

# BARMETAL



## Digitalization, Automatization and Decarbonization: Opportunity for Strengthening Collective Bargaining in the Metal Sector

### Poland policy report

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## Introduction

The aim of the BARMETAL project is to understand the impact of the double transformation of digitalisation, automation and decarbonisation (D-A-D) on working conditions and social dialogue in the metal sector. This country report for Poland is one of the national case studies within the project. It aims to answer the question of whether the main challenges posed by D-A-D for workers and their working environment have been diagnosed, secondly, whether they are seen as challenges of such importance that they require an enhanced form of social dialogue, and finally, whether such dialogue is taking place, particularly in the form of collective bargaining. In order to understand the national context, the determinants of the labour market and the industrial relations system are presented.

In Poland, which is generally characterised by a low level of unionisation and the lowest level of collective bargaining coverage in the EU, the search for these answers focused on sub-sectors of the metal industry that are relatively well organised by trade unions - the steel industry and the automotive industry. The choice was also based on the observation that in both cases, D-A-D issues are crucial, albeit in different contexts.

In the case of the steel industry, it is the need for a fundamental change in production technology towards decarbonisation - electric furnaces or a carbon capture process in steel production. This is a prerequisite for the survival of the steel industry in the EU in a situation where it is exposed to competition from external producers who, despite generating large amounts of CO<sub>2</sub>, have no constraints on their exports to the EU since they are not covered by ETS system (as it is the case of EU producers). In addition, industries that use steel products (car bodies, construction, etc.) in the EU increasingly expect green steel certification in the supply chain.

In the case of the automotive industry, the development of electromobility as a horizontal EU policy requires the production of electric cars, which generates the need for new automation solutions; at the same time, this is sub-sector contingent on accelerated robotisation of production lines, which has serious consequences in terms of the size of the workforce and its level of qualification.

The study is based on analyses of trade journals, secondary analyses of survey data, reports, and statements by social partners in Poland, as well as by company case studies based on interviews with representatives from management, trade unions as well as employees in local manufacturing companies. At the company level, interviews were conducted at the following companies:

- ArcelorMittal Poland (trade union representatives, employer representatives, employees)
- Toyota Manufacturing Poland (trade union representatives, employer representatives, employees)
- Volkswagen Polska, Stellantis Polska (trade union representatives only).

At the sectoral level, discussions were held with representatives of:

- National Secretariat of Metalworkers of NSZZ Solidarność
- National Section of the Metallurgical Industry of NSZZ Solidarność

- National Section of Automotive Industry of NSZZ Solidarność
- ZPPH, Association of Employers in the Steel Industry
- HIPH, Metallurgical Chamber of Industry and Commerce

## 1. National and sectoral labour market situation

The situation of the Polish labour market is currently surprisingly positive. When Poland joined the European Union on 1 May 2004, it had the highest unemployment rate in the EU at 20%. Currently, according to Eurostat methodology, it is below 3%, which means that Poland has the lowest unemployment rate in the EU after Malta and the Czech Republic. It can be said that the Polish labour market has been transformed into a 'workers' market'.

Figure 1. Dynamics of the unemployment rate 2017-22

### ► Bezrobocie BAEL w Polsce w ostatnich latach (%)



Źródło: Opracowanie własne na podstawie danych Eurostatu

The Polish employment rate is also well above the EU average. Despite the uncertainties associated with the COVID-19 pandemic and Russia's invasion of Ukraine, it has risen by 5% over the last four years and is set to reach 72.3% in 2023, according to the latest data. Of course, this is a lower rate than in Germany or Scandinavia, and also when looking at the employment of older people (aged 55 and more) the rate is well below the EU average and is also significantly lower than the EU average in terms of employment of older people

However, it is an undeniable fact that the level of employment is due to the fact that rapid economic growth is creating new jobs. Both the Polish economy and the labour market recovered quickly after the pandemic crisis. Real GDP growth in the period Q4 2019-Q1 2022 was 8.1% compared to an EU average of 1.1%.

