



Emission reduction and job creation:

The COP 21 Conference and the role of industrial labour

This statement puts forward five principles that are fundamental from the viewpoint of industriAll Global Union and its sister organisation industriAll European Trade Union in the build up to the 21st Conference of the Parties (COP 21) of the United Nations Framework Convention on Climate Change (UNFCCC) to be held in Paris 30 November - 11 December 2015 ; namely

1. The need for a **Just Transition** towards a low carbon economy
2. Labour's perspective on **Sustainability**
3. **Sectoral Concerns** particular to industry
4. **Environmental Protection** requirements
5. The case for **Sustainable Job Creation**

We are federations of industrial unions, representing over 50 million workers worldwide. Our point of view is distinct from that of employers and distinct from that of environmental non-governmental organizations (NGOs). The industrial sectors that employ our members are often blamed for creating problems. Yet at the same time **industry is expected to deliver breakthrough technologies** that help mitigate the impact of climate change and provide benefits to society and workers alike through the creation of sustainable jobs and technological progress.

Global manufacturing and economic development have undergone swift changes throughout the last decade. The **impact of globalisation**, the retooling of **value chains** and the increasing **digitalisation of manufacturing** are having enormous impacts on industrial production, industrial employment and its global footprint alike. These challenges can be met and turned into opportunities through **targeted policies** and **investments**. The lack of doing so, or worse, using financial and environmental crises as excuses for cost- and job-cutting, will only delay action on environmental protection and ultimately be more costly. Naturally prevention, anticipation and adaptation are to be preferred over devastation, reparation and rebuilding. The lingering effects of the global financial crisis have proven beyond any doubt that the so-called free market will not create solutions by itself. We cannot shop our way to sustainability.

The negotiations to be held in Paris will have to provide a social and economic response to climate change. The main goal is to finally put in place a strong **legally-binding international agreement** that ensures an ambitious reduction of greenhouse-gas emissions. Trade unions nationally and internationally need to apply greater pressure to pursue long held demands for social justice and long-term employment policies as an integral element of climate policy. Only if employment concerns are effectively integrated into climate policy, can economic, technological and social change be directed towards achieving a low-emissions and just society.

1. Just Transition

A major transformation is coming to the world, whether we take decisive action or not. A degrading climate will impose drastic economic and other impacts in the form of unemployment, drought, famine, flood, disease, poverty - and almost inevitably wars. On the other hand, preventing catastrophic climate change will require a significant and challenging restructuring of present patterns of production and consumption. The concept of a Just Transition is that the costs and benefits of decisions made in the public interest - including those necessary to protect the earth's climate - should be shared fairly. A Just Transition towards a low carbon economy is possible, and can make climate action a driver for **sustainable economic growth and social progress**.

A Just Transition must describe a hopeful future for both today's and tomorrow's workers. Even though many analysts predict that large numbers of new, greener jobs will be created in the shift towards a sustainable economy, we cannot ignore present-day workers in present-day jobs. For them, our first choice will always be to keep present jobs by finding out whether they are, or can be made to be, sustainable. That said, changes are on the way and they must be handled fairly, which can only be achieved with full involvement of trade unions. Much of the resistance in the trade union movement to measures needed to protect the climate results from the fear of resulting job loss in certain sectors or regions. If workers are blackmailed with their jobs, some trade unions may risk becoming the "last defenders of the indefensible" and the environment will surely lose. Therefore workers must not be asked to choose between environmental protection, and their jobs.

A Just Transition program is meant to be an all-encompassing, flexible approach to helping workers, their families, and their communities, customized to each situation. Just Transition is not a suicide pact, whereby unions agree to give up jobs. It is not merely an enhanced unemployment program. **Sustainable jobs must be created in the new economy**. A Just Transition would ensure, for example, that pathways are created for workers in shrinking industries to find jobs in expanding sectors, while their **salaries, working conditions, and their unions are protected**. The provision of adequate social measures such as training and re-skilling programs that facilitate this development are absolutely crucial in this context.

