



Forum and work programme on the impact of the implementation of response measures (SBSTA/SBI)

Views from the International Trade Union Confederation on area (g) of the work programme in accordance with decision 8/CP.17, paragraph 1:

(g) Just transition of the workforce, and the creation of decent work and quality jobs

25th March 2013

Context:

COP17 adopted a work programme with the objective of improving the understanding of the impact of the implementation of response measures in eight distinct areas. In addition, the COP decided to establish the forum on the impact of the implementation of response measures mandated to meet twice a year under a joint agenda item of the subsidiary bodies.

Decision FCCC/SBSTA/2012/2, annex III and FCCC/SBI/2012/15, annex I call for submissions by March 25th on four of the work programme areas, including (g) Just Transition of the workforce, and the creation of decent work and quality jobs. This is an issue the labour movement has been working on heavily for a number of years.

This submission aims to provide information on this area of work, highlight relevant linkages with other areas under this work programme as well as within the UNFCCC work and suggests a way forward for the treatment of this topic in the negotiations regarding the future climate architecture.

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“Just Transition” can be understood as the conceptual framework in which the labour movement represented through the International Trade Union Confederation (ITUC) captures the complexities and urgency of the transition towards a low-carbon and climate-resilient economy, highlighting public policy needs and aiming to maximise benefits and engagement, and minimise hardships for workers and their communities in this transformation.

1. The rationale for a just transition

Despite alarming signals sent by the scientific community, there is a clear gap between current emission reduction commitments and the need for ensuring greenhouse gas concentrations stay at levels that allow a less than 2°C raise in global average temperature increases. If there is no single reason for this gap, a major one is that climate change policies are not taken in a vacuum. And that decision makers are surrounded by a myriad of challenges which might make climate change seem like a certainly crucial, but less urgent issue, when compared, say, to employment.

And this is not casual. The world faces a jobs emergency. In the developed world, 50% more people were unemployed in 2010 than in 2007. And globally, 84 million more people now live in extreme poverty than before the crisis, most of them in developing countries. The number of people suffering from a lack of

adequate nutrition, housing, water, and livelihood opportunities is daunting. 1.4 billion people are living in extreme poverty on less than US\$1.25 a day, and close to 1 billion people suffer from hunger and people in the Horn of Africa are experiencing famines. Worse, this figure underestimates the numbers that are finding it hard to make ends meet, in both developed and developing worlds, even though they work. On top of that, half a billion young people are set to join the workforce within the next decade.

Under this scenario, a debate on the means to achieve low-emission, climate resilient, sustainable development that does not take into account jobs, decent work and equity will look anecdotal to workers and superficial for most governments around the world.

In addition to conjuncture issues, there are solid links between climate change, the policies to mitigate it and employment. And those are at the center of discussions around a Just Transition.

Without an adequate response to climate change, climate change will become one of the key factors exacerbating precarious employment. Irregular rain will affect agricultural crops and workers' incomes. The increasing frequency of natural disasters will even affect manufacturing or service sectors, the floods in Bangkok were an example of this.

Importantly, research shows that the response to climate change can also create job opportunities. Climate related investment such as in renewable energy, energy efficiency, public transit, water management, sustainable agriculture and forestry, have job benefits. These opportunities would also have direct positive consequences in the supply chains of these sectors. In addition, we importantly recognise that emission reduction and adaptation policies will bring about important transformations to the world of work, including to employment, for example in sectors with high energy intensity.

This is why the spirit of CP/16 decision, where all Parties committed under the "Shared Vision" section to a Just Transition, further developed under the response measures section, is so important¹: It sent a clear message of understanding to working families that the transformation, if well managed, can fully incorporate the needs of working people, including the need for the creation of decent and good quality jobs for those who might be affected by change.

However, many questions remain unanswered. How will we ensure that jobs arising from climate investments are good quality/decent jobs? How will we support workers and their families in the transition? What is the role of governments and international institutions in securing a Just Transition? What can the UNFCCC and a more developed climate regime do to foster its implementation?

The next section explores at a general level the policy mix needed to implement Just Transition. It is a preliminary step for identifying policies that could be adopted at the international level (in section 3).

2. Components of a Just Transition²

Climate change and policies aimed to adapt to it or to reduce greenhouse gas emissions will impact on labour markets. Those impacts might be considered positive (such as employment creation in infrastructure projects linked to adaptation or renewable energy development) or negative (such as the impacts of climate change on

¹ *Decision 1/CP.16, under section I, A shared vision for long-term cooperative action, paragraph 10, governments* (document available at: http://unfccc.int/meetings/cop_16/items/5571.php)

"10. Realizes that addressing climate change requires a paradigm shift towards building a low-carbon society that offers substantial opportunities and ensures continues 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."

Decision 1/CP.16, under section E, Economic and social consequences of response measures, in its preamble, makes a clear point about the importance of ensuring a just transition in all economic sectors:

"Recognizing the importance of avoiding or minimising negative impacts of response measures on social and economic sectors, promoting a just transition of the workforce, the creating 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."

