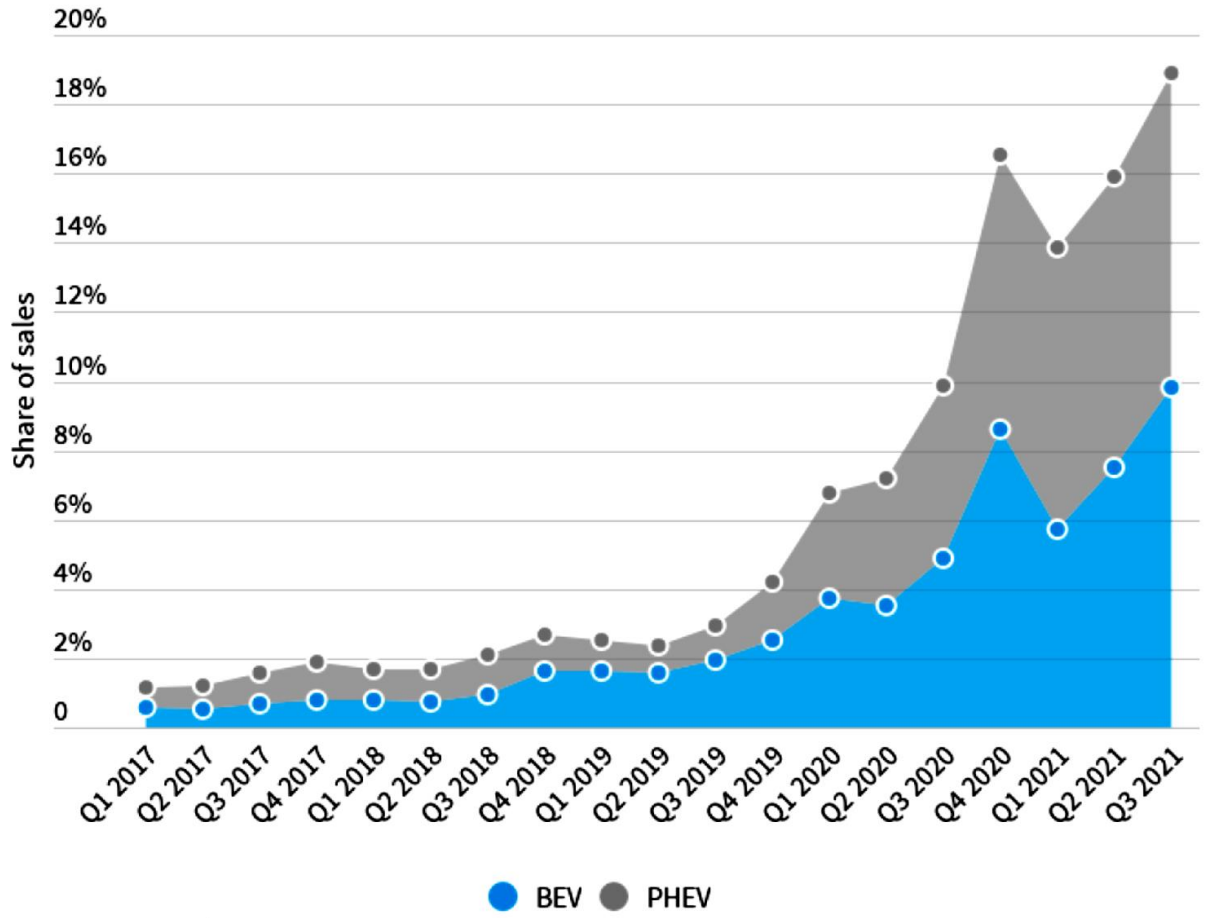
industriAll
EUROPEAN TRADE UNION

COLLECTIVE BARGAINING AND JUST TRANSITION(S) IN CENTRAL AND EASTERN EUROPE

23 NOVEMBER 2021

GREEN/DIGITAL TRANSITION ACCELERATING

New electric vehicle registrations in the EU (% of total new registrations)

