Energy transition: A boost for Europe's rural regions

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More jobs, greater economic prosperity and improved economic cohesion: the energy transition promises to boost rural EU regions in particular. These will benefit from the further expansion of renewable energy, while urban areas will need additional support - this is the conclusion of a new study by the Bertelsmann Stiftung.

Berlin, 05.12.23. The European Union wants to be climate-neutral by 2050 - this is at the heart of the Green Deal. The biggest challenge to this is the decarbonization of the European energy system.

The shift to renewable energy is a great opportunity for rural regions. They will benefit with an increase of up to 4.9 percent in employment and up to 1,570 euros per capita in added value by 2050. This will contribute to an improved European cohesion, i.e. more equality between regions in Europe and greater economic balance. Regions that are already leaders in the expansion of renewable energy and rural areas with high potential for generating renewable energy will benefit the most from the energy transition. A example of this is the contrast between Berlin and Brandenburg: the rural area around the German capital could benefit, while Berlin itself has some challenges to overcome.

For many urban regions and areas whose industry is heavily dependent on fossil fuels, the energy transition poses a challenge that can have a negative impact on employment and economic prosperity. In these regions, value added decreases, and jobs lost because of the phase-out of fossil energy generation cannot be fully compensated by the expansion of renewable energy generation. In concrete terms, this means up to 2,450 euros less per capita in value added and up to 2.1 percent less employment by 2050. These differences between the regions are due to their respective potential for generating renewable energy and their economic structures.

"One thing is clear: The energy transition opens up opportunities for rural regions, while new challenges arise for urban centers. What is needed in view of these regional differences is an expansion of the strategy. On the one hand, the negative effects must be counteracted, particularly in urban regions. On the other hand, rural regions must be helped to realize their full potential. An adapted European cohesion policy is now more necessary than ever to meet these challenges," explains Thomas Schwab, Economist at the Bertelsmann Stiftung.

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