

ETUC position for an inclusive European Green Deal

Adopted at the ETUC Executive Committee of 23 October 2019

The aim of this position paper is to remind the European Commission of the key principles and guidelines that the European trade union movement would like to see in the future European Green Deal proposal. The objective of this document is not to provide exhaustive and detailed comments on each of the measures proposed at this stage, but rather to ensure a consistent and coherent approach to developing a European Green Deal that allows a just transition to net zero greenhouse gas emission by 2050. More concrete and detailed ETUC positions on each specific measure will be developed later during the policy process.

The year 2019 has been marked by particularly important citizen mobilizations in Europe asking governments and public authorities to take urgent and ambitious actions against climate change. In parallel, several countries experienced intense protests resulting from fiscal and social reforms perceived as unfair by part of their populations. The ETUC believes that these recent developments show the **urgency and the need for ambitious and significant climate policies** that should be **inclusive and supportive for the most vulnerable regions, sectors and workers**.

As a result, the ETUC key demands on the future European Green Deal are the following:

- **An EU 2030 just transition strategy in 2020** – While the upcoming European Commission has proposed a “European Green Deal” as one of its headline projects for the coming five years, the ETUC stresses that the Just Transition principles must now be translated into a tangible strategy and policy framework that should ensure that no one will be left behind on the road towards climate neutrality.
- **An EU investment plan and coherent macroeconomic policies to fight climate change and create quality jobs** – The ETUC believes that the EU needs to boost its investment to reduce its carbon emissions and footprint through projects that can also create quality jobs. A just transition policy framework and an investment plan with a visible positive impact on employment will create the conditions to better align EU climate targets for 2030 and 2050 with scientific recommendations. To ensure a coherent approach, all EU macroeconomic policies as well as international trade agreements should be aligned with the objectives of this European Green Deal and should include social and environmental requirements.
- **A level of ambition in line with science and flanked with genuine means of implementation** – The ambition and targets of the European Green Deal should be aligned with the scientific requirements. In that regard, the ETUC supports the upward revision of the 2030 Greenhouse gas emission reduction target from - 40 to -55 % (compared to 1990 levels) as well as the longer-term objective of reaching net-zero GHG emissions by 2050.
- **An EU strategy to build international climate justice and fight Carbon leakage** – The EU’s efforts to make Europe the first world’s climate neutral continent will be dramatically insufficient if major economies do not reduce their emissions at the same pace. The ETUC recalls that to keep workers support, EU climate policy must be socially just, create and maintain quality jobs, be in line with scientific recommendations, be based on a fair global burden sharing among major economies as well as on the fight against carbon leakage.

As a general remark, the ETUC would like to stress the fact that ensuring workers participation in the governance aspect of this European Green Deal will be crucial to design and implement effective policies. In that respect, we call upon the European Commission to guarantee that trade unions will be formally and effectively involved at all stages of the decision-making process as well as in the policy implementation and evaluation phases at European, national, sectoral, regional and company levels. We also encourage social partners to integrate just transition and climate change into the social dialogue agenda. On these aspects, the ETUC will deliver more concrete proposals and action for the social partners to be involved in climate action and just transition governance at all levels.

Background

In her political guidelines, the President-designate of the European Commission, Ursula Von der Leyen, has made the “European Green Deal” one of the six “headline ambitions” on which the European Commission will focus its work during the next mandate. With the objective of making Europe the world’s first climate neutral continent, Ms Ursula Von der Leyen clearly identifies the fight against climate change as being a prominent political priority.

To make that ambition more concrete, she has listed a series of measures that must be proposed in the 100 first days in office:

- A European climate law to enshrine the 2050 climate neutrality objective in law;
- The extension of the EU Emissions Trading System;
- A Carbon Border Tax to avoid carbon leakage;
- A plan for a future-ready economy, our new industrial strategy;
- A world leadership in circular economy and clean technologies;
- A Just Transition Fund;
- A European Climate pact;
- A Sustainable Europe investment plan that will support projects for one trillion Euros in the next decade, including turning part of the EIB into a European Climate bank;
- Increase the European Union’s target of GHG emissions reduction for 2030 to 55%;
- A Biodiversity Strategy for 2030;
- A “Farm to Fork Strategy” on sustainable food;
- A new “Circular Economy Action Plan”.

