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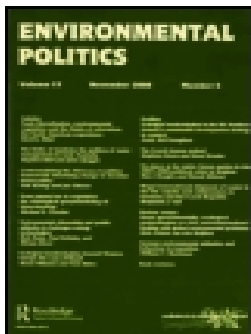
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'Heart of steel': how trade unions lobby the European Union over emissions trading

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ABSTRACT

This contribution aims to provide a better understanding of trade unions' engagement with climate change policies. It analyses the interactions between intra- and interorganizational bargaining, taking steel trade unions' engagement with the 2018 revision of the EU Emissions Trading System (EU ETS) as a case study. The contribution finds that interorganizational bargaining with employers' organizations strongly influenced the formulation of trade unions' negotiating positions on the EU ETS. This is mainly due to the combination of three factors: the scope EU multilevel decision-making offers each level of trade union action to pursue its interests; trade unions' lack of expertise on climate policies; and the tradition of concession bargaining in the manufacturing industry. By underlining the difficulties faced by trade unions in developing an independent course of action on the EU ETS, the contribution expands our knowledge of the socio-political obstacles to implementing effective emissions reduction policies.

KEYWORDS Climate policy; emissions trading; EU ETS; interest groups; iron and steel; trade unions

Introduction

With countries trying to honour the commitments of the Paris Agreement, climate regulations are being tightened in numerous domains – manufacturing, electricity and heat generation, transport, buildings, and agriculture (Falkner 2016, Schmidt and Fleig 2018). However, decarbonization policies also face a political backlash strong enough on occasion to lead to a hollowing out or even abandonment of transition policies (Geels 2014). Organized economic interests have for instance strongly influenced a number of climate policies with a view to minimizing regulation (Falkner 2008, Stephan and Lane 2016). The literature on climate change policies often overlooks the role of trade unions among these economic interests. Trade unions have a sizable presence in the high-emission sectors most impacted by decarbonization, such as manufacturing, extractive industries,

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and power generation (Organisation for Economic Co-operation and Development 2017).

Emergent research has shown how trade unions have sought to solve the perceived jobs-versus-environment dilemma by developing, among other solutions, the concept of a Just Transition (Räthzel and Uzzell 2011, Stevis and Felli 2015, Morena *et al.* 2020). Research has also studied instances of trade union environmentalism and of unions acting as ‘environmental actors’ (Snell and Fairbrother 2010, Räthzel and Uzzell 2013, Hampton 2015). Even though this growing line of study provides valuable insights into trade unions’ policy positions and conceptualizations of the labour-environment nexus, blind spots persist. In particular, the factors shaping trade union strategies toward climate change policies and the processes by which unions formulate decisions on climate issues remain under-investigated. This contribution aims to fill this gap.

Focusing on trade union policies toward emissions reductions in the manufacturing industry, I use as a case study the engagement of European steelworkers’ unions with the EU Emissions Trading System (EU ETS), a cap-and-trade scheme to reduce greenhouse gas emissions. Instead of considering trade unions as unitary actors, I analyse both the vertical interactions between cross-sector-, sector-, and company-level union structures (intraorganizational bargaining), and their horizontal interactions with non-governmental organizations (NGOs) and employers (interorganizational bargaining). This contribution addresses the following research question: how does interorganizational bargaining between trade unions, on the one hand, and NGOs and employers, on the other, shape trade unions’ intraorganizational decision-making processes?

My main conclusion is that, in the case of steel unions’ engagement with the EU ETS, the interorganizational bargaining with employers and, to a lesser degree, NGOs strongly influenced the intraorganizational priority setting of trade unions. This expands our knowledge of the socio-political barriers to implementing effective climate change mitigation policies and of the role of non-state actors in climate policies. The findings underline the limits of trade unions’ capacity to elaborate independent policies on climate change mitigation. One needs to consider trade union decision-making processes on climate issues in the context of their interaction with employers and employers’ organizations. This contribution thus provides insights into the dynamics of emissions reduction policies discussed in the environmental social sciences literature and into organizational bargaining in multilevel settings analysed in the literature on European integration and industrial relations.

Environmental social sciences have analysed how companies actively try to influence environmental policies through strategies of opposition, hedging, or support (Falkner 2008, Meckling 2015). Research into the design and

implementation of the EU ETS has underlined the strong role of business interests in shaping the carbon trading model chosen by the EU (Ellerman *et al.* 2010, Woerdman and Nentjes 2019), with energy-intensive industries (steel, refineries, cement, and pulp and paper) raising competitiveness concerns (Wettestad and Jevnaker 2016). Accounting for four to seven per cent of the EU's CO₂ emissions, steel producers have displayed great reluctance toward binding emissions reduction targets, arguing that they have very little room for further reducing their emissions and that tighter regulations would lead to increased offshore steel production (Wettestad and Løchen 2016). The engagement of steel unions with the EU ETS has not yet been addressed in depth, even though unionization rates in the steel sector are high across the EU and unions have played a significant role in the history of state intervention in the steel industry (Mény *et al.* 1987, Daley 1996).

