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# 'The Value of CCS in the Political Economy'

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There is a need to develop narratives for the *political economy* where government and public support required

## Industrial decarbonisation

Retain and grow jobs and GDP whilst meeting climate targets in the long term → preferable outcome to job offshoring/GDP loss and not meeting targets in the short and long term

Can CCS help deliver this outcome?

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# Case study: 'Making Germany's *Industriestandort* climate-ready'

**Cement industry example:** what kind of economic multipliers impact the economic 'just transition' narrative? **What happens if production relocates?**



## The Just Transition Challenge: Avoiding Carbon Leakage and Jobs Off-Shoring in Decarbonising International Supply Chains

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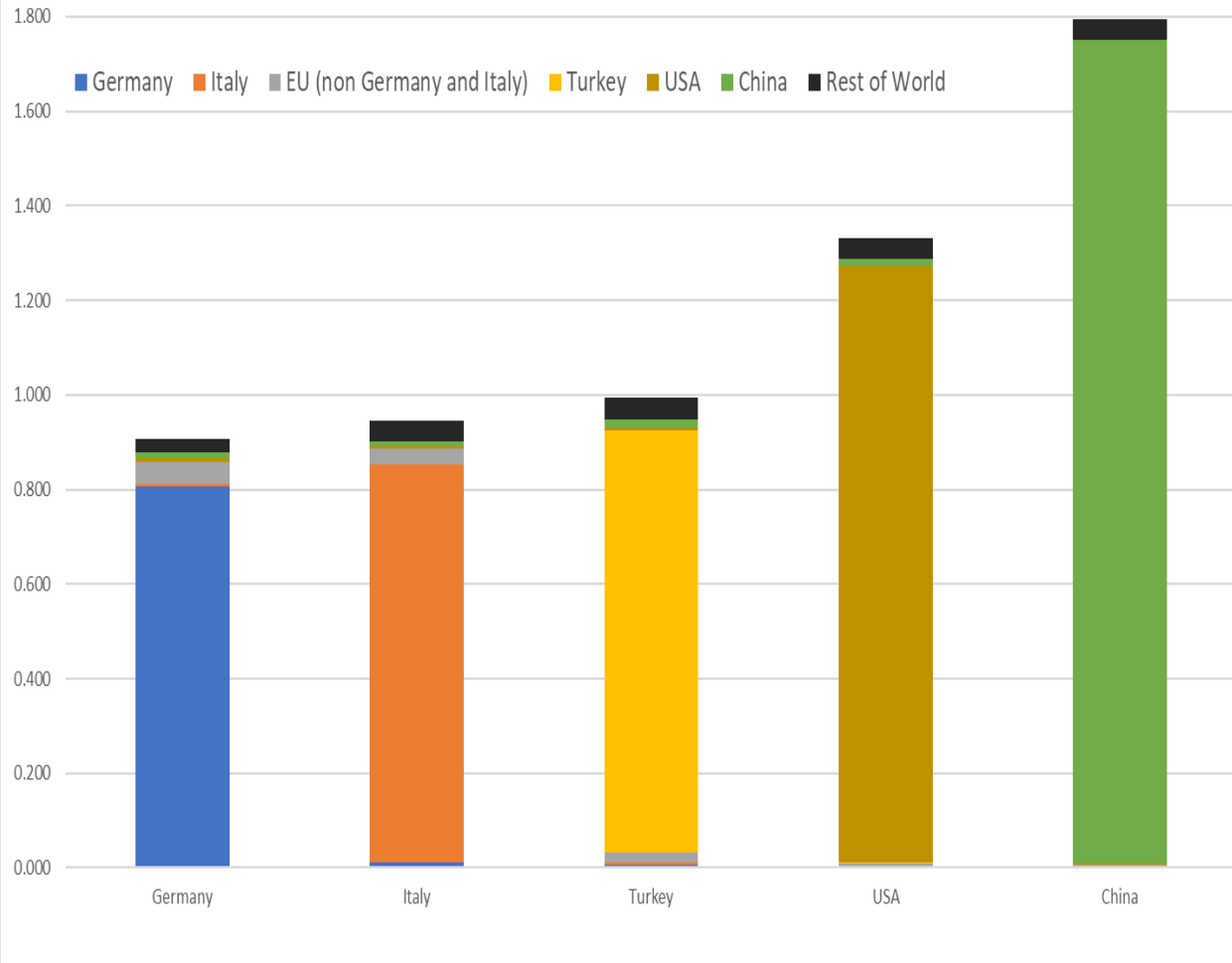
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Figure 1. Output-CO<sub>2</sub> multipliers by location of required direct and supply chain emissions (kilotonnes of CO<sub>2</sub>) required per \$1m of final demand for 'Cement etc.' industry output



