SYNDICAT EUROPEÆN TRADE UNION CONFEDERATION

ETUC resolution on “Fit for 55” package

Adopted at the virtual Executive Committee meeting of 22-23 March 2021

Summary of key messages

- **ETUC supports the upward revision of the EU's GHG emissions reduction target to at least 55 % by 2030, even though this represents a significant challenge for many workers.** This target should be supplemented by a separate target for removals. These objectives should however be accompanied by sufficient financial and policy measures so they can be met it in a way that is socially fair.

- **A “climate-neutral industrial strategy” and concrete sectoral decarbonisation strategies are needed to complement the cap-and-trade approach of the EU Emissions Trading System (EU ETS).** The EU ETS can be a useful tool to reduce GHG emissions, but the EU should not rely solely on this mechanism to decarbonise its energy intensive industries. Any revision of this mechanism should take into account regional and sectoral specificities to avoid massive job losses. ETUC agrees to extend the EU ETS to shipping and extra EEA flights, but is not in favour of including road transport and buildings.

- **The rise of carbon prices will necessitate new measures to avoid carbon leakage. Among other instruments, ETUC supports the idea of establishing a Carbon Border Adjustment Mechanism (CBAM).** Such a tool – if combined with innovation policies and measures to create lead markets for low-carbon industrial goods – could contribute to step up EU’s climate action while maintaining quality jobs and innovative industries. It should however be carefully designed to avoid any negative impact on workers. The future CBAM should be WTO compatible, it should prioritise strategic sectors and limit the risks of offshoring of manufacturing activities downstream the value chain.

- **ETUC calls the EU institutions to maintain and strengthen the Effort Sharing Regulation (ESR). The revision of the ESR should mainstream just transition and increase European solidarity.** To achieve their increased targets, Member States, through social dialogue, should develop sectorial decarbonisation roadmaps and just transition plans. To be cost-efficient, the effort should be more equitably distributed among Member States, provided that low-income countries receive more financial support.

- **The Emission Trading System and the Effort Sharing Regulation are not the only instruments that the EU can use to reach its 2030 climate targets.** The Commission should make full use of its other sectoral policies and legislative tools to increase climate action. Such policies would help develop new industrial value chains that create and maintain quality jobs in the EU. Public services and public authorities also have a key role to play in steering the green transition.

- **To ensure social acceptance and public support, the concept of just transition should be mainstreamed across all policies of the Fit for 55 package.** Along with climate action, the objective of the package should be to maintain and create sustainable quality jobs in all sectors and regions. EU institutions should encourage the use of social dialogue and collective bargaining to manage the transition process.

Background

On 17 September, the European Commission presented its 2030 Climate Target Plan[1]. In this document, the Commission rightly acknowledged that the current EU's climate target is insufficient, and that the 2030 climate and energy policy framework requires updating. The Commission therefore announced its intention to increase the EU's climate target to achieve a reduction of at least 55% of greenhouse gas emissions (GHG) by 2030 compared to 1990. Member States formally endorsed this objective at an EU Council meeting on 11 December[2].

To achieve this new goal, the Commission identified a set of actions needed to decarbonise the different sectors of the economy. It also indicated that several key legislative instruments will be revised. Among these legislative instruments subject to revision are: the Emission Trading System Directive, the Effort Sharing Regulation, the Renewable Energy Directive, the Energy Efficiency Directive, the Energy Performance of Buildings Directive, the CO2 Emissions Performance Standards for Cars and Vans and the LULUCF Regulation. These revisions – complemented by a new legislative proposal for a Carbon Border Adjustment Mechanism (CBAM) – constitute the so called "Fit for 55 package" which will be rolled out in 2021.

This resolution outlines ETUC's views on the new 2030 climate targets as well as some recommendations to design the Fit for 55 Package in a way that leaves nobody behind.

2030 Climate Target Plan

The COVID19 crisis does not alter ETUC's long-standing support for more ambitious climate action, especially since many of the root causes of climate change also tend to increase the risk of pandemics. In a context where extreme weather events are getting more intense and more frequent over time, trade unions support the upward revision of the EU's GHG emissions reduction target to at least 55 % by 2030, even though this represents a significant challenge for many workers. Achieving this objective is crucial if the EU wants to reach carbon neutrality by 2050 and comply with the Paris Agreement. In order to strengthen the global framework to tackle emissions and work towards a global level playing field, a transparent and robust accounting system is needed. To lead by example, the EU must adopt a 2030 emission reduction target supplemented by a separate target for removals. Mixing emissions and removals in a single target would allow other countries to do the same and undermine the transparency and trust that is needed to accelerate the transition towards climate neutrality.

