10. 2023**

**Florin-Tiberiu  
IACOB-RIDZI**

Mayor of Petrosani Municipality  
Romania



Signature, date and place:  
**Petrosani, 23. 10. 2023**

**Jaroslav BAŠKA**

President of the Trenčín  
Self-Governing Region  
Slovakia



Signature, date and place:  
**Trenčín, 19. 10. 2023**

**Peter DERMOL**

Mayor of Municipality Velenje  
Slovenia



Signature, date and place:  
**Brussels, 24. 10. 2023**

**Iva RADEVA**  
Regional Governor Stara Zagora  
Province  
Bulgaria



Signature, date and place:  
**Stara Zagora, 25. 9. 2023**

**Pentti MÄKINEN**  
Regional Mayor of Etelä-Savo  
Finland



**South Savo  
Regional Council**

Signature, date and place  
**Mikkeli, 16. 10. 2023**

**Satu SIKANEN**  
Regional Mayor of South Karelia  
Finland



**REGIONAL  
COUNCIL OF  
SOUTH KARELIA**

Signature, date and place:  
**Lappeenranta, 5. 10. 2023**

**Mona NEUBAUR**  
Deputy Premier and Minister for  
Economic Affairs, Industry, Climate  
Action and Energy of the State of North  
Rhine-Westphalia  
Germany

Die Landesregierung  
Nordrhein-Westfalen



Signature, date and place:  
**Düsseldorf, 11. 10. 2023**

**Rainer ROBRA**  
Minister of European Affairs  
Head of the State Chancellery and  
Minister for Culture  
Germany



**SACHSEN-ANHALT**

Signature, date and place  
**Magdeburg, 10. 10. 2023**

**Panagiotis NIKAS**  
Regional Governor of Peloponnese  
Greece



**REGION OF  
PELOPONNESE**

Signature, date and place:  
**Tripoli, 10. 10. 2023**



**Robert POWER**  
Chair Eastern and Midland Regional  
Assembly  
**Ireland**



Signature, date and place:  
**Dublin, 29. 9. 2023**

**Cezary PRZYBYLSKI**  
Marshal of the Lower Silesia Region  
**Poland**



Signature, date and place:  
**Wrocław, 27. 9. 2023**

**Grzegorz MACKO**  
Deputy Marshal of the Lower Silesia  
Region  
**Poland**



Signature, date and place:  
**Wrocław, 26. 9. 2023**

**Witold Rafał KOZŁOWSKI**  
Marshal of the Małopolska Region  
**Poland**



Signature, date and place:  
**Kraków, 20. 9. 2023**

**Carlos FERNÁNDEZ CARRIEDO**  
Regional Minister for Economy and  
Finance of Castilla and León  
**Spain**



Signature, date and place:  
**Valladolid, 11. 10. 2023**

**Nieves ROQUEÑÍ GUTIÉRREZ**  
Regional Minister for Ecological  
Transition, Industry and Economic  
Development  
**Spain**



Signature, date and place:  
**Oviedo, 10. 10. 2023**