

BUILDING CAPACITIES AND STRATEGIES OF TRADE UNION INVOLVEMENT IN SHAPING A JUST TRANSITION TOWARDS A SUSTAINABLE AND DECARBONISED INDUSTRY

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D.2 ELECTRIFICATION OF THE STEEL INDUSTRY IN CZECHIA

D.2.1 Context of the case

D.2.1.1 Settings of the case

The case was conducted in Czechia, and more precisely in the Silesian-Moravian region. The case covers the steel sector and plant level, and gathered information from both onsite interviews and online documents.

D.2.1.2 Climate plans in Czechia

Czechia presents an interesting case with regards to climate performance. While the country has witnessed a strong decline in total emissions since the 1990s, in 2019 its emissions per capita were nevertheless the third highest in the European Union¹⁸. The Czech government is currently pursuing moderately ambitious climate plans, with firms in its important industrial sector also taking individual action.

As a direct result of the post-socialist transition and the associated decline of incumbent industries, Czech emissions have dropped by around 36% (compared to 19% EU-wide) since 1990¹⁹. This decline, however, has been far from linear. A sharp contraction in the early-1990s, caused by a sudden contraction in industrial activity, was followed by a rebound after 1998. Since 2008, Czech emissions have once again started to decline as the result of targeted government action. Per capita emissions, however, remain among the highest in Europe. The Czech government has committed itself to further reductions in line with EU goals. While the Czech governments had previously been skeptical of common net-zero targets in the EU, in 2019 it nevertheless agreed to reach carbon-neutrality on EU level by mid-century in line with the European Green Deal. Concretely, this entails a commitment to cut 55% of its emissions compared to 1990 by 2030²⁰ and to achieve net-zero by 2050.

To reach these targets, the government has outlined several policy initiatives. The centerpiece of these plans is the 'Climate Protection Policy', which was prepared by the Ministry of Environment in cooperation with an inter-ministerial working group on climate issues, and adopted on the 22nd of March 2017²¹. This climate strategy follows legislative steps from the 2015 'Strategy on Adaptation to Climate Change'²², demonstrating that climate policies were on the Czech agenda even if a net-zero target was not always widely supported. Concrete efforts include mandatory energy audits by firms, a novel waste management plan, and notably a focus on nuclear energy to decarbonize the electricity production²³. In 2021, the government renewed its commitments towards existing plants for the coming 30 years while it is also planning further investment in a new nuclear power plant: Elektrárna Dukovany II²⁴.

¹⁸ https://ec.europa.eu/eurostat/databrowser/view/t2020_rd300/default/table?lang=en

¹⁹ https://unfccc.int/files/na/application/pdf/cze_climate_protection_policy_summary.pdf;
[https://www.europarl.europa.eu/RegData/etudes/BRIE/2021/689329/EPRS_BRI\(2021\)689329_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/BRIE/2021/689329/EPRS_BRI(2021)689329_EN.pdf)

²⁰ https://unfccc.int/files/na/application/pdf/cze_climate_protection_policy_summary.pdf

²¹ https://unfccc.int/files/na/application/pdf/cze_climate_protection_policy_summary.pdf

²² [https://www.mzp.cz/C125750E003B698B/en/strategy_adaptation_climate_change/\\$FILE/OEOK_Adaptation_strat_egy_20171003.pdf](https://www.mzp.cz/C125750E003B698B/en/strategy_adaptation_climate_change/$FILE/OEOK_Adaptation_strat_egy_20171003.pdf)

²³ [https://www.mzp.cz/C125750E003B698B/en/state_environmental_policy/\\$FILE/OPZPUR-SEP_2030-210615.pdf](https://www.mzp.cz/C125750E003B698B/en/state_environmental_policy/$FILE/OPZPUR-SEP_2030-210615.pdf)

²⁴ <https://www.world-nuclear-news.org/Articles/CEZ-begins-security-assessment-of-Dukovany-bidders>

