

A Fair Climate Policy for Workers

Implementing a just transition in various European countries and Canada

Further details

International Affairs Specialist

Pia Björkbacka

pia.bjorkbacka@sak.fi

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Context of this report

This report is part of the Central Confederation of Finnish Trade Unions SAK Time of Opportunities project, which studies new phenomena in the world of work. This project seeks to make work, the daily lives of workers and the world of work more humane and equitable. It reflects three drivers of change in working life and the daily lives of employees:

- digitisation
- globalisation, and
- climate change and depletion of natural resources.

The Time of Opportunities project focuses on two themes or phenomena each year. This report is part of the final theme of the four-year project, examining the impact of climate change and its mitigation on work and the status of workers. It focuses on the implementation of just transition policy in the most advanced EU countries and Canada but also in two Nordic peer countries of Finland, Sweden and Norway.

The report was compiled by undergraduate intern **Tiina Ohrling**.

1. Introduction

Both the Paris Agreement on Climate Change and the target of carbon neutrality by the year 2035 set out in the government programme of Finnish Prime Minister Sanna Marin refer to a just transition for workers towards a low-carbon society. Such a just transition has long been sought by the trade union movement and is an important condition for achieving ambitious climate policy objectives.

The programme of the Marin government states that the government will work with labour market organisations to harmonise economic and labour market policies. Achieving climate objectives will also require co-operation with the social partners, and sectoral assessments in particular.

A just transition has been selected as one approach to reaching the target of a carbon neutral Finland by 2035. The government will pledge to implement emission reduction measures in a socially and regionally equitable way that involves all sectors of society. The government programme envisages establishing a round table on climate policy in Finland under the committee on sustainable development. Bringing together the various actors in society will ensure that climate measures serve the general interests of society and enjoy broad public support.

(Government Programme of Prime Minister Marin 2019)

The implementation of climate policy is causing restructuring in various sectors, meaning that climate policy decisions and actions also have social implications.

The European Commission has estimated that mitigating climate change will create more jobs in the European Union than it will cost (European Commission, 2019), but the changes will be sectoral. Even though labour market restructuring – which is also guided by climate policy - is creating new employment opportunities, it also brings fears of unemployment.

Realising employment opportunities requires substantial investment in employee skills and innovation. It is very important for the benefits and costs of low-carbon restructuring to be evenly shared across various sectors, occupations, population groups and regions. Successfully transitioning to a carbon-neutral society will not only require emission reduction measures and business and energy policies, but also employment, social welfare, education and regional policies.

The principle of a just transition will seek to meet these challenges. This means implementing emission reductions in a way that is fair to workers. It is about creating new, decent and sustainable jobs, in-service training for new employment, and security of earnings. The goal of a just transition is to increase the participation and commitment of workers in deciding policies for mitigating climate change nationally, regionally and within businesses, thereby promoting a smooth transition to a carbon-neutral society.

1.1. Aims and implementation of the study

The aim of the study is to provide information to substantiate the implementation and preparation of Finland's climate policy and to promote its social fairness.

The report also presents concrete recommendations from SAK on how to involve workers in Finland but also in other countries more effectively in planning, evaluating and implementing climate policy, and in monitoring the achievement of objectives.

The report also sets out some credible concrete examples in which a just transition for workers has already been implemented in European countries, specifically the Netherlands, Germany, Spain, France and Scotland. It also provides concise presentations of conditions of Nordic peers in Sweden and Norway, and it also examines the example of Canada, where climate policy has been prepared and implemented in a way that is exceptionally fair and socially inclusive.

The first chapter of the report briefly describes the concept, principles and guidelines of a just transition. The second chapter highlights best just transition practices from key EU-EEA countries and from Canada. The main focus of the country studies is on how they have prepared climate policy and anticipated its employment impacts in partnership with labour market organisations and other key stakeholders and included it into the legislation. The report also reviews whether the plans of these countries have already progressed to the stage of concrete measures or action plans, the nature and targets of these measures, and the parties responsible for them.

Details of just transition practices have mainly come from online public administration services in the countries reviewed and also from representatives of local trade union confederations. The preparation of this report also benefited from the expertise of Tuuli Hietaniemi, a specialist at the Finnish Innovation Fund (Sitra).

The report was translated into English with the support of International Trade Union Confederation (ITUC) Just Transition Centre. The report is slightly modified (just transition concept and recommendations) to serve better the wider audience than only Finnish.

A warm thank you for the valuable help from the climate policy experts of the local trade union confederations in Europe interviewed for the report, the ITUC Just Transition Centre and Tuuli Hietaniemi.

2. A just transition

2.1. What is a just transition?

The notion of just transition means guaranteeing social justice and workers' rights as societies and industries move towards carbon-neutral production and consumption (ITUC, 2019).

In October 2015, before the UN Climate Conference in Paris, the International Labor Organization (ILO – United Nations tripartite body), adopted the "Guidelines for a just transition towards environmentally sustainable economies and societies for all". This document is the first international recognition of the need for a just transition and provides a set of practical tools for governments and social partners in managing this transformation process.

For the ILO, "a just transition for all towards an environmentally sustainable economy ... needs to be well managed and contribute to the goals of decent work for all, social inclusion and the eradication of poverty."

The just transition guidelines is based on rights at work, social dialogue, social protection and employment. Social dialogue is the core of just transition and is either a bipartite process between unions and employers, or a tripartite process that includes governments.

