



Just Transition – Where Are We Now and What's Next?

A Guide to National Policies and International Climate Governance

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1. Introduction

Just Transition is a key requirement of the Paris Agreement and is further defined by the UN International Labour Organization's global labour guidelines for Just Transition.

This is a win for the global labour movement. More than a decade of advocacy in environmental and climate negotiations has resulted in ensuring that social considerations must be an integral part of policy, planning and implementation of climate action.

What is a Just Transition?

On a national or regional scale, a Just Transition is an economy-wide process that produces the plans, policies and investments that lead to a future where all jobs are green and decent, emissions are at net zero, poverty is eradicated, and communities are thriving and resilient. Just Transition measures developed through social dialogue between governments, workers and employers will build trust and drive effective transformation.

For companies, a Just Transition is an enterprise-wide process to plan and implement companies' emissions reductions efforts, based on social dialogue between workers and employers. In this context, "enterprise-wide" includes the company's supply chains. The goal is to reduce emissions and increase resource productivity in a way that retains and improves employment, maximises positive effects for workers and the communities where the company operates, and facilitates company action to maximise the commercial opportunities of the low-carbon transition.

Why is a Just Transition important for companies not just governments?

Effective action on climate change requires massive industrial transformation, and no sector or corporation will be immune. This energy shift is already gathering momentum, and we are even seeing emerging new technologies for reduced emissions in heavy industry. Construction and transport are experiencing rapid change, and agriculture and services are shifting to respond to demand. Planning for a Just Transition makes

this shift more efficient by engaging workers in the change process, and making sure that the company, its workforce, and the communities where the company operates have the skills, investments, and capabilities they need to thrive.

Social dialogue and collective bargaining are key tools to manage change.

A Just Transition will:

- Invest in jobs – decent work opportunities in sectors which reduce emissions and help communities adapt to climate change;
- Respect the contribution that workers in fossil-fuel industries have made to today's prosperity and provide them with income support, retraining and redeployment opportunities, as well as secure pensions for older workers;
- Guarantee social protection and human rights;
- Invest in community renewal to gain the hope and trust of regions and townships at the forefront of the energy transition, industrial transformation or climate impacts;
- Support innovation and technology sharing to enable a rapid transformation of energy and manufacturing companies along with all other economic sectors;
- Ensure the involvement of workers and communities in the sectoral plans for transforming megacities;
- Formalise jobs associated with rescue, restoring communities and building resilience to climate disasters; and
- Be based on social dialogue with all relevant parties and include collective bargaining with workers and their unions for workplace change, resource productivity and skills development.

Just Transition will include different measures for different circumstances, but while it is good to see many organisations adopting the concept, it is not acceptable where they fail to include the needs of workers' or indeed to speak for them.

The case for workers and trade unions to be fully involved in the transformation of their societies and communities in order to counteract climate change must still be made.

In this context **A Workers Right To Know** is an ITUC campaign priority for 2018. Workers have a right to know what their governments are planning to meet the climate challenge and what the Just Transition measures are. Equally, workers have a right to know what their employers are planning, what the impact of the transition

is and what the Just Transition guarantees will be. And workers have a right to know where their pension funds are invested with the demand that they are not funding climate or job destruction.

This briefing summarises our Just Transition work to date, and puts forward ideas on how the concept can be developed further.

2. Global context

The need to take every effort to keep the global temperature from rising by more than 1.5°C compared with pre-industrial levels has never been clearer. Increasingly severe climate-related disasters will only worsen without drastic action to cut carbon emissions to zero.

At the same time, growing evidence highlights the opportunities for improved health, jobs and prosperity offered by the transition to a zero-carbon economy.

In addition to the 1.5°C goal, the Paris Agreement enshrined a commitment to a Just Transition that creates decent work and quality jobs. Similarly, in 2015, the *Guidelines for a Just Transition towards environmentally sustainable economies and societies for all* was unanimously adopted in the International Labour Organization — the United Nations agency for employment and other social policies. This shows the need for a Just Transition is accepted not only by governments, but also by the two other parties that govern the organisation: employers and trade unions.

Nonetheless, the gap between these international decisions and domestic ambitions keeps widening. Many leaders — whether through a lack of ambition or political decision — are not acting fast enough. The risk of job losses is often the wall behind which they hide to justify lack of action despite the evidence for massive job opportunities in a well-managed transition.

