industriAll
EUROPEAN TRADE UNION

COLLECTIVE BARGAINING AND JUST TRANSITION(S) IN EAST-CENTRAL EUROPE

23 MARCH 2022

A SHOCK TRANSITION? DOES PREPAREDNESS COUNT?

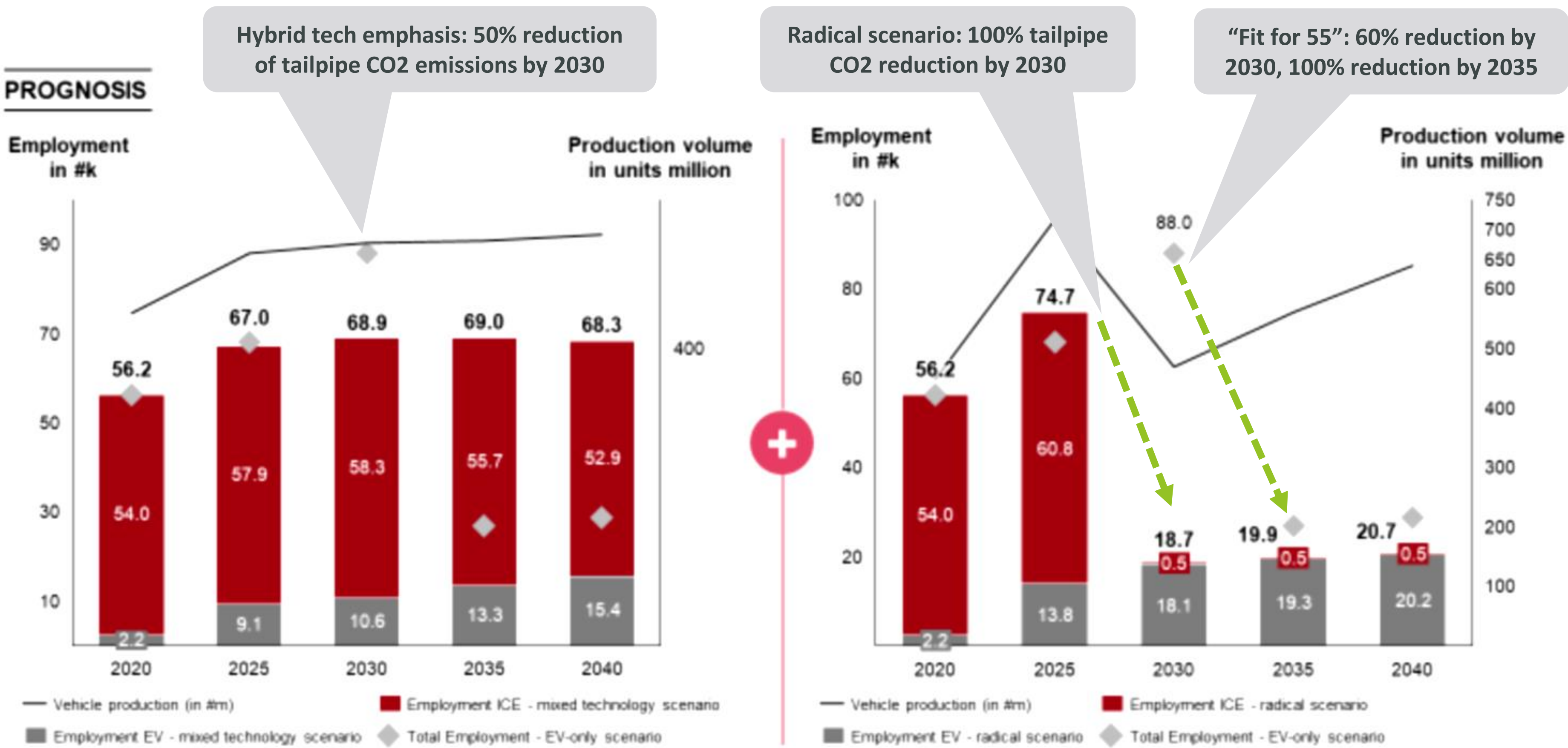
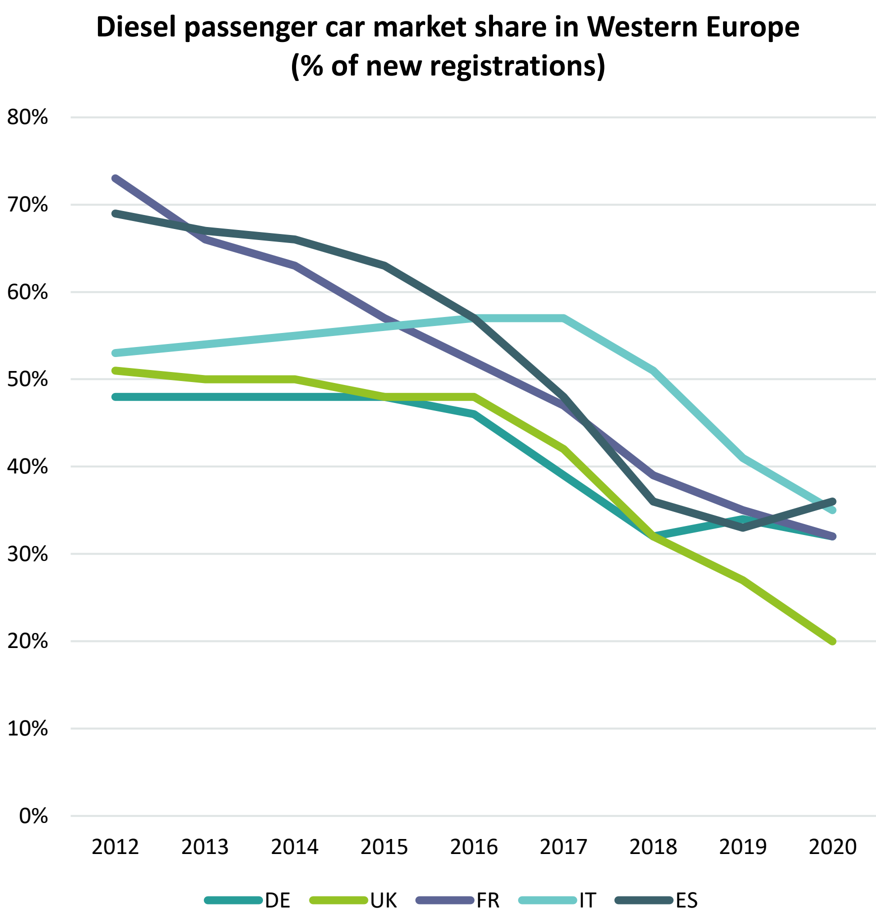
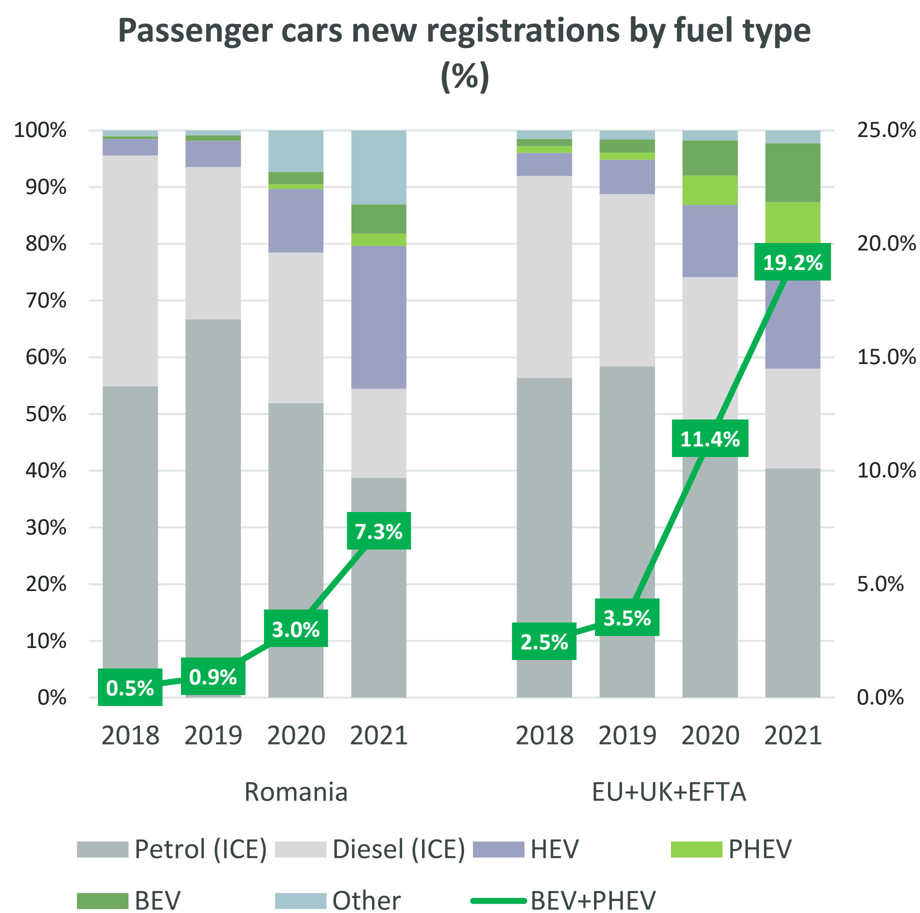


