A Just Transition That Serves Fossil Fuel Interests Is Not Just

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KNOWLEDGE PLATFORM ON INCLUSIVE DEVELOPMENT POLICIES

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Advisory note: A Just Transition That Serves Fossil Fuel Interests Is Not Just

The Just Transition, originally envisioned as a pathway to shift from fossil fuels to renewable energy in an equitable manner[1], is increasingly being criticized for becoming the handmaiden of fossil fuels–essentially reinforcing the very injustices it was meant to dismantle[2]. This happens through several mechanisms that allow fossil fuel interests to co-opt, dilute, or misdirect the transition, perpetuating existing inequalities. Here's how:

1. The fossil fuel industry is co-opting the just transition narrative

- **Greenwashing and False Solutions:** Companies push for carbon capture and storage (CCS) and blue hydrogen (hydrogen from natural gas) as "transitional" solutions, extending the life of fossil fuels rather than phasing them out[3].

- **Just Transition as a PR Tool:** Oil majors claim to be funding just transition projects while simultaneously lobbying against climate regulations[4].

Instead of dismantling fossil-fuel dependence, this co-optation allows companies to profit from both fossil fuels and the transition process–maintaining control over energy markets.

2. Reinforcing labor injustices: Fossil fuel jobs vs. green jobs

- The promise of a just transition is job creation in renewables, but many fossil fuel workers, particularly informal sector workers, find themselves left behind or forced into lower-paying, precarious jobs[5] .

- **Fossil Fuel Job Protections Over Green Workforce Development:** In many cases, governments prioritize protecting fossil fuel jobs over upskilling workers for renewables, delaying the transition[6].
- **Green Jobs Lack Labor Protections:** Many renewable energy jobs, particularly in the Global South, are informal, exploitative, and lack the collective bargaining rights historically available in the fossil fuel sector.

By failing to guarantee equitable labor rights in renewables, the Just Transition preserves fossil fuel labor hierarchies rather than dismantling them.

3. Fossil Fuel-Dependent States Are Dictating the Just Transition Agenda

Countries with large fossil fuel industries such as the U.S,continue to influence Just Transition policies to preserve fossil fuel revenues while making only marginal commitments to renewables.

- **Delaying Fossil Fuel Phaseouts:** Many Just Transition frameworks focus on "gradual transitions" without clear deadlines. South Africa's Just Energy Transition Partnership (JETP), for example, has received billions in financing[7], yet coal still dominates its energy mix due to government hesitation in shutting down plants[8].

- **Prioritizing Export-Oriented Extractivism Over Energy Sovereignty:** In many African countries, transition policies still prioritize fossil fuel extraction for export markets over investing in domestic renewable infrastructure.[9]

Instead of breaking fossil fuel dependency, Just Transition strategies often perpetuate extractivist economies, where profits from fossil fuels are redirected into elite-controlled renewables rather than benefiting communities.

4. Carbon Markets and Financialization of Climate Justice

- Many Just Transition strategies are increasingly tied to carbon markets and offset schemes, which allow corporations and high-emitting countries to continue polluting while buying cheap offsets from the Global South.
- **Carbon Offsets Favor Fossil Interests:** Companies like TotalEnergies and BP are among the biggest buyers of African carbon offsets–effectively using just transition policies as a way to continue fossil fuel extraction while paying small compensation fees[10].

Rather than dismantling power asymmetries, this financialization of the Just Transition ensures that fossil fuel companies remain embedded in the global economy.

5. Fossil Fuel Elites Control the Transition Narrative

The Just Transition is often framed as a technical problem rather than a power and justice issue.

- **Ignoring Communities Most Affected by the Transition:** Indigenous groups, informal workers, and frontline communities often have little say in decision-making despite being most affected[11].

- **Decarbonization Without Democratization:** The same corporate and political elites that controlled fossil fuels are now positioning themselves as leaders in renewables[12]

By failing to redistribute power, the Just Transition risks creating a renewable energy oligarchy, where profits flow to the same elites that benefited from fossil fuels.

What Do We Do Without Cutting Fossil Stakeholders Out?

The reality is that fossil fuel stakeholders–governments, companies, and workers–are deeply embedded in global economies. Cutting them out entirely is not only politically and economically unrealistic but also risks delaying the transition rather than accelerating it. Instead of exclusion, we need a strategic engagement approach that ensures the transition does not become fossil fuel greenwashing but instead drives genuine structural change. Here's how:

1. Demand Conditionality for Fossil Fuel Engagement

Rather than allowing fossil fuel companies to dictate the terms of transition, their involvement should be conditioned on measurable commitments that align with climate justice and labor rights.

Key Actions:

- **No Participation Without Accountability:** Fossil fuel firms that wish to be part of the Just Transition must commit to binding emissions reductions, worker transition plans, and reinvestment in renewables.
- **No Free Ride on Transition Funds:** Companies should not receive public climate finance or subsidies unless they are demonstrably phasing out fossil fuel assets and creating renewable jobs.
- **Carbon Pricing with Reinvestment Obligations:** Companies benefiting from carbon markets should be required to reinvest a portion of their profits in local renewable energy infrastructure and climate adaptation projects.