Established by an EU directive, the EU ETS is a product of the EU's multilevel governance, which is characterized by decentralized bargaining processes and simultaneous interactions between multiple actors (EU institutions, member states, sub-national entities and non-state actors) (Hooghe and Marks 2001, Stephenson 2013). This has implications for the intraorganizational decision-making processes of each of the bargaining parties, empowering those in charge of negotiating with other organizations (Farrell and Héritier 2004). Trade unions, like other organizations (March and Olsen 1989), do not simply defend interests, but aggregate, select and shape them, in the process forming, translating, and redefining members' demands (Walton and McKersie 1965, Bourdieu 1991). In the EU's emerging multilevel system of industrial relations (Keune and Marginson 2013), interest aggregation is rendered even more complex by the fact that trade unions are organized at different levels – cross-sector, sector, and in multinational European companies, through European Works Councils (EWCs).¹

Climate change policies question the traditional focus of trade union action on wages and working conditions. This raises the issue of unions' capacity to come up with a strategic conception of their purpose that includes wider objectives, such as environmental sustainability. A long line of scholars has argued that strategic trade union action requires the articulation of narrow goals related to the pursuit of private gains for the unions' constituencies, and broad goals aimed at social change and the common good (Flanders 1970, Gumbrell-McCormick and Hyman 2013). The historical identities developed by European trade unions, conceiving their role primarily as market bargainers, mobilizers of class opposition, or partners in social integration (Hyman 2001), can be assumed to act as either resources or constraints when it comes to addressing the jobs versus environment dilemma. While market-oriented unions, focused on the defence of the entrenched interests of their members, can be expected to align with

employers in order to preserve jobs, class-oriented unions may be more reluctant to join lobbying coalitions with employers.

Methods and approaches

I adopt a political sociology approach of interest group politics (Boltanski 1987, Bourdieu 1991) that considers the interplay between economic interests, political orientations, and political actions to address the engagement of steelworkers' unions with the EU ETS, analysing the three levels at which European trade unions engage with climate change mitigation policies: (1) the cross-sector level, i.e. the European Trade Union Confederation (ETUC); (2) the sector level, in this case IndustriAll Europe; and (3) the company level, using steelmaker ArcelorMittal's EWC as an example. The selection of cases responds to established criteria in qualitative research, such as relevance, analytical generalizability, and feasibility (Miles *et al.* 2014).

I use three data sources in this research: (a) semi-structured interviews, (b) trade union documents (policy papers, strategy documents), and (c) media sources. In total, I conducted 24 face-to-face interviews with trade union officials (ETUC, IndustriAll Europe and its national affiliates, members of ArcelorMittal's EWC), employer representatives (World Steel Association, ArcelorMittal²), and representatives of the European institutions and member states (DG Environment, EU Council working party Environment). I pursued a purposive sampling strategy to ensure that a sufficient number of respondents with relevant information were included (Kumar *et al.* 1993). The collected data (in particular interviews and documents) were triangulated and cross-checked. Complementary media sources were used to gather contextual data on policy debates.

I first provide background information on the EU ETS and the steel sector. I then set out the engagement of trade unions with emissions trading at the three levels. Finally, I discuss the key factors shaping trade unions' decision-making processes over the most recent reform of the EU ETS.

The 2018 reform of the EU ETS

The European Commission promotes the EU ETS as 'a cornerstone' instrument in the field of climate policy (European Commission 2020). The idea behind the adoption of carbon trading as a central policy instrument to reduce CO₂ emissions is that market-based instruments are more cost-efficient than so-called 'command-and-control' ones, such as mandatory performance standards and pollution-control technologies (Cole 2016). The world's first major greenhouse gas emissions trading scheme, the EU ETS has been emulated subsequently by other jurisdictions, including China, California, and South Korea.

The EU ETS sets binding emissions reduction targets for industrial facilities, power plants, and intra-EU flights (for sectors not covered by the EU ETS, nationally binding emissions reduction targets are specified under the EU's Effort Sharing Regulation). The companies covered by the EU ETS have to hand in emission allowances for each ton of CO₂-equivalent they produce. If a company emits more than it has allowances for, it has the choice between reducing its emissions through investment in new technologies, buying allowances from other companies or, at least in theory, relocating its production to a less carbon-constrained region ('carbon leakage'). The decreasing overall number of available allowances reflects the EU's increasingly tight climate goals.