Prior to 2008, the employment dimension of climate policy was largely ignored. The economic crisis raised the prospect of an environmentally sound recovery through a Green New Deal to connect climate and jobs. Today, millions of jobs can be attributed to environmental protection policies and investments — yet these have not necessarily appeared in sectors where the fears of job losses are highest. Or where they have, they are not good jobs.

Despite the recognition of a Just Transition in Paris and the ILO Guidelines, there are still few plans for handling the social transition away from our fossil-fuel-dependent society. Rather than responding to social justice concerns, politicians are still captive of the wealth and influence of the fossil-fuel companies.

Unfortunately, the urgency we face does not allow us to wait. Delays will only aggravate social injustices.

That's why the trade union movement itself is leading the response to the interconnected challenges of inequality, unemployment, and environmental degradation. This will require the climate community to become more educated on labour and social policies. And it will require the labour movement to own the temperature goal of 1.5°C and fully involve others. This is the fair and democratic path to a prosperous, climate-sound future.

3. From agriculture to construction, where will the transition to zero carbon take place?

Climate experts recommend a full decarbonisation of the global energy and industry sectors by mid-century in order to prevent a temperature rise of 1.5°C¹. This involves reaching 30% of renewable energy in the world's electricity supply by 2020 (up from 23.7% in 2015); deploying investments to decarbonise buildings and infrastructure; doubling mass-transit use in cities; plus significant increases in fuel efficiency and energy use in transport and industry². In the medium term, unabated coal (that is, coal without any storage or capture technology) would need to be phased out, emissions from buildings would need to decrease by 85% compared with current trajectories, while the share of electric vehicles (EVs) or fuel cell electric vehicles in the light-duty road vehicle fleet would reach about 60% and in the heavy-duty vehicles fleet about 40% by 2060.³

Much work needs to be done to understand what these changes mean for jobs and the many communities dependent on the fossil-fuel economy. Without this knowledge, supporters of the status quo can exploit the legitimate concerns of workers and communities.

Here we assess the potential impact of nine policies designed to put our societies on a climate-sound pathway.

► **Increasing renewable energy capacity.** Numerous reports testify to the labour-intensive nature of renewable energy development, notably in the installation phase, and the positive impact on job creation⁴. Yet attention should be paid to the quality of the jobs created, as well as industries' capacity to develop shorter supply chains and support local economies. The employment of women in the renewable energy sector is low, as is the case with traditional fossil fuels. Increased renewable

energy capacity must go hand-in-hand with efforts to improve women's participation in the sector.

► **Phasing out coal-based utilities.** Policymakers must consider phasing out coal-based utilities in the next 15 years, at the latest, in OECD countries⁵. It's therefore a priority to organise the retrenching and reskilling of workers and the diversification of the small- and medium-sized cities where coal-based utilities are the biggest employer. Examples of conversions already exist, such as Hazelwood in Australia and Widows Creek in the US, but these involved closing only one site. All vulnerable workplaces and communities require a more organised phase-out. This in turn requires stronger government engagement and funding to ensure workers' rights are protected and good jobs available. With the exception of dialogue in Germany and Canada, countries have not acted to put plans in place.

Workers in the utilities sector tend to be medium- or high-skilled, and jobs in sites powered by renewable energy and/or the grid offer opportunities that match their career pathways, provided the right skills development and support are in place.

► **Phasing out coal and gas extraction.** The transition of coal miners presents a very different dynamic to that of utility workers. Their skills profile, the relative distance between their workplaces and other employment alternatives, and in many places a long story of discrimination, precarious work conditions and exploitation makes them reluctant to engage in a discussion about an uncertain future. Previous coal phase-outs — based mainly on economic decisions — left coal mining communities with degrading public services, growing unemployment and few opportunities for young people. The climate transition

1 Climate Analytics, Feasibility of limiting warming to 1.5 and 2°C (2015)

2 Carbon Tracker Initiative, 2020, the climate turning point, 2017

3 IEA (2017) Energy Technology Perspectives 2017, Catalysing Energy Technology Transformations. Paris, France, Page 40

4 Greenpeace International, "Energy [R]evolution Outlook" (2015); International Energy Agency, "World Energy Outlook" (2016).

5 Climate Analytics (2016). Implications of the Paris Agreement for Coal Use in the Power Sector. "Energy-system models show that the phase out of unabated coal-fired power plants needs to take place around mid-century globally. Under a least-cost strategy, coal phase out dates differ across regions in the world: the EU and the OECD would need to phase out coal by 2030, China by 2040 and the rest of the world, including the majority of emerging economies, would need to phase out coal by 2050."

has to factor in these historical facts to build a powerful case for protecting these communities. Gas workers are different again. Capital-intensive, gas extraction — in particular shale gas — creates many jobs in the pre-extraction phase (i.e., construction workers) and skilled workers in the operations phase. Alternatives for these different profiles need to be developed, assuming those in operations would likely be re-employed within the same companies or a commitment to redeployment where this is not the case.

