



Production Control by Workers : Industrial Transformation Agreement by KMWU

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Sangmin Kim, Policy Director, KMWU

Just Transition... What Is Injustice Then?

ITUC	Silesia Declaration	Climate Change Act of Scotland	Climate Justice Alliance
<ul style="list-style-type: none"> • Support for workers in the fossil fuel industry • Investments in affected regions • Support for innovation and sharing technologies • Worker participation • Resilience to climate disasters • Investments in decent jobs • Social protection and human rights • Just Transition Fund • Social dialogue and agreements 	<ul style="list-style-type: none"> • Creation of decent jobs • Enhanced infrastructure and institutional capacity • Support for affected workers and local communities • Social dialogue • Participation in just transition by all stakeholders beyond borders 	<ul style="list-style-type: none"> • Support for environmentally and socially sustainable jobs • Support for investment in low-carbon infrastructure • Social consensus • Creation of decent and fair jobs • Resource-efficient and sustainable economic approach to help cope with inequality and poverty 	<ul style="list-style-type: none"> • Buen Vivir • Meaningful work • Self determination • Equitable redistribution of resources and power • Regenerative ecological economics • Culture and tradition • Solidarity • Builds what we need now

1. Just Transition in KMWU's Perspective

Responses to business-focused industrial transition

- ✓ Enterprises see that industrial transformation is a restructuring or reorganization of businesses
- ✓ Support for businesses is provided without obligation of employment
- ✓ Widespread suspicions that business subsidies are not used appropriately
- ✓ Workers feel supports for business do not benefit them

1. Just Transition in KMWU's Perspective

Responses to business-focused industrial transition

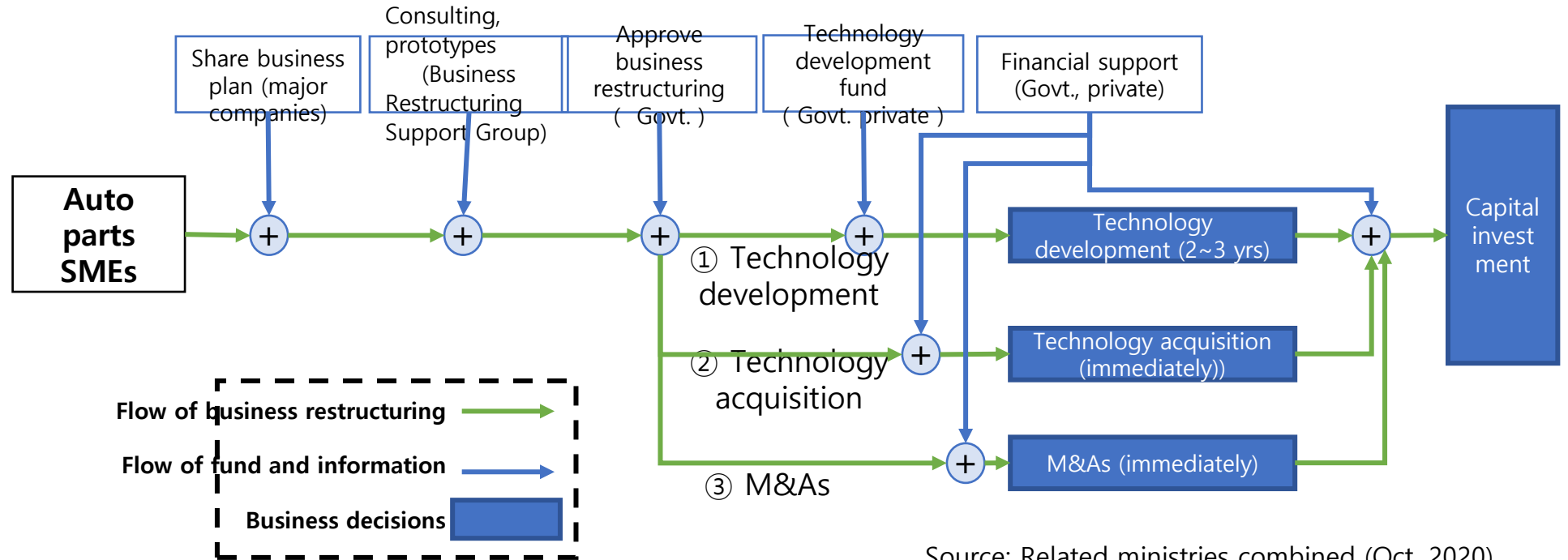
- ✓ Hydrogen Economy Committee, an authority entitled to set hydrogen-related budgets, includes the CEO of Hyundai-Kia Motors, which will be benefitted the most by hydrogen subsidies
- ✓ An executive from Hyundai Motors is commissioned as the head of the Self-driving Technology Development and Innovation Committee, an authority established by four ministries combined (Industry and Resources, Land and Transport, Environment and Police) to set regulations for automated driving
- ✓ A senior engineer from Hyundai Motors is appointed as the chief of the Future Vehicle Industry Department in the Ministry of Land and Transport