Figure 57:Employment mixed-technology scenario vs. radical scenario Romania

TECHNOLOGICAL, ECONOMIC AND SOCIAL TRANSITIONS ARE ACCELERATING





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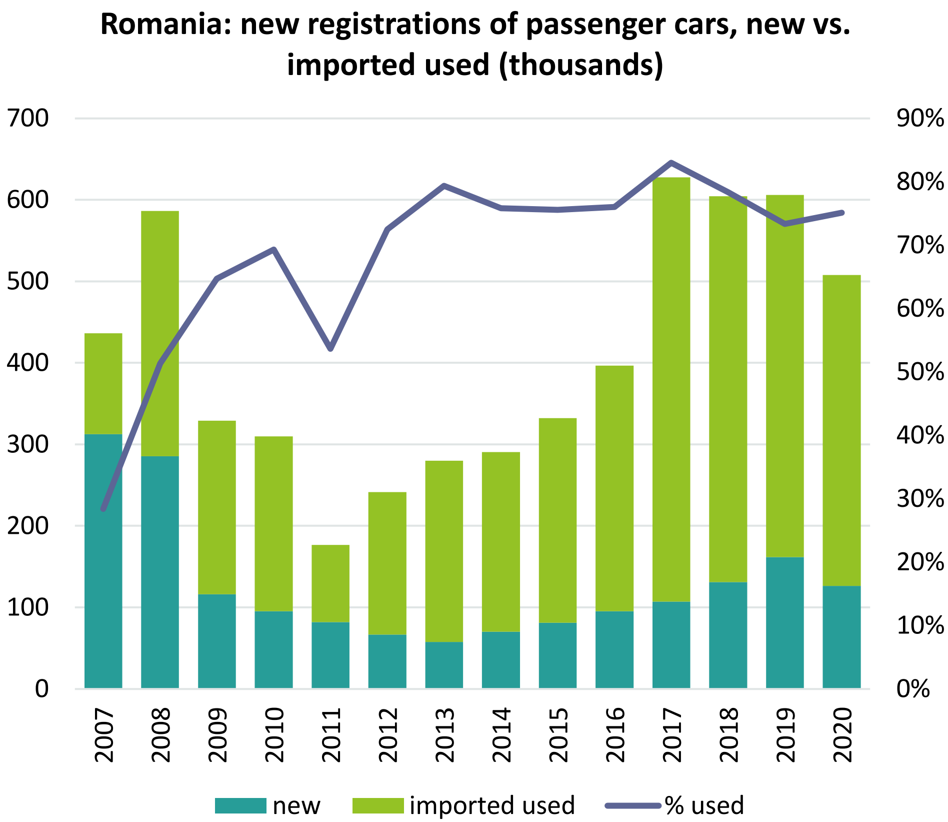
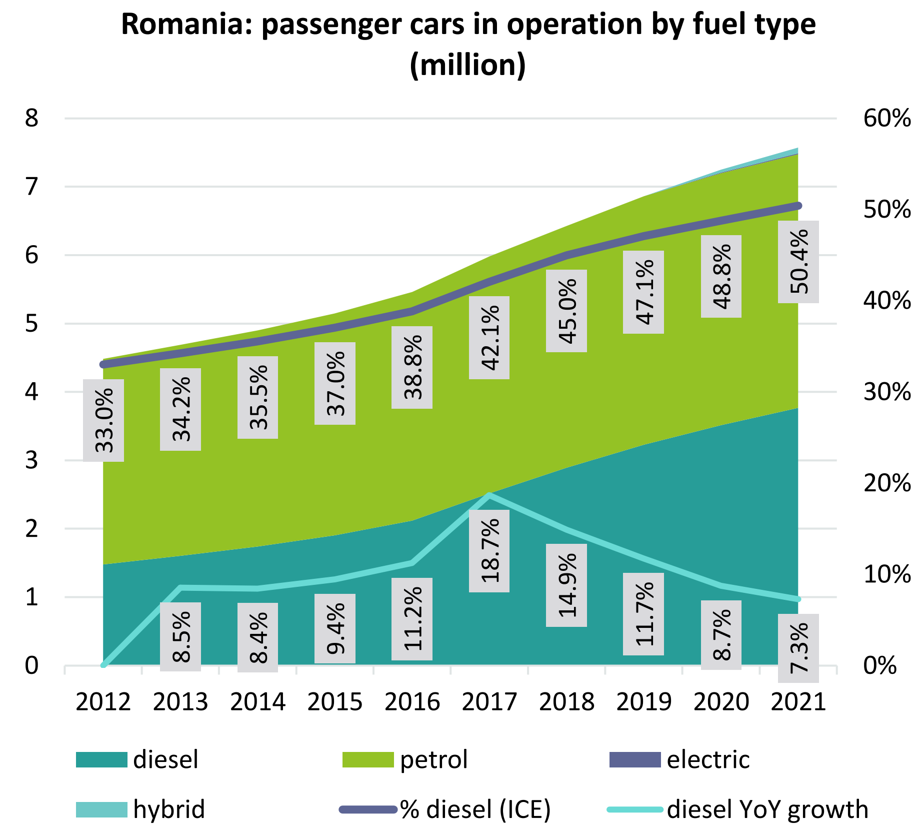
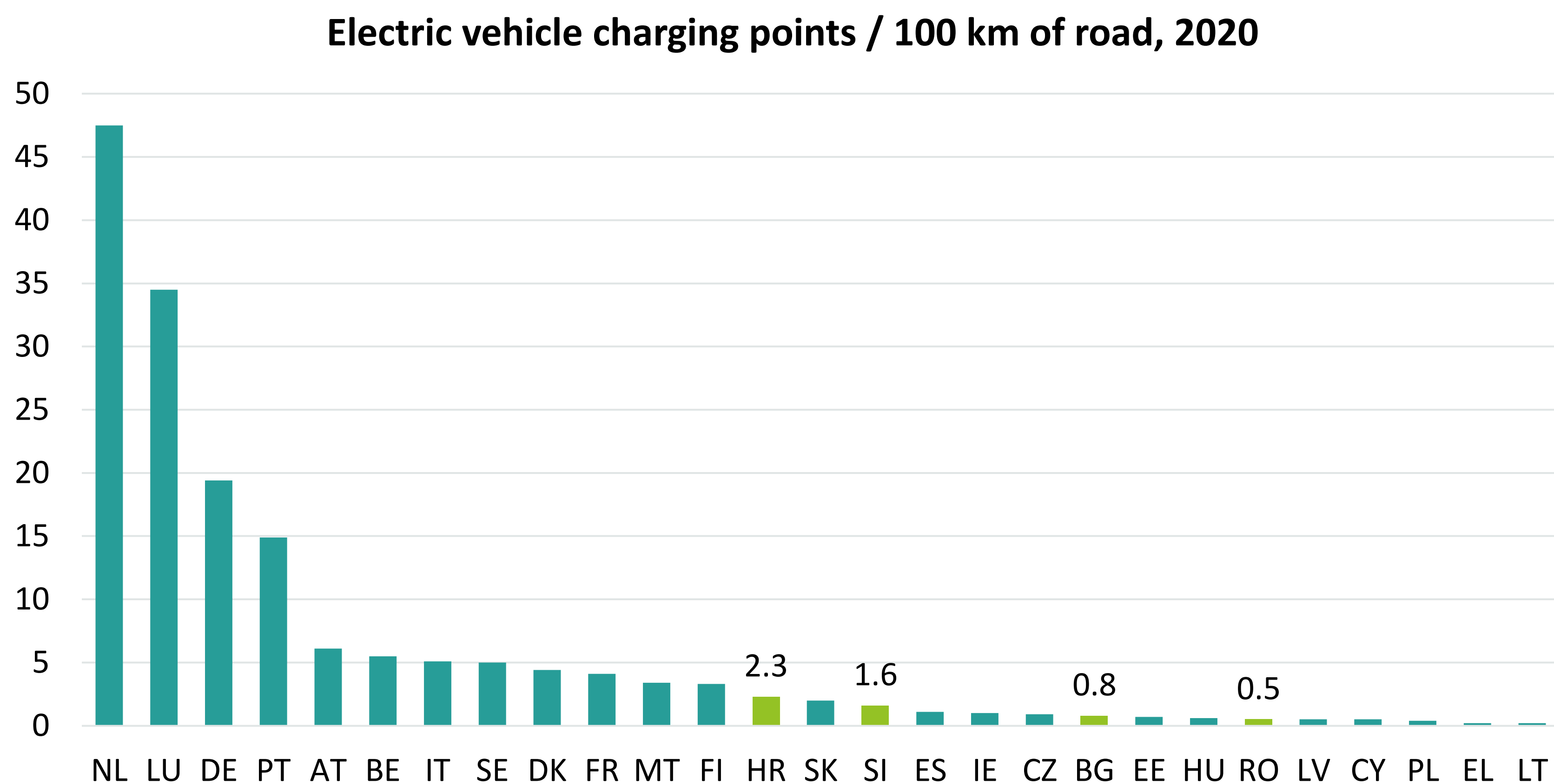
HEIGHTENED RISKS OF A TWO-SPEED EUROPE?





