



A Clean Planet for all

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Executive summary

If successful according to the Paris Agreement of 2015 on Climate Change, in the second half of the century, global greenhouse gas emissions shall no longer be released into the atmosphere. This means that the use of fossil fuels (coal, oil, natural gas) is continually decreased (decarbonisation). With its communication “A clean planet for all” the European Commission (EC) wishes to examine all options on how to achieve net-zero emissions in Europe by the mid-century. Its “strategic vision” is intended as a pointer for the discussion on the EU’s long-term energy and climate policy since, with the measures hitherto agreed by the EU, a reduction of only around 60% of emissions can be achieved. The prospects of success for an ambitious climate policy would depend on “how our society takes care of those who are particularly vulnerable during this transition” (p. 6). Regarding implementation, the European Commission is considering seven strategic building blocks as well as appropriate framework conditions in five dimensions. It states: “Ensuring a socially fair transition is crucial to ensure a politically feasible transition.” (p. 23)

The AK expects that the incoming Commission will continue on the path of multilateral, ambitious climate policy, further evolution of its goals and the continuation of its leading role in international negotiations. Questions of social justice – in particular the distribution of costs of restructuring and adapting the system, the effects on the quality and quantity of employment as well as negative effects on the workers affected – must be at the heart of the definition of targets and the implementation of climate policy. **The fundamental commitment of the European Commission to this must be followed by specific measures to ensure a socially just transition.**

The AK has the following demands in relation to this:

- A “Just Transition” requires us to **have recourse to the knowledge available among workers’ representatives** – not least in order to ensure a just distribution of the transformational costs and to prevent social hardship. **Affordable energy must be secured, a zero-emissions mobility guarantee must be the aim.**
- The effects of climate policy strategies and measures on jobs, working conditions and unpaid work must be constantly identified and assessed. **If unfavourable effects are feared, the appropriate measures must be taken and sufficient money provided from public funds.** Agricultural policy must also be aligned with the requirements of the Paris Climate Agreement.
- If jobs are lost, politicians and companies must create conditions as well as compensatory and accompanying measures which ensure **those affected have access to timely re-qualification and can switch to other fields of activity and have a reasonable income (when in training or during unemployment as well).**
- **Industrial production continues to be a mainstay in the European economy. The risk of company relocation** to third countries on the basis of different CO₂ costs (carbon leakage) must be taken seriously. However, protective measures for companies must be subject to a strict benchmark; the price signals of the ETS must not be counteracted. Member States must be supported in their research and pilot projects; the potential of the circular economy within the Union must be exploited to the fullest.

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- **New job opportunities will also be created as a result of the process of change.** Public transport will be an important sector. It is **essential that these jobs are permanent and that working conditions are good and fair.** European institutions must act as a body to counter worsening social conditions.
- According to the European Commission, the modernisation and decarbonisation of the EU's economy will require additional investments of 175-290 billions of euros per annum. It assumes that the "vast majority of these investments will be borne by private companies and households", referring to the Investment Plan for Europe initiated by Juncker. **In our opinion, this will not work without a massive expansion in public investment. Therefore, our call is for a "Green New Deal for Europe".** The costs of non-action should also be investigated further.
- The decarbonisation of transport must be driven forward, with the focus placed on public transport and on shifting freight traffic to the railways. **It is essential that we have cost transparency on all types of carriers, which also must include environmental as well as social costs.** International air traffic must make progress that goes far beyond the CORSIA agreement. Decarbonisation of transport will only be successful if it offers **affordable and attractive alternatives for the public and takes regional differences into consideration.**
- In addition, **strategic decisions on trade policy are also required.** In order to avoid the danger of carbon leakage, instruments must be developed so that the GHG intensity of production can be considered objectively in international trade. Therefore, trade agreements should be examined in the future for their effects on the climate and **sections that counteract climate protection aims must be deleted.** The negative effect of trade itself on the environment and climate must be reduced.
- **Fighting climate change must be linked to a new model for prosperity and distribution.** The current direction of the EU's economic policy must be replaced with a prosperity-oriented economic policy. **Improving mandatory minimum social standards to a high level** can be an important contribution to social progress and upwards convergence. A key prerequisite for a sustained upswing that everyone can benefit from is **raising wages and salaries in real terms, in particular for people with low incomes.** We need a **productivity- and solidarity-oriented wage policy as well as a pan-European coordinated minimum wage policy.** The question of the distribution of income and wealth must finally become a focal point in EU policy. **A key approach to combating inequality is not least tax policy.**

The AK's position in detail

Background

If successful according to the Paris Agreement of 2015 on Climate Change, in the second half of the century, global greenhouse gas emissions shall no longer be released into the atmosphere. This means that the use of fossil fuels (coal, oil, natural gas) is continually decreased (decarbonisation). To date, the EU has aimed at reducing its emissions to 5-20 per cent of 1990 levels by 2050. With its communication "A clean planet for all" the European Commission wishes to examine all options on how to achieve net-zero emissions in Europe by the mid-century. The "strategic vision" is aimed at setting in motion a comprehensive discussion process on the long-term orientation of European climate policy and setting a direction for it. For the time being, threats and opportunities are to be identified, not specific measures.