Cost is not an issue. There are plenty of opportunities to fund adaptation, development, and Just Transition with money left over. For instance, it was short-sighted and irresponsible of the G20 summit in 2010 in Toronto to abandon the idea of a global tax on financial speculation. Such a "Tobin tax" or **Financial Transaction Tax** could easily raise the funds necessary for effectively combating climate change and providing for a Just Transition while finally recovering some of the costs that were assumed by society when it bailed out the financial sector during the global financial crisis. Alternatively, a modest redirection of some of the money and resources consumed by the world's militaries, the **closing of tax havens** and loopholes and money recovered through decisive **action against tax fraud and tax avoidance** could support the entire scheme. Currently the richest 1% control 48% of the global wealth and their share is growing.

Surely environmental protection, economic and social development, poverty and inequality eradication, human rights, labour rights, democracy, demilitarization and peace are at least as important as defending tax breaks for the richest of the rich, bailing out corrupt bankers or reopening an arms race. The message of Just Transition is a message of hope: **decent work and**

social justice can co-exist with environmental protection. But it will only happen if we make it happen.

2. Sustainability: Labour's View

Sustainability includes human rights and labour rights, economic development, and of course environmental protection. It is the balance between the social and environmental imperatives of sustainability that gives the labour movement its credibility on sustainability matters. Only the **integration of social, economic and environmental concerns** will move the world to a sustainable future.

Sustainable development has been simply defined as development that meets the needs of the present without compromising the ability of future generations to meet their own needs. It is the meaning of the word "needs" that complicates this simple definition. **Today's needs** include energy, materials, and other industrial products - and the jobs they create. **Tomorrow's needs** add to that a clean environment and a stable climate.

If the world fails to protect the environment, there is a risk that we will face not only natural disasters and their consequences but also economic catastrophe and social disintegration. On the other hand, if we consider only narrowly defined environmental or economic issues in isolation from their social links and impacts, we may destroy cultures, societies, communities, enterprises, and individual working peoples' livelihoods and have nothing to offer them in return. Balancing and integrating all of these concerns is the essence of sustainability. Solutions need not necessarily be "one size fits all" as conditions differ between continents and regions. Accordingly, contributions from countries and sectors may need to focus on different aspects of the problem.

Trade unions have a long-standing history of dealing with environmental concerns through the very nature of their activities. Occupational diseases impacting workers were often the first warning signs of many environmental hazards for which unions found sustainable **solutions that protected workers, the environment and survival of businesses alike**. Protecting the environment for future generations is necessary, but not sufficient, for sustainability. The addition of other trade union values, such as economic development, a fair distribution of wealth, social welfare, equity; peace, and human rights are essential for creating a complete framework for sustainability in which enterprises conduct their activities.

3. Sectoral Concerns

As industrial trade unions, we represent workers in many **heavy industries** and we are proud to do so. These industries will be critical in producing the materials necessary for creating a low carbon economy. But we also cannot ignore the **environmental aspects of production** and we must play a leading role in advocating strong measures to reduce greenhouse gasses (GHG) and protect the environment whilst ensuring jobs and a level playing field.

It is important to remember that no trade exposed industry believes itself to be immune from this transition. In this respect, it is the expectation of a global market place for emissions trading and

the inevitability of higher carbon prices over time which will assist in driving investment in lower emissions technologies, and production.

A key challenge is reducing uncompetitiveness in the short term as a result of the imposition of a domestic carbon price, which if simply too high during the period of transition to a global emissions trading scheme will create problems. Hence, governments have a responsibility to support this effort.

We are concerned that **international regulation on carbon emissions** unless binding and applied evenly will lead to carbon leakage (the movement of heavy industries from countries who respect or try to implement international governance to countries with weaker or no measures). Climate change legislation must contain strong provisions dealing with international competitiveness in order to ensure that nations that lack a strong emissions programme do not receive an unfair advantage. Such provisions should include border adjustment measures (BAMs) in energy intensive products when they are produced for export markets.