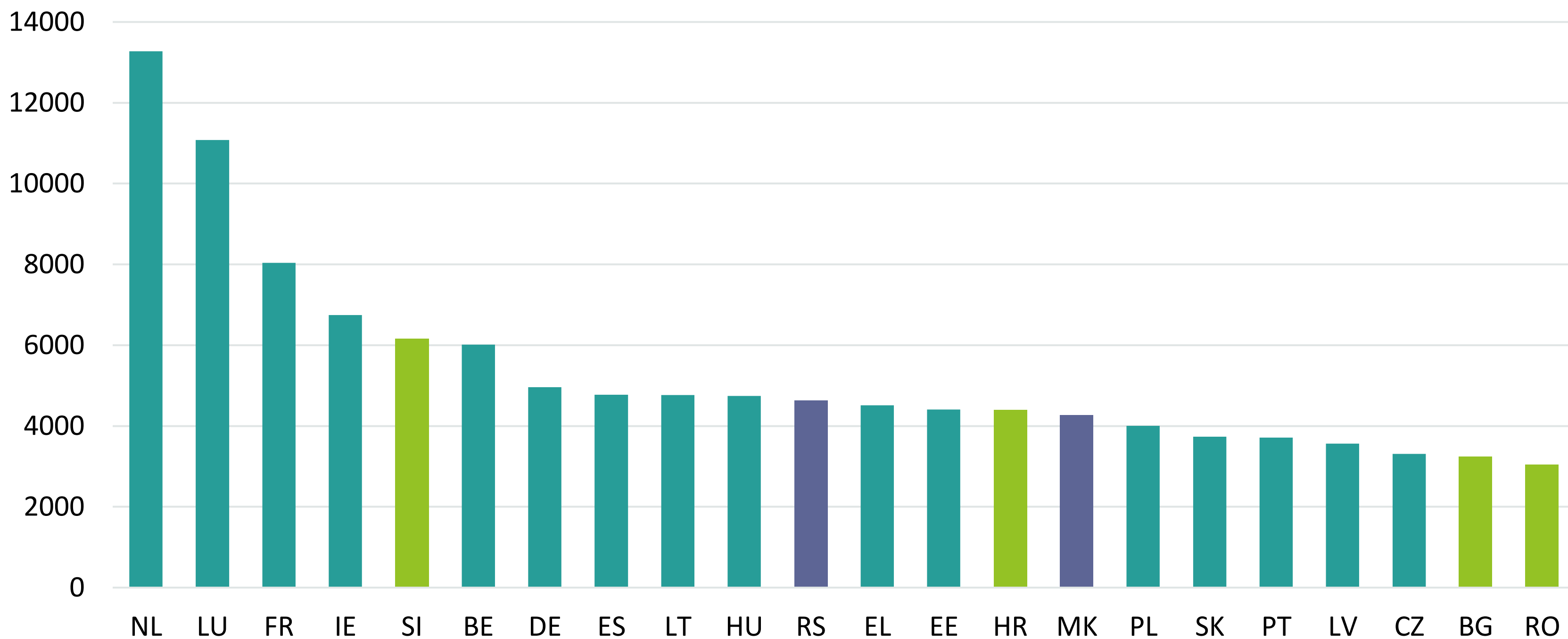
ON THE INVESTMENT FRONT, EASTERN STATES ARE VISIBLY LOSING GROUND



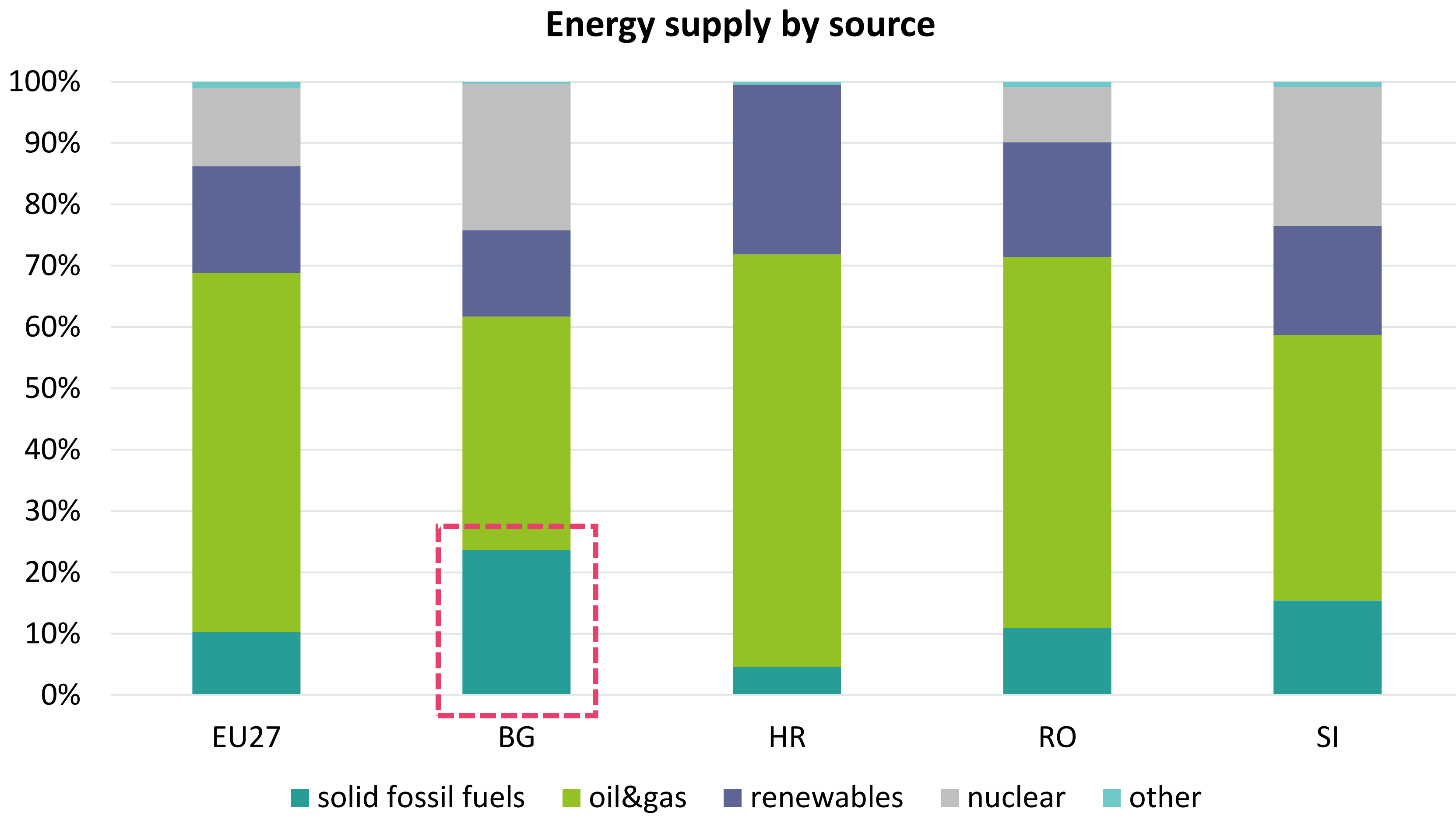
RAPID CONVERGENCE OF LIVING STANDARDS IS A MUST FOR ENSURING A TRULY JUST TRANSITION ACROSS EUROPE