Figure 2. Employment rate of people aged 15-64



The biggest labour shortages are in industry (23,500 vacancies), trade (16,500) and construction (13,000). Industry in particular needs skilled workers, craftsmen, locksmiths and machine operators. The recipe for this has been an exponential increase in labour migration, especially from the EU's close neighbours. Over the past decade, Poland has undergone an impressive transformation - from a country of emigration to a country of immigration. In May 2023, the number of registered migrant workersimmigrants was over 1,085 000 people, compared to 184,000 in 2015. The main immigrants are Ukrainians (81.6%) and Belarusians (5.6%). In addition, people from 174 countries were granted work permits, accounting for 6.3% of all migrants. Increased multiculturalism is particularly evident in large urban centres. Such a massive influx of foreign workers has so far not led to any particular social tensions, as the newcomers have simply eased the gap in labour market demand that has emerged in low-paid sectors.

The current slight economic slowdown is also unlikely to result in layoffs. Labour market tightness has meant that employers have been much more reluctant to downsize in recent years than in previous decades. Contractual employment has prevailed among both men and women in employment. At the end of January 2023, around 80% of all employees in the national economy had this status.

Among the emerging new trends in the labour market is the noticeable development of remote working, and already more than 7 per cent of Polish employees work from home. Mostly it is a hybrid form of work, but the trend is clear. Many young people expect flexibility and the possibility to work from any location, so they are looking for workplaces that allow this, which is becoming an obvious challenge for, among others, the industrial sectors.

At the same time, the favourable economic situation on the Polish labour market is accompanied by prospective challenges, such as the ageing of society, accompanied by insufficient population growth (the birth rate in 2022 was only 1.26,) and a low (compared to the EU) level of economic activity of people over 50, especially women. People with primary education (especially men) also have a significantly lower labour force participation rate than the EU average. These factors are already leading to labour shortages in some industries and their negative impact will increase. Estimates suggest that between 200,000

and 400,000 incoming workers will be needed annually in the coming years to prevent the collapse of the social system and enable rapid economic development.

The persistent supply gap in the labour market has also had a positive impact on wage dynamics. The level of the average wage has risen steadily. In 2022, the increase was 11.7% compared to the previous year. The average gross monthly wage in industry (in enterprises with 10 or more employees) was PLN 6,598.85 in 2022, which was 11.5% higher than in 2021, when an increase of 8.5% was recorded. Wages increased in all branches of industry, the highest being in mining and quarrying - by 22.3%, the lowest being in production and distribution of electricity, gas, steam and hot water - by 11.1%, in manufacturing - by 10.9% and in water supply, sewage and waste management; reclamation - by 9.8%.

The metal sector (according to NACE rev.2 classification) employed more than 30% of all industry workers.

Table 1. Employment in the metal sector in Poland 2014 - 2022 (in thousands) by sub-sectors

Year	Manufactur e of basic metals	Manufactur e of metal products	Manufactur e of computer, electronic and optical products	Manufactur e of electrical equipment	Manufactur e of machinery and equipment	Manufactur e of motor vehicles, trailers and semi- trailers	Manufactur e of other transport equipment
2014	61,6	301,3	57,9	97,5	123,2	167,7	43,7
2022	64	298,3	57,8	123	124,8	196,4	51,7

Data: GUS (Central Statistical Office)

At this point, it is appropriate to refer to the subsectors from which the 2 cases analysed in the BARMETAL project originate, i.e. metallurgy and the automotive industry.