We believe that investment in carbon neutral energy resources such as renewable energy is vitally important as is the development on new technologies, such as **carbon capture and storage (CCS)**, advanced processes and sustainable products. The alternative will see facilities shut their doors in one country and re-open in nations where they can operate under cheaper and environmentally harmful conditions, which will only exacerbate the problem of global warming. One way to encourage developed and developing economies alike to act on curbing emissions is to ensure that **international competitiveness provisions** (including BAMs) go into effect simultaneously with the implementation of carbon pricing or cap and trade systems in the respective countries. The cost of transportation of goods in the global economy should be clearly measured and included in the costs determining BAMs in any competitiveness provisions.

We recognise that Annex 1 and Annex 2 and Non Annex 1¹ countries may adopt **different timelines** for instituting carbon pricing; however, by levelling export markets we can ensure that responsible countries are not disadvantaged by moving rapidly to curb emissions domestically.

¹ The Convention divides countries into three main groups according to differing commitments:

Annex I Parties include the industrialized countries that were members of the OECD (Organisation for Economic Co-operation and Development) in 1992, plus countries with economies in transition (the EIT Parties), including the Russian Federation, the Baltic States, and several Central and Eastern European States.

Annex II Parties consist of the OECD members of Annex I, but not the EIT Parties. They are required to provide financial resources to enable developing countries to undertake emissions reduction activities under the Convention and to help them adapt to adverse effects of climate change. In addition, they have to "take all practicable steps" to promote the development and transfer of environmentally friendly technologies to EIT Parties and developing countries. Funding provided by Annex II Parties is channelled mostly through the Convention's financial mechanism.

Non-Annex I Parties are mostly developing countries. Certain groups of developing countries are recognized by the Convention as being especially vulnerable to the adverse impacts of climate change, including countries with low-lying coastal areas and those prone to desertification and drought. Others (such as countries that rely heavily on income from fossil fuel production and commerce) feel more vulnerable to the potential economic impacts of climate change response measures. The Convention emphasizes activities that promise to answer the special needs and concerns of these vulnerable countries, such as investment, insurance and technology transfer.

We can enhance many developing countries' ability to adapt to the effects of climate change by:

- Ensuring the full and transparent functionality of the **Green Climate Fund (GCF)**.
- Advancing the roll out of carbon mitigation strategies, such as CCS or sequestration.
- Developing programs which ensure a requirement that companies and corporations use **best available technology** when they move production.
- Calling for a modification of WTO rules to ensure that **trade rules**, including those governing intellectual property and technical barriers to trade, do not undermine environmental objectives.
- Sharing science which allows developing countries to effectively measure emissions.

4. Environmental Protection

We recognise that climate change affects all of us and that we can all be part of the solution. An international approach to tackling climate change is essential. Climate refers to the average weather experienced over a long period. The main human influence on global climate is the release of emissions of the key greenhouse gasses - mainly carbon dioxide, methane and nitrous oxide - as a result of burning fossil fuels, the cutting of forests and the practice of certain farming methods. Scientists believe that the concentration of these gasses in the atmosphere have now reached levels unprecedented for tens of thousands of years. Climate change is the **greatest environmental challenge** facing the world today. Rising global temperatures will bring changes in weather patterns, rising sea levels, increased frequency of extreme weather creating severe problems in regions that are particularly vulnerable.

