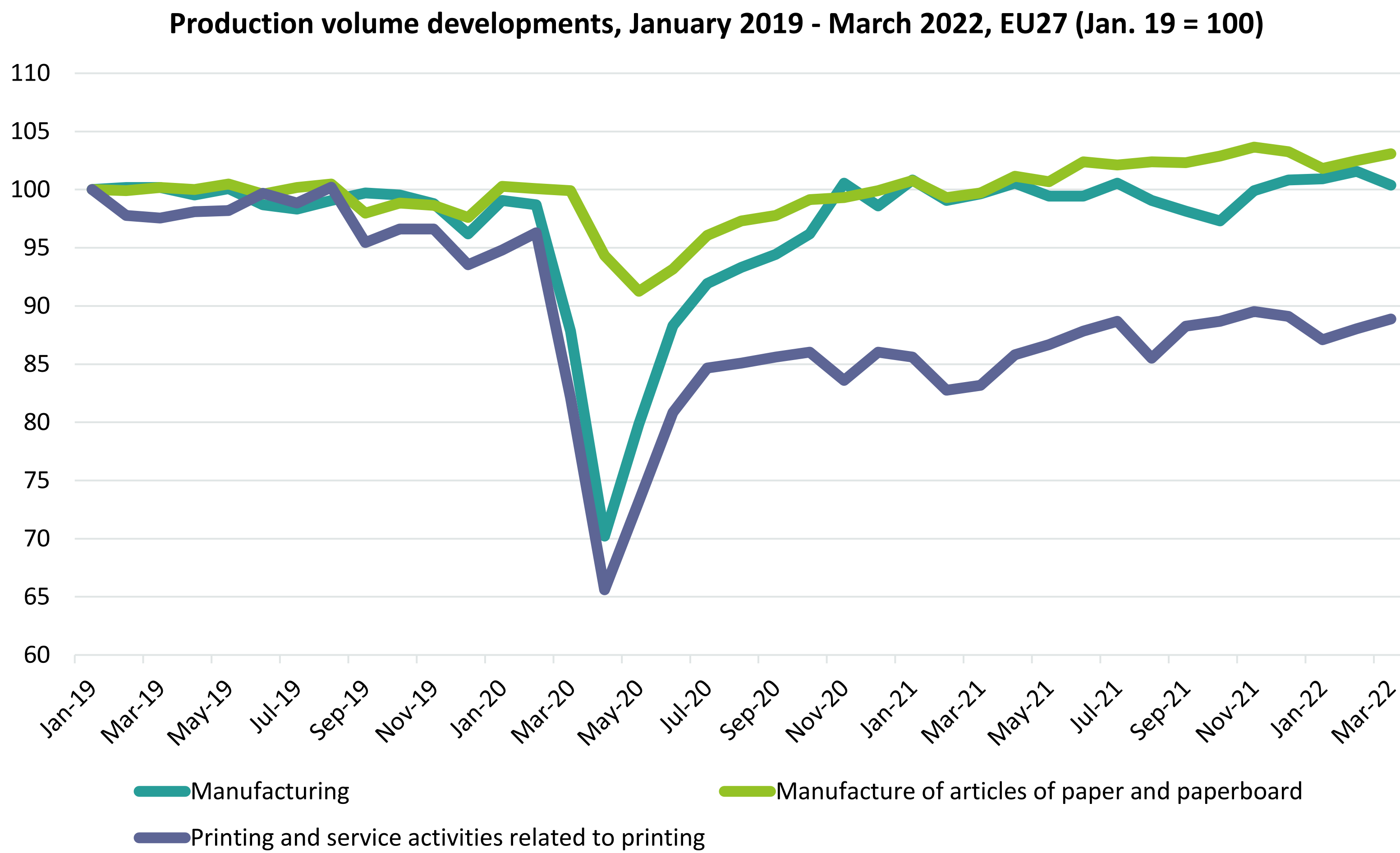
# COLLECTIVE BARGAINING TRENDS

## 2021/22 EDITION

8-9 JUNE 2022

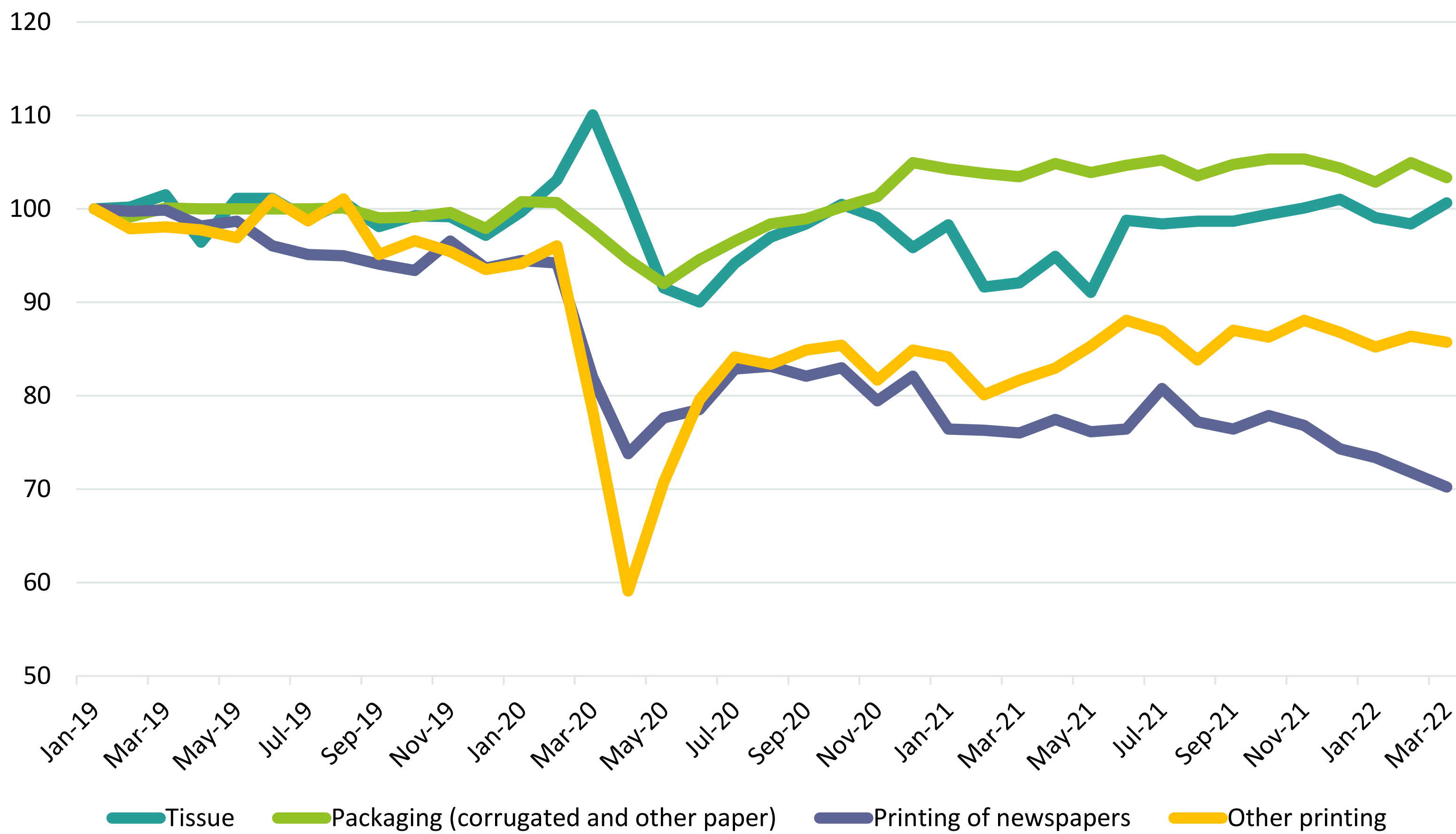
# #1 INDUSTRY DEVELOPMENTS

# VOLUMES FOR PAPER ARTICLES RECOVERED EARLY IN 2021 AND HAVE CONTINUED TO GROW. PRINTING VOLUMES ARE STILL WELL BELOW PRE-PANDEMIC LEVELS

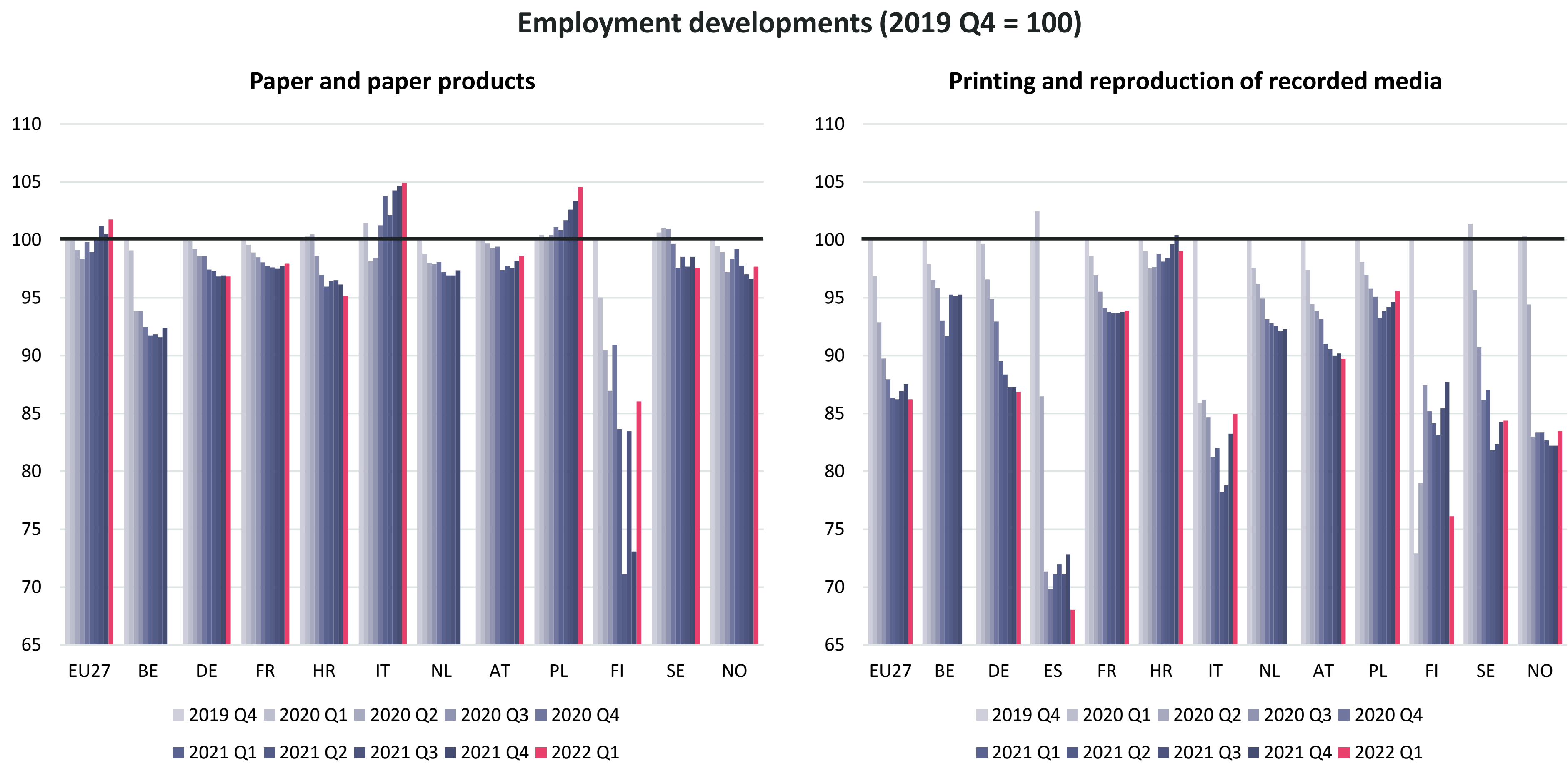


# PACKAGING VOLUMES INCREASED SIGNIFICANTLY; TISSUE STABLE. NEWSPAPER PRINTING VOLUMES CONTINUE TO DECLINE AT AN ACCELERATED RATE

**Production volume developments, January 2019 - March 2022, EU27 (Jan. 19 = 100)**



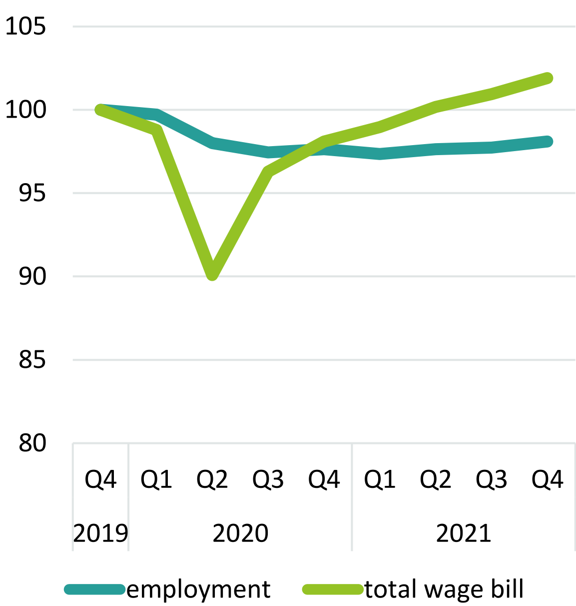
# EMPLOYMENT STILL WELL BELOW 2019 LEVELS IN MOST SITUATIONS, WITH MANY INDICATIONS OF STRUCTURAL DECLINE INDUCED BY COVID-19



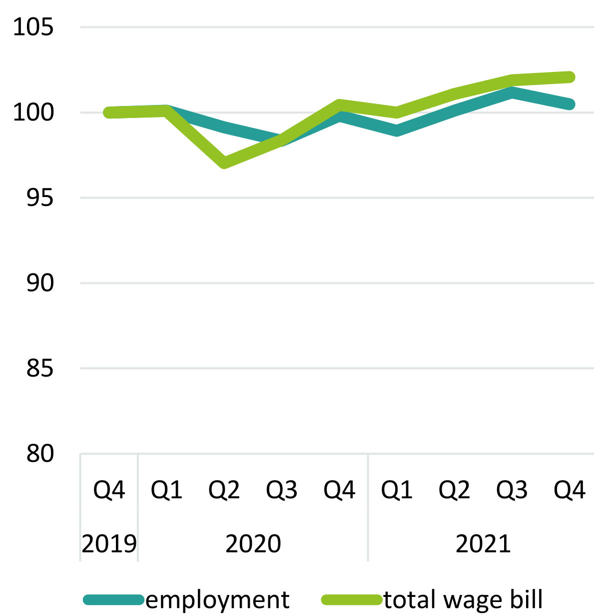
# WAGES HAVE RECOVERED AFTER THE INITIALLY STRONG NEGATIVE IMPACT OF COVID-19

- COVID-19 had a very strong negative impact on workers' incomes in Q2 2020 both in overall manufacturing and in printing. This was less the case for the paper industry.
- Wages recovery was visible starting with Q4 2020. In Q4 2021, employment in the printing sector was still down 12.5% versus Q4 2019. The overall wage bill was lower by 7.6%, indicating that average wages still grew in a context of declining employment.

