

IndustriAll Europe welcomes idea of going climate neutral by 2050

‘A Clean Planet for All’ creates opportunities to re-industrialise Europe

1. The 195 nations Paris Agreement under the United Nations Framework Convention on Climate Change (UNFCCC) aims to limit the rise in average global temperature to well below 2°C above pre-industrial levels and to pursue efforts to limit it to 1,5° C. All countries that joined the agreement are invited to submit mid-century strategies by 2020. To prepare the European strategy, the European Parliament and the Council invited the Commission in March 2018 to come forward with an updated long-term strategy for 2050. The Commission presented this new strategy on 28 November. It is the intention of the Commission to turn this roadmap, after broad political debate, to a concrete action plan that will by the end of 2020 be submitted to the UNFCCC as the European contribution to the implementation of the Paris agreement.
2. Already back in 2011 the Commission proposed a first ‘Roadmap for moving to a competitive low carbon economy in 2050’. It developed a vision and also outlined milestones for delivering greenhouse gas reductions of 80% to 95% by 2050 compared to 1990 levels. However, much has changed since then, and an updated strategy was needed: the Paris agreement created a new global framework for the fight against climate change and increased the ambition, the price of renewables fell dramatically, and low-carbon technologies made significant progress. Moreover, the recent Intergovernmental Panel on Climate Change (IPCC) report on 1,5°C made it very clear: human activities have caused around 1°C of global warming to date, we are already experiencing extreme weather and climate changes, and temperatures continue to rise. Crossing the 1,5° threshold will significantly compromise global human health and safety, economic growth, biodiversity and spur a downward global spiral of social fragility and conflict. Bringing down global emissions to net-zero as soon as possible after 2050 is the only way to avoid a planetary disaster. An extrapolation of the current targets for 2030 (32,5% energy efficiency and 32% renewables) would lead to a 60% net carbon reduction by 2050. This will clearly not be enough to play a part in slowing a potentially catastrophic rise in temperatures.
3. The new strategy confirms Europe’s determination to lead in global climate action and provides clear indications of the trajectory. The vision is supported by a detailed analysis of 8 pathways to reduce greenhouse gas emissions based on different technological and economic options that would need to be further developed: 5 scenarios would reach -80%, 1 scenario up to -95% and 2 scenarios would reach net zero by 2050. The Commission also identified 7 building blocks for a net-zero greenhouse gas economy:
 - Maximise the benefits from energy efficiency. Energy efficiency, including zero emissions buildings that could reduce energy consumption by as much as half compared to 2005. It will imply a higher renovation rate for buildings, decarbonisation of industrial processes, labels and standards for appliances and electronics, e-fuels and hydrogen produced from renewable energy.
 - Maximising the development of renewables. By 2050 the share of electricity in energy demand will have to double to 53% (which implies up to 2,5 times more electricity production) and more than 80% of electricity will have to come from renewable energy sources.

- The decarbonisation of transport by rolling out carbon-free, connected and automated road-transport mobility, shifts towards low-carbon modes such as rail and waterborne transport and better urban planning.
 - Rapid transformation to a digitalised and circular economy. Recycling and re-using will reduce materials input. New materials (composites, carbon fibre) will replace energy-intensive materials. Electricity, hydrogen, renewable synthetic fuels and biowaste can substitute fossil fuels in production processes.
 - Develop an adequate smart network infrastructure and make it climate proof by the timely completion of the Trans-European Transport and Energy Networks including smart grids and hydrogen pipelines.
 - Reap the full benefits of bio-economy and create essential carbon sinks. Sustainable biomass can directly supply heat as well as transform into biofuels/biogas or bio-based products (textiles, bioplastics, composites). Carbon sinks can be increased by sustainable agriculture, afforestation, the restoration of eco-systems
 - Tackle remaining CO₂ emissions with carbon capture and storage. This is especially important for the energy-intensive industries (which must find a solution for the hard-to-abate process emissions) and for the production of carbon-free e-fuels.
4. The seven strategic areas identified by the Commission show that the road to a climate neutral economy will require deep industrial transformation. They constitute the building blocks that could later be turned into binding targets. They will require ambitious industrial policies regarding investments, infrastructure, trade, skills, technologies, sectoral transformation, clean public procurement, ...
5. IndustriAll Europe fully supports this highly ambitious new long-term strategy of the Commission as it clearly takes on board the industrial challenges and highlights the role of industry as part of the solution. Accelerating the decarbonisation of resource and energy-intensive industries will be key and require the upscaling of the many technological opportunities that already exist. The strategy should allow the EU to maintain global leadership in low-carbon technologies and create first mover advantages for Europe's industry. The seven building blocks offer clear long-term signals to industry. They will guide its innovation efforts and investment decisions. They will also be key in transforming the vision into reality as they need to be turned into industrial policies and an enabling framework. In this way the strategy should also become a lever for the re-industrialisation of Europe based on digital, circular and sustainable technologies and business models.
6. However, industriAll Europe is also aware that the transition to a climate neutral economy will provoke structural changes. The Commission estimates that the strategy could lead to the creation of up to 1 million new jobs. Due to the progressive shift-away from fossil-fuels that will be necessary if we want to reach net-zero by 2050. Sectors such as coal mining and fossil fuel extraction will see job losses that cannot be absorbed by retirements, while other sectors like the chemical industry will be profoundly transformed. It also rightfully points at the regional dimension of the transition as employment in fossil-fuel extraction and energy-intensive productions are highly concentrated in regions with lower GDP per capita and less capacity to master the transition. Therefore, the ensuing deep modernisation process will have to be carefully monitored and managed well, ensuring a fair and socially acceptable transition that leaves no worker and no region behind. Indeed, speeding up emissions reduction risks having a negative impact on workers, communities and entire regions dependent on fossil fuels and/or energy-intensive production sectors which will weaken public support

