

ETUC position: A Just Transition Legal Framework to complement the Fit for 55 package

Adopted at the Executive Committee meeting of 8-9 December 2021

Background

On 14 July 2021, the European Commission released its Fit for 55 Package. This package consists of 13 legislative proposals that aim at aligning EU climate and energy policies with the new climate targets set by the recently adopted Climate Law – a GHG emission reduction of at least 55% by 2030 compared to the 1990 levels, and climate neutrality by 2050.

The following are the legislative instruments that are subject to revision: the Emission Trading System (ETS) Directive; the Effort Sharing Regulation; the Renewable Energy Directive; the Energy Efficiency Directive; the Energy Tax Directive; the Regulation setting CO2 Emissions Performance Standards for Cars and Vans; the Directive on deployment of the alternative fuels infrastructure; and the LULUCF Regulation. These revisions are complemented by new legislative proposals for a Carbon Border Adjustment Mechanism, a Social Climate Fund, as well as two initiatives called ReFuelEU Aviation and FuelEU Maritime. On the same day the Commission also released its new EU forest strategy for 2030.

Trade Unions support the increase in the climate ambition proposed in the package

Reducing rapidly EU's greenhouse gas emissions is a top priority for European Trade Unions, since there are no jobs on a dead planet. The increasing frequency and intensity of extreme weather events, such as the floods that affected Europe this summer, reminds us of the urgent need to act. The Sixth IPCC Assessment Report¹ published in August 2021, also constitutes a serious warning, telling us that now is the time to adopt ambitious measures, or it will be too late.

Fully aware of those worrying signs, the European Trade Union Confederation supports the new GHG emissions reduction targets for 2030 and 2050 enshrined in the Climate Law². Meeting these objectives is crucial if Europe is serious about fulfilling its commitment under the Paris Agreement.

But targets alone do not mean anything if they are not backed up by concrete policies. In that regard, ETUC recognises the work done by the European Commission to translate these climate objectives into a comprehensive and ambitious "Fit for 55" legislative package that is in line with the new climate law, even though the legislative package is far too weak with respect to the social dimension.

The social consequences of the Fit for 55 package should not be overlooked

Climate change will affect everyone, especially the most vulnerable. It is unequivocal that the cost of inaction is far greater than the cost of acting boldly now. At the same

¹ IPCC, 2021: Climate Change 2021: The Physical Science Basis. Contribution of Working Group I to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change

² ETUC actually goes even further by supporting a net 2030 climate target of -55% without removals which should be dealt with in a separate target.

time, it is clear that many of the ambitious climate policies proposed in the Fit for 55 package will have strong socio-economic consequences, especially on those workers from regions and sectors depending on fossil fuel activities that will undertake profound transformations. For example, the proposed reform of the Emission Trading System or the ban of selling new combustion engine vehicle by 2035 will profoundly impact the related industries. If nothing is done to manage and anticipate those changes, climate policies will negatively affect employment prospects in many regions and lead to deindustrialisation.

Often, climate policies – such as the proposed creation of a separate Emission Trading System for heating fuels in buildings and transport fuels – have strong regressive distributional effects and affect proportionally more low and middle income households, therefore increasing already existing inequalities within society. At a time where 50 million European households already suffer from energy poverty and in the current context of sharp rise in energy prices, it is particularly important that the European Union proposes policies to address those concerns and shape the transition in a socially just and progressive way.

A need for a stronger social dimension in the European Green Deal policies to deliver on the European Pillar of Social Rights and on the Porto Declaration

To address those concerns, ETUC calls on the European Commission to propose additional policy measures to strengthen the social and labour dimension of the European Green Deal. At the moment, the Commission’s legislative proposals are indeed designed with the ambition to achieve the 2030 climate target – which is absolutely needed – but fall short of measures to ensure a just transition for European workers and low-income households.

To be socially acceptable, the climate ambition proposed in the package should be matched by an equivalent social ambition, in line with the recent Porto Declarations³ made by the EU Council and the European Pillars of Social Rights⁴. The European Green Deal agenda should indeed be used as an opportunity to maintain and create quality jobs, promote decent work across all sectors, raise labour standards, tackle discriminations at work, promote gender equality, and workplace democracy.

