



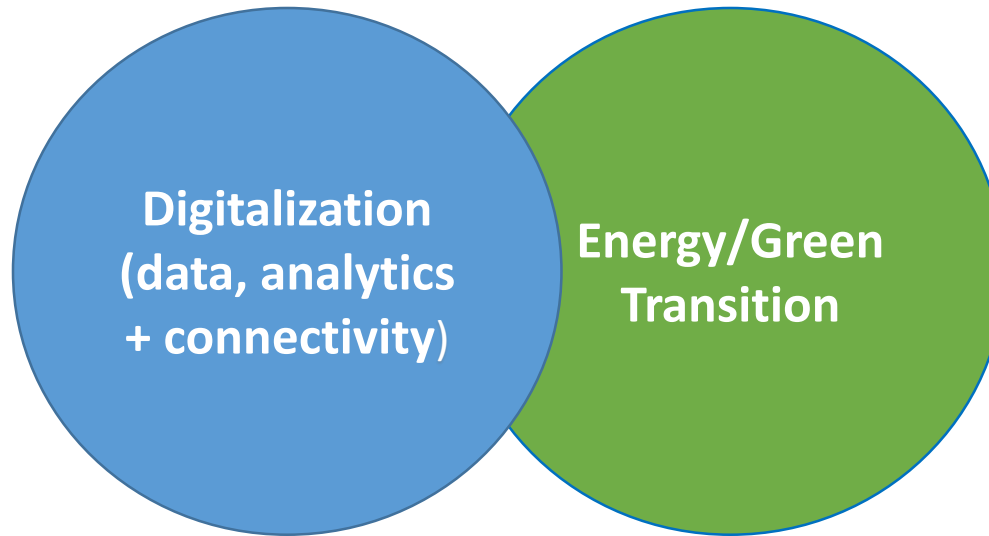
TUAC

92nd Session of the Steel Committee

**Trade unions and the demand
for a Just Transition in the
Steel Industry**

OECD, Paris
19 September 2022

Two major transformations: digital and green, affect all sectors, including the steel industry



- ▶ Digitalisation and the energy/green transition: the two major transformations at work today.
- ▶ The processes are neither instantaneous, nor homogeneous, nor synchronous.
- ▶ The areas of overlapping between them are numerous. And the effects of these transformations are major and a source of upheaval, in particular for employees, employment and working conditions.

The transition process in the steel industry

- **Steel industry today = major industrial CO₂–emittent:**
 - Energy intensity of steelmaking: constant in recent years
 - Coal accounts for 75% of energy for steel production
 - Total energy demand ↑ in past 10y due to output ↑
 - «**green**» steel > carbon emission reduction (energy efficiency improvements + new technologies for DRI, CCUS...) = **urgent move**
- **Steel industry on global scale:**
 - Stable/growing demand = long-term trend
 - Oversupply: some players increase capacity → **challenge**: invest in new technologies and decent employment in a context of dumping prices
- **Changing production schemes and patterns:**
 - Less CO₂
 - Fewer man-hrs per ton + in total (?)
- **Digitalisation:**
 - Changing qualification + skills requirements of workers : «**white-collarization of blue-collar work**»

Just Transition: a trade union concept widely recognised as policy priority

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- “Policy makers need to consider the impact on workers, their families and communities. Just Transition measures are a crucial condition to implement the ambitious climate policies we urgently need. Without robust social conditions (involving investments, social dialogue, social protection, social justice, skills and education, etc.), there will never be enough support in society for the structural reform of our economies needed to protect the climate.”

IndustriALL Global Union:

- “The objective of a Just Transition is to provide a hopeful and optimistic future for all workers, especially for those in industries that may be impacted by efforts to limit greenhouse gases or by the introduction of new technologies. (...) We must fight for a good future.”

industriAll European Trade Union:

- “The participation of workers and their trade unions in the anticipation and social management of industrial change is a prerequisite: ‘Nothing about us without us!’”