First introduced in 2005, the EU has revised subsequently the EU ETS on several occasions, most recently in February 2018 (Directive EU 2018/410). The upcoming fourth phase of the EU ETS will cover the years 2021 to 2030. Discussions over the conception of this phase lasted from 2014 to November 2017, when the European Council, European Parliament, and European Commission agreed on a reform of emissions trading. EU decision-makers formally adopted the new version in February 2018. The main issues under discussion for the fourth phase were the reduction of the EU ETS cap and a lowering of the surplus of allowances accumulated since 2009, leading to low prices not incentivizing industry to decarbonize. The revised EU ETS aims to achieve a 40% reduction in emissions by 2030 in comparison to 1990. The cap will shrink by 2.2% each year in the fourth phase, compared to 1.7% in the third phase. To increase carbon prices indirectly, part of the excess allowances are to be withheld from auctioning through the Market Stability Reserve, which began to operate in 2019.

The introduction and subsequent revisions of the EU ETS led to concern among companies in the manufacturing sector over a possible loss of competitiveness in comparison to companies outside the EU. Representatives of the steel industry were particularly vocal in highlighting the risks of 'carbon leakage' – the relocation of production to countries outside the EU with less strict climate policies (Wettestad and Løchen 2016). The EU institutions largely addressed these competitiveness concerns through the allocation of free emission allowances based on sectoral benchmarks that reflect the average performance of the 10% most efficient installations, the allocation of additional allowances to companies in case of production growth, and the subsidization of indirect emission costs resulting from higher electricity prices. The free allocation of allowances is generally contested by environmental groups who argue that it subsidizes polluting behaviour and provides windfall profits to the regulated entities. However, from the point of view of public policymakers, free allocation has the advantage of facilitating buy-in on the part of the regulated entities (Cole 2016).

Trade unions' multilevel engagement with the EU ETS

Trade unions have engaged with the implications of the EU ETS for steelworkers mainly at three levels: at cross-sector level through the umbrella organization ETUC, at sector level through IndustriAll Europe, and at company level through the steel companies' EWCs. The relevant European trade union structures took contrasting positions on the reform of the EU ETS and on the best way to address the issue of industrial competitiveness. They also entered different lobbying coalitions targeting the relevant policymakers (European Commission, European Parliament, member states). For each level, I will analyse the key contentious points of the intraorganizational bargaining, as well as the interorganizational bargaining processes involved and coalition strategies used.

Balancing interests at cross-sector level

Established in 1973 as a cross-sector umbrella organization, the ETUC comprises both national union confederations and European sector federations (Degryse 2013). Since its inception, the ETUC has sought recognition from the European institutions as a bargaining partner, to act as a coordination body among its member organizations, and to acquire a degree of autonomy from its affiliates (García-Munoz Alhambra 2017). To increase its autonomy and visibility, the ETUC has been forging alliances with European social, environmental, and development cooperation NGOs.

Concerning the EU ETS reform, the ETUC tried to coordinate the interests of its different national and sectoral affiliates, interlinking them with broader societal concerns over climate change. One of the early backers of the EU ETS, the ETUC has supported the system throughout its various revisions, calling for stronger trade union involvement and planning of employment transitions. The national confederations affiliated to the ETUC have different interests concerning climate change mitigation policies, depending on their broader national political economies and the sectoral distribution of their members. Tighter climate regulation results in different costs and benefits for different industries (and the workers employed in them), leading to divisions over climate policies among trade unions, mainly – but not exclusively – along sectoral lines (Galgóczy 2019).

As a European sectoral union federation with a large number of affiliates in carbon-intensive industries, IndustriAll Europe was a key participant in the internal ETUC debates on the revision of the EU ETS. According to a former ETUC deputy general secretary, the sheer size of IndustriAll Europe, the result of a merger between different European sectoral federations and counting 7 million members, poses a challenge to the ETUC's internal balance of power:

‘What weakens the ETUC is IndustriAll Europe. [...] The relationship with IndustriAll Europe is not dynamic, and the ETUC finds itself with a giant next to it that covers almost the entire industrial sector.’ (Interview, April 2018)

Regarding the EU ETS, IndustriAll Europe’s main demand was for a more generous allocation of free emission allowances to address competitiveness concerns. An ETUC representative in charge of environmental issues acknowledges the different approaches:

‘Both sides [ETUC and IndustriAll Europe] are active at different levels and have not the same constraints. I can completely understand that an organization representing steelworkers does not take the same approach on the EU ETS as a confederation that has to take all sectors into account and tries to defend the general interest. [...] After an internal debate in the ETUC, we came to the conclusion that free allocation ultimately hands industry a blank cheque. [...] It creates a rent situation mostly favourable to the status quo. There is also the whole issue of windfall profits. [...] To achieve the goal of decarbonizing and maintaining industrial production in Europe, we considered that other options should have been considered by the European Commission, like, for instance, a border adjustment mechanism.’ (Interview, October 2017)

