¿Cómo vincular transición ecológica y justicia social?

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From the promises of an integrated agenda to reality

- Social justice as condition for success of climate & ecological transition
- Social justice and ecological transition: the same agenda

2 main just transition challenges:
- managing structural transformations
- impact of environmental policies on vulnerable consumers (e.g. energy/food prices)

Do people know that we are headed towards carbon neutrality, no poverty and reduced inequalities?
Structural transformations

• Yes, ecological transition creates new jobs and opportunities but yes, also losses – that need to be managed!

• The transition is on its way, this needs to be communicated clearly, so that actors can anticipate and participate in shaping new futures

• Key sectors: car industry, conventional farming, coal industry...
The Coal Transitions Project
www.coaltransitions.org

- **Project co-ordinators:**
  - IDDRI, Climate Strategies

- **Country-research teams:**
  - **India**: Indian Institute of Management Ahmedabad
  - **China**: Tsinghua University
  - **South Africa**: University of Cape Town
  - **Australia**: Australian National University; Melbourne University
  - **Poland**: Institute for Structural Research, Poland (IBS)
  - **Germany**: German Institute for Economic Research (DIW)

- **Project Funders:**
  - KR Foundation,
  - European Climate Foundation

Co-construction with local actors in countries with high coal production/consumption
Analysis of past coal transitions: case studies

United States - Appalachian and Powder River Basin
Gradual decline due to multiple factors
- Main period examined: 2008-2016
- Decline of national coal production by 23% in 8 years to 2015
  Appalachia: 37% from 1990 to 2008
  220,000 to 65,000 (1980 to 2015)
  85,000 to 65,000 (2010-2015)

Czech Republic - Several locations
Collapse of Soviet Union and shift to market-based economy
- Main period of decline: 1990 to 2000
- Broader period examined: 1990 to present day
- 120Mt in 1990 to ~60Mt in 1998
- 160,000 to 60,000 in 2000
- Declining to ~33,000 in 2014

Poland - Upper Silesia, Małopolskie, Lubelski
Fall of Soviet Union & transition to market economy
- Main period of output decline, closures and restructuring: 1990-2002
- Closure and consolidation of 70 mines into 30
  147 to 106 Mt hard coal output from 1990 to 1999
  ~380,000 to 150,000 jobs from 1990 to 1999

United Kingdom - Numerous locations
Decline of UK coal mining industry due to economic unprofitability and cessation of government support in 1980s
- Main period of decline: 1980-1990
- Broader transition period: 1980 to 2016
- 130mt/yr in 1980 to 4mt/yr in 2015
- 237,000 to 49,000 (1980-1990)
- Declining to 1,000 in 2014

Netherlands - Limburg region
Full mining phase out
- Mine closures: 1965-1975
- Regional restructuring: 1965-1990
- 11 mines - Decline in production of ~14 Mt coal
  (~85% decline nationally)
- ~75,000 jobs

Spain - Several locations
Declining competitiveness with imports, depletion of brown lignite, diversification of electricity mix
- First period of decline: 1985 to 2008
- Second period: 2008 to 2015
- 39mt/yr in 1985 to 4 Mt in 2015
- 32,000 jobs in 1993 to 3,715 jobs in 2014
1. Avoiding and mitigating adverse impacts on coal sector workers

➢ **Risk**: disruptive and abrupt changes have important and costly human and social consequences over several generations.

Lessons:
➢ **Make the best use of worker’s demographics to smooth the transition**:

  ➢ Even the proudest workers don’t want their kids to work in mines
  ➢ Use time today to anticipate and prepare workers psychologically for the day without coal
  ➢ “Stop hiring young workers and let the others retire”.

➢ **Retraining not for everyone.**
Retraining on job better than off job.
2. Building local economic resilience and an alternative industrial future for affected regions

➢ Risk: downward spiral of economic development leading to regional decline.

Lessons:
➢ Increase “soft” attractiveness factors (infrastr., environ. quality, educational opportunities, entrepreneurial activity...).
➢ Bring new sources of demand (military, university campus).
➢ Need to have the private sector and local authorities on board.

