

## Just Transition in Spain: an urgent path to be built

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### *Introduction*

We live in a world under constant transformation. The Greek philosopher Heraclitus (c. 535 – c. 475 BC) already reflected upon it:

*“No man ever steps in the same river twice, for it's not the same river and he's not the same man.”*

Transformation requires adaptation which is achieved through transition. Current transformations are linked to major technological disruptions (i.e.: artificial intelligence) and environmental challenges (i.e: climate change). These are having and will have an impact on many facets of our life including on how we earn our living that is on employment.

The societal responses to the climate change crisis whose main exponent is the Paris Agreement impel transitions. In order to meet the goals of the Paris Agreement countries have to phase out their high carbon industries and replace them with environmentally friendly alternatives. Inevitable, this transition will affect employment in coal industries. To tackle these impacts it is necessary to provide a well based strategy. The intention of this article is to analyze the implications of the Paris Agreement for the energy and just transitions in Spain. It first sets the point of departure of energy and just transitions Spain. Secondly, it examines the origin of the concept just transition followed by a comparative examination of initiatives on just transition. After it provides some proposals to undertake for a just transition in Spain. It finalizes with conclusions.

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## ***Background***

Spain has 15 coal-fired plants with an installed net capacity of around 10,004 MW which mainly burn imported coal from Colombia, Russia and South Africa. Until now, only a few of them have also burnt indigenous coal from mines located in the North of Spain at the Autonomous Communities of Asturias, Castilla-León which are the regions where most of the coal plants are found. Most of the mines are under the [Coal Mining Closure Plan approved by the European Commission](#)<sup>3</sup> and most of those plants are under a temporary derogation to the obligation to reduce emissions known as the [Transitional National Plan \(TNP\) under the EU Industrial Emissions Directive](#) (IED) in force until 30 June 2020.

The Coal Mining Closure Plan has allowed the mines to receive State aid aimed at covering (1) the closure process -production losses of the mines until closure-; (2) financial support to those workers, who have lost or will lose their jobs due to the closures; (3) the safety and remediation works necessary after the mine closures. Mines which have been receiving this aid must close by 31 December 2018, otherwise aid must be reimbursed. Currently, there are around 2,200 coal miners left from a work force of around 25,000 at the beginning of the 90s'. Although aid in Spain has been available to support transition in these regions from some time ago, the implemented measures have failed. In addition, probably half of the coal plants in Spain will close by 30 June 2020 as complying with emissions limits of the IED requires enormous investments to carry out the works to retrofit them. In fact, these plants will close sooner or later as the new Spanish Minister for Energy Transition stated: "coal has no future". It is indisputable that coal phase-out will take place in Spain in order to comply with the Paris Agreement commitments. The closure date is to be agreed but many stakeholders claim 2025 to be the deadline.

The Ministry of Ecological Transition is preparing a Climate Change and Energy Transition Bill which will be accompanied with a Plan on Just Transition as the Minister announced on 10 July during a meeting on Energy and Just Transition organized by the Spanish Union CC.OO<sup>4</sup>. Given the deadline of the Mining Closure Plan and the expected closure of coal plants it is urgent to design the path for a just transition in Spain as we are already delayed.

### ***"Just transition", a key concept for a transition to a low-carbon economy***

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<sup>3</sup> Council Decision of 10 December 2010 on State aid to facilitate the closure of uncompetitive coal mines (OJ L 336, 21.12.2010).

<sup>4</sup> Confederación sindical de comisiones obreras ( Union Confederation of Workers' Commissions).

The "Just Transition" concept appeared in the 1990's when North American trade unions claimed support for workers whose jobs could be lost due to environmental protection policies<sup>5</sup>. Later this notion originally social, started to be linked with the need for action to fight climate change. During the 2010 COP in Cancun, the International Labour Organization (ILO) pushed to insert the idea of "Just Transition with green jobs" within UNFCCC negotiations. ILO adopted the Guidelines for a just transition towards environmentally sustainable economies and societies for all in 2015<sup>6</sup>. Finally, the Preamble of the Paris Agreement recognized "*the imperatives of a just transition of the workforce and the creation of decent work and quality jobs in accordance with nationally defined development priorities*"<sup>7</sup>.