The ETUC thus considered a limitation of the free allocation of emission allowances in conjunction with a tax on imports from outside the EU – a trade measure aiming to equalize the emission costs of domestic and foreign producers (Holzer 2016) – as the most adequate measure to reconcile climate objectives and the protection of the European manufacturing industry from less carbon-constrained competitors. IndustriAll Europe did not take up the border adjustment mechanism in its lobbying, as export-oriented German steel producers, worried about retaliatory measures on the part of their trading partners, in particular opposed this (since then, the European Commission proposed a carbon border adjustment mechanism in its European Green Deal presented in December 2019).

The ETUC’s position on the EU ETS, which sought to balance environmental concerns with industrial competitiveness, was underpinned by the alliances it has built with environmental NGOs since the 2000s. Developed with organizations such as the European Environmental Bureau or the Climate Action Network Europe, these aim to develop joint positions and lobby European institutions. The ETUC, together with environmental NGOs, has thus signed a number of public calls for more ambitious EU climate policies, asking, for instance, for higher carbon prices and stricter emission caps. According to a former ETUC deputy general secretary, joint positions with NGOs on sustainability issues allow unions to gain a broader hearing:

‘Issued jointly with social and environmental NGOs, our statements had a broader foundation, better reflecting public opinion [...] What really surprised me at the time was that we gain everyone’s interest when we participate

in debates on sustainability. Trade unions play a pivotal role: we are present in companies, negotiate the evolution of production systems and incorporate issues of general interest, such as food security, the environment, and public health. The alliances we have built with NGOs are extremely strong.’ (Interview, April 2018)

Collaboration with environmental actors also enables the ETUC to gain access to information and technical expertise crucial for lobbying at EU level (Mahoney 2008), as the ETUC’s policy officer in charge of climate issues stated:

‘We work closely and regularly with several environmental NGOs at an informal and technical level to exchange information and analyses. Let’s be honest, there are currently a number of dossiers under discussion in Brussels that I cannot track alone: the reform of the EU ETS, the Effort Sharing Decision, the Clean Energy for all Europeans Package.’ (Interview, October 2017)

Taking into account a broader array of points of views, the ETUC has tried to find a balance between the diversity of workers’ interests and environmental concerns through combining the protection of manufacturing interests and enhanced climate targets. However, the fact that the ETUC affiliate with the strongest legitimacy for addressing industrial policies, IndustriAll Europe, did not share core elements of the ETUC’s position on the EU ETS – the need to limit free emission allowances and to introduce a carbon border adjustment mechanism – weakened the impact of the ETUC’s lobbying efforts.

Debates over the degree of cooperation with employers at sector level

Whereas the ETUC defends a broad range of interests (Degryse 2013), the European sectoral federations focus on narrower sectoral interests. Concerning the revision of the EU ETS, IndustriAll Europe concentrated on the interests of workers from the manufacturing industry exposed to international competition, and especially from the well-unionized steel industry. The main predecessor organization of IndustriAll Europe prior to 2012, the European Metalworkers’ Federation, had already focused on the possible negative job implications of carbon trading, calling for a generous handing out of free emission allowances to industries vulnerable to international competition. In line with this position, IndustriAll Europe addressed the 2018 reform of the EU ETS primarily through the lens of competitiveness and relocation risks, aiming to limit the impact of the revised EU ETS on several crucial dimensions, such as the relationship between free allocation and auctioning, the reduction factor of the emission cap, and the determination of the sectoral benchmarks.

A pessimistic assessment of the potential for reducing emissions in the steel sector underpinned the focus on competitiveness. The deputy general secretary of IndustriAll Europe, who is also in charge of coordinating the federation's steel sector, stressed that his organization focused on the demand for generous free emission allowances and lower emissions reduction targets because it was worried that employers, when faced with tighter regulations, would reduce their emissions by cutting back production (thereby resulting in layoffs):

'At the end of the day, the problem with the EU ETS is whether it is possible to produce steel with that kind of reduction? The European Commission is not talking about producing that amount of steel with that quantity of CO₂. No, they say: this is the quantity of CO₂ allowances that the steel sector will receive. And then the problem is that the industry will need to reduce its capacity. The discussion is not: "I will produce 100 million tons of steel in Europe and this quantity of CO₂ allowances will be needed." No, the problem is that employers say: "If I have to achieve this reduction, I will only produce 70 million tons."' (Interview, October 2017)