One significant hurdle to effective climate policy in Czechia remains funding. In 2012, Czechia only spent around 0.042% of its GDP (or around 1/10th of other developed countries) on climate plans/projects/policies. While the 2017 'Climate Protection Policy' outlined the ambition to achieve parity with other countries, the government is only aiming to do so by 2030.²⁵

D.2.1.3 Czech steel sector and climate

Industry represents around 18,7% of all greenhouses gasses emitted in Czechia²⁶. This is slightly more than the 18% EU average²⁷, making industry an important sector for the climate transition in Czechia. Within that broad category, iron and steel production plays a central role in the Czech industry. A now more than 200-year-old sector in the country, the steel industry accounts for some 12% of all value-added in Czech manufacturing and it employs around 16% of all workers in that sector.²⁸ Most of this production is concentrated in the Moravian-Silesian regions around the industrial centres of Trinec and Ostrava.

One of the key sources of harmful emissions in this sector is the heavy reliance on cokes and gas in the traditional blast furnace melting process. These inputs emit high levels of CO₂ (carbon dioxide) and CH₄ (methane)²⁹, both through their final consumption and in the carbon-intensive extraction and transportation leading up to it. While sectoral CO₂-emissions have already dropped by an estimated 24% between 1990 and 2017³⁰, much work remains to be done. In 2018, the Czech Ministry of the environment estimated that only 5% of all iron and steel production relied on modern electric furnaces³¹.

Given the size of the industry and its relatively carbon-intensive production methods, metalworking is a significant contributor to both the aggregate emissions in Czechia and the degradation of the local environment. Recent estimates suggest that iron and steel production account for between 5 and 7% of all emissions in the country³². What is more, this significant source of pollution has also contributed to comparatively bad air quality in the Moravian-Silesian region³³, since the metal industry comes with significant levels of harmful emissions, such as dust and polycyclic aromatic hydrocarbon.

To limit these externalities and stay in line with EU emission targets, two of Czechia's main steel producers are modernising their production processes. UK-owned Liberty Steel in Ostrava has plans to replace its four existing furnaces with two hybrid furnaces to become a major player in 'green steel'. Třinecké železářny Třinec, meanwhile, has renovated one of its most important blast furnaces by installing modern hot blast stoves and air preheating assemblies, which will drastically reduce the

²⁵ https://unfccc.int/files/na/application/pdf/cze_climate_protection_policy_summary.pdf

²⁶ <https://www.eea.europa.eu/publications/trends-and-drivers-of-eu-ghg>

²⁷ [https://www.europarl.europa.eu/RegData/etudes/BRIE/2021/689329/EPRS_BRI\(2021\)689329_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/BRIE/2021/689329/EPRS_BRI(2021)689329_EN.pdf)

²⁸ OECD STAN DATABASE

²⁹ <https://unfccc.int/sites/default/files/resource/cze-2020-nir-7may20.pdf>

³⁰ <https://www.mckinsey.com/~media/McKinsey/Business%20Functions/Sustainability/Our%20Insights/Pathways%20to%20decarbonize%20the%20Czech%20Republic/Pathways%20to%20decarbonize%20the%20Czech%20Republic-vF2.pdf>

³¹ <https://unfccc.int/sites/default/files/resource/cze-2020-nir-7may20.pdf>

³² <https://unfccc.int/sites/default/files/resource/cze-2020-nir-7may20.pdf>;

<https://www.eea.europa.eu/themes/industry/industrial-pollution/industrial-pollution-country-profiles-2020/czech-republic>

³³ <https://www.eea.europa.eu/soer/2015/countries/czech-republic>; <https://arnika.org/en/hotspots/czech-republic/ostrava-city-with-most-polluted-air-in-the-czech-republic>

consumption of blast furnace gas. At the same time, the firm is modernising its Velký Mannesmann production line of seamless pipes through the use of digitisation and automation.