OECD:

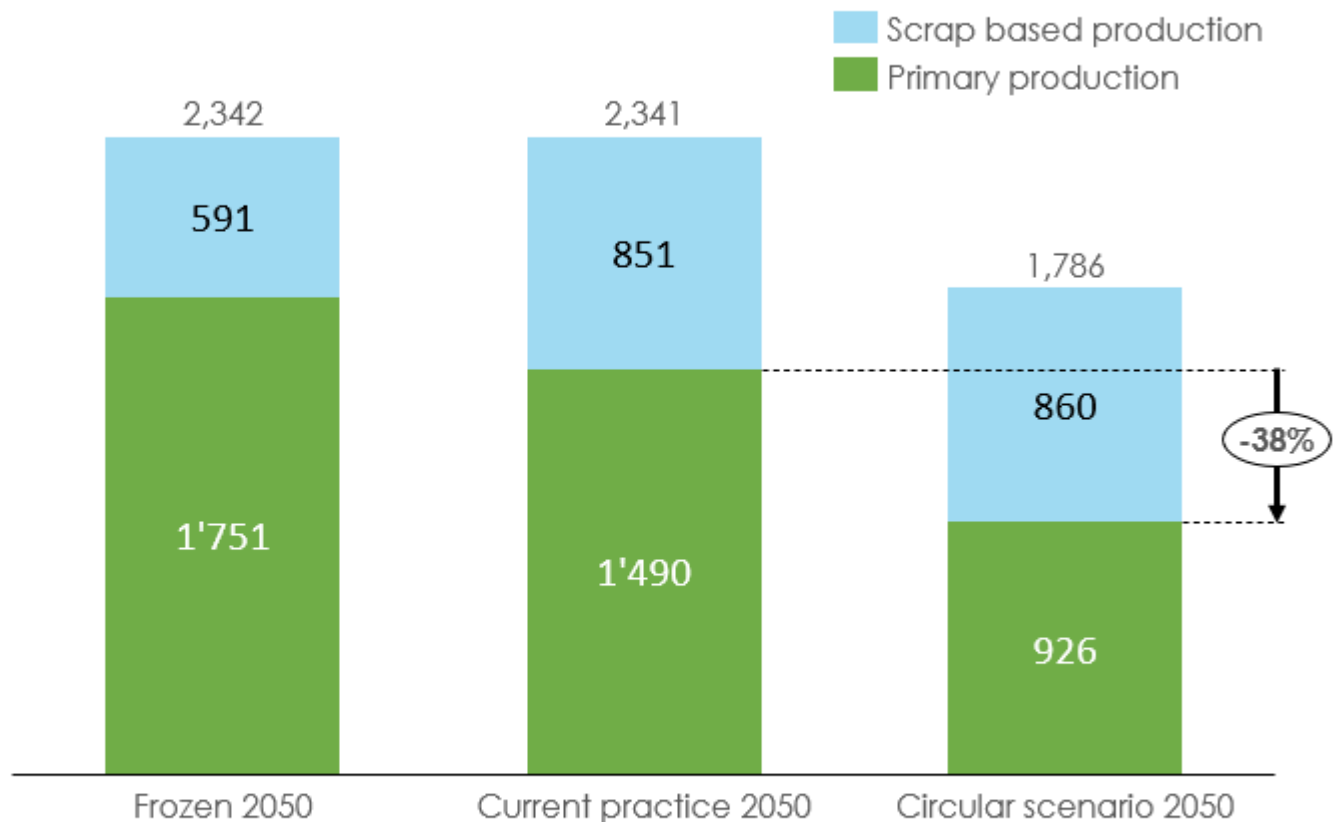
Workers need a just transition to be ready for the green future. The green transition may create new jobs requiring new skills; however, **some jobs**, especially related to fossil fuels extraction and **carbon-intensive heavy industries, could come under pressure. Upgrading workers’ skills** is vital.

[...] **Well targeted income support measures** for displaced workers are also needed to help them weather the transition.

