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A JUST GREEN TRANSITION: STRONG TRADE UNIONS FOR A HUMAN-CENTRED CLEAN ENERGY TRANSFORMATION

Thesis Paper of CESI's Working
Group on the Future of Work

This discussion paper sets out four thesis points for general framework for a human-centred green and energy transition. It was developed by CESI's Working Group on the Future of Work.

The first thesis, *'Supply chain diversification for a fair green and energy transition'*, discusses the geopolitical implications of transitioning from fossil fuels to renewable energy, emphasising the necessity for Europe to diversify its supply chains to mitigate new geostrategic dependencies on raw material-supplying nations – a precondition for a truly sustainable and fair socio-economic green and energy transition.

The second thesis, *'Integration of citizen and worker needs for a fair green and energy transition'*, argues for an inclusive green transition that integrates the needs of citizens and workers, promoting social fairness alongside economic growth.

The third thesis, *'Social dialogue for a fair green and energy transition'*, advocates for robust social dialogue between governments, sectors, and trade unions to ensure that the transition does not adversely affect the labour market or infringe upon workers' rights.

The fourth thesis, *'Money for a fair green and energy transition'*, highlights the financial requisites for a just transition, urging for increased public and private investment, particularly in disadvantaged regions and among small businesses, without which a fair transition will not be possible.

Thesis #1: Supply chain diversification for a fair green and energy transition

The transition towards climate neutrality is a catalyst for profound geopolitical transformations. At the heart of this paradigm shift lies the energy transition, where the move from conventional to renewable sources not only addresses environmental concerns but also reshapes power dynamics.

When the dominant source of energy changes, power relations change as well.

So far, Europe has faced a dependency of oil and gas especially from Middle Eastern countries, which possessed considerable geostrategic power as a result. However, as the world increasingly shifts to energy production from renewable sources, the demand for oil and gas is set to diminish, and so is the geostrategic power of oil and gas producing countries.

In turn, however, there is a growing dependency on other – often authoritarian – countries for raw materials that are necessary to produce technologies for renewable energy production. These countries are set to gain geostrategic power in the long-term even if Europe become more self-sufficient in its (renewable) energy production. As example is China, whose rare earths are essential for the production of e.g., wind turbines, solar panels and batteries for electric vehicles.

Even if Europe will produce much of its energy on its own in the future, such dependencies will remain. Where critical raw materials necessary for green technology production remain concentrated in few countries that may not always be reliable and ‘friendly’ towards Europe, geostrategic risks persist.

Such risks become even greater if one considers the scale of the transition to renewable energy sources. The production of wind turbines, solar panels and batteries for electric vehicles has already driven up demand for certain critical raw materials by 300 or even 500%. And where the transition takes off further, demand will increase further too.

The more the green energy transition is pushed, the more and the faster new questionable geostrategic dependencies may be created – no longer towards the Middle East, but to no less democratic and liberal countries in turn.

A truly sustainable and fair socio-economic green and energy transition must take the mitigation of newly created dependencies into consideration.

- ➔ Geopolitical risks and new dependencies command efforts to diversify supply chains as much as possible. In this way human rights, quality of work, working conditions and open societies can be protected in the re-designing process of the global, European, national, and local energy sector as much as possible.
- ➔ European diversification efforts require strong leadership by the EU and concerted collaboration with and among the Member States. By charting a distinct European path forward, the EU not only shapes its own green transition but also mitigates unsustainable geopolitical and geo-economic rivalries. The Critical Raw Material Act and the Net-zero Industry Act represent crucial strides in this direction.

Thesis #2: Integration of citizen & worker needs for a fair green and energy transition

As the climate crisis continues to unfold, the path to a sustainable green and energy transition must go hand in hand with inclusive economic growth, quality employment and social fairness.

The complex and profound effects of climate change are experienced very differently across place and time, and it will affect people from different socio-economic backgrounds in different ways. Likewise, many administrative and social communities and their members as well as economic sectors, companies and their workers cannot or may not be able to participate equally in decision-making processes on the green and energy transition. Moreover, they cannot or may not benefit equally from them.

The energy transition, like any transformation, inevitably risks having winners and losers. High-carbon industries tend to be displaced by low-carbon industries with heavy employment impacts. New jobs will be created, others will be lost. Vast amounts of workers will need to be retrained or drop out of labour markets.

The road to a sustainable and fair green and energy transition must go through an inclusive transition of societies and economies. A strong backlash is likely if the green and energy transition is not socially fair. The green and energy transition must keep at its heart a society and economy of well-being, understood both as the welfare of the planet and as the welfare of citizens, the workers and their families.

- ➔ All decisions and measures taken must incorporate concepts of co-benefits. They must stay away from cost-benefit approaches that focus on seemingly irreconcilable dualist trade-offs between economy vs. environment, environment vs. employment and employment vs. economy. Economies need to increasingly get out of current production standards that are based on an exponential GDP growth and adopt a more sustainable approach, in all senses, starting from the rethinking of work in terms of space, hours and tasks. Labour markets and employment relations should be adjusted and made as inclusive and protective as possible while maintaining the competitiveness of the economy at large and promising climate neutrality.
- ➔ New jobs and economic activities that will be created by the green and energy transition must be better mapped out and forecasted. This is a precondition to help people find employment and workers adjust to changes at work or in employment, in order to preserve as many quality jobs as possible. Moreover, this is required to further reform training and re-skilling programmes, which must be inclusive and provide the required hard and soft competences for the individual workers to perform in labour market as they transform in the wake of the green and energy transition. This would help transform as many unsustainable jobs into sustainable ones and help as many workers as possible adapt to the new work realities. Moreover, relevant higher education and VET and traineeship programmes need to increasingly focus on job-specific skills needed in greening economies and sectors.
- ➔ As despite all reskilling efforts certain disruptions in labour markets will be inevitable and there will be workers dropping out of employment indefinitely or at least temporarily, also for various reasons that may often also be beyond their own mistake, it is vital to take the needs of such affected workers and people in vulnerable situations into consideration. They must be targeted and protected. This relates especially to strong social safety nets which must be maintained to worker-victims of the transition. This includes early retirement and other voluntary transition schemes

away from work as well as specific protection schemes for those who lose their job and need to cover a time period from one job to another. Such specific protection schemes must also count into future retirement credits to prevent pension gaps.

