Climate neutral Europe 2050: the challenge for two key sectors – coal and cars

ETUI lunch debate, 21 January 2020, Brussels

Bela Galgoczi, European Trade Union Institute, Brussels
bgalgoczi@etui.org
Compelling necessity: Revision of growth model

Climate emergency - the clock is ticking..., clear by now:
To reach net-zero carbon economy by 2050 means a fundamental revision of our growth model

Less clear, what this means...
The new EU Commission is fully committed, EGD launch – €1 trillion Sustainable Europe Investment Plan (for 10 years), €100bn Just Transition Mechanism (over next MFF) – high ambition, but feasibility?? (new resources???)

18% of total EU ghg emissions in 2016 were due to coal
19% of total EU ghg emissions (2017) due to road transport (no ghg reduction since 1990)

COAL and CARS are thus KEY in managing ghg targets
Just transition: what is it?

Jobs to be created, but also lost (with huge regional impact), with all jobs affected

Simultaneously four transformations shape the future of work:
- Decarbonisation
- Technological change (digitalisation, automation, AI, big data)
- Demographic change
- Globalisation

The inevitably needed higher climate ambition will also have much higher social and employment effects than previously seen or thought.

Just transition is the (only) way to make the paradigm change in both production and consumption to become reality and reach climate target.
In 2016, 18% of EU ghg emissions by 284 coal power plants, with a total employment of 52,700 (+ cca 130.000 in mining) – total coal dependent jobs estimated (JCR 2018) cca 330.000-350.000 – just 0.15% of EU jobs

BUT concentrated in a few countries (Poland cca 50%!!) and regions (10 regions have 75%, five of which in PL and DE).

Progress had been made in 2019, but the current coal-phase out plans by member states are by far not enough

Coal phase out should be a top priority – a low hanging fruit of emissions reductions – with well focused employment transition and regional policies.

Proposed Just Transition Mechanism looks promising, if additional
The status of coal phase-out in the EU (Oct 2019)

Source: Europe Beyond Coal (2019) and national sources. Note: Cyprus, Belgium, Latvia, Lithuania, Luxembourg and Malta have no coal-fired plants.
The automobile industry: the real challenge

Since 2017 employment in EU automobile industry at pre-crisis level: 3.4 million direct manufacturing jobs, total 13.8 M in EU – no perception of a crisis, but tectonic changes ahead!

**Modes of transport changes**: less individual transport; new concepts for urban mobility, CAV, robotaxis – how this would change the demand for new cars?

**Greening of individual transport, new technologies**: electrical cars (much less labour input); from the `car` to `mobility concept`, new technologies, new skills needs (combustion engine skills outdated); impact on first and second tier suppliers

Complete redraw of value-chains – new constellation in economic geography (China + Silicon Valley in lead, where is Europe?)

**Effects of digitalisation**: shift of value added from engineering to software and data; Industry 4.0 in production process
Current business model: finance the ramp-up of electric vehicles via high margin SUVs – a no go!!

Change in CO2 emissions by energy sector, 2010-18

Source: IAE World Energy Outlook 2019
Employment forecast for the German automobile sector, with 30% EV share by 2030


Note: broad automobile sector, Germany (2018): 3 Million, within that 800,000 in car manufacturing
Job loss in car manufacturing is estimated to 240,000 (88,000 in powertrain segment)
Tesla factory, Shanghai
Daimler *Projekt Zukunft* (‘Project Future’): agreement with General Works Council –
job security for all Daimler employees extended from 2020 to 2030, including those in logistics and branch offices.

Within the company’s innovation committees, the works council is advised on future product strategies. Investment commitments of €35bn have been made for German locations.

Volkswagen ‘Future Pact’: 25,000 jobs will be eliminated, 9,000 created. Job security plan up to 2025, Commitments have been made to locate new e-mobility products at German sites.
In the German industry 100,000 workers were on shortened working time (highest level since 2013)
French OEMs also have wide-scale information/consultation practices to discuss diversification and detailed skills, training and employment adaptation plans
See more in book chapters…
BUT managing the green transformation cannot be confined to national borders, as employment effects go through the entire value chain
CEE locations increasingly under pressure – with high exposure to ICE technology
Policy framework, actors

Policy makers: **regional policy** for coal; **industrial policy** for cars (battery, infrastructure…)

Trade Union challenge: to drive the transition forward with ambition and then manage its consequences in real-life working environments where capital dictates – up to now this seems difficult

Focus not only on core workers (members), but on all - Status quo is no solution, managing change in an advance looking way

Time horizon is crucial: short term vs long term interest (jobs of here and now vs future jobs)

New innovative organisation strategies, **Coalition building** with environmental NGOs (blue-green alliances)
SEE more in: