LV/BL/ch
Brussels, 22 May 2024

To: Environment Ministers
To: Ministers of Employment and Social Affairs
Cc: Permanent Representatives to the European Union
[Letter sent by e-mail]

Subject: Urgent need to support just transition ambition in Environment Council Conclusions

Dear Environment and Labour Ministers,

In conjunction with the European Trade Union Confederation, we, the undersigned, serving as Presidents and General Secretaries of Trade Unions from Central and Eastern Europe (CEE), are compelled to underscore the importance of safeguarding just transition initiatives deliberated within the Environment Council Conclusions. Additionally, we wish to express our resolute support for the imperative inclusion of a Just Transition Directive to fortify these measures further.

Representing workers from Bulgaria, Lithuania, Romania, Hungary, Estonia, Czechia, Latvia, Slovakia, Poland, Croatia and Slovenia we are acutely aware that the just transition process is far from uniform across the EU. While commendable strides have been made in certain regions regarding energy and industrial reconversion, the reality for the workers we represent falls short of the necessary scale. Many of our members are deeply concerned about their futures and their support for climate action cannot be guaranteed without just transition.

The challenges our countries from Central and Eastern Europe face are numerous and complex. We have been disproportionately impacted by the outbreak of war in Ukraine. Some of the highest energy poverty rates are faced by our citizens. Between 2010 and 2021 Co2 emissions in Central and Eastern Europe reduced at half the rate of the overall EU over the same period[1]. The most comprehensive tracker of clean tech manufacturing and deployment in Europe shows that today in practically every sector from solar to heat pumps our countries are being left behind[2]. Reliable, cheap and clean energy is vital to power the industry and its transformation yet the vast potential for solar and wind power in our region is not being realised[3]. Before phasing out jobs in so-called "brown" jobs, workers must see the phase-in of new quality jobs in their region at the exact same time. These significant challenges require significant support from the EU.

50% of the EU's coal consumption comes from CEE Member States[4] yet the means to fully support the transition is lacking. By 2030, 160,000 direct jobs in the coal sector could

[1] The Europeanization of the Energy Transition in Central and Eastern EU Countries – An Uphill Battle that Can Be Won (ifri.org)
[2] European clean tech tracker (bruegel.org)
[3] Industrial Policy for a New Growth Model: A Toolbox for EU-CEE Countries (wiiw.ac.at)
[4] The Europeanization of the Energy Transition in Central and Eastern EU Countries – An Uphill Battle that Can Be Won (ifri.org)

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be lost[5]. The indirect jobs affected often amount to triple the number of the direct jobs affected, as companies from the supply chain or from the services industry cannot thrive without well-paid workers, themselves consumers. The funding and legislation so far provided to address the scale of this challenge is vastly insufficient. For example, in May 2021 Polish mining unions signed a Social Plan for workers in the hard coal sector where they agreed to phase out hard coal production by 2049. Yet, the Polish government has not notified the Commission about state aid that this would imply and the 83,000 workers still to this day remain uncertain about their future.

Another vital sector in CEE Member States which is most prominently affected by the green transformation of industry is the automotive sector. This sector faces numerous structural shifts in the next decades, including the electrification of cars and the phase-out of internal combustion engines by 2035. German, French, and Asian original-equipment manufacturers (OEMs) invested in the region significantly over the last decades but this foreign ownership now poses important drawbacks. Economic dependency and foreign ownership of companies create uncertainty about corporate strategies and reduce the capacity to achieve a just transition. Workers and companies in the region are dependent on the decisions taken in headquarters of OEMs, and innovation also tends to be kept at home, thus minimising the prioritisation for research and development activities to take place in the CEE countries.

All these examples highlight why the current transition elements under discussion at the Environment Working Group must be defended and reinforced. However, it is clear to us that we must also see the inclusion of a Just Transition Directive in the proposals for the next Commission. Such a Directive would promote a more equitable distribution of transition benefits among EU Member States, mitigating the current disproportionate impacts on specific regions. It would allow workers and Member States keen to achieve a just transition for their industries to compel companies, regardless of where they are headquartered, to develop just transition plans and ensure the fair and equitable retraining of workers. It represents not merely an addition to legislation but a vital link essential for the success of existing policies, particularly within the framework of the European Green Deal.

This call for a directive related to a just transition was passed by the representatives of 45 million European workers at the European Trade Union Confederation Congress in May 2023[6]. It has been further supported by the European Parliament's resolution from November on job creation[7] and the European Economic and Social Committee (EESC) Opinion published in December of last year at the request of the current Belgian Presidency[8] of the Council of the EU. It is in the interests of our countries to deliver a Just Transition. We urge you and your respective national representatives to advocate strongly

[5] EU support for coal regions (europa.eu)
[6] ETUC Action Programme Together for a Fair Deal for Workers.pdf
[7] European Parliament's resolution of 23 November 2023 on job creation – the just transition and impact investments
[8] Towards a just transition legislative proposal and EU policy tools that enable a more social European Green Deal

for the inclusion of the phrase "Invites the Commission to present a legislative proposal for a Just Transition" in the Council Conclusions at the forthcoming meetings of the Working Party on Environment.