The European Commission is not solely taking action in its own interest. In June 2017, the European Council reaffirmed the aim of implementing the Paris Climate Agreement quickly. In October 2017, the European Parliament called on the European Commission to elaborate an EU strategy to reduce emissions by the middle of the century before COP 24 (UN climate change conference in Katowice in 2018). Furthermore, in accordance with the EU regulation on governance of the energy union, the European Commission must present a long-term EU strategy by April 2019.

On that basis, the Council is to develop a long-term EU climate strategy, which must be submitted to the UNFCCC (United Nations Framework Convention on Climate Change) in 2020.

The announcement must also be seen in the context of last year's special report by the Intergovernmental Panel on Climate Change (IPCC). The report clearly laid out the dangers posed by global warming above 1.5°C and again spelled out the urgent need for action. As the European Commission states, the damage caused by extreme weather events is already hitting new records. If decisive action is not taken soon,

also Europe will be threatened by problems in food supply and productivity. Natural disasters could affect two thirds of European citizens by 2100 (currently around 5%). The aim must be to keep the rise in temperature below 1.5°C – according to the IPCC this is still possible. However, with the measures agreed by the EU hitherto, a reduction of only around 60% of emissions can be achieved.

Therefore, the European Commission has developed eight scenarios for an ambitious climate policy. In the first five scenarios, a reduction in emissions of 80% (an additional 5% with the inclusion of GHG sinks) can be achieved by 2050, based on specific combinations of differentiated use of technology, the circular economy and an increase in energy efficiency. In scenario 6, the abovementioned five approaches are combined and emissions reduced by up to 90%; scenarios 7 and 8 will achieve GHG neutrality by 2050 and thereafter negative emissions through more far-reaching measures (CO₂ capture and storage, changes in consumer behaviour). Regarding implementation, the European Commission is considering seven strategic building blocks (energy efficiency, maximise the deployment of renewable and decarbonisation of the energy supply, clean, safe and connected mobility, competitive industry and the circular economy as a key enabler to reduce greenhouse gas emissions, network infrastructure and inter-connections, bio-economy and carbon sinks, CO₂ capture and storage) as well as appropriate framework conditions in five dimensions (investment and finance, research, innovation and deployment, economic and social impacts, the EU's global role, the role of citizens and local authorities).

The prospects of success for an ambitious climate policy would, in the opinion of the European Commission, depend on "on how our society takes care of those who are more vulnerable during this transition" (p. 6). Therefore, its strategy must also ensure "that this transition is socially fair – not leaving any EU citizens or regions behind – and enhances the competitiveness of EU economy and industry on global markets, securing high quality jobs and sustainable growth in Europe, while providing

synergies with other environmental challenges, such as air quality or biodiversity loss” (p. 5). This vision states the aim of “achieving net-zero greenhouse gas emissions by 2050 through a socially-fair transition in a cost-efficient manner” (p. 3). In conclusion the European Commission re-iterates: “Ensuring a socially fair transition is crucial to ensure a politically feasible transition. This will be challenging, but nowhere as challenging as facing the economic and social consequences of failing to act.” (p. 23).

Overall assessment

The AK expects that the incoming Commission will continue on the path of multilateral, ambitious climate policy, further evolution of its goals and the continuation of its leading role in international negotiations. Questions of social justice – in particular the distribution of restructuring costs and system adaptation, the effects on the quality and quantity of employment as well as negative effects on the affected workers – must be at the heart of the definition of targets and the implementation of climate policy. The fundamental commitment of the European Commission to this must be followed by specific measures to ensure a socially just transition.

EU climate policy seeks to provide a single framework for the accomplishment of the speedy decarbonisation of the economy – first and foremost within the EU, but also beyond it. The exit from fossil fuels will bring about profound transformation in the economy, with far-reaching changes similar to those brought on by mechanisation in the 19th century or computerisation since the 1970s. This will mean changes in production, changes in the demand for goods and services and changes to infrastructure. In some sectors, this will also mean job losses. In the opinion of the AK, the latest communication by the European Commission on climate policy is a suitable basis for discussions on the development of a long-term climate strategy. The European Commission is addressing the social consequences of a radical reorganisation of our economic system and also mentions the European Pillar of Social Rights. However, it is questionable whether it has considered the issues sufficiently.

The protests in France (gilets jaunes or yellow vests) show what conflicts can be expected if the transition to a decarbonised economy is not executed in a socially just manner. The economy has clearly recovered from the trough of the recent financial and economic crisis, but by no means are all people benefitting. The extent of unequal income and the

working poor remains higher than before the crisis and, together with other developments, is a breeding ground for the growing influence of right-wing demagogues and nationalists in many Member States, which is a threat to social cohesion in Europe. The level of unemployment in the EU is sinking gradually but major differences between Member States remain. Furthermore, many new jobs are of low quality and poorly paid. One fifth of the overall population in the EU, i.e. more than 100 million people, are still threatened by poverty and social exclusion. In a global comparison, Europe is a prosperous continent, but the actual living and working conditions of many millions of European citizens are not acceptable. Currently, there are also signs of a renewed economic downswing.