### Metallurgy

The Polish steel industry directly employed approximately 23,950 people at the end of 2021. This is the fourth highest figure in the EU market. The production of crude steel in the Polish steel mills located amounted in 2021 to 8.5 million tons. With this volume of production, Poland ranks 22nd among global steel producers and 5th in the EU. Although this result means an increase of less than 8% compared to the previous year, which is better than that achieved by the global steel industry (+3.8%), it is at the same time significantly lower than the increase in production in European Union countries (+15.4%). This is a worrisome trend as the overt consumption of steel and steel products is constantly growing all. In 2021, this consumption reached 15.3 million tons, a record high. The shortage of steel on the Polish market is thus being met by imports of this raw material.

At the beginning of the transformation period in Poland, the industry employed 145,000 workers. As a result of the phasing out of production and the restructuring of employment, which was one of the conditions for accession to the EU, in 16 years this number fell to 32,000. This is the fastest restructuring of this kind in the world, carried out in a coordinated manner and in consultation with trade unions. The challenge now for the sector as a whole

is the need to fundamentally modernise the production process to meet the requirements of EU climate policy. This is very likely to involve further job cuts across the sector. However, it is worth noting that the steel industry should not be regarded as a declining industry but rather as an industry of the future. It is difficult to imagine climate transformation without the existence of a 'green' metallurgy supplying, for example, material for rotor blades in windmills or tracks for high-speed rail.

### Automotive industry

The automotive industry is one of the leading export-oriented industries in Poland. All leading transnational corporations have located their plants here. The value of automotive industry exports in 2022 amounted to over EUR 39.7 billion, an increase of over 21% on the previous year. The most important automotive partner remains Germany, which receives over 35% of the production value. At the end of 2022, the average employment in the automotive industry establishments employing more than nine people was 196,600. Compared to the previous year, there was a slight decrease (1.7%). However, the greatest challenge to employment levels may be the increasing automation and robotisation. The vast majority of those employed in vehicle and automotive parts manufacturing plants are people performing repetitive tasks, which are gradually being taken over by robots and automatons. In the 'Polish Labour Market Barometer' survey, almost one in three companies surveyed admitted that they had made at least one employee redundant in the last year in favour of a robot or AI.

A vibrantly growing segment of this subsector in recent years is the production of lithium-ion batteries for electric cars. Poland currently plays a leading role in the battery supply chain, this segment already accounting for more than 2.4% of all Polish exports, and the value of the battery sector has increased 38-fold over the past six years - from around PLN 1 billion in 2017 to more than PLN 38 billion in 2022. After China, Poland is the second largest battery producer in the world. It is extremely important because among other things, the implementation of the EU climate plans depends on increasing the capacity of battery factories, given the ban on the sale of new internal combustion cars after 2035.

## 2. Insight into industrial relations

The Polish system of industrial relations began to take shape similarly to other post-communist countries in Central Europe with the beginning of the socio-economic transformation in the early 1990s. This took place under strong neo-liberal pressure, attempting to create a model of an open market economy with the assumption of a marginal position of trade unions. At the same time, however, since it was the Solidarity trade union that was the main initiator of the transformation of the political system and the departure from authoritarian rule, a legal framework for collective bargaining and the development of social dialogue was created. However, this framework was not filled with content. Bipartite dialogue was not promoted between the unions and the newly emerging private employer organisations. At the same time, the state has de facto guaranteed its own influence on decisions concerning the functioning of the labour market and labour relations. The result was a hybrid system of industrial relations with, in theory, the possibility of collective bargaining but, in practice, a strong influence of public authority. This system is characterised by advanced (often conflictual) trade union pluralism and fragmentation of

the trade union movement, accompanied by a comparable degree of pluralism and fragmentation of employer organizations. In Poland, small enterprises employing up to 10 workers dominate, accounting for 96 per cent of the total number of economic entities and employing around 40 per cent of the workforce. The result is low organisational density on both sides of the industrial relations arena and decentralised collective bargaining with limited coverage.

The density on both sides of industrial relations is difficult to establish. In the case of trade unions, it is recently estimated at 10.5% (CBOS 2021), although this is probably an underestimate due to the small sample size. However on the employer side no real statistical survey has ever been conducted to estimate the extent of their organising, but a conservative estimate is no more than 20% (Czarzasty 2019).