- ➔ Next to a role in the provision of social security, public services and public employment services at large must have the capacity to provide members of society, workers and companies with necessary administrative assistance and support in green and energy transition issues. Without functioning public services, a fair green and energy transition will not be successful.
- ➔ A focus of transition policies should be put on the creation of new quality jobs that are covered by minimum wages and collective agreements. This ensures decent incomes and dignified standards of living in a greening economy. Tying State Aid to decent work criteria is necessary. Whenever the state bails out a private sector enterprise with taxpayers' money, this should be tied to social criteria. Currently, EU state aid rules do not foresee any mandatory decent work criteria. The same reasoning applies for public procurement. Strict adherence to decent work criteria in public procurement is essential. Contracts should only be awarded to private sector enterprises committed to quality jobs, fair wages, collective bargaining, staff training, and job creation. Currently, the EU permits but does not enforce such criteria, with over half of tenders awarded based solely on cost.

Thesis #3: Social dialogue for a fair green and energy transition

Following thesis #2, the green and energy transition must be done *with* the workers and not *to* the workers. Global, European, national, and local economic sectors need to be redesigned together with workers and in a human-centric way to ensure that the green and energy transition has no unnecessary adverse effects on labour markets and jobs and do not unduly compromise on fundamental human rights, quality of work and working conditions. If citizen and worker needs are integrated, the green transition can bring positive change to societies, workers and economies as well as to regions and countries across the Europe.

This calls for a strong collaboration of governments and the private and the public sector with trade unions and social partners in bipartite and tripartite social dialogue to map out refined possible socio-economic impacts of climate change and corresponding green and energy transition measures – which differ among communities, regions and sectors in terms of pace, range and time. It also calls for joint designing and implementation of tailor-made solutions.

Governments, the private and the public sector and trade unions and social partners need to clarify the social ramifications of the green and energy transition, delineate parameters of a just transition from this and take effective action.

- ➔ Full, inclusive and meaningful information and consultation in all green and energy transition processes is necessary – covering restructurings, mergers and investment decisions and green production changes alike. This concerns sectoral and company settings and all regulatory levels. At the highest EU level, the European Works Council (EWC) Directive and the EU framework directive on information and consultation may not be sufficient to ensure that the green and energy transition is always carried out together with workers.

- ➔ It is necessary to establish robust social dialogue structures and negotiate strong and valuable collective agreements to support workers during labour market transitions and to ensure decent wages and working conditions, skills training and re-skilling and active labour market policies in green and energy transition processes. While trade unions recognise the imperative of a climate-safe future, they also know how very well how the jobs and functions of the workers they represent can be re-oriented in green and energy transition processes socially friendly ways. They can help provide essential know-how to combine green targets with a sustainable provision of quality jobs. They are central to help address social realities of jobs losses and economic uncertainties as well as of declining industries especially in disadvantaged regions. They are vital to advance a green transition to reduce not only emissions, but also inequalities. To this end, trade unions must work with employers and public administrations in bipartite and tripartite social dialogue to analyse socio-economic and labour-related contexts of the green and energy transition, discuss subsequent policy responses, and measure impacts in the short, medium and long term.

Thesis #4: Money for a fair green and energy transition

A socially fair green and energy transition will not come for free – even if environmental, economic and social benefits can be enormous in the long-term. According to the European Investment Bank (EIB), annual energy investments in the EU need to almost double, from €229 billion during 2011-2020 to €396 billion per year from 2021-2030, to meet the EU's climate goals.

The necessary financial resources must be made available for a sustainable and socio-economically fair green and energy transition.

This is especially true for economically and structurally disadvantaged regions and countries, as well as for smaller and financially less potent SMEs.

- ➔ EU funds can help but they are by far not sufficient. The recently revised EU economic governance framework and in particular its Stability and Growth Pact must be assessed for their sensitivity to allow/enable especially disadvantaged regions and countries to invest sufficiently in aspects related to major industrial transformations.
- ➔ National taxation systems should be rendered fairer to make space for the funding of a sustainable and socially balanced green and energy transition. This means that certain corporations and high-income individuals contribute their fair(er) share to society and green economic development. Additionally, high levels labour taxation must be reduced to alleviate burdens on workers, while relatively low levels of capital taxation should be increased to distribute the financial responsibilities and support for sustainable development more equitably.
- ➔ While public investments are crucial and needed, they alone will not suffice to meet the demands of a green transition. It is essential to stimulate additional private sector investments to complement public funding. The European Green Deal Investment Plan (EGDIP) and its objective to create an enabling framework for private investors and the public sector to facilitate sustainable investments can serve as a starting point. However, the state should particularly facilitate private sector investments in sustainable and fair green jobs which are covered by minimum wages and collective agreements.