

Policy brief

Advancing Just Transition: German Labour Unions and Climate Policy

Germany at a crossroads

Germany, Europe's largest economy and a major CO₂ emitter, should demonstrate that ambitious decarbonisation can go hand-in-hand with social justice. Yet, recent political decisions – such as the dilution of sectoral climate targets, the announcement of 40 new gas power plants, calls to reconsider renewable energy targets and the new government's push to repeal the EU's ban on combustion engines – signal a step back.

Coupled with a continuing reluctance towards providing appropriate scale for urgently needed public investment, the rise of climate-sceptical right-wing populism and powerful industrial resistance, the country's self-image as a climate champion and its former leading role within the EU are faltering.

The challenge is compounded by a lack of sufficient private investment

from companies in high-emission sectors. The recent reversal of ArcelorMittal's commitment to invest in "green" steel – despite €1.3 billion in public subsidies – exemplifies the faltering pace of industrial decarbonisation. For workers, such developments signal that decarbonisation may lead to job insecurity, reinforcing fear and weakening public support.

Brief:

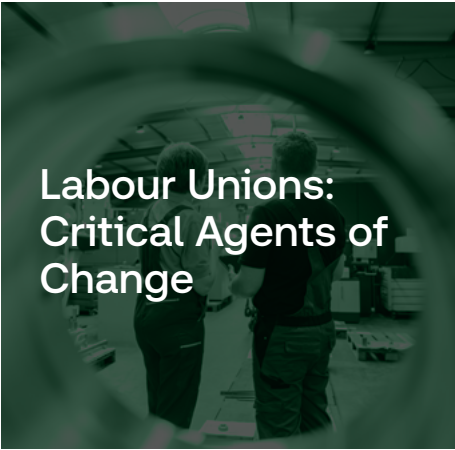
This brief sets out recommendations for enhancing workers' and trade unions' role in climate policy in Germany. The recommendations are based on findings from the multi-year research project "Just Transitions - a Global Exploration", based at the Leeds University Business School and funded by Hans Böckler Foundation.

Content:

- Unions: Critical Agents of Change
- Union Strategy: State-Driven Eco- Modernisation
- Strong Just Transition Leadership
- Just Transition Initiatives
- The Global Perspective
- Policy Recommendations

Evidence base:

25 interviews conducted between January 2023 and June 2024 with trade union representatives, NGOs, and net zero transition experts in Germany plus desk research and analysis of 100s of position papers, commentaries on Federal parliamentary bill proposals and press releases.



Labour Unions: Critical Agents of Change

German labour unions, embedded in the country's corporatist model, play a key role in shaping climate and industrial policy in the

country. They draw on a broad range of instruments to exert influence, including collective bargaining, works councils, advisory boards, and national consultations. However, they will also face increasingly substantial challenges in the years to come due to the dilemma of balancing the protection of their members with broader social and ecological responsibilities, given that the most heavily unionised industrial sectors (energy, steel, automotive, chemicals) are also among the highest emitters and most exposed to disruption.

Recently the number of union members supporting the far-right, climate change-denialist AfD has risen and self-styled alternative unions from the right are threatening to gain a foothold in works councils, exacerbating the dilemma.

For example, 44% of manufacturing companies anticipate jobs cuts in 2025 – highlighting the urgency of labour-inclusive transition strategies.



Current Union Strategy: State- Driven Eco- Modernisation

German Labour unions' response to climate change is to seek a state-led ecological transformation of industries. This is framed as a reaction not only to climate change, but also to the challenges of digitalisation and demographic changes. This state-driven eco-modernisation approach entails a critique of narrowly profit-oriented corporate strategies and 'market fundamentalist' policies that German unions view as unable to deliver the investments and policy changes necessary for reaching climate targets and improving socio-economic conditions in Germany.

Against this, unions call for a more active and strategically involved state that invests significantly in relevant infrastructures, financially supports firms in the transformation towards 'green' production processes, and empowers workers through subsidised training and qualification programmes to help them transition into jobs in the new 'green' industries or adapt to demands of transformed workplaces.

