EUROPEAN COMMISSION
DG Employment, Social Affairs and Inclusion

Employment and Social Governance
Social dialogue

EXTRACTIVE INDUSTRIES SECTORAL SOCIAL DIALOGUE COMMITTEE

Working Group Meeting

28 February 2017

MINUTES

Participants:

Employer representatives

Mr Mike Bostan, EURACOAL, Belgium
Ms Magdalena Chawula-Kosuri, EURACOAL, Belgium
Ms Hebestreit, Euromines, Belgium
Mr Rafał Szkop, Euromines, Poland
Mr Andrzej Niechwiej KGHM, Poland
Mr Vicente Gutierrez, Euromines, Spain
Mr Akos Zoltay, Euromines, Hungarian Mining Association
Ms Cecilia Andersson, SveMin, Sweden

Employee representatives

Ms Corinna Zierold, industriAll, Belgium
Mr Jean-Pierre Damm, FNEM FO, France (in the chair)
Mr Szabolcs Beothy-Feher, BDSZ, Hungary
Mr Alberto Simoes, SIMA, Portugal
Mr Ferencz Rabi, BDSZ, Hungary
Mr Vladimir Topalov, Podkrepa SMF, Bulgaria
Ms Desislava Kancheva, Podkrepa SMF, Bulgaria

European Commission

Ms Pontoglio DG ENER
Mr van Ierland DG CLIMA
Mr Janssen DG RTD
Mr Strohbach, DG EMPL

1) Adoption of the draft agenda and of the draft minutes of the last meeting

The meeting was chaired by Mr Damm. The draft agenda was slightly adapted.

2) Adoption of the draft minutes of the last meeting

The draft minutes of the SSDC meeting on 12 October 2016 were adopted.

3. Revision of the EU Energy Efficiency Directive

Ms Pontoglio (DG ENER) presented the revision of the Energy Efficiency Directive (EED) which constitutes one part of the EC's new Clean Energy package ("Winter Package"). This package comprises a total of 8 legislative proposals and was adopted at the end of 2016. The motto of the Energy Union is "Energy efficiency first!" since it is the cleanest energy, the most secure energy and the cheapest energy (the energy that is not used at all). Energy efficiency needs to be considered as a source of energy in its own right. It is one of the most cost effective ways to support the transition to a low carbon economy and to create growth, employment and investment opportunities.

Energy efficiency has to be increased at all stages of the energy chain, from generation to final consumption. At the same time, the benefits of energy efficiency must outweigh the costs, for instance those that result from carrying out renovations. EU measures therefore focus on sectors where the potential for savings is greatest, such as buildings.

The European Union legal framework was based on an energy efficiency target of 20% for 2020 – this now needs to be reset with a 2030 perspective which aims at savings of 30% and measures to update the Directive to make sure that the new target is met.

The EU has therefore adopted a number of measures to improve energy efficiency in Europe, e.g.

- an annual reduction of 1.5% in national energy sales
- energy efficient renovations to at least 3% of buildings owned and occupied by central governments per year by Member States (MS)
- mandatory energy efficiency certificates accompanying the sale and rental of buildings
- minimum energy efficiency standards and labelling for a variety of products such as boilers, household appliances, lighting and televisions (eco-design)
- the preparation of National Energy Efficiency Action Plans every three years by EU countries
- the planned rollout of close to 200 million smart meters for electricity and 45 million for gas by 2020
- large companies conducting energy audits at least every four years
- protecting the rights of consumers to receive easy and free access to data on real-time and historical energy consumption
- the Commission has published guidelines on good practice in energy efficiency.

With the implementation of the energy efficiency legislation and ambitious energy efficiency programmes in Europe, further benefits are expected e.g.