The ILO's vision of just transition is bridging people from where we are today to a future where all jobs are ecological and decent. Also, poverty has eradicated and communities are thriving and resilient. A Just Transition secures the future and livelihoods of workers and their communities in the transition to a low-carbon economy.

Just transition includes measures to reduce the impact of job losses but also industry phaseout on workers and communities. But it also includes measures to produce new, green and decent jobs and healthy communities. The UN has adopted the principles of just transition, and these principles have also been incorporated into the Paris Agreement (UNFCCC, 2015).

The UN Climate Convention recognises respecting the rights of workers (including the number and quality of jobs) and safeguarding their livelihoods as key principles of a just transition. The preparation, monitoring and evaluation of an equitable climate policy must be based on a dialogue with labour market organisations that enables genuine commitment to that policy from all parties. (UNFCCC, 2016.)

2.2. How will a just transition be implemented?

There is no single correct recipe for a just transition, as the range of means must always be proportioned to the national and regional operating context and to the special features of the sectors concerned. The Canadian Task Force on the Just Transition for Canadian Coal-Power Workers and Communities issued recommendations in December 2018 to support workers and communities through restructuring. These are highly concrete recommendations that could equally well be applied in Finland and many other countries, based on consultations with trade unions, employers' federations, researchers, NGOs and public administration. They are set out in section 3.2. (Tripartite climate action groups and just transition working groups).

Researcher Greens' (2018) classification can also be applied when deciding key measures for a just transition. Green classifies just transition or restructuring policies into three categories from the perspective of workers: compensation policy, adjustment support policy, and comprehensive adjustment policy.

A compensation policy meets the costs of the immediate impact of change. For example, it may be possible to pay compensation when policy decisions cause employees to lose wages or pension accruals, local authorities to lose tax revenues, or businesses to lose capital.

An adaptive support policy refers to helping and supporting workers and communities in transition. Adaptive support seeks to help workers and regions to launch new initiatives, for example by increasing opportunities for upgrading skills or retraining, or by diversifying regional economic structures through innovation strategies and education policy.

A comprehensive adjustment policy combines both of these approaches together with a broader social and welfare policy. The core idea of a comprehensive adjustment policy is to address the broad range of changes in social conditions and operating context that are brought about by restructuring, and to respond to these changes by such means as investing in social services. For example, a public agency may provide counselling for the families of workers, create new "same profile" jobs, and invest in local culture and the natural environment by such means as landscaping mines or peat lands. A comprehensive adjustment policy helps to build long-term social sustainability, and cultural and regional vitality.

3. Examples of just transition practices in individual countries

Concrete measures have been taken to ensure a just transition to a low-carbon society in many EU Member States. This chapter reviews some examples of how various countries have promoted the implementation of just transition principles through legislation, stakeholder working groups and practical actions.

3.1. A just transition in legislation

The Paris Agreement on Climate Change has inspired Scotland, Spain and France to legislate nationally for a just transition.

Compliance with just transition principles is a statutory requirement of climate plan preparations under Scottish environmental legislation. Somewhat similarly, a climate bill in Spain would oblige the government to implement five-year just transition strategies as part of a climate and energy strategy. French energy and climate legislation will in turn entitle workers to special support measures in certain restructuring industries.

Scotland

The Scottish government updated its climate Act in early 2019, setting a goal of national carbon neutrality by 2045. Just transition was accepted as a starting point for pursuing this objective, with the associated principles also enacted by law at this time.

The said legislation refers to the principles of just transition in the context of the Climate Change Plan. The law will require climate plans to describe how they have allowed for the principles of just transition and the UN Sustainable Development Goals. It also includes a requirement to assess the employment and regional impact of proposed climate measures when preparing sectoral emission reduction plans. An emission reduction plan must also set out sectoral and regional measures to support the transition of labour, employers and communities. The effectiveness of measures and progress made towards objectives must also be monitored and evaluated.

The inclusion of just transition in Scottish climate legislation can be seen as a consequence of the ongoing failure of the Scottish energy conversion in terms of labour market and industrial policy. A report by the Scottish Trades Union Congress (STUC) indicates that most of

Scotland's emission reductions are the result of industrial shutdowns. Some 60,000 jobs were lost in the country due to falling oil prices between 2014 and 2016.

Policies seeking to bring about a low-carbon economy have nevertheless failed to create new productive jobs. The STUC views an outflow of profits, a lack of industrial diversity and precarious work as typical of the low-carbon and renewable energy sector. This all has a negative impact not only on jobs, but also on tax revenues, transparency and economic equality. (STUC, 2019)

Spain

The Spanish government is currently formulating a new climate policy framework comprising a national energy and climate roadmap, climate legislation, and a strategy for just transition. This means that the labour market and social justice have become key considerations in Spanish climate policy. The climate bill sets 2050 as the carbon neutrality target year and obliges the government to adopt five-year just transition strategies in addition to emission reduction roadmaps.

A just transition strategy will seek employment and business growth opportunities in low-carbon restructuring. It will also aim to eliminate wealth disparities and inequalities by region and sex. The strategy includes mandating the public employment agency to arrange regular monitoring of sectoral employment trends, skills and training needs, and occupations with special employment opportunities. It will pay special attention to sectors that are more prone to the negative impacts of restructuring.

