

ETUC Resolution on Strategy for long-term EU greenhouse gas emissions reduction: ETUC views

Adopted at the Executive Committee on 25-26 June 2018

Background

The Paris Agreement has set clear objectives for countries, and notably: 1/ To keep global average temperature rise well below 2°C and continue efforts to keep the rise under 1.5°C compared to pre-industrial levels and 2/ To reach a balance between anthropogenic emissions by sources and removals by sinks within this century, on the basis of equity, and in the context of sustainable development and efforts to eradicate poverty.

To reach these goals, countries will have to submit every five years “Nationally Determined Contributions” (NDCs) that will be compiled for a periodic assessment called the global stocktake. The agreement also foresees “Long-term low greenhouse gas emission development strategies” (LEDS), that countries should strive to adopt and communicate. While the text of the agreement itself remains silent on the scope and the content of such strategies, their main role is to guide domestic climate action with a longer-term perspective. As action is taken before 2020, an eye has to be kept on the future. Action today must promote the long-term goals enshrined in the Paris Agreement.

As far as the European Union is concerned, the European Council of March 2018 gave a mandate to the European Commission to come forward with a proposed long-term strategy by the first quarter of 2019. The preparation of this crucial document for the future of EU climate action provides an opportunity to update the EU long-term strategy on the basis of the Paris Agreement commitments and to deliver a more holistic vision of the transition to a low greenhouse gas economy.

The aim of this document, which is mainly based on existing ETUC policy documents on the topic, is to recall the trade unions’ main messages regarding climate action in the EU and beyond.

Level of ambition consistent with Paris commitments

As recalled above, one of the main objectives that countries committed themselves to in the Paris Agreement is to reach a balance between human-made emissions and greenhouse gas absorption by the end of this century, at the latest. The agreement also says that this objective must take into account equity and the need to eradicate poverty. In other words, even though deep and full decarbonisation is the countries’ common objective, its pace will differ according to economic situations and available resources.

The exact consequences of this commitment for the EU greenhouse gas emissions pathway will have to be clarified by the EU LEDS in preparation for 2019. Based on the best available science and on the equity principle, the LEDS must first and foremost set an unambiguous date for the EU to become “net-zero emissions”¹. That date must be a legally binding target for the EU and its Member States.

¹ We hereby refer to the article 4 of the Paris Agreement on climate change by which countries committed “to achieve [globally] a balance between anthropogenic emissions by sources and removals by sinks of greenhouse gases in the second half of this century”

Given the pervasive sense of urgency accompanying climate science since the adoption of the document in 2011, the upper range target of the EU “Roadmap for moving to a competitive low carbon economy in 2050”, should be seen as the minimum threshold of ambition for EU climate action. In other words, the headline objective of the EU LEDS must be “net-zero emissions” by 2050.

With that compass, the LEDS should provide a clear calendar for the EU to reach “net-zero emissions” by 2050, with credible milestones for 2030 and 2040, taking into account common but differentiated responsibilities and respective capabilities of EU countries, in the light of their different national circumstances. The agreed principle of “common but differentiated responsibilities” implies that decarbonisation process will need to occur at a pace depending on countries capabilities and context. These milestones should be based on the emissions reduction potential of the best performing existing technologies and should not bet on putative future technological breakthrough and might be reviewed in the NDCs as new IPCC reports with new scientific knowledge are published. Temporary overshoot cannot be an option, since such a blind gamble might jeopardise the ability of future generations to cope with climate change and its consequences. Achieving these targets is only possible if fostering renewable energy and energy efficiency become the main energy supply strategy within the EU. Building on the “Clean Energy for all European package” and taking into account the need to revise upwards the 2030 targets², the LEDS must catalyse transformative action to make the EU policy framework the driver of energy transition.