- 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

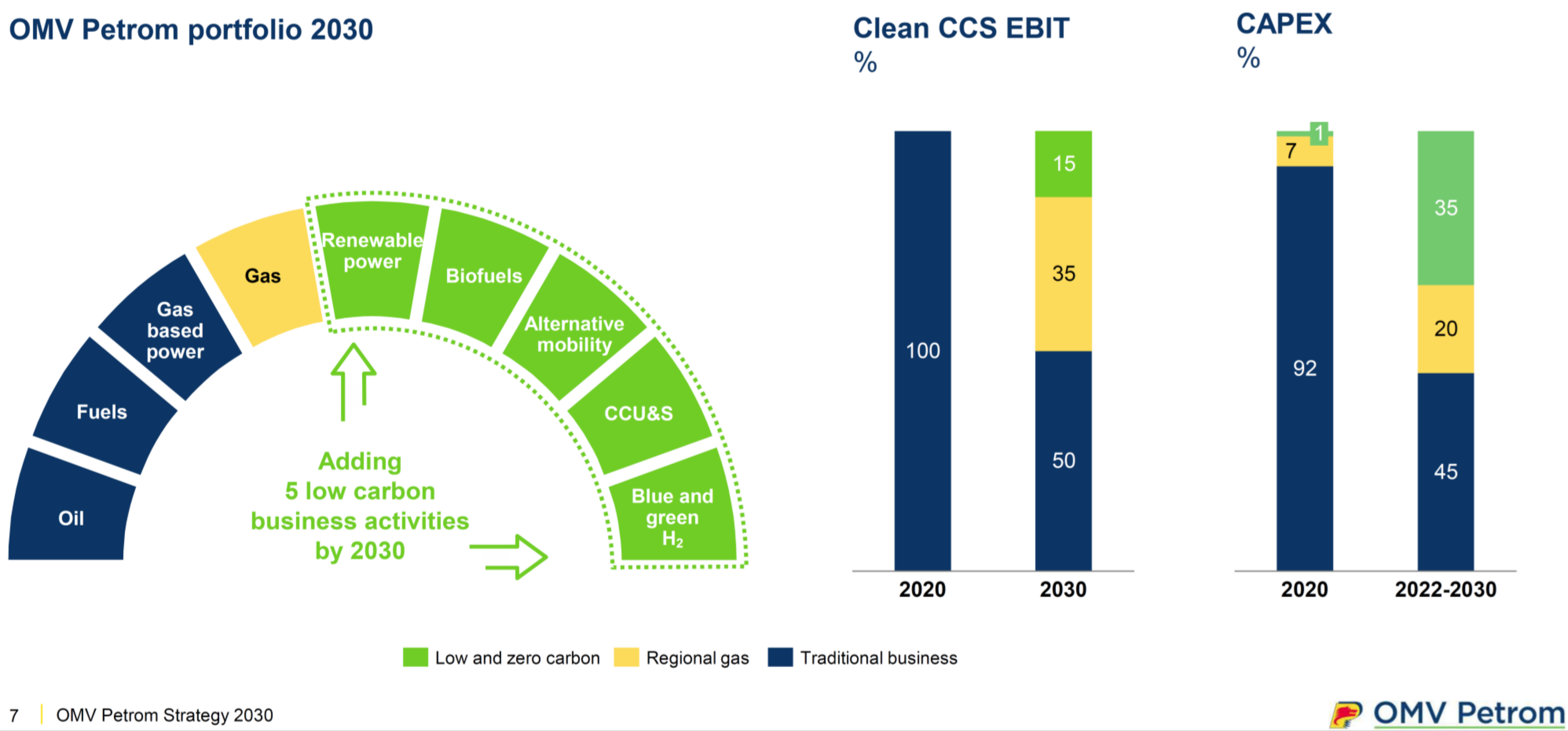
Kwh of electricity that can be bought with the gross minimum wage, 2021 (first semester)



THE ENERGY SECTOR IS EXPECTED TO SEE MASSIVE TRANSFORMATION



OIL & GAS COMPANIES ARE UNVEILING THEIR GREEN TRANSITION PLANS



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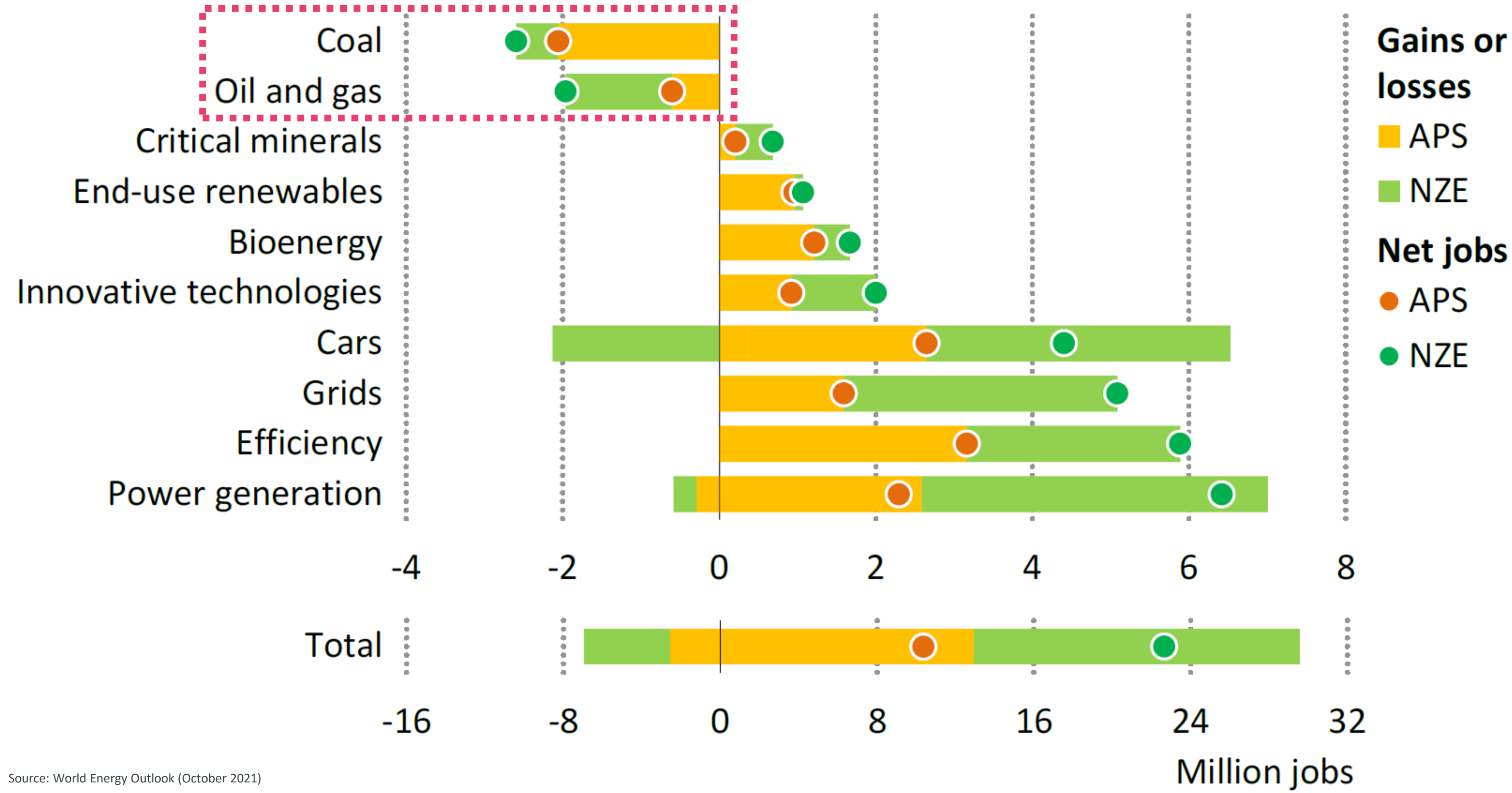
HUGE EMPLOYMENT SHIFTS BETWEEN DIFFERENT PARTS OF THE ENERGY SECTOR

Figure 1.15 ▷ Employment growth in clean energy and related areas to 2030



Source: World Energy Outlook (October 2021)