► **Transitioning to low-carbon transport.** The world must embrace a massive transformation of mobility systems. A Just Transition must take into account the high risks for some labour-intensive worksites in the automobile industry. All plants will face regulatory pressure to phase out fossil fuel models if climate targets are to be met.

The opportunities for job creation in different mobility settings remain largely unexplored. It is well known that public transit and rail are good quality job providers, and their growth could be married with the expansion of **low-carbon mobility**. This sector must connect different mobility demands (commuting, freight, leisure) and match them with low-carbon alternatives. The extent to which sectors like aviation and shipping will adapt to this new scenario is unclear, but they should not be exempt from transition, and investment in R&D is essential. For now, these industries have made only marginal efficiency gains, and forecast growth rates without change will not align with climate targets.

► **Construction.** Nearly one-fifth of global greenhouse gas emissions come from the building sector. Under current policies, energy consumption in buildings is set to rise by 1% per year. Average energy consumption per person in the global buildings sector remains practically unchanged since 1990.⁶ Current developments are not on track to limit global temperature increases to 2°C, let alone 1.5°C. Nearly two-thirds of countries still do not have any building energy codes in place. A similar share of energy-consuming equipment in buildings globally is not covered by mandatory energy efficiency policies.

► **More efficient technology is available for all areas of design.** Just rapid deployment of high-efficiency lighting, cooling and appliances could save the equivalent of nearly three-quarters of today's global electricity demand between now and 2030⁷.

► **New building developments.** These can indeed be built carbon neutral and water positive, but the scale of change required with most of the 2060 buildings to be built in the next 30 years, along with the parallel **challenge of retrofitting today's buildings, is enormous.**

⁶ Carbon Action Tracker (2016) Constructing the future: Will the building sector use its decarbonisation tools?

⁷ IEA (2017) Energy Technology Perspectives 2017, Catalysing Energy Technology Transformations. Paris, France Page 9

The boost for jobs and economies from the necessary investment makes for additional benefits. Skills, apprenticeships and safe and secure work are required worldwide for a Just Transition.

► **Transformation towards circular economies.** Changes in heavy industries, agriculture, and other material-intensive sectors are also relevant for a Just Transition. The challenge here is less related to a phase-out than to a transformation, requiring investments in research and development, deployment and the re-skilling of workers. These industries — in particular heavy industries such as steel, cement, and aluminium — are yet to prove that they can deliver a zero-carbon supply chain, increase the amount of reused materials, or transform production processes. Some have instead blocked policies that could support their transformation, sometimes rallying workers with them. The strong cultural and territorial link of these worksites with their communities means it is vital to look at the industrial sector beyond a competitiveness angle, and consider the ways in which a Just Transition can turn these communities into climate advocates.

► **Agriculture.** Some technological solutions to lower emissions and increase productivity could potentially hurt the livelihoods of vulnerable farmers and labourers. Other techniques meanwhile lower or eliminate chemical, greenhouse-gas-intensive inputs, requiring increased labour intensity. It is possible that a combination of approaches is needed, varying by region. It is important to keep in mind that agriculture remains the most deadly economic sector in terms of occupational deaths and injuries. While farming techniques like organic agriculture may keep agriculture workers away from pesticides, which can be harmful to their health, these systems do not always perform better in terms of wages or occupational hazards than their industrial equivalents. Conversely, industrial systems not only put workers in contact with pesticides, but put small-holder farmers in a situation of dependency or high vulnerability towards the large agribusinesses that produce seed, chemical, and other technological inputs. A proactive approach whereby agriculture contributes more to the prosperity of communities, while remaining climate compatible, is greatly needed.

Solutions exist and experience proves that if anticipated, properly planned and funded, the transformation to a zero-carbon economy can bring workers and communities to a better place than they are now. This is certainly better than dealing with these issues alongside the adverse effects of climate change further down the road.

4. Mapping Just Transition policies

Just Transition strategies will vary as the diversity of the world of work demands. The challenges faced by countries and regions in the transition make defining a single approach difficult. The initial policies identified by unions⁸ and broadened in the context of the ILO *Guidelines for a Just Transition towards environmentally sustainable economies and societies for all*⁹ set the bar for what the foundations that will guarantee a Just Transition should be:

Macroeconomic, sectoral, and enterprise policies that ensure jobs and decent work

Rights and occupational safety and health

Social protection

Skills development

Active labour market policies, and

Social dialogue and tripartism.

