

Ambition is urgently needed in the vote on back loading and for the 2030 climate policy framework

For many years, the ETUC has been refusing to frame the debate as a choice between growth and jobs on the one hand, and tackling climate change on the other. Creating quality jobs and maintaining a social model remains of course at the heart of the ETUC position but, at the same time, keeping global warming below 2°C is a matter of survival for many societies, especially the most vulnerable. That is why the ETUC is actively asking for an ambitious and equitable climate policy framework both within the EU and at international level. Even though the 2°C objective requires a huge effort from developed countries, (reducing their greenhouse gas emissions by 80 to 95 % by 2050), we believe that time should not be spent discussing long term targets, but rather on the path and decisions needed to remain on track to reach the 2°C objective.

The path the ETUC has been proposing is one of Just Transition. However, unless a set of ambitious decisions are adopted, the existing EU policy framework will not allow Just Transition to be put into practice.

As a long-term objective, the ETUC still thinks that a CO² tax should be considered, in the short term, the priority should be to take decisions to make the existing instruments work. The ETUC is concerned about the weak price signal given by an ETS flooded by international credits and an over-allocation of allowances – amplified by the effects of the crisis. This weakness risks locking the EU into a high-carbon infrastructure through inappropriate investment choices and slows down progress for clean investments and a green economy. It could be also prove detrimental to the EU leadership in the UNFCCC negotiations and hamper the international agreement necessary for creating a level playing field.

Aware of these risks, the ETUC Executive Committee adopted a resolution in June 2012 regretting the effect of the low CO² price and calling for urgent intervention to ensure a strong carbon price signal. On that basis, the ETUC has been supportive of the back-loading proposal put forward by the Commission and hopes that the European Parliament votes in favour next week.

Of course, a decision on back-loading is not an end in itself, but a temporary measure to deal with the allowances until permanent structural reforms are decided. Different options to alleviate the initial weaknesses of the ETS will be considered in the coming weeks and the ETUC looks forward to discussing its views with other stakeholders. Among the ideas worth exploring, is the proposal to dedicate a significant amount of auctioning revenues to support demonstration projects for industrial innovation in low-carbon technologies. Auctioning revenues could also help the workforce to anticipate change through retraining programmes for workers impacted by decarbonisation or restructuring. A type of “carbon insurance” scheme could recycle allowances that have been given to a closed plant to retrain workers and help the local community develop new business opportunities. Such a set of measures could help make the ETS more aligned with a social agenda.

What is at stake goes far beyond the ETS. Additional policy instruments are imperative if a Just transition is to be put into practice. Of course, ambitious targets and instruments will be needed to promote further energy savings, increase efficiency, and develop renewables. Of course, this has an international dimension and more efforts will be needed to create a level playing field, without which border adjustment mechanisms will have to be considered as a last resort. However, lack of financial

clarity makes any new target not really credible and could create legitimate concerns about possible social impact. For these reasons, the ETUC has deplored the lack of ambition, notably in investment and objectives, as well as in attention to employment and social issues in the 2030 EU Green Paper. With over 26 million unemployed, the ETUC expected the Commission to put jobs at the heart of its decarbonisation strategy, through investments in energy efficiency, low carbon industrial policies and active social dialogue. Revenues could be generated even when budgets are under pressure by, *inter alia*, a Financial Transaction Tax, the phasing out of harmful subsidies and the auctioning of allowances within the ETS.

The ETUC believes that in these debates, focussing on a very narrow definition of competitiveness is short-term thinking in an area which demands a long-term strategy.