The recent creation of a Just Transition Mechanism and a Just Transition Fund – dedicated to support regions highly dependent on carbon intensive industries – is a positive first step that has been welcomed by trade unions at the time. However, the size of the fund remains way too limited to tackle the challenges at stake. The scope of the Mechanism, which is limited to regions highly dependent on coal, lignite, peat, oil shale and carbon intensive industries, is too narrow. It also does not provide for support for other sectors that will be affected by the changes, such as transport, construction, agriculture, tourism and other industries. Any Just Transition Framework must tackle all economic sectors facing the transition and must include the supply chains, as acknowledged in the recent COP26 declaration “Supporting the Conditions for a Just Transition Internationally”. More should also be done to properly involve trade unions in the design of the Territorial Just Transition Plans. A recent survey

³ See <https://www.consilium.europa.eu/en/press/press-releases/2021/05/08/the-porto-declaration/>

⁴ See https://ec.europa.eu/info/strategy/priorities-2019-2024/economy-works-people/jobs-growth-and-investment/european-pillar-social-rights/european-pillar-social-rights-20-principles_en

conducted by ETUC among its affiliates indeed shows there are still problems in this regard in a certain number of countries⁵.

Along with those considerations, the Commission should also ensure the creation of quality jobs in the EU through the implementation of the Fit for 55 package and the Next Generation EU. This should be regularly monitored and assessed. This focus on quality job will be crucial to ensure decent working conditions while tapping on the job creation potential of those sectors that will be needed to achieve the green transition – such as building renovation, public transport, renewables, green hydrogen, batteries, electric vehicles, circular economy, energy efficiency, etc.

Trade Unions call for the adoption of a Just Transition legal framework as part of the European Green Deal

ETUC calls for the adoption of policy measures to operationalise the ILO Guidelines for a Just Transition⁶, adopted in 2015. Concretely, European trade unions are calling for the adoption of a Just Transition legal framework as part of the European Green Deal, to accompany the Fit for 55 package.

This new framework should be based on a systematic granular mapping and analysis of the impacts the transition will have on employment and skills in the different countries, regions and sectors, including on subcontractors and the downstream value chains. Such granular mapping would complement the overall perspective of previous impact assessments made by the Commission and would provide the necessary knowledge to develop adequate social policies as well as territorial and sectoral just transition pathway adapted to regional realities. It would also be useful to properly monitor and evaluate the implementation of European Green Deal policies in the future.

This Just Transition Legal Framework should contain the following elements:

- **Concrete proposals to mobilize massive public and private investments at European and national levels to support the transition** in those sectors and regions that are currently not covered by the Just Transition Fund and that will need to be radically transformed to reduce their GHG emissions. The transition is not limited to coal and carbon-intensive regions. Eventually, all economic sectors will be affected by climate policies and by behavioural and demand shifts that will be necessary in order to reach net-zero by 2050. At the same time, the size of the Just Transition Fund should be significantly increased. These resources should be targeted to ensure job-to-job transition, alternative quality job creation in the same regions and proper training, reskilling and upskilling of workers. More resources should also be dedicated to the development and deployment of low carbon technologies and solutions. Among the possibilities to secure new resources, the Commission should explore the introduction of: a Financial Transaction Tax; a minimum corporate tax; a Common Consolidated Corporate Tax Base with an appropriate apportionment formula; and, a digital tax or a Wealth Tax⁷. Revenues generated by the existing ETS or the new Carbon Border Adjustment Mechanism (CBAM) could also be used as well as the additional

⁵ Out of 21 countries who answered ETUC survey, 10 indicated that they had not been involved in the design of the Territorial Just Transition Plans. In addition, several countries who indicated they had been somehow involved in the drafting of their TJTP said their involvement has not been sufficient and their input not properly taken into consideration. In ETUC's views, the Commission should issue clear guidelines on how to properly involve trade unions and this obligation should be assessed as part of the evaluation of the TJTP.

⁶ See [International Labour Organisation guidelines for a just transition towards environmentally sustainable economies and societies for all](#).

⁷ Cf. discussion related to EU own resources.

money available due to the phase out of subsidies to environmentally harmful activities would also help to finance the fund. In parallel, the Stability and Growth Pact should be redesigned to allow for the necessary public expenditure in support of green and just transition. The provision of such resources to businesses should be conditional to the respect of applicable working conditions and employers' obligations resulting from labour law and/or collective agreements. No money should be provided to employers that do not respect workers rights. The "do not harm principle" and this social conditionality should apply to all EU funding.