France

The French Ministry for the Ecological and Inclusive Transition published a national low-carbon strategy in 2018, including some assessment of macroeconomic impacts on employment. In line with this strategy, the national energy and climate legislation that took effect in April 2019 imposed a goal of carbon neutrality by the year 2050. This legislation establishes national energy policy goals and installs measures to achieve them. A low-carbon restructuring council, comprising representatives of labour market organisations, NGOs and local government, was consulted when preparing the strategy and the new legislation.

The legislation guarantees support measures for workers who lose their jobs due to the decommissioning of coal energy. These support measures also cover the indirect employment impacts of closing coal-fired power stations, for example among subcontractors. It is estimated that fewer than 2,000 employees will be eligible for support measures overall.

The measures seek to support the transfer of employees to new positions. Available means include increased support for upgrading skills, temporary wage compensation for employees who have to take up lower paid positions, and promotion of regional mobility. The government is also committed to applying such means as compensating for lost tax revenues in order to develop and finance four areas whose business structure and economy will be particularly hard hit by the decommissioning of coal. Support measures for former coal workers nevertheless have yet to be implemented.

The legislation also establishes a climate council of 13 member researchers that will independently assess the implementation of emission reduction measures and strengthen dialogue with labour market organisations.

Forecasting the need for employment and skills

Several French ministries collaborated to prepare an employment strategy report (*the Parisot report*) considering the impact of low-carbon restructuring on employment and the need for skills as part of the national low-carbon strategy. The report highlights key issues for employment growth, such as how attention should be paid to changes in both emerging sectors and traditional industries such as manufacturing and services.

The employment strategy report proposes the development of statistical tools and sectoral impact assessments, and forecasting of skills requirements in the short and medium term. It also stresses the importance of dialogue between labour market organisations. Based on the report, the ministries are expected to continue developing the employment strategy together with trade unions and environmental organisations, and to produce a roadmap that had to be ready in spring 2019.

No tripartite working group has yet been established to prepare an ex-ante evaluation of the employment impacts of climate measures and an employment strategy. A representative of the French Democratic Confederation of Labour (CFDT) commented that France still lacks a comprehensive long-term climate strategy, with energy change remaining the main focus of climate policy and legislation. With the exception of coal workers, the French government accordingly still has no adequate strategy that tackles the impact of low-carbon restructuring on employment and the need for skills.

3.2. Tripartite climate action groups and just transition working groups

Many examples in Europe, Canada and elsewhere testify to how stakeholder participation can be arranged when formulating climate policy.

The preparation and monitoring of climate policy in the Netherlands and Germany has been arranged through emission reduction strategies for individual sectors. The sectoral strategies of these countries assess the emission reduction impacts of climate action, the need for employment and skills, and other effects.

Norwegian and Swedish climate policies and strategies are based on the notion of green competitiveness. These are also countries in which the trade union movement has been involved in formulating national climate policies. Though the business community in Norway and Sweden has prepared dozens of roadmaps for specific industries as part of this process, these nevertheless fail to consider the impact of measures on employment or the need for skills.

Temporary just transition task forces have been set up to provide recommendations and guidance in support of climate policy proposals in Scotland, and also in Canada and Germany with respect to the decommissioning of coal energy.

The Netherlands

In June 2019 the government of the Netherlands presented a national climate agreement seeking emission reductions of 49 per cent by the year 2030 and 90 per cent by the year 2050 compared to the 1990 level. This agreement is based on broad stakeholder consultation and dialogue with a view to inclusion, social justice and acceptability.

Implementation of the climate agreement will be managed by the Ministry of Economy and Climate Policy for five sectors: transport, agriculture and land use, the built environment, energy and manufacturing. Each sector has its own emission reduction target for 2030, and a working group to agree on emission reduction measures and prepare a sectoral emission reduction roadmap. Numerous sub-groups operate under the five main working groups.

Besides the sectoral working groups, three cross-sectoral executive committees have been established for Labour Market and Training, Finance and Innovation. Principal responsibility for co-ordinating the climate agreement lies with the Ministry of Economy and Climate Policy. The sectoral working groups and roadmaps are the responsibility of ministries in various sectors, and the cross-sectoral committees are the responsibility of the Ministry of Finance, the Ministry of Economy and Climate Policy and the Social and Economic Council.

The sectoral working groups and executive committees are made up of stakeholders, including representatives of trade unions, NGOs, businesses and public authorities. The Netherlands trade union confederation FNV¹, participates in the sectoral working groups for transport, agriculture and land use, energy, and manufacturing, and in the cross-sectoral committee for Labour Market and Training, which also includes other employee organisations.

The Labour Market and Training Committee

The Social and Economic Council (SER) is responsible for co-ordinating the Labour Market and Training Committee. This Committee identifies the opportunities and threats presented by restructuring from the point of view of employment growth, and it guides development in an inclusive way.

¹ The FNV and three major trade unions have merged into a single organization.