Source: OECD (2021), “The Inequality-Environment Nexus: Towards a people-centred green transition”, *OECD Green Growth Papers*, 2021-01, OECD Publishing, Paris. <https://doi.org/10.1787/ca9d8479-en>

Global primary steel production could be replaced by scrap based production up to 40% vs. business as usual by 2050

Global steel production by route
Mt steel per year, 2015-2050

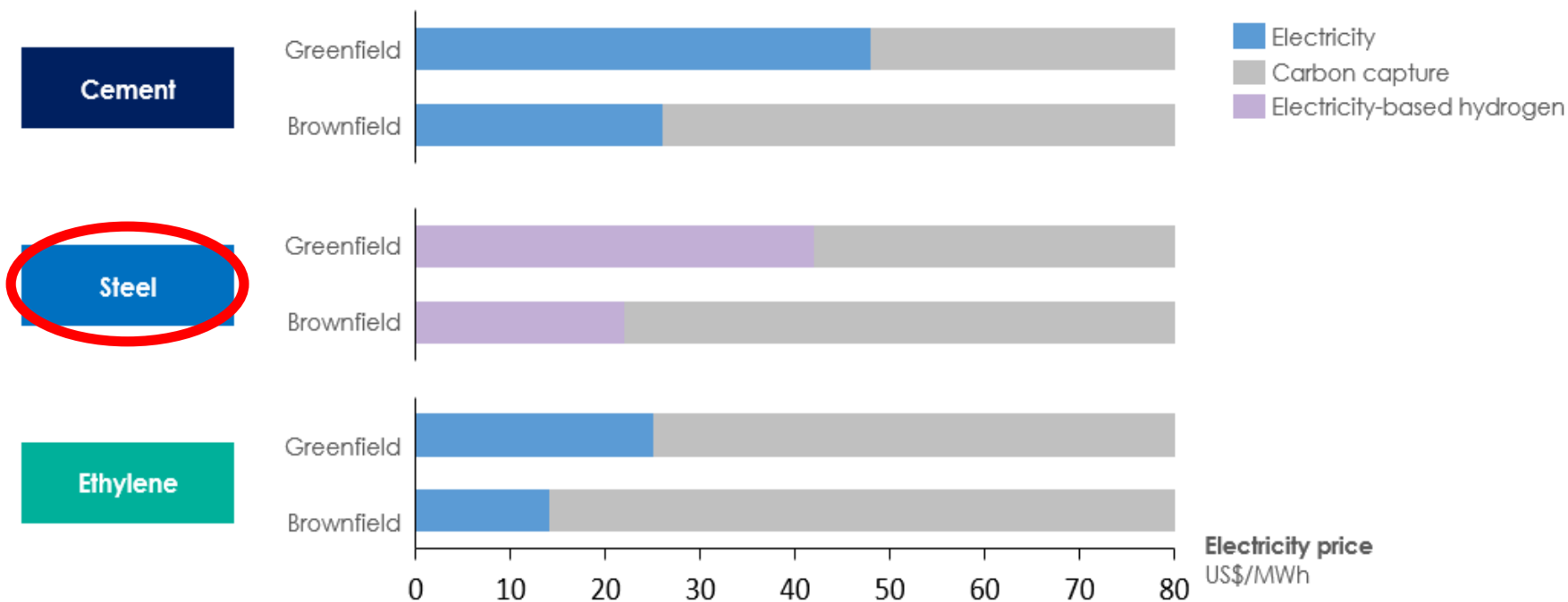


Source: Material Economics analysis for the Energy Transitions Commission (2018)

Is electricity-based decarbonisation cheaper than carbon capture route?