Therefore, we cannot assume that citizens will shoulder a radical energy transition without appreciable compensatory measures. To rely on the much-quoted “voluntary commitment of consumers” is not a strategy that promises success. Therefore, the decisive question will be whether the far-reaching changes, e.g. in mobility behaviour, are politically feasible. In view of all these factors, a central task for the climate strategy is to ensure that its measures are supported by the majority. The joint efforts of all countries will be decisive in achieving the aim of 1.5°C. The EU is responsible for only 10% of global emissions. An overly ambitious pioneering role that brings more disadvantages for citizens than advantages would endanger social cohesion and would offer little success politically.

Positions of the Chamber of Labour on individual aspects of the long-term strategy

1. Energy efficiency and the expansion of electricity production

Increasing energy efficiency is the key prerequisite to achieving energy and climate change goals as such. In addition to its actual target, namely more efficient consumption, it also plays a key role in combating energy poverty, improving the competitiveness of industry and ensuring security of supply. It is in the area of energy efficiency that the EU can play a leading role globally if energy efficiency is addressed as a stand-alone target and is not mixed with other goals, such as the expansion of renewable energy. This also means that the aim of energy efficiency must become obligatory.

The major importance attributed to nuclear energy in the production of electricity is problematic. After renewables, nuclear energy is intended to take second place, generating 15% of electricity; this means further investments will be necessary. It is not only Austria that categorically rejects nuclear energy, also Germany intends to complete phasing out nuclear energy by the end of 2022.

2. Network infrastructure and the cost of change in electricity production

Change to the production of electricity means adjustments must be made. In addition to the regional generation of electricity and utilising the potential from coupling sectors, the social costs of expanding the electricity network grid infrastructure can be reduced. This is all the more important because this type of expansion not only means high costs, but often triggers resistance by those affected by the expansion. Therefore, all opportunities should be maximised which would minimise or avoid an expansion of the network. This includes modernising existing power networks and upgrading them to the state-of-the-art.

In any case, it should be made sure that there is a fair distribution of costs; changes to the electricity system must not under any circumstances result in a greater financial burden on private households. In Germany and Austria, they already shoulder the main burden of financing the energy transition. As a lynch pin for services of general interest, public authorities must accept the key role that they play in the provision of network infrastructure and in ensuring access to an

affordable energy supply. Solidarity-based financing is of major importance, which must not be eroded by exceptions. This applies not least to energy communities: Their continued development must not result in the current solidarity-based financing being undermined.

Ultimately, the energy transition can only be achieved if people understand that it is not a purely technological question but rather a major challenge to society. It is about the equitable distribution of costs and benefits, consideration given to social compatibility, as well as the adjustment or expansion of consumers' rights.

3. Flexibility, digitisation and home automation

The introduction of time-of-use electricity supply contracts and new societal models must be examined with regard to their social dimensions. Flexible electricity prices must not result in households which are not able, technically or financially, to adapt their electricity consumption to be completely at the mercy of highly volatile price fluctuations on the stock exchange. This would mean that precisely the group that will not benefit financially from a transformation of the system, will have to bear an increasing percentage of transformation and system costs.

We must warn against the emergence of a two-tier energy system, particularly in relation to digitalisation and the so-called demand-side management. On the one hand are the "smart", well-informed households, well equipped financially and technically: they will use time-of-use network or energy supply contracts and optimise their energy consumption, using home power generation systems and storage at the expense of the overall system. On the other hand, there are all the other consumers: they have neither the financial nor the technical resources to benefit from new electricity tariffs or time-of-use electricity supply contracts. A socially acceptable form of network tariffs with special consideration given to vulnerable groups as well as affordable electricity tariffs not related to time-of-use are needed to ensure that they will not have to bear an ever-increasing percentage of system costs.

4. Coupling sectors and charging point infrastructure

In principle, flexibility in the energy system is an important factor in achieving the goals of climate protection and energy policies. Opportunities can be found primarily among energy producers and in coupling sectors, i.e. in the intelligent interaction

between individual energy sectors. These opportunities must be considered when expanding the infrastructure for charging points in the field of mobility or when expanding renewable heating. However, we must point out that the potential offered by flexibility is highly limited in the overwhelming majority of private households. Without more regulations to protect consumers, new business models and/or players in the market (e.g. aggregators) could have a negative effect on consumers through higher prices or non-transparent contracts. Regarding the infrastructure for charging points, more consideration for consumers is needed than is currently the case. In particular, steps to improve price information and a simple and transparent comparison of tariffs for charging require legal formulation and implementation.

5. Heating supply

A major contribution to achieving climate protection and energy policies must be made in the field of heating supply. The approach here must be one of overall renovation, i.e. not merely looking at the building envelope, but at the whole heating system. This will ensure much better use of the already existing potential for energy savings. However, optimisation of subsidies is needed, not least with regard to mitigating social hardships. This also applies to storing energy, which should improve the network and only be used where it makes sense and can be implemented efficiently.

The formulation and protection of consumers' rights in particular must be ensured in the face of newly emerging business models for the supply of heating. In the building sector, primarily in the low-temperature range, a heating supply such as geothermal or district heating based on waste or biomass should be prioritised. Renewable gases, on the other hand, should be used in the high-temperature range, e.g. for industrial applications.

6. Hydrogen and biomethane

There are several arguments in favour of hydrogen and biomethane playing a much greater role in the energy supply than they have thus far. In the future, it is probable that the demand for (renewable) gas will rise, first as an energy source for heating (above all in conurbations), but also as a fuel in the mobility sector when electric motors reach their technical limits. Gas that is transformed into electricity can be stored for as long as needed, for example in the existing gas infrastructure. Due to the high costs of conversion, the

electrolytic capture of hydrogen and subsequently of biomethane (power-to-gas) is currently not financially feasible. Advances in the efficiency of all conversion stages are required.