IndustriAll Europe's lobbying coalition with the European steel employers' organization, Eurofer, shaped its focus on securing a higher number of free allowances for emissions-intensive industries. Research has revealed that priorities and modes of interaction differ between employers and trade unions at EU and national level: at EU level, the focus lies primarily on conflict-free cooperation between employers and trade unions, and in the joint lobbying of policymakers (Dufresne 2006). As concerns the EU ETS, the IndustriAll Europe representative in charge of coordinating the steel sector emphasized that his organization cooperated with Eurofer on grounds of common interests:

'We worked very closely with the European employers' association, Eurofer, because we believe that the European industry is at risk because of these kinds of measures. Our position is basically the same as Eurofer's. [...] Our relationship with Eurofer is very good, and we act as a lobby on topics where we have mutual interests, such as trade policies and the EU ETS. [...] We usually collaborate with Eurofer because we have the same goal: to defend the steel sector.' (Interview, October 2017)

From the point of view of employers' organizations, cooperation with trade unions over the reform of the EU ETS gave their action wider credibility. A high-level representative of ArcelorMittal (a member of the company's board of directors and former member of the group's management board) stated that the coalition with trade unions allowed employers to overcome certain factors constraining their influence:

'Today, businesses have to ask themselves what is the best way to put across their arguments in order for them to have an effect on decision-makers. The

problem is that businesses do not vote. I also notice that large companies do not have the best image in the public debate. But when you can show that you stand together and that all participants in an industry agree on saying this is a real issue, certain people will think twice. Or they will at least be willing to listen to your arguments.’ (Interview, June 2018)

IndustriAll Europe and Eurofer issued several joint position papers, press releases, and letters to European policymakers underlining the need to ensure a generous allocation of free emission allowances. To ensure that carbon prices stayed low, both organizations opposed any cancelling or withholding of excess allowances. In addition to adopting common positions on the EU ETS, Eurofer and IndustriAll Europe engaged in joint lobbying activities, for instance, joint meetings with decision-makers from the European Commission and the European Parliament. Furthermore, the most important IndustriAll Europe affiliate, Germany’s IG Metall with its 2.2 million members, engaged in direct lobbying activities targeting the German national government and members of the European Parliament, putting forward the slogan ‘Our heart of steel must go on’. According to an IG Metall representative, a division of labour emerged in the lobbying of members of the European Parliament, with IG Metall focusing on the political group of the Social Democrats and employers on the European People’s Party, the main Christian Democratic and Conservative group:

‘On the question of lobbying, it turned out that the Social Democrats had become the tip of the balance in the European Parliament. And trade unions have good access to the Social Democrats; many German Social Democrats, in particular, are union members and often IG Metall affiliates. [...] Companies and employers’ organizations covered the centre-right. Talking to the Greens was useless, while the Left were just too few. This is true for many industrial policy issues; the strategic block that has to be attacked, so to speak, is the Social Democrats.’ (Interview, December 2017)

IndustriAll Europe affiliates did not contest the coalition with employers as long as it was limited to the internal lobbying of European decision-makers. However, it came to be partially contested in the case of external lobbying activities targeting the media and the broader public. While employers’ organizations usually resort to internal lobbying through meetings and conferences involving political decision-makers (Offerlé 2009), collaboration with trade unions enabled Eurofer to hold a demonstration mobilising several thousand participants. In February 2016, Eurofer organized a demonstration in Brussels with 5000 steelworkers to protest against cheap Chinese steel imports and the costs generated by the revision of the EU ETS. Eurofer called on the EU to take anti-dumping measures to limit imports of, it claimed, unfairly subsidized steel from China. By linking the issues of the revision of the EU ETS and Chinese steel imports, employers sought to gain greater political leverage. Eurofer representatives claimed, for

instance, that Chinese steelmakers produce ‘on average 43% more carbon emissions’ than their European counterparts (*New York Times*, 15 February 2016).

Eurofer invited IndustriAll Europe to officially participate in the demonstration. This led to debates within IndustriAll Europe, with several unions refusing to participate, upholding unions’ independence. The most vociferous opposition came from members of the ‘Group of Annecy’, an internal group of national affiliates who coordinate their work within IndustriAll Europe and whose founding meeting occurred in the French city of Annecy. According to one of its members, the group mostly consists of more conflict-oriented unions:

‘The members of the Group of Annecy are the French CGT, the Belgian FGTB, the Luxembourg OGBL, the Italian FIOM, the Spanish CCOO and parts of the UGT, the Portuguese CGTP, the Greeks, and the Turks: all of them trade unions that are rather left-wing.’ (Interview, April 2017).

Although these class-oriented unions, with either a socialist or communist background, refused to participate in Eurofer’s demonstration, key affiliates of IndustriAll Europe such as IG Metall and Unite from the United Kingdom did participate.