Macroeconomic, sectoral and enterprise policies

The journey to a zero-carbon economy, and particularly the first decade of that transition, requires a large-scale yet coherent approach to investments, economic policy and enterprise-level transformation. Jobs must be created in sectors where growth is needed both in existing and new companies including cooperatives or models related to the “social economy”. Sectoral policies setting long-term targets on emissions and social progress, including but not limited to the energy sector, need to be developed. Investments could be also driven, in the initial phase, by public sector policies, including procurement, sustainable infrastructure projects and public regulations. This is fundamental for fighting the “jobs vs. environment” narrative and for creating employment alternatives in regions facing job declines in the short term. People must see climate-friendly alternatives as something concrete and accessible to them.

⁸ Rosemberg, Anabella, “Building a Just Transition”, 2010.

⁹ International Labour Organization, *Guidelines for a Just Transition towards environmentally sustainable economies and societies for all* (2015).

Denmark's wind sector¹⁰

Starting in the 1970s, Danish social dialogue produced a strong industrial and climate policy aimed first at energy independence and later at transitioning the power sector from coal to wind. Over time, Denmark became a net energy exporter, decreased coal use by 50% and increased the share of wind in its power sector to 40-50%. It also produced a globally competitive wind industry that includes publicly traded Vestas, the world's second-largest wind turbine manufacturer, and Dong Energy, which is majority state owned and develops and operates wind and other energy projects. In 2015, Denmark's wind industry employed 31,251 people and wind power delivered 42% of Denmark's electricity.

Rather than allowing discussions on a Just Transition to focus on phasing out a sector or closing a plant, the focus should be on generating new jobs in new sectors. Danish workers' experience with green policies has been positive and created a new constituency of enthusiastic climate action supporters.

Social protection

If people feel vulnerable, they will be more reluctant to support change. Universal social protection and in many places public employment guarantee schemes, are key to ensuring a Justice Transition. Policies will be needed to prevent job losses, provide income support and improve the employability of workers in vulnerable sectors.

Social protection also needs to address the consequences of climate change and extreme weather events on the poorest and the most vulnerable. Unfortunately, insufficient attention has been given in the social protection sphere to the long-term risks posed by

¹⁰ Just Transition Centre, *Just Transition A Report for the OECD*, 2017).

climate change. However, social protection approaches could inform disaster risk reduction and climate change adaptation based on prior experience in reaching the most vulnerable.

The challenge of sustaining coal workers' pensions¹¹

US union miners are among the 10.4 million Americans with retirements tied to multi-employer pension plans – large investment pools considered low-risk because they do not rely on a single company for financing. Two recessions, industry consolidation and an ageing workforce have multi-employer funds facing a USD 400 billion shortfall. Dozens have already failed, affecting 94,000 participants.

The US miners' pension fund, co-operated by the United Mine Workers of America and the mining companies' Bituminous Coal Operators Association Inc., relies on contributions from employers for about 20% of its income, with investment gains making up the rest. Fewer miners means lower contributions. If the coal industry closed entirely, there would be no contributions to the pension fund, and its collapse only a matter of time.

In the words of former coal miner and current AFL-CIO President Richard Trumka, "We need a comprehensive approach to climate change mitigation and adaptation across our economy.... It has to begin with dialogue and negotiation with those whose lives and communities, health care, and pensions are bound up with carbon-based fuels."

Active labour market policies

Active labour market policies include those helping enterprises and workers anticipating changes by facilitating access to jobs and strengthening employability. They focus on unemployed workers and workers at risk of unemployment, delivering employment services and providing information, guidance and matching services. Along with skills training policies, active labour market policies are the operational arm for accompanying workers into the new economy.

Structural change in the Ruhr region¹²

The transformation of the Ruhr region in Germany (North Rhine-Westphalia) from a coal and steel stronghold into a much more diversified economy was a complex process and a result of market forces, not policy choices. Nonetheless, 15 years of brave decisions by all involved transformed the region and provide us with several insights for thinking about a Just Transition.

The plans in the Ruhr Valley managed to accompany a shrinking workforce in coal and steel from 390,000 in 1960 to 39,000 in 2001. In the first two decades, the transformation showed little capacity to diversify due to several "lock-ins",¹³ though from the mid-80s a more dynamic approach began.

