

For a Just Transition in Sines

What happened? What is happening? What is going to happen?

What can happen? What to do?



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Between February and July 2022, the Climate Jobs campaign in Portugal produced a series of articles on the Sines council in the Alentejo coast in Southern Portugal. In July 2022, the campaign launched a report, “Por uma Transição Justa em Sines”, synthesizing the results of those articles. The following is the English translation of this case study.

The original report and the reference articles can be found at

<https://www.empregos-clima.pt/estudo-sines/>

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Introduction

Governments, companies and media have been talking about an energy transition in Sines, without setting any criteria for the term. After the closure of the municipality's thermoelectric power plant (and of the refinery in Matosinhos), all the talk has mostly served to mystify the reality: a transition to unemployment for the workers, and a transition from profits to profits for the fossil fuel companies. With this report, we seek to propose an alternative: a Just Transition for the workers, into a future that respects the limits of our planet and reflects the needs of the workers and the local community. However, prior to discussing the future of Sines, we must start by discussing its present.

Sines and the Alentejo Litoral region played a crucial role in the industrial development in Portugal. With the Port of Sines, the Liquefied Natural Gas (LNG) terminal, Galp's (Portugal biggest oil and gas company) oil refinery, Repsol's refinery of polymers, and EDP's (Portugal biggest energy company) recently closed coal power plant, Sines has long been at the centre of the heavy industry in Portugal.

Sines is the economic centre of Alentejo Litoral, being responsible for half of the region's gross value added, but only housing 15% of its population. Additionally, Sines is Portugal's most polluting municipality: 9% of all CO2 emissions in the country come from here, even though the municipality is inhabited by only 0,13% of the Portuguese population.⁽¹⁾



Climate Justice

Launched at the Climate Summit in Bali in 2007 by social movements and organisations of the Global South, Climate Justice challenges the technocratic discourse and the apolitical approach to the climate crisis. Climate Justice is based on the structural injustices of and the colonial legacy of capitalism, emphasising the need for systemic change rather than focusing on an individualistic approach.

(1) <http://www.empregos-clima.pt/sines-sines>

Therefore, it is extremely important to discuss a just transition in this municipality. This is even clearer when we look at the number of development projects announced for Sines. The Portuguese government, using European Union's funds, has a vision of what this transition will look like. Industries, knowing that they will be in the lead of such a transition, have also started to develop their plans looking forward to government's support.

Some of the same private corporations that are responsible for the present situation, now seek to control solar energy, lithium, hydrogen, and other related projects. Any plans led by the industry will be based on putting profit before people and the planet, and they do not represent an actual energy transition. It is in that context that we present a study that highlights the importance of including the workers and the local communities to truly achieve a just transition.

Sines has a tradition in ecological struggles. For example, "the green strike" in 1982 stopped the city's economic activity, and the blocking of the port by fishermen led to their victory after a long struggle over the treatment of the water coming out of the industrial area. It is vital we build on the history of worker and community struggles to create a just transition in the interests of the people.⁽²⁾

Just Transition

According to the International Trade Union Confederation, a Just Transition must:

- respect the contribution of those who work in the fossil fuels industry for today's prosperity, guaranteeing them income support, vocational training, new jobs, and secure pensions for older workers;
- recognise that the investment in the regeneration of these communities is essential to ensure that they are also hopeful and confident about the transition;
- ensure investments in decent jobs during such a transition;
- be based on social dialogue between all relevant parties, collective bargaining with workers and their trade unions, and monitoring of public and binding agreements.

With the framework of a Just Transition, trade unions have joined the fight for Climate Justice in order to strengthen the protection of the working class communities in climate policies. The term Just Transition gained visibility in 2015 when it entered the preamble of the Paris Agreement.

(2) <http://www.empregos-clima.pt/sines-greve>

In this report, we start by analysing the risks associated with an energy policy led by the industry and we will draw on real-life examples in Portugal, such as the closure of EDP's power plant, the hydrogen rush, the expansion of solar monocultures and the funding of all these activities. Then, we present our project for a transition led by the workers, looking specifically at existing infrastructures, such as Galp's refinery, the Port of Sines and public transport. We also propose a set of demands that can inspire mobilisations at different levels of action.