There are hardly any multi-employer collective agreements of a sectoral nature. Collective bargaining at the company level is dominant, but this has also been in decline for some years as it has been abandoned in favour of remuneration regulations, which are only consulted with trade unions and, as the name suggests, do not refer to anything more than wages. The company level prevails in nearly all kind of collective bargaining also undertaken ad hoc. The lack of higher levels of collective bargaining has been compensated to some extent by tripartite social dialogue at national level (within the Social Dialogue Council) and sectoral (sectoral tripartite teams). However, the results of this dialogue are essentially illusory due to the resilient voluntarism of the government in shaping public policy, combined with the persistent weakness of the social partners.

There are three main national trade union organisations, including two confederations: OPPZ, the All-Poland Alliance of Trade Unions; FZZ, the Forum of Trade Unions; and one general trade union, NSZZ Solidarność. There are more than 12,000 trade union organisations listed in the national trade union register, but the vast majority of them (more than 80%) are lower-level organisations belonging to the 3 above-mentioned trade union centers. On the employer side, there are almost 200 branch organisations, many of which belong to one of the 6 'umbrella' national organisations (sometimes to several). Here, the picture is definitely more complicated.

Although there is a dual channel of worker representation, trade unions remain the main platform for workers to express their opinion, as worker's councils have largely failed to take root in the national industrial relations landscape.

As already mentioned, sectoral collective bargaining does not exist in practice. This also applies to the metal sector. Admittedly, there is a multi-employer collective agreement for the defence and aerospace industry, but it has not been renegotiated for many years to upgrade its substantive content. It therefore only has the character of an artefact. Between 1996 and 2008, there was a multi-employer collective agreement for the steel industry. It had a very innovative character - oriented to new challenges. However, the sectoral employer organisation - already dominated by ArcelorMittal corporation at the time - informed the trade unions that the agreement needed 'modernising', and as a result, terminated it. Despite attempts, it was not possible to conclude a new collective agreement. The recognised social partners in this sector are, on the labour side: the National Secretariat of Metalworkers NSZZ Solidarność and the Federation of Metalworkers and Steelworkers OPZZ, while on the employers' side: the Association of Employers of the Steel Industry.

In the case of the automotive industry, the transnational corporations that are members of the sectoral employers' organisation have made it clear to the trade unions that they do not intend to sign any collective agreement that could potentially restrict their mutual competition in the Polish market. The social partners in this sector are, on the labour side: the National Secretariat of Metalworkers NSZZ Solidarność and the Federation of Metalworkers and Steelworkers OPZZ, and on the employers' side: the Association of Employers of the Automotive Industry and Industrial Articles.

At present, the only forums for dialogue in these two sub-sectors are the sectoral tripartite teams. In the case of the steel sector, this dialogue is quite active due to the common interests of employers and trade unions in the face of the EU climate plans; perceived by both sides as threats. In the case of the automotive sector, such a team has only recently been set up and it is difficult to say whether it will be able to act constructively as the public authorities are strongly distanced from any interference in the activities of automotive multinationals, which are seen as a valuable source of tax revenue for the state budget and the creation/maintenance of innovative jobs.

### 3. D-A-D and its effects

The interviews conducted so far with representatives of the two subsectors surveyed by the BARMETAL project bring out a number of different themes. However, these are mainly in the nature of comments on the need for specific public policies rather than recommendations that could even potentially be implemented through collective bargaining.

#### Main challenges faced within the sector in relation to DAD

Interviewees from both subsectors emphasised the need for greater emphasis on science subjects (such as mathematics, physics, and basic computer science) in general education. This emphasis leads to the belief that more students will choose technical subjects. In particular, and rather self-evidently, it has been pointed out that, all 'new' jobs will require more IT knowledge and companies must be able to 'siphon' people with IT competences from the general market. What companies themselves can do is to increase the amount of specialised and industry-specific training, but they cannot be counted on to be able to do this when employees entering the labour market (e.g. in materials science) do not have an IT 'base'. Of course, attention was also drawn to non-higher education and the need for greater cooperation between businesses and vocational and technical schools.