Example:

Denmark[13] and the Netherlands[14] have imposed strict decarbonization targets on their state oil firms and use fossil revenues to fund renewable expansion.

2. Redirect Fossil Fuel Profits Toward Renewable Energy Sovereignty

Instead of focusing solely on shutting down fossil fuel industries, we should push for redirecting their massive profits toward building Africa-led, locally controlled renewable energy industries.

Key Actions:

- **Require National Oil Companies (NOCs) to Invest in Renewables:** Countries with strong fossil fuel sectors (e.g. Nigeria, Angola, Saudi Arabia) should mandate their NOCs to gradually transition their assets toward solar, wind, and green hydrogen production.
- **Leverage Fossil Revenues for Just Transition Funds:** Governments should create national sovereign funds where a percentage of oil and gas revenues is allocated to reskilling workers, funding green startups, and building decentralized energy systems.

Example:

Norway's sovereign wealth fund, built from oil revenues, is now divesting from fossil fuels and funding global renewable energy[15].

3. Protect and Transition Fossil Fuel Workers

One of the main reasons fossil fuel industries resist the transition is the fear of job losses and economic destabilization. A Just Transition must offer a clear labor pathway for workers instead of leaving them behind.

Key Actions:

- **Legally Binding Just Transition Agreements:** Governments must negotiate agreements where fossil fuel companies finance retraining programs, pension protections, and job guarantees in renewables for their workforce.
- **Subsidies for Workforce Transition:** Instead of subsidizing fossil fuel production, governments should incentivize companies to retrain workers and transition them into the renewable sector.

Example:

Spain signed a coal worker transition deal where miners were given alternative job guarantees, pensions, and retraining programs before closing mines[16].

4. Decarbonize Fossil Fuel Infrastructure Instead of Abandoning It

A complete shutdown of fossil infrastructure is neither feasible nor always necessary. Some facilities can be repurposed for low-carbon energy production.

Key Actions:

- **Repurpose Refineries for Biofuels and Green Hydrogen:** Many existing refineries and gas infrastructure can be converted into green hydrogen, synthetic fuels, or biofuel production sites instead of being stranded assets.
- **Use Depleted Oil Fields for Carbon Storage:** While carbon capture should not be a license for continued fossil fuel use, some old oil fields can be repurposed for CO_2 storage, contributing to emissions reductions.

Example:

The UAE is investing in converting oil infrastructure to green hydrogen production, aligning with long-term decarbonization[17].

5. Strengthen Policy Coherence Between Fossil and Renewable Sectors

One of the biggest failures of Just Transition policies is that fossil fuel and renewable energy sectors are often treated as separate economic spheres, when in reality, they are deeply linked.

Key Actions:

- **Harmonize Fossil Fuel and Renewable Policies:** Governments must create transition roadmaps where fossil and renewable strategies are integrated, not competing.
- **Require Fossil Firms to Report Just Transition Progress:** Energy companies should be required to submit annual reports detailing their workforce transition, decarbonization progress, and renewable investments.

Example:

Canada's Just Transition Task Force included fossil fuel stakeholders in transition planning, ensuring a structured phase-out without mass job losses[18].

6. Prevent Fossil Fuel Domination in Renewables

While we need fossil stakeholders in the transition, the worst-case scenario is allowing them to dominate the renewable sector in a way that reproduces the same extractivist, exploitative economic structures.

Key Actions:

- **Prevent Monopolization of Renewables:** Governments should ensure that fossil fuel giants do not own disproportionate shares of renewable energy projects, leaving space for local enterprises, cooperatives, and decentralized models.
- **Prioritize Community-led Renewables:** Policymakers should direct climate finance toward small-scale, community-based solar and wind projects, rather than just big corporate-led initiatives.

Example:

Germany's Energiewende policy prioritized local energy cooperatives and SMEs in renewables rather than large oil corporations[19].

Conclusion: A Just Transition That Serves Fossil Fuel Interests Is Not Just

If the Just Transition continues along its current path–where fossil fuel companies and elites co-opt the process–it risks entrenching the very injustices it aims to eliminate.

- Instead of protecting fossil fuel economies, just transition policies should prioritize community-led energy solutions.
- Workers in the fossil fuel sector should be guaranteed decent jobs in renewables, not abandoned.
- Carbon markets should not be a loophole for continued fossil fuel expansion.

A truly Just Transition must dismantle, not perpetuate, the injustices of the fossil fuel economy. Otherwise, it simply becomes another tool for maintaining the status quo;-making it a handmaiden of fossil fuels rather than a pathway to climate justice.

Rather than cutting out fossil fuel stakeholders, a Just Transition must regulate, repurpose, and redirect their resources toward a fair, sustainable energy future. The key is ensuring that their participation is conditional, transparent, and structured in a way that prioritizes:

- Worker transition and labor protections
- Climate finance tied to fossil fuel phase-outs
- Investment in Africa-led renewable industries
- Stronger governance and accountability mechanisms

A Just Transition cannot be another form of fossil fuel greenwashing. By engaging with clear conditions and regulatory oversight, we can turn fossil stakeholders into agents of systemic change rather than obstacles to climate justice.

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