This included a strong focus on industrial policy and support for "sunrise technologies", following a bottom-up approach and a critical role of co-determination with equal voices for workers and employers at the table. Four key policies were developed:

- Wage subsidies for the reintegration of the unemployed and those at risk of unemployment
- Labour market policy support for enterprise development
- Combined promotion of employment and infrastructure
- Integrated development of problematic urban areas

The provisions aimed at supporting early retirement included a wage safeguard scheme, and for those who were far from retirement age, a proactive plan through Personnel Development Centres (PDC) to accompany them into new jobs.

The highest possible level of protection of working conditions was coupled with flexibility from workers who accepted training and eventually geographical shifts. This was only possible thanks to the commitment of the negotiating trade union (IG BCE) and responsible employer behavior. One indicator of the success: Vocational training centers in the Ruhr reached a placement rate of 80%.

¹¹ "Vanishing Coal-Mine Jobs Squeeze Pension at Risk of US Rescue," *Newsmax Finance*, July 2, 2014, <http://www.newsmax.com/finance/Personal-Finance/coal-mine-jobs-pension-retirement/2014/07/02/id/580463/> (accessed April 17, 2017).

¹² Béla Galgóczi, "The Long and Winding Road from Black to Green: Decades of Structural Change in the Ruhr Region," *International Journal of Labour Research*, no. 2 (2014): 217–40.

¹³ Bela Galgoczi speaks of an "economic" lock in, also referred to as specialisation trap, as most firms were directly linked with a few large companies that dominated the regional economy paralyzing entrepreneurship, innovation and flexibility. There was also an "institutional lock-in" as a self-sustaining coalition of local businessmen, politicians and trade unions had one shared interest: the preservation of the status quo. And finally, there was a cognitive lock-in, as the region was seen as unattractive, polluted and not worthwhile to invest in.

Skills development

Helping workers gain skills to obtain better and sustainable jobs is key to building a constituency for climate action. Ensuring the adequacy of skills development portfolios, which in many countries are outdated or do not match labour market opportunities, is fundamental. Strengthening this in developing countries, where many working in fossil-fuel-related infrastructure have often had limited access to education, is critical for avoiding widening inequalities during transitions.

Upskilling construction workers in Argentina¹⁴

The Argentinean construction workers' union, UOCRA, promotes training for workers in the field of renewable energies, providing workers with certified skills for biogas production installations, solar water heaters and solar and wind power installers. This improves the deployment of these technologies in Argentina but also grows workers' income, as there is a wage premium for this knowledge. Current plans by the Argentinean government to multiply renewable energy capacity in the next couple of years should lead to extra support for these training activities. Anticipating an increase in demand for skilled workers, in July 2017 the union opened the first Training and Research Centre on Renewable Energies in the country.

Rights and occupational safety and health

Efforts must be taken to ensure "green" sectors are appealing, provide decent incomes and secure, safe working conditions. Particular importance must be given to working conditions in the renewable energy supply chain, as well as to the multiple service-led jobs created to support a zero-carbon economy. Making the jobs in the zero-carbon economy "appealing" is important to building support among working people, as the connection between workers and their jobs goes beyond wages to incorporate the sense of belonging to a broader economic project, where they are respected and valued.

Quality of employment in renewable energies: what do we know?¹⁵

There is little information on the quality of employment in the renewables sector, as neither employers nor international bodies have conducted major research on the issue. We do know that the quality of employment varies significantly, with conditions usually in line those in the relevant country's manufacturing, construction or maintenance sectors.

Research by the ISTAS CCOO union in Spain found that renewables jobs are more skilled and better paid than the average job in the energy sector. Conversely, IG Metall found that salaries in renewable energy were 20-30% below average salaries for metal workers in Germany.

Big energy companies may also branch into renewables. Depending on legislation, working conditions from the "parent" company may be carried over to renewable energy workers, or they are at least covered by the same sectoral collective agreement. However, sometimes these divisions are allowed to have different contracting systems, and therefore apply weaker standards.

Social dialogue and tripartism

Social dialogue describes institutional discussions between trade unions, employers and governments, as well as other community groups.

Building an institutional setting where people can discuss, decide and be provided with resources to respond to the challenges of the transition is vital for strengthening democracies and building social support for change. Successful social dialogue can resolve important economic and social issues, encourage good governance, maintain social and industrial stability and boost economic progress (UNEP and Sustainlabour, 2008).