Attention was drawn to the bad image of heavy industry - as an unattractive working environment.

It should be noted that ArcelorMittal has its own training centre in Dąbrowa Górnicza and directs employees there who, to put it simply, "promise" to improve their competences. However, trade union representatives admit that it is relatively common for an employee to embark on such an intensive retraining course and then drop out of the competence upgrade on their own.

A theme that did not come up in the interviews (although theoretically it could have been expected due to the changing national structure of the Polish labour market) was the issue



of recognition of competences and qualifications of foreigners, support for their relocation by employers or learning the Polish language. The interlocutors saw such a need, but at the same time indicated that this was an issue that was 'waiting' to be seriously discussed by the Polish labour market stakeholders.

As already indicated, in both sub-sectors attention was paid to external conditions: energy and Small Modular Reactors (SMR) - in the case of the steel industry, access to semiconductors, political conditions concerning the rules for the implementation of the Fit for 55, the financial potential of consumers to purchase cars - in the case of the automotive industry. In this respect, employer representatives (interviewees represented a relatively low level in the governance structure) tended to indicate a state of limbo and waiting for central management decisions. Similarly, as already indicated, trade union representatives expressed dissatisfaction about the quality of information on medium-term strategies but somehow excused the employers by pointing out that they themselves are in a 'sphere of limbo' before final decisions are hatched.

Of course, definitive conclusions require further analysis and discussion, but it seems that the following working theses can be put forward for further analysis.

- It seems that at present, EU legislation (also Polish) does not appear to provide a legal basis for an obligation to consult, let alone negotiate on decisions that would have the character of strategic decisions concerning the adopted D-A-D policy. The obligation arises at the stage of consulting and negotiating the consequences in terms of work and pay conditions that result from the directional decisions taken. This raises the question of whether, in the particular period of very profound economic and social transformation we are experiencing, the scope of information/consultation/negotiation should not be extended.
- At the same time, the question of declining unionisation, the degree of representativeness of trade unions and their ability to represent the whole of the 'world of work' in the process of introducing D-A-D naturally arises. This issue was not explicitly raised in the talks, but it seems that it cannot be ignored.

Finally, another theme seems to emerge - the level of knowledge of potential D-A-D processes varies among union representatives (for example, the level of knowledge of the steel industry representatives in the survey was very satisfactory, compared to union representatives in the automotive industry). It is not only the level of knowledge but also the degree of involvement that varies.

However, it seems that this is not just a trade union issue, but a manifestation of a societal confusion about the direction, pace and necessity of change. It is difficult to expect representatives of the automotive or steel industries to be able to determine the impact of the use of AI on processes in the industry when we are only at the beginning of a scientific and societal discussion about the potential consequences of the use of AI in an increasing number of processes in the work environment.

#### 4. Sectoral relevance of DAD – responses via collective bargaining

As previously mentioned, due to the situation of the Polish industrial relations system characterised by the collapse of collective bargaining, it was almost impossible to find examples of classic collective bargaining that relate to the D-A-D area. It is possible to point to joint appeals or positions that were addressed by trade unions together with employers' organisations to the government side. For example, on 9 February 2023, the Tripartite Team on Social Conditions for the Restructuring of the Steel Industry appealed to the government to take measures to support the demand for steel products. Measures such as:

- the immediate unblocking of funds from the KPO (National Recovery Plan) to increase the scale of infrastructure investment
- urgently implement the package of measures for the construction industry
- taking coordinated action to involve Polish companies in the reconstruction of Ukraine.

Further demands concerned measures to support the maintenance of liquidity in the energy-intensive industry. The need to improve access to scrap metal for the Polish steel industry was also pointed out.