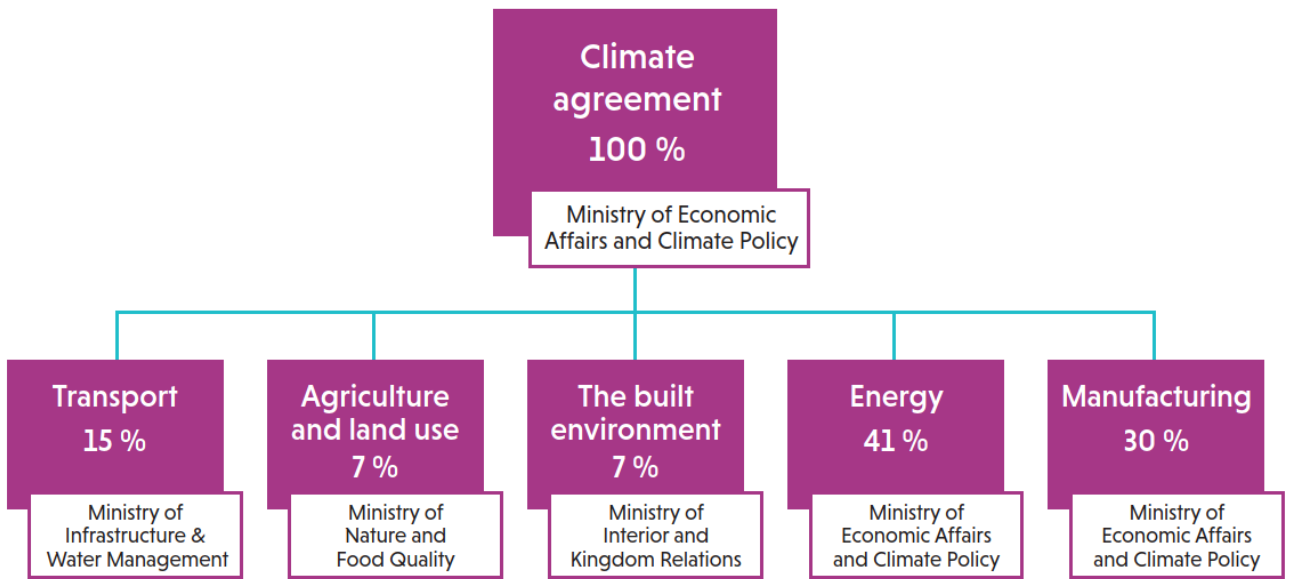


Figure 1 Sectoral objectives of the climate agreement and responsible ministries seeking a 49 per cent emission reduction by the year 2030.



Figure 2 Cross-sectoral executive committees and the councils or ministries responsible for them.

The work of the Committee includes monitoring ongoing national, regional and sectoral initiatives and anticipating sectoral changes in the need for employment and skills.² The Committee has agreed on the execution of a five-year sectoral implementation plan for the labour market and training, and an annual action plan.

Section 3.3 (Just transition measures) of this report provides a more detailed discussion of the recommendations of the Netherlands Labour Market and Training Committee concerning access to employment opportunities in restructuring.

Monitoring the effects of the climate agreement

The only effect of the climate agreement monitored to date has progress towards emission reduction targets. The Netherlands Environmental Assessment Agency (PBL) produces an annual climate and energy report.

A monitoring committee that meets regularly under the Climate Agreement also reviews points of contact and overlaps between the climate measures of various sectors in close partnership with the three cross-sectoral executive committees. The monitoring committee serves as a platform enabling the parties to reflect and discuss the progress of the process.

Germany

The adoption of a national climate strategy by the German Government in 2016 was preceded by a thorough consultation process with a wide range of stakeholders, including representatives of the trade union movement, the German federal states, local authorities and NGOs. The climate strategy imposes emission reduction targets for 2020, 2030 and 2050, with an ultimate goal of reducing emissions by 80–95 per cent of the 1990 level.

As in the Netherlands, the overall objectives will be approached in Germany through individual strategies for each sector. Special emission

² The Netherlands Environmental Assessment Agency (PBL) and the University of Maastricht (ROA) have assessed the impact of the climate agreement on the world of work. The first study was financed by the Ministry of Economy and Climate Policy. The further costs of the study will be shared between the parties to the Committee. The Energy Research Centre of the Netherlands (ECN) and the Netherlands Organisation for Applied Scientific Research (TNO) have also studied the labour market implications of the Climate Agreement.

reduction targets up to 2030 have been set for energy, transport, agriculture and construction, trade and industry, and agriculture and forestry. The German Federal Ministry of the Environment co-ordinated drafting of the climate strategy, with the responsible ministries in each sector responsible for preparing sectoral roadmaps. The measures in each sector were decided by specialist councils including representatives of various stakeholders, such as national and local government, the trade union movement and other organisations.

In December 2019 the German federal government approved climate legislation based on the climate strategy, sealing the agreed targets. The government also approved an action plan with sector-specific and cross-cutting emission reduction measures.

When publishing the climate strategy, the German government also outlined impact assessments that would be carried out in individual sectors in partnership with stakeholders. The impacts to be assessed were not specified in greater detail, however, and so the ministries were under no obligation to assess the impact of measures on employment or the need for skills. The ministries eventually performed the evaluations without consulting stakeholders, with trade union and other representatives only notified of the results in retrospect. The estimates of employment impacts expected from the Action Plans fell short of the sectoral impact assessments.

The Carbon Commission

German climate policy has been concentrating on energy transition so far, as the country's electricity generating capacity is still largely carbon-dependent. To meet the emission reduction targets of the energy sector and ensure a just transition of lignite workers and regions, the government set up a Commission on Growth, Structural Change and Regional Development, known as the *Carbon Commission*.

This interim commission was responsible for agreeing a decarbonisation timetable and issuing practical recommendations for implementing a just transition. It comprised representatives of various stakeholders, including local trade unions, public authorities and businesses. The Carbon Commission visited coal regions and arranged hearings with concerned parties.