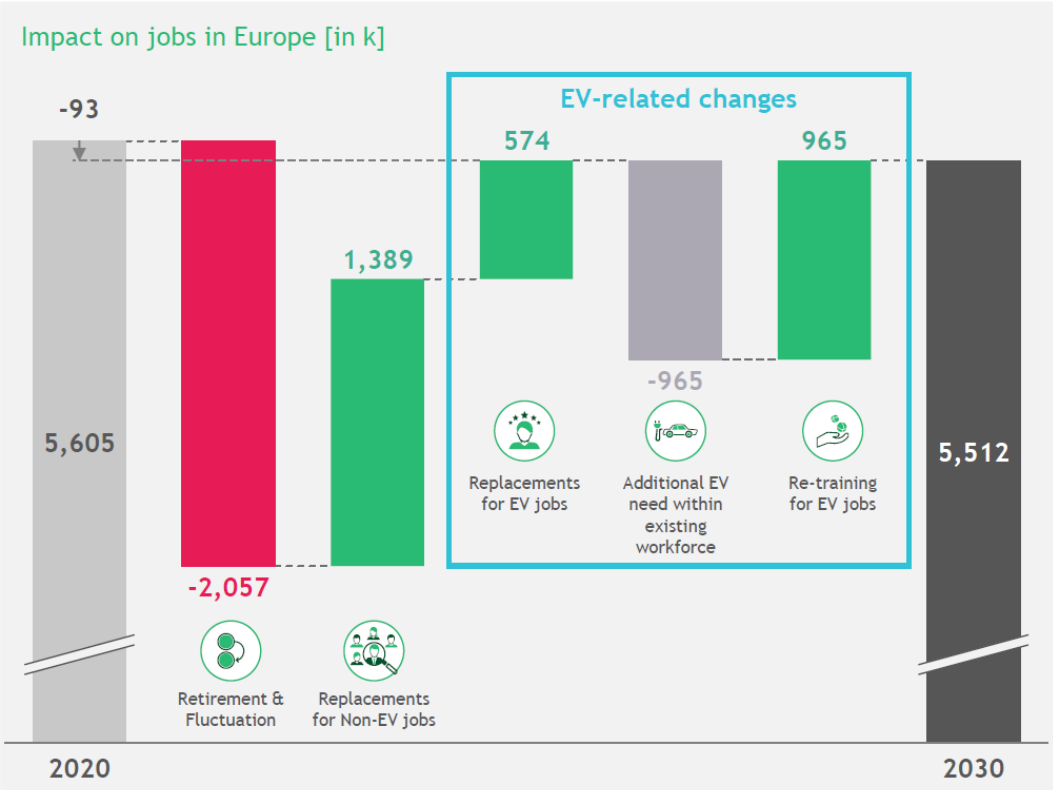


Scope: EU27 registrations

Source: ACEA (2021) Quarterly AFV registrations

TRANSITION NOT NECESSARILY ABOUT THE NUMBER OF JOBS, BUT ABOUT THEIR CONTENT AND QUALITY

Assessment of employment developments in the European automotive industry



1.4M workers need to be hired for non-EV related jobs

- Substantial effort but exiting job profiles and training needs ("business as usual")

0.6M workers need to be hired for EV related jobs

1.0M workers need to be re-trained for EV related jobs

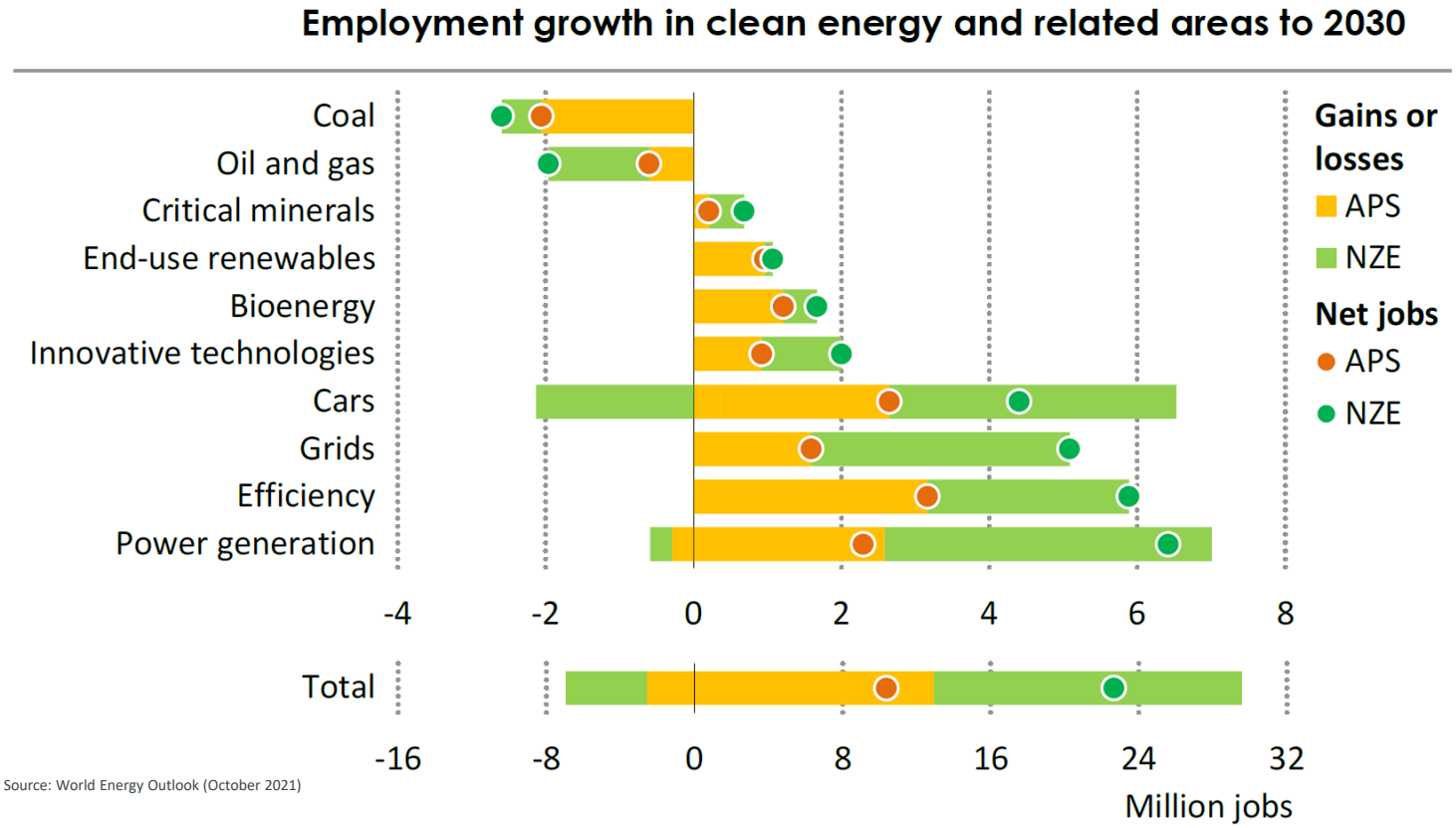
1.6M hiring and training necessary for new EV related jobs

- Massive effort with completely new job profiles and training needs

Source: Boston Consulting Group (2021)