Finally, we cannot ignore the fact that CEE states are being hampered by an imbalance of financial and administrative capacity to transition their industries. Relatively weak administrative capacity at the local level is also a leading cause of the structural problem of insufficiently high absorption of EU funds[9]. In Bulgaria €100 million of potential EU funding for the coal transition was missed out on at the end of 2022 because the government could not submit the required documentation on time[10]. Out of 184 demonstrators of technologies for climate neutrality in energy-intensive industries financed via the EU, only 11 are being implemented in CEE Member States[11]. The implications of this challenge are vast, as until 2027 CEE countries will have to absorb EU funding amounting to up to 8% of GDP.[12]

Foreign investments serve the EU's climate policy goals for a green transition. In Hungary, for example, the booming battery manufacturing sector, boosted by investment from China, Japan and South Korea, is failing to deliver decent work and quality jobs because of problems such as the denial of freedom of association.

While we may hear of many positive examples of the transition happening in North and Western Europe, the transition is not happening at the scale we need in CEE Member States. EU industrial policy strategy must account for regional disparities and come up with concrete solutions for addressing intra-EU cleavages. Germany and France together account for almost 80% of state aid that has been approved under the new state aid rules[13].

The EU fiscal rules remain a significant barrier to transition. Under the recently adopted rules, not one of the 11 CEE countries can spend enough to meet social and green investment needs[14]. Basic infrastructure such as energy grids and transport networks, upon which industry, households and the climate transition rely, requires extremely large up-front investment.

We understand also that the draft text discussed on the 9th of April contained many ambitious elements about the just transition. These included references to an EU policy framework for a just transition, strengthening social dialogue and collective bargaining, an EU financing strategy for a just transition, and recognizing the importance of greater support for upskilling workers. It is of deep concern to us to learn that in the recent

[9] The (low) absorption of EU Structural Funds (europa.eu)
[10] EU Commission allocates €1.2 billion for transformation of coal regions in Bulgaria – Euractiv
[11] Scaling up innovative technologies for climate neutrality - Publications Office of the EU (europa.eu)
[12] PI2020-25_Next-Generation-EU_funds.pdf (ceps.eu)
[13] Eleven EU countries urge 'great caution' in loosening state aid rules | Reuters
[14] Fiscal Rules Report.pdf (etuc.org) See Table 1 below for further information.

discussions of the Working Party on the Environment many of these vital elements have been strongly criticised by the representatives of some Member States.

The challenges of climate change cannot be addressed on a national basis alone. We must work together to ensure just transition for all workers and communities in the European Union. As representatives of workers in Central and Eastern Europe, we know much more must be done to ensure an EU-level legal basis is delivered to ensure that a just transition can become a reality across the entire continent. Otherwise, we risk further deepening inequalities between Member States at the very time when we need to be strengthening ties.

It is therefore essential to us that you and our national representatives taking part in the Working Party on the Environment discussion the **21st of May** defend the ambitious just transition elements outlined above and enhance the Conclusions further to include a Just Transition Directive and the adequate and ambitious funding for the Just Transition policy framework.

We look forward to your positive response in relation to this matter and to discussing with you further how we can support this initiative now and after the EU elections in June.

Yours sincerely,

Inga Ruginienė, President of the Lithuanian Trade Union Confederation (LPSK) and ETUC Vice President, Lithuania

Josef Středula, President of the Czech Moravian Confederation of Trade Unions (CMKOS) and ETUC Vice President, Czechia

Plamen Dimitrov, President of Confederation of Independent Trade Unions in Bulgaria (CITUB), Bulgaria

Leonard Sorin Bărăscu, President of the National Confederation of Free Trade Unions of Romania - FRATIA (CNSLR-Fratia), Romania

Imre Palkovics, President of the National Confederation of Workers' Councils (MOSZ), Hungary

Kaia Vask, President of the Estonian Trade Union Confederation (EAKL), Estonia

Csaba Csóti, President of Forum for the Co-operation of Trade Unions (SZEF), Hungary

Róbert Zlati, President of the Hungarian Trade Union Confederation (MASZSZ), Hungary

Bogdan Hossu, President of National Trade Union Confederation (Cartel ALFA), Romania

Dr Katalin Antmann, President of the Confederation of Unions of Professionals (ESZT), Hungary

Dimitar Manolov, President of the Confederation of Labour (PODKREPA), Bulgaria

Egils Baldzens, President of the Union of Independent Trade Unions of Latvia (LBAS), Latvia

Monika Uhlerova, President of the Confederation of Trade Unions of the Slovak Republic (KOZSR), Slovakia

Dorota Gardias, Chairwoman of the Forum of Trade Unions (FZZ), Poland

Kristina Krupavičienė, President of the Lithuanian Trade Union "Solidarumas" (LPSS), Lithuania

Marija Hanzevacki, General Secretary of the Independent Trade Unions of Croatia (NHS), Croatia

Sanja Šprem, President of the Association of Croatian Trade Unions (MATICA), Croatia

Piotr Ostrowski, President of the All-Poland Alliance of Trade Unions (OPZZ), Poland

Regina Varret, Vice Chairman of the Board of the Estonian Employees' Unions' Association (TALO), Estonia

Lidija Jerkič, President of the Slovenian Association of Free Trade Unions (ZSSS), Slovenia

Melinda Mészáros, President of the Democratic League of Independent Trade Unions (LIGA), Hungary

Dumitru Costin, President of The National Trade Unions Block (BNS), Romania

Mladen Novosel, President of Union of Autonomous Trade Unions of Croatia, Croatia

Ludovic Voet, Confederal Secretary of the European Trade Union Confederation (ETUC)

TABLE 1: Ability of countries to meet their green and social investment gaps under new EU fiscal rules