The Commission published its final report in January 2019. The practical recommendations of this report are discussed in greater detail in section 3.3. (Just transition measures).

Sweden

An Environmental Committee has been operating in Sweden since 2010 with a view to proposing environmental and emission reduction measures to the government. The aim is to achieve a broad political consensus on difficult long-term environmental and climate issues.

The decisions of the Environment Committee are taken by a membership composed of representatives of Parliament. The Committee also has a full-time secretariat responsible for research and preparing proposals, together with specialists and special advisors appointed by the government.

The membership consults specialists from stakeholders such as representatives of labour market organisations and NGOs, and special advisors such as public servants and academics. The specialist and special advisors participate in and make proposals at meetings.

The climate targets, strategies and measures proposed by the Environment Committee served as the basis for formulating a Swedish climate policy framework in 2017, comprising climate legislation, climate targets and a Climate Council. The climate legislation that took effect in 2018 imposes a long-term goal of Swedish carbon neutrality by the year 2045, and requires the government to prepare annual climate budgets and a four-year climate action plan.

The climate policy framework focuses primarily on achieving the emission reduction targets. Labour market organisations, including the trade union movement, have mainly called the attention of the Environment Committee to economic and business policy aspects of climate measures.

Climate policy and the achievement of emission reduction targets are assessed and monitored by the Climate Policy Council, which is an independent body of researchers.

Low-carbon roadmaps for individual sectors

The Swedish government launched a Fossil-Free Sweden Initiative in the context of the 2015 Paris Climate Conference, with a view to engaging the business community in partnership with other stakeholders to achieve the target of carbon neutrality in Sweden. The initiative has already resulted in 13 low-carbon road maps for individual sectors submitted to the government.

These roadmaps were prepared by employers' federations and enterprises in various sectors at the behest of the business community. A key principle of preparing roadmaps has been involvement of a wide range of sector stakeholders, such as businesses, local authorities and organisations. No ministry is responsible for the initiative, which is instead managed by a designated national coordinator (*Nationell samordnare för Fossilfritt Sverige*) that also arranges the stakeholder consultations.

The roadmaps include no assessment of the impact of climate measures on employment or the need for skills. Work on the roadmaps has also been criticised for a lack of cross-sectoral analysis, leading to overlapping calculations and an over-estimation of the emission reduction impacts of proposed measures.³

Norway

The climate target in Norway envisages a low-carbon society by the year 2050. The government set up a Climate Council (*Klimarådet*) in 2014 to formulate recommendations for restructuring towards a low-carbon society. The work of the Council falls within the purview of the Ministry of Climate and Environment. It includes a broad range of stakeholder representatives, including labour market and environmental organisations and researchers.

The recommendations of a "green competitiveness strategy" commissioned by the Norwegian government in 2015 have also laid the foundations for its climate strategy. Competitiveness and the associated impact on the world of work is a starting point for the Norwegian climate strategy, which seeks to offset an anticipated decline in the oil industry with new green jobs, and to prepare for a change in the need for skills in both emerging and traditional sectors due to low-carbon restructuring. The strategy stresses investment in universities, research and development, and the commercialisation of green innovations.

³ Kervinen, E., 22.9.2019. Vientialat ja hallitus lähtevät ratkomaan ilmastotavoitetta: Ilmastopoliitikamme ei ole ollut riittävän yrityslähtöistä, sanoo elinkeinoministeri Kulmuni. [Export sectors and the government are tackling the climate target: Our climate policy has not been sufficiently business-oriented, says Minister of Economic Affairs Katri Kulmuni.] Helsingin Sanomat. [Referenced on 13.12.2019]

Eleven low-carbon roadmaps were prepared for individual sectors as part of the strategy. These roadmaps were independently implemented by employers and enterprises, albeit in partnership with other stakeholders such as trade unions. They nevertheless make no allowances for changes in employment trends or the need for skills as part of sectoral restructuring.

Scotland

The updated emission reduction targets and just transition objectives of Scottish climate legislation were set out above in section 3.1. (A just transition in legislation). They led the Scottish Government to set up a just transition Commission in 2019 with a view to advising the government on ways of promoting socially equitable and employment-friendly restructuring. The Commission includes representatives of the research community, industry, the trade union movement, NGOs and young adults.

The final report of the Commission is due in 2021, with an interim report expected in January 2020. To support the work of the Commission, the government has commissioned a background report assessing national employment trends in individual sectors and generally evaluating the corresponding qualitative need for skills. This background report assesses employment trends in the light of current statistics and megatrends, such as projected demographic and economic progress towards the year 2030.

Canada

The nine-month mission of the Canadian Task Force on the Just Transition for Canadian Coal-Power Workers and Communities was to advise the government on a fair way to implement decommissioning of coal power both regionally and for workers. Operating under the auspices of the Canadian Department of the Environment and Climate, the Task Force comprised stakeholders such as researchers and specialists, together with trade union and local government representatives.

The Task Force toured four Canadian provinces where the economic and business structure depends on coal power, visiting production plants, mines, local communities, businesses, public authorities and organisations, and arranging public consultations with stakeholders.

