

## **Coronavirus Recovery and Just Transition in Spain: A Unique Opportunity**

**Article by Joaquín Nieto, Lucía Baratech**

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Only months after the 25th UN Climate Change Conference took place in Madrid in December 2019, Spain found itself in the midst of one of Europe's strictest coronavirus lockdowns. The country has been among the member states worst-hit by the Covid-19 pandemic, but EU-supported recovery from the crisis is a critical juncture for Spain to accelerate its ecological transformation. The continued progress of a just transition will be essential to ensure timely decarbonisation that leaves none behind.

In 2020, humankind experienced how the flapping of a butterfly – or in this case, a bat most likely – in Wuhan can generate a hurricane that paralyses the world for months and has immense human cost. This is the first time in history that everyone on Earth has suffered one of the consequences of extreme degradation of ecosystems simultaneously. A degradation that facilitates the transmission of viral diseases from animals to humans and which, in a context of globalisation, has spread like wildfire. The impacts on health, employment and the entire economy are astounding.

It is difficult to identify this pandemic as an opportunity, but the reconstruction plans to tackle the crisis are a unique chance for the world, Europe and Spain to give prominence to the climate agenda, and to ensure that the objectives of the Paris Agreement and beyond are met. Only three decades are left to achieve zero net emissions by 2050 and to avoid the drastic consequences of a planet warmed over 2 degrees Celsius. The transition must accelerate.

One of the European countries hit hardest by Covid-19, Spain is now suffering the health and social impacts of the pandemic more severely than elsewhere – as was the case in the 2008 recession. The figures are overwhelming. Extremely high infection, hospitalisation and death rates are putting enormous stress on a public health system already weakened by austerity policies. Health professionals have been particularly affected, but the entire population suffers from the tremendous economic impacts of lockdown measures. Economic consequences in Spain are particularly harsh compared to other European member states due to the Spanish economy's dependence on tourism and the country's high unemployment rates, especially among young people.

In order to address the impacts of the coronavirus crisis, the Spanish government adopted extraordinary measures to protect employment and household incomes. Half a million enterprises, four million employees, one million self-employed workers, and hundreds of thousands of vulnerable people have benefited from these measures, with the most prominent policies being the Temporary Employment Regulation Schemes and the Minimum Living Income system. Despite this social shield, forecasts indicate that GDP will fall by around 12 per cent this year (well above the EU average), Spanish household incomes will fall by an average of 8.6 per cent (four times the EU average), and youth unemployment could reach 40 per cent.

Paradoxically, in this depressing scenario the winds are blowing favourably for Spain's energy and ecological transition. For the first time in a long time, Spain has an opportunity to overcome a particularly unsustainable

production model: environmentally, with devastating consequences for territory and biodiversity; and socially, with structural unemployment and low quality jobs.

This opportunity stems mainly from EU institutions. Instead of abandoning the hardest-hit countries and imposing severe social austerity on them (as happened in the previous financial crisis), the EU has decided to respond with an ambitious, multi-million common recovery programme, presented as socially inclusive and environmentally sustainable.

For the European Commission this programme, known as Next Generation, is a reinforced EU budget of 750 billion euros aimed at addressing the economic and social damage caused by the Covid-19 crisis, boosting a sustainable recovery and creating jobs. The programme proposes economic and social transformation in terms of digitalisation and sustainability through an energy transition guided by the Green Deal.

## **Just transition germinates in Spain**

In this context of economic recovery and climate emergency, it is worth remembering that the average temperature of the planet has already increased by about one degree. The planetary effects of this increase are unevenly distributed and, regardless of the origin of greenhouse gas emissions, some areas suffer from climate change much more severely than others. Millions of people are displaced by extreme weather events worldwide. According to the ILO, ecosystem degradation generates an annual loss equivalent to 82 million jobs among the 1.2 billion people who depend directly on ecosystems for their survival.

The consequences of a planetary temperature increase of more than two degrees would be catastrophic. However, the progress of the socio-environmental agenda and climate policies has been too slow. The 2006 Stern Review on the Economics of Climate Change made it unmistakable that the costs of failing to take climate action in time are five to twenty times higher than those of early action. Despite this, no substantial action has been taken. In 2008, UN Secretary General Ban Ki-moon formulated the Green New Deal to respond simultaneously to the climate and financial crises. However, it has taken 12 years for Europe to adopt its Green Deal.

It also took 18 years for the just transition – a term that first appeared in the climate negotiations at the 1997 Kyoto summit as a demand of European trade unions – to be included in the 2015 Paris Agreement. This recognition underlines the importance of integrating concern for decent and quality jobs within climate policies. In 2017, the ILO adopted the Guidelines for a Just Transition with the agreement of governments, employers and trade unions worldwide. Under the influence of these agreements, climate programmes are finally incorporating just transition, as is the case for the European recovery programme.

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In Spain, the climate agenda is also moving forward, though progress is overdue. With the arrival of Cristina Narbona in 2004 as minister for environment in the social-democratic party (PSOE) government came the first attempt to incorporate climate and just transition policies. With the support of the environmental movement and trade unions, Narbona modernised environmental and climate policies, applying the Kyoto Protocol by institutionalising the tripartite social dialogue for reducing emissions in the industrial sectors. The attempt was short-lived, ultimately derailed by resistance from the traditional political and industrial forces and the 2008 crisis. After ten years of backsliding, in 2018 the climate agenda received a promising boost with the creation of the Ministry for Ecological Transition and the appointment of Teresa Ribera first as minister and later as vice-

president.