The inclusion of renewable hydrogen and biomethane in strategies to achieve climate and energy goals are, therefore, to be welcomed. However, blanket subsidies for the production of renewable hydrogen and/or methane should only be pursued if the technology can be expected to be ready for market in the medium term. Financing subsidies and compensating tax deficits must not result in a one-sided financial burden on private households. Renewable gas must only be used in areas where it makes economic sense and its highly efficient use is possible. This applies primarily to the high-temperature range. Renewable gas should only be used for the low-temperature range where there are no alternatives, for example in densely populated areas.

7. Mobility and transport

Transport is responsible for around one quarter of greenhouse gas emissions in the EU and it is also the major component in our carbon footprint. In Austria, greenhouse gas emissions in the transport sector have not dropped since 1990, but have risen by around 70% to 23.7 million tonnes, almost 30% of emissions. If the European Commission defines the aim as "clean, safe and connected mobility", then here too it is paying too little attention to the social component and is setting the wrong priorities by focussing on e-mobility. Ultimately the question is to satisfy the mobility needs of EU citizens in an affordable and socially equitable manner, as well as with a decarbonised transport system. In the opinion of the AK, the expansion of the public transport system as well as making it more attractive, is the most important element in shaping mobility of the future. Public transport is already electrified to a large degree (railways, underground, trams, trolley coaches). This collective form of e-mobility is proven, the know-how and infrastructure exist, the carbon footprints of railways, undergrounds and trams are without parallel.

For the AK, public transport is also a key service for the benefit of the public, an indispensable component of services of general interest, where public ownership of the infrastructure and of large municipal and state transport companies and public service contracts ensure that a nationwide, affordable mobility offering is available to citizens. The past has shown that the rail sector and local public transport (in cities and integrated public transport systems) are used most and the best services – also in the ecological and

social sense – are provided where public ownership allows enough room to structure them actively. Liberalisation in this sector can be seen to have failed, leading to counterproductive results for climate policies and social cohesion.

But the European Commission gives insufficient consideration to the field of freight transport in its analysis and proposals. It ignores the essential connection between its social and ecological aspects. Currently, there is ruinous competition within modes of transportation. However, competition between carriers, above all between road and rail freight traffic, is not fair because of the lack of cost transparency. For example, the liberalisation of freight railways has led to a drop in the price of block trains, which has largely stopped single-wagonload traffic. Before liberalisation, rail freight companies were also able to help finance feeder services with profits from block train traffic. Now, the retreat of the railway from the field has permitted truck traffic to continue increasing. Again, competition is clearly financed through personnel costs and hence on the backs of employees. When it is a case of moving transport to the railways, the key is not the technology or digitalisation: quite clearly it means removing the price advantage of road transport by improving the working conditions and remuneration of employees throughout the EU.

However, in addition to local public transport and freight traffic, the potential of railways also lies in long-distance public transport, which at least can largely replace air traffic within Europe if the necessary conditions are created. Here, too, liberalisation has made cooperation between rail companies unnecessarily difficult and new European concepts are needed to strengthen a common European rail system, with strong national rail companies forming the backbone.

Low- and zero-emission vehicles with highly efficient alternative engines can play an important role as part of an overall concept. They are necessary in order to decarbonise those areas which are not covered by public transport or ecomobility, or where moving freight traffic to the railroads is not possible. This is generally the first and last mile in less densely populated areas and for freight distribution away from the railways and within cities.

The mobility sector has seen that relying on economic incentives and market forces is not sufficient to drive decarbonisation forward in a socially just manner. Therefore, regulatory measures, such as speed limits, environmentally motivated limitations on permits or a prohibition on traffic, should be part of an overall concept at a European level.

8. Industry and technology

The industrial sector is of prime importance for prosperity and employment in Europe. That is why in 2012 the EU set a goal of increasing the percentage of industry from 16% to 20% by the year 2020. However, it appears that this aim will not be achieved, not least of all because the dynamics of the market alone will not bring about a massive expansion in the ratio of industry. This could only be achieved by interventions in the field of structural policy. However, neither the EU nor its Member States currently demonstrate the political will to do so. This is regrettable, because jobs in industry are generally good in terms of quality and income – and in any event are better than in many service sectors. This means that industry makes a significant contribution to strengthening middle-income groups.

Furthermore, many studies point out that European industry is one of the most efficient in the world and best conserves resources. Therefore, expanding Europe's share in global industrial production would tend to contribute to decoupling production from CO₂ pollution and the careless use of resources. However, this effect would be counteracted by the rise in CO₂ emissions in Europe due to the growth in production. In principle, this also applies to the application of new technologies to reduce greenhouse gases. Spectacular successes in their reduction (as were achieved at times in the past) are becoming rarer as we go on – successes will be more difficult to achieve, will be implemented in smaller stages and will become more expensive (a sort of diminishing returns). If the aim of "net-zero emissions" is not achieved, the danger is that these successes will be nullified by further growth. In addition, there is the problem that global competitors who invest less in lowering greenhouse gas emissions have a competitive advantage: here action is needed.