- lower demand for EU gas imports.
- lower energy costs for people who live and work in energy efficient buildings, as well as additional benefits such as improved air quality and protection from external noise provided by energy efficient windows
- targeted energy efficiency measures in buildings; this can help households with lower incomes to improve their living conditions
- lower energy costs for companies, in particular energy-intensive industries
- less need for additional generation and grid capacities with higher energy efficiency levels
- boosting domestic energy efficiency investments; this will bring new business opportunities for European companies such as construction firms and manufacturers of energy-using or transport equipment, which is likely to have a positive impact on economic growth in Europe
- new jobs in construction, manufacturing, research and other industries investing in energy efficiency.

The Energy Efficiency Directive strengthens the social aspects of energy efficiency by requiring that energy poverty must be taken into account in designing energy efficiency obligation schemes and alternative measures. The decrease in energy bills will also be of particular benefit to the European citizen.

Social partners pointed out that the Energy Efficiency Directive and in general, the whole Clean Energy package, should not deter industrial growth and investments in Europe. It is therefore important to achieve sustainable industrial growth and employment and to establish a global level playing field with comparable rules for all. The European companies and citizen should be treated fairly and in a balanced way in comparison the other parts of the world.

4. Revision of the ETS directive

Mr Bostan (Euracoal) presented the revision of the EU Emission Trading System Directive (ETS directive). In addition, Mr van Ierland (DG CLIMA) explained the position of the EC.

ETS was started in 2005 and has since then been revised several times. It covers electricity producers, industrial manufacturers and air traffic, capping their greenhouse gas emissions and reducing them progressively. Within the limit, emitters either receive or buy emission allowances and can trade them, depending on their needs. The current review of the EU ETS is needed to provide a regulation for the 2021-2030 period. At the October 2014 European Council the EU leaders committed to an objective of cutting at least 40% domestic greenhouse gas (GHG) emission in 2030 compared with 1990 levels.

In the framework of the summer energy package, on 15 July 2015 the European Commission submitted a legislative proposal to revise the EU ETS (COM(2015)0337). The proposal envisages achieving at the very least a 43 % reduction in greenhouse gases by 2030 in comparison with 2005 levels, in the sectors covered by the ETS.

On 12 December 2015, the Paris Agreement established a globally binding framework for reducing greenhouse gas emissions in the post-2020 period. While working on the EU ETS proposal, the EU co-legislators – Parliament and Council – have been taking this development into consideration, as the EU contributed significantly to its success.

On 15 February 2017, the European Parliament has adopted its first reading position on the EU ETS reform in a plenary vote (379 in favour, 263 against and 57 abstentions). It confirmed Parliament's strong support for reforming the EU ETS and achieving EU 2030 climate and energy goals. Key points of the Parliament's position are:

- the revision of the annual linear reduction factor of emission allowances after 2021 shall be fixed at 2.2 % (as proposed also by the Commission), however the rate 'shall be kept under review with a view to increasing it to 2.4 % by 2024 at the earliest';
- 800 millions of allowances shall be taken out from the Market Stability Reserve as of 1 January 2021; this will reduce two times more allowances from the market (24 %) than foreseen in the Commission proposal (12 %), (see an 'Arrived' file on Market Stability Reserve for the EU ETS);
- 57 % of allowances should be auctioned between 2021 and 2030 (as the Commission proposed) meaning that 48% will be distributed as free allowances; the Parliament amended the provision by proposing that no more than 5 % could be allocated for free to industries most exposed to the risk of carbon leakage in order to avoid the application of the cross sectoral correction factor;
- all revenues generated from the auctioning of allowances (Commission proposed at least 50 %) shall be earmarked for funding green-energy and other projects fighting climate change;
- a new chapter is proposed to tackle maritime CO2 emissions: in the absence of an agreement at the International Maritime Organisation, from 2023 onwards these emissions should be accounted for in EU ports and during voyages to and from them; a maritime climate fund creation is also proposed to offset maritime transport CO2 emissions, improve energy efficiency and encourage investment in technologies cutting CO2 emissions from the sector;

- aviation emissions should be tackled by allocating from 2021 onwards 10% of allowances less compared to the 2014-2016 average to the aviation sector; auctioning revenues from aviation will be used for climate action in the EU and in third countries;
- the innovation fund shall be strengthened with 200 million additional emission allowances (Commission proposed 400 million, Parliament amended it for 600 million allowances);
- a Just Transition fund shall be created (new amendment, not in the Commission's proposal) shall be effective as of 2021 to address negative impacts of labour market; its resources will come from 2 % of auctioning revenues.