D.2.2 Case study: Firm-level decarbonisation initiatives at Liberty Steel and Třinecké železářny Třinec

D.2.2.1 Introduction to the case

Metalworking is an integral part of the Czech economy. In many ways, it is the backbone of the eastern part of the country. Liberty Steel and Třinecké železářny Třinec (henceforward LS and TZ) are two of the main players in this sector, providing a high number of jobs to the regional economy. Liberty Steel, for example, employs around 6,000 people on its Ostrava site. Many of these employees earn an income around the Czech median salary (€1500 a month gross), which tends to be above average in the Moravia-Silesian region.

However, the Czech steel industry suffers from an ageing capital stock. This reliance on largely outdated machinery has left important firms like LS and TZ with two key problems. First, the rise of Chinese exports means they are experiencing difficulties competing internationally – both in terms of quality and prices. Secondly, these relatively inefficient and polluting production processes are at risk of running afoul of increasingly strict national and European environmental regulations.

To tackle this twin challenge, both TZ and LS have decided to modernise and decarbonise their production processes. TZ has decided to make its existing blast furnaces more efficient by installing modern blast stoves and air preheating assemblies. At the same time, the firm has opted to make changes further down the value-chain by modernising its so-called small and big Mannesmann rolling mills, used for the production of seamless tubes, by introducing automation and digitisation. LS, meanwhile, has opted to invest in new hybrid furnaces, replacing existing tandem furnaces.

D.2.2.2 Why invest in modern blast furnaces or hybrid steel production?

There are several key advantages to the investments that are being realised by TZ and LS.

Let us begin with TZ and its decision to modernise existing blast furnaces and seamless tube production. The key element of TZ's €26 million investment into its furnaces is to reduce its energy consumption, while also limiting the pollution of harmful blast furnace gasses. Blast furnaces are based on the principle of heating iron using hot air. In this process, hot air reacts with coke to extract oxygen from iron. This both liquifies the metal and produces blast furnace gasses that contain high levels of CO₂. TZ's renovation of its blast furnaces aims to reduce the input of hot air as well as the emissions of these harmful gasses by installing modern blast stoves and air preheating assemblies, which will make this process more efficient and less harmful to the environment. While the modernisation of steel production equipment has mostly been completed, TZ equally plans to further modernise its seamless tube production in Ostrava. The so-called "little" and "big" Mannesmann production lines are set to be slowly modernised over the coming four years. The idea here is that investments into modern equipment as well as the automation and digitisation of the production line will help to reduce the plant's consumption of raw materials (steel and gas) while making production safer for workers and more flexible.

While TZ has mostly opted for the renovation of its existing capital stock, LS has decided to invest in new hybrid steel furnaces to replace four existing tandem furnaces. This technology allows producers to flexibly switch between producing steel using a traditional blast furnace and electric arc

furnaces. Electric arc furnaces directly expose iron and scrap to electric currents to melt metal³⁴. As such, these hybrid furnaces reduce carbon emissions by around 50% and dust emissions by 60%. Another key advantage of these new furnaces is that they mostly rely on scrap metal, as opposed to raw iron, to produce steel - making the whole production process more sustainable.

D.2.2.3 The importance of new production methods for the TU

There are three key reasons why the introduction of these new technologies are important topics for the Czech metalworker's union, OS KOVO, and employees at TZ and LS at large. First, investments play a crucial role in the future of steel production, and hence employment in the sector. As pointed out, the twin challenge of climate regulation and increased international competition means investment into more efficient production is not a luxury, but a necessity if jobs are to remain in the region in the long run.

Secondly, the precise modalities of that modernisation have had and will continue to have a profound impact on jobs and working conditions in the sector. Indeed, the introduction of new production processes in both TZ and LS means both firms are moving towards a leaner production system that requires higher-skilled workers. At the same time, the replacement of the old capital stock with new machinery is likely to improve the working conditions of workers in terms of safety and the physical demands put on workers.

