

Just Transition to a (net) zero carbon economy: What can be done?

NETØK workshop

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Climate emergency has been recognised lately

A fundamental revision of prevailing production and consumption model: transition to (net) zero carbon economy

Main message after COP21: far away from the 2C pathway: the emission gap is HUGE

IPCC report (2018): 1.5C warming in a decade (with no action)

Global sea level rise to be double than thought (66cm) by 2100 (NASA 2018); Tipping point could be reached

For the EU: twice as much GHG cuts needed between 2030 and 2050, then between 1990 and 2020

Energy (+residential) and transport sectors are main emitters: transport and residential sectors had no ghg reduction since 1990

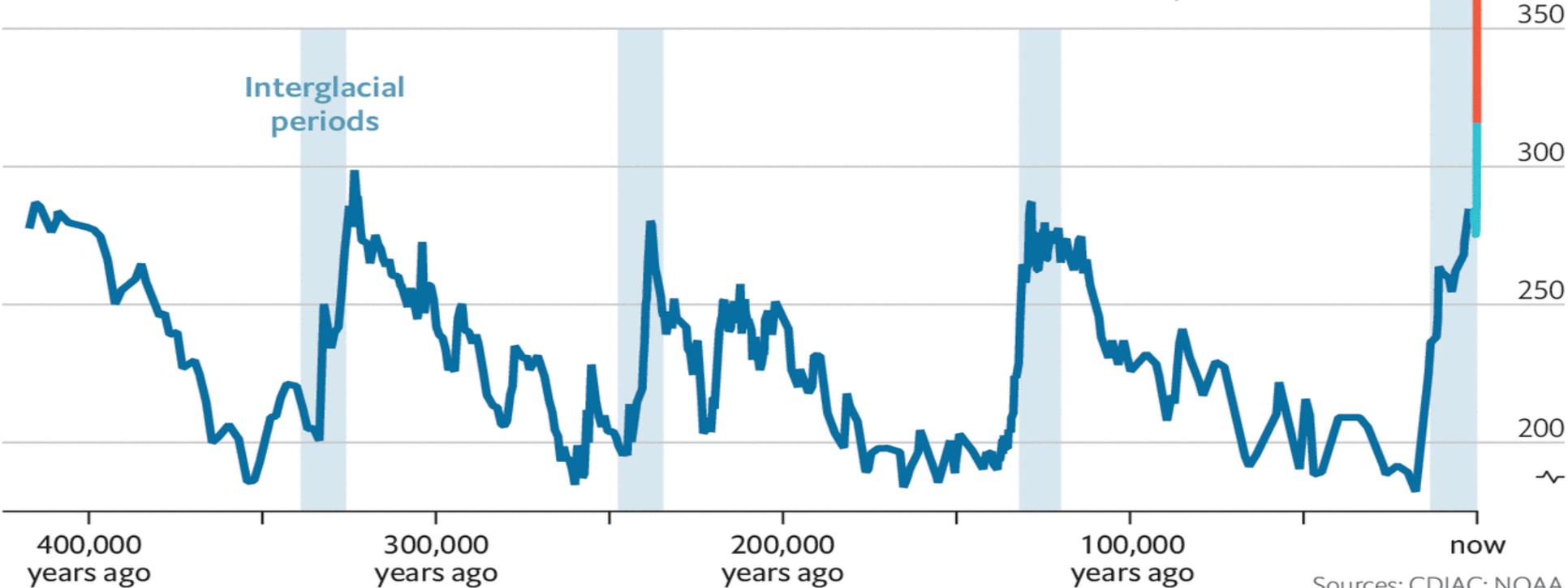
Mitigation is critical, but adaptation is also vital...

