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AK Position Paper

Roadmap to moving to a competitive low-carbon economy in 2050 - Communication of the Commission

About us

The Federal Chamber of Labour is by law representing the interests of about 3.2 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 AK EUROPA office in Brussels was established in 1991 to bring forward the interests of all its members directly vis-à-vis the European Institutions.

Organisation and Tasks of the Austrian Federal Chamber of Labour

The Austrian Federal Chamber of Labour is the umbrella organisation of the nine regional Chambers of Labour in Austria, which have together the statutory mandate to represent the interests of their members.

The Chambers of Labour provide their members a broad range of services, including for instance advice on matters of labour law, consumer rights, social insurance and educational matters.

Herbert Tumpel
President

More than three quarters of the 2 million member-consultations carried out each year concern labour-, social insurance- and insolvency law. Furthermore the Austrian Federal Chamber of Labour makes use of its vested right to state its opinion in the legislation process of the European Union and in Austria in order to shape the interests of the employees and consumers towards the legislator.

All Austrian employees are subject to compulsory membership. The member fee is determined by law and is amounting to 0.5% of the members' gross wages or salaries (up to the social security payroll tax cap maximum). 560.000 - amongst others unemployed, persons on maternity (paternity) leave, community- and military service - of the 3.2 million members are exempt from subscription payment, but are entitled to all services provided by the Austrian Federal Chambers of Labour.

Werner Muhm
Director

Executive Summary

The following Roadmap 2050 is one of the six so-called coordinated roadmaps, which the European Commission has announced as part of the flagship initiative "A resource-efficient Europe" (Communication COM(2011) 21 final).

The Roadmap reports results of scenarios with regard to EU-wide, sectoral emission reductions for 2030 and 2050 (compared to 1990). In comparison with the emissions in 1990, the various scenarios result in the following emission reduction:

Sectors	2005	2030	2050
Power (CO ₂)	-7%	-54 to -68%	-93 to -99%
Industry (CO ₂)	-20%	-34 to -40%	-83 to -87%
Transport (CO ₂ , incl. aviation)	+30%	+20 to -9%	-54 to -67%
Residential and services (CO ₂)	-12%	-37 to -53%	-88 to -91%
Agriculture (non-CO ₂)	-20%	-36 to -37%	-42 to -49%
Other non-CO ₂ -emissions	-30%	-72 to -73%	-70 to -78%
Total	-7%	-40 to -44%	-79 to -82%

The following discussion concerns the essential framework conditions for the individual sectors, which are required for a reduction in the stated scope. With regard to the energy sector, the further role of nuclear energy use as a low-carbon source of energy is mentioned implicitly, as is the necessity to develop networks. A high and long-term foreseeable ETS carbon price is also mentioned as an additional requirement. Without the use of CCS (Carbon Capture and Storage), the industry sector will not be able to achieve these reductions, although this has not been explicitly mentioned.

A macroeconomic perspective shows that from 2020 an additional investment volume of 270 billion Euro p.a., hence 1.5 % of the EU-wide GDP, is necessary in addition to the current overall investments, which accounted for 19 % of GDP (return to the investment level before the economic crisis) in 2009. Also mentioned is the impact on exports and employment as well as other positive effects on the environment.

The AK position in detail

Normative statements in the Roadmap 2050

Based on the depiction of these scenario results, the Roadmap 2050 derives normative statements.

The Roadmap 2050 concludes with a chapter on the influence, which the Commission - based on the Roadmap - intends to exercise on international climate change negotiations. This part also contains the strongest normative formulations, such as "In the coming years, implementing these pledges will be a key step in globalising climate change policies. The EU should use this opportunity to strengthen its cooperation with international partners [...]" and further down "With the preparation of this Roadmap, the EU is taking a new initiative to stimulate international negotiations in the run-up to Durban [next climate conference, December 2011]. In this way, the Roadmap is an integral part of a wider strategy to deliver on the objective to keep the global average temperature increase below 2°C compared to pre-industrial levels. When cooperating with its partners, the EU should take a comprehensive approach intensifying bilateral and multilateral engagements on the broad range of aspects across sectors that touch upon climate policy."

The Commission also demands in its summary the development of suitable strategies to achieve the domestic EU reductions of 40 % by 2030 and 80 % by 2050. However, it expressly states

that this does not change the current goal for 2020 to achieve a 20 % reduction compared to 1990: "This Communication does not suggest to set new 2020 targets, nor does it affect the EU's offer in the international negotiations to take on a 30 % reduction target for 2020, if the conditions are right."

Criticism of the AK on the target values

In spite of the mentioned requirements, the Commission aims at modifying the emission reduction target for 2020, which, based on a broad consensus, had been determined two years before within the scope of the EU climate and energy package. According to the Commission, by applying the current measures, the EU will be able to reduce greenhouse gases by 20 % by 2020 compared to 1990. However, that way only half of the 20 % energy deficit target will be achieved. It is also stated: "If the EU delivers on its current policies, including its commitment to reach 20 % renewables and achieve 20 % energy efficiency by 2020, this would enable the EU to outperform the current 20 % emission reduction target and achieve a 25 % reduction by 2020." Thus it does not constitute a target for emission reduction but it is about the fact that, when targets for (1) energy efficiency and (2) renewables are met, the 20 % target for reducing greenhouse gases will be even surpassed. However, behind this is the attempt to unilaterally tighten the emission reduction target for 2020.

