



# Trade unions' role in shaping the future of the carbon-intensive industry

A case study of the Acciaierie d'Italia steel plant in Taranto, IT

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## Key messages

- The presence of trade unions in hard-to-abate sectors (e.g., steel plants) adds up to the richness of perspectives that is necessary to understand and meet the needs of groups directly affected by, and mainly involved in, the sectors' transition, such as workers and their families.
- Trade unions have limited mandate when it comes to implementing large-scale solutions for a just transition. However, they can leverage their powers (e.g., strike, communication, representation at decision-making tables) to put pressure on authorities and suggest solutions.
- Trade unions and direct worker representatives show willingness to collaborate and sit at decision making tables with authorities, even if they are not initially invited. Their presence is essential to ensure no one is left behind in the transition.

## 1. Steel sector in Europe: Strategies and the role of trade unions

The steel industry is one of the largest sectors contributing to Europe's CO<sub>2</sub> emissions, accounting for approximately 5% of total CO<sub>2</sub> emissions.<sup>1</sup> The EU was in 2021 the second-largest steel producer region in the world. As of 2022, the steel industry directly employed 306,000 employees and indirectly contributed to 1,55 million jobs, creating around €143 billion of gross revenue.<sup>2</sup> After the Russian's invasion of Ukraine in February 2022, steel production, industry and related markets have been challenged.<sup>3</sup>

As part of a larger response to the Russian's invasion of Ukraine, in January 2023 the European Commission introduced the [Green Deal Industrial Plan](#) (GDIP). The Plan aims to foster the industrial transition towards climate neutrality while strengthening European competitiveness in the net-zero industry, while mitigating the socio-economic impacts of the transition to climate neutrality. To do this, the plan relies on four key pillars: a simplified legal framework, easier access to funds, skilling and re-skilling and fostering global cooperation. The Net-Zero Industry Act is the main legal instrument of the Plan and foresees higher investment flows providing easier access to the European market. The goal is to strengthen net-zero European manufacturing capacity, fostering employment and competitiveness in strategic net-zero technologies sector.

The steel sector will play a key role in the transition of other sectors - the expansion of the renewable energy sector alone will require more than 74 million of steel.<sup>4</sup> The crucial role that steel and its surrounding industry play in the achievement of a climate-neutral economy, gives them a central role in the GIP. The strategy includes plans aiming at the simplification of the regulatory environment, granting easier access to financial aid, skilling and reskilling workers, and open trade. For the steel sector, a set of measures is presented, addressing the full value chain, including the green production, transportation and use of steel.

Considering the relevance of the steel industry to the European economy, as well as the number of direct and indirect employees potentially affected, it is important that the perspectives of the steel plant workers are comprehensively taken into account during the process. This case study explores how the trade unions can help to identify and bring to the negotiation table workers' needs, perspectives on job security, and tariffs, as well as their health and safety in the midst of the transition. The case study in particular highlights the role of trade unions in the design of a just and people-centred transition to achieve climate neutrality goals and transition to a carbon-intensive industry. It focuses specifically on the city of Taranto, home to ex-ILVA - the biggest steel plant in Europe.

## 2. Zooming in on the steel plant in Taranto

Acciaierie d'Italia, or ex-ILVA, is the one of the largest steel mills in Europe and the biggest in Italy, with four plants across the country: Genova Cornigliano, Novi Ligure, Marghera and the biggest one in Taranto. The steel plants host the integrated steel production cycle, starting from the processing of primary inputs (in particular coke) to the manufacturing of final products for both national and international markets. Ex-ILVA has

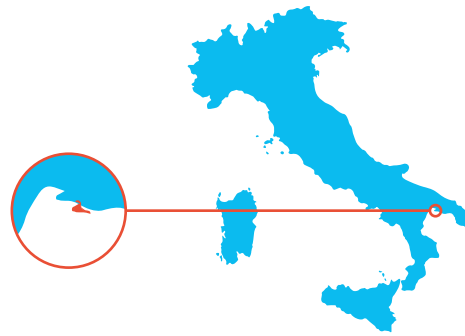
extended beyond the local level, representing a fundamental source of income and employment in the wider region and in the country as a whole, producing between 8 and 10 million tons of steel per year. As of 2022, ex-ILVA employed more than 10.000 people in Italy<sup>5</sup> and generated €3,887 billion revenue. Notwithstanding its economic success, discussions about the environmental and health impacts of the plant began in the

1990. These discussions have been central to ongoing legislative and economic processes at different governance levels. In July 2012, the inquiry “Ambiente Sventuto” began, leading to the seizure of the Taranto plant and the arrest of the heads of ILVA. Company leaders were charged with environmental violations and aggravated damage to public goods. Not only that, it is estimated that ex-ILVA's employees register 500% more of cases of cancer compared to the greater Taranto's area. Between 1993 and 2015, around 5000 people died due to asbestos' exposition. People living in the area have a 4-5% higher risk of death compared to the general population<sup>6</sup>.