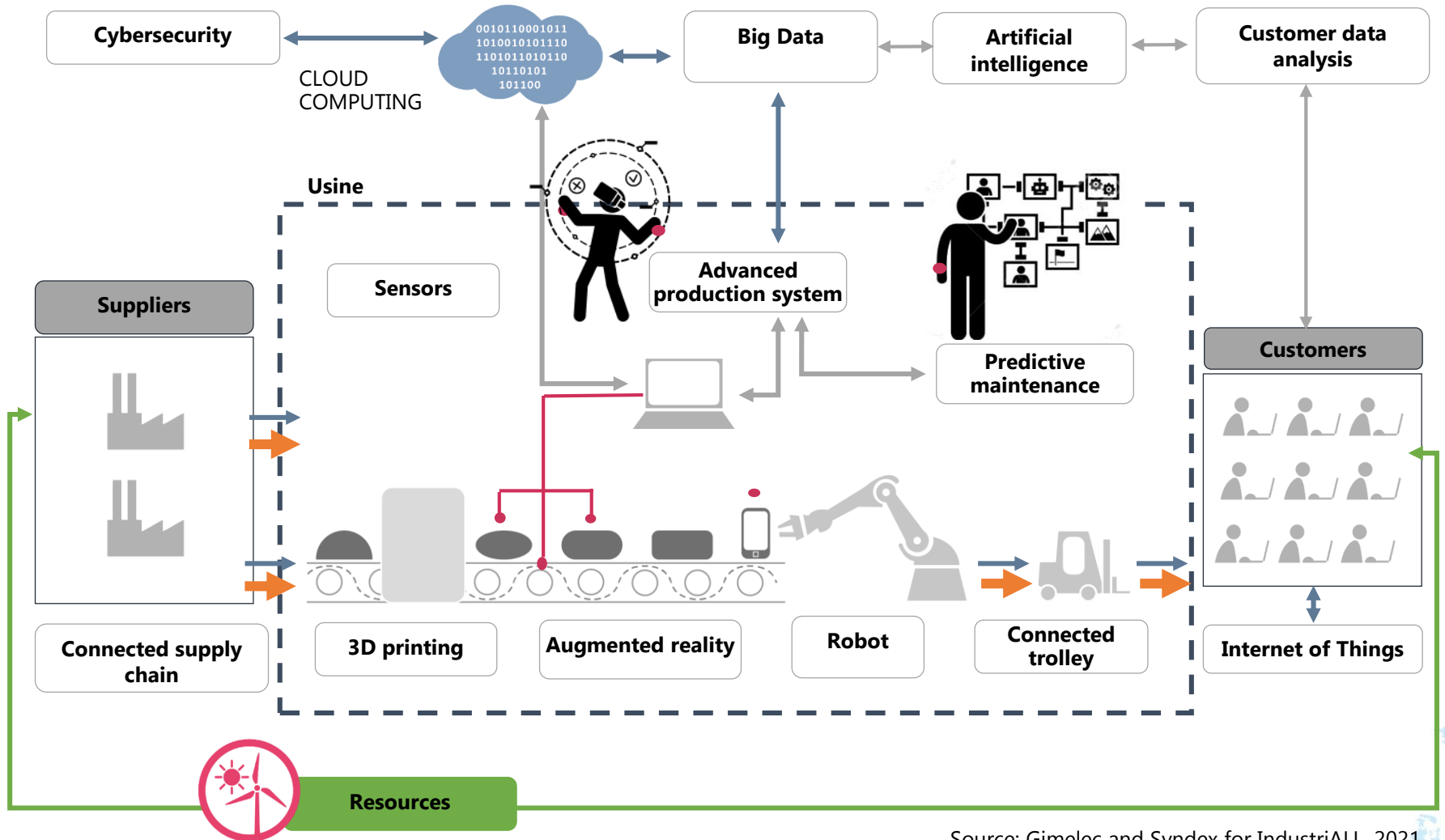
The answer will vary by region and be strongly driven by local electricity prices.