Financial responsibility for climate protection policies is a highly contentious affair, since it is difficult to provide reliable and exact information about the potential costs and uses of certain measures. It is, however, widely acknowledged, for instance by the Intergovernmental panel on Climate Change (IPCC), that **adaptation and mitigation** efforts are not only more effective but also more efficient when compared a scenario of inaction and unabated climate change. Beyond the shorter-term environmental and technical, economic and social effects, there are also ethical considerations for today's society in terms of its social responsibility towards future generations, who will be faced with the consequences, whether negative or simply irreversible. On this basis, there is general agreement on the fact that tackling climate change is of central importance for humanity. While all countries have a responsibility to mitigate climate change, it is clear that the greatest responsibility for reducing global emissions and spearheading global climate policy lies with the large industrial nations.

We believe it is vitally important that trade unions provide leadership for an international framework by:

- Establishing **solidarity** and common positions amongst trade unions on climate change issues.

The 49 Parties classified as **least developed countries** (LDCs) by the United Nations are given special consideration under the Convention on account of their limited capacity to respond to climate change and adapt to its adverse effects. Parties are urged to take full account of the special situation of LDCs when considering funding and technology-transfer activities.

- Holding multinational corporations to account on climate change issues through legislative and collective action.
- Establishing a fair (robust and well functioning) **global emissions trading regime**, acknowledging the developed world's historical responsibility for global greenhouse emissions and recognizing that emissions trading is insufficient in isolation from complementary industrial policies.
- Ensuring that any international climate change accord includes international competitiveness provisions that do not disadvantage those companies and nations that are first to adopt carbon pricing schemes.
- Ensuring that environmental obligations are included in future **trade agreements** along with financial incentives to encourage all countries to meet obligations and / or help them decrease emissions.
- Recognizing that there are environmental and economic reasons for establishing transitional arrangements for emissions-intensive industries that are exposed to and at risk.
- Recognizing the central debate must be on how to reduce emissions (a social cost) **without sacrificing employment** (a social benefit).
- Developing strategies to engage with national and international agencies.

5. Sustainable Job Creation

The significant global skills-gaps witnessed today in our industries must be tackled if we are to master the transition to a low-carbon global economy. There has been much focus on the creation of new sustainable jobs or 'green jobs'. As market demand for new greener products and services increases, industrial changes will accompany them and workers must be in a position to anticipate their changing skills needs and maintain employment opportunities.

Our sectors are essential foundations for the **transition to a low-carbon economy** bringing innovative, more energy-efficient and lower-carbon products to the market. A sustainable job is not always what comes to an environmentalist's mind. Clear distinctions between the 'green' and traditional economy are impossible, since there are vital economic and industrial links between these sectors. The new 'greener' economic sectors in renewable energies could not exist without the participation or products from traditional industrial sectors. Solar technology would be inconceivable without the chemical industry, as would wind energy without steel. A sustainable job is any job that helps the world advance towards environmental, economic and social stability even if specific environmental challenges may continue to need management at specific production sites.

The transformation of the labour market towards a low carbon economy must go hand-in-hand with **decent work** and jobs, based on **ILO labour standards** and not an increase in precarious work. To this end, companies and employers must be obliged to adopt and implement social standards and demonstrate corporate social responsibility.

'Intelligent' and substantial investment is needed, meaning prioritising and supporting investment in training and qualifications in future skills needs and energy efficiency, in order to create sustainable jobs, public support and investment into environmentally-friendly technologies to prepare heavy industries for the future low-carbon economy, and, finally, investment in

infrastructure and networks to promote **energy efficiency** and **innovation**. The role of binding energy efficiency standards should be considered as a means of promoting this investment in innovation.

We believe that the route to a more sustainable global economy and a transition to 'greener' industrial jobs are tightly bound to:

- The need for an effective and well-resourced **employment and social policy** integrated into global climate policy.
- The 'greening' of skills and competences in all sectors. Increasingly, **education, training and re-skilling** must take into account environmental elements, such as the promotion of energy efficiency and use of new technologies, within existing vocational education and training programmes.
- This will require significant **public and private investment** in education and training systems, as well as research and development and innovation.
- **Worker participation** in the formulation and implementation of these programmes, as well as information and consultation rights on companies' sustainable development.