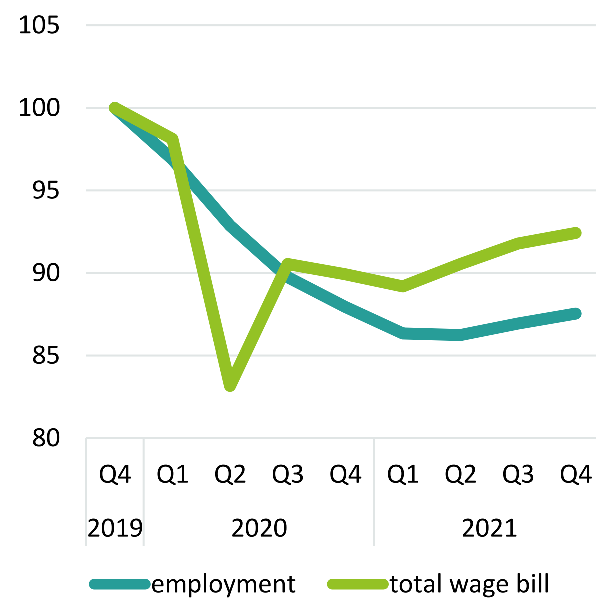
**Total manufacturing (EU27)**




**Manufacture of paper and paper products (EU27)**




**Printing and reproduction of recorded media (EU27)**




UNI EUROPA GRAPHICAL & PACKAGING COLLECTIVE BARGAINING CONFERENCE 2022

#2

# SURVEY RESULTS

#2.1

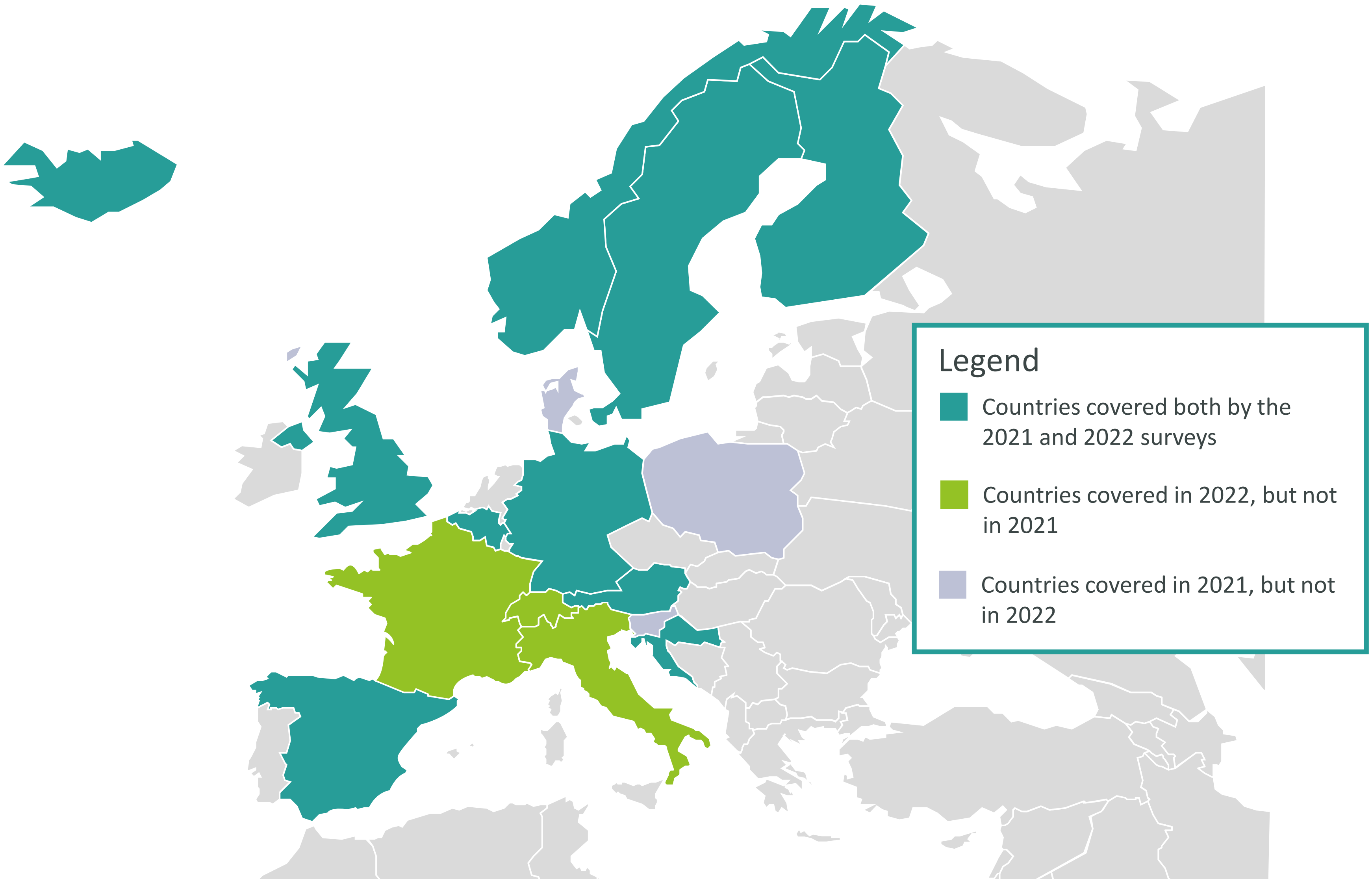
# OVERVIEW OF COLLECTIVE BARGAINING DEVELOPMENTS

# OVER 150 THOUSAND EMPLOYEES COVERED BY THE AGREEMENTS ANALYSED IN THE SURVEY

- 17 agreements from 13 countries covered by the survey
- 2021 survey: 17 agreements from 13 countries, but fewer employees covered (>120 thousand).

| Country | | Bargaining level | | Number of employees covered | Share of organised employees of total covered |
|---|---|---|---|---|---|
| | | Sectoral | Company | | |
| **Switzerland** | Commercial print, newspaper printing | | | 2400 | n/a |
| **Spain** | Commercial print, newsprint, packaging, publishing | | | 70000 | 10% |
| **Norway** | Commercial print, bookbinders, screen printers | | | 1024 | 60% |
| | Packaging | | | 352 | 93% |
| | Newsprint, newspaper production | | | 637 | 90% |
| **France** | Commercial print, newsprint, packaging ,tissue | | | 45000 | 8% |
| **Iceland** | Commercial print, newsprint, packaging | | | 480 | 95% |
| **Sweden** | Newsprint | | | 1100 | 100% |
| | Commercial print, packaging | | | 6000 | 100% |
| **Austria** | Packaging | | | 8800 | 35% |
| **Germany** | Commercial print, newsprint, books | | | no data | 7484 employees |
| **Finland** | Commercial print, newsprint, packaging | | | 4500 | 80% |
| **Belgium** | Packaging | | | 5886 | n/a |
| | Commercial print, packaging | | | 2127 | 60% |
| **UK** | Packaging | | | 3000 | 80% |
| **Italy** | Commercial print, newsprint, packaging | | | no data | 100% |
| **Croatia** | Commercial print, newsprint, packaging, other printing products | | | no data | 65-70% |
| **13 countries** | **17 responses / agreements** | **16 responses** | **1 response** | **>151 thousand + 3 cases with no data** | **8-100%** |

# GEOGRAPHICAL SCOPE: 13 COUNTRIES



# MOST AGREEMENTS COVERED ENTERED INTO FORCE AT THE BEGINNING OF 2022

- 5 new agreements in 2021, 8 in 2022 and 1 starting in January 2023.
- A 2-year duration appears to be the norm, though in one case the agreement lasts for 3 years, in two cases the duration of agreements is of 2.5 years, while 4 agreements have a duration of 1 year

| Country | Sectors covered | Bargaining level | Starting date | Ending date | Duration |
|---|---|---|---|---|---|
| **Iceland** | Commercial print, newsprint, packaging | Sectoral | May-19 | Nov-22 | 2.5 years |
| **Sweden** | Commercial print, packaging | Sectoral | Nov-20 | Mar-23 | 2.5 years |
| **Sweden** | Newsprint | Sectoral | Jan-21 | Apr-23 | 2.5 years |
| **Spain** | Commercial print, newsprint, packaging, publishing | Sectoral | Jan-21 | Dec-22 | 2 years |
| **Belgium** | Packaging | Sectoral | Jan-21 | Dec-22 | 2 years |
| **Belgium** | Commercial print, packaging | Sectoral | Jan-21 | Dec-22 | 2 years |
| **UK** | Packaging | Sectoral | Sep-21 | Aug-21 | 1 year |
| **Norway** | Commercial print, bookbinders, screen printers | Sectoral | Jan-22 | Mar-24 | 1.3 years |
| **Italy** | Commercial print, newsprint, packaging | Sectora | Jan-22 | Dec-24 | 3 years |
| **France** | Commercial print, newsprint, packaging ,tissue | Sectoral | Feb-22 | Feb-23 | 1 year |
| **Germany** | Commercial print, newsprint, books | Sectoral | Feb-22 | Feb-24 | 2 years |
| **Austria** | Packaging | Sectoral | Mar-22 | Feb-23 | 1 year |
| **Finland** | Commercial print, newsprint, packaging | Sectoral | Mar-22 | Feb-24 | 2 years |
| **Norway** | Packaging | Sectoral | Apr-22 | Mar-24 | 2 years |
| **Norway** | Newsprint, newspaper production | Sectoral | Apr-22 | Mar-24 | 2 years |
| **Switzerland** | Commercial print, newspaper printing | Sectoral | Jan-23 | Dec-24 | 2 years |
| **Croatia** | Commercial print, newsprint, packaging, other printing products | Company | no data | | |

# INDUSTRIAL DISPUTES IN FRANCE, GERMANY, ITALY AND THE UK

| Country | Sectors | Disputes (year of survey) | | | Form and reasons for 2021 disputes |
|---|---|---|---|---|---|
| | | 2018 | 2020 | 2021 | |
| **Belgium** | Commercial Print | Yes | No | No | |
| **France** | Commercial print, newsprint, packaging, tissue | Yes | n/a | Yes | Industrial action; wages and redundancies |
| **UK** | Corrugated packing | n/a | Yes | n/a | |
| | Packaging | n/a | Yes | Yes | Many disputes related mainly to pay due to below inflationpay rises - current disputes running in Sun Chemicals & Crown Packaging. |
| **Italy** | Commercial print, newsprint, packaging | | n/a | Yes | Industrial action; wages |
| **Poland** | Packaging | n/a | Yes | n/a | |
| **Germany** | Newspaper printing, commercial printing | No | Yes | Yes | Industrial action; expired contract triggered negotiations for higher wages and reinstatement of master agreement (weekly hours, shifts, allowances, which make up about 20 percent of workers' overall compensations); employers offered much less than demanded |
| | Packaging + paper cardboard and plastics | Yes | n/a | No | |

# 112-DAY STRIKE AT UPM IN FINLAND

- Context:
  - **October 2020**: Finnish Forest Industries Federation (employers' association) announces it will no longer participate in national-level sectoral collective bargaining, which was in place in Finland since the 1940s. Subsequent negotiations would take place at the company level. Employers claimed sectoral agreements were "too rigid"; unions feared employers would push for a competitive reduction of labour standards instead of investing in means to increase productivity.
  - **September 2021**: agreements at Stora Enso; **November/December 2021**: agreements at Metsa.

- Developments at UPM leading up to the strike:
  - **February 2021**: UPM announces they will no longer negotiated collective agreements for white-collar workers.
  - **Spring 2021**: UPM pushes for agreements at the level of business units, not for the whole company. The company intended to increase flexibility in working organization while also obtaining some wage concessions.
  - At UPM Communication Paper, the employer demanded an additional ≈100 hours of work per year, without additional pay.
  - **December 2021**: agreements at UPM Plywood and Timber. Strike announced at other UPM business units (Pulp, Communication Paper, Specialty Papers, Raflatac, Biofuels) starting in January.

- The strike:
  - **1 January:** strike begins as announced by Paper Workers' Union (Paperiliitto) and the Finnish Electrical Workers' Union. Periodical evaluations by the union and decisions to prolong the strike.
  - **Very high degree of participation**: ≈2000 strike participants. The company's offer of individual bonuses for workers not participating in the strike (€30/day) had no effect.
  - **Financial support** from other Finnish unions. €2.2M support from the Industrial Union.
  - Court decision that some workers in key positions (e.g., ensuring energy supply for local housing) could not stop work.
  - Company actions widely perceived in Finland as being "ideologically" driven, with little economic rationality.
  - **23 April**: strike ends with agreements at all business units. Exact conditions are confidential.

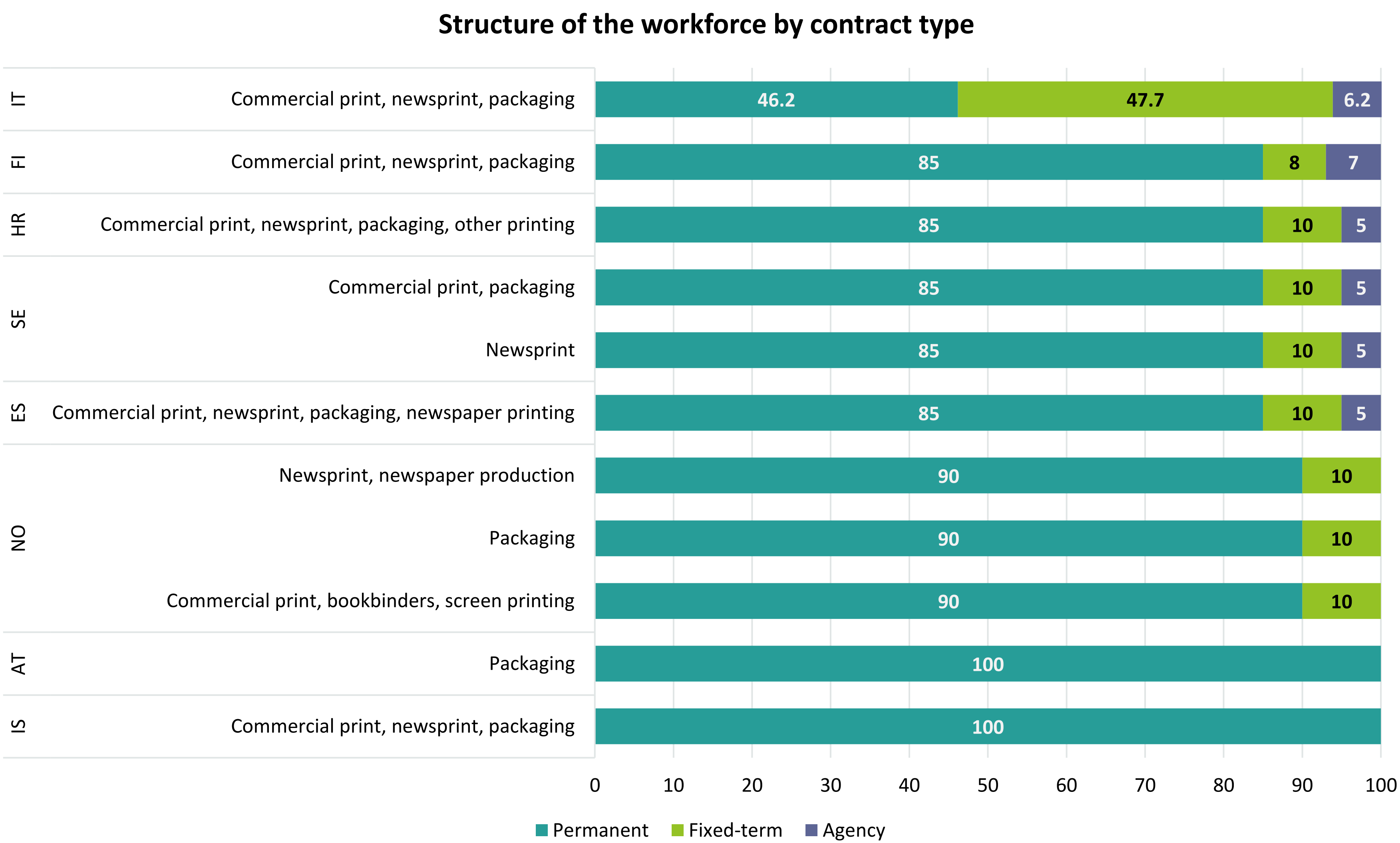
- Implications:
  - **Financial:** initially estimated at €200-300M. UPM Q1 results mention an impact of €180-220M vs €277 reported operating profit (EBIT).
  - **Operational**: 2/3 of UPM pulp capacities and 1/3 of graphic paper capacities down; similarly severe impact for labels and biofuels.
  - **Market**: the strike severely affected supply in Europe. UPM customers were forced to reduce activity and sometimes even shut down production entirely. Larger customers managed to find alternative supply. The strike is expected to have longer-term negative effects for UPM's image and position on the European market.