Cheapest supply-side decarbonization route of primary production depending on electricity price
US\$/MWh



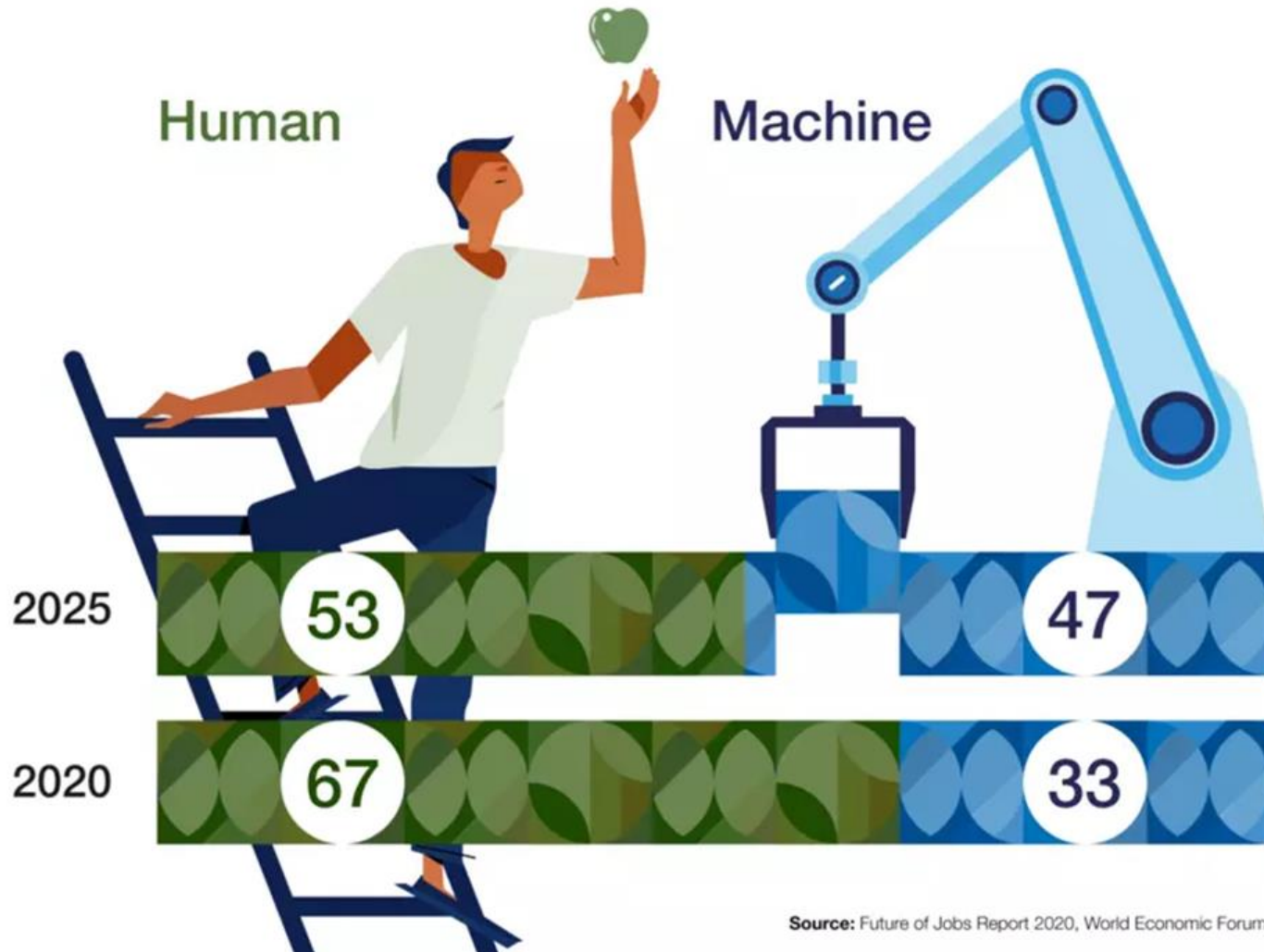
Note: Biomass may be lower cost in some geographies but is not considered as a priority option due to limited availability
Source: McKinsey & Company (2018), *Decarbonization of the industrial sectors: the next frontier*