➢ Stay realistic on expectations:
  ➢ Human skills, technology specialization and local identity can not change from a day to another.
3. Financing the transition

**Risk**: looking at past experiences, not confronting change can be extremely costly.

**Lessons**:  
➢ Transition requires some resources, but doesn’t necessarily imply a huge net cost for the government.  
➢ Need fiscal transfers to affected regions  
➢ Private companies should contribute either directly or indirectly (tax revenues) to some extent: i.e. cleaning up the site and/or helping workers and regions.  
➢ Anticipation means first avoiding new investments that are not compatible with long term objectives (avoid stranded assets!)
4. A governance issue: domestic and international policy coordination

At the domestic level:
- Architecture in your government that can put together a common vision of the transition.
- Role of overarching climate laws and institutions because it forces an internal discussion.
- Role of sustainable development pathways at national and local levels, developed in partnership

At the international level:
- Need to coordinate what 2C means everywhere to reinforce the credibility of commitments under Paris agreement.
- **Importance of cooperation**: FR-GER Forum for the future (Aachen treaty), EU experience on Coal Regions transition platform, more can be done (globalisation adjustment fund?)
The consumer side

• ecological transition & climate policies will affect prices: gasoline, gas, electricity (where still from fossil fuels), food...

• Important issue for countries that want to **tax** fossil fuels but also for those that have to **phase out subsidies** for fossil fuels!

• How to manage this in a just way? Leaving no one behind?
IDDRI’s work on the French debate on the carbon tax

After the carbon tax freeze, what are the priorities for the ecological transition?

The use of the carbon tax to encourage behavioural change, which most economists consider to be the most effective policy, has faced public hostility in recent months, pointing in particular to the lack of accessible low-carbon alternatives for travel and to household budgetary constraints. Beyond the mechanical application of a price trajectory, these claims invite us to reconsider the limits of the carbon pricing approach to transform society and to identify the conditions for a sustainable evolution of this tax taking into account both the demand for social justice.

What lessons can be learned from the debates on the carbon tax?

Triggered by protests against rising fuel prices, the “gilets jaunes” movement has highlighted a certain incoherence in the general public on the way in which...
1. Anticipating the impact on consumers

**Risk:** A carbon tax can exacerbate vulnerabilities and inequalities.

- Identify the vulnerable consumers: who are they?
- Create compensation mechanisms: transition bonus, subsidize alternatives
2. Minimize exemptions to some sectors

Risk: Exemptions to specific sectors can be perceived as unfair.

- Air and maritime transport, big industry under ETS, etc -> 6, 9 billion Euros in 2018 in France
- Not only perceived as unfair but also compromise the efficiency of environmental taxation
- Alignment of these sectors with the carbon tax has to be done progressively, with clear roadmaps for different sectors allowing for anticipation and for taking into account specificities of each sector
3. Allocating the revenues in a transparent and coherent manner

**Risk:** A lack of transparence and coherence can lead to opposition.

- Have a transparent, democratic debate about the use of the revenues from environmental taxes – build trust
- Reallocate an important share of the tax to the households (2 options: )
- Reinvest the remaining revenues in the ecological transition
- Ideally: Embed debate on environmental taxes in a debate about a broader fiscal reform
4. Invest in alternatives

**Risk:** A lack of alternatives makes it difficult to adapt.

- Long-term investments needed in various sectors
- Some priorities: retrofitting of buildings, developing the use of renewables in the heating sector, etc.
- Tough questions for the mobility sector: how do you finance public transport in rural areas? How do you avoid conflicting tax incentives (e.g. Company cars)? -> need for coherence
- Good practices: bicycle plans (Denmark, Netherlands), extend conversion premium for less polluting cars to second-hand market (France)
- Changing habits and social norms takes time
Conclusions

➢ Climate/environmental policies will accelerate the transition out of coal + other unsustainable industries and will affect consumers.

➢ Transitions can be an opportunity to build a better future, but timing and management are key – the quicker you act the better you are off!

➢ Convincing actors to engage in discussion and creating the trust in the process is a challenge.

➢ Need for coherent visions: Sustainable development strategies, broader fiscal reforms etc.