



TRADE UNION ADVISORY COMMITTEE
TO THE ORGANISATION FOR ECONOMIC
COOPERATION AND DEVELOPMENT
COMMISSION SYNDICALE CONSULTATIVE
AUPRÈS DE L'ORGANISATION DE COOPÉRATION
ET DE DÉVELOPPEMENT ÉCONOMIQUES

MEETING OF THE ENVIRONMENT POLICY COMMITTEE AT MINISTERIAL LEVEL

Environment and Global Competitiveness

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A trade union view on

- **The OECD Environmental Outlook**
- **Competitiveness, eco-innovation and climate change**
- **Cooperation for ambitious climate change policies**

Summary of comments on the OECD outlook

- It is important to recognize the synergies and trade-offs that can arise between the integrity of ecosystems and *human well-being* when developing management options on biodiversity. The activities of OECD countries must be linked to global efforts to integrate such synergies and trade-offs within concrete sustainable development frameworks.
- Biodiversity promotion must be backed by better regulations and compliance at the national level, with measures to strengthen ratification and implementation of Multilateral Environmental Agreements, in tandem with stronger measures to meet the World Summit on Sustainable Development and Millennium Development Goals.
- The current OECD Environment *Strategy* should be strengthened and expanded to better identify social, environment and human well-being synergies and trade-offs for creating environmental measures that promote decent work.

Summary comments on Climate Change

- There is a need to undertake ambitious measures on combat climate change through cooperation and solidarity among and within countries.
- Competitiveness, employment and income distribution concerns have generally been ignored by international climate change negotiators but these will be a key to guaranteeing the success of any agreement. “Green Jobs” creation, through eco-innovation and deployment of clean technologies and processes are part of an ‘opportunities’ package that Ministers should consider.
- Fine-tuned design of socially-friendly climate change policies requires that ambitious climate change objectives be made to reinforce cooperation within and across governments, as well as with trade unions.
- The strengthening of linkages between climate, and social or economic policies, is essential for achieving an ambitious post-2012 regime, capable of protecting the climate in a sustainable and fair manner and to ensure fair transition towards a low-carbon society.

Introduction

The OECD Environmental Outlook to 2030 makes clear that tackling the key environmental problems, including climate change, is both achievable and affordable. We support the notion that transitional measures are necessary as part of a reform package to offset unwanted effects of structural changes on particular groups in society, such as through energy bills for low-income families. OECD countries are encouraged to use the Outlook as a basis for working with stakeholders, including trade unions and to find creative and low-cost solutions to environmental challenges.

Any new global agreement regarding climate change should be guided by the analyses of the Intergovernmental Panel on Climate Change (IPCC) and should limit the global average temperature increase to no more than 2°C by reducing greenhouse gas emissions by 85 percent before 2050. All countries must assume roles and responsibilities for implementation, based on the principle of common but differentiated responsibilities and depending on each country's stage of economic and social development. All OECD member States should support the acceptance of these targets at the UNFCCC.

OECD countries should agree to significant further cuts in carbon dioxide emissions in the near term. Since a global emissions trading scheme will form the basis of such a strategy, the outcome of the European Union's proposal for and commitment to a 30 percent cut (1990 basis) in carbon dioxide by 2020 should be used as a benchmark for implementing the UNFCCC's Bali Action Plan. In addition, the most advanced developing countries should, in keeping with the principle of common but differentiated responsibilities, be asked to progressively adopt GHG prevention, reduction, stabilisation or controlled increases, e.g. through targets on renewable energy use, carbon capture, deforestation, and related to public transport systems.

Climate change and related mitigation and adaptation policies will transform the social fabric of the world's production and consumption patterns and bring about huge changes to peoples' lives, livelihoods and well-being. It is vital that political and social resistance to change be transformed into support and involvement of national populations in implementation measures or concrete policies.

Only fully integrating such policies within a sustainable development framework as is called for in the Bali Action Plan, will yield the desired results for effective and equitable transition. Governments should be called upon to adopt and abide by National Sustainable Development Strategies (NSDS), which fully seek to integrate social factors in environment and economic analyses. Also, the OECD's Environmental Strategy for the First Decade of the 21st Century should seek to transform its current "social-environmental interface" to a full treatment of the interacting social, environmental and economic factors and be reflected in member States' environmental performance reviews.