[for information: Council decision on the same day as the SSDC meeting] The Member States have reached a common position - a general approach - on the EU ETS post 2020 at the Environment Council on 28 February 2017. The key points of the adopted Council position are:

- *the annual linear reduction factor should remain at the level of 2,2% (as originally proposed by the Commission);*
- *the share of allowances to be auctioned between 2021 and 2030 should remain at 57% (as proposed the Commission); and the reduction should amount to up to 2 % of the total quantity (which would leave more free permits available to the industry compared to EP proposal of up to 5 % reduction);*
- *regarding the Market Stability Reserve, the amount of allowances going into the reserve should increase until 31 December 2023, one year longer than proposed by the Parliament; moreover the Member States agreed that from 2024 onwards the allowances held in the reserve above the total number of allowances auctioned during the previous year, should be cancelled (unless the review of the Decision 2015/1814 on the Market Stability Reserve would decide otherwise).*

As a next legislative step, inter-institutional negotiations (trilogue) have started between the Parliament, the Council and the Commission to find a final agreement on the revision of the EU ETS.

Social partners welcomed European policies which improve the environmental conditions and reduce emissions. However, social partners highlighted that the competitiveness of the European (energy) industry should not be weakened: more flexibility is needed and regulation has to be fair and balanced in order not to force the best in class to invest outside of Europe. In view of (coal) power stations, stability and security of supply are very important factors and a thorough consideration of the consequences by not using these power stations should be made. Especially in the policy framework of a low-carbon economy it is important to ensure a level playing field for all in order to generate new (better) jobs, health improvements and lower energy bills. In particular, more attention has to be given to the social dimension of the transition process towards a low-carbon economy.

References to the EU ETS reform and Industrial Emissions Directive were made by the Bulgarian trade union SMF Podkrepa. The trade union's main concern is that the proposals in the Reference document for LCP BREF low emission limits for certain emissions for large combustion plants and the definition of best available techniques will be difficult if not impossible to match in Bulgaria and other European countries whose energy production is mainly carbon dependent. The proposed emission limits, if accepted, will lead to closures of thermal power plants and mining enterprises, which will raise dramatically the redundancy level within the sector. Only for Bulgaria the figures will amount to about 150 000 unemployed. That will have serious outcomes on the social, economic and energy stability not only of the Member States affected but also of the EU.

5. Innovation in the Energy sector focussing on coal – RFCS

Mr Janssen (DG RTD) presented the Research Fund for Coal and Steel (RFCS). The RFCS is ECSC: The European Coal and Steel Community (ECSC) Treaty lasted from 1952-2002 and assets of approx. 1.600 M€ were left. According to the Treaty of Nice (2001) the remaining ECSC assets were transferred to the RFCS which was created in February 2003. The RFCS fund promotes industrial research in the coal (27.2% of the budget) and the steel sector (72.8% of the budget) with an annual budget of approx.40 M€. Every year a call is launched and the deadline for submitting applications is on 15 September. Eligible actions (funding is for Member States only) are:

- Research projects (60% funding), to cover investigative or experimental work with the aim of acquiring further knowledge
- Pilot projects (50% funding): development of an installation with a view to examining the potential for putting theoretical or laboratory results into practice
- Demonstration projects (50% funding): construction or operation of an industrial-scale installation for the industrial and/or commercial exploitation of the technology at minimum risk
- Accompanying measures (100% funding): promotion of the use of knowledge gained in projects of the Research programme

Each selected project will be monitored by an expert group. For coal there are 3 groups.