Climate emergency has been recognised lately

Like an ice age, in reverse; CO₂ levels are far higher than previous interglacial periods, and have risen remarkably fast

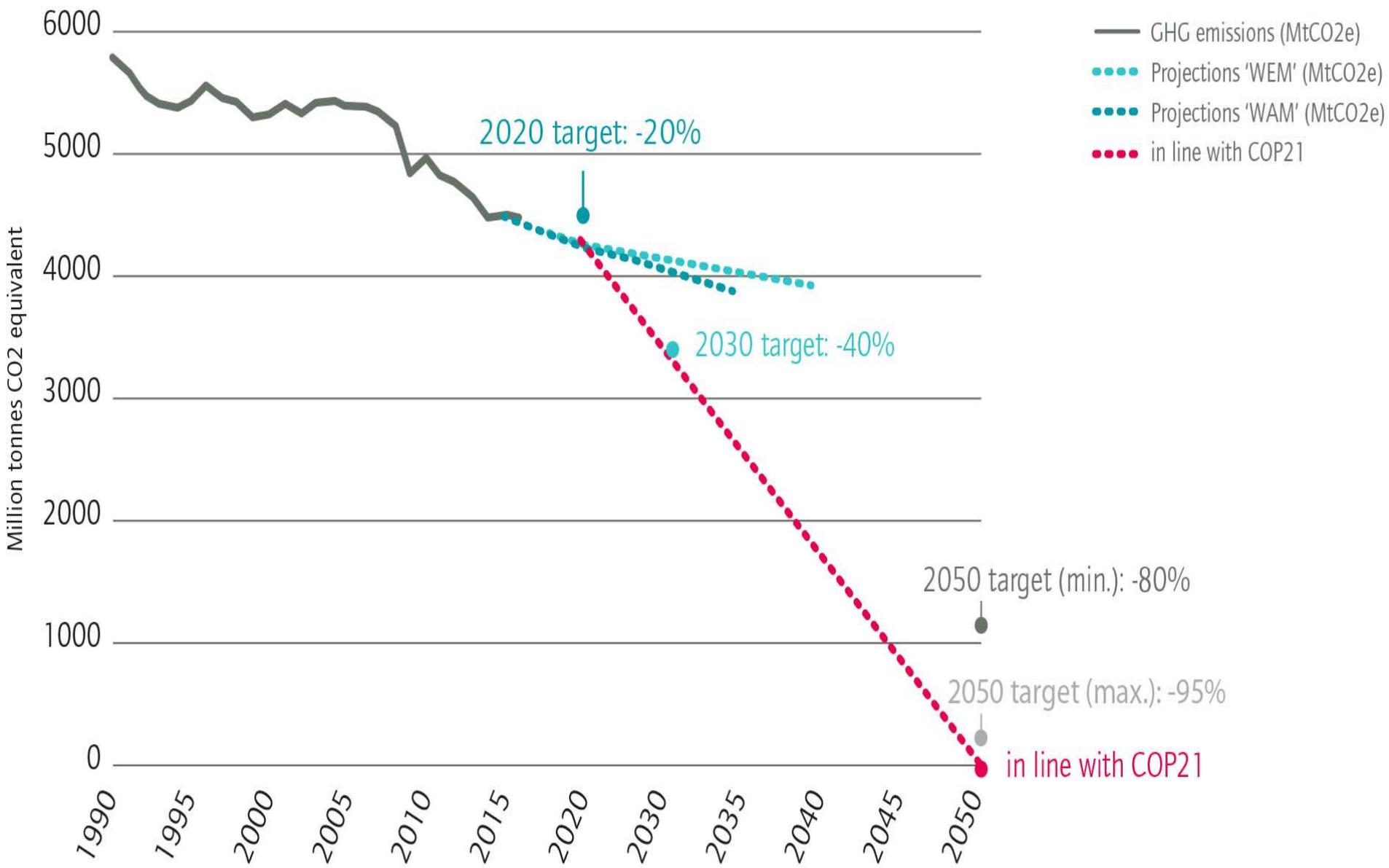
Atmospheric CO₂ levels, parts per million