The Task Force sought to study the impact of climate and energy policy on the use of coal power in various regions, together with the effectiveness of existing restructuring policies, such as the strengths and weaknesses of support systems and action programmes. Its final report published in December 2018 included recommendations to support workers and communities in restructuring:

- Start planning at an early stage
- Prepare for change in partnership with stakeholders
 - Involvement of labour market organisations and other key stakeholders
 - Consult concerned parties to understand regional or sectoral needs
- Incorporate just transition into existing legislation
- Plan in concrete terms
 - Prepare a just transition plan that includes a steering group, ministerial accountability, transparent monitoring and reporting
- Policymaking based on firmly established knowledge
 - The plan must include foreseeable impacts on employment, the need to upgrade skills, retraining requirements, areas of inadequate security at times of change, and regional impacts
 - The long-term impacts of implementing the plan must be monitored
- Supporting the wellbeing of workers in the long term
 - Opportunities for updating skills
 - Financial support, for example to improve security at times of change
 - Early retirement schemes
 - Counselling and support from a single window, for example by establishing just transition centres
 - Action must begin before any jobs are lost, and must continue after job losses

- Supporting for a diversified regional business community
 - Creating new jobs and diversifying the business community through regional and local development projects
 - Supporting local authorities suffering a loss of tax revenues due to restructuring, for example by appointing a just transition coordinator, and strengthening collaboration between local authorities

(Sheldon, Junankar & De Rosa Pontello, 2018; Canada's Task Force on Just Transition for Canadian Coal Power Workers and Communities, 2018)

3.3. Just transition measures

Countries such as Germany, Spain and France, where the decommissioning of coal power is a topical issue affecting employment, have adopted concrete action programmes that seek to support the transition of workers and regional vitality. The Netherlands Labour Market and Training Committee has in turn agreed national and sectoral guidelines for employment and training measures that seek to promote labour mobility in low-carbon restructuring.

Germany

Recommendations of the Carbon Commission

Germany is Europe's second largest generator and user of coal energy after Poland, and the biggest challenge to German climate policy comes from its national energy conversion programme. At the same time as Germany seeks to move away from coal power, it is also striving to disengage from nuclear energy. The limited capacity of the German electricity grid is also hampering the introduction of decentralised energy generating.

Even though up to two-thirds of jobs in the German coal mining industry have been lost over the last decade, the German lignite industry still employed around 20,000 workers in December 2018, with an indirect employment impact affecting about 60,000 workers.

The main goals of the Carbon Commission of stakeholders established by the government were to meet national climate targets, promote an orderly restructuring of coal industry regions, and ensure affordable electricity prices and security of supply. The Commission published its

final report in January 2019, setting a national target of decarbonising by the year 2038 and possibly already by 2035. The proposals of the Commission to facilitate a smooth transition include compensation for power plants, support measures for coal workers, and development programmes for coal industry regions.

The Carbon Commission proposes guaranteeing access to an alternative and similar job to all lignite workers who are not retiring. The following measures will promote this objective:

- Workers must be guaranteed placement in jobs that correspond to their occupations.
- Workers must be compensated for any reduction in wages or upgrading of skills.
- Workers choosing early retirement must be compensated for the loss of accrued pension entitlement with attention paid to other financial factors involved in the process.

The compensation payable to coal industry workers will be settled by agreement between the two sides of industry in accordance with the proposal of the Carbon Commission. The Commission report stresses that employee compensation should be paid from the budget of central government to ensure that the costs are not passed on in the form of higher electricity prices.

The Carbon Commission recommends active regional and industrial policies to create new high quality jobs in lignite regions, including the following measures:

- Establishing a regional fund to finance projects supporting the emergence of new business.
- Locating central government agencies and research centres in the regions.
- Exploiting existing initiatives such as the “Lausitzlab” (*Innovations region Lausitz GmbH*) established when the Lausitz region power plants were closed in 2018 and 2019. This initiative seeks to connect businesses and universities in the region, develop ideas to help restructure the region, and help enterprises find new business opportunities.
- Encouraging central government to maintain the competitiveness of the regions by compensating for regional electricity price rises.

The German government granted EUR 40 billion in August 2019 to four coal-dependent federal states to manage decommissioning of coal

power and industrial restructuring until 2038. EUR 26 billion of this grant is earmarked for infrastructure remediation. A representative of the German Trade Union Confederation (DGB) has expressed doubts as to whether the total sum will be sufficient.

Legislation is currently being prepared on the basis of the Commission proposals. The legislative proposals comprise two sections, one concerning restructuring and the other focusing on decommissioning of coal power. The restructuring proposal would ensure immediate action programmes and funding for the regions, long-term development funding, and targeted funding for improving regional transport infrastructure and employment policy measures. The bill will be submitted to Parliament in February 2020.

Spain

Just transition agreements

Just transition agreements have been incorporated into a Spanish legislative proposal and strategy as a significant measure to ensure that restructuring is fair for workers. These agreements seek to provide a coherent action plan for regions in which business is under pressure from low-carbon restructuring. They must include a roadmap together with clear objectives and indicators for monitoring actions.

The agreements are based on a common accord and broad commitment from stakeholders. They are concluded between several ministries (Environment, Interior and Economy), and are intended to commit all administrative levels from central government to local authorities. The concept places particular emphasis on the participation and expertise of local authorities, but also on the involvement of businesses, employee organisations, universities and other educational institutions, and NGOs.

The aim of the Spanish just transition agreements is a joint realisation of regional development projects, together with a boost for new job creation and for growth of the green economy. A just transition institute comprising government and stakeholder representatives will be established to provide technical support for concluding agreements.