In November 2016, IndustriAll Europe organized its own demonstration over the EU ETS and overcapacities in the steel market, with 15,000 steelworkers taking to the streets. Officials from IndustriAll Europe said that Eurofer had asked to appear as co-organizer of the demonstration. Wary of a repetition of the debates over the Eurofer demonstration, IndustriAll Europe refused. According to the organization’s former deputy general secretary: ‘Then we would have returned to the same debates as in the spring [...] with the Group of Annecy again opposing a demonstration with Eurofer’ (Interview, June 2018). However, Eurofer issued a statement in support of the demands voiced in IndustriAll Europe’s demonstration, while several steel companies paid for transportation and food for participants.

The controversies over the extent – and the publicization – of the joint lobbying with employers testify to the enduring legacy of union identities and ideologies, which reflect different ways of conceptualizing trade unionism’s role within the triangle of market, class, and society (Hyman 2001). Interestingly, while contesting the envisaged joint external lobbying, the unions belonging to the Group of Annecy did not take a different substantive position on the EU ETS. At the end of the day, the strategy adopted by IndustriAll Europe on the EU ETS came close to the hedging strategies by which businesses seek to either minimize costs or level them across a global industry in the debate on carbon trading (Meckling 2015). Not denying the need to mitigate climate change, IndustriAll Europe advocated incremental

approaches, pointing to the economic costs of carbon reduction policies and constructing a dichotomy between the competing priorities of employment and environmental protection.

'A give and take': the jobs versus environment dilemma at company level

Steel employers and trade unions also discussed the revision of the EU ETS at company level, as the example of the Franco-Indian steel company ArcelorMittal shows. ArcelorMittal is currently the leading world steel producer, accounting for 6% of total world steel production and 50% of steel produced in the EU. The company had 191,000 employees in 2019, 74,000 of them in the EU. According to policymakers (Turmes 2017), ArcelorMittal played a key role, alongside Thyssen-Krupp, in lobbying the European institutions, through both the European employers' umbrella organization Business Europe and Eurofer, presided over by a senior ArcelorMittal executive.

In the EU countries in which it operates, ArcelorMittal actively tried to enlist the support of workers' representatives and trade unions on the issue of the revision of the EU ETS, through interactions with national trade unions, workers' representatives at production sites, and the EWC. When questioned about the involvement of staff representatives in the debate on the reform of the EU ETS, the chairman of the country board of directors of ArcelorMittal Luxembourg underlined the relationship between the debate on the EU ETS and the issue of competitiveness:

'Given that there is a world market for steel, any weight that is put on the scale by regulatory policies makes our life more difficult and makes us more vulnerable in the long term. And there are two dimensions to this: we are less profitable each year and have not enough money to continue investing. [...] What is important for us wherever we are is that we are competitive. So we discuss with our social partners the factors that make for competitiveness. And these factors are, by far, not just wages. Wages are the most difficult issue to discuss with them. If we are able to find ways to become more competitive without having to touch wages, especially in times of crisis, then this is always very well-received.' (Interview, June 2018).

ArcelorMittal management thus linked the implications of the reform of the EU ETS with the issue of the competitiveness of its European production sites, against a backdrop of company whipsawing, where production sites of the same company compete with each other over costs (Aranea *et al.* 2018). One EWC member from a French ArcelorMittal plant made this point on the company's initiatives to enlist union representatives' support in the revision of the EU ETS:

'The topics covered always come from the management, whether at local, national, or European level. It's always the same story: what the allowances

needing to be bought in order to produce will cost the production sites.’
(Interview, December 2017)

The attitude of workplace union representatives regarding collaboration with employers on the topic of the reform of the EU ETS seems to depend, to a large extent, on their relationship with local management at plant level. One shop-floor union representative and member of the EWC, who works at an ArcelorMittal production plant in Luxembourg, stated that plant-level relations with local management were cooperative and ‘quite good’. He went on to explain that he saw the support given to the employers’ positions on the reform of the EU ETS and the active participation of workers in the Eurofer demonstration in February 2016 in Brussels as a ‘*donnant-donnant*’ (a give and take), adding that ‘sometimes you have to know when to give’ (Interview, December 2017). A Luxembourg trade union official responsible for the steel sector stressed that unionized works councillors there supported ArcelorMittal’s position on the EU ETS, without consulting the union:

‘Via its president, the central works council agreed with management’s position, even though this was by no means the majority position within the union. They supported the position of management without understanding, verifying, or questioning it. Looked at from a strategic perspective, if company management said tomorrow that they had been unable to obtain the number of free allowances they required and that they would now have to close the plant, it would be difficult for us to say that we disagreed.’ (Interview, December 2017)