These elements provide the key deliverables expected from Frans Timmermans - Executive Vice-President-designate for the European Green Deal, who will lead the European Commission’s work on the climate portfolio - but also from his fellow Commissioners whose portfolios will be affected by these measures (Energy, Jobs, Environment and Oceans, Trade, Agriculture, Transport, etc.).

While the ETUC welcomes these political guidelines and new proposals, we believe it is important to recall some of the key messages from the European trade union movement if we want to achieve a European Green Deal that is ambitious, effective and socially just for workers.

An EU 2030 Just Transition Strategy in 2020

In order to guarantee a just transition for workers, the ETUC believes that the European Commission should launch in 2020 a comprehensive Just Transition Strategy to accompany its Green Deal. Such a strategy would require at least the following elements: an early social and economic impact assessment to identify challenges and opportunities per region and per sector; policy planning to anticipate change and avoid social disruption; sufficient financial resources to cope with labour challenges; the effective involvement of social partners at each stage of the process; regional redevelopment strategies, and an investment plan to trigger economic diversification in regions and sectors in transition.

This Just Transition Strategy should look at all sectors as each part of the economy will be involved in the transition to a low carbon economy in the next decades. All sectors and regions should therefore receive support to elaborate middle-term and long-term plans to achieve decarbonisation. This said, we believe that particular attention should be given to sectors and regions that will be first and foremost impacted by decarbonisation in the short term such as those depending on fossil fuels and on coal and lignite in particular. An EU just transition policy framework should support those regions and sectors in priority.

In that regard, the *European Platform for Coal Regions in Transition* is certainly an example of a good practice initiative. It is a good starting point to translate just transition into action even though it would need further resources to deepen its work, in close cooperation with local trade unions.

The ETUC believes that comparable initiatives should be launched to involve regions depending on other fossil fuel intensive activities, (including e.g. automotive industry, steel industry, etc.). Here again, the effective participation of workers representatives and the guarantee of a strong and effective social dialogue is crucial.

As to the social and economic impact assessment, stronger efforts are needed to build a deep understanding of the impact decarbonisation will have around Europe. Indeed, the macro-economic modelling exercises that underpinned the EU Impact assessment accompanying the European Commission communications are useful tools, but they do not tell the whole story of the social impact of decarbonisation. In these impact assessments, the European Commission observes that *“a trajectory compatible with net-zero greenhouse gas emissions, together with a coherent enabling framework, is expected to have a moderate to positive impact on GDP with estimated benefits of up to 2% of GDP by 2050 compared to the baseline”*, whereas EU climate and energy actions to reach the 2020 objectives have *“already added between 1 and 1.5 % to the EU labour force”*¹. This positive trend is confirmed by Eurostat figures showing that EU28 green jobs rose from 3.2m in 2000 to 4.5m jobs in 2016. A higher level of granularity is however needed to provide the knowledge bedrock necessary to build an EU just transition strategy.

In this regard, the information provided by the Member States in their finalised National Energy and Climate Plans (NECPs), should allow the European Commission to identify regions and sectors the most at risk by the changes that decarbonisation entail for the EU labour market². It should also allow us to identify potential new areas of work as well as the type of skills that will be needed in the future in order to develop comprehensive reskilling plans. As already mentioned in previous positions, the ETUC stresses the necessity for trade unions to be formally and effectively involved in the development of these NECPs. This involvement will be crucial to anticipate the changes that this process will entail for workers. Besides, the ETUC recalls the need and urgency for a substantial revision and reinforcement of the NECPs to achieve the EU objective of reaching -55% emissions compared to 1990 levels by 2030 and to achieve net zero GHG emissions by 2050³.