→ What matters is who controls it

1. Just Transition in KMWU's Perspective

Supply monopoly deepens in value chain of auto parts

Selecting parts makers approved for business restructuring under Corporate Revitalization Act



→ Car manufacturers choose parts makers to be included in the ecosystem of future vehicles

1. Just Transition in KMWU's Perspective

Exclusion of trade unions and spread of bad jobs



Ihwa Shop of Hyundai Mobis (Ulsan)

- Hyundai Mobis invested KRW 330 billion in the shop and NVH Korea is commissioned for manufacturing
- One-month employment contracts, dismissals by text messages, low wages, wage gaps between workers of contractors and subcontractors
- Censoring clothes of workers entering workplaces and forced collection of cellphones
- Unfair labor practices, detaining workers to force them to leave union, bribing team masters and leaders

1. Just Transition in KMWU's Perspective

Exclusion of trade unions and spread of bad jobs

Company	Subcontracted Manufacturing of Parts for Future Vehicle
Sejong Industrial Co.,Ltd.	<ul style="list-style-type: none">• First-tier subcontractor of Hyundai-Kia Motors manufacturing mufflers and other parts for internal combustion engine vehicles.• Launched new businesses for electronic components and hydrogen vehicle sensors by acquiring Asantech (located in Asan City)• Began to provide Mobis with hydrogen vehicle parts by establishing Sejong EV (located in Chungju Province)
Woory Industrial Co., Ltd.	<ul style="list-style-type: none">• Second-tier subcontractor delivering HVAC-related parts to Mando and Mobis• Developing ultrasonic and radar sensors by subsidiary Woory M Automotive• Tries to deliver parts to Mando, which would eventually end up into finished car manufacturers
Inzi Controls Co., Ltd.	<ul style="list-style-type: none">• Manufacturer of water temperature controllers that prevent engines from overheating• Establish subsidiary Inzi Display to produce eco-friendly vehicles parts
Iljin Diamond Co., Ltd.	<ul style="list-style-type: none">• Subsidiary Iljin Composite Material delivers hydrogen fuel tanks for Hyundai cars and hybrid trains jointly developed by East Japan Railway, Toyota and Hitachi