Unions' **core demands** are:

- Public investment in infrastructure and green tech

- De-bureaucratisation to speed up expansion of renewable energy projects
- Subsidised energy prices for industrial firms ("Brückenstrompreis") or tax breaks
- Subsidised training and upskilling for workers
- Tying state subsidies to collective agreements and production guarantees





Unions have developed a range of initiatives to shape the transition. Notable examples include:

Establishment of regional transformation councils (Transformationsräte)

As fora for corporatist co-development of regional transformation strategies. These regional councils include trade unions, industry associations, civil society organisations as well as regional political stakeholders such as the municipalities and employment agencies to co-develop transformational strategies and concepts for the region. Currently, **37 per cent of regions** in Germany have established some form of regional transformation council. Unions' continued call for and participation in these councils together with other stakeholders underlines the corporatist approach to the transition in Germany. It also demonstrates a core focus on regional structural change beyond immediate relief packages for particularly affected workers.

Skills Development Benefit (Qualifizierungsgeld)

Qualifizierungsgeld (Skills Development Benefit) programmes subsidise re-training and qualification on a short-time

work scheme tied to collective bargaining agreements, allowing workers to be temporarily exempted from work in order to re-train to remain with their current employer.

Unions' have bargained for this as a clause in collective agreements since 2019 and called for it as a public policy instrument (Transformationskurzarbeitergeld"), which the former government adopted and implemented on April 1st 2024. Employees whose job will become obsolete in the transformation receive 60 per cent of their net pay (67 per cent if they have at least one child) funded by the Federal government as a wage replacement benefit while pursuing re-training/qualification programmes that will allow them to remain in the company.

The Coal Commission

The Coal Commission, officially "Commission on Growth, Structural Change and Employment" ("Kommission 'Wachstum, Strukturwandel und Beschäftigung'") was established in 2018. This body, comprised of government, labour unions,

employers, environmental NGOs, locally affected populations, and academics, negotiated a bill setting an end date to coal-fired power generation of 2038. Based on its recommendations €40 billion in funds have been provided for compensation and structural change in the affected regions.

Revierwende

The DGB has launched support networks in all four former coal regions (**Project "Revierwende"**). These networks are intended to strengthen employee participation in the structural development of the coalfields; and to provide knowledge transfer, networking, public outreach, consulting, qualifying, and training.

These initiatives are examples where trade unions have adapted and used the possibilities of existing institutions of social dialogue within Germany to create solutions and respond to economic pressure stemming from decarbonisation. However, it can be argued that this approach largely centres on national-level reforms and lacks a global perspective.





Challenge: The Global Perspective

Union rhetoric often promotes solidarity with workers worldwide, but this rather selectively translates into concrete actions. What is often not fully acknowledged is that current decarbonisation strategies rely on continued resource extraction mainly from the Global South, leading to risks of:

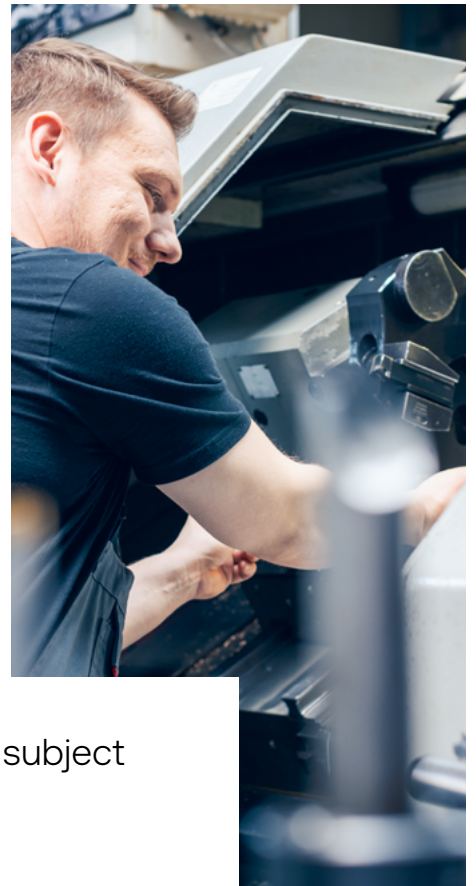
- Labour exploitation and ecological damage.
- Economic dependency and technological inequalities.
- Obstacles to coordinated global climate action

While supporting the EU Supply Chain Act is a positive step, unions' efforts to explore wider issues of global resource governance and benefit-sharing still appear limited and have little bearing on their political stances and initiatives.