For a renewed political vision to build a sustainable economy and create quality jobs

Targets are of the utmost importance to guide political action, but they do not constitute a policy or vision. The transition towards “net-zero emissions” will only be accepted if it takes place in parallel with an economic and social model which makes prosperity affordable to all. Emissions reduction must be the consequence of investment (public and private) and innovation as well as of a radical transformation of production and consumption patterns, respecting the limits of the planet's resources and based on the equitable distribution of goods and wealth among genders, generations and peoples. Massive deployment of renewable energy, dramatic improvements in energy savings, new business models, new products and new consumption habits must deliver a much more efficient and circular economy. The LEDS must provide a political vision of the future EU economy and cover at least the following dimensions: investment needs, technological developments, skills, trade policy and role of public services and in particular local, regional and national governments promoting public ownership of energy.

The LEDS should clearly quantify the investment needs to reach a “net-zero emissions” economy and propose to set up, on that basis, an “EU climate investment plan” that the next European Commission should implement. Considering the recent estimates of the European Court of Auditors³, as well as the report from the High-level expert group on sustainable finance⁴, such a plan should integrate all EU financial instruments and institutions in a coherent and long-term investment strategy to move to “net-zero emissions”⁵.

The LEDS will not be able to solve all the problems but they must strive to sketch out what the future of the most emitting sectors will be. Certainty is important for investors, but it matters for workers and communities as well.

² This document has been adopted a few days after the agreement in trilogue to increase the 2030 renewable emissions target to 32%. A specific ETUC resolution providing an assessment of the “Clean energy package for all Europeans”, as well as a revision of its position on the 2030 targets, will be considered later this year once the discussions on the main elements of the Package will be finalised.

³ <http://publications.europa.eu/webpub/eca/lr-energy-and-climate/en/>

⁴ https://ec.europa.eu/info/publications/180131-sustainable-finance-report_en

⁵ In fact, such a plan could be the cornerstone of a global strategy integrating enlarged role for the EIB and reforms of the Economic and Monetary Union towards a fiscal capacity for public investment. See ETUC Position Paper: A European Treasury for Public Investment, adopted at the ETUC Executive Committee on 15-16 March 2017 (<https://www.etuc.org/sites/default/files/document/files/en-etuc-position-european-treasury.pdf>)

To anticipate change, sectorial roadmaps will have to be prepared in a more precise and a more systematic way, with the active involvement of social partners and the democratic participation of the population. Those roadmaps should take stock of the emissions performance of existing technologies as well as of likely innovations. They should also identify alternative business models and how these sectors can move towards a low-carbon and circular model.

The move towards a circular economy must be an integral part of the LEDS. A more circular economy (i.e. increased recycling of materials, less material per product, more intensive use of products) can make deep cuts to emissions from heavy industry and can take us more than halfway to “net-zero emissions” from EU industry. This enormous potential of Circular Economy to mitigate climate change is a crucial and cost-efficient complement to the work to reduce emissions from processes and power production.

Skills development must also be anticipated through sectorial roadmaps. Here again, social partners’ involvement is crucial to identify needs as well as to design and implement greening skills initiatives.

Recent reports have confirmed the employment potential of moving to a green and low emissions economy⁶. The LEDS should provide concrete elements to maximise the jobs created by the low greenhouse gas emissions economy, while ensuring that these are quality jobs⁷. Quality employment is important not only for workers, but also for boosting competitiveness and productivity in the new green economy.

Just transition for workers

From a workers’ perspective, the transition will profoundly reshape the labour market in ways that create both new risks and new opportunities for workers: new employment but also, in some cases, destruction of jobs, replacement of some existing occupations by new ones, along with the need for new competences and skills. Certain sectors and regions, especially the ones that are dependent on carbon-intensive industries, may be more negatively impacted than others. Anticipating these trends and their impact on workers is at the heart of trade unions’ activities. Climate governance, and related policy planning, offers an opportunity to develop a comprehensive just transition policy framework⁸.

To be consistent with the motto “An EU that protects, empowers and defends”, the LEDS must provide an EU roadmap for a just transition. Full decarbonisation will impact the labour market in many ways and those impacts must be better anticipated. The EU has an obvious role to play here in mainstreaming just transition in the Multiannual Financial Framework for the post-2021 period⁹ in better supporting workers from regions and sectors at risk because of decarbonisation. The EU Platform for coal regions in transition is a first step in that direction but those regions deserve a more concrete European support through a specific strategy and dedicated funds.