→ Avoid trade unions through subsidiaries and joint ventures

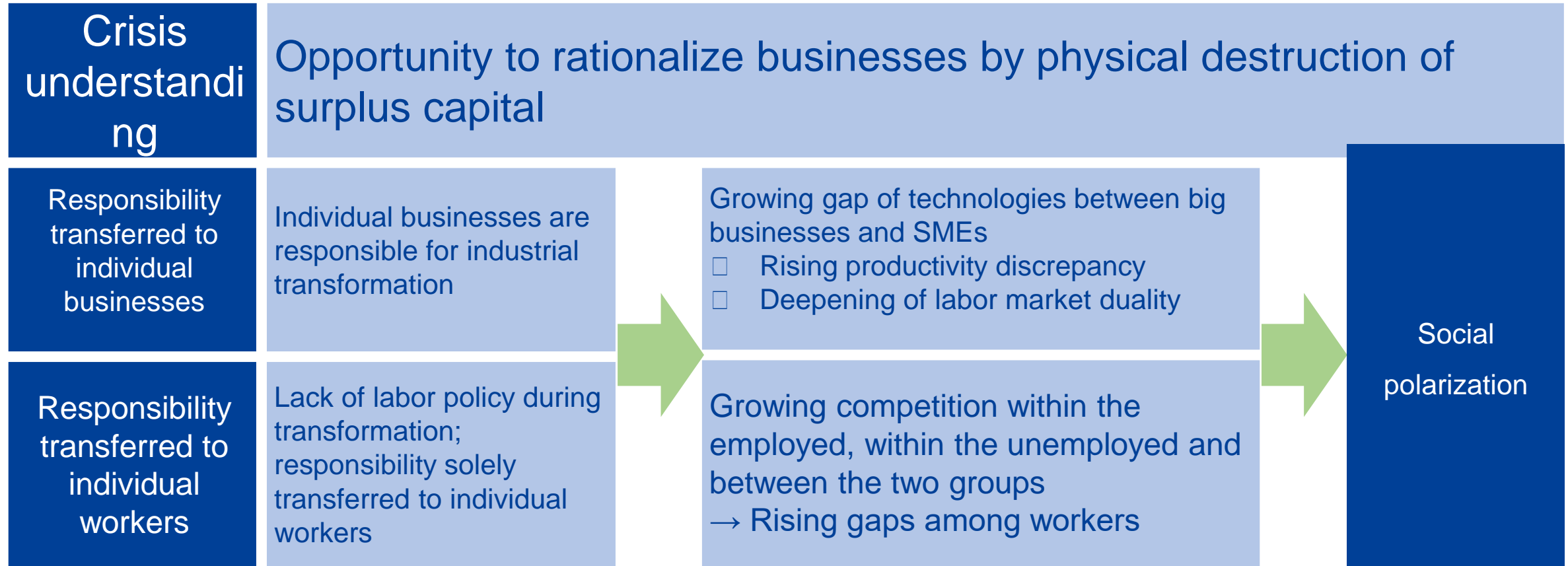
1. Just Transition in KMWU's Perspective

SMEs resisting or dropping out of transformation

- ✓ Lack of proprietary technology and self-sustainability
 - A growing number of parts suppliers are incompetent to or not willing to adapt to a new industry environment
 - Preparing for natural extinction
 - No plans for new investment, technology development or employment security

1. Just Transition in KMWU's Perspective

Transfer of costs of transformation and social security



→ Individualized crisis leads to polarization

1. Just Transition in KMWU's Perspective

Directions of Just Industrial Transformation

Industrial transformation today

1

Solely focused on supporting enterprises

2

Deepening monopoly of automotive ecosystem

3

Exclusion of trade unions
Deteriorating quality of jobs

4

Transfer of costs of transformation

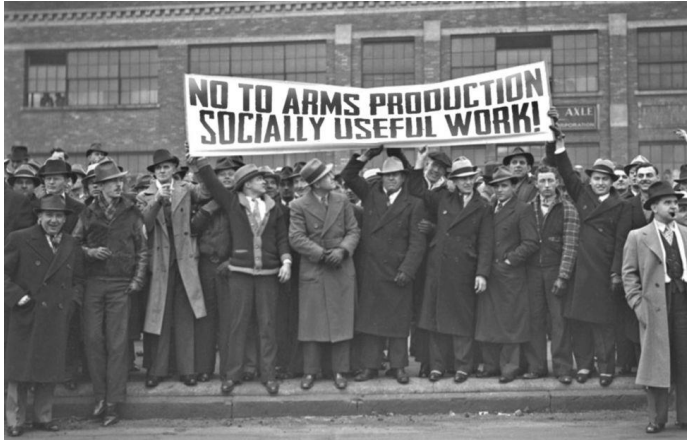


Toward just industrial transformation

- Link business support to employment obligation
- Specify the uses of financial supports to enterprises
- Build diversified ecosystem, and foster and regulate GM, Ssangyong and Renault-Samsung
- Promote self-sustainability of parts makers
- Support to enlarge parts makers or facilitate joint projects
- Introduce regulations about demand monopoly
- Link supports for new industries with appropriate labor standards
- Preemptive inspection of potential violations of current laws such as the Labor Dispatch Act
- Provide trainings for advanced skills and job transfers inside the shop, or offer trainings to switch jobs in special cases
- Strengthen support for employment security in connection with providing trainings and reducing working hours
- Build multi-layered social safety net such as income security for the unemployed and helping the unemployed find new jobs at the national and local levels

