

17 January 2022, Brussels

To EU energy and environment ministers

Just Transition: input to informal meeting of environment and energy ministers 20-22 January 2022

Dear Minister,

In view of the informal discussion of Environment and Energy Ministers on the 21 January on Just Transition and the Fit for 55% package, industriAll European Trade Union would like to share the view of Europe's manufacturing, mining and energy workers with you.

While supporting the objective of reaching climate neutrality by 2050 target and the need for an intermediate 2030 target that gets us there, industriAll Europe insists that ambitious climate action must be accompanied by measures to secure a Just Transition for European workers based on a detailed mapping of labour challenges in industrial sectors and regions.

Furthermore, the Fit for 55 package raises concerns regarding the future of energy prices. The current energy price increase is mainly driven by commodity price but it is and will be exacerbated by the carbon price. The existing rules that set the price on the electricity wholesale market import the ETS carbon price in a way that also impacts decarbonised electricity. We strongly believe that the expected reform of the ETS entails, inter alia, a revision of the marginal pricing method on the EU electricity market. We believe this revision must be a key element of a European strategy to make decarbonised energy affordable for industries and citizens.

We have attached our position on the Fit for 55 package, adopted at our Executive Committee on 30 November-1 December 2021. Fundamentally, we believe that attention to social and labour consequences must be mainstreamed across the whole package and closely monitored with specific mechanisms.

Therefore, industriAll Europe deplors the fact that after two years of intense dialogue with the European Commission, Just Transition remains largely based on soft coordination instruments which are creating a patchwork of measures and responses across Europe for workers and communities directly impacted, threatening greater social and regional inequalities.

On 14 December, the Commission proposed a draft Council Recommendation on addressing the social and labour aspects of the just transition towards climate neutrality, five months to the day after the publication of the Fit for 55 Package, and can be considered as an attempt by the Commission to soften the European trade union movement's criticism that climate ambition is not matched with equal ambition on the social dimension. The Council Recommendation tasks the European Commission with the monitoring of the socio-economic outcomes and impacts within the European Semester process and proposal of targeted country-specific recommendations. These recommendations include:

- Provision of active support to access quality employment and stimulation of job creation, as well as the enforcement of existing rules on working conditions and the meaningful involvement of workers and their representatives as regards the anticipation of change and the management of restructuring processes
- Equal access to quality and inclusive education, training and life-long learning, as well as equal opportunities
- Ensuring the continued fairness of tax-benefit systems and social protection systems based on assessments and adaptations of taxation systems (notably by shifting the tax burden from labour and reducing the tax wedge for low- and middle-income groups towards other sources) and social protection systems
- Access to affordable essential services and housing for people and households most affected by the green transition, including measures to tackle energy and transport poverty
- Coherence and coordination across all policy fields, as well as inclusiveness through social partner involvement and wider stakeholder involvement
- Ensuring the optimal use of public and private funding and provision of cost-effective investment and financial support in line with the state aid framework
- Proposed future follow-up action, including enhancing exchanges with key stakeholders, strengthening the database on employment, social and distributional aspects, enhancing the adequacy and consistency and effectiveness of Member States' Just Transition Plans

Despite the increased climate ambition of the Fit for 55 package, the Council Recommendation remains another soft law initiative leaving it to the member states to act, while the necessary strengthening of EU legislation and programmes making up the Commission's Just Transition Agenda, particularly addressing the employment dimension, social dialogue mechanisms and collective bargaining, workers' participation and workers' rights, is not foreseen. This is not enough to deal with the impact of the ongoing industrial revolution and the risks of further political, economic and social fragmentation within Europe. While we have several aggregated forecasts, we are still missing a granular mapping (notably at regional level) of where and how jobs will be impacted, whether jobs at risk or potential new jobs created, what skills will be needed and whether the quality of these jobs will be compensating the loss of high-quality jobs in the most impacted regions and sectors. Only through strong and effective collective bargaining systems, covering entire sectors and supply chains, can we ensure that the job-to-job transition will result in quality jobs in all sectors and across the EU.

IndustriAll Europe launched its Just Transition Campaign in September 2021, demanding strong measures to promote a Just Transition, including:

1. **Adequate resources** for a Just Transition leaving no one or region behind: a Just Transition will only be delivered if good quality jobs are maintained and created, all regions are able to flourish, and socioeconomic inequalities are addressed. Europe needs a sustainable industrial policy that will tap the job potential of moving to a zero-emission industry, while securing investment to transform the industrial base. Job-to-job transitions must be supported, and this entails serious investment in active labour market policies, retraining and upskilling: it is estimated that it costs €10k to upskill/retrain a worker. Currently, the JTF is inadequate for the task at hand. Resources must be drawn from EU budgets, national funds and industry. While a Just Transition is not free, the costs of poor transitions are much higher for individuals, regions and society at large.
2. Despite the importance of the industry and scale of transformation underway, **a clear, granular mapping of the employment consequences** of a shift towards climate-neutral industries at the regional level is still to be done. Without understanding where exactly the workers impacted are, reskilling and upskilling programmes cannot be tailored to ensure job-to-job transitions. This analysis must be conducted by public authorities in coordination with social partners.

3. **Anticipation of change and social dialogue for all workers:** in 2013 the European Parliament proposed a European legal framework on the anticipation and the management of change – this should be created to ensure workers have the right to co-decision during the transition in their workplaces and regions, strengthening social dialogue and collective bargaining.
4. **A toolbox of rights to ensure that transitions are smooth for individual workers:** active labour market policies must address the urgency for education and training that ensures reskilling and upskilling to equip workers for jobs within and between transforming industries. Every worker, regardless of contract, must have the right to quality training and life-long learning.
5. **Policy cooperation and exchange of good practices:** a Just Transition will happen locally in regional economies and workplaces, but there is much that can be framed by common policy objectives and the exchange of good practices. The Just Transition Platform should be extended to cover all the sectors impacted by the European Green Deal. To give an example, mobility ecosystem - representing 16 million jobs in Europe, including in manufacturing - will be heavily affected as a direct consequence of the Fit for 55 Package proposals, such as stricter emission standards. However, there is currently no Just Transition framework at EU level reflecting the transition in this important sector. Transition pathways must be co-designed through social dialogue and worker participation.

We hope that the informal ministerial discussion will take up these proposals.

IndustriAll Europe and its 7 million members will continue rallying in Europe's streets and manufacturing sites, insisting that a Just Transition can only be delivered through a comprehensive package of workers' rights, adequate resources as well as effective social dialogue and negotiations with social partners, and not well-intended but non-binding advice.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Luc Triangle".

Luc Triangle
General Secretary
industriAll European Trade Union