Despite the widely recognised health and environmental hazards, the decision was made not to stop production in the plant. The Italian government led by Mario Monti developed a number of ad hoc laws allowing the plant to keep running. The decision was made in light of the significant economic and productive contribution of the plant, accounting for more than 40% of the national steel production. This approach also aimed at safeguarding jobs and incomes for the almost 12,000 that were employed in 2012 in Taranto's steel plant alone<sup>7</sup>.

From 2012 on, ex-ILVA has been at the centre of a legal and media storm. Subsequent governments have continued to warn of the effects of industrial production while simultaneously maintaining the operation of the plant and safeguarding employment. Ex-ILVA obtained the status of “strategic plant” to enable the pursuance of its production under the management of special commissioners. In 2017, the Indian multinational company ArcelorMittal won the bid for the partial control of the plant. Between 2020 and 2021 ArcelorMittal and Invitalia, Agency from the Ministry of Economy, were managing ex-ILVA, now called Acciaierie d'Italia (AdI). AdI's shares are 62% private and 38% public<sup>8</sup>.

Since then, there have been a number of measures put in place both at both the European and national levels to support and foster the just transition of Taranto, in the context of the transformation of the steel plant. In 2022, the just transition Fund has allocated €1 billion to Italy to foster economic diversification and green jobs, thus alleviating the externalities for people and territories phasing out of carbon-intensive



economies. Two are the territories interested in Italy: in the area of Sulcis Iglesiente (Sardinia), home to the biggest coal mine in Italy, and the one of Taranto. In Taranto, €800 million will support the design and implementation of a just transition process for the people and the region. More specifically, the fund will contribute to several actions in and around the area<sup>9</sup>:

- Re-skilling of 4,300 workers for re-employment in green jobs
- Environmental restoration of the area through greening
- Support for research projects and development of green hydrogen supply chain
- Support for an ecological transition and the protection of natural resources
- Support for research projects focusing on transition and diversification; and
- Development of services for social welfare.

At the same time, the national approach to the issue seems to be more focused on immediate and target actions. In March 2023, Sergio Mattarella, President of the Republic signed “Salva Ilva”, fourteenth ad hoc amendment, which main goal is to ensure stability of production in a “strategic activity” for the country and its economy<sup>10</sup>. It foresees the allocation of €680 million to pay the debts accumulated by the management. “Salva-Ilva” also reintroduces a measure protecting current managers from convictions while attempting to steer the plant back towards full environmental compliance<sup>11</sup>.

### 3. An overview of trade unions in Taranto



**UILM-Unione Italiana Lavoratori Metalmeccanici** stands for Italian Union of Italian metal workers. It is the trade union confederation within UIL (the Italian Union of Labour). It represents, organises and protects workers dependent on metal and mechanical enterprises and similar sectors, e.g., goldsmiths, silversmiths and dental technicians.



**FIM-Federazione Italiana Metalmeccanici** is the Italian Federation of metalworkers and is part of CISL (the Italian confederation of Labour Unions). It is a democratic organisation, made of the free membership of thousands of workers all over Italy. Solidarity and autonomy are its basic principles.



**FIOM-Federazione Impiegati Metallurgici** is the Italian Federation of Metalworkers, representing workers in the metal and engineering industries in Italy. It is part of CGIL (the General Italian Confederation of Labour), the biggest and oldest Italian trade union with more than 5 million members. Its main principle is to protect the economic, professional, and ethical interest of metal workers.