## Carbon leakage/off-shoring?

- **Net increase in industry emissions per \$1m production to service demand when move outside of EU**

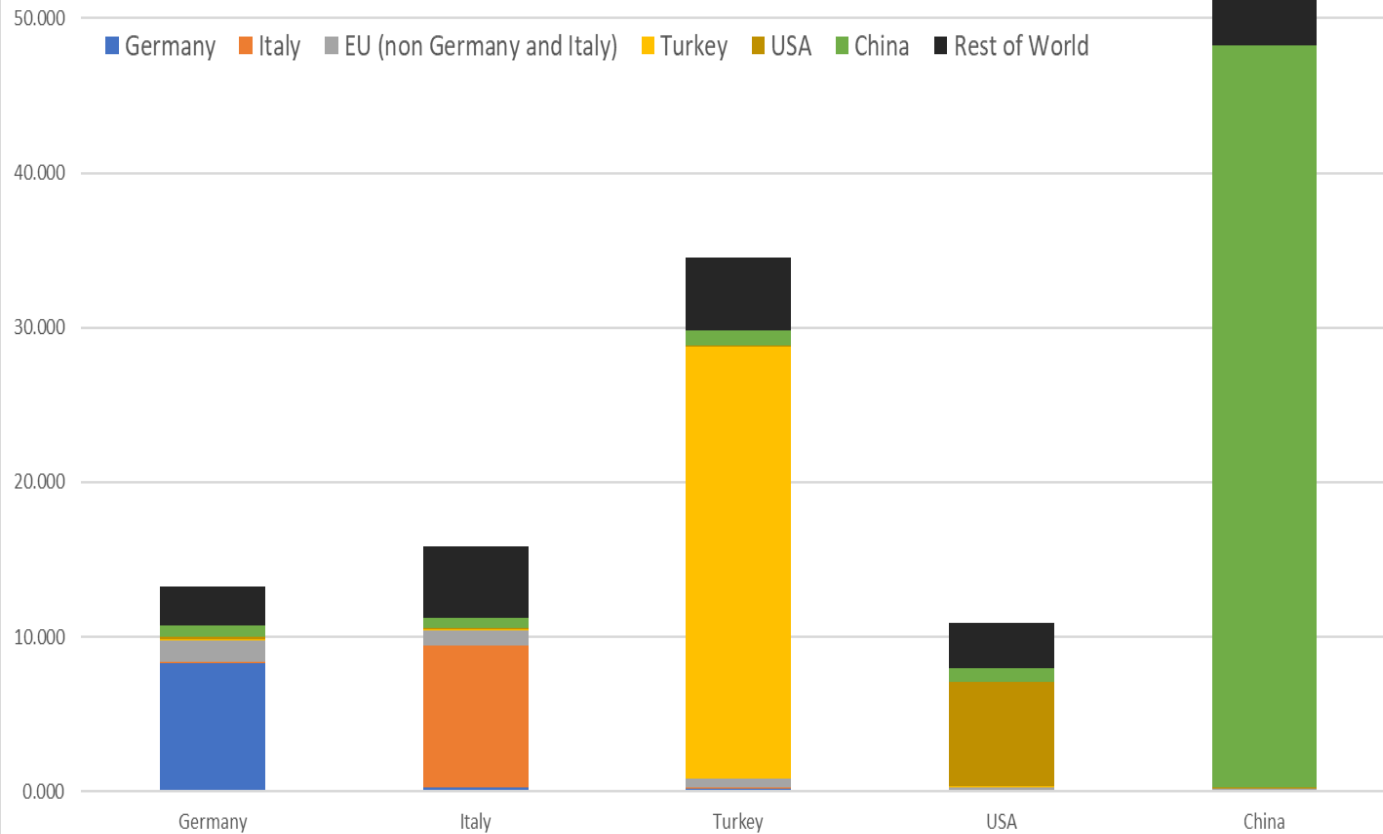
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Figure 2. Output-employment multipliers by location of required direct and supply chain jobs (numbers employed) per \$1m of final demand for 'Cement etc.' industry output