In terms of trade defence measures, the parties presuppose measures to extend the EU safeguard measures on steel products until 30 June 2026.

It can be pointed out that the Tripartite Team on Social Conditions for Steel Industry Restructuring (established in 1995) has the capacity to create common positions which can be considered the weakest but most certain form of social dialogue.

With regard to the steel subsector, a common position of the cross-sectoral social partners in the Social Dialogue Council was also already adopted in October 2019. In one point, it referred explicitly to the direction of EU climate policy. This concerns the call for the introduction of a carbon border adjustment, in order to eliminate unfair competition from non-EU companies taking advantage of the fact that they are not covered by the ETS.

In the case of the much shorter-lived (established in 2021) Tripartite Automotive Team for Social Dialogue, such forms of dialogue are lacking. At the only meeting in 2023 on 15 May, the limitations of production and collective redundancies at the FCA Powertrain Poland, Magneti Marelli Sosnowiec and MAN Starachowice internal combustion engine plants, as well as the liquidation of the Volvo plant in Wrocław, were discussed. Redundancies were also discussed at FCA Powertrain Poland in Bielsko-Biała and at MAN. These types of talks (because they cannot be described as consultation processes, let alone negotiation processes) are the only manifestations of formalised tripartite dialogue in this sub-sector of the metal industry.

It seems that only the restoration of the proper status and importance of bilateral negotiations could lead to the creation of sectoral 'platforms' for D-A-D discussions. At the moment, however, it is difficult to predict whether the measures to implement Article 4 of Directive 2041/2022/EC will lead to a revival of collective bargaining practice. Not only have the formal measures set out in the Directive (action plan) not been implemented at the time of writing, but no work has been done.

The D-A-D challenges should naturally lead to a strengthening of tripartite dialogue, as many areas require government involvement. Much will depend on the approach of the new government, which has shown itself to be open to issues of climate change and technological change.

Notwithstanding the above, it is important to note that from the totality of the interviews conducted during the project phase so far, it appears that the interviewees (both in the steel and automotive industries) perceive quite different challenges as being of greater importance. These include access to specific raw materials such as ore from the Krzywý Róg industrial basin in Ukraine, scrap (metallurgy) or semiconductors (automotive). The geopolitical situation (Poland as a frontline state) and the general macroeconomic situation (inflation or the ability of society to consume) are also mentioned as more fundamental factors that need to be addressed. This does not mean that the interviewees did not perceive challenges arising from D-A-D, but they indicated that strategic actions in this area had to be postponed, as the current situation generates other challenges more relevant to the security of employees and the sustainability of the business.

## 5. Case studies

### Case 1 – Toyota Manufacturing Poland

The Japanese Toyota corporation is one of the largest car manufacturers in the world. It has been present in Poland since 1999 and employs over 3,000 people in 2 locations. Toyota Manufacturing Poland produces a wide range of major powertrain components - manual 5-speed and 6-speed transmissions, hybrid transmissions, engines, including petrol engines. The company is strongly committed to decarbonising production and using finished products. These are formulated in the form of the following challenges.

- Zero CO<sub>2</sub> emissions in new vehicles.

The aim is to reduce CO<sub>2</sub> emissions in the cars produced by 90% by 2050. The benchmark is the 2010 emissions level.

To achieve this goal, Toyota wants to improve the fuel economy of conventionally powered models and promote the development of next-generation vehicles that produce fewer or zero carbon dioxide emissions - including hybrid vehicles, plug-in hybrid cars, electric cars and fuel cell-powered cars. According to Toyota, cars using cleaner, alternative fuels will only have a positive environmental impact if they are widely used.

- Zero CO<sub>2</sub> emissions throughout the product life cycle.

The company is committed to completely eliminating carbon emissions during the production of the materials and parts used. This means making greater use of biomaterials from renewable sources, as well as ensuring that vehicles can be more easily dismantled and recycled.