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It should be avoided that the Roadmap is seen as a positioning of the EU in international climate change negotiations. If the numeric values are understood as pledges, the EU is left with no further room to manoeuvre. However, this concern is only relevant, when the next climate conference intends to discuss quantified targets of the industrial nations - Japan, USA and Canada reject this idea, hence there will probably be no successor to the Kyoto Protocol.

Problems of unilateral targets

The Commission does not mention in the Roadmap 2050 that the industrial nations have to make a joint effort to reduce greenhouse gas emissions by 80 to 95 % by 2050 compared to 1990 and that the Council has repeatedly established in its conclusions that an obligation of the EU to reduce emissions requires all industrial nations to jointly aim at achieving this target.

In contrast, the Roadmap 2050 does not make it sufficiently clear that the target to reduce greenhouse gas emissions by 80 to 95 % by 2050 compared to 1990, was always linked to the objective by the European Council that it had to be achieved within the scope of the required reductions by the group of industrial nations.

The AK is in favour of the EU to continue to advocate that the group of the industrial nations reduces emissions by 80 to 95 % by 2050 compared to the level of 1990. This is in opposition to a unilateral commitment of the EU to achieve this target and is rejected by the AK; as is the unilateral tightening of the reduction targets for 2020.

Missing reference to actual economic and social conditions

The technology potentials depicted in the Roadmap 2050 have not been analysed under the aspect of costs. The Commission fails to provide details as to how and under which legal and economic framework conditions the targets in the individual sectors could be achieved in the first place. From the point of view of the AK, the targets have to be based on measures in the individual sectors, whereby the aspect of costs for the citizens and distribution aspects have to be taken into account.

The AK believes that, without the individual sectors fundamentally changing their consumption and behaviour pattern, the targets are not realistic. Experiences show that it has always been technology developments that have triggered changes in consumption and behaviour pattern. That is why the AK emphasises the priority of a technology development policy over laying down targets, which have an "end-of-pipe" character. The stipulation of such targets should rather serve the continuous review of the success of a technology and measure-oriented policy and the adjustment of the latter if necessary.

The EU Commission only briefly mentions the impact of a competitive low-carbon economy on the labour market. In its short deliberations on this important subject, the EU Commission paints a rather romanticised picture of "green" job opportunities, which distorts the reality of the current nature of "green jobs" with regard to their earnings potential and their employment conditions. The AK therefore demands that

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Climate targets may not result in promoting risk technologies

This Communication places particular importance on power generation, which should be 100 % carbon-free by 2050. The aim is to achieve this by the massive use of low-carbon technologies. According to the EU Commission, these include renewable energies, nuclear energy and generating power from fossil fuels in connection with systems for the capture and storage of CO₂.

As this Communication was published on 8 March 2011, however, the severe earthquake in Japan happened on 11 March 2011, which subsequently also resulted in serious damage to a nuclear power plant, one can assume that the renaissance of nuclear power and its justification with factual constraints based on climate policy will be subject to a "pause for reflection". Due to this new situation, the AK regards it as necessary that the EU Commission revises this position. Apart from nuclear technology, the capture and storage of carbon dioxide (CCS) is a risk technology, which according to the EU Commission should be applied on a massive scale from 2035. Applying the CCS procedure, CO₂, which is emitted by fossil power plants during power generation, is captured, compressed and stored underground. Due to the high expenditure of energy and the loss of efficiency resulting from this and because of the

possibility that CO₂ might leak from the underground storage plants, the AK is opposed to this form of risk technology.

As nuclear energy is not an option in Austria and due to the fact that CCS only has a very low potential, achieving the target values of the Roadmap in Austria is very difficult and only possible with even more far reaching technology changes. This possibly requires greater investments than the 1.5 % stated in the Roadmap. It is to be expected that similar findings apply to the entire EU, in particular if one considers the increased scepticism of the population with regard to nuclear energy.

In respect of renewable energies, the EU Commission expects a share of about 50 % in power generation for 2050. At this point, fossil fuels with CCS and nuclear energy shall provide the other half. This target too is very ambitious and involves the risk that nuclear technology and power generation by fossil fuels in connection with CCS will become a preferred option. The AK once again emphasises in this context the eminent role of increasing energy efficiency for achieving the targets regarding the share of renewable energy sources.

Conclusion

The AK believes that the targets of the Roadmap 2050 concerning the reduction of greenhouse gas emissions should only be determined both for 2020 and 2050 if the other industrial nations commit themselves to achieve similar ambitious targets and if the developing countries also make a reasonable contribution to reduce emissions - based on their possibilities.

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From the point of view of the AK, far more important than laying down emission targets is the promotion and the improvement of the environment for the development of energy relevant technologies - to improve energy efficiency and to use renewable energy sources up to technologies for improving the storage and transmission of energy.

When moving to a competitive, low-carbon economy, far more attention has to be placed on the issue of costs, the impact on employment (both with regard to quantity and quality) and the question of distribution as it is currently the case in the Roadmap 2050.

The reduction of greenhouse gas emissions must not be used as an excuse to promote risk technologies. In particular a revival of nuclear power generation must be avoided. The long-term use of CCS is also rejected on the grounds that it is not sustainable. In this context, the AK would like to point out that it regards the cost estimates of the Commission for the necessary investments concerning the move to a low-carbon economy as too low.

Should you have any further questions
please do not hesitate to contact

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