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**This is an electronic reprint of the
original article (publisher's pdf).**

Please cite the original article:

Laasasenaho, K. & Lauhanen, R. 2021. Finnish energy peat entrepreneurs request direct financial support from EU Just Transition Mechanism. Peatlands International, (1), 14 - 15.



Finnish energy peat entrepreneurs request direct financial support from EU Just Transition Mechanism

The reduction in the use of energy peat has been under discussion in Finland. The energy peat sector has undergone an unprecedented decline, due to both political decisions and market collapse, emissions trading and recent tax solutions.

At the same time, there has been some debate to establish the European Union's (EU) Just Transition

Mechanism (JTM), which seeks to support the sectors most affected by reducing climate emissions. In Finland, it has been decided that the JTM will be targeted at supporting the reduction of energy peat use, while elsewhere in the EU, the support is being allocated to coal-intensive areas.

The JTM includes both loan- and fund-based support. From the perspective of the peat

industry, it is very important that the views of entrepreneurs are taken into account in the planning of just transition.

Seinäjoki University of Applied Sciences (SeAMK) has studied just transition in the South Ostrobothnia region in the autumn of 2020, using a questionnaire.

South Ostrobothnia is the most intensive peat extraction area in Finland and ca. 150 companies are working in the peat industry in this region.

The use of peatlands is discussed in Finland. Photo: Risto Lauhanen



The purpose of the questionnaire was to highlight the companies' own voice, which can be used to strengthen the just transition. The questionnaire was sent to 140 companies and the response rate was over 26%. The study was the first quantitative research concerning just transition in the Finnish peat industry.

It was notable that 57% of respondents were under the age of 50 and had over 50 ha of peat extraction areas under their control. In this age group, the just transition is especially important as these entrepreneurs have several working years remaining. Most of the respondents were also working in several industries (peat accounted for 10-100% of net sales).

According to the preliminary results of the survey, most of the entrepreneurs wanted direct financial support. More than 80% of the respondents highlighted direct financial support to compensate for job losses among energy peat entrepreneurs and the unnecessary purchases of machinery and equipment. In addition, more than half of the respondents requested direct financial investment support for new purchases and activities, as well as for the after-use of peat extraction areas (e.g., afforestation, restoration, wetlands).

It was notable that less than 10% of energy peat entrepreneurs favoured lifelong learning and retraining support. Direct financial support would solve the financial uncertainty faced by many entrepreneurs. The selling of special equipment

would be difficult, at least to domestic buyers, as the whole industry is declining in Finland.

It is generally known that Just Transition Funds (JTF) cannot be used for direct financial support to cover the revenue losses. Currently, there is a risk that poorly planned support mechanisms will not be used, even if the funds are available. Therefore, the question arises, how well does the JTM match the demands of the energy peat entrepreneurs? More accurate results of the study will be reported in a scientific article in 2021.

The study was conducted as part of the project "HYBE - Hybrid solutions for decentralized energy production in the rural areas of South-Ostrobothnia landscape" and financed by the European Agricultural Fund for Rural Development, the Foundation of the Central Union of Agricultural Producers and Forest Owners (MTK Säätiö), Töysän Säästöpankkisäätiö, Seinäjoen Energia Ltd and EPV Energy Ltd (EPV).

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Entrepreneurs are worried about their future. Photo: Hannu Salo