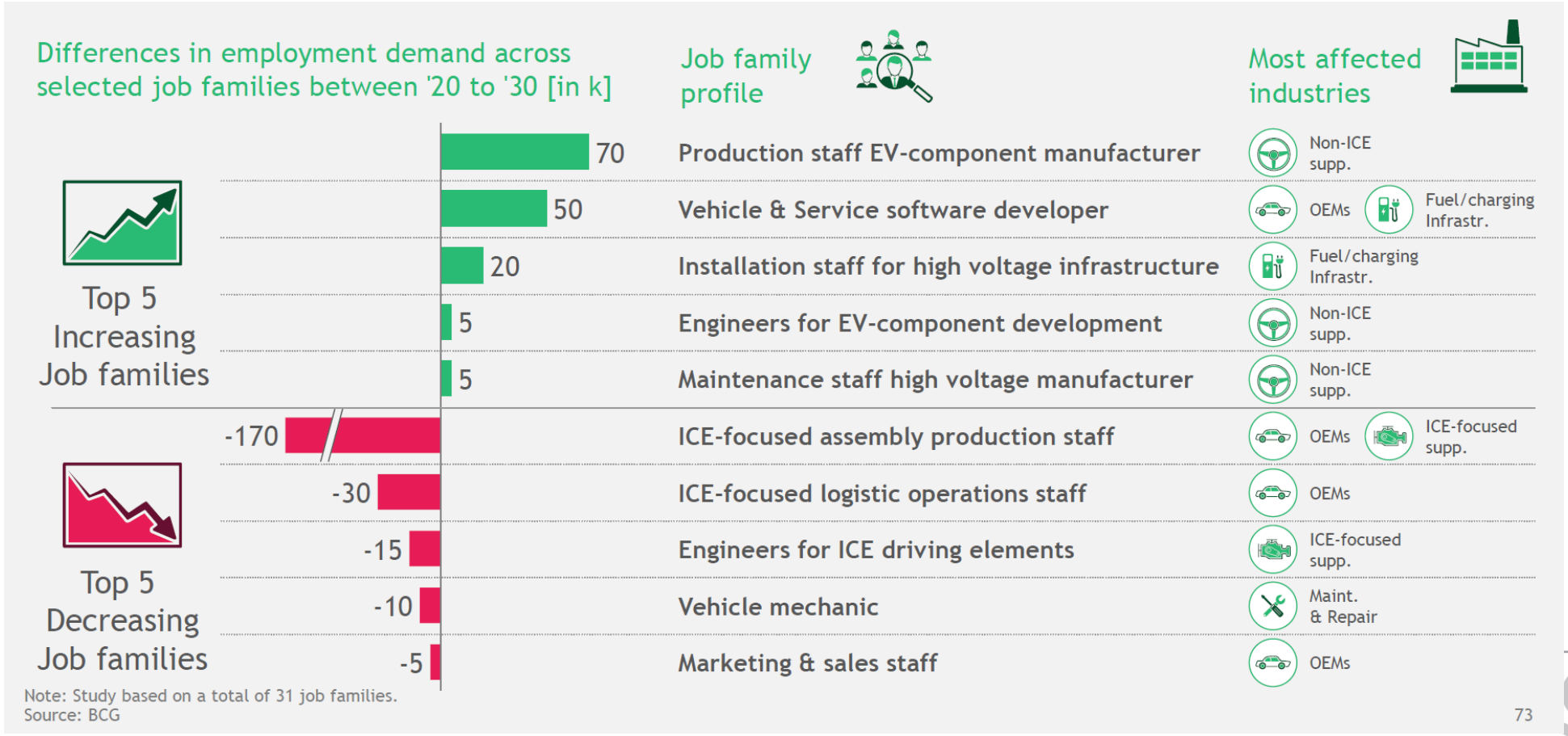
HUGE SHIFTS BETWEEN DIFFERENT PARTS OF THE ENERGY SECTOR

- The IEA forecasts **a net impact of +13M jobs worldwide** until 2030, in the **Announced Pledges Scenario (APS),** thanks to the development of renewable energy and energy grids, but also due to growth in areas such as the renovation and energy efficiency of buildings, or the manufacture of low-energy appliances and electric vehicles.
- In a **net zero emissions** by 2050 scenario (NZE**), the impact is estimated at + 23M jobs** by 2030.
- The negative impact is concentrated in the coal (-8M jobs APS, -10M jobs NZE), oil/gas (-2M jobs APS, -8M jobs NZE) and automotive (-8M jobs NZE) sectors.



Source: World Energy Outlook (October 2021)

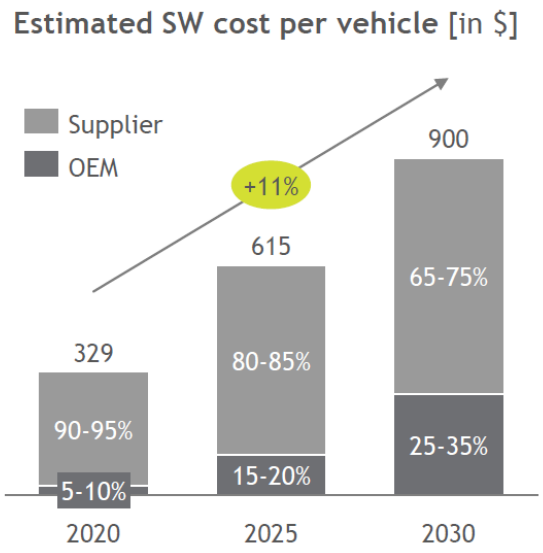
DIFFERENT JOBS FOR THE SAME PEOPLE?



