

# Phasing out coal in Hungary

**JUST TRANSITION with CLIMATE AMBITION**



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# The clock is ticking: the fundamental revision of our growth model is a compelling necessity

The IPCC AR6 report (WG1) made it clear that we are on the verge of the abyss and the 1.5C warming scenario is slipping away; COP26 only demonstrated this

**What is clear:** A fundamental revision of our energy and resource depleting **growth model is necessary in order to reach net-zero carbon economy by 2050, less clear, what this means**

**The `Fit for 55` package is the first sign that now it is `serious`, but the social effects appear also clearer**

**For the EU: twice as much GHG cuts needed between 2030 and 2050, then between 1990 and 2020**

**Danger:** a possible re-emergence of a climate-jobs dichotomy

JT is about `just burden sharing`, with different dimensions:

- Addressing *climate and environmental justice* (global North <> global South, historical + inter-generational)
- Dealing with distributional effects of climate policies (FiT, carbon price, ETS design during the transition),
- **+ managing job transitions (More than a `fancy funeral`)**
- **regional restructuring**
- JT is also to avoid to have a `JOBS <> ENVIRONMENT` dilemma – now with the COVID fallout and the recent energy crisis, this is more important than ever
- A danger is that strategies as `any jobs better than no jobs` may re-emerge
- No return to business as usual: recovery programmes need to have a strong structural focus on decarbonisation

JT is not an abstract concept, but a real practice in real workplaces. Objective is common, but concrete transitions take place **in real work environments** determined by the capital-labour relationship

Many questions arise as inequality has a lot of cross-cutting dimensions, (e.g. housing, mobility, energy)

Makes also a difference whether `green transition` takes place in a conflictual or in a co-operative IR environment

## Dimensions of inequality in the climate change context

- **Outcome:** decent jobs (ILO) in a zero-carbon inclusive society: traditional jobs - good organised jobs; new green jobs often precarious;
- **Process:** getting there, how job transitions are managed (nobody left behind, just burden sharing, managing social impacts), revitalise local economy – social dialogue at all levels
- A clear transition plan is necessary
- Information&consultation practices – timely information for workers instead of unilateral fait accompli situations

Objective is common, but concrete transitions take place in real work environments determined by the capital-labour relationship

## Social dialogue at all levels is key – ILO Guidelines

- Governments in charge of energy policy – infrastructure – networks – public investments – roadmap + employment policy framework to facilitate job transitions – comprehensive and **coherent policy framework needed**
- Public responsibility in facilitating a transformation that is of public interest - JT Fund, regional, industrial policy)
- **Social dialogue, social plans, employment transitions, training programmes**
- While social dialogue at all levels is key, its quality matters
- Also, a unique situation: The Planet, the environment and future generations are not sitting at the negotiating table – who is representing them – TU-s need to expand their traditional role
- Current practices with social dialogue `decarbonization` are far from satisfactory, SD is often formal > as in most EU NECPs

# Varieties of JT: illustration from two sectors

- Differences by economic branch are also substantial:
  - A JT strategy for the energy sector (e.g phasing out coal) needs different approaches than e.g. in the automobile sector
  - Decarbonisation (in sectors) has different interlinkages to other megatrends (as e.g. digitalization /auto/, demography /mining/)

**Coal:** less than a tenth of a percent of EU jobs but concentrated in a few countries and regions.

Company good practice: ENEL Italy, comprehensive framework agreement for phase-out of 23 coal fired power plants by 2029

**Automobile:** 3.4 million direct manufacturing jobs, total 13.8 M in EU > total overhaul of the industry and its value chains

# Number of jobs in coal power plants and coal mines (top ten member states), 2017

	Jobs in coal power plants	Jobs in coal mines	Total
Poland	13,000	99,500	112,500
Germany	10,900	24,700	35,700
Czechia	3,600	18,000	21,600
Romania	3,600	15,000	18,600
Bulgaria	2,700	11,800	14,500
Spain	3,300	3,400	6,700
Greece	1,600	4,900	6,500
United Kingdom	4,100	2,000	6,100
Slovakia	500	2,200	2,700
Italy	2,400	300	2,700
Rest of EU28	7,000	4,000	11,000
<b>Total EU28</b>	<b>52,700</b>	<b>185,000</b>	<b>237,700</b>