- Zero CO<sub>2</sub> emissions in production facilities.

Shortening and streamlining production processes and using renewable sources, such as solar and wind energy, and low-carbon sources - such as hydrogen energy.

- Minimising and optimising water consumption.

Harvesting rainwater to reduce the use of groundwater and tap water. Developing treatment methods so that previously used water can be reused or safely discharged into the local network.

- Promoting recycling in the community and implementing production systems based on the recovery of raw materials from waste.

No collective agreement has been concluded at Toyota's subsidiaries in Poland. However, regular annual wage negotiations are conducted. However, they do not deal with other issues, including those in the D-A-D area.

## Case 2 – ArcelorMittal Poland

The global steel corporation ArcelorMittal has been present in Poland since 2003. Following the takeover of Poland's largest steel mills, ArcelorMittal is the largest and most modern steel producer in Poland with almost 50% of domestic production capacity and the largest coke producer in Europe. Arcelor Mittal is one of the key exporters on the Polish market. More than 10,000 people work in 6 units located in Silesia, Małopolska and Opolskie voivodships.

Arcelor Mittal manufactures long products such as sections (including sheet piles), rails and rail accessories, and mining supports used in construction, rail transport and the mining industry. It is also an important producer of flat products used by the automotive sector, white goods and construction industries.

In terms of decarbonisation, the ArcelorMittal Group has set itself the target of becoming carbon neutral by 2050 and reducing emissions by 35% by 2030 compared to 2018 at its European sites. Work is currently underway to implement two zero carbon steelmaking technologies: Smart Carbon and DRI-EAF (Direct Reduced Iron-Electric Arc Furnace). The former is a technology that uses recovered coal as a substitute for fossil coal through a process that captures and stores CO<sub>2</sub> for reuse. Direct Iron Reduction (DIR) is an innovative technology that uses natural gas in the first phase, which will eventually be replaced by hydrogen as the main reducing agent. Together with the use of an electric arc furnace powered by clean electricity, this is expected to bring Arcelor closer to the above target. To obtain clean energy for production, it is planned to use innovative SMR technology (small modular nuclear reactors, which take much less time to build than traditional nuclear power plants).

The Arcelor Mittal Group emphasises that innovative steelmaking solutions simultaneously require huge capital investments, widespread access to clean energy and an appropriate regulatory framework, which is necessary during the transition process to ensure the competitiveness of those who have challenged the climate threat. At the same time, the Group believes that it also has an indirect impact on decarbonisation, as steel is used to build wind farms and parts of solar panels, among other things, which have an impact on reducing global CO<sub>2</sub> emissions.

Arcelor Mittal also conducts detailed risk analyses of all environmental processes, monitors their performance and works to improve their efficiency. Each plant is periodically subjected to internal audits and an annual assessment of compliance with energy-related legal

requirements. Within Arcelor Mittal, there is a Decarbonisation Office that explores opportunities to reduce CO2 emissions.

The most important challenges identified include: rising energy prices and CO2 emission allowances, slowing economic activity in Europe (deindustrialisation), Changing supply routes due to the war in Ukraine. A key issue concerning the viability of the steel industry (not only in Poland, but in the entire EU) under the constraints of the Fit for 55 is the move away from blast furnace technology towards arc furnaces. These, however, base steel production on scrap. To secure supply, ArcelorMittal has taken over the main supplier of scrap in Poland - Zlomrex. However, action is needed at the EU level to recognise scrap as a critical material and thus ban its export outside EU borders.