Thus, signatories of the Paris Agreement should take into account "Just Transition" while implementing national policies to reduce their greenhouse gases (GHG) emissions. Indeed, this Agreement aiming to limit global warming below 2°C implies that each State, determines national targets (NDC) to reduce its GHG emissions. Yet, to achieve those NDCs, States should implement policies allowing them to develop a low-carbon economy. To do so, closure of coal mines and coal-fired plants is an essential first step. As a consequence, "Just Transition" is a major stake for coal-intensive regions where communities and workers lean on a coal-based mono-economy which is incompatible with GHG emissions-reduction' imperatives.

"Just Transition" can be defined as "*an economy-wide process that produces the plans, policies and investments that lead to a future where all jobs are green and decent, emissions are at net zero, poverty is eradicated, and communities are thriving and resilient*"<sup>8</sup>. Considering environmental, social and economic aspects for a sustainable development of concerned regions, a "Just Transition" is based on a series of key elements:

1. It should benefit all stakeholders with decent jobs for workers, competitive energy prices for companies and industries as well as social and environmental improvements for communities.
2. Consultations among stakeholders (Government, Companies, Unions, Communities) is essential to ensure a global endorsement of transitional strategies and their long-term stability. Consultations should be undertaken as soon as possible as **anticipation** is essential for a successful energetic transition.

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<sup>5</sup> Burrow, Sharon. "Just Transition: A Report for the OECD." (2017): 2.

<sup>6</sup> Available at: [http://www.ilo.org/wcmsp5/groups/public/---ed\\_emp/---emp\\_ent/documents/publication/wcms\\_432859.pdf](http://www.ilo.org/wcmsp5/groups/public/---ed_emp/---emp_ent/documents/publication/wcms_432859.pdf)

<sup>7</sup> United Nations, *Paris Agreement*, 2015.

[https://unfccc.int/sites/default/files/english\\_paris\\_agreement.pdf](https://unfccc.int/sites/default/files/english_paris_agreement.pdf)

<sup>8</sup> IUTC Just Transition Centre and B Team, *Just Transition: A business guide*, May 2018, p.2

The idea of a just transition is highly political as it is characterized by issues of power distribution and access to resources and the political economy<sup>9</sup>. Without hesitation, the government has to intervene to try to create jobs in “green” and “sustainable” sectors like renewable energy or circular economy among others.

Three approaches to just transition have been proposed<sup>10</sup>:

- The “shared solution”, this requires a mutual understanding and share solutions from the beginning. It creates an obligation for trade unions to work with other international and national organizations to create mutually beneficial solutions to create a low carbon economy.
- The “differential responsibility”. In this approach there is a heavier focus on the “losers” of the transition with a stronger emphasis on the workers and union’s power. In this the State has the responsibility to take care of workers who are currently employed at risk sectors by financially supporting retraining or paying for a new education.
- The “social ecological” advocates for democratic planning of the economy and the socialization of technology production as well as the development and democratic control and public ownership of remaining fossil fuel supplies. In this approach the private sector should not be trusted to make this transition so the government should take over to ensure climate friendly and green technologies are actually developed for the common good and implemented everywhere they are needed.

We consider that for Spain a mixture of the first two approaches should be adopted. The government, companies, workers and society as a whole must participate in designing our transition to the future. A comprehensive participation will legitimize the whole process and its outcome.

### ***Regional initiatives to impel "Just Transition"***

During the past few years, several reports were made by International and European Labour Organizations on this topic of "Just Transition"<sup>11</sup>. Indeed, with the Paris Agreement and the need for a low-carbon society, trade unions have understood the urgent necessity for planning just transition especially in coal-intensive regions. Nevertheless, general principles enounced in those guidelines should not postpone actions at national and regional levels to adopt concrete energetic transition´ strategies.

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<sup>9</sup> Healy, and Barry. "Politicizing Energy Justice and Energy System Transitions (2017): 452

<sup>10</sup> Stevis, Dimitris and Romain Felli, “Global Labour Unions and Just Transition to a Green Economy”, *International Environmental Agreements: Politics, Law and Economics* 15, no.1 (2015), pags 36-38.

