



CAN Europe Submission regarding the proposal for a Council Recommendation on addressing the social and labour aspects of the just transition towards climate neutrality - November 2021

CAN Europe welcomes the European Commission's Strategic Dialogue on the forthcoming proposal for a Council Recommendation on addressing the social and labour aspects of the just transition towards climate neutrality, as well as the possibility to share inputs in writing.

1. Climate action is social action: The socio-economic costs of climate inaction or of an unregulated transition needs being acknowledged in the Council Recommendation

As noted by the European Central Bank (ECB), “there are clear benefits to acting early: the short-term costs of the transition pale in comparison to the costs of unfettered climate change in the medium to long term”. More frequent and severe natural disasters could lead to a decrease in European GDP, should policies to mitigate climate change not be introduced.ⁱ But beyond the impact on GDP, the cost of inaction would be immense in terms of humanitarian needs to deal with climate-related disasters and increase in food pricesⁱⁱ, public health impactsⁱⁱⁱ, or additional annual welfare loss in Europe (175bn € under a 3°C global warming scenario, and 83bn € under a 2°C global warming scenario).^{iv}

These adverse social impacts of climate change are already part of the daily life of hundreds of millions of people living in the Global South, with women especially vulnerable to climate change's effects in many countries. Escalating extreme weather events contribute to food insecurity and conflicts, while climate-induced migration is a rising phenomenon. The poorest are the less equipped to cope with both the impacts of climate change and an unregulated, disorderly transition. The same holds true within Europe, as could be seen last summer with floods and wildfires, with more severe impacts on the poorest and vulnerable people in the society. ***The Council should make it clear that climate inaction or further delays is not an option because of the existing and future appalling social impacts, inside and outside the EU – a regulated just transition based on climate action is what is needed.***

2. Environmental and social goals are together equally imperative: We need synergies and coherence between social and climate policies

The lack of political commitment over the last 30 years to firmly engage in the decarbonisation of our societies and economies means that the window of opportunity to keep humanity in a safe place is narrowing down every year. As a result, progress will have to be achieved at a very high speed. Existing socio-economic inequalities, levels of poverty and precariousness in the EU make the much-needed rapid green transition more challenging. Inequalities, social injustice and the climate crisis are the result of the same unsustainable economic system that brought humanity to the current environmental, social and economic crisis we are facing today. For people living in a precarious socio-economic situation, it is even more difficult to deal with job losses and the need to re-skill, or to have the resources to invest in cleaner consumption modes (from transport to heating or cooling, from building renovation to different diets and agro-ecological practices).

Climate action must be designed and implemented with a view to mitigate adverse social impacts on low-income people, and to generate opportunities for them – beyond the well-known broader social benefits (health, air quality, etc). Inclusiveness of all representatives of different segments of the society is a bare minimum to ensure social risks are identified, and ways to mitigate them should be factored in climate policy processes. However, climate action, even if it is socially fair, can't replace robust policies to promote and protect social rights and to address the root causes of inequality. ***We therefore call for the Council Recommendation to stress the importance of building synergies between social policies and climate policies, avoiding silo approach and conflict between them.*** This ranges from progressive and gender-just taxation to universal social protection, implementing the rights to housing, food and education and fighting gender and other grounds of discrimination across the board.

3. Strengthening coordination between different levels of policy making is a must: We need synergies between national and European policies to strengthen climate action and social protection”

EU legislative proposals under Fit for 55 need to include flanking measures to mitigate potential adverse distributional impacts, i.e. the risk of exacerbating existing inequality. But EU policies alone will not suffice: we need adequate policies in place at national level to accompany the decarbonisation of our economy and societies, and ensure the green transition benefits everyone, and not only the wealthiest. Many policies and measures are in the competence of Member States or even local and regional authorities, from taxation to social protection. Complementarity needs to be established between local, national and European socio-economic policies. Coordination and coherence between national budgets and EU funds (Cohesion Policy Funds including the Just Transition Fund, future Climate Social Fund, Recovery and Resilience Facility) needs strengthening. The European Semester seems the right mechanism to provide the complementarity and coherence needed; thus, it should leave much more room for the coordination of national social and climate policies, rather than the current narrow focus on macro-economic issues - sometimes to the detriment of social fairness and environmental protection. ***We call for the Council Recommendation to stress the importance of strengthening coordination of national and EU policies beyond macro-***

economics, in order to deliver an orderly just and green transition, and to commit to taking this on board in the framework of the ongoing review of the EU economic governance framework.

4. The fight against inequality and poverty must be mainstreamed: We need distributional analysis of all policy proposals, beyond the Fit for 55

We welcome the intention to make the distributional analysis of EU policy proposals on climate, energy and environment systematic. However, this also needs to be the case for non-climate policies, which also risk exacerbating poverty and inequality as climate and environmental policy is not the driving cause of systemic inequalities. For example, policies geared at encouraging digitalization or opening up public services to competition, or taxation policies would also deserve robust distributional analysis. The distributional analysis also needs to look at gender and other intersecting grounds of discrimination. ***We call for the Council Recommendation to require a distributional analysis of all EU policy proposals, and to commit Member States to embrace distributional impact assessment at national level too.***

5. Inclusive planning of the uses of money flows for a societal just transformation is a must: Funding and mechanisms need to be in place to reach those most in need

Reaching those most in need with financial and other forms of support requires dedicated efforts, structures and resources, and participatory action at local and regional level. Those most in need are facing various barriers, from disability to language barriers, illiteracy to time poverty because cumulating several exhausting poorly-paid jobs or unpaid caretaking duties, from lack of transportation options to lack of digital skills or equipment.

We can expect that flanking measures to mitigate the risk of adverse social impacts of climate policies will require online access/skills. This is why much more robust action is needed to tackle the digital gap, purposefully targeting those left behind in the so-called digital transformation. That has not been sufficiently the case so far, including under the Recovery and Resilience Facility, where people and regions most in need could not participate in the planning process because thoughtful public participation has not been at the center of the process. Reaching those most in need may require working with grassroots groups and CSOs, knocking on people's door to propose assistance to access the support – and not just a web portal. ***We therefore call for the Council Recommendation to make the link between the imperative to close the digital gap and the possibility to reach those most in need, and the importance of dedicating resources to make sure those most in need are reached.***

6. Consultation with the civil society and the workers is a must: We need systematic participation mechanisms for CSOs and trade unions

The role of Civil Society Organisations (CSOs) and social partners in the green and just transition is crucial on many accounts. They need to be consulted about the programming of financial instruments and about adequate flanking measures that can be put in place. They are key to reach those most in need and facilitate participation of people who may be affected by the climate transition in defining the future of their region and communities. There will be no fair

and green transition without civil society, without the people. ***We therefore call for the Council Recommendation to stress the role of CSOs and social partners, and to commit to engage them, support and resource them in order to create an enabling environment allowing them to perform their various roles.***

i European Central Bank, Occasional Paper Series, ECB economy-wide climate stress Test, 2021,
<https://www.ecb.europa.eu/pub/pdf/scpops/ecb.op281~05a7735b1c.en.pdf>

ii EU Strategic Foresight Report - The EU's capacity and freedom to act, 2021,
https://ec.europa.eu/info/sites/default/files/foresight_report_com750_en.pdf

iii European Environment Agency: Air quality in Europe - 2020 report,
https://www.eea.europa.eu/publications/air-quality-in-europe-2020-report/at_download/file

iv Joint Research Center, Economic analysis of selected climate impacts, 2020,
https://publications.jrc.ec.europa.eu/repository/bitstream/JRC120452/pesetaiv_task_14_economic_analysis_final_report.pdf