For the longer term, Member States should provide similar forecasts to accompany the “long term low emission strategies” they have to submit by 1st January 2020. To complement these analyses, a sectorial perspective is crucial, and the European Commission should, in close collaboration with social partners, work on the social and economic impact assessment of the different scenarios to reach deep decarbonisation. On those bases, the European Commission should publish as soon as possible a Communication depicting a much clearer picture of future labour market developments linked to decarbonisation in various sectors and regions, for the middle term (2030) and the longer term (2050).

Building on this mapping, the European Commission should launch in 2020 a “Just transition strategy” listing the various initiatives to be taken respectively by the EU and its Member States to reach the 2030 targets in a socially just manner and to move towards climate neutrality by 2050 in a way which leaves no one behind. This initiative should involve the relevant DGs (DG climate, DG Ener, DG Regio, DG EMPL, DG AGRI, DG Grow) and should aim at mobilising all the EU instruments available, including financial tools (see below) to anticipate change and avoid social disruption.

In that respect, the implementation of the European Pillar of Social Rights has a central role to play. Indeed, as the social and environmental agenda are intrinsically linked, the EPSR should be aligned with the European Green Deal. In other words, the EPSR should support the just ecological transition by promoting social dialogue, by ensuring the full respect of workers’ rights to information and consultation, by promoting access to social protection, education, training, long-life learning, by improving labour market institutions (especially active labour market policies

¹ <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52018DC0773&from=EN> (pp. 19-20)

² Pursuant to the Article 8b of the EU Regulation on the Governance of the Energy Union, Member states have to deliver a macro-economic and social impact assessment of the measures presented in their NECPS

³ See <https://www.etuc.org/en/document/draft-integrated-national-energy-and-climate-plans-etuc-assessment>

-ALMPs) as well as by ensuring the respect and protection of workers' rights and working conditions in restructuring processes. Employee involvement at company level and in the workplace will be crucial in enforcing the principles of the EPSR and in guarantying a just transition.

The EU Just Transition strategy should also aim at avoiding deepening the already existing divides among regions through decarbonisation. As clearly shown in the European Commission 2018 Communication "A Clean Planet for all - A European strategic long-term vision for a prosperous, modern, competitive and climate neutral economy", some regions concentrate most of the challenges: high CO₂ intensity of electricity generation, high share of emitting industries in their GDP, high level of energy poverty and GDP per capita below the EU average. At the other hand of the spectrum, a series of regions concentrate most of the competitive advantages that are required for the low-carbon economy: renewable energy potential, electricity mix fully decarbonised notably thanks to hydro installed capacity, high rate of investment in R&D⁴. If limited to a mix of carbon pricing schemes and a geographically blind support for low-carbon technologies, there is a high risk of seeing climate policies exacerbate the geographical divides within the EU with some regions attracting most of the low-carbon investments whereas others would be penalised by rising carbon price on EU Emission Trading System with no real trigger for industrial transformation and economic diversification. A "Just transition strategy" should therefore have a strong regional dimension and identify the regions most exposed to the collateral damage of a decarbonised EU. The "Just transition strategy" must also deliver a genuine sustainable industrial policy for the economic diversification of these regions.

The European Commission President-designate has announced the creation of a "Just transition Fund". According to Elisa Ferreira's Mission Letter *"It should offer tailored support for the most affected, for instance those in industrial, coal and energy-intensive regions undergoing significant local transformations."* The ETUC welcomes that proposal but insists on the fact that "Just Transition" should be mainstreamed in the EU budget across the board and that there should be a strong coordination between this future Just Transition Fund, the European Social Fund Plus (ESF+), the European Globalization Fund (EGF), the Invest EU programme and European Fund for Regional Development. The scope of this new fund should be clearly defined in order to avoid confusion with other existing mechanisms as well as to avoid sprinkling resources across too many sectors and regions. This Just Transition Fund should contribute to fix problems of workers in regions depending on sectors that are at the frontline of decarbonisation by providing technical assistance and by supporting their efforts to plan the transformation of their economies and the diversification of their industries.

