

## Roadmap 2050

For extra information, in addition to the text of the presentation below, please see:

- ETUC positions on climate and energy policies: <http://www.etuc.org/r/767>
- EMF industrial policy activities: <http://www.emf-fem.org/Areas-of-work/Industrial-Policy/Activities>

With domestic climate targets of at least 20% reductions in greenhouse gas (GHG) emissions by 2020 and 80% by 2050, Europe has set itself the ambition of leading the world on the development and implementation of a low carbon economic model, but the world is rapidly catching up despite the current failure to agree national emission trading systems in a number of countries. Internationally the ETUC continues to demand a comprehensive, binding and ambitious international agreement, including provisions ensuring a just transition.

We believe that a drive towards new industrial strategies based on low carbon technologies and products offers opportunities for the future of European industrial workplaces but also major challenges, especially in the context of today's economic situation and the older and broader energy and resource crises.

The ETUC has long called for a coherent European development policy to achieve these goals. We hope that the Roadmap 2050 will provide this framework. It will be essential that broad-based social, economic and environment alliances are built to ensure public support for the transformation necessary, we believe that one element in this is a European permanent instrument to ensure the anticipation of the socio-economic transition to a low carbon economy, to coordinate existing instruments such as sectoral councils and reinforce dialogue between the social partners and public authorities.

To use the opportunities available and achieve the transformation desired by 2050, Europe needs a strong industrial base. Studies conducted by the ETUC, together with the EMF (2007 and recently October 2009), demonstrate the

possible employment consequences and the job creation potential from a shift towards an energy- and resource-efficient economy within key manufacturing industries in Europe. Jobs which Europe urgently needs. A strong and coordinated European and national industrial policy framework is key to guaranteeing the long-term sustainability of these jobs. Since all studies demonstrate that the major challenge will be the transformation of existing jobs whilst avoiding delocalisation – if handled badly this could be disastrous. This demands a comprehensive policy framework and clear targets on the way to 2050 – this is to be welcomed in the Commission paper. However, the ETUC would have liked the Commission to be more ambitious.

In recent years, the EU has developed a number of policy building-blocs, however it is with regret that the ETUC notes that current emissions reductions targets are largely being achieved as the result of the collapse in industry in central and eastern Europe in the 1990s and the current economic crisis, rather than as the result of policy-driven changes in behaviour, production and consumption.

This is due to a fragmentation of European policy and legislation, a lack of coordination with the national level, and missed opportunities (e.g. 4 February Energy summit). This is particularly the case in the context of enforced austerity in Europe.

We believe we need to strengthen Europe's policies and ambitions in the following ways:

1. **Need a supportive macroeconomic and financing framework** to ensure the investment needed in infrastructure, to transform sectors and grow new industries and companies is available. Need to ensure adequate financing as Commission paper recognises. Scale of investment required in infrastructure and climate technologies remains a moot point.
  - a. ETUC calls for new innovative financing solutions to leverage private capital, including FTT/Eurobonds to provide public R&D and investment capacity for tackling

the climate challenge and contributing to a European Union development strategy that establishes the conditions for sustainable growth, namely concerted green growth contributing to the creation and maintenance of quality jobs and social progress throughout the economy.

- b. For the ETUC, the EU must give the right economic signals, in particular a price signal that could take the form of a CO2 tax (also taking into account that China is about to adopt one) provided that a number of conditions are met<sup>1</sup>
- c. Moreover, institutional mechanisms are needed to avoid financial speculation, which also have an increasing impact on energy prices. The aim is to ensure that speculation, mostly stemming from off-shore market agents, does not affect energy prices in the future.
- d. Better use should be made of structural funds – e.g. linking climate and energy goals into the new ESF and regional development fund's objectives
- e. Far greater use should be made of green and social public procurement criteria to create market access for new clean technologies.

**2. A strong policy framework:** To even start to move towards -80% or more by 2050, the potential for energy efficiency has to be grasped. The ETUC calls for a binding European energy saving target for each member state, to achieve a reduction of overall primary energy consumption by at least 20% by 2020. Plus a strengthening of the EcoDesign directive to ensure that all energy-consuming products and related services are subject to binding energy efficiency targets based on the Top Runner model. Regulation, transparency and traceability are crucial. A coherent and comprehensive industrial policy strategy based

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<sup>1</sup> that any CO2 tax must form part of an environmental approach aimed at giving a price signal rather than having a budgetary logic; the enlargement of the tax to also cover energy, meaning the revision of the ETS system; that the tax mentioned should not apply to industries already covered by the ETS and double taxation should be avoided (in some countries there is already a tax on energy usage); the creation of a European regulator; the availability of sustainable alternatives at accessible prices (regular and outstanding public transport systems, energy-efficient housing, ...); targeted compensation measures, sector by sector; the inclusion of social and environmental criteria into all public authorities' decision making processes; the spending of the revenues transparently and entirely on internal investment measures to reduce emissions, on climate support for the developing countries and to finance the necessary compensating measures for low income households.

on energy and resource efficiency is needed with clear roadmaps for all sectors (including specific targets and objectives and ensuring coherence between EU policies towards industries). These should be developed in cooperation with the social partners.