Digitalisation: SMART factories gradually transforming the industry



Source: Gimelec and Syndex for IndustriALL, 2021

Rate of automation

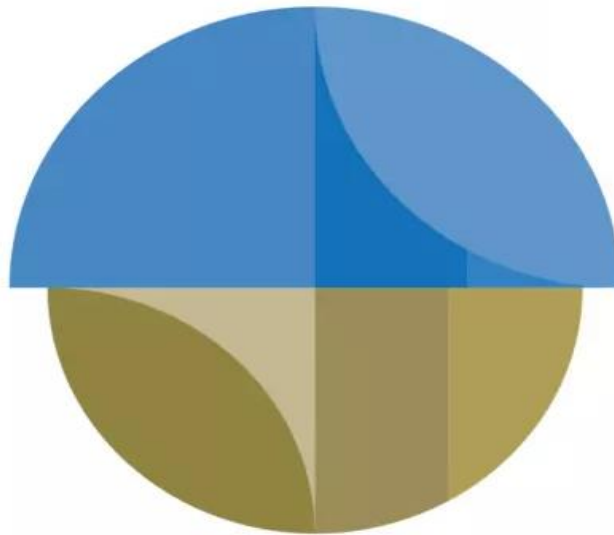


Source: Future of Jobs Report 2020, World Economic Forum.

Are fewer jobs a necessary outcome of automation?

By 2025, new jobs will emerge and others will be displaced by a shift in the division of labour between humans and machines, affecting:

97 million



85 million

Growing job demand:

1. Data Analysts and Scientists
2. AI and Machine Learning Specialists
3. Big Data Specialists
4. Digital Marketing and Strategy Specialists
5. Process Automation Specialists
6. Business Development Professionals
7. Digital Transformation Specialists
8. Information Security Analysts
9. Software and Applications Developers
10. Internet of Things Specialists

Decreasing job demand:

1. Data Entry Clerks
2. Administrative and Executive Secretaries
3. Accounting, Bookkeeping and Payroll Clerks
4. Accountants and Auditors
5. Assembly and Factory Workers
6. Business Services and Administration Managers
7. Client Information and Customer Service Workers
8. General and Operations Managers
9. Mechanics and Machinery Repairers
10. Material-Recording and Stock-Keeping Clerks

Source: Future of Jobs Report 2020, World Economic Forum.