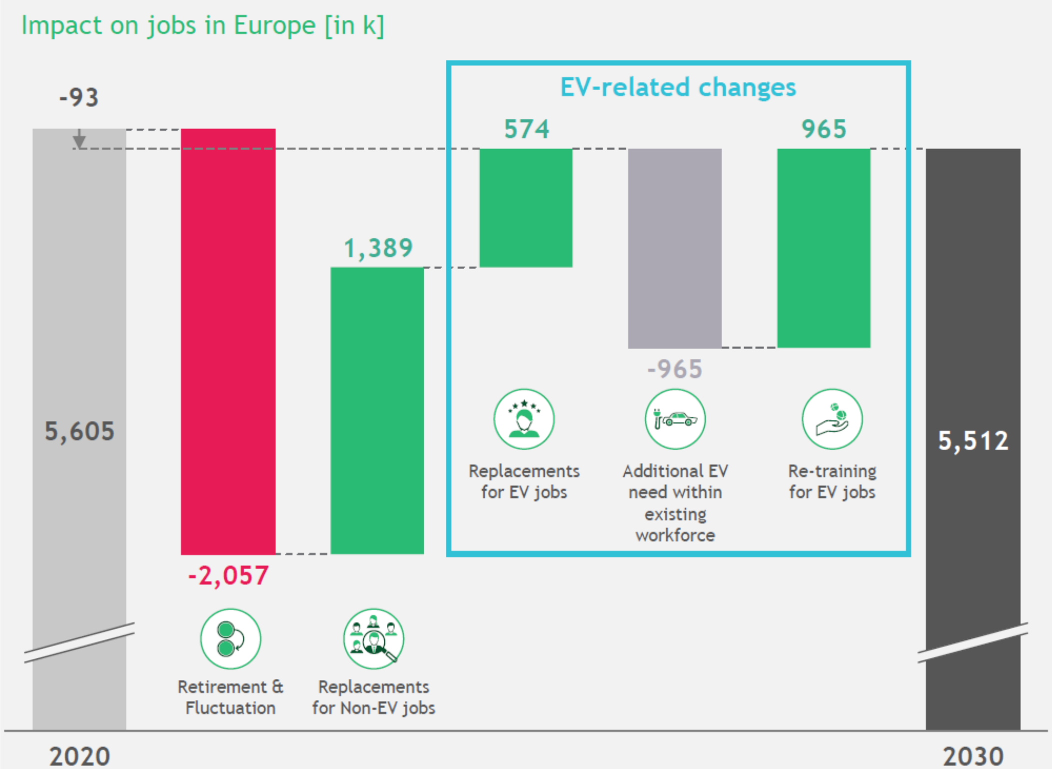
IMPACT ON ENERGY SECTOR JOBS AND CHALLENGES FOR TRADE UNIONS

- Coal is supposed to be hit hardest and fastest.
  - Typical impact mitigation measures: severance packages, early retirement, reskilling programs with limited efficacy.
  - Profound social implications: geographically concentrated impact, few alternatives.

- Oil & Gas should see a slower transition, allowing for reconversion.
  - Previous experience with digitalization useful, if transition proves slow enough.
  - Gas infrastructures to be reconverted to hydrogen.
  - Oil has (somewhat of) a future with Carbon Capture and Storage (CCS).
  - Future technology would only allow the maintaining of a part of existing jobs by shifting to activities with similar labour requirements — globally, around 30% estimated.
  - Oil & Gas companies are reconverting into "energy" companies, which could mean that the jobs impact is more qualitative than quantitative.
  - Historical trends are worrisome for trade unions as organizations:
    - Continued loss of jobs over the past two decades due to digitalization.
    - Aging workforce.

FOR MANUFACTURING, THE FOCUS OSCILLATES BETWEEN THE EMPLOYMENT AND THE SKILLS IMPACT

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

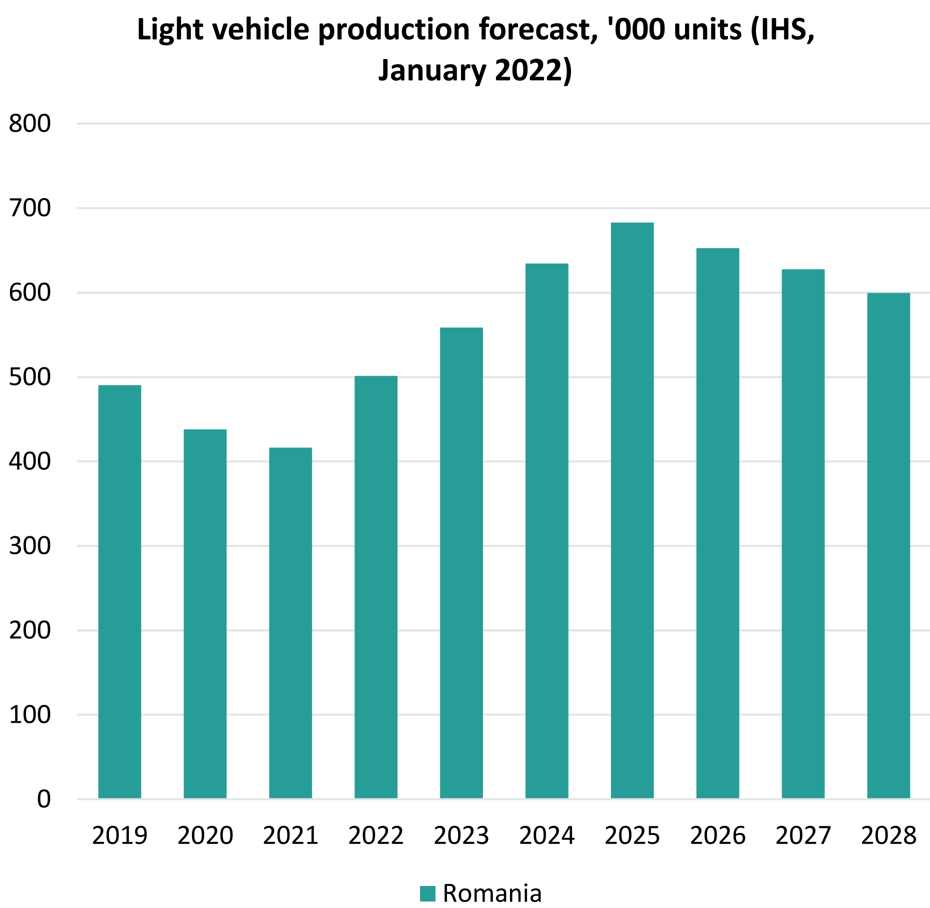
1.0M workers need to be re-trained for EV related jobs