The purpose of this report is to start the debate on the transition in Sines, guided by science and led by the workers and locals. We present a plan that truly seeks to correspond to the needs of those who live in Sines.

Industry-led energy policies

We are witnessing an energy expansion at the global level. This expansion is the result countries' policies that allow the fossil fuel industry, responsible for the climate crisis, to lead the world's energy transition plans. This means that these giant corporations are also the behind the dash for green growth, which guarantees the survival of the current socio-economic system.⁽³⁾

We are convinced that the solutions to the climate crisis will also be of technical and technological origin, either by improving the efficiency of processes or by creating new green technologies. These will be, undoubtedly, one useful in a path of cutting emissions that is compatible with the science. However, we cannot ignore the social context in which these technologies are being developed and applied, which determines their impact.

Portugal is not different to elsewhere in the world. Prior to the announced date by the Portuguese government to close the Sines thermoelectric plant, EDP unilaterally decided to close it. It did so because, financially, it did not make sense to have the plant open. At the same time, it used the opportunity to announce that it was doing so for the energy transition and for a greener future. Meanwhile, the sacked workers went to the employment centre without any hope that there will be a just transition for them. (See Case 1)

It's not only historical examples that make us think that a Just Transition led by the industry is impossible. Just look at the Portuguese plans (or lack of them) and at the European transition plans, such as the Just Transition Fund, to understand that they seek to continue an economic and energetic expansion as a response to the climate crisis. (See Case 2)

(3) www.empregos-clima.pt/sines-verde

Case 1 - Thermoelectric Power Plant of EDP ⁽⁴⁾

The end of the coal-fired power plant in Sines was gradual and abrupt.

Governments were scheduling the closure for after their mandates; and as the demand fell, the power station ran for a few months a year to cover consumption peaks. EDP had stopped issuing new contracts, and outsourced workers were being reduced. Scheduled for 2023, EDP anticipated the closure to December 2020.



Three factors explain EDP's decision: first, responsible for only 10% of greenhouse gas emissions in Portugal, the power plant had been at the centre of the public debate on the climate crisis and EDP was getting more and more criticism. Secondly, in December 2019, the European Commission presented the Just Transition Fund, which launched a rush for European funds that included closures of polluting infrastructure. Thirdly, COVID-19 drastically reduced energy consumption and accelerated the investment flight from fossil fuels.

Of the 328 employees, 109 were EDP staff and 219 worked for sub-contractor companies. The only preparation the workers had was the psychological pressure of fear. The companies planned the transition of their businesses and only that.

However, there are new EDP renewable energy projects in Sines and a data centre project in the grounds of the old power plant. There is no contractual link for the workers between the closure of the power station and these projects. The workers are seeing this process as a transition to unemployment and not as an energy transition.

EDP (and indeed any company that provided services at the power plant) could perfectly well continue paying full salaries until 2023 (the scheduled closure date) and provide or fund training for workers until that date. Not doing this was a choice by EDP which, in 2020 (in the middle of the pandemic), distributed 700 million euros profits in dividends in 2020 and €750 million in 2021.

The government accepted this situation, instead of holding the companies responsible. As a company that has fuelled the climate crisis for decades, a reasonable way to hold them accountable would be to make sure they pay the costs of this transition, rather than the burden falling on workers, communities and state social services.

(4) <http://www.empregos-clima.pt/sines-edp>

Case 2 - European Funds and Just Transition ⁽⁵⁾

As part of the European Green Deal, a Just Transition Fund was created in December 2020. The Fund provides a total of 17.5 billion euros for 2021-2027.

Portugal has been allocated 224 million euros, of which the government will direct 74 million to Sines. The government is proposing the following measures:

- (i) professional training,
- (ii) professional reconversion,
- (iii) support for hiring the workers affected, and
- (iv) support for entrepreneurship.

The support will be targeted at (i) productive investments in Small and Medium Enterprises (SMEs) and non SMEs leading to economic diversification, modernisation, and reconversion, (ii) investments in implementing technologies, and (iii) investments in renewable energies.

