



## CLIMATE SOLUTIONS: ENSURING A JUST TRANSITION

Ensuring a just transition to a low-carbon, climate-resilient economy is fundamental to building a safe, sustainable and prosperous future. A just transition is a bridge from where we are today to a future where all jobs are green and decent, poverty is eradicated, workers are supported in the transition, and communities are thriving and resilient.<sup>1</sup> It is one of the four urgent actions essential for accelerating climate action, as highlighted in the 2018 Report of the New Climate Economy (NCE), *Unlocking the Inclusive Growth Story of the 21<sup>st</sup> Century: Accelerating Climate Action in Urgent Times*.

Unless this economic transition is carefully and responsibly managed, there is a real potential for stranded communities and workers, exacerbating social exclusion of the poorest and most vulnerable, and for stranded assets. On the other hand, the low-carbon transition can be a job creator: The 2018 NCE Report finds that bold climate action can generate 65 million new low-carbon jobs in 2030 - equivalent to the entire workforces of the UK and Egypt today combined. This would more than offset employment reductions in some sectors expected to decline, leading to a net employment gain of 37 million jobs.<sup>2</sup> Here, NCE highlights some success stories, challenges and solutions behind a just transition for workers and the most vulnerable communities, which is both good economics and good politics.

## The Global Benefits of a Decisive Shift to a Low-carbon Economy when Compared with Business-as-usual.



The results cited for the US\$26 trillion in direct economic benefits are cumulative for the 2018–2030 period, whereas the other data points reported are for the year 2030. *Source:* Garrido, L., Fazekas, D., Pollitt, H., Smith, A., Berg von Linde, M., McGregor, M., and Westphal, M., 2018. Forthcoming. *Major Opportunities for Growth and Climate Action: A Technical Note*. A New Climate Economy contributing paper. To be available at: <http://newclimateeconomy.net/content/technical-notes-and-fact-sheets>.

## SUCCESS STORIES

- The Government of **Canada** established a federal task force on just transition, with social dialogue and union participation, to design plans to manage the impacts of coal fired power phaseout on coal workers and their communities. This followed a just transition process by the Province of Alberta, again based on social dialogues with coal workers and their communities. In Alberta, some revenues from the province’s carbon price helped support the transition for coal communities.<sup>3</sup>
- **Uruguay** has implemented International Labour Organization guidelines for a “just transition towards environmentally sustainable economies and societies for all”, to assist the country in creating employment, ensuring decent work opportunities, and social well-being as they transition towards a greener economy. Uruguay now has enough renewable power to supply over 94% of their own electricity system, and exports one third of the renewable power they generate to Argentina.<sup>4</sup>
- **Germany** launched its “Commission on Growth, Structural Change and Employment” to develop an overarching approach to managing the full impacts of the transformation of the power sector, including a just transition plan for workers and regions that depend on coal fired power and coal mining. Germany also provides support for early retirement schemes for coal workers, and shares the costs of reform with the industry.<sup>5</sup>
- **Norway** explored an economy-wide approach to the transition in the national Expert Committee on Green Competitiveness. As part of this process, unions and employers worked together to develop long-term road maps for 11 key sectors, to transition these sectors to a low-carbon growth model while maintaining competitiveness.<sup>6</sup>
- As **China** has delayed or stopped work on 151 coal power plants, it has also created a US\$15 billion fund for retraining, reallocating and early retirement of the estimated 5-6 million people who would be laid off due to coal or steel sector overcapacity.<sup>7</sup>



Photo credit: WEF.

“ We need good jobs on a living planet. So climate action is a trade union issue. We have a vital role to play to project jobs in existing workplaces and industries by demanding and bargaining for industrial transformation, to organize new quality jobs in the emerging green economy and to fight for the ‘Just Transition’ measures that ensure we leave no one behind.”

**SHARAN BURROW**, General Secretary of the International Trade Union Confederation and member of the Global Commission on the Economy and Climate

- In 2018, the global union movement entered into a just transition partnership with **C40**, an organization of major cities focused on climate change. In connection with the partnership, two cities – Vancouver<sup>8</sup> and Oslo<sup>9</sup> – have worked with unions to commit to just transition processes. The cities’ just transition commitments will cover the impacts, both positive and negative, of their very ambitious climate targets.
- Since NCE issued its 2018 Report, the governments of **New Zealand**, **Scotland** and **Spain** have committed to a just transition and launched national processes to deliver it. In New Zealand,<sup>10</sup> the government is developing a just transition and economic diversification plan based on social dialogue with unions and broad stakeholder consultation. The plan will be for regions that currently rely on offshore oil and gas extraction, which New Zealand’s government will phase out by 2050. In Scotland,<sup>11</sup> the government has established a national Just Transition Task Force with unions and stakeholders, to address the challenges and opportunities that a low carbon transition will bring to Scotland’s workers and communities. In Spain,<sup>12</sup> the government and mining unions have agreed to a just transition plan for the country’s coal mines, which are scheduled for closure. Two further plans – one focused on economic diversification and one addressing national issues – will follow.

## REMAINING CHALLENGES

- Globally, inequalities are rising. In 2017, an estimated 82% of the wealth created globally went to the top 1% of the world’s population.<sup>13</sup>
- A number of studies suggest that growing automation may exacerbate inequalities, unless policies are implemented to actively manage the impacts.<sup>14</sup>
- To avoid climate action becoming a scapegoat for wider structural disruptions, including digitalisation,

globalization, the shifting international division of labour, and structural changes within economies, it is essential to proactively manage this transition well.

- Phasing-out coal is likely to be particularly challenging in coal-rich emerging economies. The Powering Past Coal Alliance, with over 60 partners, including governments, organisations and leading businesses, has an important role to play in galvanising social dialogues and supporting a just transition in signatory countries or states.<sup>15</sup>

## PRACTICAL SOLUTIONS

- **Supporting employment transitions** – National and regional governments, working in partnership with industry players and trade unions, can develop transition strategies which can include guaranteed pensions, transition income support, and retraining, up-skilling, and redeployment of workers displaced by the transition.
- **Diversifying local economies** – Local universities and trade schools can play a key role in envisaging and training for a more diversified economy in affected regions. Government policy reforms, such as infrastructure investment and tax incentives, can help to attract new industry and commercial activities to regions hardest hit by the transition.
- **Safeguarding social protections** – Robust social protection systems are essential for workers and their families to meet basic needs during periods of unemployment, retraining, or education.<sup>16</sup>
- **Open and transparent dialogue** – Bringing together a wide range of stakeholders – government, business, trade unions, civil society, and community leaders and organisations – helps to reduce fears, opposition, and inter-community and inter-generational conflict.



## CONTACTS

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## NOTES AND REFERENCES

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The Global Commission on the Economy and Climate, and its flagship project The New Climate Economy, were set up to help governments, businesses, and society to make better-informed decisions on how to achieve economic prosperity and development while also addressing climate change. To read the full *Unlocking the Inclusive Growth Story of the 21st Century: Accelerating Climate Action in Urgent Times* Report visit [www.newclimateeconomy.report](http://www.newclimateeconomy.report). For media and other inquiries, please email [info@newclimateeconomy.net](mailto:info@newclimateeconomy.net).