

Climate change, ETS and the social dimension

9th Plenary Meeting of the Social Dialogue Committee of the European Chemical Industry. Introduction by Jan Cremers, MEP.

European Parliament
Rue Wiertz 60
B-1047 Bruxelles
T +32 2 284 2111
F +32 2 230 6664
www.socialistgroup.eu

The challenge

The evidence provided by the Fourth Assessment Report of the Intergovernmental Panel on Climate Change (IPCC), the most comprehensive assessment of the science of climate change to date, points to the need to sharply reduce carbon dioxide and other greenhouse gas emissions worldwide in order to prevent climate change. Failure to act will mean devastating consequences for the environment, for employment, for the world economy, for human life and for future generations. The fight against climate change is closely linked to the on-going necessity of pursuing a drastic reduction of Europe's energy dependency with regard to fossil fuels. Therefore, we must develop intelligent climate change and energy policies. The key question is how to turn this large structural challenge into a pro-industrial and pro-jobs project.

On 23 January 2008 the European Commission has put forward a far-reaching package of proposals that will deliver on the EU's ambitious commitments to fight climate change and promote renewable energy up to 2020 and beyond.

Central to the strategy is a strengthening and expansion of the Emission Trading System (EU ETS), the EU's key tool for cutting emissions cost-effectively. Emissions from the sectors covered by the system will be cut by 20% by 2020 compared with levels in 2005. A single EU-wide cap on ETS emissions will be set, and free allocation of emission allowances will be progressively replaced by auctioning of allowances by 2020. The aim of the EU Emissions Trading System is to help EU Member States achieve their commitments to limit or reduce greenhouse gas emissions in a cost-effective way. Allowing participating companies to buy or sell emission allowances means that emission cuts can be achieved at least cost.

The EU ETS is the cornerstone of the EU's strategy for fighting climate change. It is the first international trading system for CO₂ emissions in the world and from the start of this year applies not only to the 27 EU Member States but also the other three members of the European Economic Area – Norway, Iceland and Liechtenstein. It currently covers over 10,000 installations in the energy and industrial sectors, which are collectively responsible for close to half of the EU's emissions of CO₂ and, 40% of its total greenhouse gas emissions.

Social justice

For the socialist group in the European Parliament it goes without saying that tackling climate change is part and parcel of the fight for global justice. The poorest parts of the world are already paying the price of climate change, particularly in the developing world where severe weather conditions, floods and droughts are destroying livelihoods. In richer countries it is often the poor who cannot afford to insure themselves against the consequences of climate change, and every taxpayer has to foot the bill when public infrastructure is damaged.

We will strive to find solutions to render climate change solutions affordable to working people. All citizens must be protected against the worst effects of climate change. We consider it of utmost importance to combine the economic development with social justice, particularly in assuring the protection of vulnerable customers, to meet reduction target at reasonable costs for all stakeholders concerned.

Employment and new business opportunities

So far the debates in the EP on the far-reaching package of proposals have been dominated by the ambitious reduction goals, the need for clean energies and energy efficiency. We broadly support the Commission's proposal on the renewable energy and climate change. But we have to go beyond that by developing a flanking social policy in order to get a deal which balances the needs for the environment and promotes competitiveness and jobs. The socialist group in the European Parliament is more and more aware of this need to push for a coherent policy to balance the climate change objectives with the need to protect jobs. The fight to secure jobs in industries that will be most impacted by the challenge to reduce emissions must be an integral part of our policy. Given the current uncertain economic climate it is especially important to take on board the concerns of the stakeholders and notably both sides of the industries concerned and involved. It is, for instance, also in our interest to ensure that polluting industries do not simply relocate outside Europe.

The battle against climate change is not only an environmental, but also an economic and social imperative. Our future climate policy has to be based on smart, green growth combined with new and better jobs. To achieve this, we have to ensure that policies will lead to job creation thanks to the development of new technologies and new businesses. It is important to stress that climate-friendly policies represent a significant opportunity to foster European growth and jobs in line with the Lisbon Agenda.

The role of the stakeholders

Europe's industries will be called upon to contribute significantly to the general effort of reducing our greenhouse emissions, but this must be part of a global effort in such a way as not to endanger our competitiveness. The location of industry within Europe depends on equitable internationally agreed targets and instruments. But Europe must be ready to put in place appropriate mechanisms for maintaining an international level-playing field. We appeal to the European business community to become an active and responsible partner in the global front against climate change, by contributing to the transformation of the European economy into the world's leading low-carbon economy. We need to invest in large-scale wind and solar installations in order to increase the share of renewable energy. New jobs have to be created in the energy efficiency and renewable sector, in the transport sector and in industrial production. Industries will have to adapt to the new environment and conversion will be one of the key principles in that process. Investments in energy efficiency and affordable low-energy alternatives have to prevent negative impacts of rising energy prices. Industries will be at risk if they are not able to anticipate and adapt to change.

Cooperation with the European social partners is crucial, not in the least because we have to find solutions for employees in order to anticipate and avoid potential negative effects. That is one of the reasons why the PSE group welcomes the fact that the social partners in the chemical sector have taken a strong stand as stakeholder in the current debate.

Future tasks

The PSE is calling upon the European Commission and the Council *to include the climate action plan in the Lisbon Strategy with a view to using fully the European Union instruments to anticipate the structural changes triggered by climate mitigation and adaptation measures.* What we need is a coordinated initiative on more investments in education, life-long learning and vocational training in order to have a qualified and skilled workforce able to adapt to future challenges like the needs of a low carbon economy. More serious study of the impact on employment should be undertaken. The EC has announced a Communication in 2009 on the social aspects of climate change. We think that this is not ambitious enough against the background of the long-term structural change that we have to face. *In order to develop a consistent social policy, in particular with respect to the socio-economic consequences of the proposed package, the Communication should have the character of a White Paper. Next to an overall assessment of the social and employment issues related to the proposed package this*

White Paper could provide the building blocks for a policy that reduces the negative effects on workers and industries.

Important elements are already suggested by different stakeholders:

- employment transition programs so that structural employment changes are managed in a socially responsible manner,
- a European financial initiative for sustainable growth,
- coordinated action by the Member States on skills for a low carbon economy.

Both sides of the industry are confronted with a series of measures drawn by the legislator with far-reaching consequences for their sectors. Social dialogue is one of the pillars of the European Union as it is enshrined in the Treaty and in other constitutional acts. The installation of a consultative committee of the European social partners is a necessary step to involve the social partners in the definition of ambitious targets and objectives in the long-term project of climate change policy. The aim should not be to establish a bureaucratic institution, but *to build a (temporary) task-force that fits in the philosophy of social dialogue. One of the central tasks will be to produce clear-cut scenarios on the socio-economic consequences of the climate change package, not only for the industries directly involved, but also for society as a whole.*

Dear friends, we are just at the beginning of a process of structural change. And I must admit that in recent years more attention has been paid to the impact on the market or the calculation of reduction efforts. The Employment and Social affairs committee of the EP has only recently started the debate, as we were not involved in the reports and opinions linked to the energy package. With the forthcoming Communication this will certainly change. The PSE group is open for a much stronger cooperation in the near future and I'm here to build this bridge.

Jan Cremers, MEP, PvdA, 2008-09-29.