Studies confirm the value of social dialogue on climate change too. This allows an analysis of climate policies' effects on competitiveness, employment and social cohesion. (ILO and Sustainlabour, 2010). Examples, such as the Ruhr Valley above, show the value of bringing workers (including informal workers) to the table throughout the planning and diversification process.

¹⁴ Fundacion UOCRA, 2016

¹⁵ Sustainlabour, report for ITUC on organising workers in the renewable energy sector (2015).

Community renewal and economic diversification

Regions often have important links to companies in the fossil-fuel economy. These businesses not only provide jobs and generate others indirectly, they contribute to public budgets and could even help fund (through taxes and/or philanthropy) education, health and infrastructure. Just Transition policies must anticipate any potential reduction in economic activity in communities that depend on fossil-fuel related worksites. They must also ensure investments are oriented towards options supported by the community. History tells of previous cases where workers affected by closures were protected, but the economic life of the community did not survive the change, leading to further inequalities and injustice.

The coal phase-out fund in China¹⁶

Coal mining in China faces several challenges, including overcapacity, rising environmental impact, unsafe working conditions, falling prices and the government's attempted restructuring. The country's leadership aims to close 4,300 mines and cut annual production capacity by 700 million tonnes by 2019.

With growing social discontent, particularly in the northeast, China has decided to allocate 30 billion yuan (USD 4.56 billion) over the next three years to support the closure of small, inefficient coal mines and redeploy around one million workers. This may seem substantial, yet analysts estimate the total required to tackle overcapacity in the coal and steel sectors could reach 200 billion yuan, 70% of which would be needed for coal.

That said, this fund could represent an opportunity for thousands of coal miners who find themselves with no option other than returning to farming jobs, where income hardly meets survival levels. How the fund will help these workers, and the extent to which they will be consulted, remains unclear.

The Just Transition Fund in the US Appalachian region¹⁷

As many coal-dependent communities were unable to benefit even from existing federal support for their transition, the Rockefeller Family Fund and the Appalachia Funders Network began an initiative to support local networks (including grassroots groups, trade unions and small businesses) in designing alternative economic projects for their community and submitting them for funding. Successful projects include initiatives for strengthening the tourism sector, incubating social enterprises and undertaking feasibility studies for developing local capacity for solar panel manufacturing.

This is a positive, grassroots-led transition, supported by top-down funds based on a broader transition policy.

A comprehensive approach

Each of the above policies has been tested and recognised as useful in achieving social change. What has yet to be attempted is an ambitious, policy-driven and simultaneous implementation of these strategies, as a package. The Australian example below, even if too recent to be evaluated, and too local to be reproduced, shows that such comprehensive strategies are possible.

¹⁶ "China to Fund Closure of Coal Mines," *The Star Online*, January 22, 2016, <http://www.thestar.com.my/business/business-news/2016/01/22/this-is-the-default-headline/> (accessed April 17, 2017); "In China's Rustbelt Towns, Displaced Coal, Steel Workers Lose Hope and Voice," *Yahoo! News*, March 5, 2017, <https://uk.finance.yahoo.com/news/chinas-rustbelt-towns-displaced-coal-230901191.html> (accessed April 17, 2017).

¹⁷ "Just Transition Fund Convening Explores Opportunities for Appalachia," *Blue Moon Fund*, March 29, 2016, <http://www.bluemoonfund.org/news/transition-opportunities-arise-appalachia-just-transition-fund-convening/> (accessed April 17, 2017).

Just Transition for Hazelwood workers and the Latrobe Valley (Australia)¹⁸

The Hazelwood Power Station is Australia's most polluting coal-fueled thermal power station. In November 2016, the owner, Engie, announced the closure of the plant by the end of March 2017, giving the workers and local communities only five-months notice. An agreement negotiated between the government of the State of Victoria, trade unions and the company has launched a scheme costing AUD 20 million [USD 15.3 million] to help around 150 retrenched Hazelwood workers remain in the power industry by allowing them to transfer to other power generators. Under the agreement, early retirement packages will help create vacancies for workers displaced by the closure of Hazelwood. The scheme will contribute funds to participating employers to support these packages and facilitate the redeployment of Hazelwood workers.

The worker transfer scheme is part of the Labor government's AUD 266 million package for the region, which includes the AUD 50 million Economic Growth Zone to support business growth and the establishment of the Latrobe Valley Authority (LVA). The LVA's worker transition service is also providing tailored support to workers and families to give them the skills, training, information and personal support they need to make a fresh start.