# 8/17 CASES SEEING DECLINE IN COLLECTIVE BARGAINING COVERAGE AND/OR UNION MEMBERSHIP. VARIEGATED IMPACT OF COVID-19 ON EMPLOYMENT

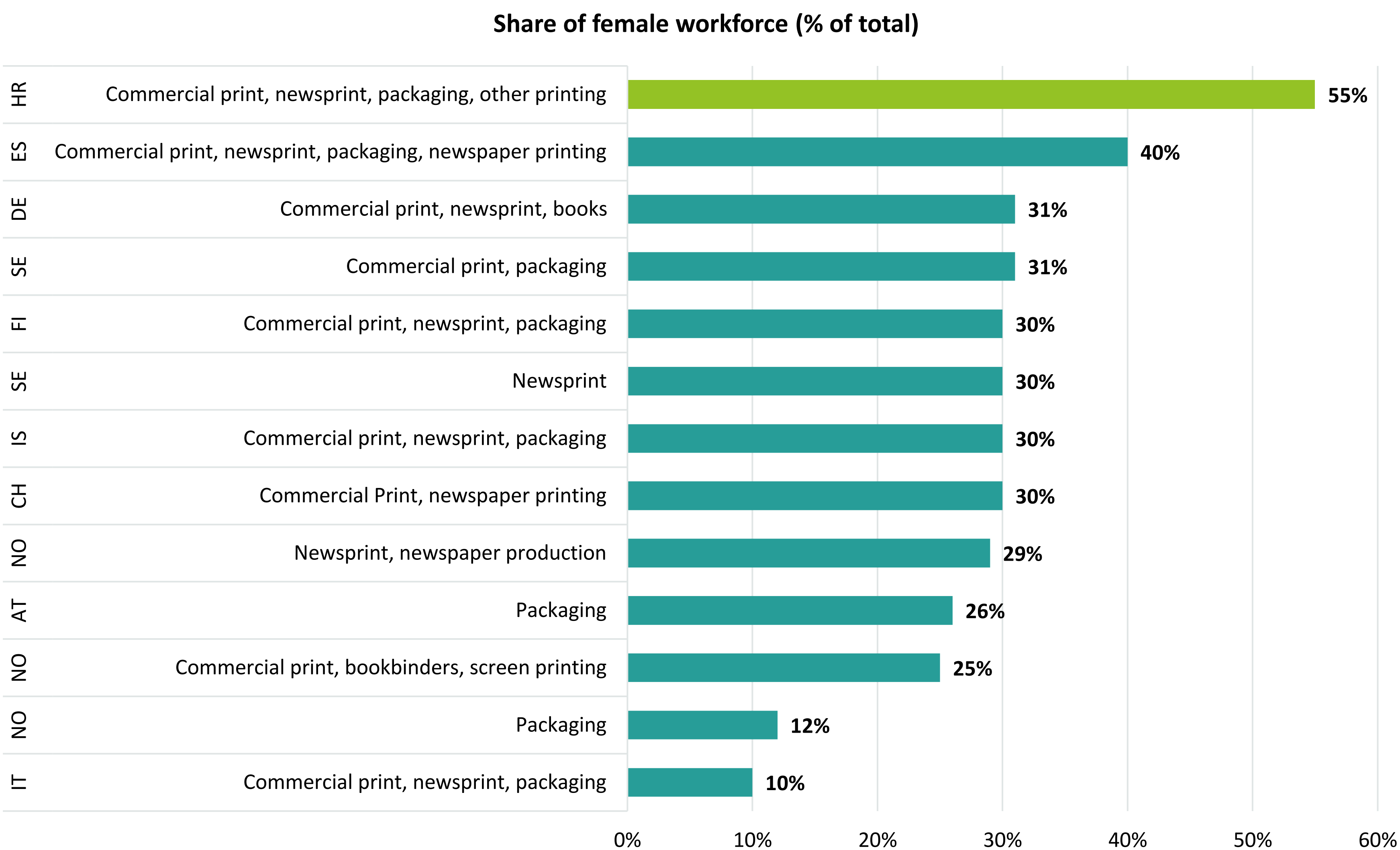
| Country | Sector | Changes in the number of workers covered by the agreement | Changes to number of organised workers covered by the agreement | Employment change (Eurostat) | | | |
|---|---|---|---|---|---|---|---|
| | | | | articles of paper & paper board | | printing | |
| | | | | 2020 vs. 2019 | 2020 vs. 2015 | 2020 vs. 2019 | 2020 vs. 2015 |
| **Austria** | Packaging | **No change** | **Increase** | -0.5% | 3.7% | -8.5% | -16.2% |
| **Belgium** | Packaging | **No change** | no data | -21.9% | -18.0% | 8.9%* | -15.9%* |
| | Commercial print, packaging | **No change** | **Decrease** | | | | |
| **Croatia** | Commercial print, newsprint, packaging, other printing products | **No change** | **Increase** | 0.7% | 9.7% | -2.1% | 2.7% |
| **Finland** | Commercial print, newsprint, packaging | **No change** | **No change** | 18.5% | 8.0% | -4.5% | -26.1% |
| **France** | Commercial print, newsprint, packaging ,tissue | **No change** | **Increase** | 4.0%* | 4.6%* | -4.5%* | -13.3%* |
| **Germany** | Commercial print, newsprint, books | **Decrease** | **Decrease** | -8.1% | 4.4% | -8.0% | -4.5% |
| **Iceland** | Commercial print, newsprint, packaging | **Decrease** | **Decrease** | no data | | | |
| **Italy** | Commercial print, newsprint, packaging | **Increase** | **Increase** | 1.5% | 3.5% | -1.2% | -2.4% |
| **Norway** | Commercial print, bookbinders, screen printers | **No change** | **Decrease** | 1.8% | -19.4% | -9.6% | -26.9% |
| | Packaging | **Decrease** | **Decrease** | | | | |
| | Newsprint, newspaper production | **Decrease** | **Decrease** | | | | |
| **Spain** | Commercial print, newsprint, packaging, publishing | **Decrease** | **Decrease** | 0.7% | 12.2% | -1.2% | 2.6% |
| **Sweden** | Newsprint | **No change** | **No change** | -0.1% | 9.3% | -17.0% | -40.5% |
| | Commercial print, packaging | **No change** | **No change** | | | | |
| **Switzerland** | Commercial Print, newspaper printing | **Decrease** | **Decrease** | 2.1%* | -15.3%* | -7.4%* | -18.5%* |
| **UK** | Packaging | **No change** | no data | no data | | | |

*2020 data not available, figures indicate developments up to 2019 (2019 vs. 2018 and 2019 vs. 2015)

# MOST WORKERS ARE ON A PERMANENT CONTRACT, WITH LIMITED USE OF FIXED-TERM AND AGENCY CONTRACTS. ITALY IS AN EXCEPTION

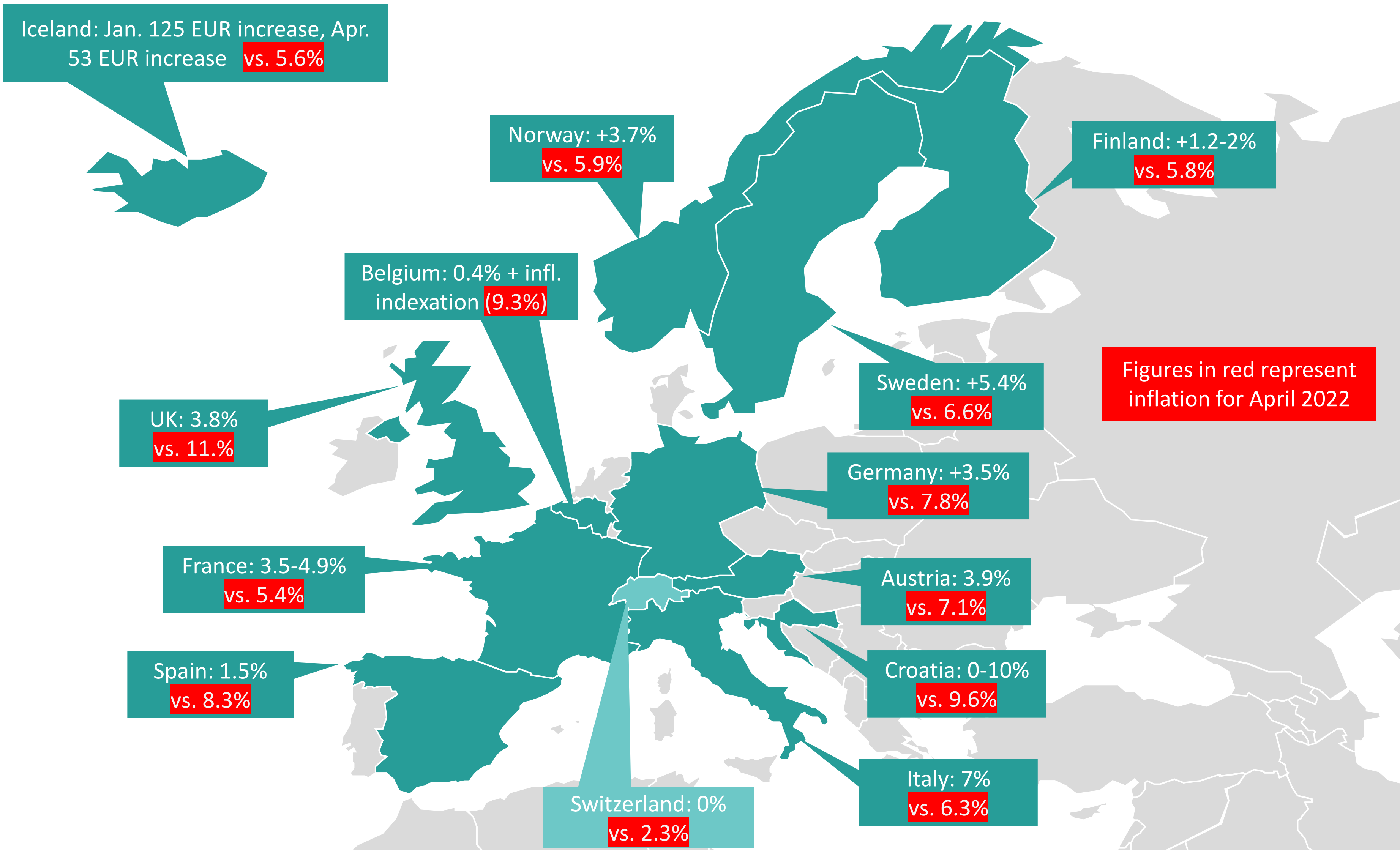


# APART FROM CROATIA, THE WORKFORCE IS PREDOMINANTLY MALE



# #2.2 WAGE BARGAINING

# PAY INCREASES WELL BELOW INFLATION IN MOST COUNTRIES



# MOST AGREEMENTS STIPULATE WAGE INCREASES BELOW 6%

- In Finland, France, Iceland and Norway, the negotiated minimum wage increased more than overall wages.
- Negotiations differentiating between the minimum wages of skilled and unskilled workers resulted in slightly higher increases for the unskilled.

| Country | Sector | Overall increase in wages | Increase in minimum wage | |
|---|---|---|---|---|
| | | | skilled | unskilled |
| Austria | Packaging | 3.9% | | |
| Belgium | Packaging | 0.4% | | |
| Belgium | Commercial, packaging | Inflation (9.3% in April) + max. 0.4% | N/A | |
| Croatia | Commercial, newsprint, packaging, other | 0-10% | | |
| Finland | Commercial, newsprint, packaging | 1.2-2% | 2.0% | |
| France | Commercial, newsprint, packaging, tissue | 3.5% to 4.9% | 4.9% | |
| Germany | Commercial, newsprint, books | 3.5% | | |
| Iceland | Commercial, newsprint, packaging | 1. Jan. 17.250 ISK (125 EUR),<br>2. 1 Apr. 7.275 ISK (53 EUR) | 1 January 25.000 ISK (182 EUR),<br>1 April 10.500 ISK (76 EUR) | |
| Italy | Commercial print, newsprint, packaging | 7% | <6% | 6% |
| Norway | Commercial, bookbinders, screen printing | 3.7% | 5.1% | 5.5% |
| Norway | Packaging | 3.7% | 5.3% | 5.6% |
| Norway | Newsprint, newspaper production | 3.7% | 5.3% | 5.5% |
| Spain | Commercial, newsprint, packaging, newspaper | 1.5% | | |
| Sweden | Newsprint | 5.4% | | |
| Sweden | Commercial, packaging | 5.4% | | |
| Switzerland | Commercial Print, newspaper printing | N/A | | |
| UK | Packaging | 3.8% | | |

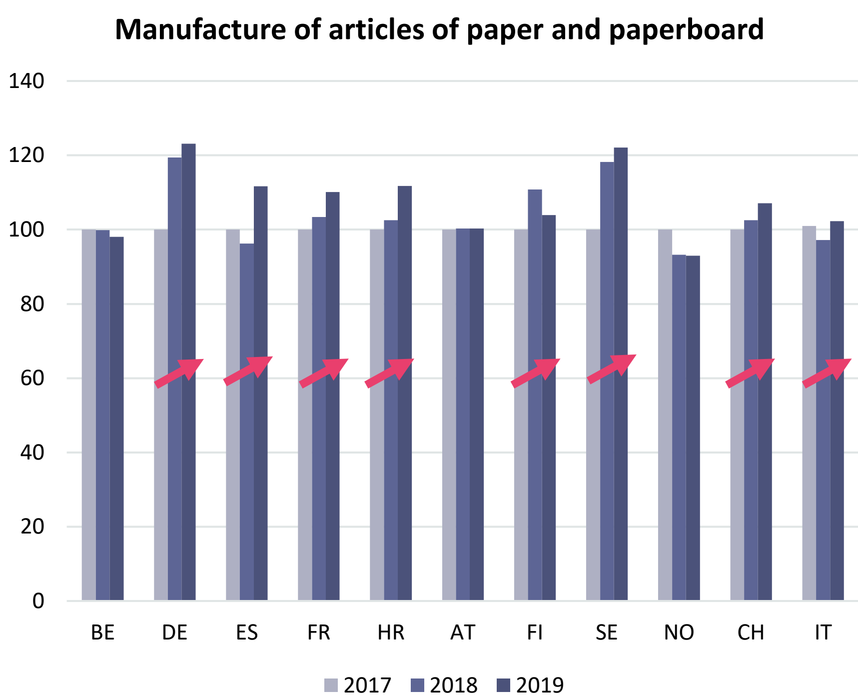
# MINIMUM WAGE DIFFERENCES BETWEEN UNSKILLED AND SKILLED WORKERS VARY FROM 7% IN NORWAY TO 30% IN AUSTRIA. DIFFERENCES INCREASE SIGNIFICANTLY FOR AVERAGE WAGES