<sup>11</sup> ILO, *Guidelines for a just transition towards environmentally sustainable economies and societies for all*, 2015 ; ETUC, *Guide for Trade Unions: Involving trade unions in climate action to build a just transition*, May 2018; ETUI Policy Brief, *From Paris to Katowice: The EU needs to step up its game on climate change and set its own just transition framework*, June 2018

In this way, some interesting initiatives aim for defining a just transition framework and implementing it. Firstly, a *Task Force on Just Transition for Canadian Coal Power Workers and Communities*<sup>12</sup> was launched in April 2018. Chaired by the President of Canadian Labour Congress (Hassan Yussuf) and composed of 11 personalities including many workers and communities' representatives<sup>13</sup>, this Task Force will meet various stakeholders across Canada to gather their suggestions on Just Transition (i.e.: new economic opportunities, existing economic development funds, policies to support the transition). Then, its purpose is to deliver "*recommendations to the Minister of Environment and Climate Change on implementing just transition for workers and communities directly impacted by the accelerated phase out of coal fired electricity in Canada*" within 9 months. From then on, the Minister will have information and data to set up a "*subsequent phase of consultation and analysis concerning just transition*" before implementing a just transition national strategy reflecting stakeholders' views.

Another initiative is the regional trade unions in Yorkshire and Humber (UK) which have also initiated a "*Low carbon Task Force*"<sup>14</sup> in April 2018, "*to bring together all the key partners in the region to help develop a regional carbon transition plan*". According to them, it comes from the lack of mention of "Just Transition" in the "*Government's Industrial Strategy*" and "*Clean Growth Strategy*". Thus, in a region with 28,000 plant-workers (power station, steel, cement, chemical) and much more in the supply chain, a just transition is vital both for industries, workers and communities which help setting-up such regional Task Force.

Last but not least, the European Commission launched a "*Coal Regions in Transition Platform*"<sup>15</sup> last December. Its purpose is to gather stakeholders from the 41 coal-intensive European regions in order to exchange best practices on *Post coal economy and structural transformation* (First Working Group<sup>16</sup>) and *Clean air, eco-innovation*

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<sup>12</sup> <https://www.canada.ca/en/environment-climate-change/services/climate-change/task-force-just-transition.html>

<sup>13</sup> President of the Canadian Labour Congress, Executive Director of the Conservation Council of New Brunswick, President of the Alberta Federation of Labour, Representative from a union responsible for coal extraction, Representative from a union in coal power generating facilities, Representative of the Canadian Labour Congress, Representative from a union in the skilled trades related to coal power, Municipal Representative, Business, Non-profit and Community Development Consultant, Past executive from a major Canadian electricity company or utility), Sustainable development expert.

<sup>14</sup> <https://www.tuc.org.uk/yorkshire-and-the-humber/news/low-carbon-task-force-yorkshire-and-humber>

<sup>15</sup> <https://ec.europa.eu/energy/en/events/coal-regions-transition-platform-working-groups-launch-and-first-meetings>

<sup>16</sup> During this event information was introduced on coal-intensive regions contexts and opportunities. Then, was delivered a presentation of "best practices" illustrated by successful initiatives. Afterwards, projects implemented in pilot regions (Silesia in Poland, Western Macedonia in Greece, Brandenburg and Saxony in Germany & Trencin in Slovakia) were presented in the working group's session corresponding. Besides, explanations were given on available funds to finance transition in coal-intensive regions. This meeting was also an opportunity for voluntary regions to announce their intention for becoming a pilot region. Last, the vice-president of the Commission mentioned "Country Teams", composed of experts, that will be sent in pilot regions to help them designing their transition.

*and energy system transformation* (Second Working Group). During regular meetings, including one last week (12-13 July 2018<sup>17</sup>), are presented on-going projects in pilot regions just as funding mechanisms. The success of this initiative could lead to an increase of European budget dedicated to coal-intensive regions' transition in the next multiannual financial framework.

However, some critics are rising<sup>18</sup> concerning projects in some pilot regions (Trencin in Slovakia and Silesia in Poland), that do not take into account communities and are benefiting to coal companies (Such as HBP in Slovakia for example). A recent report<sup>19</sup> commissioned by the Greens/EFA Group in the European Parliament, points out that there are only marginal funds for coal related activities but there are not enough European funds used to help transition for a future beyond coal. Even if some local examples of successful energy transition already exist (Loos-en-Gohelle, Ruhr region of Germany etc.)<sup>20</sup>, in most of the regions concerned by a coal phase-out, there is a lack of concrete policies and strategies despite of the emergency for initiating now a just transition process.