There are many expectations that the Fund will actually prevent job losses. These expectations are ungrounded. The Fund can be used to pay for professional training, retraining and job search assistance (the state already does these things). The Fund cannot be used to finance early retirement or schemes for special compensation of dismissed workers.

Finally, in the energy sector, the initial communication expressly excluded support for fossil fuels. However, in early February 2022, the Commission extended the criteria for green funding to include gas-fired power plants. It's unclear if this change in taxonomy will affect the Fund's criteria. Added to this are the uncertainties linked to the war in the Ukraine. There is a real possibility of diversion of funds. If it happens and if it impacts the Just Transition Fund, then the Fund (which already has little to do with Justice) would no longer have anything to do with the Transition. The Fund, for now, is more of a public relations tool in the hands of companies and the government rather than a plan. This simply resulted in numerous press releases announcing new projects that promise thousands and thousands of jobs. Soon, the Fund will also become an administrative tool to absorb the discontent of workers in eternal negotiations about their future after dismissal.

In this sense, it not clear whether the Fund for a Just Transition can really serve as a tool to build a just and sustainable society.

(5) http://www.empregos-clima.pt/sines_fundos

Upon the announcement of the Just Transition Fund, several companies have presented future business plans masked as transitions, such as the lithium refinery and green hydrogen production (See Case 3), projects that have no connection to the infrastructures to be closed. These plans, with different degrees of feasibility, are a way to optimise the energy mix to maximise profit, not real plans to decarbonise our economies.

Case 3: Hydrogen in Sines ⁽⁶⁾

Hydrogen is not a source of energy; it is a way of storing energy. If produced by electrolysis via renewable energy, it's called green hydrogen, but it is also possible to produce it from other sources.

Hydrogen is very unstable and highly flammable, so it needs to be stored at very low temperatures in particularly strong containers. A lot of energy is spent cooling the hydrogen and keeping temperatures low.

In industrial processes, hydrogen can decarbonise the steel production or ammonia. In transportation, it can be a fuel substitute for large ships and aeroplanes. In the energy sector, hydrogen can be used to store surplus electricity. However, the Portuguese National Strategy for Hydrogen has the opposite focus: it wants to produce hydrogen to export and only aims to have up to 10-15% of the national gas grid on hydrogen by 2030.

A selection of 30 mega-projects competed for the hydrogen list of Important Projects of Common European Interest. In Sines, perhaps the most consolidated consortium at the moment is GreenH2Atlantic, which includes EDP, Galp, Engie, Bondalti, Martifer Vestas and Efacec. This project foresees a hydrogen production capacity that would reach 1 GW by 2030 and has already received funding of 30 million euros.

So, what we are observing is a green growth driven by fossil fuel companies, disconnected from the energy transition in three ways: 1) The deployment of hydrogen capacity is decoupled from plans to install solar capacity in the coming years. 2) In the current projects, there isn't any mention of prioritized or mandatory hiring of workers who may lose their jobs because of the closures of fossil fuel related industries. 3) The planned use of hydrogen does not prioritise areas where this technology is essential for the decarbonisation of the economy.

(6) <http://www.empregos-clima.pt/sines-h2>

Another clear example of energy expansion plans are the mega solar projects in the Alentejo Litoral, particularly interesting due to the lack of any significant public participation. As a matter of fact, in the case of Cercal, the concerns of the population were explicitly ignored in the Portuguese Environmental Agency opinion that gave a green light to the project. Some of these projects, due to the size of the needed investments, are financed, partially or totally, by fossil fuel companies as their way of diversifying their portfolio. This ensures that the powers that control our fossil economy will continue to control any appearance of green energy. (See Case 4)

Case 4: Solar panels in Alentejo Litoral ⁽⁷⁾

Solar energy is certainly the renewable energy source on which we will all come to depend. This is what all the reports that show the way towards a worldwide energy transition and an energy transition in Portugal say.

Portugal has about 35 solar park projects of various sizes on the Portuguese public project consultation platform since 2019. In June 2022, 25 are still under consideration. Most of these projects have involved little public intervention (less than 5 people following or giving their opinion), except for the Cercal Photovoltaic Power Plant and ThSiS projects. The former received positive opinion, although the report mentions that "241 citizens oppose the implementation of the project" and only "27 agree and give suggestions in the scope of the project"; the second already has 140 participations in the platform.