There is strong union representation at ArcelorMittal Poland. In total, more than 40% of employees are affiliated with the 3 main trade unions (a high percentage for Polish conditions). Regular collective bargaining is conducted. As of 1 July 2021, Arcelor Mittal has a new Company Collective Bargaining Agreement (CBA), better adapted to the current market requirements, which is the fruit of effective discussions with the trade union side operating at ArcelorMittal Poland. The new document contains mechanisms that balance the ways in which employees of all age groups are remunerated, and is now also beneficial for employees with shorter seniority. The previous agreement valued and rewarded mainly long seniority, providing for allowances such as the Steelworkers' Card or jubilee awards. People with low seniority were not entitled to such bonuses, which did not make it easier for the company to attract new employees. The most important changes concern the inclusion of the Metallurgist's Charter, the agreement allowance and part of the shift allowance in the basic salary of employees, the replacement of jubilee awards and severance payments with an increase in the contribution to the Employees' Pension Scheme financed by the employer. A new remuneration component, the mentor allowance, was also introduced to recognise longer-serving employees and to support the knowledge transfer process between employees. The new CBA also increases the deduction for the Company Social Benefits Fund by an additional 10%. However the agreement does not in any way address the D-A-D challenges.

## 6. Findings

Bearing in mind that metal sub-sectors such as automotive and steelworking are particularly exposed to D-A-D challenges, of course, in different contexts, it was assumed that at least the beginnings of a real bipartite dialogue around these issues could be found there. Given the general collapse of sectoral social dialogue and collective bargaining in Poland, it was not to be expected that things would be different with regard to D-A-D in the sub-sectors analysed. This pessimistic statement was confirmed.

Both sub-sectors are dominated by the presence of transnational corporations. In the case of metallurgy, it is the global conglomerate ArcelorMittal. In the case of automotive, Poland is home to subsidiaries of almost all important global manufacturers: Volkswagen, Stellantis, Toyota, Mercedes, Volvo and their subcontractors. For a detailed analysis of the D-A-D situation, 2 companies were selected: ArcelorMittal Poland and Toyota Manufacturing Poland. In both cases, no attempts at collective bargaining were identified concerning D-A-D. Even consultation processes were not observed on the issue.

It seems that the situation encountered can be diagnosed as follows:

- D-A-D decisions are perceived by employers as strategic business decisions about which trade unions can be informed but explicitly not negotiated;
- the individual consequences of D-A-D decisions can affect working conditions (and wages) and only these consequences can be the object of negotiation processes (which, in the observed practice, amounts to negotiating severance pay and other forms of support for dismissed employees - it should be stressed, however, that the scale of dismissals resulting from decisions attributable to the implementation of D-A-D is so far small);
- in the cases analysed, the strategic decisions to implement D-A-D have not yet been taken and therefore it is not yet possible to talk about and impact on working conditions (or to negotiate the consequences of their impact on working conditions).

In the case of ArcelorMittal, access to green energy from the SMRs in Kraków and Dąbrowa Górnicza was explicitly mentioned as a condition for certain decisions regarding the implementation of new technologies.

In the case of the automotive industry - it seems that with a certain degree of simplification the situation can be described as follows. The industry is in a 'state of limbo' due to the ongoing process of agreeing at the EU level on further specific tools for the implementation of the Fit for 55. There was also a surprisingly strong view expressed among trade union and employee representatives about the technical impossibility of building a publicly accessible charging infrastructure, which would make it rational to switch all production to electric cars. The author conducted a supplementary interview with a representative of the Polish transport employers' organisation (TLP, Transport and Logistics Poland), who also expressed deep doubts about the possibility (technical, financial and political) of building charging infrastructure in Poland and Europe to the extent necessary to achieve the set electromobility goals.

In general, with regard to decarbonisation, there was a resounding voice among all respondents (trade union representatives and, to a lesser extent, employers) indicating a strong frustration with the EU's attempts to implement certain climate policies when these are (in the respondents' view) not being undertaken by the US, China or India. It is not the purpose of this paper to assess the validity of such a view - but it would seem that, at least for rank-and-file trade unionists, it creates a widespread state of confusion about the rationality and wisdom of the policies being pursued at EU level - so that a better information policy would be needed to remove from the EU the odium of a 'crazy' entity heading towards a total loss of competitiveness compared to other regions of the world.

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