² Excerpts from Rosemberg, Anabella, Building a Just Transition: the linkages between climate change and employment, in International Journal of Labour Research, 2010, Vol. 2, Issue 2, 2011

agricultural workers or in energy-intensive sectors). How the positives are maximized and how workers are supported in impacted sectors depends on the climate change policies adopted and implemented.

This reasoning is the basis of the “Just Transition” strategy which originated in the trade union movement and which has now been adopted by other community and NGO groups, UN agencies and governments, among others.

Today, “Just Transition” can be understood as the conceptual framework in which the labour movement captures the complexities of the transition towards a low-carbon and climate-resilient economy, encapsulating the public policy needs and to maximise the benefits and minimise the hardships for workers and their communities in this transition.

While the concept of a Just Transition could be applied to any number of employment impacts, it is particularly important in those situations where society contemplates regulatory or public policy approaches to environmental protection. Rightly or wrongly, the visible hand of regulation is perceived in a different way than the “invisible hand of the marketplace”.

In a document prepared by the International Trade Union Confederation (ITUC), Just Transition is defined as a “tool the trade union movement shares with the international community, aimed at smoothing the shift towards a more sustainable society and providing hope for the capacity of a “green economy” to sustain decent jobs and livelihoods for all” (ITUC, 2009b).

Society can, and must, make decisions for the protection of the environment. It is important to note that Just Transition is a supporting mechanism of climate action; it does not promote or support inaction on climate change. Just Transition is not in opposition to, but complements environmental policies. This challenges the outdated idea that environmental and social policies are contradictory. On the contrary, social and environmental policies can reinforce each other.

The “Just Transition” framework is a package of policy proposals which addresses the different aspects related to the vulnerability of workers and their communities: uncertainties regarding job impacts, risks of job losses, risks of undemocratic decision-making processes, risks of regional or local economic downturn, among others.

A Just Transition framework needs to incorporate, at least, the policies detailed below³:

Sound investments in low-emission and labour-intensive technologies and sectors

Climate-friendly investments (which include both investments in new sectors as well as investments to transform traditional ones) are positive in terms of employment creation. However, without a massive shift in investments towards these sectors, those opportunities will not be realized, hindering progress on climate policies. Workers from declining sectors or young workers who have not yet entered the labour market need job alternatives, and green investments can provide them. These investments can be driven, in the initial phase, by public sector policies, including procurement, infrastructure projects and public regulations.

It is fundamental that these investments are undertaken with due consultation with all those affected, and with respect of human and labour rights, and more specifically within the Decent Work agenda, as agreed in 1CP16.

Research and early assessment of social and employment impacts

Identifying the opportunities and managing the transition in affected sectors requires a proper consultation but that as stated previously by the ITUC, “a proper consultation process will not be sufficient unless it is accompanied by relevant studies assessing the impacts of alternative emission reduction scenarios on production systems. Systematic country, region and sector-specific studies on climate change policies and their impacts on employment and labour markets must be carried out. Ex ante analysis of policies is key, as this enables their redesign and improvement” (ITUC, 2009c, p. 15).

An initiative to start addressing those gaps was taken by the ITUC, the Global Unions Research Network (GURN) and the ILO Bureau for Workers’ Activities.

³ In the presentation introduced by the ITUC to the Forum on response measures in December 2012, a series of concrete examples of actions was compiled. This presentation is available here: http://unfccc.int/cooperation_support/response_measures/items/7113.php

The impacts which still need to be explored, in order to prepare social actors for the transformation our societies are going to face are better explored in the next section, which specifically addresses research gaps.

Social dialogue and democratic consultation of social partners and stakeholders

Governments have to consult with and encourage institutionalized and formal involvement of trade unions, employers, communities, and all other relevant community groups. Consultation and respect for human and labour rights form the baseline conditions for a smooth and effective transition towards a sustainable society. Social dialogue is a tool used to promote consensus-building and the democratic involvement of the main stakeholders in the world of work. Successful social dialogue structures and processes have the potential to resolve important economic and social issues, to encourage good governance, to advance social and industrial peace and stability and to boost economic progress (UNEP/Sustainlabour, 2008, pp. 89-90).

Studies confirm the value of tripartite social dialogue in the context of climate change. An ILO report which studied a unique experience of tripartism adapted to climate change discussions in Spain highlighted this potential: “Tripartite social dialogue [is] a valid instrument in the analysis of the effects on competitiveness, employment and social cohesion in policies related to climate change”. The report found that the experience was considered positive for information and consensus-building, a driver for internal actions in each sector, and potentially useful for monitoring progress (ILO/Sustainlabour, 2010).

Training and skills development

Changes on the ground require workers to be trained in clean- and low-emission processes and technologies. This is key to avoiding bottlenecks to the absorption and development of new technologies and to realize the potential of green investments. Educational leave for workers to acquire new skills might be needed. Many organizations agree on this aspect of the “Just Transition” framework. In addition to the ILO (CEDEFOP/ILO, 2010), UNEP (UNEP/ILO /IOE/ITUC, 2008a) and the OECD (OECD, 2010b), other organizations such as UNCTAD highlighted the importance of skills development: “The key elements of a favourable environment for cross-border flows of low-carbon technology include availability of the requisite skills” (UNCTAD, 2010, p. 31). More references on the need for skills development are available in the section on employment aspects of mitigation.