- TGC1: Coal mining operation, mine infrastructure and management, unconventional use of coal deposits
- TGC2: Coal preparation, conversion and upgrading
- TGC3: Coal combustion, clean and efficient coal technologies, CO2 capture

The projects should focus on topics addressed in EU policies, respond to RTD needs of industry and ensure coherence & efficiency of RFCS funding.

Social partners discussed NER 300 projects, in particular the issue of carbon capture storage.

6. Planning joint workshop on training and education

Ms Hebestreit referred to the proposed joint workshop on training and education. The sector is facing shortages of skilled people and new investment/technologies call for highly qualified people. In addition, the sector undergoes unpredictable ups and downs (demand for employment) and currently, several mines are closing down. Therefore, re-training of those people is indispensable in order to offer them new job opportunities.

The workshop which was already discussed some time ago (roadmap of skills and competences) should help to respond adequately to the challenges of the sector and to look for financial support at national/European level.

Social partners agreed that the secretariats will clarify how to proceed with the workshop.

7. H&S updates by social partners

Ms Hebestreit presented the status of the revision of the Carcinogens and Mutagens Directive and NEPSI position. The European Commission proposes to amend Directive 2004/37/EC by expanding its scope and by including and/or revising occupational exposure limit values for a number of cancer-causing chemical agents. The COM proposal contains a binding exposure limit to respirable crystalline silica dust generated by a work process of 0.1

mg/m³ (Annex III). The Employers (in particular NEPSI signatories) agree with the conclusions of the tri-partite Advisory Committee for Safety and Health (who concluded for 0,1 mg/m³). Good practices such as NEPSI are the best available measures to implement the Directive, as recognized in Recital 6 of the proposal.

In the European Parliament's EMPL Committee a lower binding exposure limit of 0.05 mg/m³ was discussed. The EP EMPL Committee voted on 28 February 2017. As of March 2017 informal trialogue meetings are planned. A vote in the EP Plenary is envisaged for April 2017 and the adoption of the Directive is foreseen for June 2017.

Mr Szkop presented the results of a company report on assessing exposure (actual data) of NOx. KGHM Polska Miedź S.A. is a global company with over 50 years of experience in mining, with its own resource base (4th largest in the world) and high competence in underground and opencast mining of copper ore deposits. KGHM ranks among the world's best producers of silver and copper. It is also the only company in Europe producing rhenium and ammonium perrhenate from its own resources. Mr Szkop explained how the company manages the reduction of NOx emissions. He explained in detail the organisational activities and planned actions.

8. Report on other current issues (Social Partner Organisations)

An initiative "Industry for Europe" was created. The European Railways association works as an ad-hoc secretariat. 125 industry associations have signed the declaration which calls upon the EC to propose an action plan which aims at tackling the challenges the industry is facing. A letter was sent to COM president Juncker and Commissioner Bienkowska replied.

Social partners discussed briefly possible future actions.

9. Current developments concerning European Social Dialogue

Mr Strohbach (DG EMPL) informed about current EC initiatives. He referred to the topics New Start for Social Dialogue and European Pillar of Social Rights.

The Commission highlights the importance of social dialogue as a fundamental principle for a well-functioning social market economy. The New Start for Social Dialogue focuses on

- the need for a more substantial involvement of the social partners in the European Semester at national level in particular,
- a stronger emphasis on capacity building of national social partners,
- a strengthened involvement of social partners in EU policy and law-making
- a clearer relation between SP's agreements and the better regulation agenda

The Pillar is a headline initiative of this Commission and a milestone for DG EMPL. It serves as a "policy compass" setting out 20 principles for fair and well-working labour markets and welfare systems, which should help drive better working and living conditions. The adoption of the Pillar is envisaged in April /May 2017.

10. AOB

The work programme 2017 (3 main pillars: Energy, H&S and training/education) was adopted. Social partners jointly commit to a project.

The Chair thanked the participants and closed the meeting.