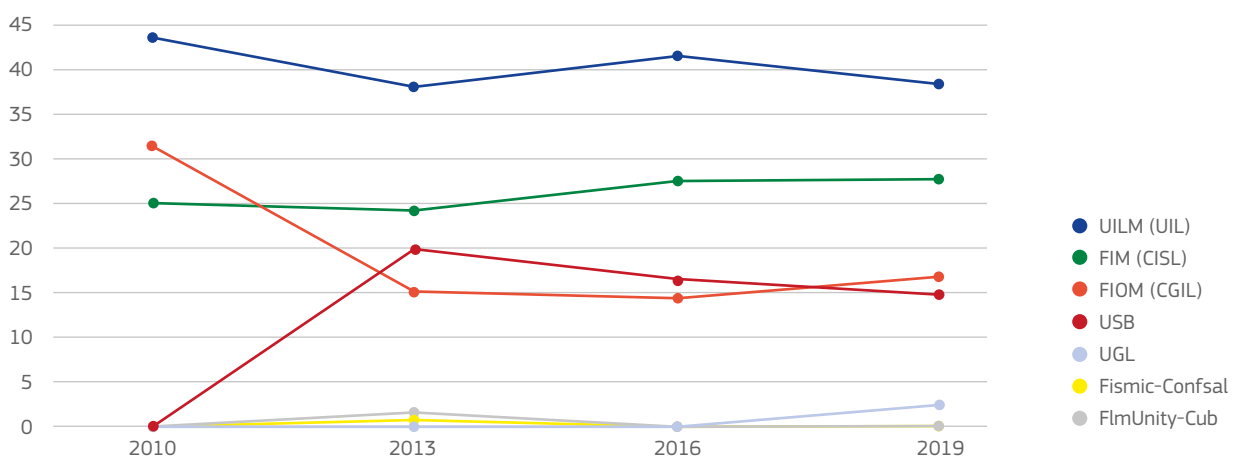
**USB-Unione Sindacale di Base** stands for Basic Trade Union. It was born in 2010, on initiative of different groups and organisations engaged with struggles and conflicts in the sphere of public and private work, as a response to the historical experience of antagonistic trade unionism in Italy.

In the complex landscape of Taranto's steel plant, trade unions have played a major role in, first and foremost, defending worker's health and employment. In the past decade, however, environmental awareness and the need for a just transition which meets national and European goals, has put trade unions under pressure to find solutions to complex problems.

Three of the largest and most historically significant Italian trade unions are CGIL, CISL and UIL. All three have confederations representing employees in the metal and mechanical industries. These are **UILM (UIL)**, **FIM (CISL)** and **FIOM (CGIL)**. These are also three of the four biggest trade unions representing Taranto's plant. The fourth trade union present in Taranto is **USB**. This is the youngest trade union and characterised by a more critical attitude, stemming from its grassroots nature.

As shown in the graph below (Figure 1) these four unions have been most present throughout the crisis of the Taranto steel plant. As the graph indicates, the emergence and uptake of USB came mainly at the expense of FIOM (CGIL) – possibly because USB presents a more critical view. It is worth mentioning that trade unions are not the only actors advocating for the rights of workers in Taranto. Taranto's residents and the plant workers have come together and created the Committee of Free and Reflective Citizens and Workers. Amongst other arguments, they have also been critical of trade unions, especially UILM, FIM and FIOM, for being too close to political parties.

**Figure 1. Number of events per trade union in Taranto's steel plant between 2010 and 2019**



Source: Greco, L. (2022). A just transition: Insights from the labour unions of a steel locality (Taranto, Italy), p. 10. Economic and Industrial Democracy, 0143831X221111417.

## 4. Trade unions' contributions to the just transition in Taranto

Trade unions active in Taranto position themselves in favour of the European Union's vision for a just transition.



### Initiator of decarbonisation measures for worker's health

More recently, UILM, FILM and FIOM submitted a set of proposals to decarbonise the steel plant<sup>12</sup>. This entails transitioning the energy sources of furnaces from coal to electricity, as well as installing filters which capture emissions from toxic chemicals. These considerations demonstrate that trade unions consider the ecological aspects of the transition. It is worth noticing, however, that they place considerably more emphasis on short-term questions of their workers' rights and health, rather than on the steel plant global and long-term impacts.



### Important role in just transition monitoring – holding the authorities accountable

The trade unions in Taranto rise concerns about how the Italian public institutions might misuse the €800 million assigned by the just transition Fund for the region of Taranto<sup>13</sup>. In this sense, trade unions act as careful watchers since, over the years, they have lost trust in the government, which they deem to have prioritised private sector profits over workers' rights<sup>14</sup>. They regularly criticize the government's slow responses, ambiguity and the lack of transparency. General secretary of CGIL Giovanni D'Arcangelo, for instance, is part of the Observatory Committee of the just transition Fund<sup>15</sup> and wishes for the use of the fund to finally put Taranto's workers and their needs at the centre<sup>16</sup>.