Social protection

Vulnerability may be a source of reluctance to support change. Social protection schemes, including active labour market policies (social security including social insurance and public employment guarantee schemes, job-creating public works programmes for the unemployed and working poor, income maintenance and job placement services, among others) are integral to ensuring justice during the transition. A certain number of policies will need to be promoted to avert or minimize job losses, to provide income support and to improve the employability of affected workers in sensitive sectors.

Traditional labour market adjustment programs have too often been perceived as top-down and insensitive to the needs and aspirations of individual workers, their families, and their communities. Just Transition demands a more flexible and adaptive approach that includes a range of options from training and skills development, to more academic education, to enhanced early retirement for older workers, depending on their situations. It is important for workers that their rights as union members be protected, as well, and it is entirely reasonable for unions to demand institutional protection through the transition period. This could mean, for example, voluntary recognition of the union where new jobs are being created in more sustainable industries.

Social protection also needs to address the consequences of climate change and extreme weather events on the poorest and the most vulnerable. We know that when communities are already supported through social protection they are more resilient in the face of natural disasters. Unfortunately, insufficient attention has been played in the social protection sphere to the long-term risks posed by climate change. However, social protection approaches could inform disaster risk reduction and climate change adaptation based on established implementation frameworks for vulnerability reduction” (IDS, 2007, p.1).

Local analysis and economic diversification plans

Each region and community affected both positively or negatively needs economic diversification plans to support decent work outcomes. Communities cannot be abandoned and nor should we leave the market alone to address the challenge as this will not lead to a fair distribution of costs and benefits.

As has been previously highlighted, the impacts of climate change on employment mask local disparities. Although no region will be left unaffected, the effects of climate change are unlikely to be uniform across regions. As the OECD points out: “the paradox is that while local governments play a relatively marginal role in designing and implementing climate change regulation, they will play a considerable role in managing transition to a low-carbon economy and enabling green growth” (OECD, 2010b, p. 28).

Work must also be undertaken at the workplace level, as workplaces can function as transformative spaces, spurring innovation across societies. Experiences such as the “green workplaces”⁴ projects show they can be instrumental in facilitating a Just Transition.

3. What can be done internationally by the UNFCCC (including at the ADP level as well as through the work programme)

Many of the policies mentioned above need to be applied at the national level. However we believe there are many initiatives that can be taken internationally to foster progress on just transition, in accordance with the agreements taken by countries at the UNFCCC.

*** Political commitment**

As the ITUC has highlighted during the LCA negotiations, it is of utmost importance to build an ambitious and legally binding climate regime. The success of the ADP process is of crucial importance for the survival of workers and their families in this planet. That said, we have argued over the past few years on the need to accompany ambitious emission reduction commitments and actions with an equally ambitious agenda for social change: a Just Transition. The political commitment reached under the LCA must therefore find a space under the new negotiations, so that generic, preambular language is operationalized, based on our improved collective awareness of the challenges ahead. This means that the ADP must give continuity at the political level to the Just Transition commitment and give an operational mandate for the future.

In addition, and ensuring implementing of previous LCA decisions, the following actions should be taken internationally by the UNFCCC:

*** Anticipation**

Collect practices and methodologies for assessing employment consequences of climate policies to support countries to take more socially-sound decision making based on best practice and lessons learnt in other countries

*** Planning**

Identify public policies that have been designed to counter negative impacts on jobs, or to multiply positive impacts as a means for helping other Parties in operationalizing a Just Transition domestically.

*** Assessment of financial needs**

Assess and identify the investments needed in order to support economic sector transformation, and the potential sources for funding them. The link between this assessment and the possibility for UNFCCC institutions to support the most vulnerable populations should be progressively done.

*** Dialogue mechanisms**

Collect good practices of multi-stakeholder approaches at the domestic level dealing with Just Transition, including those in which trade union representatives participate.

*** Bridge-building**

Build bridges with other relevant processes. In this particular case, related to employment and Just Transition, this will mean reinforcing the link between the UNFCCC and the International Labour Organisation, which is opening a discussion on this topic in the upcoming International Labour Conference (ILC, June 2013). The outcome of this discussion should also inform future UNFCCC work on Just Transition. Parties may want to consider providing a space for the ILO and its constituents (governments, employers and trade unions) to inform UNFCCC Parties about the outcome of this discussion in the December SB sessions.

⁴ http://www.etuc.org/IMG/pdf/ETUC_greenworkplaces_guide_GB_.pdf

Conclusion

The ITUC considers it vital to identify aspects of Just Transition policies which can be enriched by international cooperation as a means to facilitate progress on critical areas of negotiation at the UNFCCC. In particular it needs to be recognised that if a just transition is operationalized, countries can address fears and build the support of their citizens for more ambitious climate action. Debates around the future of the work programme, as well as those in the ADP should serve this purpose.

The trade union movement stands ready to provide further explanations around the different proposals made in this submission.