for climate policies. The social implications of this transformation must be considered from the outset and all relevant policy tools be developed and deployed to mitigate the impact on workers and regions.

7. Therefore, industriAll Europe has identified several **key requirements** for a successful transition:

7.1. Economic and industrial policy

- 7.1.1. Integrate industrial and environmental policy by developing synergies between both in order to allow Europe's industry to stay at the forefront of sustainable industrial development and contribute to the societal demand for action against climate change.
- 7.1.2. Transpose the long-term strategy into operational short-term industrial action plans, involving all key industrial sectors and supply chains.
- 7.1.3. Develop a comprehensive strategy for the decarbonisation of the energy-intensive industries. In this respect industriAll Europe will constructively contribute to the work of the high-level group on the deep decarbonisation of the energy-intensive industries
- 7.1.4. Support investments in clean production processes and provide adequate (and long-term) finance for sustainable infrastructure (energy and transport networks, CCS). For energy infrastructure alone, the strategy will require 175 to 290 billion additional investments annually. New financial products that promote long-term sustainable investments should be developed while short-termism on the financial markets should be discouraged. It should also be clarified how the costs of the transformation will be shared across society and throughout the industrial value chains.
- 7.1.5. Review European state aid rules upon their effectiveness to facilitate the low-carbon transition
- 7.1.6. Monitor sectors and regions that are expected to decline or will have to transform with re-development plans for regions and re-adjustment programmes for companies to ensure that structural change can be mastered successfully. European funding is key to support regional transition roadmaps.
- 7.1.7. Promote the global uptake of carbon-neutral policies and close international cooperation to ensure that all parties to the Paris Agreement develop, submit and implement long-term climate policies. To maintain the quality of life of European citizens, the EU must indeed show global leadership and take the lead. However, Europe is not alone and international cooperation in support of the global uptake of climate-friendly policies is a condition sine qua non. A 'Clean Planet for All' cannot be created by a European 'go-it-alone' strategy. It could even lead to massive relocation of Europe's industry. A fair global level playing field must be guaranteed by avoiding carbon leakage and by penalising carbon dumping
- 7.1.8. Promote the uptake of low-carbon products throughout fiscal policies (taxes and subsidies), product standards, eco-design, public procurement

7.2. Social policies

- 7.2.1. Avoid mass redundancies and ensure a smooth transition to another job for each worker affected (preferably within the labour contract). Promote the internal mobility of workers inside the company. Establish safety nets of social protection for workers whose job will be at risk. Foresee enough time and resources to allow regions and workers to adapt to the new paradigm of a low-carbon economy.

- 7.2.2. Invest in human capital (upskilling and reskilling, lifelong learning opportunities) at all levels in order to maintain/increase the employability of the workforce and ensure Europe has the necessary skills needed for new clean technologies and processes.
 - 7.2.3. Consider the distributional impact of climate measures. It must be avoided that people with low income are disproportionately affected (increased cost of living because of the combined impact of increasing costs for basic needs as electricity, heating and transport). The transition will have a deep impact on our way of living and without maintaining social cohesion it will fail. Energy poverty must be addressed by all means
 - 7.2.4. To accompany the implementation of the new strategy a Just Climate Transition Fund should be established under the next Multiannual Financial Framework with sufficient means in order to provide support to vulnerable regions and sectors (on top of the resources provided by the ESIF's.
 - 7.2.5. Make the most of the job opportunities created by the circular economy connected to the industrial supply chains
 - 7.2.6. Establish a culture of social dialogue at all levels (company, sector, regional, national) as a key element for timely anticipating change and in order to avoid social tensions.
- 8. To industriAll Europe the new climate strategy sets high ambitions for the next decades and decisive climate action is indeed required. However, developing a shared political vision is only the first step. The vision needs to be turned in concrete commitments, legislation, actions that can deliver a 'Clean Planet for All'. This is essential for the long-term future of industrial activities inside the EU. It is also key for creating high-quality jobs. Implementing the plan will not be easy as it will require deep industrial and societal transformation. However, it is our duty to maintain our planet as a good place to live for our children. A socially fair transition will be crucial to ensure a politically feasible transition.**