The construction of mega-projects despite the negative feedback of the local population has been common practice in Portugal. Renewable energy projects cannot suffer the same fate. Firstly, because most of the solar installation should be on the roofs of buildings, whether homes, public or office buildings and factories. Secondly, because local people should be able to decide how to manage their resources as a community, which is impossible with private mega-projects that ignore their wishes.

(7) <http://www.empregos-clima.pt/sines-solar>

An workers-led energy transition

To break this profit-driven private control, plans by workers for workers and their communities are needed. We know that the trains of fossil capitalism and of green capitalism are literally, structurally, the same train going in the same direction. We have to change course, and to do so we have to take the lead in the public debate.⁽⁸⁾

A true energy transition must have democracy and justice at the centre of all plans. This will mean reducing the economic and political power of multinational companies in the energy sector. We therefore consider energy democracy as a technically necessary condition for a Just Transition compatible with science. To this end, we have decided to discuss concrete examples from Sines that should be active fronts against the expansion of green capitalism, with an alternative proposal that takes care of the planet and the interests of the workers involved. The fossil fuel multinationals are the biggest companies in the world and "are too big to fail", which explains the unquestionable immediate bailouts by governments in times of crisis. A serious drop in the share values of the fossil fuel multinationals would trigger a domino effect on the entire economy. Thus, talking about the closure of the Galp refinery in Sines becomes a taboo subject. (See Case 5)

However, the oil industry has also created dependency, resulting in other key sectors being reliant upon it. Today, it is impossible to continue agricultural production if the fuel supply is disrupted. Supply chains run the length of the entire world, which means that the global economy is dependent on international transport. The oil refinery is "essential" because everyone "needs" petrol to "go to work, go shopping, take their kids to school", and so we cannot close it, because that would only mean increasing imports. So we also need a plan that allows the decarbonisation of transport in Sines and in Portugal. (See Case 6)

We cannot forget the importance of the Port of Sines. At a time when all the signs indicate a future expansion of the port to allow greater imports of fossil gas, as a way of making the "transition" from Russian gas, it is essential to have a reconversion plan for the port. This would require a national scale plan for the energy transition, such as the one proposed by the Climate Jobs campaign. (See Case 7)

(8) <http://www.empregos-clima.pt/sines-fossil>

Case 5: Galp Refinery ⁽⁹⁾

With the closure of the Matosinhos refinery in December 2020, the Sines refinery stands out as the only oil products refinery in Portugal. And the closure of the Matosinhos refinery is a very good example of how not to close down infrastructures.

Portugal consumes 240 thousand barrels of oil per day, half in domestic transport, a fifth in international transport and another fifth in industry. All the oil we use is imported from countries like Angola, Azerbaijan, Saudi Arabia, Brazil and Nigeria. Galp controls 30% of the retail market for oil products.

Galp has no publicly available plans for a just transition for the refinery. Questioned on the subject, the management mentions lithium, green hydrogen and biofuels, but always as new projects and never as refinery reconversion plans. Galp's new projects may bring "green" profits but they do not cut emissions or clarify what would happen to the 500 refinery workers.

An energy expansion that links fossils and renewables would be beneficial for Galp shareholders. However, when there is the conversation about closure, everything is clarified:

"The government has to work with companies like Galp to find new solutions," argued CEO Andy Brown, highlighting that it is necessary to avoid that, in the long term, the Sines refinery the same fate as that of Matosinhos. - November 2021

In other words: for new investments, public support and European funds for new investments are needed; for infrastructure closure, you need the State's support to find new solutions. Only when it comes to distributing profits (more than 400 million euros in 2022), Galp does not need help from the State.



(9) <http://www.empregos-clima.pt/sines-refinaria>

Case 6: Transportation ⁽¹⁰⁾

The transport sector is responsible for 28% of annual greenhouse gas emissions in Portugal. The overwhelming majority of transportation emissions come from road transport (mainly cars and trucks), representing about 70% of the sector.