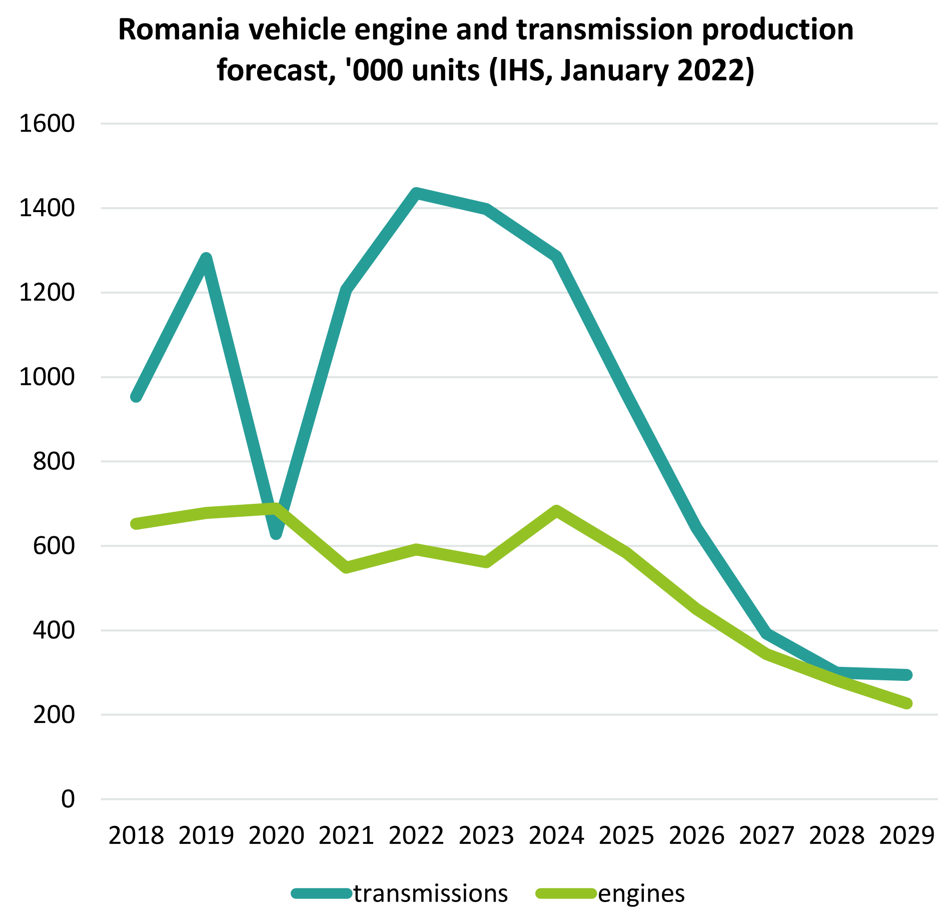
1.6M hiring and training necessary for new EV related jobs

Massive effort with completely new job profiles and training needs

Source: Boston Consulting Group (2021)

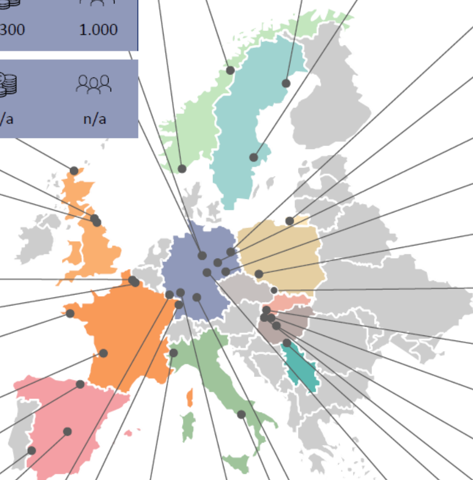
A LOW-COST, PERIPHERAL POSITION DOES NOT GUARANTEE PROTECTION





ANNOUNCED BATTERY CELLS PRODUCTION SITES (Q4 2021)

Company	Start of production	Capacity in GWh/a	Investments in Mio. EUR	Jobs
FREYR	2023	43	4.500	1.500
MORROW	2023	42	470	2.000
CELLFORCE	2024	0,1	n/a	80
	2024	24	1.300	1.000
QuantumScape	n/a	21	n/a	n/a
northvolt	2023	60	4.000	3.000
northvolt	2019	0,35	750	1.000
TESLA	n/a	120	5.000	2.000
ROSATOM	2026	3,0	n/a	2.000
FARASIS	2024	10	1.450	2.000
Blackstone Resources	2021	0,5	40	n/a
LG Energy Solution	2018	65	2.800	1.800
MES	2021	0,2	38	n/a
InoBat	n/a	10	100	150
SK innovation	2028	30	1.980	2.500
SK innovation	n/a	17	1.069	1.410
SAMSUNG SDI	2018	50	1.200	4.300
ElevenEs	n/a	16	n/a	n/a
CATL	2022	24	1.800	2.000
amte	n/a	2,0	n/a	n/a
BRITISHVOLT	2023	30	2.960	3.000
ENVISION	2024	38	1.185	6.000
VERKOR	2023	16	1.600	n/a
ENVISION	2024	24	2.000	n/a
acc	2023	32	2.600	2.000
BOLLORÉ	2012	0,8	n/a	n/a
saft	2021	n/a	200	200
BASQUEVOLT	2025	10	1.200	n/a
Phi4tech	n/a	10	400	500
Phi4tech	2021	2,0	80	150
FAAM	2021	8,0	505	n/a
ITALVOLT	2024	45	4.000	4.000
Leclanché	2021	2,5	48	n/a
SVOLT	2023	24	1.700	2.000
VARTA	2023	10	n/a	n/a
acc	2025	32	2.168	2.000



RISKS OF EMPLOYMENT LOSS AND JOB QUALITY DEGRADATION

- Rush by EU states to develop local EV battery capabilities.
- Battery production regarded as high value-added activity.
- Regardless of scenario, shift from combustion engine to battery manufacturing has significant impact on employment.
- Potential investments are already very late compared to other countries with strong manufacturing sectors.

- Job quality is almost never addressed in relation to EV battery manufacturing.
- The example of the Samsung battery plant in Hungary suggests significant risk of job quality degradation vs. legacy ICE technology.
- Swedish experiments are much more positive.
- An Eastern European problem?

THINGS ARE EVOLVING, FAST

Participation in the signing ceremony for the Memorandum of Understanding with RockTech Lithium to build a plant in Romania, a EUR 400 million investment | © Photo: Romanian Government

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Rock Tech Lithium to Invest EUR 400mln in a Factory in Romania