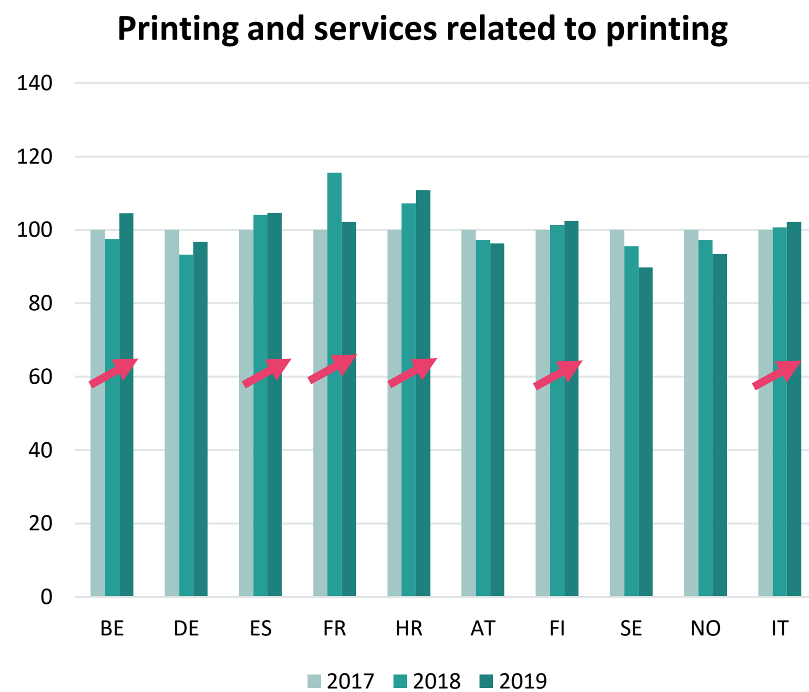
| Country | Sector | Average hourly gross wage | | | Minimum hourly gross wage | | |
|---|---|---|---|---|---|---|---|
| | | Skilled | Unskilled | unskilled / skilled | Skilled | Unskilled | unskilled / skilled |
| Norway | Newsprint, newspaper production | 32 (sector average) | | | 22.9 | 21.3 | 93.1% |
| Norway | Commercial print, bookbinders, screen printing | 23.72 (sector average) | | | 19.0 | 17.6 | 92.6% |
| Belgium | Packaging | | | | 13.8 | 12.5 | 91.0% |
| Sweden | Newsprint | 17.95 | 12.6 | 70.2% | 12.6 | 11.4 | 90.1% |
| Switzerland | Commercial print, newspaper printing | | | | 23.5 | 19.6 | 83.4% |
| Finland | Commercial print, newsprint, packaging | 16.87 | 12.5 | 74.1% | 10.5 | 9.3 | 88.2% |
| Sweden | Commercial print, packaging | 16.04 | 12.41 | 77.4% | 12.4 | 10.5 | 84.6% |
| Italy | Commercial print, newsprint, packaging | | | | 11.0 | 9.0 | 81.8% |
| Germany | Commercial print, newsprint, books | 19.23 | 15.38 | 80.0% | 19.2 | 15.4 | 80.0% |
| Norway | Packaging | 23.72 (sector average) | | | 18.1 | 14.4 | 79.6% |
| Iceland | Commercial print, newsprint, packaging | 26.42 | 21.28 | 80.5% | 22.5 | 17.5 | 77.9% |
| Spain | Commercial print, newsprint, packaging, newspaper printing | 14 | 9.5 | 67.9% | 11.3 | 8.2 | 72.6% |
| Austria | Packaging | 18 | 12.2 | 67.8% | 16.7 | 11.6 | 69.3% |

# PRE-PANDEMIC TRENDS IN LABOUR PRODUCTIVITY

- Data not yet available for 2020-2021.
- Significant increases in productivity in most countries in the manufacture of articles of paper and paperboard (includes packaging and tissue) before the pandemic. This has likely continued in some manufacturing sectors, such as packaging.
- Mixed picture for the printing sector (significant growth in Croatia, decline in Sweden). COVID-19 has likely had a negative impact.

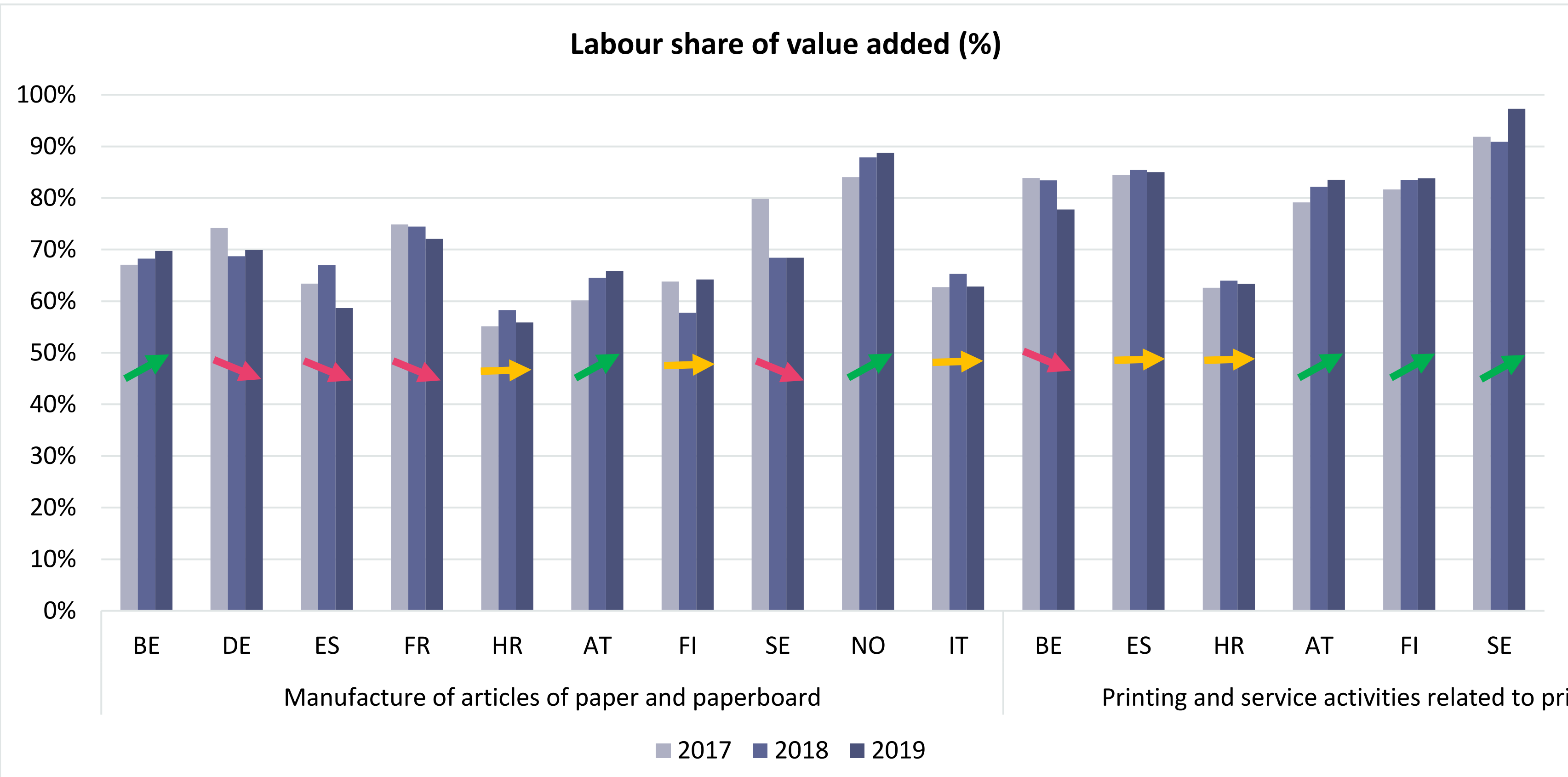
**Pre-COVID-19 trends in labour productivity (thousand EUR / employee, 2017 = 100)**



# CHANGES IN THE LABOUR SHARE OF VALUE ADDED

- A decrease in the labour share of value added means that wages have grown slower than productivity, with a higher share of value added going to capital. Conversely, an increase in the labour share of value added means that wages have grown faster than productivity.
- For the manufacture of articles of paper and paperboard, in 4 out of 9 countries for which data is available overall wages were lagging productivity before the pandemic.
- This happened in just 1 out of 7 countries for which data is available for the printing sector. This is not necessarily due to significant pay raises, but is likely also due to the overall decline of activity in the printing sector.



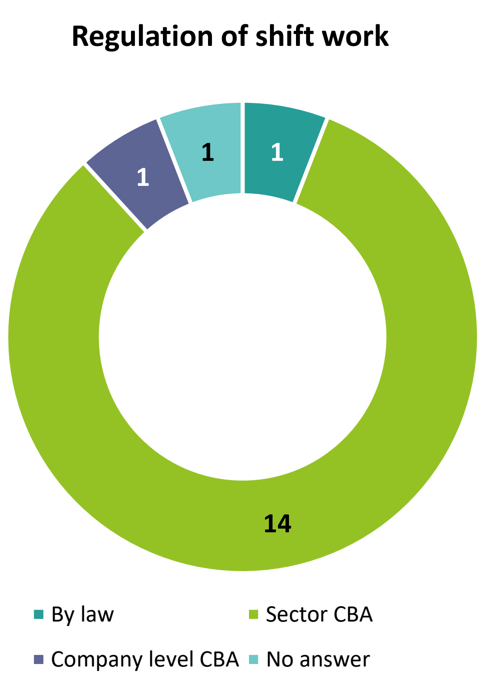
# INDEXATION MECHANISMS IN PLACE IN JUST 3/13 COUNTRIES. ONLY CROATIA, FRANCE AND ITALY MENTIONED WAGE INCREASES SOMEWHAT IN LINE WITH CURRENT INFLATION LEVELS

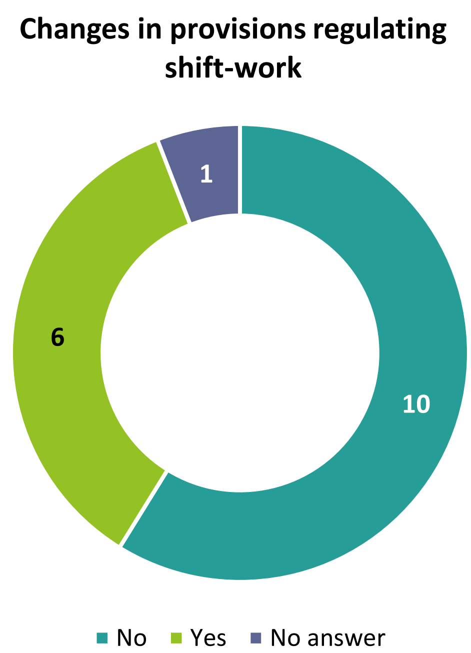
| Country | Sector | Overall increase in wages in agreement | Are wages indexed? | Inflation (%) | | | |
|---|---|---|---|---|---|---|---|
| | | | | Dec-19 | Dec-20 | Dec-21 | Apr-22 |
| **Austria** | Packaging | 3.9% | Yes (national/sectoral CB) | 1.8 | 1 | 3.8 | 7.1 |
| **Belgium** | Packaging | 0.4% | Yes (national/sectoral CB) | 0.9 | 0.4 | 6.6 | 9.3 |
| **Belgium** | Commercial, packaging | max 0.4% | Yes (national/sectoral CB) | | | | |
| **Croatia** | Commercial, newsprint, packaging, other | 0-10% | No | 1.3 | -0.3 | 5.2 | 9.6 |
| **Finland** | Commercial, newsprint, packaging | 1.2-2% | No | 1.1 | 0.2 | 3.2 | 5.8 |
| **France** | Commercial, newsprint, packaging, tissue | 3.5% to 4.9% | No | 1.6 | 0 | 3.4 | 5.4 |
| **Germany** | Commercial, newsprint, books | 3.5% | No | 1.5 | -0.7 | 5.7 | 7.8 |
| **Iceland** | Commercial, newsprint, packaging | 125 + 53 EUR | No | 0.9 | 2.3 | 3.9 | 5.6 |
| **Italy** | Commercial print, newsprint, packaging | 7.0% | No | 0.5 | -0.3 | 4.2 | 6.3 |
| **Norway** | Commercial, bookbinders, screen printing | 3.7% | No | 1.2 | 1.4 | 6.1 | 5.9 |
| **Norway** | Packaging | 3.7% | No | | | | |
| **Norway** | Newsprint, newspaper production | 3.7% | No | | | | |
| **Spain** | Commercial, newsprint, packaging, newspaper | 1.5% | No | 0.8 | -0.6 | 6.6 | 8.3 |
| **Sweden** | Newsprint | 5.4% | Yes (national/sectoral CB) | 1.7 | 0.6 | 4.5 | 6.6 |
| **Sweden** | Commercial, packaging | 5.4% | Yes (national/sectoral CB) | | | | |
| **Switzerland** | Commercial Print, newspaper printing | 0.0% | No | -0.1 | -1 | 1.3 | 2.3 |
| **UK** | Packaging | 3.8% | No | 1.3 | 1.2 | 7.5 | 11.1 |

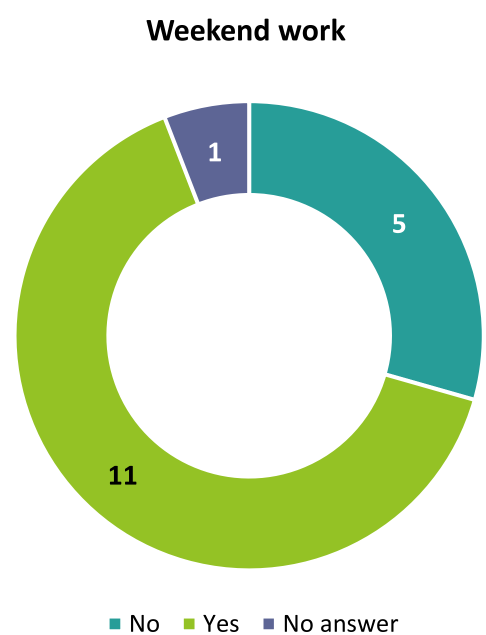
# #2.3 OTHER OUTCOMES

# REGULATION OF SHIFT WORK

- In 14 out of 17 cases, shift work is regulated by sectoral/national level agreements, with only one case (Croatia) at the company level and one case (Switzerland) by law.
- In 6 out of 17 cases, changes to the provisions regulating shift work have been made, all of which concern the shift bonuses.
- In 11 out of 17 cases, employees work during the weekends.