The full social and employment impacts must be brought to bear on decision making, through open dialogue between social partners and by enhancing their rights and capacity to participate. The entire gamut of ILO instruments to recognize the participation of workers and trade unions must not only be supported but vigorously promoted, as part of a genuine adherence to corporate social responsibility. The involvement of BIAC, TUAC and NGOs with governments within OECD decision-making about climate change should be strengthened and made to provide guidance for national dialogue policy.

Such involvement is important, since achieving emission reductions at the level of production will require a dedicated and skilled workforce. Hundreds of thousands of workers will need to cope with the rapid uptake of renewable energy and energy efficiency activities. Jobs and livelihood will be disrupted in certain sectors and regions, and training and education must emerge as part of a package for Just Employment Transition toward economic diversification. This will be particularly important in sectors directly affected by carbon dioxide reductions, such as energy-intensive industries (steel, iron, aluminium, mineral extraction and road transport) where re-training, compensation and re-employment programmes will be essential. The OECD should more clearly cooperate with other intergovernmental processes, such as the ILO, UNEP and EU in providing research and analysis for Green Jobs.

The need to reduce poverty and meet social and equality goals dictates that new jobs must also be decent jobs, with adequate pay, social security and take place in working environments everywhere, so as to eliminate social dumping and cross-border competition for polluting industries. Improving working conditions and the greening of production in current sectors must be made to create attractive job opportunities. Such an evolution should be phased in with emission reductions, and evaluated sector by sector with the timing for the introduction of best available techniques. Employment Transition schemes can be further strengthened by fully exploring the potential for Green Jobs in the energy supply and energy efficient sectors where new services and tasks will be needed, e.g. in auditing and evaluation of energy consumption and uses in commercial or domestic facilities and buildings. Moreover, labour-intensive renewable energies such as solar, wind, geothermal and agro-energy can be promoted and supplemented by ambitious training and education programmes.

Green Jobs promotion within the development of climate-friendly buildings, combined with effective building renewal regulations can become drivers for implementing both social and climate objectives. This is also applicable in public transportation sectors, including for rail passenger and freight services.

Economic instruments, such as the trading of emission credits, must be supported by sound economic and financial policies, combined with regulatory instruments, public and private investments, such as: for research and development in mass transportation systems, renewable energy, cogeneration and the refurbishing of buildings. Fair taxation, which internalises external costs of energy consumption and carbon emissions, should be promoted.

There is an urgent need to strengthen adaptation responses for water, health and infrastructure with adequate long-term investment flows. Stronger democratic governance, domestic fiscal systems and more support from DAC and other international financing institutions must become central to OECD policies for climate change.

Discussion: Session I

Environmental Trends and the OECD Environmental Outlook

Policy innovations to address biodiversity: Biodiversity loss is a product of inadequate integration between the social, environmental and economic realities of large segments of the world's ever increasing population, requiring more food, water, land and other resources to survive. This is especially so in developing countries where poverty is associated with the deterioration of ecosystems, especially in relation to agriculture, which is the largest driver of genetic erosion. Also, the failure to recognize the linkage between poverty, social well-being and population increases is an important factor.

While actions to *promote biodiversity* preservation, impact minimisation, pollution reduction, improved management of species and increases in conservation areas must all be supported and strengthened, poverty and population issues must addressed at the same time. It important to recognize the synergies and trade-offs that can arise between and among eco-system services and *human well-being* when developing management option¹.

The activities of OECD countries must be linked to global efforts to integrate such synergies and trade offs within concrete sustainable development frameworks, such as the UN's National Sustainable Development Strategy (NSDS) indicators, linking and measuring environment and well-being issues. The OECD Environment Strategy for the First Decade of the 21st Century and the Environment Performance review process must be made to support the NSDS process, in combination with Poverty Reduction Strategy Programmes (PRSP) and the ILO Decent Work Country Programs (DWCP) both of which relate more directly to well-being issues.