Technical pilot projects and large-scale cooperation schemes in industrial companies through to market launch or standard production require measures in the area of competition and subsidies in order to be able to organise them faster and with less effort. Generally speaking, full decarbonisation of the industrial sector will be difficult to achieve without political intervention; setting out this aim in a vision is commendable, but not sufficient. Political implementation will be required that goes far beyond this "visionary paper".

9. Bioeconomy and the contribution of agriculture

Considering the bioeconomy within this strategy is certainly unavoidable since all options should be used to stop climate change. However, biomass is essentially a limited resource and there is a conflict of aims between material utilisation and energy utilisation. Therefore, not only should the difficulties related to nature and species conservation be considered, but also competition with regard to food production. Promoting energy utilisation as part of the bioeconomy can have a negative impact on the environment and therefore requires a differentiated approach because the land needed to change the system, and which is freely available, is very limited. The expectations for agriculture regarding increased production of biomass are, in the opinion of the AK, set rather too high. For example, the strategy refers to unused areas which could be re-used for production.

It must be said that the Common Agricultural Policy no longer contains any obligation to set aside fallow land and that agricultural production resumed on such land several years ago.

A bio-based transition, however, is largely determined by the availability of land, as mentioned in the strategy. Calculations on the bio-based substitution of fossil raw materials reveal the large amount of land required for industry completely based on biofuels. Scenarios have been calculated where all production in Austria is replaced (substituted) by a bio-based system with fossil raw materials, pre-products and finished products. For each scenario, the amount of land, fertiliser and water needed was estimated and compared. Bio-based substitution at the raw materials level will result in around 3.8 million more hectares of arable land and forests being required for agricultural and forestry operations. Furthermore, around 650,000 tonnes of fertiliser per capita will be needed and around 148 million cubic metres of water. The amount of fertiliser and water needed would be less for organic farming, but the amount of land needed would rise by 50%¹.

Since the substitution of fossil raw materials with biogenous raw materials increases the pressure on nature and environment, the question of limited resources and land and their eco-friendly use must be seen as a key parameter from the very start. Pressure on biomass as a resource must not lead to the intensification of agriculture with an accompanying negative impact on biodiversity. Furthermore, analyses on the contribution of the bioeconomy must also include questions on its social aspects. This means that questions of distribution, the affordability of products and services as well as the supply and

quality of jobs must be considered equally. It is essential that due consideration is given to good working conditions and the need for employee training in areas of the bioeconomy. In addition, it must be remembered that the bioeconomy is a very young subject of research and therefore it will be several years before specific fields of application emerge and the related substitution of fossil raw materials can actually take place.

10. Investment Plan for Europe

The Investment Plan for Europe ("Juncker Plan") adopted in 2015 was intended to leverage an investment volume of 300 billion euros through guarantees from the EU budget. The life cycle of the fund has been extended to 2020 and the expected volume increased to 500 billion euros. The fund is a first step, but is not sufficient while the direct lever available to Member States – namely public investment – remains practically untouched. Driving Public-Private Partnerships (PPP) in the Juncker Plan remains problematic. It can be seen in many projects that this proved ultimately more expensive than using only public financing. Furthermore, PPP models often prove to be a covert backroad to the privatisation of public services, or to cutbacks in social benefits and wages. Moreover, in its report dated January 2019, the European Court of Auditors confirmed what many experts had feared: Around one third of infrastructure projects could have been financed without the fund. In addition, subsidies were distributed unequally in geographical terms: projects were subsidised primarily in older EU Member States such as France, Italy or Spain.

11. Safeguarding prosperity through R&D

The EU wants to show the world that prosperity can go hand-in-hand with zero carbon emissions. "The empowerment of all citizens and consumers... and proper information..." (p. 23) will scarcely be sufficient; rather political measures are required to achieve decarbonisation and to ensure prosperity. The "deep societal and economic transformations" (p. 23) mentioned in the document also require active policy which implements measures as change occurs and is not afraid of intervention in terms of distributional policies. It is to be welcomed that the important role which taxes and the CO₂ price are to play is accompanied by the statement that the application is to be socially just, the approach to its implementation in the sense of ensuring competitiveness is to be agreed and that revenues generated by the CO₂ tax are intended to relieve the labour factor.

The competitiveness of the European economy does not rest on cheap labour and low environmental standards, but on quality, innovation and social responsibility. It is therefore essential for R&D to remain a long-term focus in order to establish Europe as an active and resolute player in the energy transition and towards a sustainable economy and the consolidation of its global position. Research that is target- and mission-oriented – funds should be provided by the EU to develop key technologies – must clearly be welcomed in this situation: The “Horizon Europe” scheme should allocate 35% of funds to climate protection. Furthermore, the importance of an overall perspective, from basic research to pre-commercial development, must be emphasised. However, we would also like to point out that a comprehensive climate protection and energy policy should not rely solely on process and product innovation and technical solutions, because that would exclude the social aspects of a comprehensive process of transformation as a subject for research. As the European Commission has already determined, every change has winners and losers (see Final Report of the High-Level Panel of the European Decarbonisation Pathways Initiative, European Commission, 2018). Care must be taken to ensure there is a socially acceptable face to change, and this requires a research programme with a broader scope. Therefore, the claim for a comprehensive, strategic aim of research – scientifically underpinning the necessary transformation process – must go beyond a purely technical approach and explicitly include and strengthen research in the humanities, social and economic sciences.