Source — Vostok ice core — Law Dome ice core — Mauna Loa Observatory

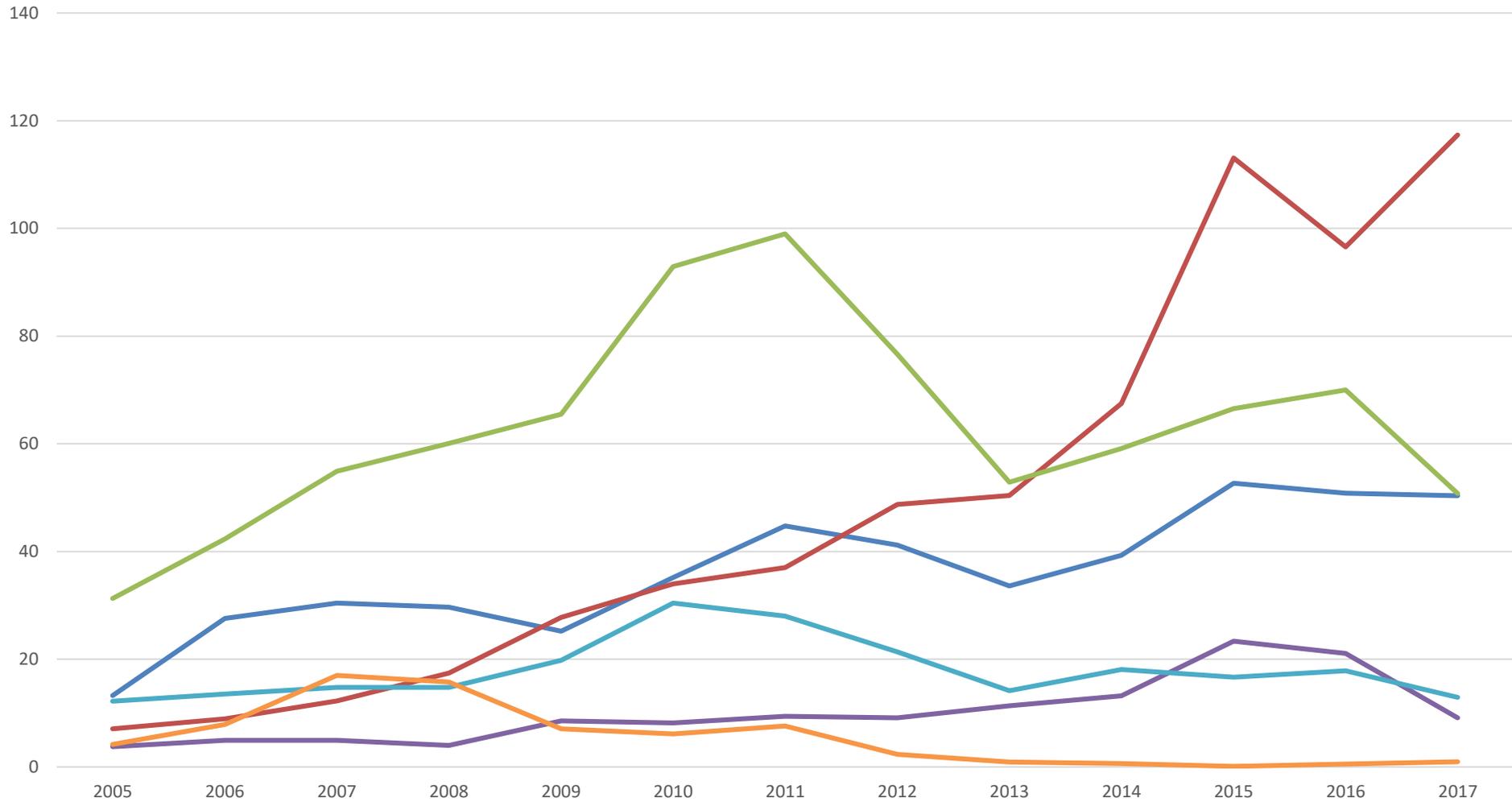


Only climate models which include human activity can explain the warming seen—which already exceeds 1.5°C in some places

EU ghg emissions trajectories: radical correction needed



Clean energy investments in the EU, US and China (EUR bn)



Source: BNEF 2019

— US — China — EU27 — UK — DE — ES

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Compelling necessity: revision of growth model

Just transition is the (only) way to make the **fundamental revision** of our energy and resource depleting **growth model become reality** and reach net-zero carbon economy by 2050

With massive effect on jobs

In the entire economy

Jobs to be created, but also

Lost, but all jobs affected

Four transformations shape the

future of work:

- **Decarbonisation**
- Technological change
- Demographic change
- Globalisation



Clock is ticking to get climate change under control etui.