Making environmental policies cost-effective

Biodiversity promotion must be backed by better regulations and compliance, at the national level, with measures to strengthen ratification and implementation of environmental MEA's in tandem with stronger measures to meet MDG and WSSD goals. Measures identified in the Environmental Outlook for biodiversity such the use of fees, taxes, levies and special charges must seek to strengthen '*biodiversity-human well being*' synergies and discourage unnecessary trade-offs. However, the distributional and social effects of these must be well understood and addressed.

Such actions should be matched by wide-scale efforts to change production-consumption behaviours and patterns by individuals and enterprises. Public awareness programmes that use workplaces and the involvement of workers and trade unions in training and education to promote change should be highly encouraged. As well, business accountability and reporting should be encouraged through a strengthened commitment by OECD member States for environmental compliance to the Guidelines for Multinational Enterprises. And these measures should be supported by changes to trade and investment schemes to strengthen synergies and trade-offs and to ensure that social costs are transformed into support for more efficient environmental polices, and improved resource productivity.

Many lessons for identifying co-benefits to achieving enviro-social problem-solving can be derived from UNEP's GEO4's chapters on Biodiversity and Environmental Governance.

¹ The Global Environmental Outlook GEO4, Environment for Development, UNEP 2008.

However, a key factor in the success of any programme the OECD or other intergovernmental bodies might take to enhance biodiversity is to involve and engage Major Groups and Civil Society in both decision-making and implementation. Convincing the electorate of Member States to assume costs now for benefits in the future would otherwise fall far short of expectations. BIAC, TUAC and Environmental NGO's must be at the centre of such programmes within the OECD.

Revised OECD environmental Strategy: particular challenges posed by OECD outlook

TUAC welcomes a revision of the OECD Environmental Strategy for the First Decade of the 21st Century. The EPOC should build on the successes of this strategy by updating its various environmental components with new information from the Outlook to 2030. The Strategies' "Objective 4 The Social and Environmental Interface: Enhancing the Quality of Life" should be strengthened and expanded to better reflect the need to address environment and human-well being synergies and trade offs, not only within OECD countries but in relation to the responsibilities of the OECD member states to the rest of the world, especially developing countries.

A new *Strategy* should also more deeply entrench its analysis of the 'social interface with environmental issues', with that of employment considerations and for the need to build support for environmental measures that promote decent work. The *Strategy* should identify the concrete measures by member States to identify and address job or livelihood loss and employment insecurities due to economic or structural changes for environmental reasons. It should propose environmentally related employment transition measures. In particular it could consider incorporating elements on how Green Job creation could be made to drive positive changes to environmental protection.

The *Strategy* must also better identify the roles for Civil Society in implementing its proposals and consider the outcomes of a 2006 joint BIAC-TUAC meeting under the OECD Labour Management Programme to consider how business and trade unions could help implement the *Strategy*. Placing workplaces at the centre of joint business-trade union approaches to implement environment and sustainable development objectives would greatly enhance the value of any future strategy by the OECD to address environmental issues.

Efficient Environmental Policies and Resource Productivity

TUAC welcomes the new OECD publication on Effective and Efficient Environmental Policies as well as possible new recommendations on resource efficiency. However, the OECD must be reminded of its commitments since the 2002 World Summit on Sustainable Development (WSSD) to more fully integrate the social, environmental and economic pillars within its planning and implementation plans. The OECD EPOC should renew its commitments in this regard. While a stronger focus on health issues by the Environment Directorate is regarded as a step in this direction a full integration would entail the inclusion of the broad range of social issues, including employment and income.

Discussion: Session III & IV

Climate change, competitiveness and cooperation

Competitiveness concerns and cooperation, while treated separately at this EPOC, are complementary and interrelated aspects of the climate change discussions. Only a **global** agreement for combating climate change based on cooperative and responsible action can avoid adverse effects on competitiveness and employment.

