

# The German Consensus on Coal

## Successful Policies Towards a Just Transition

### Call for Action

The DGB and its members support the national, European and international climate targets. Following the Paris Agreement, the transition towards a low carbon future is without any alternatives – it has to be shaped actively while bringing together climate action, sustainable wealth and decent work.



### Framework of the Commission on „Growth, Structural Change and Employment“

The German federal government officially established a commission with a well-defined mandate to find a socially and economically acceptable path to a politically desired phase-out of coal-fired power generation. This approach avoided a simple shutdown logic and instead brought together different perspectives. The 31 members were chosen from the relevant stakeholder-groups being affected regions, energy industry, science, businesses, environmental organizations, politics, administration and trade unions.

### Negotiation Process

The whole process lasted about seven months and involved expert hearings including representatives of affected regions, sectors and employees. In addition, the commission conducted a number of field visits to get familiar with the actual conditions on the ground. The members' mandates all were non-transferable, which helped to create trust and personal relations between the members. In the end, a 278 pages long report was adopted nearly unanimously and gained strong acceptance across all stakeholders and the political sphere.



**2038**



### The „Coal Consensus“

- Acceptable path to politically desired phase-out of coal-fired power generation in 2038 (with option of 2035)
- Comply with climate goals in the energy sector, **but: no simple shutdown logic!**
- Increased consistency of the energy transition
- Adequate social protection to provide security for employees (e.g. compensation of lost wages and pension deductions or adjustment allowances as a bridge to retirement for older employees)
- Actively shaping the structural change to create new perspectives for regions and workers
- Create decent jobs and value added to the same extent as they will be reduced
- Structural aid of two billion Euros per year over the next 20 years (compare: lignite coal industry creates 4.8 billion Euro gross value added p.a.)
- Locating federal authorities and research institutions in former coal regions
- Compensation of higher electricity prices to maintain competitiveness
- **Participation of trade unions and co-decision bodies who accompany all measures including structural policies with collective bargaining agreements!**

### Just Transition as Successful Approach

The DGB advocates for strong social interventions as complementary aspects of a more sustainable economy. Only by securing worker rights and the livelihoods of affected people and regions, we can actively manage the upcoming transformation of our current way of living in a fair way. The approach of the commission shows that it is possible to merge multiple and diverse interests for a common future. It is feasible to meet international commitments while creating new opportunities for affected actors and gaining strong social acceptance.



# DGB recommendations for a Just transition

## 1. Workers are Key to the Transition

Workers are at the very core of the transformation. Due to their activities on the ground, they have the intricate knowledge of the sectors as well as being a trusted partner in industrial relations and bargaining processes. They know their company best and have the power and knowledge for innovation. Ideas and innovations from the workforce can only emerge in a corporate culture that welcomes commitment. In addition, ongoing workers qualification as well as increased training and further education empower workers. Work councils are key players in implementing climate protection on the ground. Therefore, decent work, the binding collective agreements and co-determination must be strengthened to create an environment of trust and acceptance. This has to apply to existing and new jobs and sectors.

## 2. Leaving No One Behind

Economies, regions, industries, companies and employees are already in the middle of far-reaching processes of change that are required for an energy and mobility transition. Trade unions have to ensure that this transition is implemented fairly with regard to working people and that no one is left behind. This is the only way to ensure long-term acceptance of the necessary changes of our economic structure. It is crucial to consider the effects on the ground and to integrate the affected stakeholders into the decision making process. The rising of the far right is just one example of what can happen when parts of the general public feel left behind. The Commission members actually visiting the affected regions and talking to the citizens stated a turnaround in the discussions – less political infighting, more common sense debate.

## 3. A Political Framework is Needed

Structural change has to be actively shaped by governments in cooperation with trade unions and employers. Leaving the transformation to the market would increase the risk of social and environmental dumping. Instead, there has to be a political and sustainable framework to bring climate protection, decent work and sustainable prosperity together. Such a strategy has to anticipate and proactively balance social, economic and ecological effects. It needs an integrated implementation of labor market, social, innovation, structural, industrial and regional policies. It is the approach of the German commission to create new jobs and added value simultaneously to jobs in the coal sector being cut back. Trade unions are experienced in developing reliable results while balancing conflicting goals and thus have to be part of the decision making process.

## 4. Investments for Climate Protection, Prosperity and Decent Work

The Paris Agreement results in the transformation of regions, economies and societies worldwide which is a major challenge of our generation. For a successful transformation to create feasible and robust solutions, massive investments are needed. Such an investment push is not only a prerequisite for transforming the economy towards carbon neutrality, but would strengthen social cohesion and promote equal living conditions across the society. Investments are especially needed for climate-friendly infrastructures, innovative technologies, buildings and mobility. These ensure the future viability of the economy, the environment - and thus the decent work of tomorrow. Investing in this necessary transformation is investing in our future. It is a contribution to a sustainable way of production, increasing competitiveness while providing prosperity and employment.

**„The coal consensus represents a historical milestone. We only reached this fair agreement by making concessions on all sides. Our just transition approach was an essential condition for a socially acceptable solution. My experience shows: Only a strong state that combines NDCs with decent work and strong social partnership will be able to ensure the support of the whole society during the transformation process!“**

**Stefan Körzell** Member of the executive board of the DGB

