

European Decarbonisation strategy: some steps in the right direction but market-based solutions remain



(3 December 2018) On 28 November 2018, the European Commission published its 2050 long-term strategy for a climate neutral economy. The strategy will be the subject of further discussions next year and it will influence Member States' national determined contributions (NDC) that have to be submitted to the UNFCCC in 2020, as required under the Paris Agreement.

EPSU welcomes the Commission's long-term strategy. The most ambitious scenarios are the way forward to achieve net-zero greenhouse gas emissions by 2050. These will only be achieved when accepted by Europe's workers and people. Just transition or even better a just transformation that puts people before profits needs to be an integral part of those strategies. That means that the strongest shoulders share a heavier load addressing wealth inequalities, that the role of public services, public infrastructure and public investment are core, and that policies are developed based on social dialogue and democratic participation.

EPSU's General Secretary, Jan Willem Goudriaan said: *"The Commission has finally recognised the social dimension of the transition to a carbon neutral economy. However, the excessive reliance on market-based solutions continues to dominate, leading to power and wealth inequalities. The only acceptable transition is a just transition that implies solid public investment, strong public policies and regulatory frameworks. Reaching net-zero emissions is not possible without an energy democracy approach based on the real involvement of workers and citizens."*

The long-term strategy outlines eight different scenarios, two of which present pathways for the EU to achieve the net-zero goal. For EPSU these are the only ones acceptable to ensure our planet remains liveable.

It is positive that the Commission has made a good assessment of the current situation. However, EPSU is worried that the most ambitious scenarios are based on technologies which are not yet fully operational and on technological breakthrough. While carbon capture and storage (CCS) might be part of the efforts to mitigate the climate crisis as the Commission proposes, it has to be recognised that it is a costly infrastructure, leads to stranded costs, risks leaks and absorbs funding may be better used in energy efficiency.

EPSU welcomes the fact that the circular economy is becoming a central part of the EU's long-term emissions reduction strategy. For some time now, EPSU has highlighted the key role of the circular economy in decarbonisation. This legislation must guarantee legally binding elements for quality, decently paid, skilled jobs and a clear role for trade unions. EPSU expects that the implementation of this long-term strategy will correct the mistakes of the Commission's latest circular economy package which failed to include such elements.

EPSU welcomes the inclusion of the social dimension of the transition in the long-term strategy, and the need to ensure a fair and just transition that leaves nobody behind. The Commission now acknowledges the challenges, as consistently pointed out by EPSU, that the transition will pose for workers and local communities and the need to involve the social partners in addressing them. The Commission's assessment of the situation is a step forward but the solutions it proposes need to be improved.

EPSU considers the Commission's market-based recommendations to be

inadequate. It is relying too much on the private sector, which has shown so far that it cannot deliver without subsidies and other benefits provided by the public sector. We highlighted in our recent paper (see [here](#)) that liberalisation policies and market-based approaches have failed to deliver the necessary investments in clean energy over the past two decades. The Commission acknowledges this investment gap, but fails to recognise that it was caused by the reliance on the market and on private investments. The liberalisation experience has shown that the market has failed to initiate a transition to a low-carbon economy and that we need public policies, public funding and publicly owned companies and infrastructure to steer action and investments towards a just transition.

EPSU positively acknowledges the Commission's assessment of the need to address energy poverty and the negative distributional effects of climate change policies. However, we oppose the Commission's recommendation to phase out regulated prices and rely on market-based solutions and social protection to address this issue.

We demand adequate regulatory frameworks and public investments to turn the transition into an opportunity for the EU to make our energy systems fairer, create employment and address climate change.

EPSU is participating in the COP 24 in Katowice. This is to be a just transition summit to build public support for policies that will address the growing emissions gap as [recently underlined](#) by UN Environment and the [IPCC report](#) to keep global warming below 2 degrees.

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