We also insist on the fact that this new fund should not consist in the reallocation of existing funds from the cohesion envelope but should have its own resources adding to the ones already available at the EU level. The amount of the fund should match the needs identified during the socio-economic impact assessment phase described above. Coping with other structural changes that will impact the economy as a whole, such as globalisation or de-globalisation, digitalisation and robotization, requires a much broader mobilisation of financial, legal and policy instruments. Just transition principles must be a political priority for the EU to anticipate change, avoid social disruption and deal with restructurings when needed. The so-called "Just transition Fund" is just one step in a long march to make that priority real.

Last but not least, the ETUC believes that, to be socially fair, the European Green Deal should also fight energy poverty, which remains a daily reality for more than 10% of EU citizens. The European Commission should adopt measures to promote sustainable and affordable energy and to secure the right to energy (e.g. by banning disconnection, by reinforcing public services and by avoiding negative distributional impacts when revising the Energy Taxation Directive or the Emissions Trading System).

⁴ According to Eurostat, the five Member states that invested the most in R&D in 2017 (Sweden, Austria, Denmark, Germany and Finland) dedicated about 3% of their GDP in R&D activities whereas the 10 Member states that invested the less (Romania, Latvia, Malta, Cyprus, Bulgaria, Croatia, Slovakia, Lithuania, Poland and Ireland) often dedicated much less than 1% of their GDP to R&D. [https://ec.europa.eu/eurostat/statistics-explained/index.php?title=File:Gross_domestic_expenditure_on_R_%26_D,_2007_and_2017_\(%25,_relative_to_GDP\).png](https://ec.europa.eu/eurostat/statistics-explained/index.php?title=File:Gross_domestic_expenditure_on_R_%26_D,_2007_and_2017_(%25,_relative_to_GDP).png)

An EU investment plan and macro-economic policies for climate and quality jobs

Sufficient funding is the cornerstone of just transition and climate action. To reach its 2030 targets, the EU will have to massively invest in climate action in the next decade⁵. When it comes to reaching net-zero GHG emissions by 2050, the investment gap – the additional investments needed compared to a baseline scenario - is in the range of 175 to 290 bn EUR per annum⁶. The size of the climate challenge obviously requires the mobilisation of exceptional investment means.

The European Commission President-designate has announced a “Sustainable Europe Investment Plan” that will support one trillion EUR of projects in every corner of Europe over the next decade. In addition, part of the European Investment Bank will turn into “Europe’s climate bank”, meaning that the share of its financing dedicated to climate investment should rise from 25% currently to 50% in 2025. The ETUC sees these announcements aiming at boosting climate investments as positive developments but requests the European Commission and other institutions to also consider complementary proposals such as those identified by the ETUC⁷ or by other stakeholders⁸. In that regard, we reiterate our call for the EU to take concrete actions in favour of a fair and effective taxation. The fight against tax fraud and tax avoidance should indeed be at the core of the climate finance pact and should be used to allow public authorities to spend on public investment and notably infrastructures. The phasing out of environmentally harmful subsidies (e.g. to fossil fuel projects), as well as ETS auctioning revenues, should also contribute to mobilise additional financial resources.

As a complement to the EU “Just transition strategy”, this EU “Climate investment plan” should aim at creating quality jobs and reducing emissions at the same time. From that perspective, it is urgent for the EU to further mobilise its budget and the existing funds to better promote the diversification of the economy, a sustainable industrial policy, the modernisation of infrastructures (sustainable mobility, renewable energy transport and storage, water sanitation), energy efficiency (notably by insulation of building stock with a priority on public housing), and the deployment of renewable energy, starting with those regions highly dependent on carbon-intensive activities that are, as such, vulnerable to the consequences of decarbonisation.

Besides, the strong mobilisation of public investment for the ecological transition would massively create jobs while triggering transformative changes for related greenhouse gas emissions. For example, it has been calculated that one million EUR invested in energy efficiency building renovation can generate up to 19 jobs and that a 40% objective in Energy efficiency for 2030 could create one million additional jobs in the EU building renovation industry, while deep renovation can reduce building greenhouse gas emissions by 90 % by 2050⁹. The European Green Deal should therefore stimulate public investments and should encourage public authorities and public services to play a key role in this transition. Full use has to be made of the leeway already available in public budgets as half of the member states currently have surplus in their public finance. The additional investments should also be excluded when national deficit levels are assessed in the Stability and Growth Pact (and subsequent legislations) or carried out by a European indebtedness capacity, be it through a European Treasury in charge of financing public investment, or through the enlargement of the EIB activities.