⁶ See notably IRENA, “Renewable Energy and Jobs: annual review 2018”, <http://irena.org/publications/2018/May/Renewable-Energy-and-Jobs-Annual-Review-2018> ; and ILO, “World Employment and Social Outlook 2018: Greening with jobs”, http://www.ilo.org/global/about-the-ilo/newsroom/news/WCMS_628644/lang--en/index.htm

⁷ See the ETUC resolution providing a definition of quality work: <http://www.etuc.org/en/document/etuc-resolution-defining-quality-work-etuc-action-plan-more-and-better-jobs>

⁸ On the concept of Just transition, see : ILO, *Guidelines for a just transition towards environmentally sustainable economies and societies for all*

⁹ As stated in its position on the next MFF, the EU budget and the related Funds should not finance projects or initiatives not in line with the Paris agreement objectives. https://www.etuc.org/sites/default/files/document/files/en-adopted-etuc_position_on_mff_post-2020.pdf

The EU must also lead Member States to better integrate the workers' perspective into their domestic climate policy planning, to use the Emissions Trading System (ETS) auctioning revenues for the benefit of workers, and to do the same with Member States benefitting from the Modernisation Fund. Finally, the LEADS must identify concrete means to strengthen social dialogue on decarbonisation policies and their consequences on the labour market as well as to lead energy companies to invest and create quality jobs in regions impacted by the decarbonisation in accordance with their corporate social responsibility.

To support its members in coping with the governance of climate action, the ETUC has recently published a guide "Involving trade unions in climate action to build a just transition" that provides further information on how trade unions see just transition taking place.

International trade and level playing field

Fighting climate change requires a global and rapid move to "net-zero emissions". For the EU, leading such a shift creates many economic opportunities and entails important co-benefits. But for a series of sectors that combine a high CO₂ intensity and a high trade intensity, unilateral decarbonisation by the EU might expose those sectors and their workers to a competitive disadvantage exacerbated by the costs of climate action, keeping in mind the context of dumping and of rising protectionist policies, as well as the need for energy-intensive industries to benefit from competitive energy prices. In that perspective, the LEADS should also aim to update the energy system, to make it capable of delivering secure, sufficient, sustainable energy, accessible to both citizens and companies at an affordable and predictable cost.

Consequently, the LEADS must tackle those risks as well. The LEADS should propose a longer-term strategy combining offensive instruments and more defensive ones to support EU industries when facing a dumping situation. In the long run, investing in innovation to deploy breakthrough technologies and dramatically improve energy and resources efficiency must be the cornerstone of a "net-zero emissions" strategy for EU industry. Concerning the defensive strategy, some measures have already been taken at EU level, like the recently revised ETS Directive, which contains a series of mechanisms to protect EU industries from the risk of carbon leakage for the 2021-2030 period. Also, the recent modernisation of Trade Defence Instruments goes in the right direction, taking account of environmental and social criteria to calculate anti-dumping measures. The European steel sector and the European PV cells industry were flourishing industrial sectors that have been severely hit by unfair competition from non-EU countries. These two examples show that defensive measures are strongly needed to protect European industry and ensure a level playing field without giving up ambitious emissions reduction policies and without generating windfall profits.

The LEADS must also provide clarity on how the EU should strive to keep its leadership in the technologies that will be crucial in the low greenhouse gas emissions economy.

Right to energy

According to the EU Survey on Income and Living Conditions (EU SILC) 54 million European citizens (10.8% of the EU population) were unable to keep their home adequately heated in 2012, with similar trends being reported with regard to the delayed payment of energy bills or presence of poor housing conditions. Available data highlight a particularly pervasive problem in Central Eastern European and Southern European Member States.

The LEADS must propose a strategy to eradicate energy poverty in Europe, in accordance with SDG n°7, and to ensure a right to energy for all European citizens. The ETUC believes that the demands of the Right to energy coalition should be the backbone of an EU strategy to tackle energy poverty: Member States should be allowed to regulate prices to ensure that basic energy needs are covered, disconnections must be banned, public authorities should prioritise investments in energy efficiency for low-income households. Generating energy surplus through massive investment in carbon neutral energy production and energy efficiency measures is also an efficient means to reduce energy costs.