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in cooperation with  
**the Research Centre of the School of Economics and Business**  
invites you to a seminar

## ***Green Transition in the Euro Area: Domestic and Global Factors***

Co-author and speaker:  
**Črt Lenarčič**  
**Banka Slovenije**

The seminar will be held at the  
**Lecture Room (Cankarjeva 1) of Banka Slovenije**  
**on Thursday 12 December 2024 at 10:00**

### **Abstract:**

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Authors analyze the economic impact of the green transition in the euro area by extending the Euro Area and Global Economy (EAGLE) model with green and brown energy sectors. Energy goods are consumed as final goods by households and as inputs by intermediate goods firms. A carbon tax manifests itself as an adverse cost-push shock. Without subsidies to green energy firms, the green transition is limited to household expenditure switching towards green energy goods. When authorities direct subsidies to green energy firms a strong supply effect in the market for green energy is triggered lowering its price and boosting the intermediate good sector's demand for green energy inputs. When carbon taxes are raised globally, the recession in the euro area deepens while inflationary pressures amplify, triggered partly by a weakening of the euro. Taxes on brown capital investment are also contractionary but lead to a decline in inflation. In this case, subsidies to investment in green capital can mitigate the recession and are essential to trigger a switch towards green energy consumption goods and inputs.

### **About the speaker:**

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Črt Lenarčič is the Head of Development and Implementation of Macroprudential Policy at the Banka Slovenije. His research focuses on economic policies and quantitative macroeconomics with a strong interest on macroprudential policy. Črt received a PhD in Economics from the School of Economics and Business, University of Ljubljana, in 2020. His articles have appeared in journals such as the Journal of Macroeconomics.

### **How to sign up:**

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To sign up for the seminar, please send an email to [seminar@bsi.si](mailto:seminar@bsi.si). You can sign up by Tuesday 10 December 2024. The seminar will be held in English.