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Conference report:

„European Industrial policy - a Tool for a Green New Deal“

Conference on 11 December 2019, organised by the left group in the European parliament GUE/NGL, the Rosa-Luxemburg-Stiftung Brussels, in cooperation with transform!europe., in the European parliament, Brussels

On 11 December 2019 the European Commission presented its communication “European Green Deal” (COM(2019) 640 final). During the conference we discussed with representatives of progressive parties, trade unions, climate activists and the European commission what kind of economic policy and industrial policy do we need at European level to achieve climate neutrality in 2050 and how a progressive “Green New Deal” must look like.

The first panel discussed why we need a Green New Deal and an industrial strategy at European and global level. **Thea Riofrancos** from the U.S. pointed out that climate mitigation and the fight for social equality are linked - i.e. dignified work, access to housing, public transport and affordable energy can be ensured by a real “Green New Deal”. We need to address the triple crisis of political legitimacy, socio-economic inequality and climate change by a Green New Deal creating **hundreds of thousands of jobs**. However, due to the rapid decrease of greenhouse gas emissions necessary we cannot rely on market reforms anymore - the Green New Deal must envision a **social order governed by solidarity, democracy and equality**, rather than private greed and domination. A **global** Green New Deal as a planetary vision can overcome the patterns of colonialism and exploitation. By merging the fights of different social movements (Occupy Wall Street, Black Lives Matter, Standing Rock) we can win the political majority for the Green New Deal. **Mark Nicklas** from the European commission did not agree with this approach and underscored that market incentives are needed to achieve sustainable consumption and a climate neutral economy by 2050. To this end, a European industrial strategy will be put forward which must look at **the whole value chain** of production: e.g. in case of electro-mobility the production and recycling of batteries and the exploitation of raw materials must be taken into account. An **integrated approach** is needed: e.g. digitalisation can play an important role in achieving climate neutrality. Ultimately, it is up to the member states to implement the Green Deal whereas the European commission only sets the framework. There are examples of good cooperation between national governments, industry and trade unions such as the *plastics alliance* and the *battery alliance*. **Gianna Fracassi** from the trade union CGIL agreed with Thea Riofrancos that the Green New Deal needs to be linked with the fight for social justice. The trade unions in Italy have been calling for a new industrial policy, and a *European* industrial policy, for a long time because the **industrial crisis in Italy and in the South of Europe** caused a social crisis. If we do not succeed to tackle this, other political parties will give the answer - like new fascists and right wing parties. A European industrial policy has to address inequalities between urban and rural areas, between North Europe and South Europe and between well-paid jobs and working-poor jobs. The Green New Deal must encompass industrial policy instruments, increase the public investment, invest in research and education, retraining and training, and implement a changed European **tax policy to end the fiscal dumping** which is a damaging race to the bottom. Instead, striking financial resources for the Green New Deal must be available by **finishing austerity policy** and cutting of subsidies for fossil fuels (17 billion EUR are spent as subsidies to fossil fuels every year in Italy).

The second panel discussed the necessary socio-ecological transition in the different sectors of an economy such as energy, buildings and transport. With regard to the energy sector **Raf Van Gestel** pointed out that **hydrogen** can be a sustainable alternative for small-scale projects assuming that hydrogen is generated with electrolysis based on renewable electricity. Whereas in the harbour of Antwerp, big multinational companies use hydrogen but it is not clear where the hydrogen stems from and probably it is generated with fossil fuels. As in the case of lithium for batteries extracted under doubtful environmental and labour conditions, the source of the raw material is crucial. He also flagged up that the excess heat of the harbour of Antwerp should be used for district heating and cooling. **Alba del Campo** alluded to the scarcity of valuable **raw materials** as well and the question for which purposes do we use and need these materials. As an example, she mentioned e-mobility and digitalisation giving rise to an even growing transport sector circulating products we do not really need. **Yves Marignac** underscored that the whole question of **sufficiency and efficiency** is not covered in the “European Green Deal”. A long-term vision of our energy system and the society we want to live in is needed impacting all sectors of society. The building sector (renovation to save energy), transport sector (energy efficiency of vehicles, urban planning, area planning) and energy sector (storage of energy, role of gas in storage) are deeply interlinked. **Vera Wegmann** criticised the market approach in the “European Green Deal” communication and pointed out that we need counterproposals questioning the outcomes of the energy market liberalisation, e.g. rising prices for energy (exacerbation of energy poverty in the EU) and a **concentrated ownership in the energy market** (big five energy companies). The argument that renewable energies do not deserve public subsidies because this contravenes the liberalised energy market she counters by arguing that capacity payments for coal and nuclear power contravene the **liberalised energy market** as well. It was public subsidies for renewable energy leading to a growing share of renewable energy in the energy mix and the withdrawal of public subsidies in a lot of member states led to a decline in the deployment of renewable energy. Finally, she argues that only **public ownership** of energy utilities can bring affordable, renewable energy and solve the problem of energy storage.