We however insist that these objectives should be accompanied by sufficient financial means to reach them in a way that is fair for all. The revised targets will otherwise be meaningless and might not be well perceived by European workers, especially by those working in sectors that will be most affected by decarbonisation and that have been severely hit by the COVID19 crisis. In its impact assessment accompanying the 2030 Climate Target Plan, the Commission is very clear concerning the investment challenge ahead of us: achieving the - 55% target would require at least an annual additional investment of €438 billion between 2021 and 2030[3]. Needless to say there is still a long way to go if we want to match the EU budget with the climate ambition displayed. ETUC therefore asks EU institutions and Member States to secure more funding and to mobilize private and corporate investments to bridge the gap. Besides decarbonisation, the

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[1] European Commission, 2020, *Stepping up Europe's 2030 climate ambition: Investing in a climate-neutral future for the benefit of our people*, COM(2020) 562

[2] The European Parliament called for an even more ambitious 2030 target of -60% to be enshrined in the Climate Law.

[3] This number does not take into account investment needs for transport. See European Commission, 2020, *Impact assessment accompanying COM(2020) 562*

overarching objective of the European Green Deal should be to maintain and create sustainable quality jobs in the EU as well as to ensure a just transition in all sectors and regions. We therefore regret that the budget deal reached in July by the EU Council reduces the amount of the Just Transition Fund from €40 billion (as initially proposed by the Commission) to €17,5 billion. Trying to reach the new 2030 climate targets with such a limited budget for a just transition could leave many European workers behind, as carbon intensive regions and sectors would face massive disruptions. These cuts should therefore be reversed or compensated by other sources.

In parallel to these budget considerations, ETUC is also in favour of developing tools that will steer investments towards sustainable activities and phase out environmentally harmful subsidies. In that regard, the EU Taxonomy can be very useful to provide public and private investors with information about the sustainability of the different types of activities and investments. This could also help ensure that 37% of the Recovery and Resilience Facility are dedicated to climate expenditure. When elaborating the classification of sustainable activities, it should be ascertained that all sectors get access to the resources they need to reach climate neutrality by 2050 and fulfil the European green deal objectives. The Taxonomy should therefore not blacklist industrial sectors that need huge investments to be decarbonised[4]. Besides these environmental considerations, ETUC encourages policy makers to include strong social and governance requirements as part of the taxonomy criteria to steer investments towards activities that create decent jobs, facilitate the transition of workers and respect collective agreements and worker's rights.

Along with a proper financing, it is equally important that the upward revision of the 2030 climate target is translated into a concrete and adequate policy framework. In that regard, the "Fit for 55 Package" will be decisive for EU's climate action in the coming decade. For trade unions, it is important that future climate policies are ambitious and, at the same time, oriented towards a just transition to support workers most affected. A « Fit for 55 & Just Transition package » is the only way to match climate ambition with social fairness. The sections below detail ETUC's ideas and recommendation on how to achieve that balance.

A climate neutral industrial strategy to complement the Emission Trading System

The EU Emission Trading System (ETS) is a cap-and-trade system that was introduced in 2005. The system covers sectors related to power and heat generation, most of energy-intensive industries, as well as intra-European commercial aviation. All together, these sectors account for around 40% of EU greenhouse gas emissions. Between 2005 and 2019, emissions from installations covered by the ETS declined by about 35%[5]. These emissions reductions are mostly explained by the decline in coal-based power generation. However, the Emission Trading System did not lead to significant GHG emission reduction in other sectors such as the energy intensive industries or aviation.

