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Strong Relationships Between Sectors Are Crucial to Delivering a Just Industrial Transition to Net Zero



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The responsibilities for and impacts of delivering net zero, a just transition for workers and a secure supply of industrial resources transcend sectors, jurisdictions, and scales of policy. While global in nature, they are made more complex for policymakers by their concentrated local manifestations, which are highly dependent on the relationships between government, industry, and workers.

A 'just' transition for industrial communities?

For example, the plans announced by Tata in January to decarbonise its steel production will result in 2,800 job losses, mostly in Port Talbot on Swansea Bay in South Wales. The UK Government has promised that all affected workers will have access to retraining, through a £100 million fund agreed in September 2023 to help those affected by Tata's restructuring.

Manage consent

For some, this may be a case of 'too little too late', especially after the UK Government's previous £500 million subsidy to Tata's overall £1.25 billion programme to modernise its steelmaking process – an agreement in which the Welsh Government was not involved. Despite job losses having been on the horizon for some time, Tata's announcement caused significant alarm for local communities. This serves to evidence the claims of unions such as Unite that the transition is moving forward at the expense of workers rather than in collaboration with them.

While reducing carbon emissions is part of the picture, Tata's plans are also about profit. The company claims its UK operations currently lose £1 million per day – although unions like Unite dispute the figure. This raises questions over how realistic the prospects of a 'just transition' are – particularly a 'worker-centred' one – given the power major global companies wield over the key decisions.

Similar challenges are being negotiated in North East Scotland, where 11% of the total jobs in Aberdeen are in upstream oil and gas activities. The Scottish Government has established a £500 million 10-year Just Transition fund for Aberdeen and North East Scotland, which includes a skills passport to streamline the transfer of skills and improve cross-sector recognition. The challenges run beyond transfer of skills, however, with equally important considerations for workers likely to include type and location of jobs, pay, and prospects. All this is amplified in places and communities where identities are heavily shaped by relationships to industry. While it will likely always be difficult to find solutions which satisfy all stakeholders, evidence from Australia shows that transitions to a zero-carbon economy can be strengthened by inclusive engagement with workers and communities.

A lack of co-ordination and long-term thinking

The trade-offs being made in places such as Port Talbot and North East Scotland heavily shape political debate on a wider scale, as the reaction of some in Scotland to the UK Government's extension of windfall tax on energy companies illustrates. This further demonstrates the need for coordinated policy which gives greater weight to community engagement and long-term outcomes.

Industrial transition, while a complex national and global issue, has highly localised implications. Reaching net zero will likely mean that some existing jobs will be lost and not replaced directly, and therefore that wider measures to mitigate the social and economic impacts on communities are needed.

It appears unlikely that much progress will be made using the frameworks currently favoured by the UK Government. The UK Government would argue that it has responded to these complex issues, for example, by continuing to grant new oil and gas licenses in the North Sea, including the controversial Rosebank field in September 2023. Its justification includes its

belief in a “pragmatic, proportionate, and realistic” transition to net zero, to bolster energy security and – ironically given the case of Port Talbot – protect British jobs. Without a clear hastening of plans to support affected workers in such sectors over the long term, however, this arguably represents ‘kicking the can down the road’ on achieving both net zero and a just transition for workers. The claim of bolstering energy security also rings hollow given the oil from Rosebank, like 80% of the UK’s North Sea oil and gas, will be exported and sold on international markets by the private operator.

Solutions within and without the UK

These challenges surely require long-term and joined-up thinking beyond current policy responses. The Well-being of Future Generations Act 2015 in Wales perhaps points toward this kind of approach across policy areas. In the context of devolved government in Wales and Scotland, it will be particularly important to include all stakeholders and policymakers at all jurisdictional levels, who may have differing but equally important objectives, in all such decisions.

While a clearer strategic approach is needed, this also raises questions over how major public interest needs can be delivered when they are reliant on industries dominated by a small number of powerful private players. The UK’s approach to North Sea oil and gas differs markedly from that of Norway, for example, where the state secures a large share of value creation via taxation and retaining holdings in the industry through the State’s Direct Financial Interest system. To this end, Unite has campaigned for renationalising energy as a prerequisite to securing energy independence and delivering a just transition.

Also in Norway, a recent legal ruling invalidated permits for new offshore oil and gas fields as the Norwegian Government failed to take into account the emissions from the burning of oil and gas, not just the extraction. The much more comprehensive, and arguably much more realistic, emissions assessment that the judgment necessitates, if applied in countries such as the UK, could lead to a significant rethink on policies that potentially just displace (even greater) emissions to other territories in sectors such as steel manufacture.

In a world of trade-offs, there will be winners and losers from any pattern of prioritisation when it comes to achieving net zero, supporting workers through the transition, and even ensuring a secure supply of energy and industrial resources. The relationship between government, industry, and workers is therefore crucial to how this plays out. Understanding these dynamics at different scales of policymaking could hold significant opportunities for removing key barriers to delivering net zero and a ‘just’ industrial transition.

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