Finally, since the incumbent production systems have a profoundly negative effect on the local environment and living conditions in the areas of Trinec and Ostrava, the introduction of more environment-friendly production techniques is likely to have a profound impact on the quality of workers' lives and those of their families and neighbours, even beyond the workplace.

Given these stakes, investments in both LS and TZ have been subject to negotiations between management and TUs.

D.2.2.3.1 Negotiation about decarbonisation initiatives in Liberty Ostrava

As indicated previously, Liberty Steel employs around 6,000 workers in Ostrava. Of that group, about 400 are temporary agency workers while the remaining 5,600 are on regular employment contracts, most of whom are represented by OS KOVO.

D.2.2.3.1.1.1 Timing:

2018

- OS KOVO first picked up rumours about investments in 2018 when the Ostrava site was being sold by its previous owner ArcelorMittal. At the time, ArcelorMittal was forced by European competition authorities to divest a part of its holdings to push through its acquisition of Italian steel plant Ilva.
- The Liberty group quickly emerged as a potential buyer and was thought to be keen to replace the old tandem furnaces for a greener installation as part of its broader GreenSteel initiative – a corporate strategy aimed at becoming the world leader in green steel production.

Early 2019

³⁴ <https://www.blaschakanthracite.com/wp-content/uploads/Carbon-Footprint-Archival-Report-v-4-September-20151.pdf>

- Once the sale of the Ostrava site to the Liberty Group was agreed upon, the rumours about a potential investment were quickly confirmed by the new management. In fact, investment into the site was explicitly agreed between OS KOVO and Liberty as part of the transition and also enshrined into a memorandum of understanding between Liberty and the Czech Ministry of Industry and Trade leading up to the acquisition. This memorandum was based on a commitment of the government and LS to strategically and sustainably develop the steelworks in Ostrava. Part of this commitment included membership of government representatives on the board of representatives of Liberty Steel Ostrava (highlighting the political importance of the site for economic development and employment in the region).

End of 2019

- The Liberty Group transferred 5 million tonnes of ETS emission allowances (worth €40 apiece at the time) from the Ostrava branch to its sister Galati in Romania, which was struggling to meet emission targets, as part of a resale deal that was later unwound. This transfer triggered a major upset in the relationship between management and workers in Czechia. The TU were promised that the sale of those allowances would be used to reinvest into the modernisation of the Ostrava site. Transfer of these emission allowances to Galati therefore represented a transfer of important capital meant to develop the Liberty site, in line with the memorandum of understanding signed with the government.

2020-2021

- As a result of the union pushback regarding the emissions allowances at the end of 2019, relations between the union and management froze. At the same time, Liberty's main lender, Greensill Capital, also started to experience serious solvency problems³⁵. For the Liberty site, the combination of tense industrial relations and uncertainty over future financing meant communication about investments was scarce, and uncertainty among workers was high.
- This situation came to a head when OS KOVO announced strike readiness in early 2021 and solicited support from the government to put pressure on the Liberty Group to re-enter the market to buy new permits and return Ostrava's permits.

Second half 2021

- Relations between Liberty Group and the union normalised again and monthly updates about the investment plans have been informally agreed upon.
- In November 2021 the group closed the public tender for the hybrid furnaces and entered the final evaluation stage aiming to finish implementation 2023, though it looks likely this could be postponed to 2026. Possible delays are predicted in part because of the uncertain situation surrounding LS' financing after the demise of its main capital provider, Greensill, but also due to technical complications regarding the supply of large quantities of power to the site.

D.2.2.3.2 Negotiation of the decarbonisation initiatives in Třinecké železářny

In contrast to the complex foreign ownership structures of the Ostrava site, which can be traced back to post-socialist privatisation, Třinecké železářny is a domestically held firm whose major shareholder is Moravian Steel. The company employs 6,828 workers across Czechia. Most of these employees are located in Trinec, but at least 600 work in Ostrava.