It is clear for Trade Unions, that the EU cannot solely rely on a cap-and-trade system to become carbon neutral in 2050. ETUC believes that the EU should complement the price signal sent by the EU ETS with massive investment in infrastructures as well as in the development and deployment of low carbon breakthrough technologies (e.g. through the development of green hydrogen, Carbon Capture Storage and Use[6], batteries or other clean technologies that allow low carbon industrial production processes). In order to

[4] In some sectors, the technical criteria underpinning the taxonomy classification are based on the ETS benchmarks for free allocation. This would leave 90 % of installations out of the scope of what the taxonomy would allow to finance.
[5] European Commission's website, https://ec.europa.eu/clima/policies/ets_en
[6] ETUC insists that CCUS technologies should be developed but used as last resort, only where needed to complement what renewable energy and energy efficiency cannot achieve.

achieve this, we call on the European Commission to propose a “climate neutral industrial strategy” to accompany its Fit for 55 package. Such document would provide a comprehensive framework to put the EU industry on track to reach climate neutrality by 2050. The “Masterplan for a competitive transformation of EU energy-intensive industries enabling a climate-neutral, circular economy by 2050[7] » should be used as a basis to design this strategy and notably to create lead markets for low-carbon products through appropriate measures (e.g. public procurements, carbon contracts for differences). Such framework, accompanied by adequate reforms of State Aid guidelines, will be crucial to keep a strong industrial value chain in Europe and to maintain employment in the long term[8].

Revision of the Emission Trading System

As part of the revision of the EU ETS, policy makers will have to decide to what extent the linear reduction factor (LRF) should be increased or how much the emissions cap should be reduced. Before taking such a decision, ETUC asks the Commission to use detailed impact assessments to identify what is technologically feasible in each sector, what support is needed to transform the industry, and what policies need to be implemented to maintain jobs[9]. A granular assessment of the impacts the transition will have on employment and skills at sectoral and regional level will also be needed. Based on these findings, each sector should develop sectorial decarbonisation roadmaps and, together with social partners, agree on just transition strategies to secure employment and create quality jobs. In this regard, ETUC welcomes the creation of an industrial forum as well as some sectoral alliances by the European Commission but insists that social dialogue should be given a more prominent and formal role. At any stage of the process, specific attention should be given to the transition of the workforce. Active labour market policies and re-skilling programmes should be developed to allow workers to adapt and keep their jobs during the technological transition of their sector. For people working in those sectors that will need to be phased out, training programme and adequate social protection should help ensure a smooth transition towards new jobs created in the same regions, through the investments mentioned above.

With regard to the extension of the EU ETS to new sectors, ETUC is in favour of including shipping and extra EEA flights in the system but is against the idea of extending it to road transport and buildings. Indeed, while there is currently no satisfactory regulatory incentive to reduce GHG emissions coming from the shipping and international aviation sectors, road transport and buildings are subject to several regulations and standards that are already in place. The inclusion of these two sectors in the EU ETS would necessitate a profound revision of the system – which would be without any doubt a very lengthy process – and could create new problems of surplus of emissions quota or inadequate carbon pricing. Besides, including these two sectors in the ETS could have serious regressive distributional effects and could disproportionally affect low-income households[10]. This could result in an increase in energy poverty since the additional costs might be passed on to consumers. It is for these reasons that ETUC believes it would be more coherent and efficient to regulate emissions from the road transport and building sectors through more stringent requirements in existing legislative instruments, such as the Energy Efficiency Directive, the Energy Performance of Buildings Directive, the CO2 Emissions Performance Standards for Cars and Vans, etc. These sectors

[7] High-Level Group on Energy-intensive Industries, 2019, Masterplan for a competitive transformation of EU energy-intensive industries enabling a climate-neutral, circular economy by 2050

[8] See ETUC, 2021, Resolution for a more inclusive and sustainable competition policy for more details on the revision of state aid guidelines

[9] For example, the in-depth analysis accompanying the Commission’s Communication (2018) 773, *“A Clean Planet for all”* contains detailed Impact assessments on some key sectors.

[10] European Climate Foundation & Cambridge Econometric, 2020, *Decarbonising European transport and heating fuels - Is the EU ETS the right tool?*

should therefore remain under the scope of the Effort Sharing Regulation. In addition, public authorities have a crucial role to play in boosting innovation in the concerned supply chains and in accelerating the roll out of the necessary infrastructures.

In order to prevent instability in the carbon market, ETUC is in favour of setting a carbon price floor, provided that this does not have a negative impact on employment. The role of the Market Stability Reserve could also be strengthened to address more rapidly unexpected demand or supply shocks.

When it comes to revenues generated by the EU ETS, Member States earned €14.1 billion from auctioning revenues in 2019. That year, 77% of the revenues were used, or planned to be used, for climate and energy purposes. ETUC strongly recommends to use these revenues to increase further the Innovation Fund, the Modernisation Fund and the Just Transition Fund as this would help secure funding to manage the transition, especially in those regions and countries most affected by decarbonisation. ETUC insists that these revenues should be earmarked to finance climate action (including measures to decarbonise sectors covered by the ETS) or used to counter potential negative social and economic consequences resulting from the decarbonisation process. Such revenues should not be used to feed the general EU budget or to reimburse debts coming from Next Generation EU, unless if strictly used to cover climate related investments.