### ***Requirements for an efficient Spanish "Plan for just transition" taking into account the different regional contexts***

According to the classification made by the European Commission, five Spanish autonomous regions are considered as "coal mining regions"<sup>21</sup> likely to experience an energy transition (Aragón, Asturias, Castilla y León, Castilla-La Mancha and País Vasco). Considering the Coal Mines Closure Plan and based on the end of public subsidies by 2023, these regions have to face the end of coal mines exploitation without any transition strategy. Yet, this brings the lack of anticipation from stakeholders to light. During the workshop on Energy and Just transition organized by CCOO Teresa Ribera announced that the future Plan for Just Transition have to mark the concrete start

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<sup>17</sup> The Agenda of the second meeting followed the same guidelines than the first one. Yet, pilot regions were Jiu Valley in Romania, Saxony Anhalt in Germany and regions from Czech Republic. Unlike the February meetings, webstream was not available. However, information given by participants tends to demonstrate rising preoccupations on the Coal-regions Platform. Indeed, it was pointed out that some projects in Silesia (Poland) and Trencin (Slovakia) did not respect a transparent selection-process. Besides, concerns were mentioned about financial mechanisms to ensure that coal companies are not the only beneficiaries. Finally, this Platform also aims at demonstrating to international partners, during the COP24 in Katowice, that coal regions present opportunities for investments.

<sup>18</sup> CEE Bankwatch Network, *The European Commission's platform for coal regions in transition: case studies highlight tilt toward coal companies*, June 2018. <https://bankwatch.org/wp-content/uploads/2018/06/Briefing-EC-platform-briefing.pdf>

<sup>19</sup> Wuppertal Institut, *Phasing-out Coal, Reinventing European Regions: An analysis of EU Structural Funding in four Coal Regions*, February 2018. <https://www.greens-efa.eu/files/doc/docs/ae8afc9a34a8383ca99100a8f2a003b7.pdf>

<sup>20</sup> <https://bankwatch.org/wp-content/uploads/2017/11/eight-steps-just-transition.pdf>

<sup>21</sup> European Commission, *Platform on Coal and Carbon-Intensive Regions: Terms of Reference*, December 2017

of a stakeholders' consultation in order to set-up as soon as possible a "Just Transition Strategy".

However, as proposed by the CC.OO<sup>22</sup>, on top of that national plan, there should be regional strategies taking into account local specificities. Indeed, opportunities created by the energy transition depend on local factors. That is why we consider that a socio-economic analysis of each regional situation is urgent in order to identify regional assets and potentials to determine then through a regional stakeholders' consultation a feasible and successful energy transition strategy. As a consequence, taking advantage of local specificities will lead to the development of the most adequate industries (i.e: renewable energy, sustainable textile, biological farming, eco-tourism, circular economy) and of coherent training courses. At the same time we cannot forget that the young unemployment rate in Spain in May 2018 was of 33% and that many young people are leaving Spain to find a job. Thus, if new sectors are developed in these regions, there might be a high potential for young people to move there instead of leaving Spain.

Last, stakeholders should also discuss about funding this just transition. On the one hand, there are financial European (ERDF, ESF among others.) and national mechanisms that could contribute to funding projects helping the energy transition. On the other hand, energy companies should also support costs to achieve a just transition as part of their corporate social responsibility policies.

## ***Conclusions***

Regional governments and previous Spanish State denial to the energy transition in Spain has hinder the anticipation required for just transition. However, Spain cannot afford further delay. It is urgent to establish the strong foundations for an energy and just transition.

Spain needs to decide first which approach to follow. We consider that a combination of elements of the shared solution and differential responsibilities approaches is the best option to frame the future National and Regional Just Transition Plans. Secondly, in depth socio-economical studies to identify regional assets and potentials are necessary to determine after the economic development model to be fostered in the affected regions. This process requires public consultations in which all society actors are involved.

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<sup>22</sup> *Propuestas de CCOO para la transición energética justa*, June 2018.  
<http://www.ccoo.es/ebc1375a411344ded377311728ebb201000001.pdf>

We cannot forget that energy and just transitions are intimately linked to many of the sustainable development goals (SDGs)<sup>23</sup>. At the time of designing these transitions in Spain the achievement of SDGs must be accomplished.

Finally, it is important to have in mind that transformation is taking place in many sectors and Spain has to have a forward looking approach when designing plans for our future taking into consideration younger and future generations. There are many opportunities to build a path beyond the traditional sectors developed in Spain otherwise our future will be very similar to our present.

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<sup>23</sup> Many SDGs have implications for Energy and just transitions. The main ones for this are: SDG 3 on good health and well being, SDG 7 on affordable and clean energy, SDG 8 on decent job and economic growth, SDG 9 on industry innovation and infrastructure, SDG 10 on reducing of inequalities, SDG 12 on responsible production and consumption, SDG 13 on climate action, and SDG 16 on peace, justice and strong institutions.