Source: Alves Dias et al. 2018



# Just Transition Fund resources

Multiannual Financial Framework (MFF) -  
EU long-term budget 2021-2027

Cohesion Policy Fund

Next Generation EU (NGEU)

Just Transition Fund (JTF)

JTF core grants

JTF recovery  
support grants

€ 1.1 trillion

€ 7.5 billion

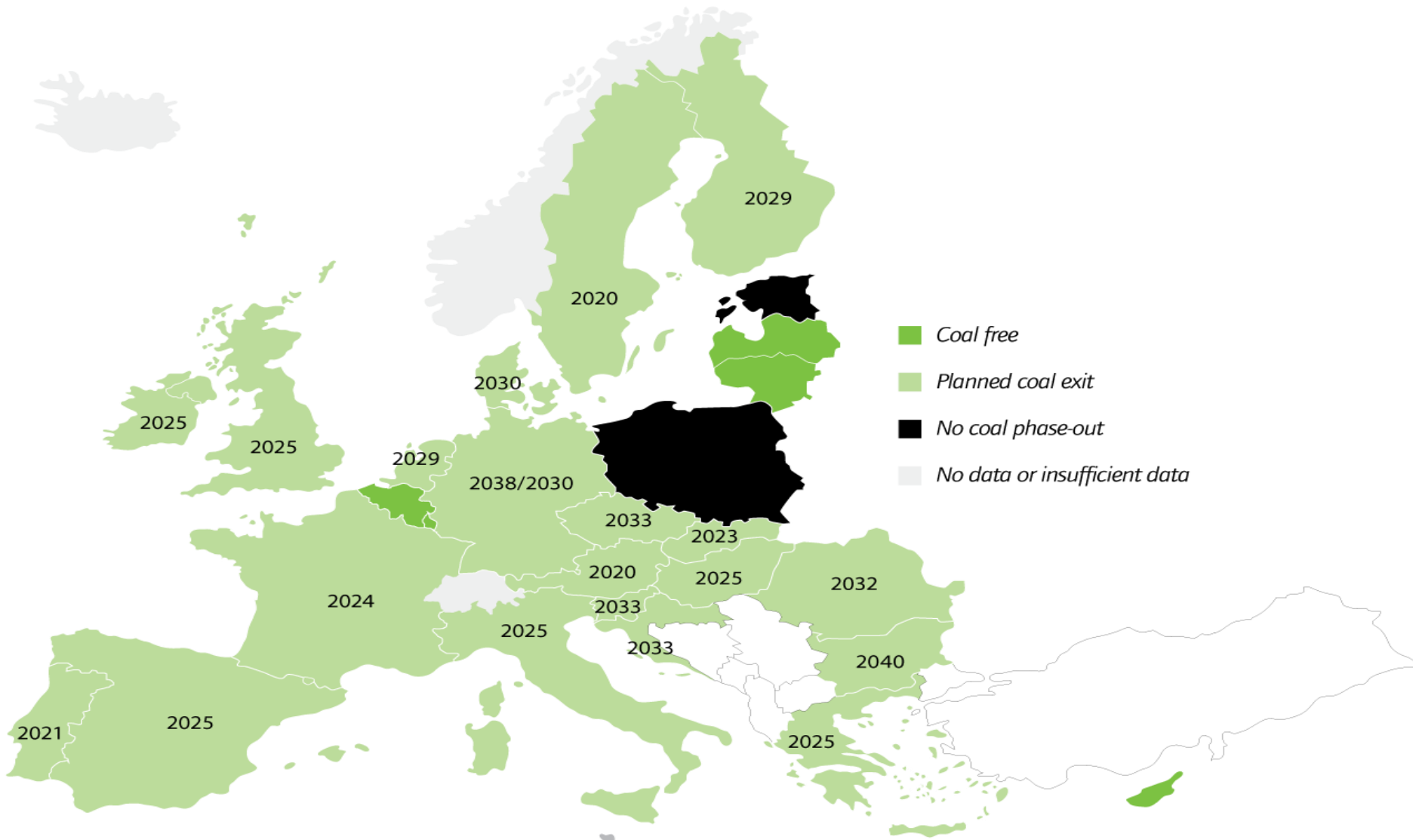
€ 22.5 billion\*

€ 750 billion

€ 10 billion

\* funding that was proposed but not approved

# Coal phase-out in MS-s



## Examples for employment transitions

Germany's coal phase-out applies three main elements of a just transition approach: slow and gradual transition with a high level of social dialogue; active labour transition management; and engagement in industrial and regional development. The coal phase-out by 2038 is however of low ambition, but exemplary social dialogue.

ENEL: Future-e Plan with social dialogue Closure of thermoelectric power plants and their redevelopment > new sustainable development opportunities

BUT EDF restructuring highly conflictual/strikes/protest:  
<https://news.industriall-europe.eu/Article/590>

ENI social partner agreement – a good example:

<http://www.industriall-union.org/italian-unions-negotiate-a-just-transition-agreement-with-eni>

## Employment transitions

In the Ruhr region, facilitating employment transitions of redundant workers were exemplary. A framework agreement on the closure of the German hard coal mining by end 2018 - balance of interests, social compensation, various work agreements.

financial bridging support is made available for a maximum period of five years to workers after early termination of employment and until they first qualify for the pension insurance scheme

In larger companies via targeted agencies specialised for employment transitions with individualised coaching and training. The Ruhr Coal Vocational Training Society was the model case for such institutions.

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## A good practice company case: ENEL's Future-e plan

ENEL announced the reconversion of altogether 23 power stations (oil, coal, combined cycle and gas) with significant employment implications.

It entered into social dialogue on a just transition framework agreement with its Italian union partners. The framework covers retention, redeployment, reskilling and early retirement for elderly workers. Includes also a recruitment plan using apprenticeship to ensure the transfer of competences of elderly towards young workers; encouraging mobility and training for redundant workers for the optimization of its human resources .