Source: Boston Consulting Group (2021)

DIGITALIZATION IS CREATING ENTIRELY NEW JOBS FOCUSED ON IT SKILLS AND INFRASTRUCTURES

Software content in car increases…



… and OEMs react with SW engineer recruiting - example VW

5-10K FTE

Software engineers in Volkswagen's Car.Software unit by 2025

Volkswagen Car.Software unit	Module 1 Connect-ivity	Module 2 Intelligent body and cockpit	Module 3 Automated driving	Module 4 Vehicle & energy perform.	Module 5 Mobility service/ platform
FTEs today	~200	~150	~150[2]	N/A[3]	N/A[3]
FTEs by 2025[1]	>800	>1,200	>1,800	>500	>500
Investment focus	Medium	High	Very High	Lower	Lower

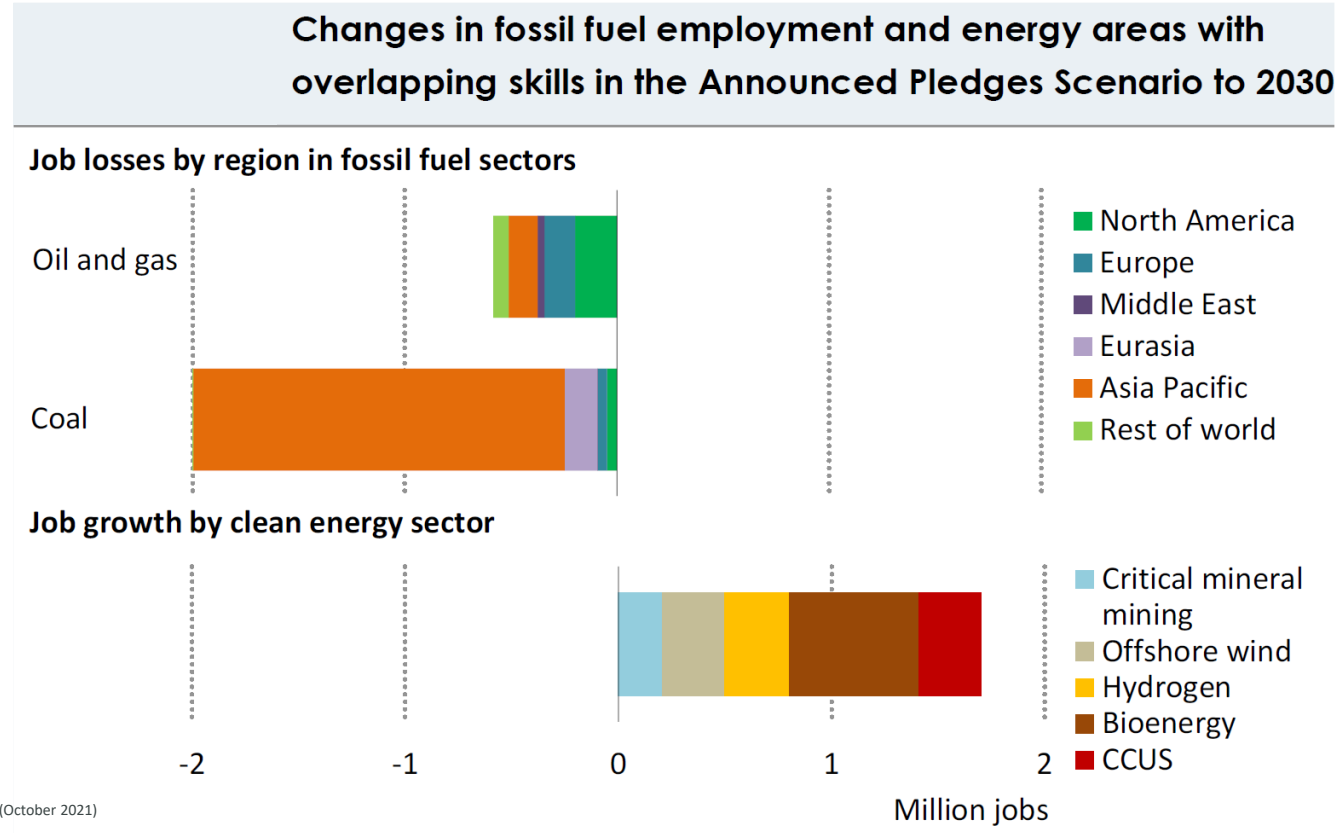
Volkswagen OS

Module 6	Core services and infrastructure (enabler software across modules)	FTEs today: ~80	FTEs by 2025: >200

Source: Boston Consulting Group (2021)

IEA: ABOUT 70% OF OIL AND GAS JOBS WOULD NOT BE TRANSFERABLE

- According to the IEA, existing skills in the oil and gas sector could be used in emerging sectors such as offshore wind, carbon capture and storage, geothermal energy, hydrogen and bioenergy.
- In the APS scenario (announced pledges), only about 600,000 jobs in the oil and gas sector would have skills that are transferable to emerging sectors, out of a total 2 million jobs lost (meaning 30%).
- Mining skills are transferable to critical mineral mining and other emerging activities, but these are not always located in the same regions.