More generally, all EU macroeconomic policies as well as international trade agreements should be aligned with the objectives of this European Green Deal. They should include social and environmental requirements to ensure the implementation of the Paris Agreement, of multilateral environment agreements and of ILO conventions.

⁵ According to the European Court of Auditors “about 1 115 billion euro of investments will be needed annually over the 2020-2030”, <http://publications.europa.eu/webpub/eca/lr-energy-and-climate/en/#chapter4>

⁶ See the European Commission estimates (pp. 16-17) <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52018DC0773&from=EN>

⁷ See <https://www.etuc.org/en/document/etuc-position-key-demands-build-just-transition-and-boost-climate-action-after-eu>

⁸ See the EESC own initiative opinion “European Finance-Climate Pact”: <https://www.eesc.europa.eu/en/our-work/opinions-information-reports/opinions/european-finance-climate-pact-own-initiative-opinion>

⁹ [http://www.europarl.europa.eu/ReqData/etudes/STUD/2016/587326/IPOL_STU\(2016\)587326_EN.pdf](http://www.europarl.europa.eu/ReqData/etudes/STUD/2016/587326/IPOL_STU(2016)587326_EN.pdf)

The circular economy has also a strong role to play in the creation of quality jobs. On this subject, the ETUC supports a circular economy model which reduces the EU environmental footprint while avoiding resource scarcity. In this respect, the ETUC fully supports an update of the circular economy package with a view to creating a much more performant and industrialised circular economy. While the ETUC strongly supports any initiative to move toward more circularity, special attention should be given to ensure an appropriate training of workers and to mitigate any negative consequences that such changes could have in terms of work organization and working conditions.

Finally, while the absolute priority must remain emission reductions, heat waves and other extreme events show that climate change consequences are here and irreversible. Trying to anticipate and adapt as much as possible the changes ahead should also be a part of the “EU Climate Investment plan”. Investment in adaptation saves and creates jobs at the same time (notably in agriculture, water management, irrigation, infrastructures, forestry or logistics)¹⁰.

Ambition based on science and means of implementation

Earlier in 2019, the ETUC has adopted positions that asked the EU to better align its climate targets with the scientific requirements. More precisely, the ETUC supports the upward revision of the 2030 Greenhouse gas emission reduction target from - 40 to -55 % (compared to 1990 levels) as well as the longer-term objective of reaching net-zero GHG emissions by 2050 even though reaching these targets represents an unprecedented challenge for many sectors and regions. The political guidelines provided by the President-designate of the European Commission seem to go in that direction.

However, as already stressed several times, these percentages do not tell the whole story and a target does not make a policy. Without the appropriate financial and policy means to reach them, the revised targets will be meaningless. The discussion about targets therefore cannot be isolated from the discussion about investment and just transition. It must be accompanied by social and economic impact assessments and credible roadmaps for the most concerned sectors

In the same way, decarbonisation requires a holistic perspective addressing the role of public services, the shift in taxation, a comprehensive industrial policy that is truly able to achieve the carbon-neutral transformation of the energy-intensive sectors and the transformation of food and agriculture patterns. The ETUC strongly supports those who ask governments around the globe to dramatically raise their ambition in the fight against climate change and workers want to see that ambition backed by effective policies and investment plans, at the EU level as well as in Member States.

Finally, we call upon the European Commission to ensure that the future European Green Deal as well as any resulting policy measure is fully aligned with the UN’s Sustainable Development Goals. We especially ask policymakers to take into consideration gender equality, decent work, as well as energy poverty and affordable energy in any future investment plan.