We are not the revolutionary subject I hoped we would be.

Trade unionist



Unions between realpolitik and transformative demands

German Trade unions have adopted a 'realpolitik' approach to reap the most tangible benefits possible from the transition for their members within Germany's corporatist system. The main differences between unions lie in the pace of transition they advocate for.

As such, more "transformative" demands are not part of official union politics, but are present in

internal union debates, where explicit critique of capitalism, calls for global justice and inclusion of workers in all countries and emphasis on the problematic reliance of transition on the exploitation of rare natural resources are part of the discourse.

Several attempts in moving the line can be observed. Key directions of travel by the German trade Union movement appear to be:

1. **Framing the Climate Crisis as a Social Issue:** Unions have successfully broadened public discourse beyond technical fixes
2. **Red-Green Alliances:** New coalitions between unions and environmental NGOs signal potential for broader transformative alliances.

3. Emerging Shift in Union

Thinking: Interviews reveal a slow, but notable shift among unionists towards more systemic critiques of growth and production models.

4. Rising Support for Wealth

Redistribution: Renewed interest in wealth taxation could provide fiscal space for equitable transformation policies.

5. Proposing a reform bill to the Works Constitution Act ("Betriebsverfassungsgesetz"):

The reform would grant increased influence to works councils on decisions about environmentally consequential product and investment decisions and mandate the establishment of environmental committees in workplaces with more than 100 employees.



Policy Recommendations

For Trade Unions:

- **Push for Stronger Conditionality:** Demand that subsidies and tenders are based on principles of fair and good work, linked to collective bargaining and strong co-determination rights.
- **Promote Inclusive Narratives:** Frame climate policy as a fight for both social and ecological justice – countering the far right’s exploitative messaging.
- **Expand Alliances:** Continue to build lasting coalitions with civil

society actors pushing for bold climate action, while challenging them to consider workers’ concerns.

- **Deepen Global Solidarity:** Translate rhetorical support for global justice into actionable proposals, push employers to apply principles of fair and good work along the supply chain.
- **Push stronger for circular economy:** to protect natural resources, planetary boundaries and employment through circular principles.

For German Federal and Regional Governments:

- **Lift Fiscal Constraints:** Reform the balanced budget rule in its entirety to enable necessary investment. The planned €500bn over 12 years are insufficient to meet transformational demands or even infrastructural needs.
- **Institutionalise Participation:** Expand and strengthen transformation councils and

codetermination. This will boost worker support by democratising transformational processes.

- **Embed Equity in Climate Law:** Tie climate policies to strong labour standards and international fairness clauses. This helps integrate ecological and social concerns at national and international levels.
- **Support Union Renewal:** Back policies that strengthen collective bargaining and membership growth. Conditionality of subsidies and public tenders on collective bargaining and employment guarantees is one option.



Conclusion

As Europe’s largest economy and its biggest contributor to territorial CO2 emissions, a successful decarbonisation process in line

with just transition principles would have an important signaling effect for other countries in Europe and around the globe.

As part of the country’s tradition of corporatist deal-making and crisis management, German unions wield significant influence in climate politics. Through collective bargaining agreements and codetermination in the form of works councils and seats on advisory boards, labour unions’ primary fields of influence in this transformative process are predominantly at the organisational

and sectoral level. Yet, both formal and informal consultation processes also make them powerful actors at the national policymaking level.

Germany’s unions are uniquely positioned to lead a socio-ecological transformation – but they must now go beyond national pragmatism.

A just transition should be both socially inclusive and globally just. For Germany to truly become a climate leader, its labour movement should seek to embody that vision.

This project focuses on studying **Just Transitions** by comparing concepts, policies, and strategies across 14 diverse countries to ensure a **socially just shift towards decarbonisation**. It aims to develop recommendations for climate-friendly structural changes that protect workers and vulnerable groups. The project is funded by the Hans Böckler Foundation – Just Transition: Aktivitäten im internationalen Vergleich 2021-582-2.

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Find out more

[Visit the website \(https://justtransition.leeds.ac.uk\)](https://justtransition.leeds.ac.uk)
for further information about this project, including full case study reports, podcast episodes, and articles.

Date of publication: September 2025