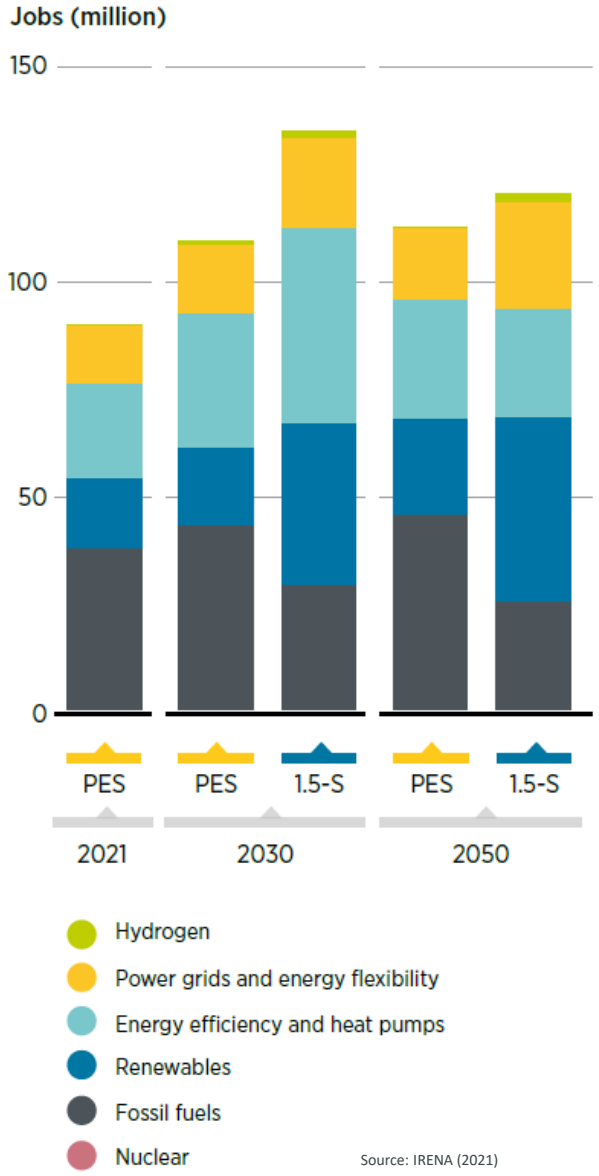


Source: World Energy Outlook (October 2021)

THE POTENTIALLY POSITIVE IMPACT OF THE ENERGY TRANSITION ON EMPLOYMENT WILL BE UNEVEN

- The International Renewable Energy Agency: 41.9 million people employed in the renewable energy sector by 2050.
  - 27 million (64% of the total) will be located in Asia, particularly in China.
  - The EU is estimated to have only 2.7 million jobs in this sector (or 6% of the total).
  - This asymmetry is exemplified by the present concentration of solar panel production in China.
- The number of jobs in the renewable energy sector could decrease as a result of increased automation along the production chain, particularly in the manufacture of photovoltaic panels or wind power installations as well as in operation and maintenance.

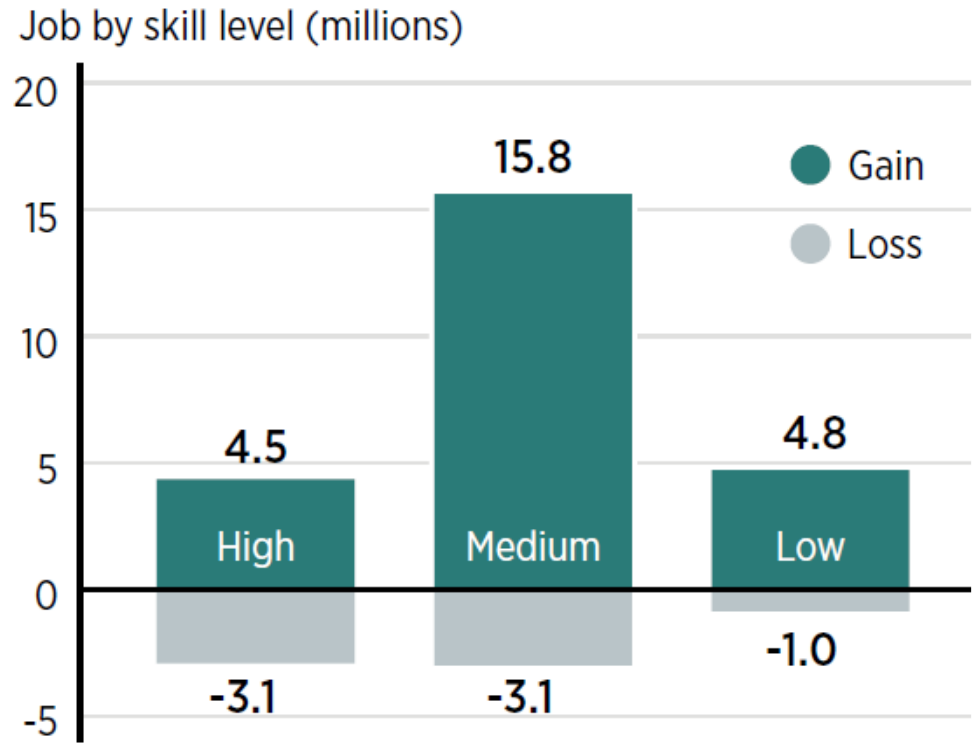
FIGURE S.8 **Energy sector jobs by technology under the PES and 1.5°C Scenario (million), global results**



Source: IRENA (2021)