One of the first steps since 2018 has been the repeal of the so-called “sun tax”. This toll effectively discouraged the installation of domestic solar panels for self-consumption by obliging those who invested in them to pay for the energy they supplied to the general network rather than being paid for it, as had been the case previously. The withdrawal of the sun tax was accompanied by the entry into force of a completely different regulatory framework in favour of renewable energy production and just transition. Since then, renewable energies have once again proliferated in Spain, with the country reaching the world’s top 10 in installed capacity in 2020, generating interesting prospects for economic development and employment.

The 2021-2030 National Integrated Energy and Climate Plan (PNIEC) and the draft Climate Change Act (which includes a Just Transition Strategy) make Spain one of the most advanced countries in terms of ecological transition. In addition to the target of net zero emissions by 2050, Spain has set a goal to reduce greenhouse gas emissions by 23 per cent by 2030 as compared to 1990. This seemingly modest target, which is considered to be low by environmental organisations, represents a major challenge: current emissions are over 10 per cent higher than 1990 levels, and achieving such a reduction would enable Spain to meet the reduction targets set for Europe.

However, what is most striking about current developments in Spain is the deployment of the energy transition at the most operational level: the implementation of renewable energy and efficiency projects, and the simultaneous closure of coal mines and thermal power plants. This situation is unprecedented and suggests positive future prospects in which just transition has a particularly important role.

## **A catalyst for transition**

Just transition acts in processes of ecological transition (such as mine closures) facilitating sustainable development initiatives that promote employment opportunities. The aim of just transition is to mitigate the potential adverse economic effects of the phasing out of polluting activities, accompanying the people affected with measures of social protection, training and decent work.

The transition to a low-carbon economy implies abandoning the use of coal, gas and petrol, the energy sources that have powered our world ever since the first industrial revolution. This is a radical transformation that affects not only the generation of energy itself, but also mobility, construction and the agri-food system. Entire sectors are going to disappear (and are already disappearing), and with them companies, jobs and professions, in a process of transition with great impact on millions and millions of jobs.

If those affected by the negative consequences of the transition are not sufficiently supported, this process of change will leave millions impoverished. This would pose major social obstacles to the transition, delay its speed, or directly make it unviable.

A just transition seeks to overcome these obstacles by accompanying the transformation of the economy with investments that create more jobs and with social protection measures, especially in the areas most affected. Thus, just transition strategies are not general formulas, but dynamic and bold actions in the territories affected.

Spain is among those leading the way in this area. As soon as the Ministry for Just Transition was established, its head established an alliance with the Director-General of the ILO, thereby making a commitment to apply the ILO Guidelines on Just Transition. These guidelines, included in Spain’s Just Transition Strategy, facilitated the initiation of a dialogue with local authorities, business and trade union representatives, and sought the implementation of a truly innovative initiative: the Just Transition Agreements.

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Later, the Institute for Just Transition was created, to be directed by one of the world's leading specialists in the field, Laura Martín Murillo. This Institute leads the processes of participation and dialogue as well as the articulation of the Agreements, including hundreds of development initiatives.

Since then, coal mines and thermal power plants are being closed with agreements from all sides. At the 25th UN Climate Change Conference (COP25) in Madrid, the Turon Mining Choir even performed to celebrate the accords reached. All this demonstrates how just transition is not only desirable, but possible. The ten Just Transition Agreements that are currently underway in the regions of Asturias, León, Palencia and Teruel bring over 1800 initiatives to transform local economies in terms of social and environmental justice. In the province of León alone, there are more than 2000 jobs related to renewable energies compared to the 600 that have been or will be lost in thermal power stations, and it is estimated that renewable energies have the capacity to employ 1700 more people in the region. This is not only an opportunity for workers who see their jobs disappear as a result of the new legislation, but also to retain rural population in *España vaciada* ("emptied Spain") with a focus on employment for women and young people.<sup>[1]</sup>

Decarbonisation does not necessarily imply net job losses. Some jobs will disappear, of course, but others will be transformed and many more will be created in emerging sectors such as renewable energies, electrical mobility, building renovation or ecological and local agriculture. In fact, the ILO estimates that more workplaces will be created than destroyed: for every job lost due to the phaseout of fossil fuels, four will be created as a result of transition policies to reduce emissions.

## **Avoiding a deadlock**

An unprecedented opportunity to transform the Spanish economy and achieve a socially and environmentally sustainable production model has arrived. An opportunity to reorient the construction sector towards renovation and energy efficiency; to replace mass tourism with leisure options that are more respectful of the territory; to rethink the mobility of goods and people to reduce its impacts and emissions.

In short, there is great urgency and little room for procrastination. Recent steps are going in the right direction and the context is favourable. The European Union has taken far-reaching decisions with the creation of its Next Generation programme and the adoption of the Green Deal. It is essential to address the crisis caused by the pandemic with measures that serve the transition to greener production systems, increase emission reduction commitments, create jobs, and promote a just transition.

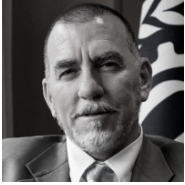
Spain will receive 140 billion euros from the pandemic recovery fund. The reduction of unemployment and labour precarity depend on the good management of these funds, funds which will also need to ensure the reduction of Spain's carbon footprint. Time is not on our side, but everything indicates that the ideas, programmes, capacities and commitments exist to avoid a deadlock.

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<sup>[1]</sup> *España vaciada* is a commonly used term to refer to the large proportion of Spanish territory that is unpopulated, where almost one out of every two villages is at risk of disappearing.

This article is part of the Green European Foundation's [Just Transition](#) transnational project.

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