When discussing the EU ETS, it is important to keep in mind that each sector has its own specificities and limitations. The availability of low carbon technologies and the possibility to deploy existing technologies at an industrial scale indeed differs widely from one industry to another. For example, even though serious challenges hamper the transition in many regions, the power sector can be decarbonised faster than other sectors as low carbon power generation technologies are already available at scale. But the reality in energy intensive industries, such as steel or cement, is completely different. As long as low-carbon technologies are not available in large scale and as long as there is no market for the goods they produce, flexible mechanisms – such as benchmark and free allocations[11] – will remain necessary to adapt the carbon pricing to the specificities of these hard to abate sectors. It should however be clear that companies also have a role to play in bridging the investment gap to roll out breakthrough technologies. Support given to them – through temporary free allocation or state aids – should be conditional to firm commitments and binding plans to invest in decarbonising their European industrial installations and keeping the related jobs. Given the uncertainties regarding the future CBAM design (see below), the European Commission should explore options that would allow to combine free allocation and CBAM until necessary.

Carbon Border Adjustment Mechanism

To regulate and reduce carbon emissions worldwide, many experts agree that the best solution would be to establish a global carbon pricing system covering all countries. However, despite long and intense international negotiations, it is clear that such solution realistically cannot be implemented in the short term. Industries covered by the EU ETS will thus remain in competition with other parts of the world where such carbon pricing schemes do not exist. This unbalance in environmental regulation creates a risk of unfair competition and carbon leakage.

With EU carbon price at a historical high, this risk is now getting real and will become even more serious in the coming years, following the upward revision of the 2030 climate target and the related reform of the EU ETS. It should also be noted that many of the

[11] Currently, free allocation of emission allowances is based on benchmarks that are specific to products. The 10% best performers receive 100% of their allowances for free and the amount is reduced for the less performers. If properly designed to reflect the best available technologies, benchmarks can create an incentive for companies to invest and contribute to take into account the specificities of the sectors.

sectors covered by the EU ETS are struggling with a series of trade challenges such as global overcapacity, social dumping and unfair competition. Any ETS revision should therefore be coupled with a review of mechanisms to prevent carbon leakage from happening and to accompany the transition of EU industry.

In that regard, ETUC supports the idea of introducing a Carbon Border Adjustment Mechanism (CBAM) to create a level playing field between domestic producers and their competitors from third countries. Such a tool – if combined with innovation policy and measures to create lead markets for low-carbon industrial goods – could contribute to step up climate action, while maintaining quality jobs and innovative industries in the EU. It could also be an effective way to promote more ambitious climate policies on the international stage and leverage producers outside the EU to reduce their carbon footprint.

However, in order to be supported by trade unions, the future CBAM should be carefully designed and respect the principles outlined below:

First, to avoid retaliation measures from third countries, the measure should be designed in a way that is compatible with the rules of the World Trade Organization. The Commission should also actively engage in diplomatic talks with its trade partners at early stages of the process to explain the objective of the measure and reassure that it will not be misused for protectionist purposes. An effectively designed CBAM should help to protect EU manufacturers and jobs from unfair international competition. The Commission should also demonstrate that the future CBAM will effectively contribute to climate action and be compatible with the Paris Agreement and the UN SDGs[12].

Second, in order to be feasible and enforceable, the measure should prioritise strategic sectors that are both carbon intensive and subject to intense international competition, without excluding other manufacturing sectors. Sectors such as steel and basic metal, cement, fertilisers and electricity production would be the most obvious sectors to be covered by the CBAM, but some others could be included in this list. To cope with technological, regulatory and market change, the CBAM should be dynamic and its scope should be regularly reviewed.

Finally, as the CBAM would focus on a few strategic sectors, it should be designed in a way that limits the risk of offshoring of manufacturing activities downstream the value chain. The future CBAM should therefore also apply to intermediate and finished products, focusing on components with a high carbon footprint.

Depending on the design chosen, it is possible that the CBAM will generate new financial resources. ETUC insists that these resources are used primarily to increase climate action and to transform EU industry towards more circularity and carbon neutrality. These resources should not be used to feed EU's general budget or to reimburse debts coming from Next Generation EU, unless if strictly used to cover climate related investments in sectors covered by the CBAM.