### Providing continuity in stormy and uncertain times

Throughout the complex history of Taranto's steel plant, trade unions have reliably acted in defence of workers' rights. In the last 15 years, ex-ILVA (now renamed Acciaierie d'Italia), has often been under media's attention. Corruption scandals, seizures of machinery for failing to meet health and safety standards, unpaid salaries, debts, and misuse of public funding are just some of the ways in which the plant is regularly portrayed in the news. Trade unions have remained present in this debate despite the changing management, recentring the conversation on how workers are the ones risking the most, being continuously marginalised and unheard.



### Using the power of strike for equal treatment

The Italian Constitution regulates the right to strike. Trade unions have the power to call for strikes and in Taranto such strikes have been taking place at least once a year in different seasons, as a reaction to questionable management actions. These do not take place only in Taranto, where the plant is situated, trade unions have also organised a strike in the capital city, Rome, to attract the attention of governmental institutions. On the 19th of January 2023 FIOM, FIM, UILM and USB organised for 750 workers to travel in 14 buses from Taranto to Rome (c.a. 500km distance) to take part in a strike<sup>17</sup>. Moreover, trade unions in Italy are expected to undersign a set of contractual changes between employer and employee. Earlier in 2023, following some economic hardships encountered by Acciaierie d'Italia, the company intended to temporarily lay off almost 2500 plant workers. The trade unions refused to undersign this action, citing inconsistency with previous agreements on this topic.

Finally, the government approved an ad hoc law to cover the workers' salaries until the end of the year<sup>18</sup>. Trade unions' strong presence and continuous advocacy serve a valuable contribution – ensuring that the transition of the plant is truly just, meaning that every decision should benefit and not disadvantage Taranto's workers.



### Taking a seat at local decision-making tables

Despite being critical of how the government and private sector have been handling the crisis in Taranto, the trade unions also show themselves to be diplomatic and ready to collaborate. Trade unions are either present or push to be included in all decision-making events. In April 2023, trade unions met Taranto's mayor to find common ways to ensure a just transition in the region. They reiterated that they are willing to “find agreements towards a just transition which entails low environmental impact, better health care, but most of all does not sacrifice workers in exchange for economic diversification projects which are still not clear enough.”<sup>19</sup>

Overall, trade unions undertake numerous actions to ensure that the private and public entities involved in Taranto address the “just” aspect of the transition and present tangible alternative solutions. Their actions reveal the tensions that exist between trade unions, as representative of civil society and workers, the private sector owning the company and the public authorities responsible for the future of region. However, as most workers, trade unions and other civil society actors would argue, Taranto's truly just transition has not yet begun, blocked by the conflicting interests and lack of decisive action. The efficient and targeted use of the JTF in the region could be one step in the right direction.

## 5. Lessons learned

The case of a just transition for Taranto is a highly complex and politicised one. Throughout the years the factory has continuously been under the media spotlight for different social, economic and environmental challenges and has been under changing ownership and management.

Despite the unique context of Italy and Taranto's region, some learnings can be leveraged from this case for other hard to abate sectors.

- ✓ The involvement of multiple actors helps to shed light on different perspectives for the future of the carbon-intensive sector. Between public and private actors, the presence of trade unions and other civil society actors is essential to diversify perspectives and find agreements that are just and leave none behind.
- ✓ Although trade unions suggest ecological solutions for a just transition (e.g., technology switch from fossil-fuelled to electric furnaces), they often lack the mandate to implement transformative changes in the plant.

- ✓ Trade unions might show willingness to collaborate with local authorities, as with the Mayor of Taranto in the above case. At the same time, they also expect to be invited to decisions making processes where workers' stake is being discussed.
- ✓ Trade unions can serve an important watchdog function to hold the private and public sector accountable on previous agreements as well as on the spending of funds, in particular the just transition Fund.
- ✓ Beyond trade unions, direct workers' representatives should be invited to the discussion table to ensure an equal representation of different workers' groups.

This document was prepared by researchers at ICLEI Europe having conducted desk research, interviews and surveys. Any information and views contained in the present document do not reflect the official opinion of the European Commission. Reuse is authorised provided the source is acknowledged.

This document is part of a series presenting information and lessons learned on policy approaches at national, regional or local level supporting a just transition to a climate-neutral economy. The Just Transition Platform (JTP) assists EU Member States and regions to unlock the support in this transition. Visit the [JTP website](#).

## Endnotes

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