2. Challenges of Industrial Transformation Agreement

LUCAS Plan and Social Control of Production



- **Learnings from LUCAS Plan**

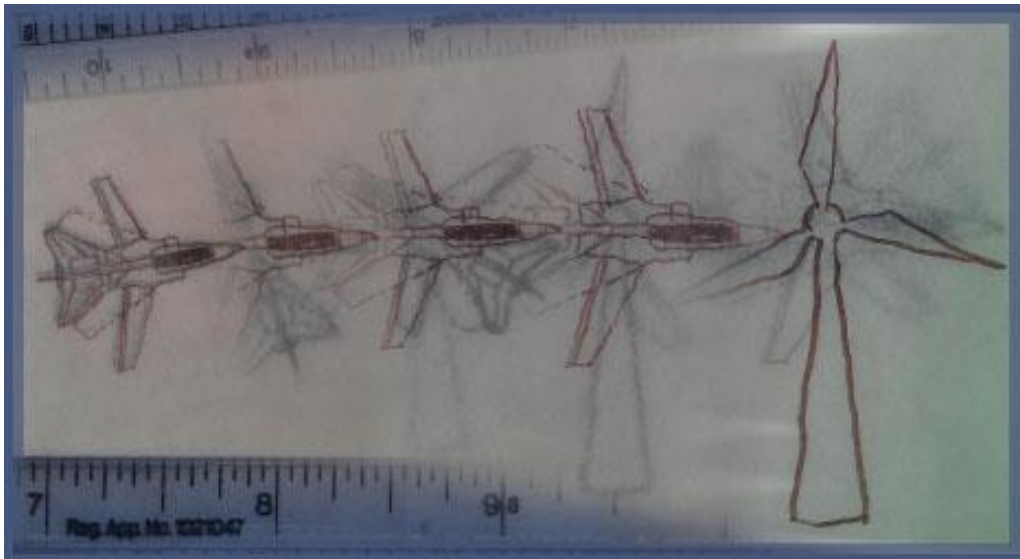
The notion of “socially useful production” combines the human values of environment and ecosystem with workers’ practical demand for continuation of employment

- **Social control of production**

Consider “What should be produced?” as a crucial question

This leads to the question of “how workers can control production?”

Shed light on the nature of products, direction of investment, and process of work



2. Challenges of Industrial Transformation Agreement

Industrial transformation agreement demanded by all negotiating units

Objective	For the sustainable development of the company, and for the employment security and decent jobs
Time	During the time of industrial transformation driven by digitalization, automation, electrification and climate crisis
Process	Through responsible joint decision makings by labor and management based on transparent business plans.
Core Obligation	Jointly designs plans to respond to industrial transformation.

2. Challenges of Industrial Transformation Agreement

Core principles of industrial transformation agreement: Social control of production

Employment Security

To ensure business restructuring and investment does not result in employment insecurity and precarious low-wage jobs

Education- Training

To ensure workers can adapt to transformation of jobs due to the introduction of new technologies

Safety- Human rights

To ensure changes in working environment due to new technologies does not infringe on human rights nor threatens workers' safety

Carbon Emissions Reduction

Develop plans to reduce carbon emissions

Fair Trade

Develop plans for buyer and suppliers to grow together

2. Challenges of Industrial Transformation Agreement

Joint Declaration on Metal Industry's Response to Climate Crisis

The Korean Metal Workers' Union of KCTU and the Korean Metal Industry Employers' Association agree on the seriousness of climate crisis that it may result in irreversible disasters and declare the following to act responsibly with human survival and security as our priorities:

- We clearly recognize that carbon emission reduction policy to respond to climate crisis is a task to be pursued quickly and consistently with joint efforts of labor and management at the global and national levels.
- The company will establish a business environment and raise funds to reduce carbon emissions throughout the front and rear processes beyond the operations and processes of its own.