# WORKING TIME AND SHIFT WORK PAY

- Normal day shift from 37.5 to 40 hours per week. Evening shift can be as short as 33.5 hours in some cases and in Iceland the night shift takes 30 hours per week.
- There are significant differences between cases (and especially between countries) when it comes to bonuses for evening, night and weekend work (high in Norway and Sweden, low in Belgium and France).

| Country | Sector | Day Shift | Evenings | | Nights | | Weekend |
|---|---|---|---|---|---|---|---|
| | | | working time | pay | Nights | pay | |
| **Austria** | Packaging | 38h | 38h | +3.99 EUR (24%) | 38h | +3,99 EUR (24%) | |
| **Belgium** | Packaging | | | +6% | | +15% | |
| **Belgium** | Commercial print, packaging | | | | | | |
| **Croatia** | Commercial print, newsprint, packaging, other printing | | | + 0-10% | | + 30% | Saturday +0-30%, Sunday +35% |
| **Finland** | Commercial print, newsprint, packaging | 37.5-40h | 37.5-40h | +1.39 EUR (13%) | 37.5-40h | +3.08 EUR (29%) | Saturday +0,75 EUR - 9,28 EUR, Sunday: + 100% |
| **France** | Commercial print, newsprint, packaging, tissue | | | | | 17% | Holidays and Sundays, 50% |
| **Germany** | Commercial print, newsprint, books | 35h | | +25% | | +52% | up to 13 Saturdays per year, +25-70% ; Sundays only within federal law at +115% |
| **Iceland** | Commercial print, newsprint, packaging | 40h | 35h | +33% | 30h | +45% | +45% |
| **Norway** | Commercial print, bookbinders, screen printing | 37.5h | 33.5h | + 4.2 EUR (22%) | 33.5h | +7 EUR (37%) | +50% |
| **Norway** | Packaging | 37.5h | 34.5h | +3.87 EUR (21%) | 34.5h | +4.7 EUR (26%) | 34.5h, +10.5 EUR |
| **Norway** | Newsprint, newspaper production | 37.5h | 33.5h | +5.2 EUR (23%) | 33.5 | +7.5 EUR (33% | 33.5h, +13.4 EUR |
| **Spain** | Commercial print, newsprint, packaging, newspaper printing | 40h | 40h | | 40h | +25% | |
| **Sweden** | Newsprint | 40h | 38h | +3.7 EUR (29%) | 38 | +3.99 EUR (32%) | 38h, +6.2 EUR |
| **Sweden** | Commercial print, packaging | 40h | 38h | +5.95 EUR (47%) | 38h | +9.46 EUR (+76%) | 38h , +6 EUR |
| **Switzerland** | Commercial Printn, newspaper printing | | | | | 10% | |

# WIDE VARIATIONS IN LEGAL AND COLLECTIVE BARGAINING PROVISIONS FOR PAID DAYS OFF

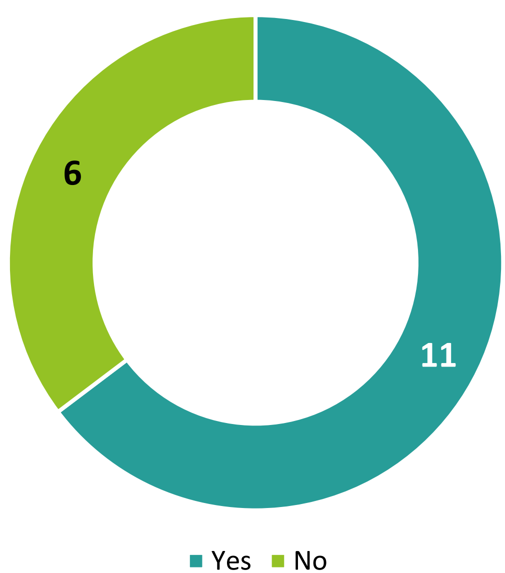
| Country | Sector | Paid holiday workers are entitled to by law | Other paid holiday entitled by law (bank holidays) | Paid holidays according to CBA (vs. legal min.) | Changes made in the past 24 months | Other paid days off work per year |
|---|---|---|---|---|---|---|
| **Austria** | Packaging | 25 | 12 | +1 | | |
| **Belgium** | Packaging | 20 | 10 | +3 | Since Jan. 2022: Workers get 1 day seniority leave after 10 years service with the company (instead of 15 years). | |
| **Norway** | Commercial print, bookbinders, screen printing | 21 | | +4 | | 10 |
| **Norway** | Packaging | 21 | | +4 | | 10 |
| **Sweden** | Newsprint | 25 | 10 | +7 | | |
| **Finland** | Commercial print, newsprint, packaging | 30 | 1 | +9 | Winter holiday (>5 consecutive days) negotiated in CBA can be taken in other periods under certain conditions | 15 |
| **Sweden** | Commercial print, packaging | 25 | | +10 | | 5 |
| **Norway** | Newsprint, newspaper production | 21 | 10 | +7 | | |
| **France** | Commercial print, newsprint, packaging, tissue | 30 | 30 | | | 5 |
| **Croatia** | Commercial print, newsprint, packaging, other printing | 20 | 7 | +10 | In most CBAs, 30 days is maximum | 7 |
| **Germany** | Commercial print, newsprint, books | 24 | 11 | +6 | | |
| **Italy** | Commercial print, newsprint, packaging | 26 | | | | 12 |
| **Iceland** | Commercial print, newsprint, packaging | 24 | 11 | +11 | | |
| **Spain** | Commercial print, newsprint, packaging, newspaper printing | 22 | 14 | | | |
| **Belgium** | Commercial print, packaging | 20 | 10 | | | |
| **Switzerland** | Commercial print, newspaper printing | 50 | 1 | +14 | | 32 |
| **UK** | Packaging | 25 | 8 | | | |

*All figures in days / year*

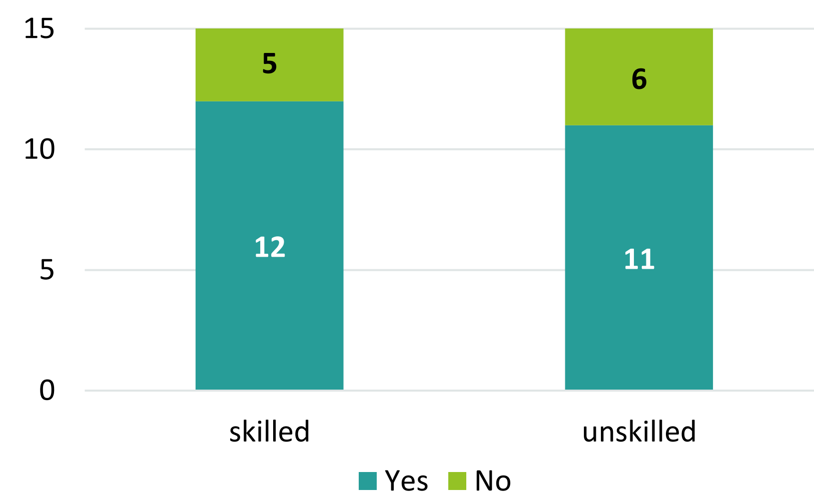
# EMPLOYERS’ OBLIGATIONS CONCERNING VOCATIONAL EDUCATION AND TRAINING (VET)

- In 9 cases, collective bargaining agreements stipulate obligations for employers concerning VET.
  - Norway: employers contribute to the sectoral education fund, they pay apprentices’ wages and provide the training, with some financial support from the state.
  - Iceland: employers contribute to educational funds, employees have the right to 24 hours of paid training per year.
  - Germany: employers cover for the full cost of VET, during which the employee is paid his/her full basic wage.
  - Belgium: 6 paid days every 2 years for each employee (full-time equivalent).
  - Italy: 120 hours of paid VET time for both skilled and unskilled workers.
  - UK: partnership arrangement around apprenticeships.
- Typically, both skilled and unskilled workers are paid for time off for VET, with various regulations for the maximum amount of time of paid VET (in France, for example, no maximum is set).

**Employers' VET obligation stipulated in CBAs**



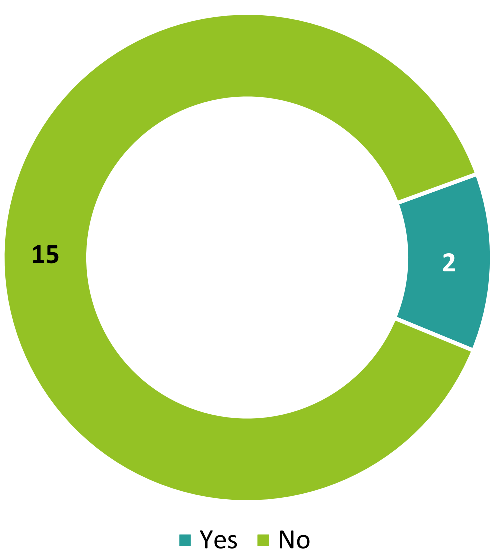

**Workers paid for time off for VET**



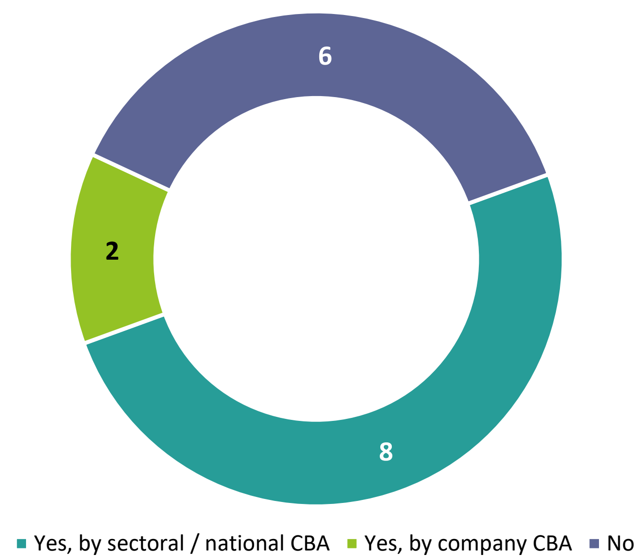
# RETIREMENT BENEFITS AND PROTECTION AGAINST REDUNDANCY FOR EMPLOYEES CLOSE TO RETIREMENT

- Changes to pension provisions occurred only in Sweden (2 cases) and these concerned an increase in pension benefits.
- Complementary retirement schemes are available to workers in 10 out of 17 cases, most of which via sectoral collective bargaining agreements (8 out of 10).
- Explicit protection of employees close to retirement against redundancies is present only in 4 cases: Croatia (employees over 60 years of age can be laid off only with approval form the works council), Norway (very high risk for an employer to lose a court case with employees over 60 years of age), Iceland (additional compensatory pay) and Italy (by law).

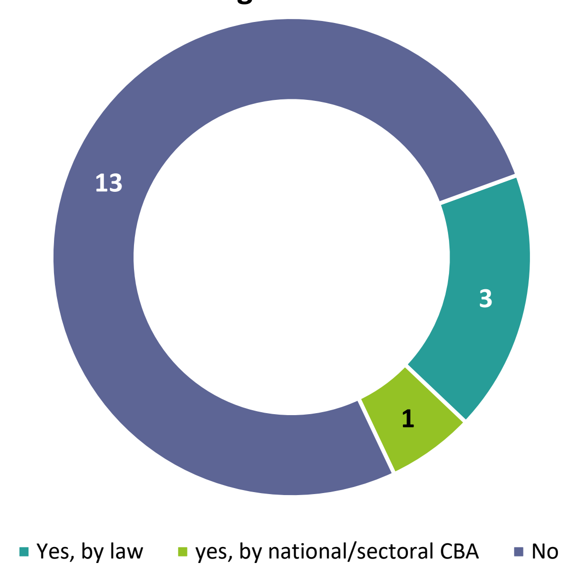
**Changes in provisions for pensions**




**Complementary retirement schemes**

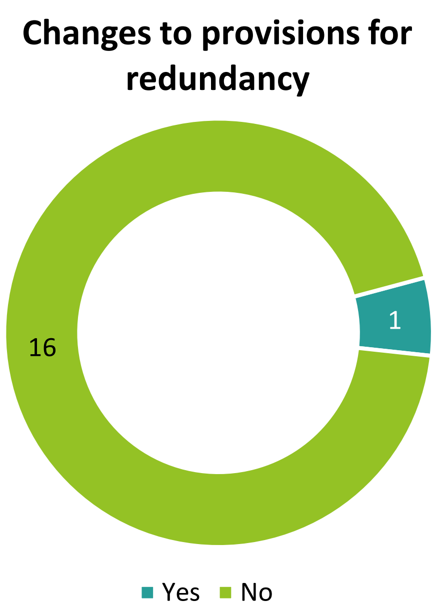


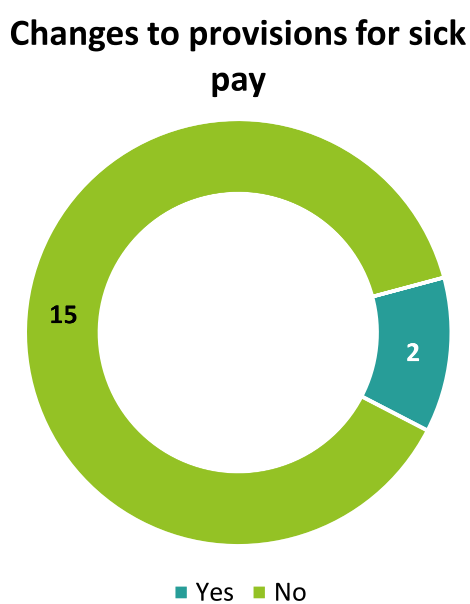

**Protection of employees close to retirement against redundancies**

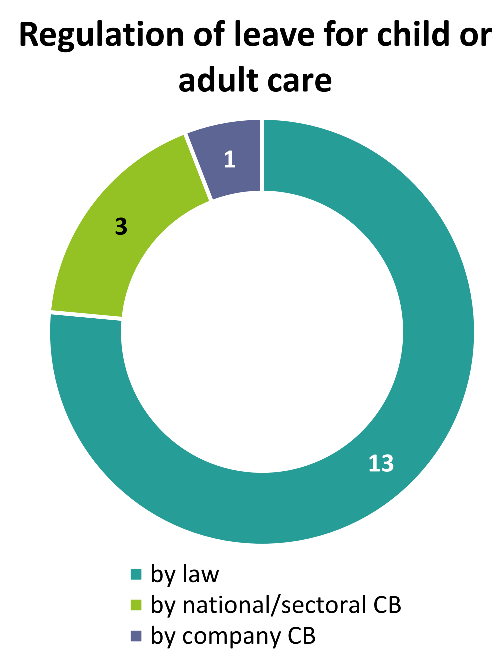


# REDUNDANCY, SICK PAY, LEAVE FOR CARE PROVISIONS

- Redundancy provisions changed only in Finland, where the notice period was reduced from 14 to 5 days, with the possibility of agreeing other terms on a case-by-case basis.
- Provisions for sick pay have changed only in Belgium (where the daily sick pay rate was increased) and Italy (improved conditions for people with life-threatening or lifelong illnesses).
- More specific issues such as going on leave for child or adult care are generally regulated by law, although in 4 cases collective bargaining agreements cover these aspects as well.