- **A new governance framework to anticipate and manage changes related to green transition in the world of work⁸.** Such a framework should guarantee workers' right to information and consultation when it comes to the development of just transition plans in their workplaces and regions. Based on the enforcement of existing rights, the framework should also strengthen social dialogue and collective bargaining rights. Unfortunately, in recent decades, collective bargaining has been dramatically curtailed by austerity measures in response to the economic and financial crisis in many countries. This contradicts any Just Transition ambition as only through collective bargaining and strong social dialogue mechanisms can we achieve quality work and employment conditions. Workers and their trade union representatives should always have a seat at the table and it should be ensured that redundancies processes are always considered as a last resort after having explored alternative solutions. In parallel, this Just Transition framework should also allow trade unions to formally integrate climate change and just transition topics into the social dialogue agenda at the different levels.
- **Guarantee proper involvement of existing European social dialogue structures in the development and monitoring of European Green Deal Policies and industrial strategies.** The new framework should also guarantee that existing social dialogue structures such as the Tripartite Social Summit, Sectorial Social Dialogue Committees or European Works Council, are duly involved in the monitoring of European Green Deal policies, the development of transition pathways for industrial ecosystems and recovery plans. A permanent coordination mechanism to link the Fit for 55 Package to the Semester Process, the EPSR and the National Recovery and Resilience Plans could also be created with an emphasis on social dialogue. ETUC also insists on the need to develop – through social dialogue – sound EU industrial and energy strategies in the framework of the "strategic autonomy" initiatives, as a precondition to channel and focus investments and generate jobs where needed. In parallel, the Just Transition platform could be extended to cover all the sectors impacted by the European Green Deal, allowing social partners, civil society, private actors and local public authorities to exchange good practices and ideas. It should be noted that the Just Transition Platform is still coordinated by DG REGIO while DG EMPL is not actively involved. This is a huge shortcoming and should be addressed to systematically integrate the employment dimension in the discussion.

⁸ For more details proposal, see [European Parliament resolution of 15 January 2013 with recommendations to the Commission on information and consultation of workers, anticipation and management of restructuring \(2012/2061\(INL\)\)](#)

- **Ensure that National Energy and Climate Plans contain just transition strategies.** In the 2023 update of their National Energy and Climate Plans (NECP), Member States should be required to systematically identify the social challenges expected from the Fit for 55 Package as well as the detailed measures and resources that will be necessary to manage them. The Commission should require that the revised NECPs contain proper just transition strategies to address those challenges. At national and regional levels, the Commission should also encourage Member States to create tripartite Just Transition Commissions to allow social partners to provide recommendations and to negotiate national and regional just transition plans.
- **Clear recommendations for Member States to strengthen their social protection systems and to invest in their public services.** The Commission should issue clear guidance on how to improve and strengthen Member States' ability to provide the necessary safety nets to all workers and citizens that will be negatively impacted by the changes ahead. It should also specifically address workers that might not benefit from re-training and upskilling due to their age profiles and find mechanisms to incentivise retaining their skills and qualifications in the transition process.
- **Trade Union involvement in skills strategies and the right to training for every worker.** Even though interesting developments have taken place at sectoral level with regard to skills and decarbonisation through the Pact for Skills (e.g. in the automotive sector), the Commission should further reinforce its proposals related to training, reskilling and upskilling of workers in the fields of new clean technologies, circular economy, energy efficiency and adaptation to climate change. The EU's decarbonisation strategy needs to be more closely linked to skills strategies both at EU and national levels. Social partners play a key role in mapping out and defining skills needs, in updating qualification profiles, and in providing guidance to workers. ETUC therefore requests that Trade Unions are involved in the development of Skills strategies and active labour market policies through social dialogue. The future climate package should also guarantee a right for quality and inclusive employee training, access to full qualifications, paid educational leave and validation of skills and competences. Every worker should have a right to quality and inclusive employee training as well as continuous lifelong learning. Ensuring access to employee training should not be seen as an individual but a collective responsibility, the employers need to take their fair share in supporting their workers. In that regard, training should be free for workers and should take place during their working time. Specific attention should also be given to ensure women's participation in the labour market, notably by facilitating their access to training, reskilling and upskilling programmes.
- **In order to green the workplaces, it is also important to provide adequate support to trade unions organisations** – through training and capacity building – to build the competency of their union representatives on climate and environmental issues, and to guide workers to access skills trainings and validation procedures.

All these elements should be part of the next European Green Deal package, which is due to be published in December 2021. The Commission's proposal should go beyond simple recommendations to Member States and take the form of concrete

legislative proposals to strengthen workers right to information and consultation as well as to ensure the creation of quality jobs. The Commission has indeed the legitimacy and capacity to regulate on such matters in order to implement the European Pillar of Social Rights. ETUC remains committed to continue the discussions with European policy makers and to find constructive and pragmatic solutions on how to implement those recommendations in future policy proposals.