3. **Just transition:** For the ETUC, just transition must be based on 5 pillars:

- a. Consultation between Government and key stakeholders, including representatives from business, trade unions, local government and regional bodies and voluntary organisations.
- b. Green and decent jobs through investments in (new) low carbon technologies and R&D.
- c. Green skills: Government-led, active education/training and skills strategies for a low carbon, resource efficient economy.
- d. Respect for labour rights and human rights: democratic decision making and respect for human and labour rights are essential in order to ensure the fair representation of workers' and communities' interests at the national level.
- e. Strong and efficient social protection systems

The European framework to be developed by 2011 should accordingly guarantee an adjustment of education curricula and programs to future environmental and social changes, provide training for the complete chain of providers, installers as well as suppliers in the fields of renewable energy and energy efficiency, and so on. Therefore, the ETUC calls to for a clear evaluation of the situation in terms of employment by Member State and by sector, in light of climate objectives. In this way, the European Commission will be in a position, together with the Member States and the social players, to define the needs and resources necessary for the implementation of the transition towards a low carbon economy for Europe.

The Commission has addressed key emitting sectors – the ETUC has some comments:

4. **Energy:** Our members, as workers and consumers, understand the importance for the economy of safe, reliable,

sustainable and affordable energy for businesses and communities. Energy should be considered as a service of general interest. From this perspective, a coherent EU energy policy is an essential precondition to achieve a just transition to a low-carbon economy.

Electricity prices must be affordable for our industries to survive, whilst we recognise that higher prices have promoted energy efficiency gains in European industry contributing to lower emissions and investment in innovation – this is a fine balance which must be taken into account in policy formulation.

Moreover, eliminating fuel poverty and ensuring affordable energy are essential for an equitable energy policy in Europe.

Therefore, the ETUC calls for a democratic European Energy Agency, with powers on energy prices, coordination of infrastructure modernisation and the development of policies and measures improving energy market regulation and energy efficiency. Stronger regulation and incentives are needed to support renewable energies and other low CO<sub>2</sub> emitting alternatives such as combined heat and power. It is therefore necessary to increase EU and national targets on renewable energy as a proportion of EU-wide electricity supply for 2020, 2030 and 2050. Solidarity mechanisms are fundamental to ensure that all parts of Europe benefit from technological advances, clean energy and infrastructure spending, this should be done through a European energy solidarity pact.

5. **Transport:** Standards on vehicles is part of the solution, however mobility and transport need to be considered as a coherent system, organised to meet specific needs. Urban and rural areas have different mobility requirements. This implies that costs for mobility must not become prohibitive due to energy prices. Both individual and collective transportation systems need to be reconsidered taking into account this aspect: therefore, investments in e-mobility and in the further improvement of internal combustion engines' fuel efficiency are needed. The provision of collective transport through public companies must be prioritized to guarantee broad access and quality for consumers, as well as to reduce energy bills of low income households. The

ETUC also calls for public investment into new grid technologies in order to guarantee electrified road and rail transport contribute effectively to emission reduction.

6. **Construction/housing:** Another important step can be made through an increase of investments in energy saving measures, such as building insulation. Current proposals are limited to the public housing stock and real estate; The ETUC calls for a renovation program for the complete European housing stock, to achieve a rapid and significant reduction of energy consumption in heating and cooling while providing targeted support to housing for people in poverty and promoting compact cities. These measures should be supported and accompanied by social dialogue, bargaining and collective agreements to develop quality jobs in the sectors involved. The ETUC also reaffirms its position already stated as a member of the Spring Alliance to “set an EU-wide minimum standard for all new housing to be energy passive or positive by 2015”.

Moreover, the energy efficiency of buildings directive, which sets minimum requirements for new buildings from 2020 onwards, should be extended to cover existing buildings too, as had been proposed by the European Parliament on its position on the draft directive.

7. **Energy-intensive industries:** the industrial unions have long warned of the weaknesses of the EU ETS highlighting the price instability generated by a market system, and the danger of carbon leakage through the delocalisation of European energy intensive industries. Breakthrough technologies are needed in many energy intensive industries to achieve the targets recommended – EU R&D programmes of the ETPs should be properly resourced. We call for the creation of a European benchmarking agency, which should transparently link R&D activities with the definition of benchmarks on best available technology (BAT), including the participation of social partners. Benchmarks must be established at a level to encourage investment in BAT rather than penalising best performers.

The ETUC also calls for a transformation program encouraging investments in new industrial policies, supporting industries which develop low carbon alternatives based on BAT, reduce their energy needs, invest in R&D

related to the development of sustainable technologies, invest in training programs for workers to adapt their skills to technological changes, create new and quality jobs and services contributing to sustainable development.

Industrial unions also recommend the consideration of 'carbon insurance', a proposal first developed in Australia, whereby if a company relocates production, remaining emission rights for installations fall to the local authorities together with the affected workforce.

8. Finally we call on the Commission for consistency, following the adoption of new European economic governance measures the seriousness of EU commitments to a just transformation of the European economy is in doubt. The strengthened growth and stability pact risks pushing the European economy into a long period of weak internal demand, with industrial companies moving to other parts of the world where the economic perspectives are brighter and government policies are pursuing proactive clean-tech policies. In the context of simultaneously-implemented austerity measures, workers are legitimately concerned that resources will not be available to ensure active industrial policies at European or national level, particularly resources for the scale of the necessary infrastructure and R&D projects, and the social management of change. Concrete EU investment programmes, drawing in private capital together with public investment need to be further developed.