³⁵ <https://www.nytimes.com/2021/03/28/business/greensill-capital-collapse.html>

D.2.2.3.2.1.1 Timing:

2019

- Communication of renovation of production lines.
- Ongoing talks between management and TU in monthly meetings. The main interests of the TU regarding these investments was (like in LS) the importance of decarbonisation for future employment in the sector, as well as improvements in the quality of working conditions with modernised capital.

2020

- Renovation of production lines starts. This includes, among others, robotisation and a new screwing machine.
- Communication of renovation of the blast furnace.
- Ongoing talks between management and TU in monthly meetings.

19 October 2021

- The blast furnace is decommissioned and renovations start.

17 December 2021

- Blast furnace renovations are completed and production restarts.
- Production lines' renovation is planned to be finalised for 2022.

2022

- Investment in the Mannesmann production line for seamless tubes is planned to be finalised this year.

D.2.2.4 Actors

D.2.2.4.1 Trade unions

The Czech metalworker's union OS KOVO coordinated the workers' interests. This was done mostly through the local branches and the union representation on the boards of Liberty Ostrava and Třinecké železářny, but also partly in coordination with the central Prague branch of the union and the broader ČMKOS union federation.

D.2.2.4.2 Employers

As previously mentioned, the employers studied in this case study are Liberty Steel Ostrava and Třinecké železářny.

D.2.2.4.3 Government

The Czech government, and particularly the Ministry of Industry and Trade has played a substantial role. Regarding the Liberty case, Minister Karel Havlicek was brought into the debate after it became clear that Liberty transferred emission allowances to Galati. At the same time, OS KOVO set up a working group with the Ministry of Industry and Trade in 2020 to discuss ongoing concerns regarding the climate transition with the government.

D.2.2.5 TUs' involvement

D.2.2.5.1 Diagnosis of the sector's current situation

While workers and their representatives at TZ and LS are presented with different forms of workplace innovation and have diverging relationships with their respective management, the diagnosis they make of the changes is very similar: in both cases, the union is highly supportive of initiatives to invest in more modern and greener production. Most employees of both firms realise these changes are essential to ensure the long-term competitiveness of their firms in the face of increased global competition as well as tightening regulatory scrutiny over emissions. In fact, appetite for investment is so high that OS KOVO representatives of LS were willing to turn the sale of emission allowances, that could be used to invest in such modernisations, into an issue on the national political agenda.

In both cases, therefore, unions think that the danger of underinvestment and industrial decay looms larger than the short-term risks greener production will likely entail for some of their workers. For the representatives at TZ that support is built on the realisation that investment has already led to dismissals, over the last two years the firm's workforce has shrunk by at least 300 employees. They also recognise that future automation of the Mannesmann rolling mills can continue this process, but according to preliminary negotiations with the representatives of the management of the tube rolling mill in Ostrava, the reduction of employees will not occur through redundancies, but through natural retirement. At Liberty, the situation, to date, is much less clear. This owes in large part to the difficulties they have experienced in their relations with management over the past year which has led to limited communication about future plans and their implications by the employer. Yet, representatives of both firms are convinced there is little alternative to these changes and they fully realise they have little formal power to weigh in on the final decision. For OS KOVO the question therefore is one of how they can ensure investments which do not harm the short-term interests of their members. Educational programs and retraining on modern technologies are possible in the game. In this regard, they largely rely on a collective agreement in which these options are embedded, furthermore the company collective agreement allows employees who lose their medical ability to terminate their employment with severance pay from 4.5 to 10 months (average wages) depending on the length of time before reaching old-age pensions.

In terms of working conditions, the trade union is relatively optimistic across the board. The existing sites are based on old production methods that were introduced in the 1950s and 60s and were only slightly renovated in the 1990s. The last changes to TZ's blast furnace processes, for example, date back to 1999. As work in the sector is often highly intensive, strenuous, and even hazardous, there is a shared optimism this can only improve if more modern techniques are implemented.