The Biodiversity Foundation (*Fundación Biodiversidad*) operating under the auspices of the Spanish Ministry for the Ecological Transition (*Ministerio para la Transición Ecológica*) presented an action plan for 2020 in December 2019. The Foundation also issued project grants to the value of EUR 17.2 million at this time, including EUR 7.9 million allocated to projects that promote just transition, employment and growth in the green economy. The funding focuses on sectors that are linked to the green economy, and on hiring the unemployed to work in these sectors.

The tripartite *carbon deal*

The starting point for just transition agreements in Spain was a tripartite accord reached between the social partners in the coal industry. This carbon deal seeks to ensure a just transition for regions and workers when Spain abandons coal power by the year 2025 in accordance with the proposed new climate legislation.

The carbon deal replaces state aid to the coal industry with a plan for sustainable development. Economically viable mines may continue operating for the time being, but ten mines are expected to close already in 2019, resulting in the loss of some 1,700 jobs. The agreement covers twelve production plants of eight companies, guaranteeing the following measures to four regions and company employees:

- Compensation for mine workers who lose their jobs. Those over the age of 48 years or with 25 years' service will have an opportunity to retire early (about 60 per cent of workers). Younger workers will be guaranteed redundancy pay of EUR 10,000 plus 35 days' wages for each year of service. Employees diagnosed with asbestosis will be entitled to additional compensation of EUR 26,000.
- A plan to upgrade employee skills and support re-employment in the regions.
- A landscaping plan for mines that will seek to maintain local employment and biodiversity and promote the emergence of new business by such means as improving conditions for the tourism sector. Former mine workers will have first refusal on jobs in landscaping.
- A plan for renewable energy and energy efficiency, and funding for such purposes as improving solid waste and water management, infrastructure and air quality in the regions.
- Central government subsidies for new investment in industry and business.
- EUR 250 million in State financing over the period from 2019 to 2023.

Representatives of the Spanish trade union confederations CCOO and UGT regard the lack of clear national investment plans as the biggest obstacle to implementing a just transition. Substantially greater support would also be required for retraining and further training.

The biggest problem at the moment is that the legislative bill has yet to be approved by the Spanish Parliament, and the EUR 139 million allowance envisaged for the carbon deal has not yet been included in the 2019 budget, even though decisions on mine closures have already been taken. This is tremendously frustrating for mine workers.

Fance

Low-carbon restructuring agreements

France announced its low-carbon restructuring agreements (*Contrat de transition écologique*) as part of a national climate and energy strategy with particular reference to the transition for coal industry workers. These agreements work on a principle that somewhat resembles the just transition agreements concluded in Spain.

The French low-carbon restructuring agreements are a tool for promoting a green economy and social justice in areas affected by adverse impacts of restructuring. These agreements are strategies that serve to underpin binding agreements that are concluded between regional authorities and businesses and adapted to the needs of the region. While they set targets, appoint responsible parties, and determine concrete measures and projects, no restructuring agreements of this kind have been implemented so far.

The Netherlands

Implementation of the Netherlands Climate Agreement has included the establishment of an interdepartmental Labour Market and Training Committee with a view to promoting labour mobility in low-carbon restructuring. The committee comprises a wide range of stakeholders, including representatives of labour market organisations, educational institutions and public administration. The aim is to secure the commitment of all parties to jointly agreed labour market objectives and actions to achieve them.

The Netherlands Labour Market and Training Committee has agreed that five sectoral working groups (for transport, agriculture and land use, the built environment, energy and manufacturing) will prepare labour market objectives for individual sectors covering the rest of 2019, an associated implementation plan for the next five years, and an action plan for the following year.

The parties to the Committee have agreed the following policies and content for sectoral labour market and training plans:

- The plans prioritise setting sectoral objectives for both technical and social innovation and identifying the skills that are required to achieve these objectives.
- The plans must allow for objectives in both the short term (e.g. how the available workforce can be used in sectors with labour shortages) and the long term (e.g. how environmental awareness is integrated into training, or how training programmes are upgraded according to the evolving need for skills).
- Job relevance, and good employment terms and working conditions will be stressed to ensure that sectors remain attractive and provide high quality jobs. This objective can be promoted by such means as guaranteeing an adequate number of trainee positions in certain sectors, or by targeted measures to attract new population groups to these sectors.
- Particular attention should be paid to sectors where a higher risk of deterioration in employment has been identified. Labour mobility may be promoted through regular negotiations on employee career development opportunities, high-quality employment services and adequate investment in training, and by identifying jobs that are disappearing and supporting mobility within and between sectors.
- To avoid duplication of effort, planning must be accompanied by monitoring of similar existing or parallel labour market and training initiatives and an evaluation of their effectiveness.

The Netherlands Labour Market and Training Committee co-ordinates these sectoral plans and ensures that sectoral labour market objectives are mutually supportive. The Committee supports sectoral working groups engaged in preparing plans, and it involves and links the parties concerned. The Committee also reviews the links between the labour market and training plans of the climate agreement and other megatrends and phenomena, such as digitisation.

In addition to sectoral labour market and training plans, the Committee has also envisaged other measures, with the associated responsibility

for co-ordination and implementation provisionally shared between various organisations and levels of government. These subjects of these initiatives include ways of:

- translating agreed guidelines or sector plans into a practical action plan at local level.
- realising good terms and conditions of employment and working conditions in new and evolving sectors and jobs.
- helping older workers to upgrade their skills.
- promoting the flow of information between parties.
- preventing a decline in employment.

