



Parliamentary briefing for Scottish Government motion 'Investing in the Green Economy'

24th January 2024

Scotland's Green Economy

The STUC welcomes the motion from Cabinet Secretary for Energy, Fair Work, and Wellbeing Economy Neil Gray MSP recognising the importance of public investment and industrial strategy for realising a just transition.

The UK Committee on Climate Change Sixth Carbon Budget states that reaching net zero will require a major investment programme of £50bn annually across the UK between 2030 and 2050ⁱ, while capital investment in Scotland will need to increase five-fold to £5-6bn per year by 2030.ⁱⁱ £28 billion is the bare minimum level of UK public investment required if we are to deliver on our climate commitments in a fair way.

While additional capital funding from the UK Government – and the devolution of further borrowing powers – is crucial, the Scottish Parliament must also consider revenue raising measures within its control if it is to play a leading role in reaching net zero.ⁱⁱⁱ

The importance of Industrial Strategy and a different approach

The transition to a low-carbon economy can bring significant benefits to Scotland. The STUC's 'Green Jobs in Scotland' report shows that with the right policies and funding in place Scotland could see up to 367,000 jobs as it decarbonises the economy. However, it is also possible for Scotland to decarbonise without significant domestic job creation and that those jobs created could be primarily precarious and under-paid.^{iv}

The Scottish Government has been too quick to set ambition for jobs and economic benefit from green industries, without setting up the necessary policies and funding to realise them.

As illustrated by the ScotWind auction, we are in danger of repeating the mistakes of previous UK governments by privatising Scotland's energy resources for a fraction of their real value.^v The Scottish Government's support for 'Green Freeports' is another example of favouring the interests of private companies over a positive industrial strategy.^{vi}

Trade unions in Scotland have been calling for an industrial strategy for several years to end the pattern of broken jobs promises and turn just transition rhetoric into reality.

The Scottish Government's forthcoming Green Industrial Strategy must mark a break from the past – and the beginning of a new interventionist approach.

No more broken promises

We are concerned by the reference in the motion to “more than 42,000 FTE jobs being supported by Scotland’s renewable energy sector.” This figure was set out in the recent Fraser of Allander report in which the authors “caution against overinterpretation of the results in this report” due to the “moderately large margin of error.”^{vii}

The Scottish Government has made repeated promises of jobs in Scotland’s renewable economy which have not materialised. These failures impact the confidence of workers in plans put forward by the Scottish Government. They also represent significant lost opportunity to build decent work from emerging industries at a time when employment in other areas of the energy sector, particularly oil and gas, have declined.

	Job promises by 2020	Actual jobs in 2021 ^{viii}
Harnessing Scotland’s Marine Energy Potential (2004)	7,000 jobs in marine industry	Less than 100
Low Carbon Economic Strategy (2010)	130,000 jobs in low carbon economy	28,300
2020 Routemap for Renewable Energy in Scotland (2011)	28,000 jobs in offshore wind	3,100

Creating jobs alone is not sufficient to secure a just transition. The aspiration to grow a “fair, green, wellbeing economy” referenced in the motion will not be possible without supporting workers and ensuring new jobs are built on decent terms and conditions, with strong trade union representation.

Right now, workers in offshore oil and gas face major barriers to considering opportunities across other parts of the energy sector. The Offshore Training Passport should have been rolled out in 2023 but has been delayed again.^{ix} Moreover, there have been numerous examples of workers in the renewables sector spending months at sea earning less than the UK National Minimum Wage and well below the collectively agreed pay rates in trade union agreements.^x

Political rhetoric around green industries has often ignored the ongoing failure to capture the full potential jobs and benefits or acknowledge the experience of workers who are in the sector.