By contrast, an EWC member and representative from a Belgian ArcelorMittal production plant where employment relations are tense following a series of cutbacks and plant closures in the region highlighted the absence of any *quid pro quo* from ArcelorMittal in return for the expected trade union support on the EU ETS reform. He also mentioned the necessary independence of trade unions, grounded in the ideological identity of his union, the *Fédération Générale du Travail de Belgique* (FGTB):

‘We are asked to support the employer, especially to try to lobby [...] but our role as a union is not to manage their problems. [...] When we were told by company management in the works council meeting: “We need you, you have to help us”, we said “OK, but what will we get in return?” It’s bad enough to have dictated what we must do as a union, but what will we get in return for supporting you? What are we going to say to our guys? Yeah, we’ll support the boss, only for him to fire us tomorrow. And what is there in return? There is no employment guarantee, no pay increase, and there are no investments.’ (Interview, December 2017)

Depending on their experience with company management and on their overall approach to union–management relations, the members of the EWC adopt dissimilar attitudes on the appropriateness of cooperating with employers on the EU ETS. At the same time, the EWC members share, in

principle, a willingness to enter into trade-offs with company management over climate change mitigation policies: the revision of the EU ETS is, therefore, considered as an occasion to trade the political influence and societal legitimacy of trade unions for employer concessions on core union issues such as wages and employment. However, contrary to the approach based on common interests that prevails among European sector-level union representatives, plant-level union representatives do not necessarily equate workers' interests with those of employers on the reform of the EU ETS.

Discussion

The various levels of European trade unionism have adopted partly different stances on the EU ETS. While the ETUC has tried to address both concerns over the competitiveness of the industrial sector and environmental concerns, in the process building coalitions with environmental NGOs, IndustriAll Europe has focused on the possible negative job implications of emissions trading, in an alliance with the employers' organization Eurofer. However, engagement in high-visibility lobbying activities with employers, such as a joint demonstration, gave rise to some internal tensions and contestations testifying to the enduring legacy of contrasting trade union ideologies. Company-level union representatives and EWC members were divided over siding with employers. Their positions were not necessarily based on a vision of shared interests with employers, but rather on the idea of reciprocal trade-offs: while willing in principle to support employer priorities on the EU ETS, they expected a *quid pro quo*.

In general, interactions between the different levels of trade union action aimed at achieving a coherent position on the EU ETS were not strongly developed. Instead, interactions with external actors shaped intraorganizational bargaining processes on the EU ETS. While the ETUC relied on input from environmental NGOs and tried to achieve a balance between employment and climate concerns, interactions with employers and employers' organizations chiefly influenced the decision-making processes at sector and company-level. In the following paragraphs, I discuss the factors leading to this prevalence of inter- over intraorganizational bargaining: the scope EU multilevel decision-making offers each trade union level to pursue its own interests; trade unions' lack of expert knowledge and personnel for engaging with the EU ETS; and the tradition of concession bargaining in the manufacturing industry.

EU multilevel governance provides multiple access points to decision-makers (Hooghe and Marks 2001, Stephenson 2013), enabling the different trade union levels to pursue their interests and enter into alliances, sometimes without regard for the overall coherence of trade union policies. While IndustriAll Europe was unsuccessful in imposing its policy preferences

within the ETUC, multilevel governance offered other options to pursue its policy preferences. This it did in conjunction with the steel employers' organization, Eurofer. Research into lobbying strategies has revealed that such cross-cutting alliances are more likely to be successful: if organizations with similar interests cooperate, their impact is generally limited, whereas, if they succeed in enlisting a wider range of allies, it will tend to be stronger (Hula 1999, Mahoney 2008). While alliances thus emerged at both sector and company levels between trade unions and employers, coordination between the different trade union levels, especially between the umbrella organization ETUC and IndustriAll Europe, was only weakly developed. Relations between the ETUC and its affiliates are non-hierarchical: the ETUC has greatest legitimacy in addressing cross-sectoral policy issues, whereas IndustriAll Europe considers industrial policies its domain (Platzer and Müller 2009, Degryse 2013). In this context, segmented spheres of debate ultimately emerge, leading sector- and company-level officials to increasingly act autonomously and primarily pursue their own interests (Thomas 2017). Especially the EWCs, as intrinsically hybrid industrial relations institutions, represent a fertile ground for the combination of inter- and intraorganizational bargaining dynamics (Streeck 1997). The EWCs witness bargaining processes between management and workers' representatives, but also between workers' representatives from different manufacturing plants across a company's production network. In addition, tensions between unions and workers' representatives are frequent in EWCs (Pulignano 2017).