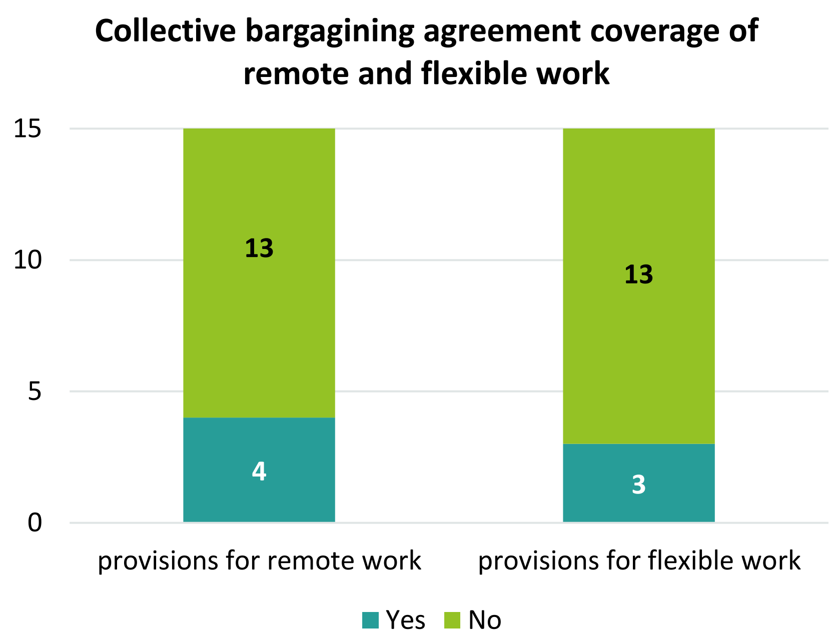


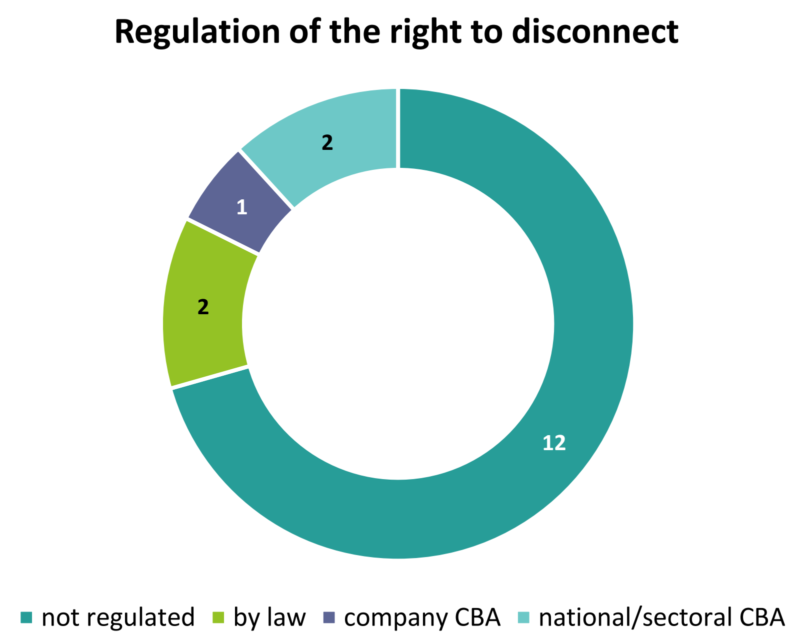



# A MINORITY OF AGREEMENTS COVER REMOTE AND FLEXIBLE WORK OR THE RIGHT TO DISCONNECT

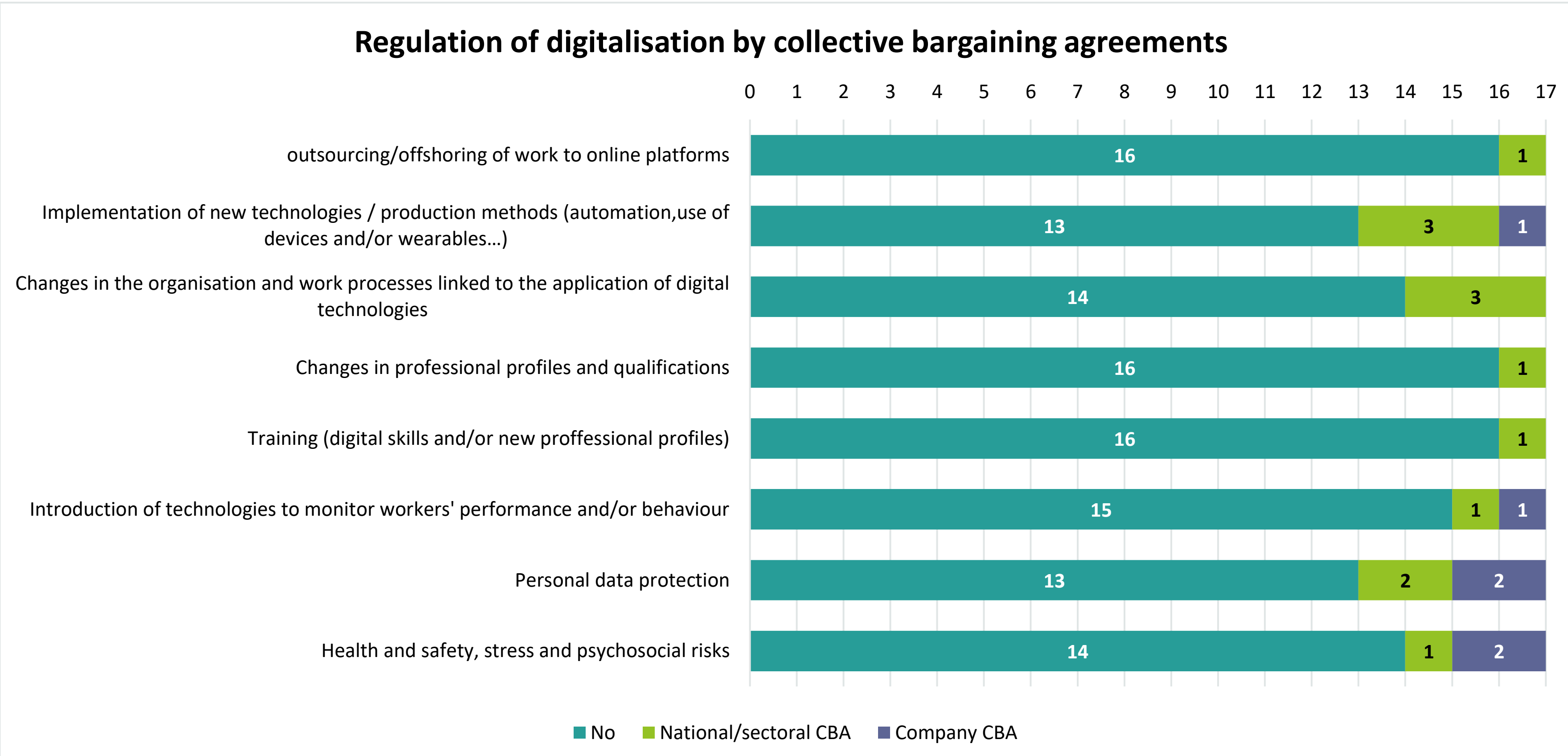
- Remote work is regulated by CBAs only in Spain, Croatia (one third of employees benefitting) and Norway.
  - Finnish unions have set up guidance provisions for remote work, which are voluntary for companies.
- Flexible work arrangements are regulated by CBAs in Switzerland and Croatia (one quarter of employees benefitting).
- In 12 out of 17 cases, the right to disconnect is not regulated by either law or collective bargaining.
  - Legal regulation in Finland and Spain
  - National/sectoral CBA regulation in Iceland
  - Company CBA regulation in France



# DIGITALIZATION IS GENERALLY NOT COVERED BY COLLECTIVE BARGAINING AGREEMENTS

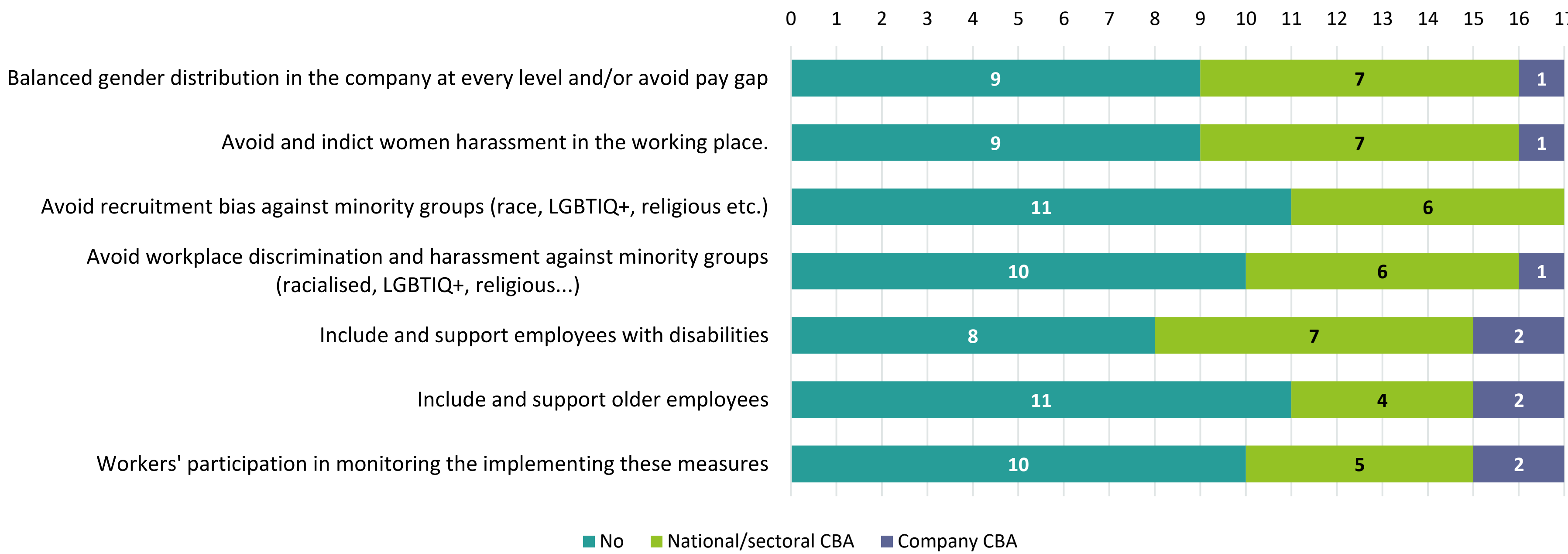
- CBA regulation of…
  - Implementation of new technologies / production methods: Norway (2 cases, national), Croatia (company)
  - Changes in organization and work processes linked to digital technology: Norway (2 cases, national)
  - Introduction of technologies to monitor workers: Croatia (company)
  - Personal data protection: Spain (national), France (national), Croatia (company)
  - Health and safety, stress and psychosocial risks: France (company), Croatia (company)



# IN MOST CASES, EQUAL OPPORTUNITY POLICIES ARE NOT INCLUDED IN COLLECTIVE BARGAINING AGREEMENTS

- Balanced gender distribution and avoidance of pay gap: Spain, Norway (3), France, Iceland, UK.
- Avoid and indict harassment in the workplace: Spain, Norway (3), France (company), Iceland, UK.
- Avoid recruitment bias: Spain, Norway (3), UK.
- Avoid workplace discrimination and harassment: Spain, Norway (3), Iceland, Croatia (company), UK.
- Inclusion and support of employees with disabilities: Spain, Norway (3), France, Austria, Croatia (company), UK.
- Inclusion and support of older employees: Norway (3), Croatia (company), UK.
- Workers' participation in monitoring and implementing such policies: Spain, Norway (3), Croatia (company), UK.

**Collective agreements addressing equal opportunity policies relating to...**



# IN THE CURRENT INFLATIONARY CONTEXT, WAGE INCREASES ARE A PRIORITY FOR MOST UNIONS.

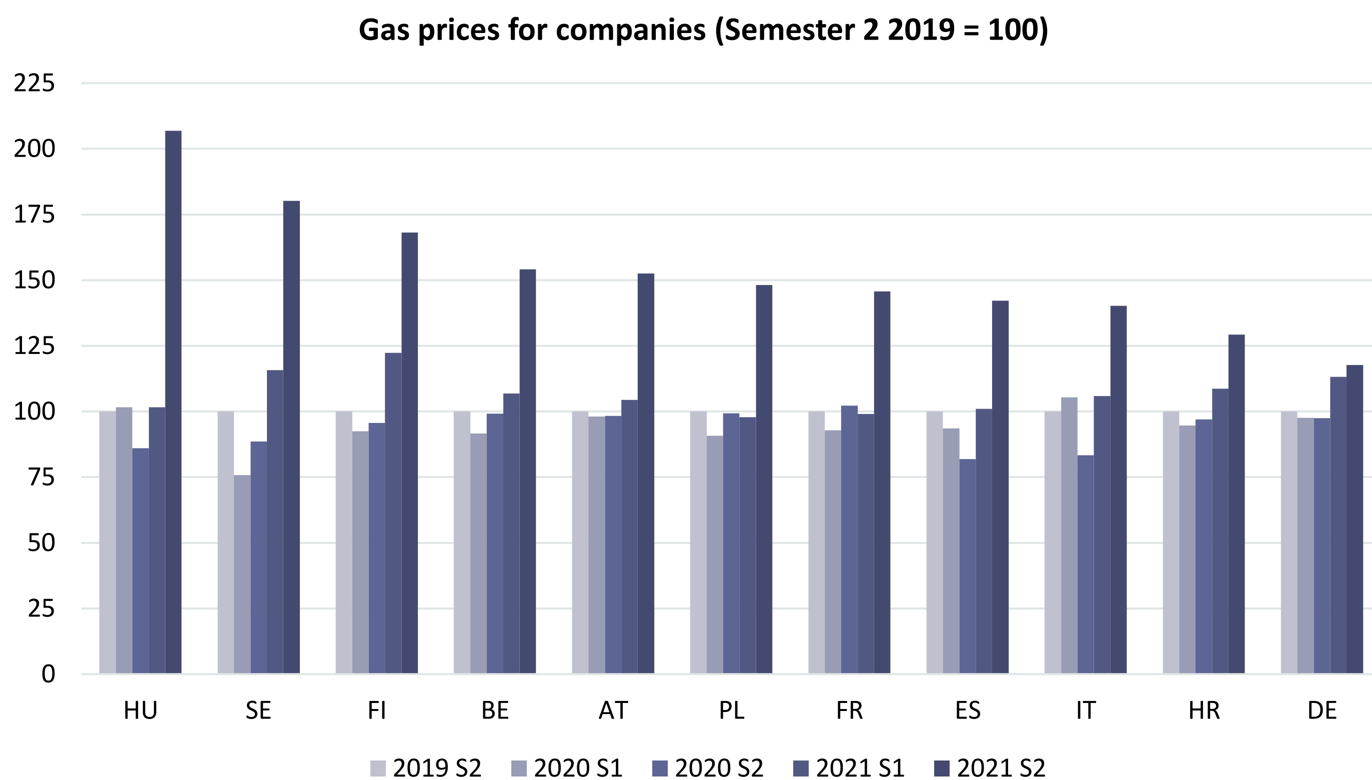
- In 11 out of 17 cases, wage increases are a priority in order to at least maintain workers' purchasing power.
- Unions in Iceland, Spain and Sweden also pursue the reduction of working time.
- In Croatia, unions are also interested in regulating remote work and the right to disconnect.