It is necessary to cut the energy demand by using large-scale use of public and collective transport, replacing most road transport by rail, and electrify the remaining energy demand of the sector. Achieving this requires a strategy and investment planning at a level that has never been seen before in Portugal.

For a city like Sines, it is necessary to invest in electric transport that allow people to move around within the city and to nearby cities, making it possible to reduce the need of owning and using a car. Accompanied with urban planning, this investment can increase the possibilities for zero-energy types of transport. This is only possible when cities are designed not for cars but for people, which in turn is possible when cars are not an essential necessity for mobility. It is also necessary to create a passenger train connection to make long-distance travel more economic, practical and environmentally friendly. At national level, it is necessary to reverse the process that began in the 1980s of closing and abandoning lines, both in the country's interior as well as some international connections. The railway network must be

electrified, expanded and provided in relation to other means of transport for medium and long distances.

Without this change in the way we transport ourselves, we will remain stuck in the rhetoric of needing to maintain the country's most polluting fossil fuel infrastructure, the Galp refinery in Sines.

Evolução do Mapa Ferroviário Nacional entre 1986 e 2021

-  Linhas e ramais com tráfego ferroviário ativo
-  Linhas e ramais com tráfego ferroviário desativo
-  Linhas e ramais com tráfego ferroviário sem serviço passageiros

1 L. Minho	25 L. Beira Baixa	50 R. EDP-Cinzas
2 R. Viana-Doca	27 L. Leste	51 R. Portalegre-Estação
3 C. S. Gemil	28 L. Sintra	52 C. Verride
4 R. Braga	29 L. Cintura	53 C. Aguaiva
5 L. Leixões	32 L. Cascais	54 C. Águas de Moura
6 L. Douro	33 L. Vendas Novas	55 C. Bombel
7 R. Alfândega	34 L. Alentejo	58 R. Lourical
8 L. Norte	36 R. Montemor	64 R. Sado-Sapeç
9 L. Guimarães	37 L. Sul	68 V. Alcácer
10 L. Póvoa	38 L. Sines	69 C. Norte Setil
12 L. Tâmega	39 L. Évora	79 R. Neves Corvo
13 L. Corgo	40 R. Mora	82 R. Siderurgia Nacional
14 L. Tua	41 R. Reguengos	83 R. T.M. do Fundão
15 L. Sabor	42 R. Sines	84 R. Plataforma de Cacia
16 L. Vouga	43 R. Moura	87 R. Celbi
18 L. Dão	44 R. Aljustrel	88 R. Soporcel
20 L. Beira Alta	45 L. Algarve	90 R. Porto de Aveiro
21 R. Lousã	46 C. Poceirão	170 R. Ramalhal-Valouro
22 R. Alfaretos	47 R. Petrogal/Asfaltos	186 C. Beiras
23 L. Oeste	48 C. Funcheira	
24 R. Tomar	49 C. Ermidas	

L: Linha
C: Concordância

R: Ramal
V: Variante

Fonte: CP/Infraestruturas de Portugal



(10) <http://www.empregos-clima.pt/sines-transportes>

Caso 7: The port of Sines ⁽¹¹⁾

It is not possible to talk about a just transition in Portugal without talking about the Port of Sines. This is the arrival point for ships from all over the world, representing around 50% of all maritime traffic in Portugal, and it is also the country's main entrance point for fossil fuels.

Until 2021, oil arrived in Portugal through the Port of Sines and the Port of Leixões. However, with the closure of the Matosinhos refinery, the Port of Sines is the main importer of crude oil and exporter of oil products. Currently the port receives 5.5 billion cubic metres of liquefied natural gas (LNG) per year, equivalent to 90% of the fossil gas that arrives in Portugal. Burning this gas is associated with emissions of 10 million tonnes of CO₂.



The Portuguese government insists on focusing on the Port of Sines as a possible gas gateway for Europe. This would mean not only new gas pipelines in Portugal and Spain, as well as an expansion of the LNG Terminal in Sines. In a context where, in order to keep global warming below 1.5°C, we need to close existing infrastructures before the end of their lifespan, these choices of new investments in fossil fuels are not acceptable.