Another factor explaining the prevalence of inter- over intraorganizational bargaining is the technical complexity of the EU ETS. This raises the question of trade unions' capacity to engage substantially with the issue. Even if the general cap-and-trade principles are fairly straightforward, the details of the legislation on emissions trading are highly complex; for instance, the relationship between the free allocation and auctioning of allowances, the establishment of sectoral benchmarks fixing the emission levels per quantity of output, or the determination of the yearly reduction factor of the CO₂ cap (Ellerman *et al.* 2010). Climate policies represent a new topic for trade unions on which they do not necessarily have predetermined preferences. Especially at sector and company level, unions are mainly accustomed to addressing issues related to their core functions, i.e. collective bargaining and the regulation of working conditions (Gumbrell-McCormick and Hyman 2013). In comparison with trade unions, employers' associations have a broader scope of action, including the environment, taxation, and technical and regulatory issues (Offerlé 2009). Entering into coalitions with employers is thus a means for many unions to compensate for their lack of expert knowledge and personnel. Nevertheless, the asymmetry of expertise creates an unequal balance of power between employers and unions. Additionally, the complexity of the rules governing the EU ETS and the strong technicality

of debates have a depoliticising effect (Felli 2015), removing emissions trading to a large degree from the sphere of democratic intra-union debate. For unions with stronger resources, such as IG Metall, logics of ‘strategic ignorance’, through which organizations deliberately insulate themselves from unsettling information (McGoey 2012), may also play a role. Taking policy positions on the EU ETS that would significantly diverge from those of the major steel companies in Germany would indeed come at a political cost for IG Metall, most importantly tensions with unionized works councillors.

Engagement in joint bargaining strategies is also related to a broader pattern of concession bargaining in the manufacturing sector in which trade unions and works councils agree to disadvantageous arrangements in the hope of maintaining employment (Glassner *et al.* 2011, Aranea *et al.* 2018). Trade unions have thus adopted, especially since the economic crisis of 2008, bargaining strategies aimed at safeguarding employment of unionized workers and improving company competitiveness, even if these strategies contradict general principles upheld by unions and negatively affect non-unionized groups of workers such as new hires and agency workers (Doerflinger and Pulignano 2018). Similarly, union representatives may come to consider climate change as a possible object of a political trade-off, where unions forsake longer-term climate objectives and industrial policy goals in favour of an alignment with employers’ short-term interests (Falkner 2008). However, union representatives at national and company levels hold differing positions as concerns the opportuneness of engaging in joint lobbying activities with employers, reflecting historical union ideologies and experiences of economic restructuring (Hyman 2001). In particular, coalition-building with employers does not do away with the traditional opposition between militancy and cooperation, as demonstrated by the contestation of the joint lobbying activities between IndustriAll Europe and Eurofer. Engaging with climate policies also raises the question of entrenched interests within unions. The interests of highly unionized member groups in brown industries prevail in unions’ intra-organizational decision-making processes over the interests of workers in presently non-unionized renewable industries. The positions taken by unions on environmental policies may thus not only prove detrimental to the environment, but also to their capacity to attract new members in the emerging green economy (Räthzel and Uzzell 2013, Morena *et al.* 2020).

Conclusion

This contribution has focused on trade union representation of steelworkers’ interests in the EU. The difficulties of unions in addressing the EU ETS are, however, emblematic of the broader difficulties faced by trade unions in developing an independent course of action on climate policies that does not

simply replicate the positions of employers or environmental NGOs. Dynamics of political exchange between employers and unions, similar to the ones observed in the EU, can also be expected in other parts of the world. Many developed countries witness a rise in micro-corporatist arrangements that focus on the common interests of collective actors within the workplace in a context of decentralization of collective bargaining (Marginson 2015, Organisation for Economic Co-operation and Development 2019). In developing and transition countries, unions are often subordinated to employers or the state, which limits their capacity to develop independent policy positions (Gall *et al.* 2011).

The global and encompassing nature of climate change is questioning the traditional boundaries of union action. As a policy issue, climate change involves, like other sustainability issues, long time frames, a cross-national spatial scale, necessary limits to human activities, and the irreversibility of changes (Durant *et al.* 2017). To tackle the complexities of climate change, trade unions need to formulate a strategic and long-term conception of their purpose, addressing both their members' legitimate demands for economic security and the pressing need for environmental sustainability. This in turn requires aggregating different perspectives, in particular the diversity of members' interests and societal concerns, building own sources of expertise, and ensuring strong interlinkage and coordination of policy positions across the different levels of trade union action.

Notes

1. Directive 94/45/EC of 22 September 1994 established European Works Councils as consultative bodies in companies with significant employment in more than one EU member state. Currently, over 1000 companies have EWCs.
2. Eurofer did not respond to repeated requests for interviews.

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