The Labour Market and Training Committee is also proposing the establishment of a permanent body to co-ordinate and monitor national, sectoral and regional labour market and training measures as part of implementing the climate agreement. The functions of this body could also include collecting good practices, identifying obstacles and problem areas, developing tools and supporting trials.

The collaboration work of the Committee has already resulted in concrete action. Measures taken include an appropriation in the Netherlands state budget for workers switching jobs in the context of coal power decommissioning, together with compensation for those who are unable to find new employment.

4. Summary

- ▶ Implementing a just transition policy will minimise the negative social and economic impacts of climate policy, while helping workers to understand climate measures and their importance.
- ▶ Creating decent, sustainable jobs, providing in-service training in the skills required for redeployment, and ensuring adequate income security during periods of unemployment and training are key aspects of a just transition for the trade union movement.
- ▶ It is important to involve workers in climate action and to anticipate the need for employment and skills.
- ▶ Several EU countries (notably Germany, the Netherlands, Scotland of the United Kingdom, Spain and France) have not only updated their national climate targets and strategies over the past year, but also begun to review climate policy in the context of a just transition in order to ensure a smooth transition to a carbon neutral society.
- ▶ These countries have incorporated the principles of just transition into their legislation and into national energy and climate strategies and have also begun taking practical measures. Climate action is decided, implemented and monitored in partnership with labour market organisations and other key stakeholders. Countries are also anticipating the employment impacts of climate action and the need for new skills, and are addressing social and regional equality in a comprehensive and inclusive manner.
- ▶ Finland and the other Nordic countries have incorporated the just transition of workers into climate policy at a little slower pace than many countries in Central Europe. The government programme of Prime Minister Marin nevertheless remains highly cognisant of the need for a just transition policy.
- ▶ The primary challenge of climate action for the example countries where the just transition is implemented the most widely in this report is the closure of coal mines. Aside from peat extraction, the business operations that should be substantially restricted in Finland due to climate change mitigation due to the need for energy transmission are minimal. The biggest challenge in Finland but also in other Nordic countries lies in comprehensively addressing the impact of climate measures on the world of work with respect to such aspects as manufacturing processes, materials used and services.
- ▶ The examples from individual countries of decommissioning and just transition in a single industry discussed in the report are not directly applicable to Finland, even though there is much that can be learned from them.

5. Recommendations for a just transition

- ▶ The principles of just transition should be incorporated into climate laws. One possible paradigm is the climate legislation of Scotland, which requires climate plans to include assessments of the sectoral impacts of proposed measures on employment and on regions, proposals for supporting workforce, employer and community transitions, and monitoring of the effectiveness of planned measures and of progress towards objectives.
- ▶ The principles of just transition must be incorporated into national, regional and sectoral climate and energy strategies.
- ▶ Clear policies that guarantee full and equal participation of both labour market organisations (Employee and Employers organisations) in the preparation, implementation and monitoring of climate and energy policies, including investment strategies, are needed. In Germany, for example, the Federal Ministry of the Environment co-ordinated the preparation of the climate strategy, but various competent ministries were responsible for preparing roadmaps in each sector. Sectoral actions were decided by specialist councils with representatives from a wide range of stakeholders, including central and local government, the trade union movement, employers' federations and key NGOs.
- ▶ Considering employment and training policy as a part of climate policy is important to the trade union movement. Governments should set up a tripartite working group to assist an economic council chaired eg. by the Prime Minister in line with the Dutch model. Such a body could at least consider the impact of climate policy on employment and the need for skills. This working group would identify the opportunities and threats for employment trends arising from restructuring, monitor existing national, regional and sectoral initiatives, and forecast sectoral changes in the need for skills.
- ▶ The Canadian Just Transition Task Force has issued recommendations on how to support workers and communities in restructuring. The key recommendations are:
 - involving labour market organisations and other stakeholders in preparing the just transition
 - incorporating transition support measures into existing legislation
 - policymaking based on a concrete plan and established knowledge
 - supporting the wellbeing of workers and the diversified business communities of the regions.

These recommendations, based on a very inclusive approach, should be applied by both national and regional public authorities.

- ▶ Just transition measures may be implemented in Finland primarily as an adjustment policy by researcher Green. Some examples of policy measures include:
 - enlarging the employer's duty to provide training and downsizing security
 - boosting labour mobility and employment through labour market and social protection policies
 - A right of workers to upgrade their skills at the expense of central government or an employer before prior to codetermination procedures in areas where the adverse impacts of climate measures are greatest
 - enabling equitable access to continuous learning for all, regardless of educational level
 - improving financial conditions for workers undergoing retraining.
- ▶ The more rapidly the adaptive climate policy recommended is implemented, the better are the prospects for minimising the job losses that give employees cause for concern in relation to climate policy. Though probably still required to some extent, the unforeseen compensation policy measures that are so costly for public administration will also remain reasonable.
- ▶ Public and private research, development and innovation activities and investment in a sustainable business structure should also be increased substantially. One way to get started is to increase the share of public RDI funding each year towards a target of four per cent of GDP by the year 2030.

The Central Organisation of Finnish Trade Unions SAK is convinced that these recommendations are essential to contribute Finland and countries similar to us to achieve the final target of a Just Transition: "left no one behind" in the transition to a zero carbon society.

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