

ARTICLE 1

Planning for an Industry Transition to Net Zero

When adopting changes to halt climate change, measures can be taken to avoid the kind of painful costs that past industrial transitions caused.

KEY TAKEAWAYS

- Previous industrial transitions in the West have been costly in financial, human, and social terms.
- The prospect of repeating these harms during the green transition can be partly mitigated by adopting the principle of “no one left behind.”



The cost of past industrial transitions

Historically, the impact of industrial transitions on people and communities has often been damaging. For example, the closure of coal pits in Wales and Northern England in the 1980s led to decades of unemployment, ill health, and social disadvantage in the affected communities.²

In the US, the collapse of automobile manufacturing in Detroit contributed to that city's long decline. Communities across the Rust Belt continue to struggle, years after the closure of their steel mills and auto plants during the period of US deindustrialization that began in the 1950s and 1960s.³

The concern now is that a badly handled transition to net zero would result in substantial job losses and unemployment — a particular issue for communities that are highly reliant on fossil fuel industries.

That's where a just transition comes in. A just transition seeks to prevent a repeat of historical, negative societal impacts, and to do so on a global scale. This is one of the most significant — and often overlooked — aspects of the transition to net zero.

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Current impacts on the workforce and communities

Workforce redundancies brought about by the transition to clean energy are already a challenge in many communities.

At the time of writing, thousands of steelworkers in Port Talbot in Wales face an uncertain future amid the closure of coal-powered steel mills, a direct result of the move to clean energy sources.⁴ Meanwhile in Collie, Western Australia, the planned closure of the town's two coal-fired power stations has left the community deeply embroiled in the state's move towards renewable energy sources.

“Reskilling is something we are seeing our clients talking about more and more,” says Ryan Mansom, Head of Energy, Gallagher Australia and New Zealand. “One of our clients is currently looking at investments in a town being impacted by closing coal mines to build a green steel recycling plant. With people looking to invest in these areas, the government is going to be very supportive because it's going to bring employment. But it will also require investment in terms of reskilling the workers within that area.”

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Ryan **MANSOM**
Head of Energy, Gallagher, Australia

Green Transition: A sustainable way forward?

Expert analysis indicates that it's increasingly likely the transition to net zero will be volatile, as the global economy is unlikely to maintain a steady reduction in emissions of 7.6% per year. As the rate of progress lags, the scramble to catch up could leave behind a wave of stranded assets and workers representing billions (if not trillions) of dollars in write-downs for oil and gas investors as facilities — and their associated communities — are abandoned.⁵

However, there's a path that will arrive at a different outcome: A commitment to the principle of taking everyone along in the transition would help to avoid a repeat of the costly mistakes of the past — in both financial and human terms — and deliver fairer outcomes for all.

"It's important to note that the 2030 Agenda for Sustainable Development has already established the central principle of leaving no one behind," says Lorcán Hall, Advisory Member of the SDG Academy of the Sustainable Development Solutions Network of the United Nations and an insurance industry sustainability consultant.

"Every one of the 193 member states of the UN has signed up to this principle, but many people are not integrating it into their work."

While the doctrine of "no one left behind" has been established in principle, it remains to be seen how it's implemented in practice.

The transition to net zero presents both risks and opportunities for the workforce. [Reducing the risk of an unjust transition](#) calls for proper financial support and training initiatives. Without them, the workers in industries most exposed to the changes will struggle to adapt and make the most of new opportunities.