| Country | Sector | What are your union's priorities for the next bargaining round? | | |
|---|---|---|---|---|
| **Austria** | Packaging | **Wage increases** | | |
| **Belgium** | Packaging | **Protecting purchasing power** | | |
| **Belgium** | Commercial print, packaging | **Protecting purchasing power** | | |
| **Croatia** | Commercial print, newsprint, packaging, other printing | **Wages & inflation** | Introduction of the euro | Work from home, right to disconnect |
| **Finland** | Commercial print, newsprint, packaging | Working time provisions (common framework for newsprint and commercial print) | **Wage negotiations in the fall; if not successful, CBA will expire a year earlier** | |
| **France** | Commercial print, newsprint, packaging, tissue | **Wage increases** | Improved working conditions | |
| **Germany** | Commercial print, newsprint, books | Reinstating master agreement (part of the contract that includes hours, shifts, allowances, protection against termination) | Get employers who left the employer's association to sign the same agreement | Employer subsidized pre-retirement part-time work; dismissal of shifts |
| **Iceland** | Commercial print, newsprint, packaging | **Maintain purchasing power** | Reduce working week from 36 to 35 hours | |
| **Italy** | Commercial print, newsprint, packaging | Focus on skills and polyvalence | | |
| **Norway** | Commercial print, bookbinders, screen printing | Will be established once 2023/24 CBA negotiations approach | | |
| **Norway** | Packaging | | | |
| **Norway** | Newsprint, newspaper production | | | |
| **Spain** | Commercial print, newsprint, packaging, newspaper printing | **Wage increases based on inflation** | Annual reduction of working hours | |
| **Sweden** | Newsprint | **Wage increases** | | |
| **Sweden** | Commercial print, packaging | **Wage increases** | Reduction in working time | |
| **Switzerland** | Commercial print, newspaper printing | Strengthen union presence | | |
| **UK** | Packaging | **Keeping pace with inflation** | | |

# #3 UPDATE ON INFLATION

# ENERGY AND RAW MATERIAL PRICE INCREASES ARE THE CAUSE OF THE CURRENT INFLATIONARY SPIKE

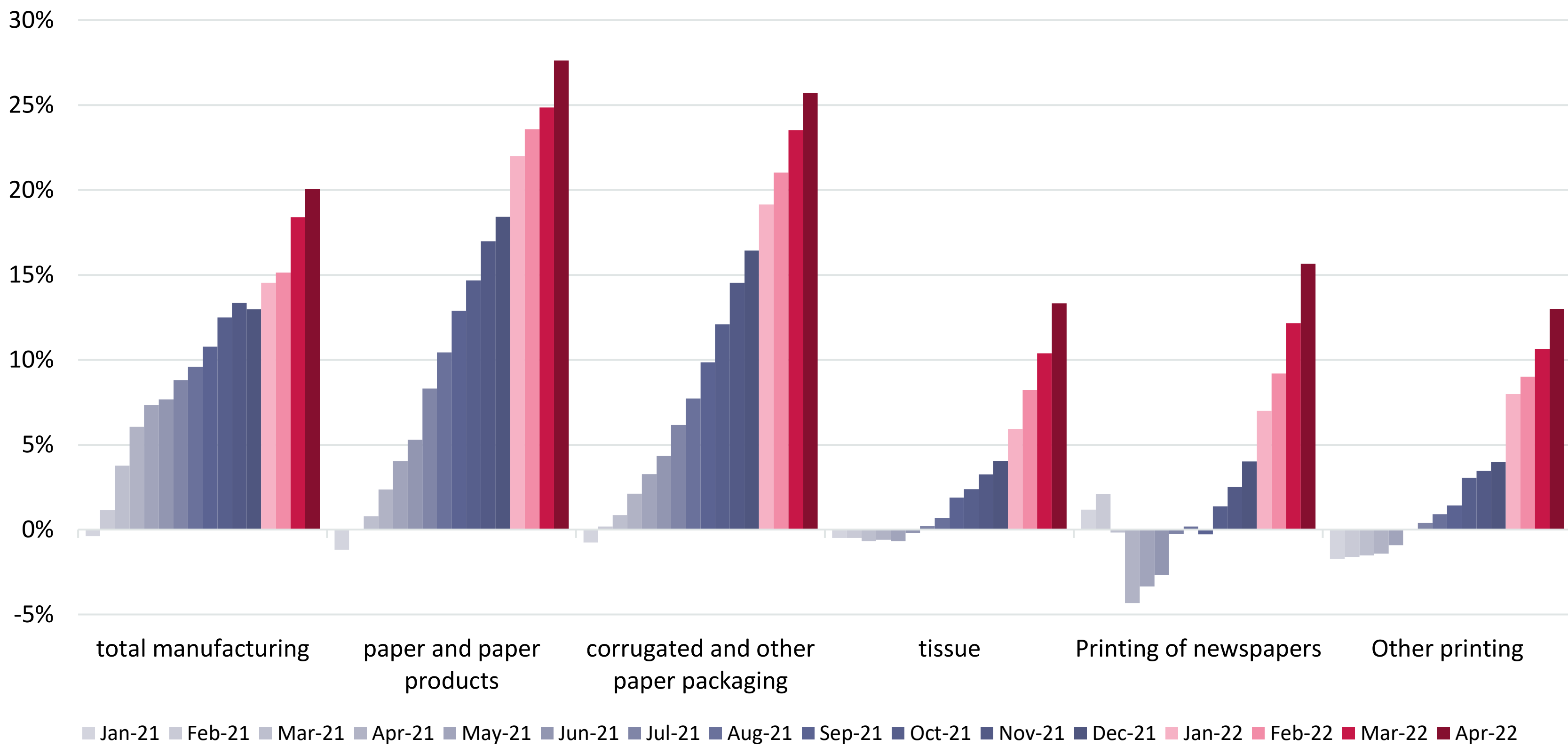
- Gas prices saw a huge price increase in the second half of 2021.
  - Highest increases in gas prices paid by companies in Hungary, Sweden and Finland.
  - Uncertainty regarding gas supply continued to put pressure on prices into 2022.
- Increases in gas prices have a direct impact on electricity prices.
- Increase in energy prices accompanied by raw material price increases.



# MANUFACTURING COMPANIES INCREASING PRICES TO COVER FOR COST INCREASES

- EU27 overall manufacturing prices up by 20% in April 2022 vs. April 2021.
- Paper and paper products producer prices up by 28% over the same period.
- Newspaper printing prices increased by 16%.
- Though price increase were very visible from 2021, there is an obvious acceleration in the first months of 2022.

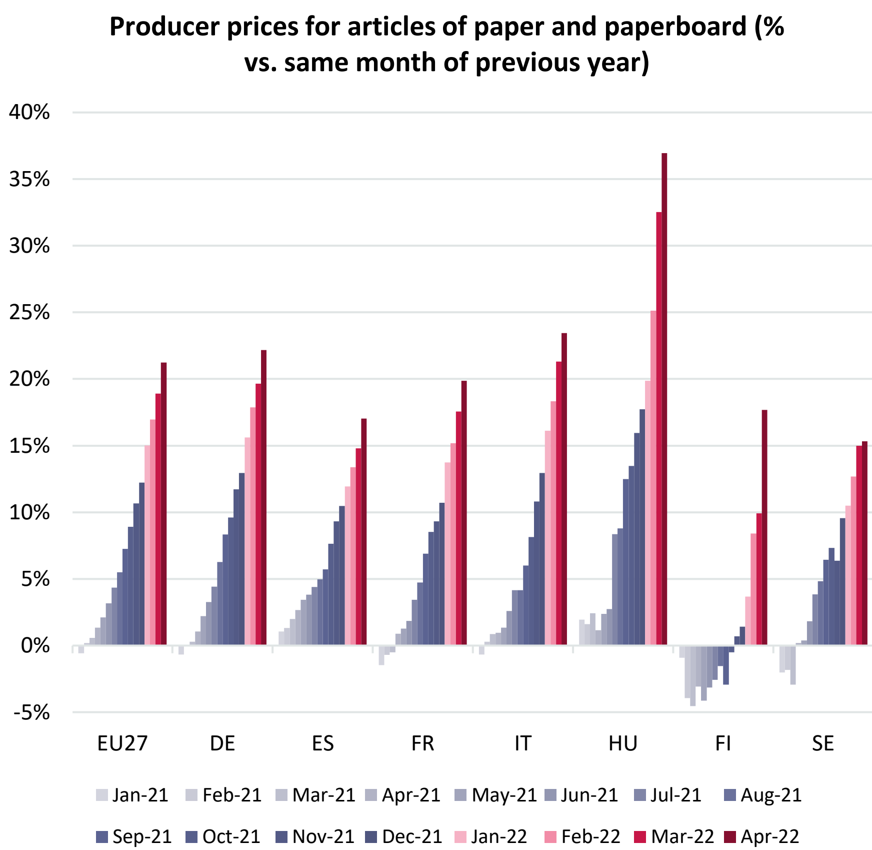
**Producer prices in manufacturing, EU27 (% vs. same month of previous year)**

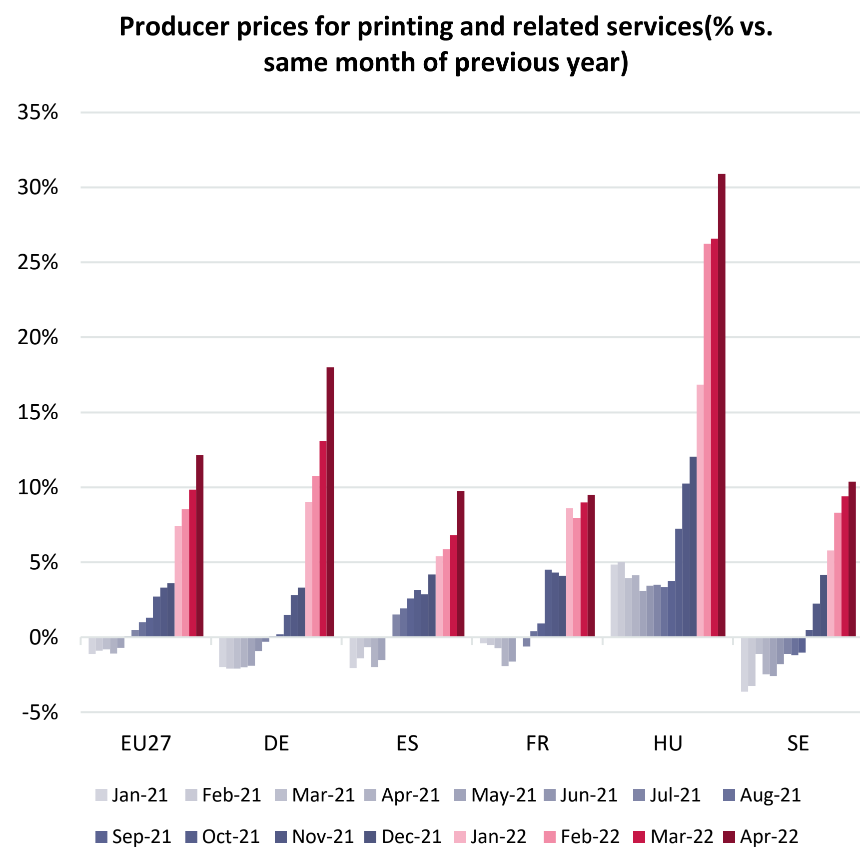


# OVERALL MANUFACTURING PRICE INCREASES VARY FROM 6.4% IN SWITZERLAND TO OVER 30% IN HUNGARY

# PRICE DEVELOPMENTS FOR PAPER PRODUCTS AND PRINTING

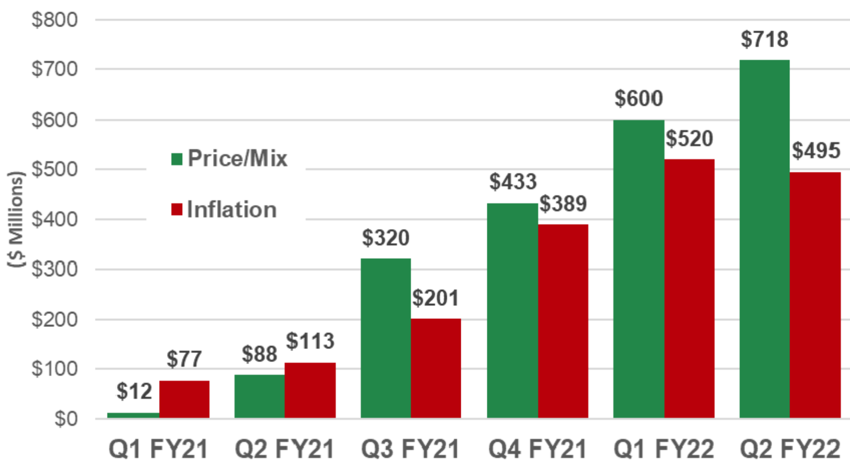
- **Articles of paper and paperboard** (incl. packaging & tissue products): price increases between 15% (Sweden) to 37% (Hungary) in April 2022 vs. April 2021.
- **Printing**: price increases from 9.5% (France) to 31% (Hungary).