With regard to the policy process and governance, ETUC insists that workers are involved in the discussions. Trade Unions should be consulted at the different stages of the legislative procedure, to prevent any negative impact of the CBAM on jobs and working conditions. To avoid a lengthy procedure and to prevent political blockage,

[12] Specific attention should be given to ensure that the future CBAM does not prevent the economic development of low-income countries. In that regard, the Common But Differentiated Responsibilities and Respective Capabilities principles should prevail.

ETUC strongly recommends using a legal basis that would not require the unanimity in the Council.

Effort Sharing Regulation

The Effort Sharing Regulation (ESR) is a legislative instrument that sets national binding annual greenhouse gas emission targets for those sectors of the economy that fall outside the scope of the EU ETS. These sectors –which include transport, buildings, agriculture, non-ETS industry and waste – account for almost 60% of total domestic EU emissions. Since 2005, emissions decreased by 9% in total, resulting from nearly stagnated emissions in the transport and agriculture sectors on the one hand and significant emission reductions for the residential and commercial sectors and for waste management on the other[13].

These numbers leave no doubt that much more needs to be done if the EU wants to reach the overall objective of -55 GHG emissions by 2030. A recent study from Öko-Institut and Agora Energiewende indicates that reaching the new overall 2030 target is technically and economically feasible but would require a significant increase in ambition for all sectors: non-ETS sectors should reduce their GHG emissions in the range of 45% to 49% compared to 2005 while sectors covered by ETS should reduce their GHG emissions in the range of 59% to 63%[14]. Needless to say, all Member States will need to step-up their efforts and national targets will need to be increased. This will require profound changes in all economic sectors and will consequently impact workers.

Similarly, to sectors covered by the EU ETS, ETUC therefore recommends developing sectorial decarbonisation roadmaps for these sectors covered by the ESR. These roadmaps should be developed through collective bargaining and social dialogue, with Trade Unions, and should be integrated in the new National Energy and Climate Plans developed by Member States. For each sector, specific attention should be given to guarantee a just transition of the workforce and to properly manage the social dimension of the transition. The essential role of public services and social security systems should be emphasised. Here again, a granular assessment of the impacts the transition will have on employment and skills at sectoral and regional level will be needed.

When increasing the overall targets, the Commission should also revise the criteria used to distribute the effort among Member States. For the moment, the emission targets are distributed mainly on the basis of GDP per capita of Member States. However, it is no longer the case that countries with high GDP per capita emit proportionally more GHG emissions than others. The effort should therefore be more equitably distributed among Member States in order to reduce GHG emissions where they really are and in the most cost-effective way. Such a redistribution means that more financial support should be provided to low-income countries through EU funding to accelerate the deployment of new infrastructures and low carbon technologies as well as to mitigate the negative socio-economic impacts of the transition. In order to achieve a just transition, the criteria used to distribute the effort should take into account specific national circumstances and the fact that countries have different starting points.

Finally, the revision of the Effort Sharing Regulation should close any loophole or flexibility mechanism that would allow Member States to water down their commitment

[13] Öko-Institut and Agora Energiewende, 2020, *How to Raise Europe's Climate Ambitions for 2030: Implementing a -55% Target in EU Policy Architecture*
[14] Ibid.

through obscure accounting. In this regard, ETUC recommends not to use forestry and land use credits and to prohibit surplus ETS allowances[15].

Boosting sectoral strategies and related legislative tools to untap EU's green job potential and ensure just transition.

The ETS, the CBAM and the ESR are not the only instruments that the EU can use to reach its 2030 climate targets. Other legislative tools and sectoral strategies will be decisive in accelerating the transition to a climate neutral economy while boosting the creation of new green quality jobs in the different sectors:

An Offshore Renewable Strategy and revised Renewable Energy Directive to untap green job potential in the power sector.

In the power sector, the Renewable Energy Directive has proven to be a useful tool to send the right signal to investors and accelerate the development of renewable energy production in Europe. Increasing the renewable energy target could help secure and develop an industrial value chain in the EU for renewable technologies and therefore create new quality jobs, provided that strong labour standards are applied. Any increase in targets should be supported by a sound industrial policy as well as by substantial public investments to compensate the shortcomings of private actors to deploy new technologies. The recently published Offshore Renewable Strategy[16] offers interesting potential but needs to be further developed to guarantee strong labour standards in new jobs created as well as proper financing.