¹⁸ "Government, Unions and Power Station Operators Reach Agreement on Historic Latrobe Valley Worker Transfer Scheme," Australian Congress of Trade Unions (ACTU), March 10, 2017, <http://www.actu.org.au/actu-media/media-releases/2017/government-unions-and-power-station-operators-reach-agreement-on-historic-latrobe-valley-worker-transfer-scheme> (accessed April 17, 2017).

5. Just Transition worldwide: implementation and policy gaps

From early references to a Just Transition at international trade union conferences, the concept attracted support from a variety of negotiating coalitions, including the G77 and China, which represents developing countries in the United Nations Framework Convention on Climate Change. Argentina and the US were instrumental in supporting the insertion of this language in COP16 (in Cancun in 2010),¹⁹ as well as in the process that led to the adoption of the Paris Agreement. Civil society and businesses also joined trade unions in supporting the concept.

That said, most of the Just Transition advocacy effort in the UNFCCC process was carried by the international labour movement, led by the International Trade Union Confederation (ITUC). Our demands centered on the call for language on a Just Transition and decent work to be incorporated into the operational part of the Paris Agreement. Neglecting these issues would have been seen as a signal that the cost of the transition to a low-carbon society should be unfairly borne by working men and women.

With the support of a growing number of governments and major NGOs, we won the adoption of the Just Transition language in the Paris Agreement:

Taking into account the imperatives of a just transition of the workforce and the creation of decent work and quality jobs in accordance with nationally defined development priorities. (UNFCCC, 2015)

Outside the UNFCCC process, milestones included the reference to the need to ensure workers are protected on the path to building more sustainable societies, stated in the 2012 Rio+20 outcome document, “The Future We Want”:

¹⁹ UNFCCC Decision 1/CP.16 stated, under Section I (A shared vision for long-term cooperative action), para. 10: [The CoP] realizes that addressing climate change requires a paradigm shift towards building a low-carbon society that offers substantial opportunities and ensures continued high growth and sustainable development, based on innovative technologies and more sustainable production and consumption and lifestyles, while ensuring a just transition of the workforce that creates decent work and quality jobs. The preamble to Section III.E (“Economic and social consequences of response measures”) notes: Recognizing the importance of avoiding or minimizing negative impacts of response measures on social and economic sectors, promoting a just transition of the workforce, the creation of decent work and quality jobs in accordance with nationally defined development priorities and strategies, and contributing to building new capacity for both production and service-related jobs in all sectors, promoting economic growth and sustainable development.

“We recognise the importance of a just transition including programmes to help workers adjust to changing labour market conditions” (Rio+20, 2012)

At the ILO, the first discussion on Just Transition took place in 2013 at the International Labour Conference on the issue of climate change and its linkages to the world of work under the title, “Sustainable development, decent work and green jobs”. The trade unions sought a standard on Just Transition. The conclusions included a decision to launch a process to develop Just Transition guidelines. The “Guidelines for a just transition towards environmentally sustainable economies and societies for all” were unanimously adopted in 2015, a month before the Paris Agreement, aligning for the first time the issue in both the UNFCCC and the ILO. The ITUC will also continue to campaign for a standard to be negotiated in coming years

Far from being the end of international policymaking on this issue, we rather see this as a start for better consolidation of the issue at the implementation phase, as well as providing a tool for better coherence between intergovernmental organisations. Our expectations include:

The UNFCCC and the Paris Agreement:

- Incorporate Just Transition commitments into the Nationally Determined Contributions (NDCs)
- Maintain Just Transition for workers as a permanent theme within the forum on response measures under the Paris Agreement
- Launch a “Katowice initiative for a Just Transition” under the COP, providing a high-level political space to keep the commitment alive
- Allow the funding of Just Transition projects under the Green Climate Fund (GCF)
- Include Just Transition in the 2018 UNFCCC Facilitative Dialogue

The commitment from governments to secure a Just Transition for workers appears in the Preamble of the Paris Agreement, along with other references to protecting human rights and achieving gender equality. This is a cross-cutting issue, and this requires specific action in all areas of implementation. Just Transition and the policies taken to protect workers and communities in a time of change should feature as a permanent item on government agendas – an item against which they should report progress. The incorporation of Just Transition in NDCs, where governments could explain how they have assessed the employment impacts of their decisions, and most important, the measures they will take to support workers, seems like a key way forward. Some governments, such as South Africa, have already incorporated this in their first NDC.