Employment & Work: Issues at stake

Number of
jobs



Type
of jobs



Type of
contract



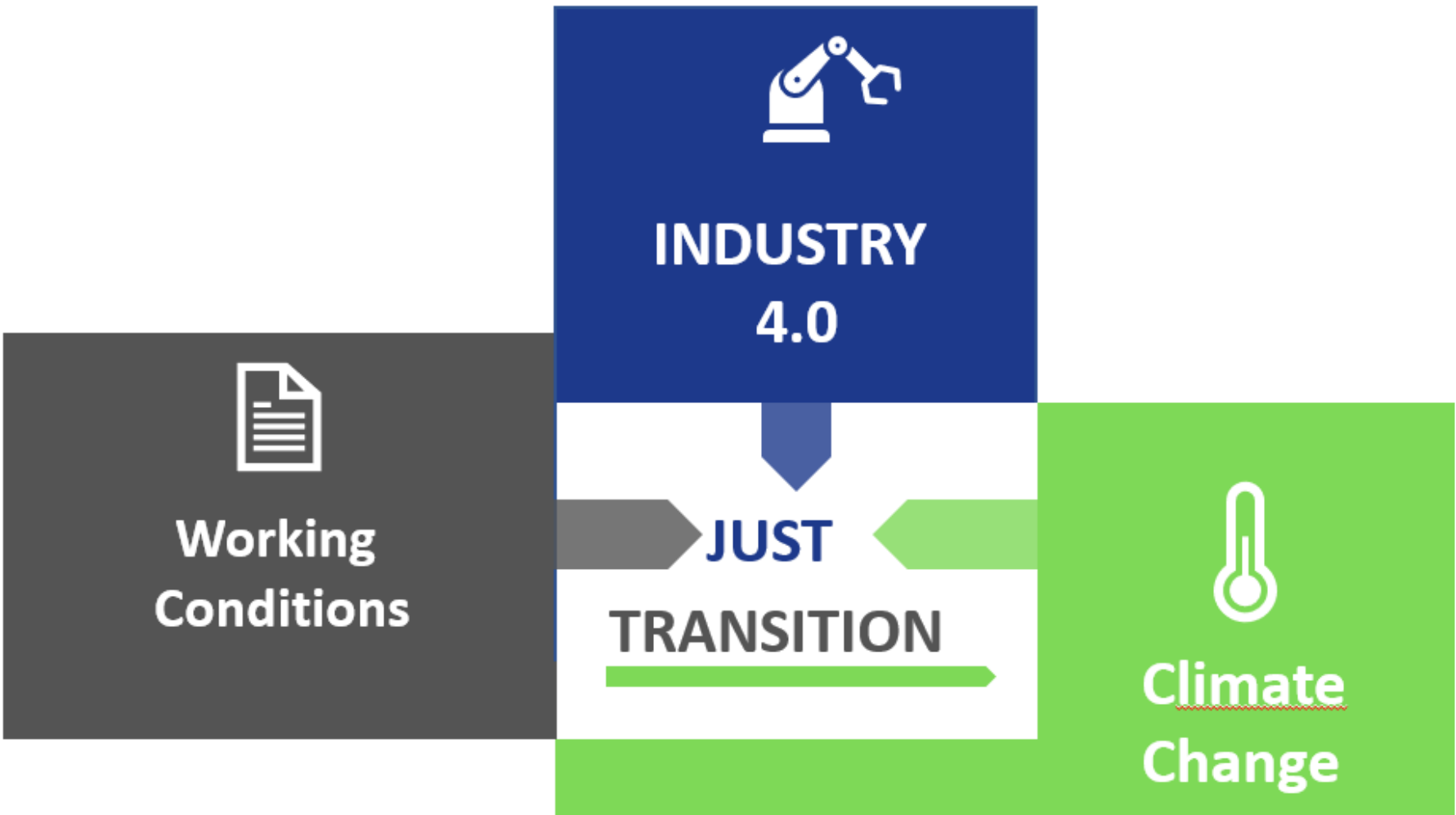
Work
organization



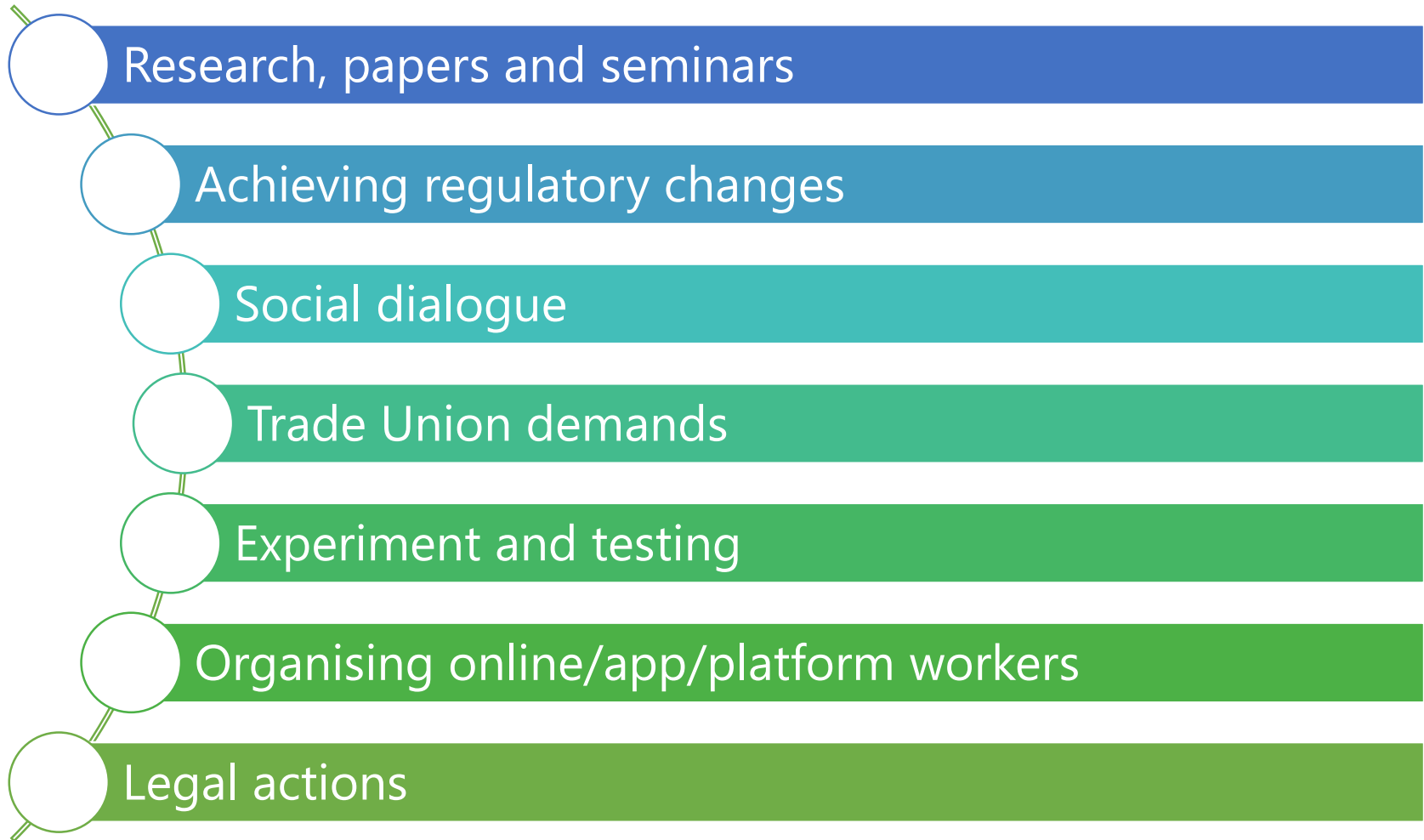
Working
conditions



A level playing field between the world of work and the world of business is necessary



What can trade unions + global unions do? What will they do? – Partners?



Source: syndex / IndustriALL, 2021

Examples of social dialogue at global, regional, national & company level

❖ Social dialogue at global level

- ❖ Only a handful of companies have negotiations/agreements on digitalisation

❖ Global Framework Agreements (GFAs)

- ❖ GFAs could be an interesting tool to negotiate digitalisation (few exist).

❖ Research/seminars/conferences

- ❖ IndustriALL Global Union as well as industriAll European Trade Union and Unions at the national level.

❖ Initiatives at the national level

- ❖ Brazil on Industry 4.0 with SMABC (Sindicato dos Metalúrgicos do ABC).
- ❖ Germany: IG Metall and the *Work + Innovation (W+I) project*.
- ❖ France, FGMM CFDT & UIMM (employer): "*How to tackle digitalization through negotiation & agreements?*" Experience and test at company level.
- ❖ Israel: Histadrut and its success to unionize IT workers.
- ❖ Indonesia: *unionisation of app-based transport workers*.
- ❖ Uganda: Kambe a cooperative designed an app to support its members/workers.

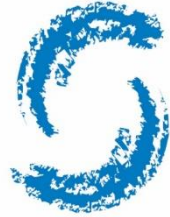
How can the OECD Steel Committee (SC) help workers in this process?

SC Members committed *“to make every effort to provide effective programmes to assist steel workers affected by structural adjustments to find alternative employment. To this end, they will periodically exchange information on the effectiveness of policies and programmes to assist steel workers and communities”* (2018 Mandate).

We ask the SC to support steel workers by:



Our common interests: Avoiding social conflict and unrest, guaranteeing good quality jobs and secure income to workers in the steel industry, while keeping the sector competitive and relevant to present and future challenges, from net-zero transition to digitalisation.



TUAC

Thank you for your attention

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