12. Technical innovation in agriculture / biotechnology

Energy plays a key role in the transition to an economy with net-zero greenhouse gas emissions. It presupposes the large-scale introduction of technical innovations in many areas, as the European Commission explains in its communication. Agriculture and biotechnology are mentioned as examples. It is possible that the European Commission is talking of “new breeding techniques” (genetic engineering) as a technical innovation, since great hopes are being placed in it. But these new breeds and cultures constitute genetic engineering according to current EU legislation and are subject to the corresponding EU laws, as confirmed by the Court of Justice of the European Union in its judgment dated 25 July 2018². On the basis of this judgment, many contributions to the discussion favour relaxing the current strict authorisation process for products to be created in the future using “new genetic engineering”

processes. EU commissioners Phil Hogan and Vytenis Andriukaitis³ are already considering new criteria for the authorisation of products produced with the aid of “new breeding techniques”. However, in the opinion of the AK, the precautionary principle must be maintained when declaring products ready for market that have been produced using these techniques. Risks to human health, animal welfare and the environment must be evaluated within the context of a comprehensive risk assessment before any marketing authorisation is granted. In order to ensure the freedom of choice of consumers, appropriate labelling and traceability of such products is required. European regulation of these procedures is necessary so that the same rules apply in all EU countries.

13. Trade policy and the global role of the EU

In the future, the requirements of international climate protection policies must be systematically included in trade policy. The provisions mentioned by the Commission in the sustainable development chapters of the recent trade agreement (including effective implementation, the “non-lowering of standards” clause, trade and investment facilitation for renewable energy and energy-efficient goods and services, the inclusion of NGOs in cooperation, monitoring and implementing of FTAs in the Domestic Advisory Groups) are important signals pointing to a trade policy more sensitive to climate protection. The content of the sustainable development chapters was revised in 2018 and incorporated some criticisms, such as strengthening the role of civil society, improved response to non-compliance/ violations of minimum labour standards, improvement of monitoring and follow-up processes, greater effectiveness of dispute settlement. These measures could indeed lead to more effective sustainable development chapters in future trade agreements. Nevertheless, these provisions remain a statement of intent, often without any concrete results.

In the opinion of the AK, the explicit non-application of the general dispute settlement procedure to the sustainable development chapters of trade agreement constitutes a material defect. Corporate actions motivated by trade policy against environmentally sensible measures must be consigned to the past as quickly as possible. They can be activated under investment protection and investor-state dispute settlement (ISDS/ICS). Products that cause high GHG emissions should not be liberalised by future trade agreements. Lower customs duties should be limited to goods that respect the environment and climate. Therefore, the negotiations on the Environmental Goods Agreement (EGA) of the WTO should be

brought to a speedy conclusion. Exceptions can be made for developing countries. Conversely, individual countries should still be able to apply duties to imports with a negative effect on the climate. The Commission complains primarily about limitations to market access and avers dependence on certain raw materials when developing new technologies (copper, lithium) in the EU. The EU's foreign trade policy is characterised by continuing pressure to gain market access – generally, but also specifically, vis-à-vis developing countries that export raw materials. In its “Economic Partnership Agreements” (EPAs) with ACP countries (Africa, Caribbean, Pacific Group), as well as with Colombia and Peru, the EU managed to impose a limitation on export duties. If these agreements come into force, these countries can only impose export restrictions temporarily and in some cases only with the agreement of the EU. This means that these countries, some of them the least developed in the world, must forgo income from export duties. However, these export duties can be used to tax the export of selected raw materials in an unprocessed state and hence help to build up local industry.

Key demand of the AK: “Just Transition”

The struggle against climate change must be fair and designed with the interests of workers in mind, because only then can it gain the broad support necessary. Strategies for a “Just Transition” must take the climate policy requirements seriously and at the same time place workers – not least of all in negatively affected sectors – at their centre. The just distribution of costs must include measures that ensure a just transition for workers and effectively combat energy poverty. Without the active participation of those affected and their representatives, this will not be possible. The AK has the following demands in relation to this:

- A just transition must be based on the **experience and knowledge** found among **workers’ representatives** – in trade unions, in workers’ councils and in chambers of labour. Crucial to the development of goals, plans, policies and measures is the full participation of social partners and workers’ interest groups at all levels, not least of all to ensure the fair distribution of the costs of transformation and the preclusion of social hardship. Affordable energy must be secured throughout; a zero-emissions mobility guarantee must be the aim.
- The **effects of climate policy strategies and measures on jobs, working conditions and unpaid work** must be constantly identified and assessed. If unfavourable effects are feared, the appropriate measures must be taken and sufficient money provided by public funds. Regions experiencing negative economic upheaval due to this process of change must be supported. Long-term, consistent economic concepts must be developed to this end. Agricultural policy must also be aligned with the requirements of the Paris Climate Agreement. In addition to agricultural production, this not least of all includes forestry’s role, both as an energy source and its sink function.
- If jobs are lost, politicians and companies must create the conditions as well as **compensatory and accompanying measures to ensure those affected can retrain quickly and switch to other professions and fields of activity** while enjoying a **reasonable income** (during training or unemployment as well). Workers in sectors that can be affected particularly negatively by change merit special attention. At the EU level, the globalisation fund must be given sufficient financing over several years and be more closely aligned to specific challenges resulting from climate protection policies. Whether a separate Just Transition Fund would be a suitable instrument to provide adequate support for particularly affected sectors, regions and employees should be examined.
- **New job opportunities** will also be created as a result of the process of change. Public transport will be an important sector. It is essential to ensure that these jobs are **permanent** and that wages and working conditions are **designed to be good and fair**. In addition, work that focusses on the protection and maintenance of nature and caring for and training people must be worth as much as work in other areas. The Commission must, alongside other institutions, resolutely oppose a race to the bottom in social conditions.
- **Industrial production continues to be a mainstay in the European economy.** The risk of company relocation to third countries on the basis of different CO₂ costs (carbon leakage) must be taken seriously. However, in the case of business-protection measures, a strict standard must be set and it must be ensured that the ETS price signal is not thwarted. Standardised EU rules should be sought – for example by preventing compensation for indirect CO₂ costs in the future. Decarbonisation of industry whilst