Just transition: – wrap up - NOT `Just another transition`

JT is about **`just burden sharing`**, with different dimensions:

- Addressing climate and environmental justice (global North <> global South, historical + inter-generational)
- Dealing with distributional effects of climate policies (FiT, carbon price, ETS design during the transition),
- **+ managing job transitions (More than a `fancy funeral`)**
- **regional restructuring (industrial policy, regional development)**
- **decent work and inclusive society in a zero-carbon world**

Outcome: decent jobs (ILO) in a zero carbon inclusive society: traditional jobs - good organised jobs; new green jobs often precarious;

Process: getting there, how job transitions are managed (nobody left behind, just burden sharing, managing social impacts), revitalise local economy – social dialogue at all levels

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Dimensions of inequality in the climate change context

With a fundamental revision of the economic model JT to a zero carbon world works only if it also contributes to repair entrenched inequalities of the past – TRUST is vital that you are not losing on change

There is no genuine trade-off between green-labour and social dimensions – still, during the transition these may appear

Many questions arise, inequality has a lot of cross-cutting dimensions, (e.g. housing, mobility, energy)

Makes a difference whether `green transition` takes place in a conflictual or in a co-operative IR environment

The concept of `Just transition`: an early trade union demand, now mainstream

- UNEP, ILO, CEDEFOP, OECD, UNFCCC, COP21 – by now, `just transition` became a **mainstream** narrative
- Make sure it does not become an empty phrase – fill with content, concrete policies and practices
- The concept of JT **is multi-faceted**, has different dimensions and contexts, also theoretical backgrounds – **cross-cutting each other**
- **Must be implemented in form of concrete strategies and actions that are matched to concrete economic, social and institutional context that differs by country, region and economic branch**
- There is no silver bullet of just transition, but some common principles established (the 2015 ILO Guidelines make a useful contribution)

Tensions, conflicts in JT interpretations

- Green transition should not create new inequalities, but should contribute to more equal societies (in line with SDG-s)
- **Political context:** co-operative or confrontational
- In countries with deep and entrenched inequality the `JT concept` is seen as too soft, consensual and co-operative approach, they question market based decarbonisation and claim that `JT` for a zero carbon economy cannot be reached under capitalism, based on profit principle and private ownership
- Lesson: JT also needs to consider these factors
- JT takes place in the concrete socio-economic environment driven by the capital/labour nexus **etui.**

- Although JT was a trade union idea and demand, it is often controversial for some trade unions
- Virtual conflict between `climate ambition` and the core interest of defending members` interest
- In the classical case, company reorganisations, restructuring was driven by capital (profit) interest and labour was on the other side to act against and fend off the negative consequences
- Decarbonisation also means restructuring and re-organisation, massive employment transitions and trade unions are best placed to manage these transitions for the interest of workers
- But also trigger these transitions??? – this is new!
- Push the green transition forward and at the same time manage its consequences for the interest of workers

Role of governments in JT

- Governments in charge of energy policy – infrastructure – networks – public investments – roadmap + employment policy framework to facilitate job transitions – comprehensive and **coherent policy framework needed**
- What responsibility do private and state-owned energy firms have vis-à-vis employees at downsizing, restructuring and closure?
- What burden sharing, financing (JT fund)
- Social dialogue, social plans, employment transitions, training
- Differences by economic branch are also substantial (concrete JT strategies at sectoral level):
 - A JT strategy for the energy sector (e.g phasing out coal) needs different approaches than e.g. in the automobile sector
 - Decarbonisation (in sectors) has different interlinkages to other megatrends (as e.g. digitalization /auto/, demography /mining/)
 - Not to speak about agriculture, land use

JT for coal: targeted labour market policies and regional revitalisation for affected regions

It is less than a tenth of a percent of EU jobs, but concentrated in a few countries and regions, where coal is the main and single employer. It needs sensitive, targeted and comprehensive labour market policy measures. There are good practice cases:

Ruhr: social pact 1993 for (hard) coal phase out by 2018.