The union has adopted a relatively progressive stance, being fully aware of both the long-term structural constraints the sector faces and the limited powers it holds in the realm of co-determination.

D.2.2.5.2 TU's objectives

- **Good quality jobs** for the long term.
- To ensure **investment** into old sites.
- **Clarity** about changes and how they will impact workers' lives.
- To ensure **reskilling** programmes for workers who want to/can stay.

- To provide a **soft landing** for workers who might be made redundant, particularly for older workers through the mechanism of the collective agreement. This also means they aim to internally coordinate so that older workers bear the brunt of the adjustment and take early retirement.
- Provision of **public support for changing infrastructure** needs, because of increased electricity demand from modern furnaces.

D.2.2.5.3 Types of actions

- Regular **consultation** over changes and their impact on work between TU and employers. In most cases, OS KOVO was reacting to proposals as opposed to taking a proactive stance.
- **Industrial action** to return emission allowances that were transferred from Ostrava to Galati, and which are needed to finance the investment into hybrid furnaces.
- **Lobbying the national government** to put pressure on the Liberty Group to refund transferred emission allowances.
- **Coordinating a working group** with the Ministry of Industry to address key concerns regarding the climate transition and to access information about EU initiatives and funding. One key issue that emerged here is the need for public support to strengthen the electricity grid. While new furnaces will be more efficient and less polluting, they equally require a greater and more consistent electricity supply.
- Attempts to reinvigorate **sectoral bargaining**. Sectoral bargaining in the Czech metal industry has been limited for several years now after employers withdrew from sectoral cooperation.
- While OS KOVO is keen to rekindle bargaining, employers have little interest to work with the union at the sectoral level.

D.2.2.5.4 Impacts of the actions

In TZ good industrial relations mean a good throughflow of information and a good level of trust in management. OS KOVO coordinates with the employer to get workers into retraining programmes at the local firm-sponsored technical school. In LS, attempts to establish consultation have long been unsuccessful leading to high levels of uncertainty. This has improved in recent months.

In LS, the combination of local industrial action and government lobbying put pressure on the Liberty Group to re-enter the market to buy new emission permits for Galati and transfer the Ostrava permits back. Strike readiness and actual protests conveyed the demands for workers regarding new investments. Uploading the issue to the national political arena resulted in public statements by the Minister for Industry and Trade (Havlicek) and the Prime Minister (Babiš) reminding LS of the promised investments that were enshrined in the memorandum of understanding they signed with the government. They also warned Liberty Steel that the government could start to scrutinise its financial dealings.

The inter-ministerial working group set up for OS KOVO to discuss firm-level and sectoral concerns with the government has had mixed success to date. On the one hand, it has been a good way for the TU to upload some of its concerns to the national political arena as well as a good mechanism to keep a finger on the pulse regarding national and EU regulations, and funds that come available.

Attempts to revive sectoral bargaining have fallen flat so far. Employers are only willing to talk to the TU at the sectoral level regarding issues they believe are in their interest. This opportunistic stance is hampering further cooperation.

D.2.2.5.5 Uncertainties

As pointed out previously, piecemeal communication and delays of investments have meant **substantial uncertainty for workers in LS**. Since for a long time it is not clear if and when new hybrid furnaces will come, the TU has a hard time estimating their precise impact. They also indicated that precise estimations are hard, because they do not have the in-house capabilities necessary to do in-depth economic predictions at the national level.

Job security is of course also an issue that concerns TUs, even when communication is good. New production methods almost necessarily render some existing skills redundant and tend to lower the demand for (certain types of) labour. OS KOVO is, therefore, keen to ensure workers get the ability to reskill or take an early retirement. However, on the whole, the TU remains broadly optimistic. Collective agreements provide a decent floor and the relatively tight Czech labour market means employers will likely think twice before laying off workers. This situation seems to be better in TZ, since the firm funds a local technical college to ensure that workers can reskill.