With regard to the building sector, **Magdalena Sikorowska** pointed out how important the just transition in the building sector is since it consumes **40% of the final energy** consumption in the EU. 14 million people work in the EU’s construction sector whereas the **shortage of skilled workers** in this sector should be tackled to implement the necessary refurbishment measures and meet the climate targets of the Paris. She underscores that national plans need to be adopted by member states to prompt trainings in the building sector. Concluding she points out that 89% of companies in the construction sector are SMEs - so the **financing of training** will pose a problem and needs to be tackled.

With regard to the transport sector, **Stephan Krull** pointed out how important a social-ecological transition is due to its increasing emissions and 2.5 million employees working in this sector in the EU. He called for a **left industrial policy** supporting rail transport and rail freight, including social guarantees and the participation of workers. Neither SUVs nor electric vehicles do meet the mobility needs of citizens - he underscores that people need less cars, smaller cars and an **affordable, reliable public transport**. Size and weight of individual vehicles needs to be regulated by legislation. The transition in the transport sector means new production capacities and thousands of jobs for vehicles used in public transport. The transition must go hand in hand with a general **working time reduction** so that people have more time for education, leisure and democratic participation.

The third panel discussed possible left approaches to an Industrial policy. **Tom Hill** explained how the UK changed from a manufacturing economy to a service economy, calling for a mission-orientated industrial strategy to rebalance this trend, stimulate development and create

green jobs. Investment could be provided through a **national investment bank and a green innovation fund** focused on the provision of universal basic infrastructure. Sections of the left should also reconsider their opposition to interventionist market mechanisms such as universal carbon pricing. **Matteo Gaddi** underscored that the horizontal approach of industrial policy put forward by the European commission is typically neoliberal and concentrates only on the deepening of the single market and the competitiveness of companies. However, what is needed is a real industrial plan, i.e. **public planning and public ownership**. He explains the existing scope for a left industrial policy: the Treaty on the Functioning of the European Union (TFEU) is neutral on ownership - see article 345 allowing for nationalisation and public ownership. Furthermore, the “**in-house providing model**” for services for general economic interest allows public authorities to derogate from European competition law. Thirdly, the current European legislation allows that expenditure of **national promotional banks** (like the German KfW) is not included in the calculation to meet the Maastricht / debt criteria of the Stability and Growth Pact of the EU - that means these banks can easily face market failures and play an active counter-cyclical role in economic policy. In addition to that, the **European state aid rules** must meet social and environmental criteria when reviewed in 2021. Last but not least, a *change of European treaties* should aim at a different regulation of the **freedom of goods and capital** in order to deal with the problem of relocation and outsourcing. A balanced industrial policy is only possible if a **common framework for social and labour rights** is in place. In the concluding exchange of view the participants pointed out that the Green New Deal must be linked to the European industrial strategy which will be presented in March 2020. All sectors such as energy, transport and buildings must undergo a deep transition while guaranteeing social protection and workers’ participation. Public planning, public financing and public ownership are of paramount importance to achieve a socially fair Green New Deal in the EU and globally.

Programme of the conference:

Panel 1: Setting the scene - Industrial policy and the Green New Deal

Thea Riofrancos (USA), Assistant professor of political science (Providence College), Democratic Socialists of America, Steering Committee of the Ecosocialist Working Group
Mark Nicklas, Head of Unit Innovation Policy and Investment for Growth, European Commission, DG Internal Market, Industry, Entrepreneurship
Gianna Fracassi, Vice General Secretary, CGIL, Italy

Panel 2: A Green new deal for Energy, Transport and Buildings

Raf Van Gestel, biochemist, “Air Liquide”, University of Rotterdam
Alba del Campo, activist in the field of energy transition, Spain
Yves Marignac (négaWatt) - Chargée des relations publiques et européennes, France
Vera Wegmann, Public Services International Research Unit (PSIRU) at the University of Greenwich

Magdalena Sikorowska, EFBWW, The European Federation of Buildings and Woodworkers
Stephan Krull, Working group on transport policy of the Rosa-Luxemburg-Stiftung, Germany

Panel 3: A Left European industrial policy

Tom Hill, Institute of Public Policy Research
Matteo Gaddi, Punto Rosso Cultural Association, Claudio Sabattini Foundation, Italy

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