THE RISK OF JOB QUALITY DEGRADATION

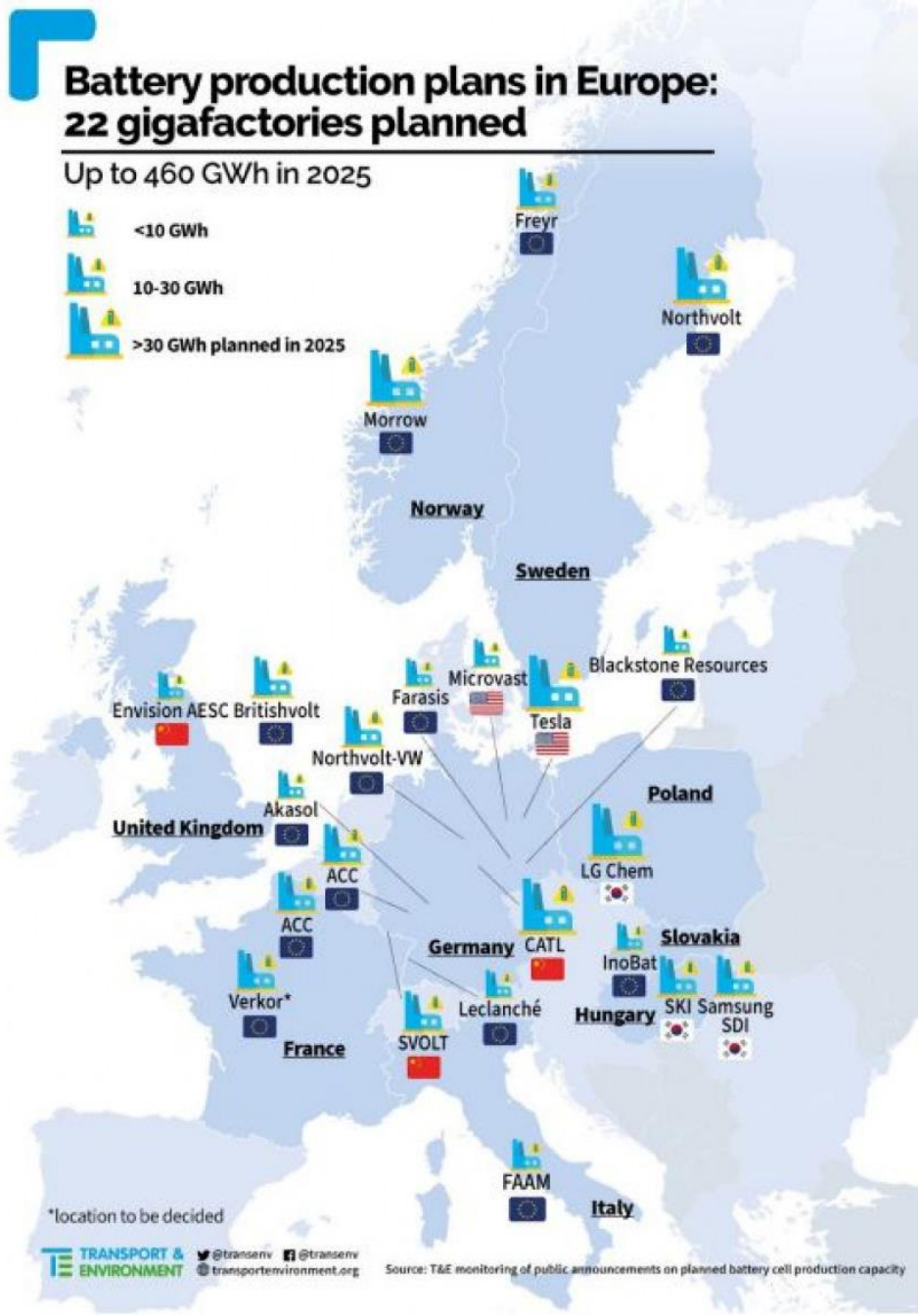
Jobs created and destroyed in an energy sustainability scenario to 2030:



Source: ILO, 2019a.