maintaining its productivity requires a determined approach by the European Commission, and Member States should be supported in research and demonstration projects. The potential for a circular economy within the Union should be exploited.

- According to the Commission, the modernisation and decarbonisation of the EU's economy will require **additional investments to the tune of 175-290 billion euros per annum**. At the same time, the Commission states that a zero-emissions economy would mean cost savings of more than 200 billion euros per annum (avoidance of incidental costs and damage to health). The costs of non-action should also be investigated further by the European Commission.
- The Commission assumes that the “vast majority of these investments will be borne by private companies and households”, referring to the Investment Plan for Europe initiated by Juncker. In our opinion, this is not sufficient. Therefore, our call is for a “**Green New Deal for Europe**”.
 1. Massive investments in the **modernisation and decarbonisation of the transport and energy systems** and in a low-emission economy are needed so that our obligations under the Paris Climate Agreement are met.
 2. In order to fulfil our full obligation to implement the United Nations' Agenda 2030, we need **investments in social infrastructure** such as education, health and care as well as social housing.
 3. The next legislative period of the European Parliament must see a **focal point for investment placed on the socio-economic regeneration of Europe**. This requires a massive expansion in public investments.
 4. EU fiscal rules limit room for manoeuvre for public investments. **A golden investment rule must be introduced** which exempts public investment in the future from calculations of public deficits.
 5. At the same time, a **pan-European coordinated public investment strategy** should increase the effectiveness of investments even further.
 6. A material component of a “Green New Deal” must comprise **fiscal measures**. Billions of fiscal revenue are lost to Member States

each year through tax avoidance strategies by multinationals, tax evasion and tax fraud, money that is needed urgently to invest in the future (see below).

- The decarbonisation of transport must be driven forward, with the **focus placed on public transport and on shifting freight traffic to the railways**. This requires an investment plan and pan-European measures to make rail transport more attractive (following the example of Austria) and must also be used to create new jobs. It is essential that we have **cost transparency on the part of carriers**, which also must include environmental as well as **external costs** (including full implementation of the Posting of Workers Directive in the transport sector). International air traffic must make progress that goes far beyond the empty promises of the CORSIA agreement. Low-emission and zero-emission vehicles and e-mobility are important supplementary elements, above all in urban distribution transport and in rural areas. Decarbonisation of transport will only be successful if it offers affordable and attractive alternatives for the public and takes regional differences into consideration. The distribution of the costs of transport decarbonisation must be socially just.
- If the climate aims agreed in Paris are to be achieved, a **change of course in trade policy is required**. In order to avoid the danger of carbon leakage (see above), instruments must be developed so that the GHG intensity of production can be considered objectively in international trade. In order to ensure a balanced approach in terms of distribution and employment policy to the transition to a carbon neutral society, **trade agreements must be assessed in the future for their effects on climate**. Sections that run counter to climate protection must be deleted and clauses promoting active climate protection must be included. The negative effect of trade itself on the environment and climate, in particular international freight transport, must be reduced through appropriate measures. In this connection, “buy local” clauses should be assessed and, where appropriate, promoted in modern trade agreements with a view to climate and environmental protection. Specific support measures – such as technology transfer or capacity building – should be earmarked for developing countries, which historically have played little part in climate change. Impact assessments and FMEAs with regard to the impact of a trade agreement on the environment or climate before negotiations are started should

become a mandatory prerequisite for starting talks. In order to comply with the heading of the chapter on trade and sustainable development, it is our opinion that, in addition to the Paris Climate Agreement, multilateral environmental agreements should be ratified, implemented and applied. Agreements recognised by the EU under the Generalised System of Preferences should be used as sensible environmental templates, such as the Montreal Protocol (ozone), the Basel Convention (hazardous waste), the Stockholm Convention (persistent organic pollutants), the Convention on International Trade in Endangered Species of Wild Fauna and Flora, the Convention on Biological Diversity and the Rotterdam Convention (hazardous chemicals and pesticides). Like for working standards, there is absolutely no obligation to ratify environmental standards, transpose them into national law and ensure effective compliance with them. Obligations under international agreements (e.g. the Paris Climate Agreement) are merely to be “encouraged” and “respected”. In our opinion, **sustainable development chapters should not only be subject** – as are almost all other contents in a trade agreement – **to the general dispute arbitration process**. The violation of the provisions of this section should be penalised.