The majority of LNG comes from Nigeria, mainly through long-term contracts between Galp and Nigeria LNG Limited. The Nigerian government and the shareholder companies of Nigeria LNG Limited are confronted with ongoing protests from affected local communities, to which they respond with violent repression. There are currently plans by the Nigerian government, which is a major shareholder in Nigeria LNG Limited, for the expansion of the exploration area, which implies the expropriation and destruction of more land.

Ukraine's invasion by Russia and the blockade of Russian gas have triggered an unbridled rush to construction of new infrastructures, such as new contracts to import fossil gas. This will solely aim to increase the oil companies' profits, with the only outcome being a climate catastrophe.

(11) <http://www.empregos-clima.pt/sines-porto>

For a Just transition in Sines

An industry-led climate policy - what we have had up until today - only produces an energy expansion and mega profits. For a just and rapid energy transition, we need public policies guided by climate science, driven by social justice, and led by workers and local communities.

We need mobilisations at international, national, regional and company level. These fronts are not only complementary for a just and coherent transition plan, but each can also provoke advances in others areas. For example, national political changes will affect what happens in companies, and if we win a just and quick transition in one company in Sines, this will completely change what is considered possible in Portugal and elsewhere in the world.

Below we present some concrete demands that the climate justice movement and the trade union movement have built up in recent years. We can fight for these on various fronts, as identified alongside each demand.

	Company	Regional	National	European
Professional training on Climate Jobs which starts immediately and covers all workers	x			
Survey of competencies and needs per company considering the transition potentials of the region	x	x		
Valuing and certifying the competencies of all workers	x	x		
Setting up Just Transition Commissions in each territory and in each facility, giving priority to workers	x	x		
Compensations that correspond to specific needs, longer employment benefits for older workers, and support for geographical mobility	x	x		

	Company	Regional	National	European
Full salary for all redundant workers until they find a new job	x		x	
Inclusion of clauses in renewable energy projects and auctions that require the employment of workers from the fossil fuel industry	x		x	
Making companies and shareholders responsible for transition costs	x		x	
Priority employment in new jobs in the area for all workers whose jobs will be abolished by the transition		x	x	
Public control and democratic management of new technologies such as renewable energy and hydrogen		x	x	
A broad, continuous and science-based awareness raising plan on climate emergency and just transition	x	x	x	
Creation of a deliberative National Commission on Climate Justice, which excludes the fossil fuel industry and prioritises science and civil society			x	
Drafting a governmental Climate Job plan to lead the transition			x	
Building a wide and effective rail electricity network to lead the decarbonisation of the transport sector (passenger and goods) by 2030			x	

	Company	Regional	National	European
Public investment in existing and tested green technologies, such as public transport, decentralised solar energy, care and health			x	
Creating a public sector that leads the transition in key areas such as energy and transport			x	x
Categorical exclusion of fossil fuel companies in the allocation of public funds for new projects			x	x



Acknowledgements:

While preparing this study, we were inspired by three publications. The report "Energy Transition or Energy Expansion", published by the Trade Unions for Energy Democracy and the Transnational Institute, that shows global empirical data and analyses their meanings. Two case studies that present the first necessary steps towards a Just transition in industrial regions: the report "Powering the Just Transition: Putting Workers and Unions at the Centre of Industrial Change in Yorkshire and the Humber", published by the New Economics Foundation and translated into Portuguese by the Empregos para o Clima (Climate Jobs) campaign, and the report "Just Transition through the Eyes of Local People - Policy recommendations from local civic initiatives for transformation of coal regions in the Czech Republic" edited by Re-set.

This is a translation of the report originally written in Portuguese. References, sources and background articles available at: <http://www.empregos-clima.pt/estudo-sines>

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The "[Empregos para o Clima](#)" (Climate Jobs) campaign, launched in Portugal in 2016 and running in several countries, calls for the massive creation of new jobs in the public sector, in key sectors such as energy, transportation, forestry or construction, with the aim of drastically reducing greenhouse gas emissions. [The campaign's latest report](#), published in 2021, shows that 200 thousand Climate Jobs can cut greenhouse gas emissions by 85% in 10 years and achieve carbon neutrality in a way that is compatible with the timescales dictated by climate science.