A Renovation Wave and revised Energy Performance for Buildings Directive to create local green quality jobs and fight energy poverty.

The construction sector should also be at the core of EU's climate action. We know that 75% of EU buildings are deemed inefficient and that 40% of Europe's energy consumption comes from buildings. ETUC therefore calls on the Commission to further strengthen its renovation wave strategy and to triple the renovation rate of buildings notably through the setting of mandatory minimum energy performance standards. Such revision of the Energy Performance of Building Directive (EPBD) should be accompanied by a massive additional public investment programme to support the renovation of buildings. When doing so, public authorities should make sure to target primarily low-income and energy poor households by having ring-fenced funding for renovations among these groups. They should also make sure that renovations do not lead to extra costs for these vulnerable groups (e.g. by avoiding that the financial burden is passed by landlords to their tenants through increased rents). The Renovation wave should promote and accelerate renovations, especially for the worst performing building. It should help solve split-incentive dilemmas and other market failures.

If properly designed, such policies have the potential to bring significant social benefits to citizens. Building renovations could also help retain and develop sustainable value chains in the EU as well as create many local quality jobs. However, to make this happen, workers need to be properly trained and offered good working conditions. Targeted workers' training, reskilling and upskilling should therefore be coordinated at EU level. At the same time, specific attention should also be given to ensure workers' health and safety by getting rid of hazardous substances present in buildings (e.g. lead pipes,

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[15] Under the current ESR, some countries can decide to auction less ETS allowances and use these emissions to create a surplus in their national climate targets. This mechanism is supposed to bring more flexibility between ETS and ESR. However, in case of over supply in EU ETS, such mechanism can be detrimental as it would not lead to any GHG emission reduction in ETS sectors while allowing non-ETS sector to emit more than required by national targets.

[16] European Commission, 2020, An EU Strategy to harness the potential of offshore renewable energy for a climate neutral future

asbestos, etc.). The renovation wave should also guarantee strong labour standards by preventing social dumping, precarious work or abusive subcontracting.

A Sustainable and Smart Mobility Strategy to ensure a just transition in transport.

ETUC also strongly encourages public authorities to take appropriate measure to decarbonise the transport sector (e.g. by fostering modal shift, by investing in railway infrastructures, cycling and public transportation, by accelerating the uptake of electric vehicles through the development of charging infrastructures or by fostering innovation in clean hydrogen to decarbonise the aviation and shipping sectors). Other tools such as CO2 emissions standards can also help reduce overall energy consumption of the sector.

While these policy measures are crucial to achieve the EU's climate targets, it is clear that they will trigger structural changes; in the transport sector, as such, but also in the related manufacturing industries (automotive, ship building, aerospace, rail) and their suppliers. This will bring new opportunities but also significant challenges for the workforce – potentially affecting employment – especially in the current context of COVID19 crisis. It is therefore crucial to develop a just transition framework for the transport sector and related industries to ensure that these disruptive changes do not lead to job losses and worsening of working conditions. On the contrary, the green transition should help strengthen and further develop the European industrial value chain as well as skills and technical know-how of the workforce.

With regard to working conditions in the transport sector, unfortunately the Commission's recent Smart and Sustainability Strategy fails to link the existing issues to make transport greener with social dumping that exists in the sector. Although the Commission rightly stresses the need for stronger 'polluter and user pays' principle, it does not address the problem of externalising labour and social costs. Greening the transport sector, and especially road freight, must be accompanied by strong social measures as there is an undeniable link between social and environmental sustainability. For instance, road transport is cheap, mainly because road operators cut down on labour costs, circumventing laws and resorting to dumping practices, such as making drivers work long hours and not paying them well. Furthermore, because it is cheap, road transport continues to grow fast leaving little chance to other modes of transport to compete. Robust enforcement of existing labour and social regulations in transport is therefore a prerequisite to the sector's green transition. Additionally, all substantial investments in climate-friendly modes should be linked to strong social conditionalities, e.g. on obligatory collective bargaining.

A Farm to Fork Strategy and revised Common Agricultural Policy to green the agriculture sector and improve working conditions.