- Fighting climate change, in the sense of **decarbonisation of the EU’s economy, must be linked to a new model for prosperity and distribution**. Only then will EU citizens show the necessary acceptance for far-reaching reforms. Here are a few components:

1. The current economic orientation of the EU toward growth must be replaced by **economic policy aimed at prosperity**. Under this approach, important aims such as full employment, a high level and fair distribution of material prosperity, a high quality of life and ecological sustainability – while maintaining economic stability – must be pursued with determination by politicians in Europe. An **annual prosperity report** should be created to act as an **important instrument of coordination**.
2. Improving **mandatory minimum social standards** to a high level can be an important contribution to social progress and upwards convergence. The proposal for pan-European minimum standards regarding unemployment insurance schemes, developed with the participation of AK Wien,⁴ would be an important step towards actually improving

the living and working conditions and also strengthening the automatic stabilisers of Member States.

3. The **high level of precarious employment in Europe deserves more consideration by politicians**. Precarious employment generally means a greater risk of job loss, insufficient protection under labour law and insufficient social insurance, scarcely any access to further training and a greater risk of becoming a member of the working poor. This in turn affects old age pensions – a vicious circle in which millions of people in the EU are trapped. This trend has numerous negative effects for people and hence for the economy. Decisive measures at a European level are required. In particular, a speedy agreement is needed on the Directive on transparent and predictable working conditions, containing specific and substantial improvements for workers. Furthermore, all forms of atypical employment must be covered by labour and social law.
4. A key prerequisite for a sustained upswing that everyone can benefit from is **raising wages and salaries** in real terms, in particular **for people with low incomes**. A productivity-oriented wage policy based on solidarity is needed⁵ for EU Member States as well as a pan-European coordinated minimum wage policy⁶. The principles established in the European Pillar of Social Rights, such as “fair pay” and “appropriate minimum wage”, offer an approach for a re-orientation of wage policy at a European level.
5. The **question of the distribution of income and wealth must finally become a focal point in EU policy**. The growing gap between rich and poor in Europe, which is fostering the fragmentation of society, has been proved by numerous studies, as have the negative effects on growth and employment. A key approach to combating inequality is tax policy. We need fair tax systems in order to achieve a fair distribution of prosperity (and also to redistribute it), finance public investments and strengthen social cohesion. A **pan-European coordinated approach, in particular to taxes on wealth, high-income groups, return on capital and corporate profits** is the order of the day. Tax avoidance strategies of companies must be reduced, tax havens starved out and profits taxed where they occur. At the same time, the

concentration of wealth must be reduced via fiscal measures. **We also see room for manoeuvre in energy production and industry, in addition to emissions pricing.** A pan-European CO2 minimum price could supplement/improve the current trade in certificates. This would have a similar effect to a CO2 tax. In order to prevent unwanted effects (e.g. de-industrialisation), the minimum CO2 price should be supplemented with a border adjustment tax. Public finances and public services will play a substantial role in decarbonisation. A fair and efficient tax system is an essential prerequisite.

Footnotes

- 01** Federal Ministry, Republic of Austria, Transport, Innovation and Technology „Stoffliche Nutzung von fossilen Rohstoffen mit Blick auf eine biobasierte Substitution in Österreich“, 03/2018. https://nachhaltigwirtschaften.at/resources/nw_pdf/schriftenreihe/201803_stoffliche-nutzung-fossile-rohstoffe.pdf
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- 03** Michalopoulos, Sarantis: „EU agriculture Commissioner ‘surprised’ by gene editing court ruling“, Euractiv, 25.1.2019. <https://www.euractiv.com/section/agriculture-food/news/eu-agriculture-commissioner-surprised-by-gene-editing-court-ruling/>
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- 05** Mesch, Michael: “Eine produktivitätsorientierte und solidarische Lohnpolitik für die EU-Länder” [Productivity-oriented wage policy for EU Member States], A&W Blog, 5.9.2018. <https://awblog.at/verstetigung-des-aufschwungs-durch-lohnwachstum/>
- 06** Müller, Torsten/Schulten, Thorsten: “Die Europäische Säule sozialer Rechte – ein Schritt zu einer europäischen Mindestlohnpolitik?” [The European Pillar of Social Rights - a step towards a European minimum wage policy?], A&W Blog, 13.7.2017 <https://awblog.at/die-europaeische-saeule-sozialer-rechte-ein-schritt-zu-einer-europaeischen-mindestlohnpolitik/>.



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About us

The Austrian Federal Chamber of Labour (AK) is by law representing the interests of about 3.8 million employees and consumers in Austria. It acts for the interests of its members in fields of social-, educational-, economical-, and consumer issues both on the national and on the EU-level in Brussels. Furthermore the Austrian Federal Chamber of Labour is a part of the Austrian social partnership. The Austrian Federal Chamber of Labour is registered at the EU Transparency Register under the number 23869471911-54.

The main objectives of the 1991 established AK EUROPA Office in Brussels are the representation of AK vis-à-vis the European Institutions and interest groups, the monitoring of EU policies and to transfer relevant information from Brussels to Austria, as well as to lobby the in Austria developed expertise and positions of the Austrian Federal Chamber of Labour in Brussels.