Trade unions consider there is a need to undertake ambitious measures against climate change. In this regard, we have called the international community to limit the global average temperature to no more than 2°C by reducing greenhouse gas emissions by 85% before 2050. We believe that all countries must assume their roles and responsibilities, based on the principle of common but differentiated responsibilities and depending on each country's level of economic and social development. In the short run, OECD countries should agree to significant further cuts in greenhouse gas emissions. In addition, the most advanced developing economies should, in accordance with their capacities, be asked to progressively adopt GHG prevention, reduction, stabilisation or controlled increases.

Cooperation and solidarity among countries and within countries are essential. They bring fairness into the discussions, making a new agreement useful for climate protection, but also acceptable for governments and citizens.

Until now issues such as competitiveness, employment or income have generally been ignored by international climate change negotiations but now appear as key issues that can help guarantee the success of any agreement.

Trade unions agree with the OECD issues paper, when it affirms that:

“More thorough analysis of this issue [competitiveness] is needed to assess how innovation and other measures could reduce these impacts, to look across different policy packages, and to evaluate the distribution of costs and benefits across global and local economies”².

The OECD should undertake further research on these elements and widen its scope to cover other adverse socio-economic impacts, such as employment or income distribution, and to identify good practices for avoiding or reducing them. Poorer households typically spend a somewhat larger proportion of their income on energy-related goods. Therefore, they are more likely to be affected by policies that raise energy prices, such as putting a price on GHG emissions, or removing fuel subsidies.

EPOC should also agree to undertake necessary measures to mitigate and compensate possible negative impacts to competitiveness, employment or income. Trade unions have been at the forefront for demanding a Just Transition when dealing with environmental policy. We believe that Just Transition is the appropriate response for obtaining broad support of environmental policy, while improving the livelihood of those whose lives could be adversely affected by changes in production or the shift towards a low-carbon economy. Such response would comprise economic diversification policies, including support for innovation and research, social protection for affected workers, and social participation in decision-making when planning the transition.

² ENV/EPOC(2007)15REV4, para 30.

As the Issues paper affirms, trade unions agree with the following assessment:

“Transitional measures –such as retraining of workers and compensation to low-income families through social security systems- should be part of any reform package to smooth the transition of structural changes on particular segments of the economy”³.

Trade unions support the importance given by EPOC Minister to eco-innovation, as it holds the promise for creating new jobs in “green sectors” and improving working conditions and resilience in carbon-intensive sectors, particularly if due attention is given to worker training when deploying innovations. “Green Jobs” creation, through eco-innovation and deployment of clean technologies and processes, are part of the ‘opportunities’ package that Ministers should consider.

Ambitious climate change policies require reinforced cooperation across governments. Trade unions have been part of innovative approaches for dealing with climate change policies, where representatives from the environment, energy and labour ministries cooperate to facilitate emission reductions’ policies (i.e. in the Spanish tripartite dialogue tables)⁴. This multi-agency approach clearly displays how to successfully enhance policy coherence and a fine-tuned design of socially-friendly climate change policies. We also support the following proposal in the Issues paper:

“Partnering with business, workers and civil society will also be crucial (...) Labour unions can provide valuable insights into worker retraining, which will be part of transitional measures in the necessary shift to a low carbon economy”⁵.

EPOC is invited to derive lessons from the very rich examples where government-trade union cooperation on environmental policy has led to successful outcomes, i.e. the above mentioned Spanish “Dialogue Tables”, the French “Grenelle de l’Environnement”, and the German “Alliance for work and the environment”, etc.

Ministers are also encouraged to promote multi-agency cooperation when dealing with adaptation needs, both in OECD and non-OECD countries (i.e. through development aid, FDI, etc.). We encourage further work under DAC task force on mainstreaming adaptation into climate change cooperation.

Finally we call on the OECD to scale-up its work to strengthen the linkages between climate, social and economic policies, as essential to achieving an ambitious post-2012 regime, capable of protecting the climate in a sustainable and fair manner, so as to win massive support from all segments of society.

³ ENV/EPOC(2007)15REV4, para 42.

⁴ In Spain, Sectoral Round Tables on Social Dialogue have been set up to implement the Kyoto Protocol in industrial sectors, with the participation of the Government, trade unions and business organizations.

⁵ ENV/EPOC(2007)15REV4, para 45.