German Coal Commission (2019) – low ambition with exemplary social dialogue

Lesson: early retirement schemes are just the start, but by far not satisfactory; specialised labour market transition agency is key; + investment and regional development policies with the involvement of all stakeholders

JT good practice case at company level

ENEL (Italy`s No1 energy multinational and the EU`s No2) has announced the phase out of coal by 2029 and decided about the decommissioning of 23 power plants in Italy (nine already closed down), broad framework agreement with unions, full compensation for redundant workers; early retirement + intra-company mobility schemes (also cross border); intergenerational `employment relay`: apprenticeship programme combined with early retirement.

Project tenders for the revitalisation of decommissioned plants with the involvement of regional stakeholders

In spite of the crisis and global turbulences, employment in the automobile industry was rather stable in the past decade(s): 3.4 million direct manufacturing jobs, total 13.8 M in EU

Modes of transport changes: less individual transport, more emphasis on public transport; new concepts for urban mobility (public transport, bicycle), car sharing – how this would change the demand for new cars?

Greening of individual transport, new technologies: electrical cars; self-driving cars – less demand for cars, new technologies, new skills needs (skills related to the combustion engine will be outdated); impact on first and second tier suppliers

Effects of digitalisation: shift of value added from engineering to software and data; Industry 4.0 in production process

Powertrain employment trends

	Production	R&D
Today	<ul style="list-style-type: none"> ↑ Implementation of EURO 6d-temp – new equipment ; ↑ Limited hybrid impacts on assembly activities (but complexity, intensity of work) ↔ Limited volumes of BEV, low productivity ↓ More Gasoline/Less Diesel Volumes 	<ul style="list-style-type: none"> ↑ A lot of work for powertrain teams (test + norms adaptations) ↓ Mobility (diesel/ gasoline), diesel decline ↓↑ Emergence of EV/FCEV teams + adaptation of all the vehicle functions to an electrical architecture ↑ Diversified powertrain solutions (Full electric, Hybridized, Thermal) ↓ divestiture (volunteer departure ; partnerships; externalisations...)
After 2021	<ul style="list-style-type: none"> ↓↑ More BEV volumes Ⓚ Depends on the speed of electrification and the share of hybrids (MHEV, PHEV, FHEV) Ⓚ Depends on the battery production contribution ↓↑ New strategic suppliers (batteries), but shorter supply chain 	<ul style="list-style-type: none"> ↓ Decline of ICE projects ↻↑ More EV/FCEV projects ↑ New R&D domain (next generation of battery, quantum computing...)

JT in auto industry

Daimler *Projekt Zukunft* ('Project Future') agreement with General Works Council: job security for all Daimler employees extended from 2020 to 2030, including those in logistics and branch offices. company's innovation committees, the works council is advised on future product strategies. Investment commitments of €35bn have been made for German locations

Volkswagen 'Future Pact': 25,000 jobs will be eliminated, 9,000 created. Job security plan up to 2025, the reduction in employment in a socially acceptable manner: part-time work for older employees. Commitments have been made to locate new e-mobility products at German sites.

French OEMs also wide-scale information/consultation practices to discuss the opportunities for diversification and the detailed skills, training and employment adaptations that they will require.

Trade union role

Focus not just only on core workers (members), but on all - Status quo is no solution, change is inevitable:

managing change in an advance looking way

Time horizon is crucial: short term vs long term interest (jobs of here and now vs future jobs)

Transition time is also important in order to get prepared

New innovative organisation strategies

The case of environmental justice becomes a catalyst of decarbonisation (US, CDN), in EU with delay (Diesel..)

Coalition building: trade unions and environmental justice groups (blue-green alliances) – more developed in North America, in the EU not yet an established practice