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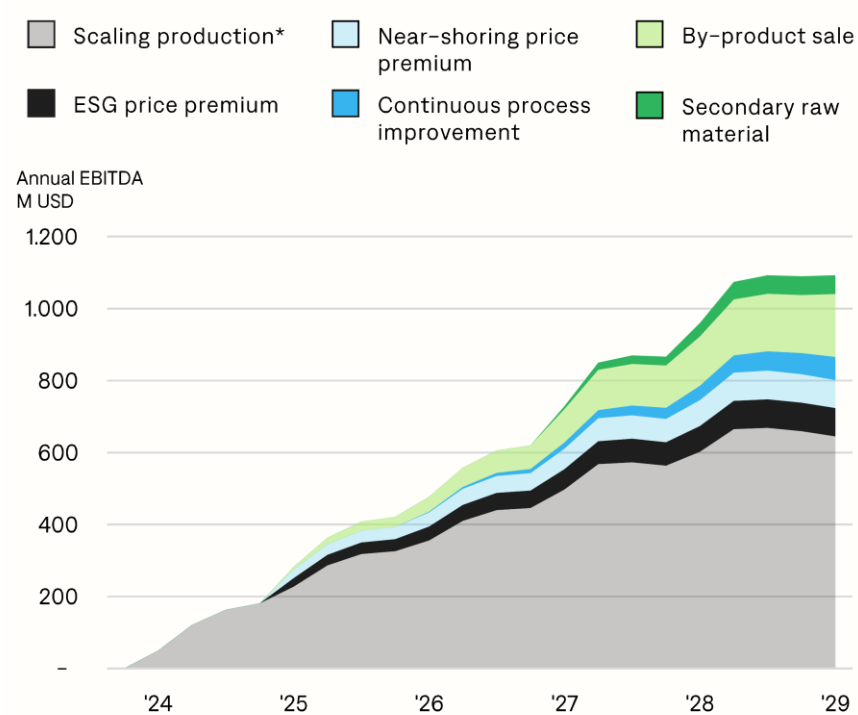
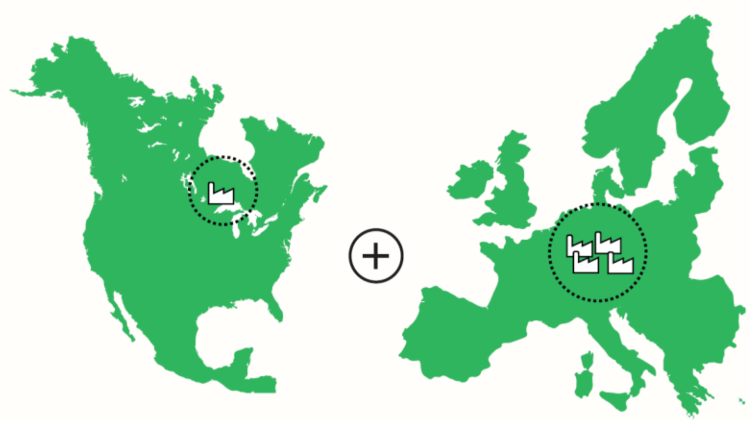
CONSOLIDATION OF "NEAR-SHORING" POSITION IS A REAL POSSIBILITY



GLOBAL LiOH PRODUCTION (BATTERY-QUALITY) 2020

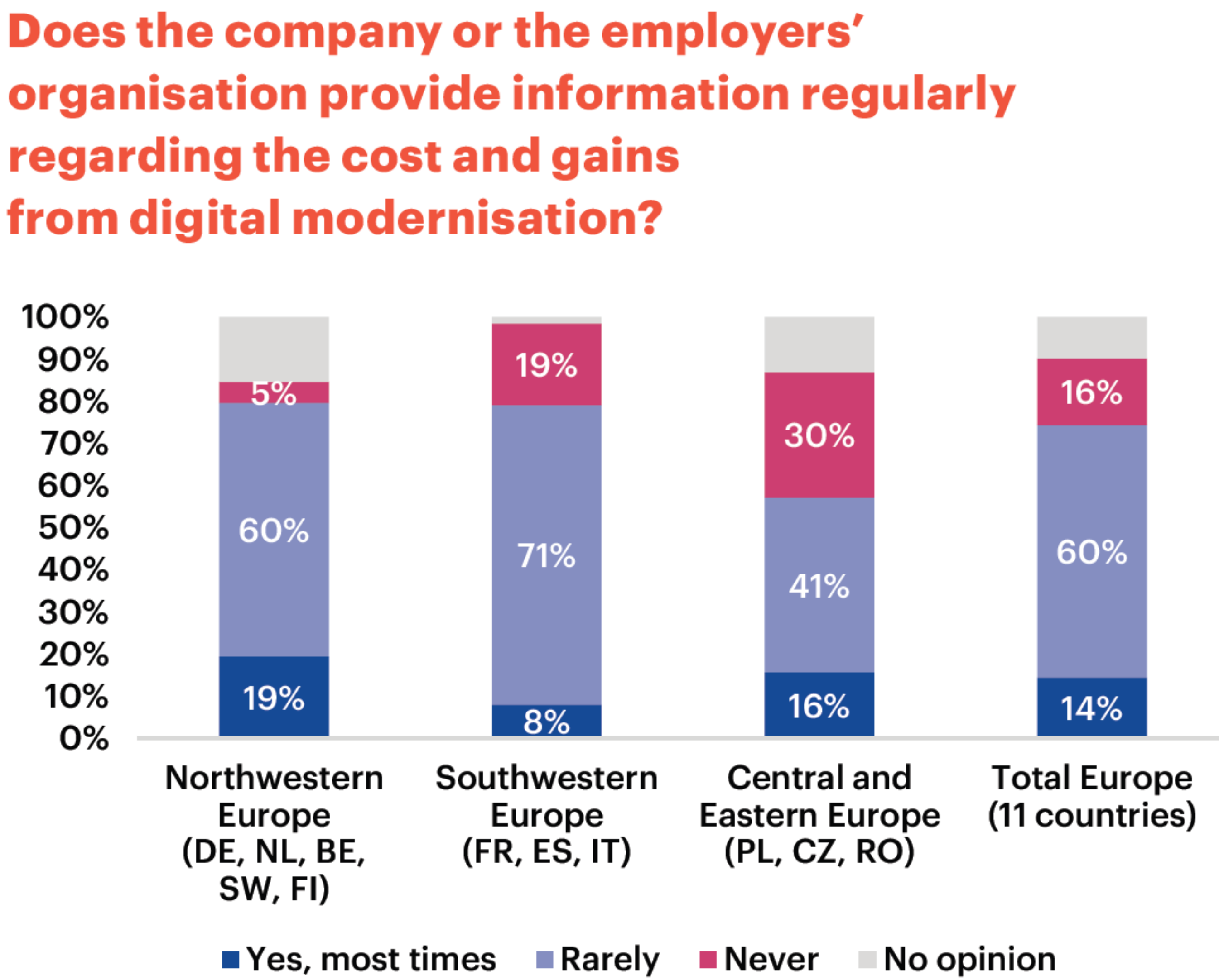
- Approximately 90% of the global LiOH production capacity is located in China.
- There is currently no production capacity for LiOH in Europe.

ROCK TECH TARGETED GLOBAL PRODUCTION FOOTPRINT



- We plan to build 5 converters from 2022 to 2029. Four in Europe, one in North America.
- First mover: permitting process advanced, talent & location secured.

SOCIAL DIALOGUE IS LAGGING BEHIND



Source: industriAll (2021)

INSTITUTIONAL FEATURES OF CEE TRIPARTITE AND BIPARTITE RELATIONS ARE AN OBSTACLE FOR ENSURING A JUST TRANSITION

- **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.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