As the recent example of the Grangemouth refinery highlights, jobs in Scotland’s harder-to-decarbonise manufacturing sectors are also at risk of being offshored without greater just transition planning and Government action. STUC research suggests that up to 17,000 direct manufacturing jobs could be offshored if Scotland falls behind other countries in taking action to reduce emissions from manufacturing and heavy industry.^{xi}

More broken promises or lofty statements of aspiration about green jobs in Scotland will only further affect confidence and support for the Scottish Government’s approach. **The Green Industrial Strategy must move beyond headline grabbing statements and instead set out clearly:**

- 1) The sectors identified as key to building Scotland’s manufacturing and supply chains;
- 2) What intervention and investment will be provided to anchor them domestically;
- 3) What role local government will play in leading action; and
- 4) How new jobs created will be on Fair Work terms and covered by collective bargaining agreements.

Learning from others success

Across the world, from the United States to the European Union, governments are increasingly acknowledging the necessity of an active industrial strategy to establish domestic industries, particularly in the low carbon and renewable economy. Lessons can be learned from these and other examples of successful industrial policy which rely upon building public institutions, investment and regulation, and ensuring the creation of decent jobs through collective and sectoral bargaining.

The approach of the Biden administration through the Inflation Reduction Act has seen several companies pledging to build new battery manufacturing facilities. Alongside the public investment into private markets, the US industrial strategy has set conditions to facilitate good pay and incentivise domestic supply chains and the use on unionised workforces.^{xii}

Across Europe, more active industrial strategies have ensured large numbers of jobs in renewables manufacturing, particularly in Denmark which has three times as many jobs in offshore wind as the UK despite having less offshore wind capacity. Publicly owned energy companies such as Orsted, Equinor, and Vattenfall are household names in the UK's energy sector, yet we lack our own equivalent public operator. China, Denmark, and Germany all hold stakes in port infrastructure and have invested to expand their capabilities to deliver on new manufacturing opportunities.

Building from the foundations up

The current framing of the Green Industrial Strategy suggests a focus on identifying opportunities for export markets. While important, there are huge opportunities for building supply chains across Scotland from domestic decarbonisation in transport, housing, food production, and retail.

People across Scotland have endured well over a decade of austerity and more recently a cost-of-living crisis due to the rising cost of energy – it is crucial that any Industrial Strategy not only creates jobs but benefits low-income households.

Decarbonising Scotland's foundational economy – the essential goods and services for our everyday lives – has the potential to create quality green jobs, build strong public institutions, and improve the quality of life for working people across the country. Local authorities can act as anchor institutions, coordinating with key organisations and prioritising communities most in need.

If done right, a Green Industrial Strategy for Scotland can provide a route to rebuilding Scotland's economy from its foundations.

For further information contact

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ⁱ <https://www.theccc.org.uk/wp-content/uploads/2020/12/The-Sixth-Carbon-Budget-The-UKs-path-to-Net-Zero.pdf>

ⁱⁱ <https://www.futureeconomy.scot/posts/42-what-is-the-role-of-investment-in-delivering-a-just-transition>

ⁱⁱⁱ https://stuc.org.uk/files/Scottish_Tax_options.pdf

^{iv} https://stuc.org.uk/files/Policy/STUC_Green_Jobs.pdf

^v <https://news.sky.com/story/nearly-half-of-uks-offshore-wind-capacity-owned-by-state-owned-foreign-entities-analysis-shows-12705500>

^{vi} https://www.unitetheunion.org/media/4914/9874_freeports_briefing_a4_4pp_1-digital.pdf

^{vii} Fraser of Allander Institute, The Economic Impact of Scotland's Renewable Energy Sector - 2023 Update, December 2023, page 4 <https://fraserofallander.org/wp-content/uploads/2023/12/FINAL-The-Economic-Impact-of-Scotlands-Renewable-Energy-Sector-1.pdf>

^{viii} https://stuc.org.uk/files/ONS_LCRE_data_STUC_analysis_2021.pdf

^{ix} <https://www.heraldscotland.com/news/24006765.snp-greens-delay-urgently-needed-energy-skills-passport>

^x <https://foe.scot/wp-content/uploads/2023/03/Demand-Briefing-6-Our-Power-FINAL.pdf>

^{xi} https://stuc.org.uk/files/Policy/Research_Briefings/Our_Climate_Our_Jobs0211.pdf

^{xii} <https://www.tuc.org.uk/sites/default/files/pulling-all-the-levers-tuc2023.pdf>