## Jobs leakage/off-shoring?

- **Net boost in global industry and supply chain employment**
- **But net losses to Germany's industry and supply chain**

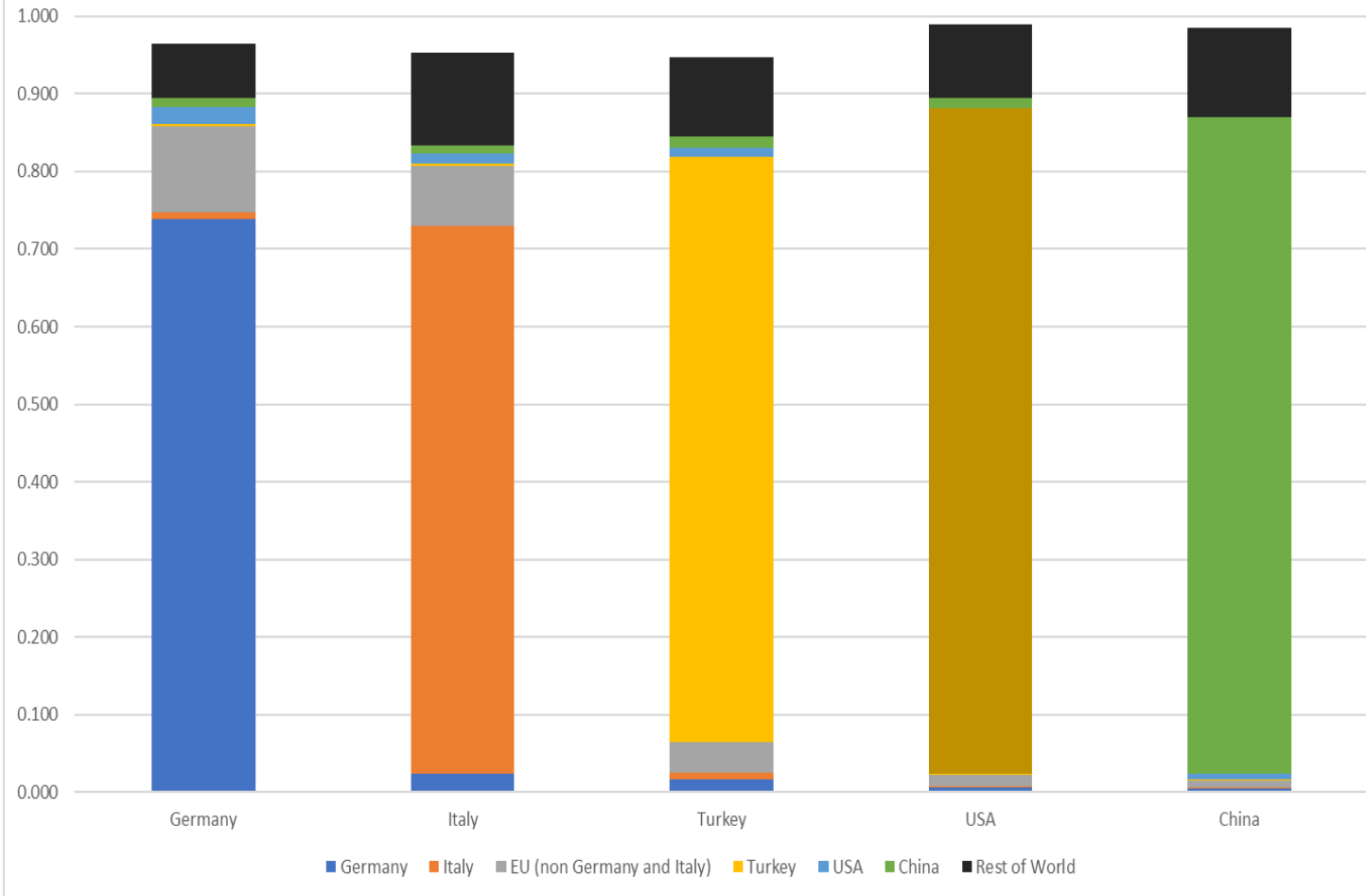
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Figure 3. Output-GDP multipliers by location of required direct and supply chain value-added (\$million) per \$1m of final demand for 'Cement etc.' industry output



## GDP leakage/off-shoring?

- **Reallocation of global value-added**
  - *Implies higher value-added jobs in German, Italian and US cases (both industry and supply chain)*
- **Again net losses to Germany's industry and supply chain**

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