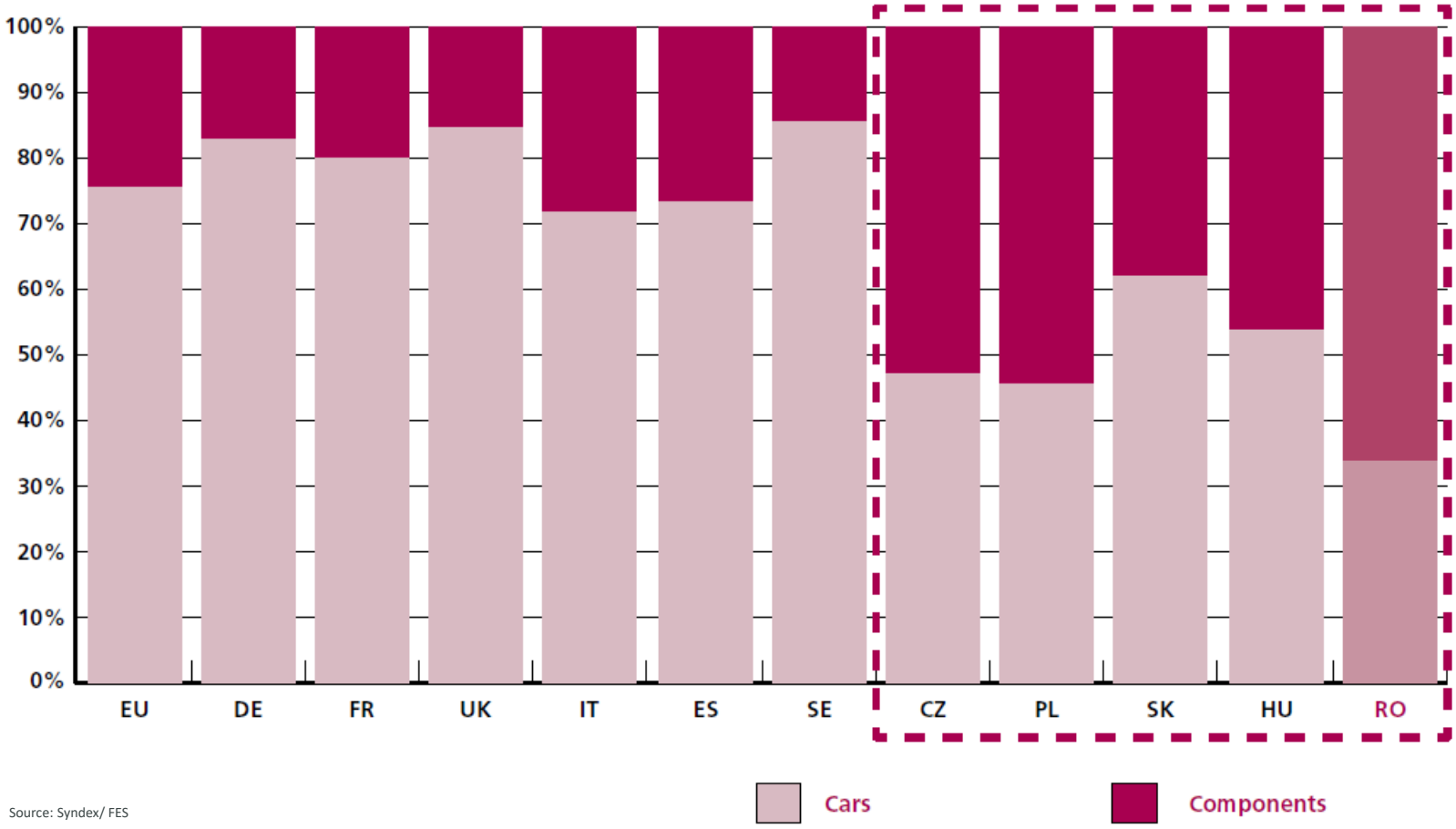
THE RISK OF JOB QUALITY DEGRADATION

- Rush by EU states to develop local EV battery capabilities.
- Battery production regarded as high value added activity.
- Job transitions from combustion engine technology to EV supply chain.
- This transition should lead to a reduced number of jobs in powertrain manufacturing.
  - Recent estimates are for approximately 60 thousand jobs in battery manufacturing across Europe.
  - Direct ICE technology employment is much more numerous.
- Job quality is almost never addressed in relation to EV battery manufacturing.
- The example of the Samsung battery plant in Hungary suggests significant degradation of job quality vs. legacy ICE technology.



CENTRAL AND EASTERN EUROPE MIGHT PROVE MORE VULNERABLE

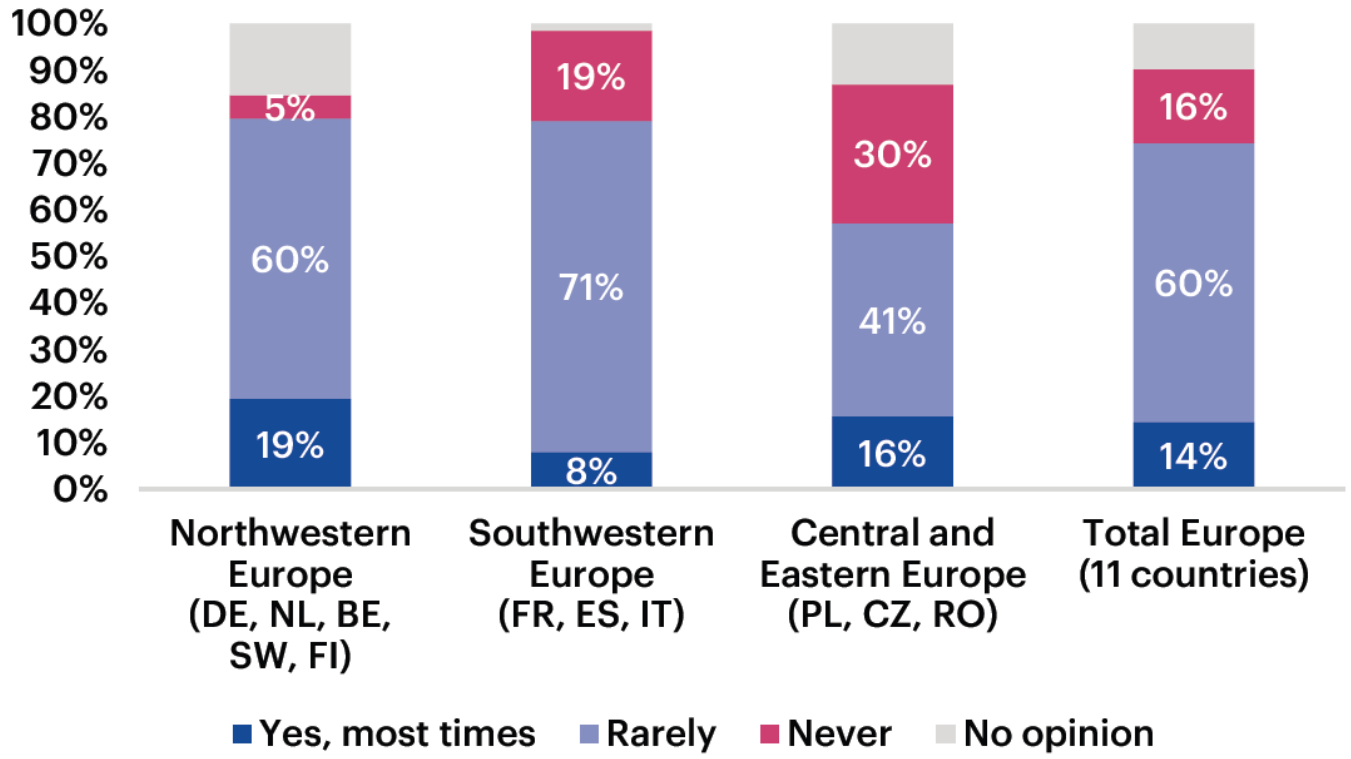
Breakdown of turnover in the European automotive industry, 2016



Source: Syndex/ FES

SOCIAL DIALOGUE IS LAGGING BEHIND

Does the company or the employers' organisation provide information regularly regarding the cost and gains from digital modernisation?