Another stream of work relates to the future work program on response measures under the Paris Agreement, which could build on previous work done under the subsidiary bodies, where Just Transition featured for two years as a key part of the Forum on Response Measures. Having a dedicated, technical space, where good practice or challenging situations could be presented and debated, would contribute to further educating climate negotiators on these issues and build a bridge with progress happening on the ground. The creation of an ad-hoc group of experts had been decided in 2016, although following one meeting, there is no indication this work will be continued. It is important to ensure that strong support and calls for more in-depth technical work and experience-sharing expressed in the Forum find a reflection in the work programme.

With COP23 (2018) to be organised in Katowice, the main city in Polish coal country, a message of empathy and commitment to communities that might be hard hit by the transition is necessary. The UNFCCC should explore the possibility of organising a high-level meeting between environment and labour ministers to launch the “Katowice initiative for a Just Transition” under the COP, which could provide a space for keeping alive the commitment to these communities, gather experiences from Parties in supporting communities and workers in the transition and encourage climate donors to support projects to create sustainable jobs in affected regions.

Progress could also be made at the Green Climate Fund (GCF), where projects aimed at supporting communities and workers in their diversification efforts should be funded. The idea of a “Just Transition Fund”, promoted in Europe by trade unions and civil society allies, should be expanded with an equivalent approach for developing countries.

International Labour Organization:

The ILO needs to play a much more ambitious role in supporting the transition towards a zero-carbon world. Until now, most of its work has focused on supporting governments in green job creation. However, a more forward-looking approach is needed, whereby the ILO develops its own Standard for managing the Just Transition, supports its constituencies (governments, employers, and trade unions) in facing transition challenges and tests the impact of its own economic and social recommendations on the environment.

An ILO standard on Just Transition: If the Paris Agreement provides an internationally recognised standard for climate action, there is no equivalent yet giving governments binding guidance on the way in which the transition to a zero-carbon economy can be done fairly. The organisation has the legitimacy and capacity to develop a comprehensive, fair standard on Just Transition. After two attempts (one in 2013 which led to the adoption of the Guidelines on Just Transition, and one in 2016, which obtained the support of the African group and the workers’ group), the next moment to negotiate a standard is 2021. It should not be missed.

Implementation of the Guidelines on Just Transition: In 2013, the International Labour Conference discussed formally for the first time the links between the world of work and the environment, and the need to define, internationally, the concept of Just Transition. A negotiation followed in 2015, which led to the adoption of the ILO Guidelines. These guidelines must now be implemented on the ground, and a piloting phase in a sufficient number of countries should be organised, so that we can “test” the comprehensiveness of the tool, and guide the process of the standard development, as described above.

The “Green” strategy and the World Employment and Social Outlook 2018 (WESO): The ILO will be celebrating its centenary in 2019, and has decided to launch a certain number of initiatives which would shape the organisation’s work in the next century. One of them, called “Green,” relates to the organisation’s intention to mainstream environmental challenges in its work. One element of that strategy is the inclusion, in the ILO’s flagship annual report (WESO), of an assessment of the employment impacts of climate change and other environmental challenges, as well as policy responses. The release of this report in 2018 should influence the UNFCCC Facilitative Dialogue and further encourage the inclusion of employment and Just Transition aspects in the NDCs.

The G20 and OECD

With the focus of climate policies now turning to implementation, and the existing commitment of Argentina (chair of G20) to the employment agenda, the G20 could play a more active role in coordinating the policy responses to climate change, in particular those associated with a Just Transition.

As a background for the 2017 G20 Summit, the OECD, which officiates as one of the ad-hoc G20 “Secretariats,” made clear recommendations on how the Just Transition concept could be brought into the scope of future G20 work.²⁰ This included the call for G20 countries to share policy experience in planning economic diversification and sectoral restructuring, including the transition of workers and communities. Building in those recommendations could be a way forward.

Sustainable Development Goals and Agenda 2030

Just Transition sits at the juncture between SDG 8 on Decent Work for All and SDG 13 on Climate Action. Just Transition is not specifically listed among the indicators being negotiated for these goals, so it will be critical to ensure a strong connect at the national level between these two goals. This depends on continued advocacy by civil society organisations, including trade unions.

Strengthening the international governance of climate change through a Just Transition lens is particularly critical at a time of growing populism. The multilateral system’s capacity to deliver on jobs and social and climate justice would help to rebuild trust and counter this trend.



The Just Transition Centre brings together and supports unions, businesses, companies, communities and investors in social dialogue to develop plans, agreements, investments and policies for a fast and fair transition to zero carbon and zero poverty.

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