With regard to the agriculture sector, European Institutions should revise their proposal for a Common Agricultural Policy (CAP) in order to make it fit for the new 2030 climate targets and compatible with the European Green Deal objectives, following the recommendations made by the European Commission[17]. The future CAP should also be fully in line with the objectives of the Biodiversity Strategy and the Farm to Fork Strategy. The current positions recently adopted by the European Parliament and the EU Council fall short of ambition and should be revisited. At the same time, the revision of the CAP and the farm to fork strategy should be used to improve working conditions of farm workers who are often victims of social dumping, precarious work, exploitation of migrant and undocumented workers and sometimes even child labour. ETUC asks policy makers

[17] European Commission, 2020, *Analysis of links between CAP Reform and Green Deal*

to make direct CAP payments conditional to the respect of labour and human rights. This social conditionality is crucial to achieve a just transition.

A revised Energy Efficiency Directive to reduce EU's energy consumption and make the energy efficiency first principle a reality.

The cheapest and cleanest energy is the one we do not use; the energy efficiency principle should therefore be a priority for the European Union to reach its climate targets. It is regrettable to see that, if we exclude the temporary drop due to COVID19, the reduction in energy consumption needed to reach a 20 % decrease by 2020 have not been demonstrated so far[18]. Recent analysis shows that between 2000 and 2018, the sectors of transport and services increased their final energy consumption by 10.8% and 20.2% respectively[19]. The energy consumption in the tertiary sector is expected to continue to increase, notably due to the increased use of electricity in the IT sector and data centres. By contrast, in the same period, residential energy consumption declined by 4.5% and the industrial consumption decreased more significantly by 14.6%[20]. The same analysis notes that declining energy consumption in industry has been largely influenced, among others, by the financial and economic crisis of 2008 and by the deindustrialisation process.

To correct these trends and reduce further energy consumption in Europe, ETUC strongly recommends revising the targets of the energy efficiency directive and to make them legally binding. ETUC also calls to adopt more stringent Ecodesign requirements on energy related products and to extend the range of products covered by the Ecodesign Directive to ICT products, data centres and other relevant non-energy related products.

Conclusion

Climate change is happening and its consequences are getting real for citizens and workers. Increases in temperature are accompanied by extreme weather events such as floods, storms, droughts and wildfires that are becoming more intense and more frequent over time. If nothing is done, these changes will cause unprecedented damages to our societies, affecting primarily the most vulnerable[21]. There is scientific consensus on the fact that the costs of inaction are now far greater than taking appropriate measures to fight climate change. It is therefore high time that the EU agrees on an ambitious climate target for 2030 and revises its climate and energy policy framework.

If ETUC welcomes and supports the proposed 2030 climate target, we emphasise that only a socially fair transition will bring enough public support to the Fit for 55 Package. To ensure social acceptance, the concept of just transition should be mainstreamed across all policies. Concretely, this means that market mechanisms such as the EU ETS should be complemented by a climate neutral industrial strategy and massive investments to maintain jobs and create new opportunities, in particular in affected regions. It also means that workers impacted by the transition should be supported through adequate training or reskilling programmes, and that they should rely on good social protection. This requires strong public services and properly financed social security systems.

The European Green Deal should also make sure that the transition to a climate neutral economy leads to the creation of quality jobs. New jobs in growing sectors such as the

[18] European Environment Agency, 2020, *Trends and projections in Europe 2020*
[19] Joint Research Center, 2020, Energy Consumption and Energy Efficiency trends in the EU-28, 2000-2018
[20] Ibid.
[21] See ETUC, 2020, *Resolution A new EU adaptation to climate change strategy for the world of work*

circular economy, renewable energies or renovation of building should offer good wages, good working conditions and sufficient guarantees for occupational health and safety. It should also be ensured that these jobs allow trade union representation and respect bargaining rights[22]. Labour standards and social rights should be part of any new sectoral climate strategy.

Finally, for the transition to be socially just, it is important that workers and affected communities are at the core of the decision-making process. The European Green Deal should encourage the use of social dialogue and collective bargaining to manage the transition process. At European, national and regional level, trade unions and employers should develop sectoral decarbonisation roadmaps and just transition strategies, with the help of public authorities and in dialogue with civil society. At workplace level, workers' participation through information, consultation and codetermination can help translate higher climate targets into concrete on the ground solutions and manage restructuring or transformation processes in a way that leaves nobody behind.

To address these social challenges, the European Green Deal should be much more closely linked with the European Pillar of Social Rights.

[22] See ETUC, 2017, *Resolution: Defining Quality Work: An ETUC action plan for more and better jobs*