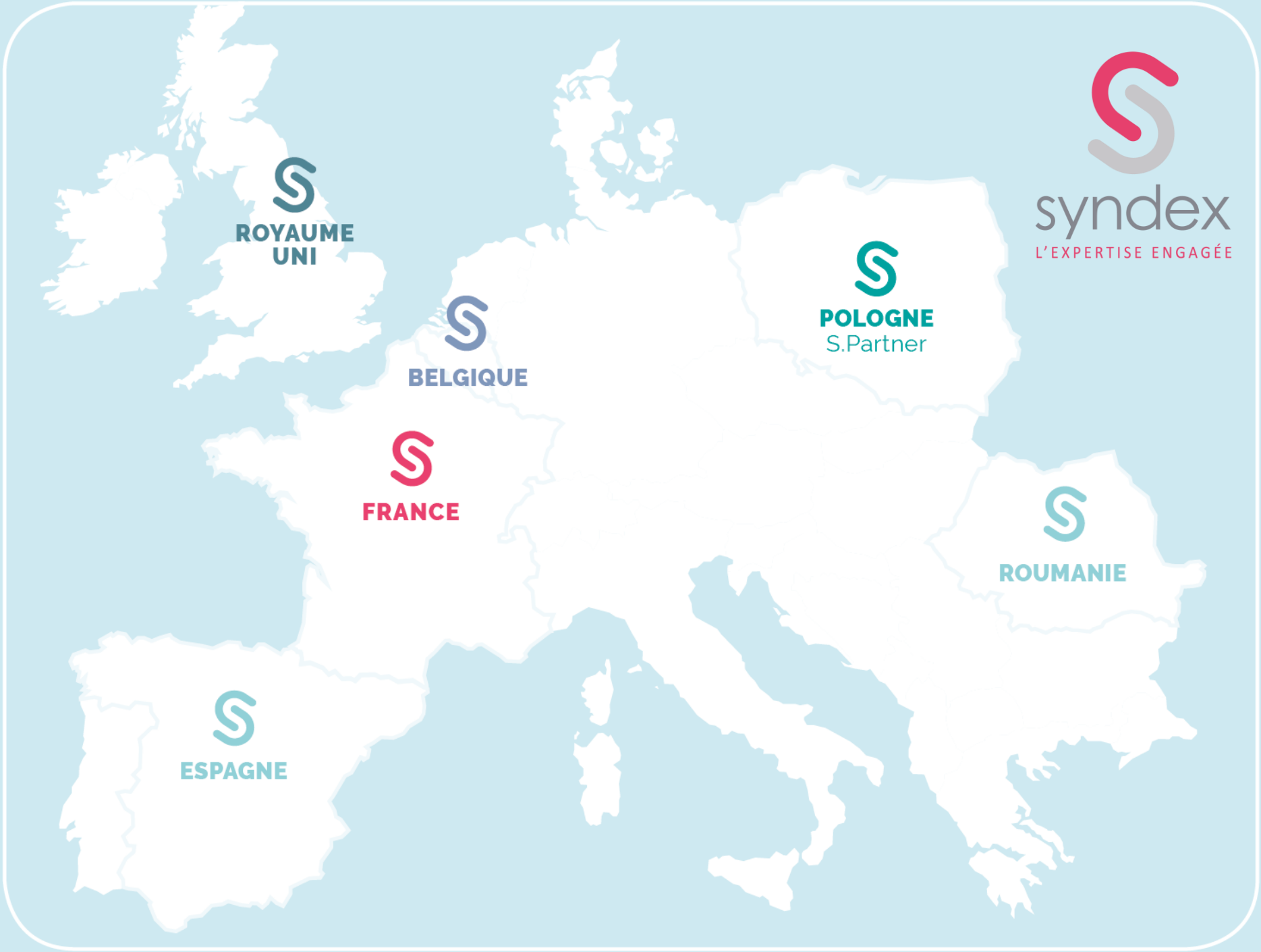
Source: industriAll (2021)

INSTITUTIONAL FEATURES OF CEE TRIPARTITE AND BIPARTITE RELATIONS HAVE NEGATIVE IMPLICATIONS FOR MANAGING THE GREEN/DIGITAL TRANSITION IN A JUST WAY

- **Economic dependency**
  - Very high share of foreign ownership.
  - Lack of strategic visibility and control.
  - Subordinate positions in transnational value chains.
  - Governments appease foreign capital primarily according to narrow economic and quantitative criteria, disregarding job content and quality.
- **Weakness of national-level tripartism**
  - Historically on the decline.
  - Legal frameworks limit effectiveness.
  - Employers preferring alternative channels to influence public policy.
- **Sectoral social dialogue has been all but eliminated**
  - Decentralized collective bargaining actively pursued by foreign employers and turned into policy over the past 10-15 years.
  - Lack of coordination even for typically sectoral issues like skills and training.
- **Company-level social dialogue tends to be narrow in scope.**
  - Wages remain top priority for employees and trade unions.
  - Quality of social dialogue varies widely depending on corporate approach and local trade union history.
  - Local management has limited capacity and willingness to engage in discussions on strategic issues.

GREEN/DIGITAL TRANSITION IS A HUGE CHALLENGE FOR TRADE UNIONS IN CENTRAL AND EASTERN EUROPE

- **Few (tentatively) positive examples.**
  - Czechia: regional social dialogue institutions in place, but their effectiveness varies.
  - Poland: Solidarnosc attempted to create a separate social dialogue body focused on EV transition.
  - Incipient interest in training/reskilling, but no tangible results just yet.
  - Some positive implications of EWC participation, but EWCs are limited to information and consultation and there is still a lot of work to be done in cultivating transnational solidarity when it comes to the implications of large strategic transformations.
- **Focus is on potential job losses, not necessarily on job transformations.**
  - The example of mining.
- Though CEE has seen sustained wage increases, **the East/West living standards divide remains very large.**
- **Continued wage convergence is not possible without a move higher up the value chain.**
  - The risk of an opposite movement due to the green/digital transition.
  - New technology promises to improve productivity, but benefits tend to be shared unevenly.
    - Employers and employees.
    - Skilled and unskilled.
    - West and East.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