- The company ensures that its investment for business expansion and transformation is not directed toward aggravating climate crisis.
- The company and the trade union shall implement the following matters:
 1. Make sure total employment is maintained.
 2. Prepare for training courses to respond to the reorganizations of processes and technologies
 3. Build a safe and comfortable working environment
 4. Provide urgent protection measures for high-risk working groups and other measures to adapt to climate change
- The trade union and the company agree on the principle that industrial reorganization to build a carbon-neutral environment shall not be pursued on the sacrifice of one side and demand the central and local governments protect the vulnerable populations from climate crisis and support workers and business owners in the regions and industries adversely affected during the process¹⁴ of industrial transformation.

2. Challenges of Industrial Transformation Agreement

Enhancements to the Industrial Transformation Agreement in 2022

- ⑤ (Newly added) The company shall not unilaterally apply for various support programs of the central and local governments during the process of responding to industrial transformation under paragraph 1, and shall agree with the union (locals and chapters) in advance if it affects employment and working conditions.

2. Challenges of Industrial Transformation Agreement

Industrial Transformation Agreement Negotiations

- (Negotiations in KMWU) In 2021, 345 organizations in KMWU (enterprise branch, regional local and chapters) formed 308 negotiation units, which covers 172,000 of KMWU's 188,000 members in total
- (Agreements concluded) 215 organizations in 181 negotiation units concluded industrial transformation agreements, which covers 140,000 (74%).
- (Consultation bodies and demands to government) 148 organizations in 129 negotiation units managed to form industry-, sector- and region-level consultation bodies with employers and achieved demands to the government, covering 36,191 members.

Industrial Transformation Agreement Negotiations

- **Negotiation Agenda of Industry-level Union**

An industry-level union's negotiation agenda is a set of demands to the government and the management as well as a process to unify the position of union members. It goes beyond just presenting a righteous position or playing a role required by circumstances.

- **Labor movement as a popular movement**

During the process of determining negotiation agenda at an industry-level union, it is desirable for union members to take the organization's strategies as their own guidance to activities. Education, training, and democratic debates help the union unify members.

Building industry-level capacity for industrial transformation

Area	Major Task
Policy	<ul style="list-style-type: none">• Investigate and evaluate the impact of climate change and climate policy on the industry and jobs• Build industry- and sector-level governance structures• Provide education manuals and materials for climate change and industrial transformation• Develop strategies to build public transportation system
Negotiation	<ul style="list-style-type: none">• Establish industry-level climate-labor negotiation system• Establish the system to support regional negotiations by regional branches• Develop exemplary climate agreements and specify workplace demands
Struggle	<ul style="list-style-type: none">• Put pressure on government/capital for a just industrial transformation• Struggle to publicize a just industrial transformation
Solidarity Actions	<ul style="list-style-type: none">• KMWU to join the climate justice movement and participate in activities• Perform campaign actions with local communities

Building workplace-level capacity for industrial transformation

Area	Major Task
Reduction of Greenhouse Gas Emissions from Workplaces/Processes	<ul style="list-style-type: none"> • Conversion to renewable energy sources, adoption of production methods of less fossil fuel and coke consumption, and efforts to monitor and streamline carbon emissions from workplaces
Climate Change Adaptation Strategies in Workplaces/Processes	<ul style="list-style-type: none"> • Protection of workers from heat waves, cold waves, tidal waves, and rising sea levels
Production as Countermeasures to Climate Change	<ul style="list-style-type: none"> • Achieving higher energy efficiency, transition to electric vehicles, ships run by eco-friendly fuel, and hydrogen reduction steelmaking
Building Workers' Capacity to Respond to Climate Change in Workplaces	<ul style="list-style-type: none"> • Offer time offs to trade union environment/climate officers or activists
Educate and raise awareness	<ul style="list-style-type: none"> • Secure time slots for educating union members about climate crisis and develop related instructors and programs
Solidarity Activities with Communities	<ul style="list-style-type: none"> • Campaign actions and activities with local communities

KMWU will join you in building a trade union movement that goes with climate justice.

Thank you, Comrades.