The plan also includes the re-cultivation of decommissioned power plants for further use in the future based on tenders in co-operation with local governments and social partners.

## Portugal coal exit – 8 years ahead of plans

**The Portuguese government decided to launch an auction for the conversion of the Pego coal plant, so power companies could submit their projects to use the plant's grid access.**

**The bid submitted by Spanish utility Endesa obtained the best score, according to a preliminary government report. The proposal submitted by Endesa – 70% owned by Italy's Enel Group – foresees a 365MW solar PV project and 246MW of wind farms, as well as battery storage infrastructure and green hydrogen electrolyzers.**

<https://beyond-coal.eu/coal-exit-tracker/>

<https://www.energymonitor.ai/sectors/power/what-europe-can-learn-from-portugals-accelerated-coal-exit>

**regional policy:** revitalising regions after phase-out

Trade Union are important agents of change, but face a fundamental challenge: to drive the transition forward with ambition and then manage its consequences in real-life working environments where capital dictates – up to now this seems difficult

Trade unions at national and EU level push for more climate ambition, but on the ground they tend to defend existing jobs (status quo is no solution)

Focus not only on core workers (members), but on all -, managing change in an advance looking way

Time horizon is crucial: short term vs long term interests

- Although JT was a trade union idea and demand, it is often controversial for some trade unions
- Virtual conflict between `climate ambition` and the core interest of defending members` interest
- In the classical case, company reorganisations, restructuring was driven by capital (profit) interest and labour was on the other side to act against and fend off the negative consequences
- Decarbonisation also means restructuring and re-organisation, massive employment transitions and trade unions are best placed to manage these transitions for the interest of workers
- But also trigger these transitions??? – this is new!
- Push the green transition forward and at the same time manage its consequences for the interest of workers