Another key source of **uncertainty lies with the government**. In both the cases of LS and TZ, coordinating with the national government was a key part of the TUs' strategy. However, local TU representatives of both firms indicated that the changing ideological profile of the cabinet is a source of risk. The current government, for example, is seen as being much less receptive to their concerns, with the Minister for Industry Josef Sikela being seen as a free marketeer who does not necessarily take unions' concerns to heart.³⁶ While upcoming meetings are planned with the established working group, the union is afraid that a Sikela-led Ministry will not take their concerns sufficiently into consideration.

Both **TZ and LS** representatives indicated concerns over **the infrastructural viability** of decarbonisation plans. Since both the TZ and LS sites in Ostrava are planning to modernise and move towards increasingly electrified production, the strain that these production systems put on the electricity grid will increase. Two problems emerge here. First, there is some uncertainty about whether the grid will be able to deal with the demands put in it by simultaneous transitions of big industrial firms in the region. Secondly, LS representatives have specifically raised questions over the technical viability of the electricity lines that will be needed to supply the hybrid furnaces. This will require government intervention since a reliable source of electricity is paramount for the successful transition – particularly for Liberty's hybrid furnaces.

D.2.3 Future needs to strengthen TUs involvement in shaping a Just Transition of the sector

- Sectoral collective bargaining

³⁶ The new government was sworn in on the 17th of December 2021 following the general election in October of that year. As such this new government entered office in the middle of the ongoing negotiations at LS.

- More deeply institutionalised (less contingent) government support
- Institutional reforms to strengthen co-determination rights

D.2.4 Conclusion

Firm-level decarbonisation initiatives are seen as a necessity from the 'TUs' perspective. International competition and tightening environmental regulations mean the trade unions fully recognise that new production methods are a necessity for the long-term survival of the industry in the Moravia-Silesian region.

With investments in Liberty Steel and Třinecké železářny still underway, it is of course hard to gauge what the final impact of this transition will mean for workers. However, unions in both firms are broadly optimistic about the prospects. The scope of the necessary investments, after all, signals a long-term commitment to steelworks in the region on behalf of the employers.

Yet, there should also be no illusion that this means the Czech case is necessarily an example of good industrial relations. Unions in both firms are stuck in a difficult spot. On the one hand, they have few institutional resources to shape the transition process and are therefore often dependent on the goodwill of employers. At the same time, unions are fully aware that investment into modern and green production is the only road to survival for the sector.

However, OS KOVO has used this relatively weak position strategically by using active and passive strategies. First and foremost, as a baseline, the union relies on 2003 legislation, when the government's accompanying program of Government Decree No. 181/2002 Coll., on the contribution related to the restructuring of the steel industry, was established, which ensures employees 10 months of severance when they are made redundant and provides for early retirement possibilities. However, to go beyond that baseline and to ensure good conditions for workers who will stay employed, the TU has adopted a cooperative stance by showing a willingness to engage with the employers on any proposals they put forward. OS KOVO has also firmly kept the option for industrial action on the table, while at the same time pursuing a coalition with the government. Doing so has allowed the union to achieve its objectives within the firm-level negotiations where possible and outside of that venue where necessary.

Unfortunately, for employees at Liberty Steel, problems do not yet seem to be finished as the UK Treasury has recently sought to shut down parts of owner Gupta's UK operations due to outstanding tax-bills of over £26 million. How this will influence operations, and particularly financing of investments in Ostrava of course remains unclear. However, what is clear is that maintaining a strong relationship with employers through continued social dialogue will be important and that the TU should not shy away from using its strategic political position in the region to bring the government into its camp. This has proved an effective strategy in both Liberty Steel and Třinecké železářny.