An EU strategy to build international climate justice and fight Carbon leakage

2020 is an important year for the climate international regime with the deadline for the revision of the Nationally Determined Contributions. Through its leadership in the negotiations, the EU should strive for all major economies to reduce their emissions at the same pace, taking into account the “Common but differentiated responsibilities”. The revised NDCs should bring the world on track to reach a balance between emission sources and absorption as soon as possible around the mid-century and, by doing so, to keep the temperature rise well below 2°C compared to the pre-industrial era, and if possible under 1.5°C, as prescribed by the Paris Agreement.

Another issue at stake at the international level is Article 6 of the Paris agreement, and more precisely the working arrangements of the cooperative mechanisms through which countries can

¹⁰ Calculations show that investing 1 % of the EU GDP in adaptation until 2050 could result in “around 1 million direct and indirect created jobs and around 330 thousand saved jobs by 2050”. see “Assessing the Implications of Climate Change Adaptation on Employment in the EU”, Trinomics, 2014.

reach their emission reductions targets jointly. This issue will be high on the COP 25 agenda since this is the only item on which governments did not manage to reach an agreement at the Katowice COP 24 while they were discussing the Paris Agreement working arrangements.

To ensure the environmental integrity of the Paris Agreement, it is crucial to design transparent and robust rules that strictly prohibit double counting. In the same way, since the EU will base its climate policy exclusively on domestic measures, avoiding use by other economies of dubious credits delivered by flexible mechanisms, is also an issue of fair economic competition on global markets. Having a high carbon price for industrial sectors in the EU, while international competitors can substitute effective climate action by speculation on global carbon markets, is not an option the trade union movement could support since it would dramatically impact the EU industry and the related jobs

As a result, in order to mitigate these environmental and economic risks, the ETUC calls upon the EU to support working arrangements on Article 6 only if there are strict limits on the issuance of international units to be transferred (1 % of the parties GHG emissions (in tCO₂eq) during its NDC period) and/or if there are strict limits on their use to complement domestic action which must represent the bulk of the efforts made by countries to decarbonise. The ETUC also asks the EU to ensure transparent and science-based accounting rules. We believe that cooperative mechanisms must strictly respect human rights and be in line with the UN SDGs and should be based on complete and well-prepared rules that would guarantee the environmental integrity of the Paris Agreement and the industrial competitiveness of the European Union.

In that regard, and to fight carbon leakage, the ETUC also supports the proposal to establish a Border Carbon Adjustment Mechanism (BCAM) through tariffs that internalize carbon emissions into the price of a given imported product. We believe that such a measure, if carefully designed, could contribute to prevent carbon leakage, keep quality jobs and innovative industries in the EU and finance the just energy transition while promoting EU climate policies on the international stage. Such a measure should however make sure to respect WTO rules and to be limited only to those products that are the most carbon intensive. We also insist on the fact that BCAM should be used to favour the economic transition for developed and developing countries equally, according to the common but differentiated responsibilities principle. We are looking forward to receiving some concrete proposal on how such a mechanism could be implemented¹¹.

Finally, the ETUC is in favour of opening a debate with regards to the implication of competition law on cross-border industrial cooperation and on state aid investments targeted to specific sectors in view of reducing carbon emissions, developing quality green jobs and tackling climate change.

Conclusion

As a conclusion, the ETUC welcomes the priority ascribed to climate change in the upcoming European Commission programme but requests the European Commission to make its European Green Deal social and inclusive to build a real and comprehensive just transition policy framework in the EU that will leave no worker behind and enable a more ambitious climate action. We also look forward to discussing how climate change and just transition could be formally integrated into the social dialogue agenda, at the European level, at national level, at sectoral level, at regional level and at company level. In that regard, we ask the European Commission to take concrete measures to allow social partners to bring these issues on the industrial relations agenda at company level (through strengthened information, consultation and participation rights, including more robust European Work Councils).

¹¹ For more information on that issue, see EESC own initiative opinion "The sectoral industrial perspective on reconciling climate and energy policies": <https://www.eesc.europa.eu/en/our-work/opinions-information-reports/opinions/sectoral-industrial-perspective-reconciling-climate-and-energy-policies-own-initiative-opinion>