# COMPANIES PROFITING FROM THE INFLATIONARY CONTEXT TO RAISE PRICES WELL ABOVE COST INFLATION

## YEAR-OVER-YEAR PRICE/MIX AND INFLATION




## HIGHLIGHTS

- Q2 FY22 price/mix realization of more than $700 million year/year; more than $200 million in excess of inflation
- Published price increases since Q4 FY20(1):
  - ✓ +$220/ton North America Containerboard
  - ✓ +$300/ton CNK
  - ✓ +$400/ton SBS folding carton grades
  - ✓ +$400/ton SBS plate and cup stock grades
  - ✓ +$370/ton CRB
- Guidance reflects flow-through of published price increases in kraft paper; higher export containerboard prices
- Key inflation drivers include fiber, labor, freight, energy, and chemicals

**PRICING FLOW-THROUGH EXPECTED TO OUTPACE INFLATION FOR FY22**

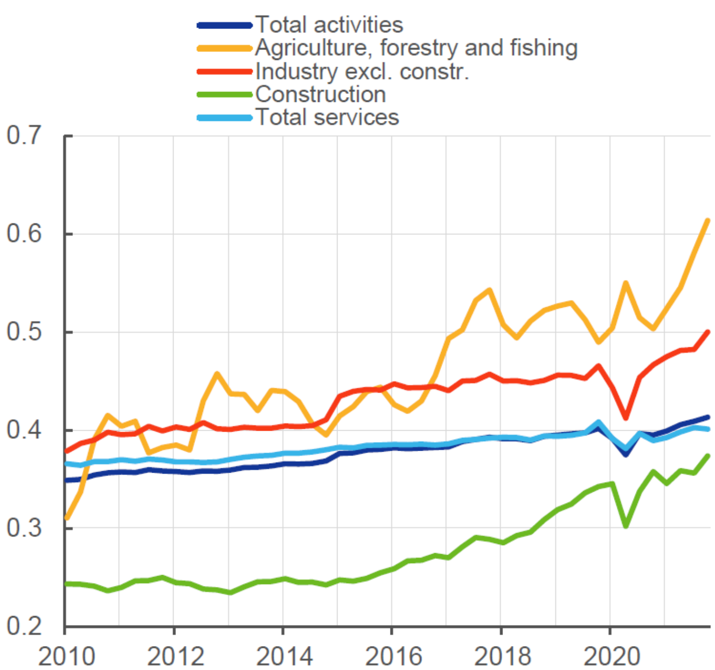
1) As of April 15, 2022

WestRock

# COMPANIES’ HIGHER PROFITS ARE VISIBLE AT THE MACROECONOMIC LEVEL

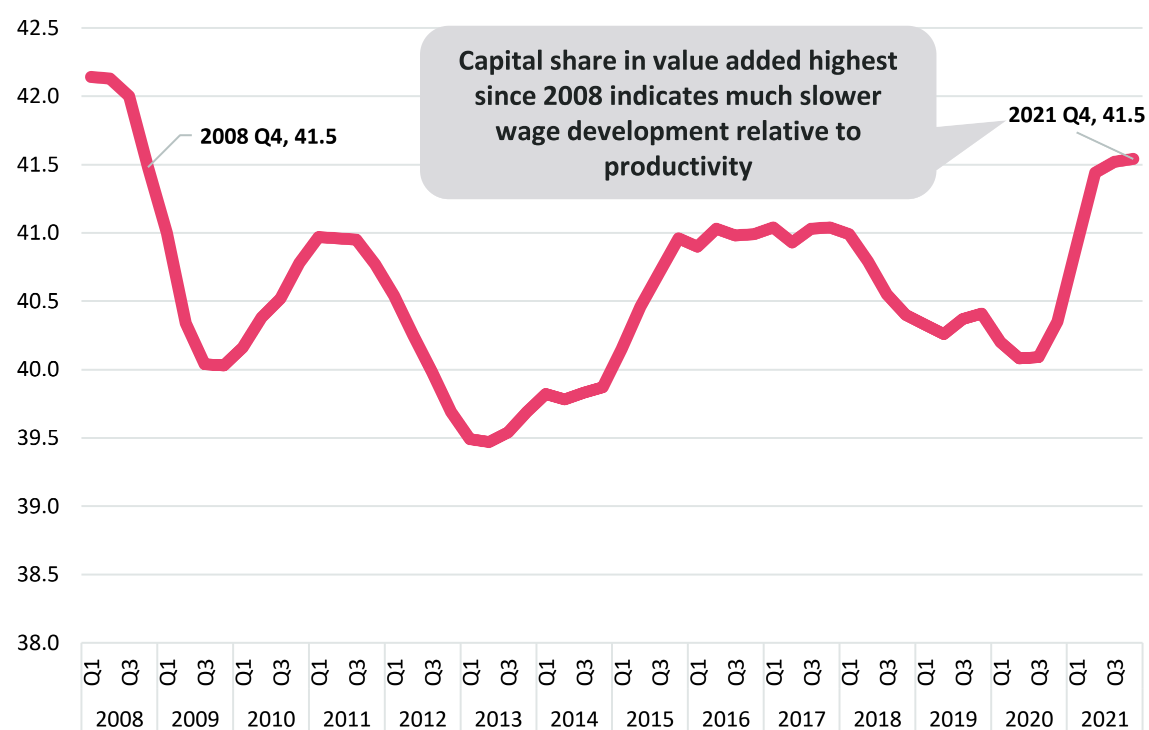
- Unit profits (difference between price and cost of production) have increased significantly during the second half of 2021, together with profitability ratios.
- Employers’ share in value added returns to 2008 levels.

**Unit profits in main economic sectors**
(indices)




Source: Eurostat and ECB staff calculations.
Last observation: 2021Q4.

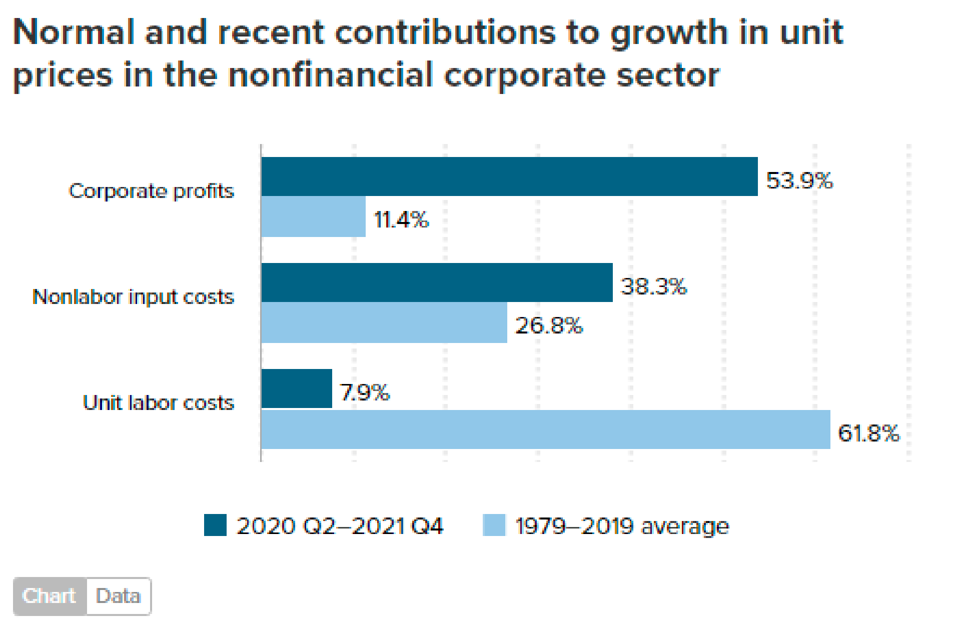
**Gross operating surplus (% of value added, non-financial corporations**




*Data source: Eurostat*

# ANALYSIS ON THE SITUATION IN THE USA SHOWS STARK ASYMMETRY BETWEEN PROFIT AND WAGE DEVELOPMENTS

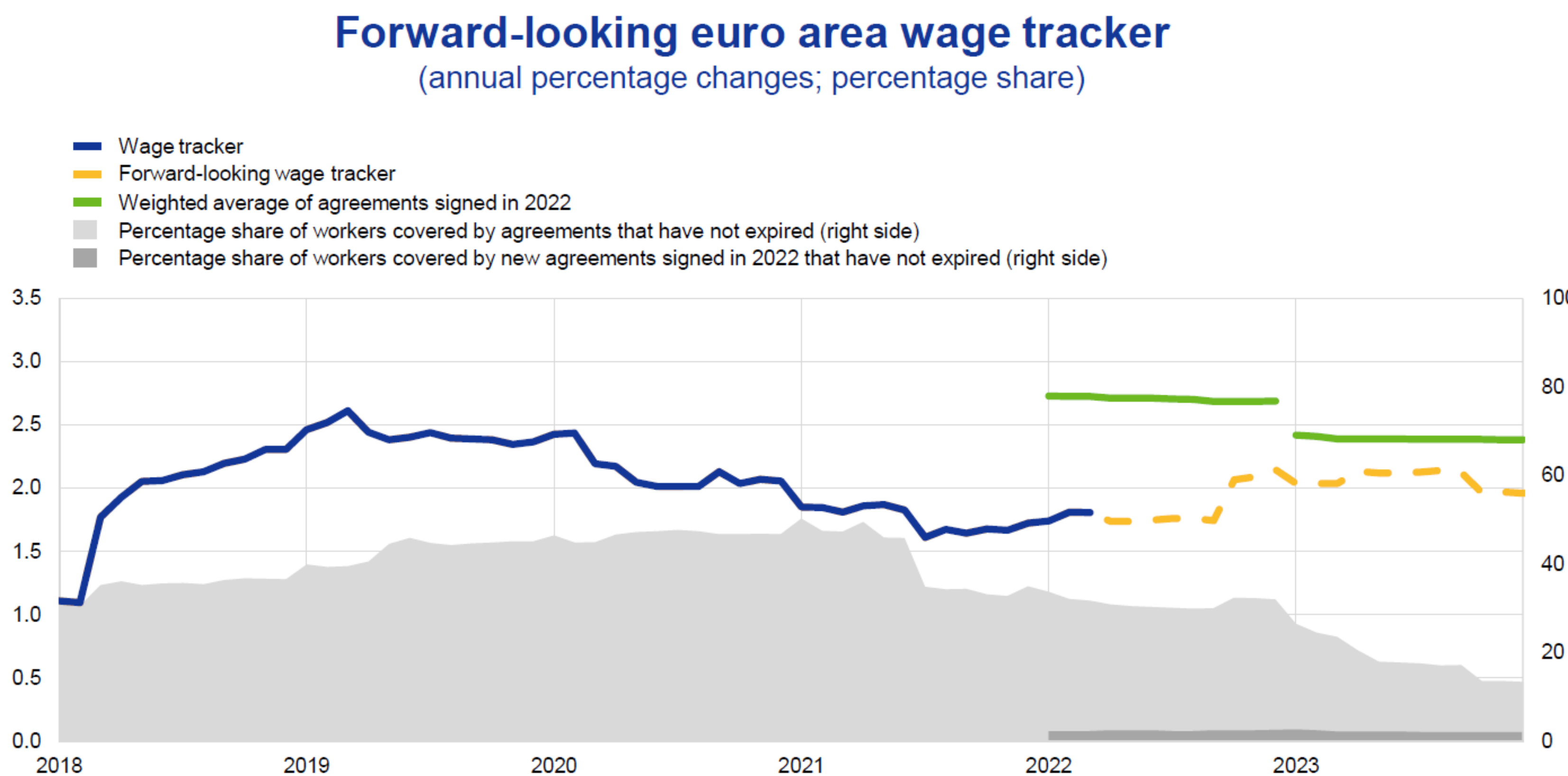
- Price increases in 2021 and the second half of 2020 due 53.9% to increase in profits and 38.3% to increases in nonlabour input costs. Increase of labour costs over productivity (unit labour costs) contributed to just 7.9% of the increase in prices.
- According to an analysis published by the European Central Bank in May 2022: “So far, workers are bearing the brunt of the inflationary shock, as nominal wage growth has remained muted. Yet only a relatively small number of wage contracts have been renegotiated since inflation started to increase strongly in the second half of 2021.” (ECB, *The globalisation of inflation, 11 May 2022)*




**Source:** Author's analysis of data from Table 1.15 from the National Income and Product Accounts (NIPA) of the Bureau of Economic Analysis (BEA).

Economic Policy Institute

# ECB ASSESSMENT OF COLLECTIVE BARGAINING SHOWS MODEST INCREASES IN AGREEMENTS SIGNED IN 2022

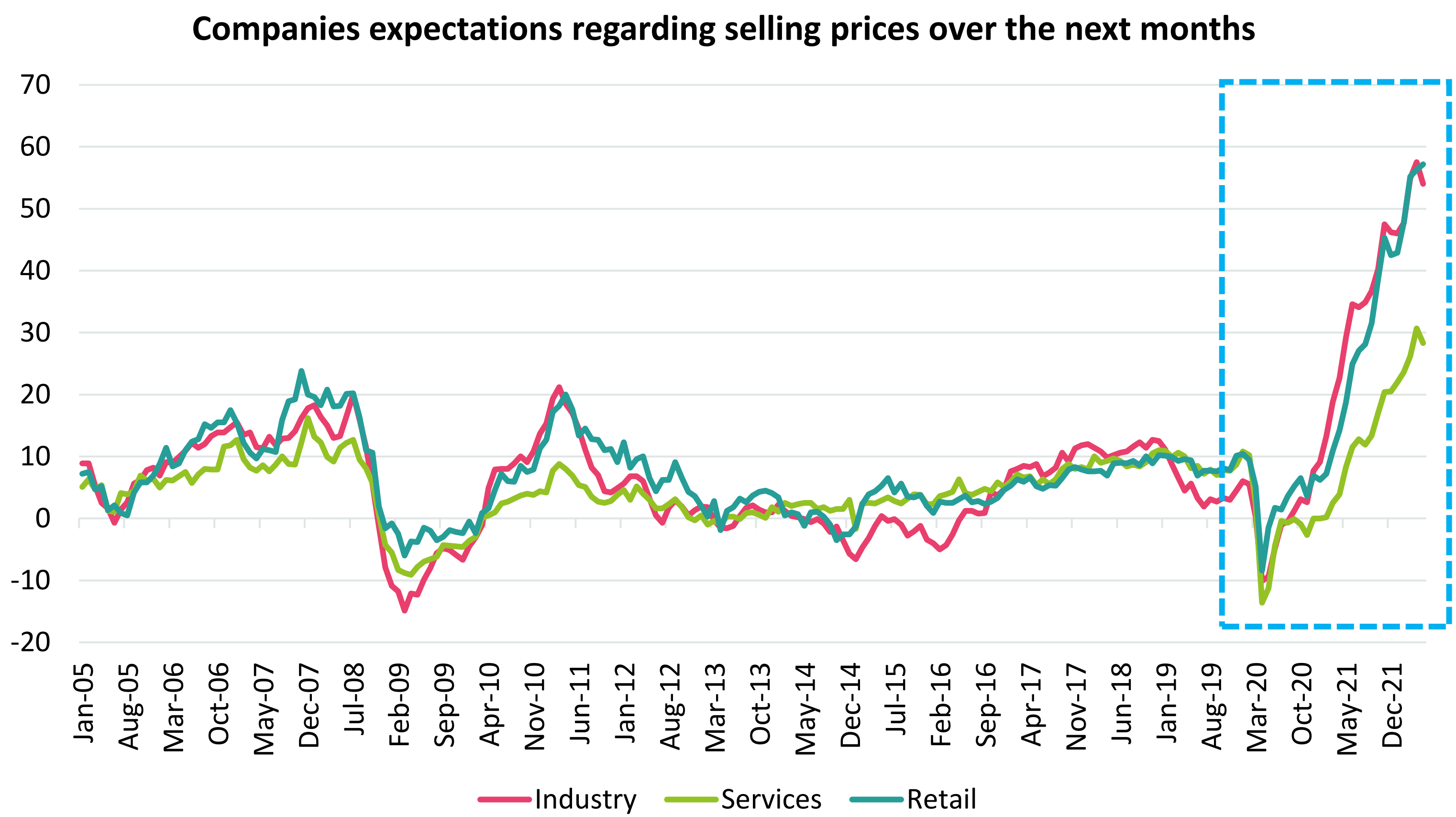



Sources: Calculated based on microdata on wage agreements in Germany, Italy, Spain and the Netherlands. Data fort the Netherlands is based on the database maintained by the Dutch employer association AWVN. For Italy the data comes from Istat (contratti collettivi e retribuzioni contrattuali), for Spain from the Ministerio de Trabajo y Economía Social and for Germany from Bundesbank.
Notes: Experimental euro area wage tracker includes weighted average of Germany, Italy (data from July 2021 to September 2022) Spain and the Netherlands. The orange line shows the weighted average of wage increases in agreements that have not yet expired, weighted by the number of workers covered by these agreements. The green lines show weighted averages of wage increases in agreements that were concluded in 2022, weighted by the number of workers covered by these agreements. Latest observations: Last agreements signed in NL and ES April 2022, IT and DE in March 2022.

*Source: European Central Bank (May 2022)*

# COMPANIES EXPECT THEY WILL CONTINUE TO INCREASE PRICES

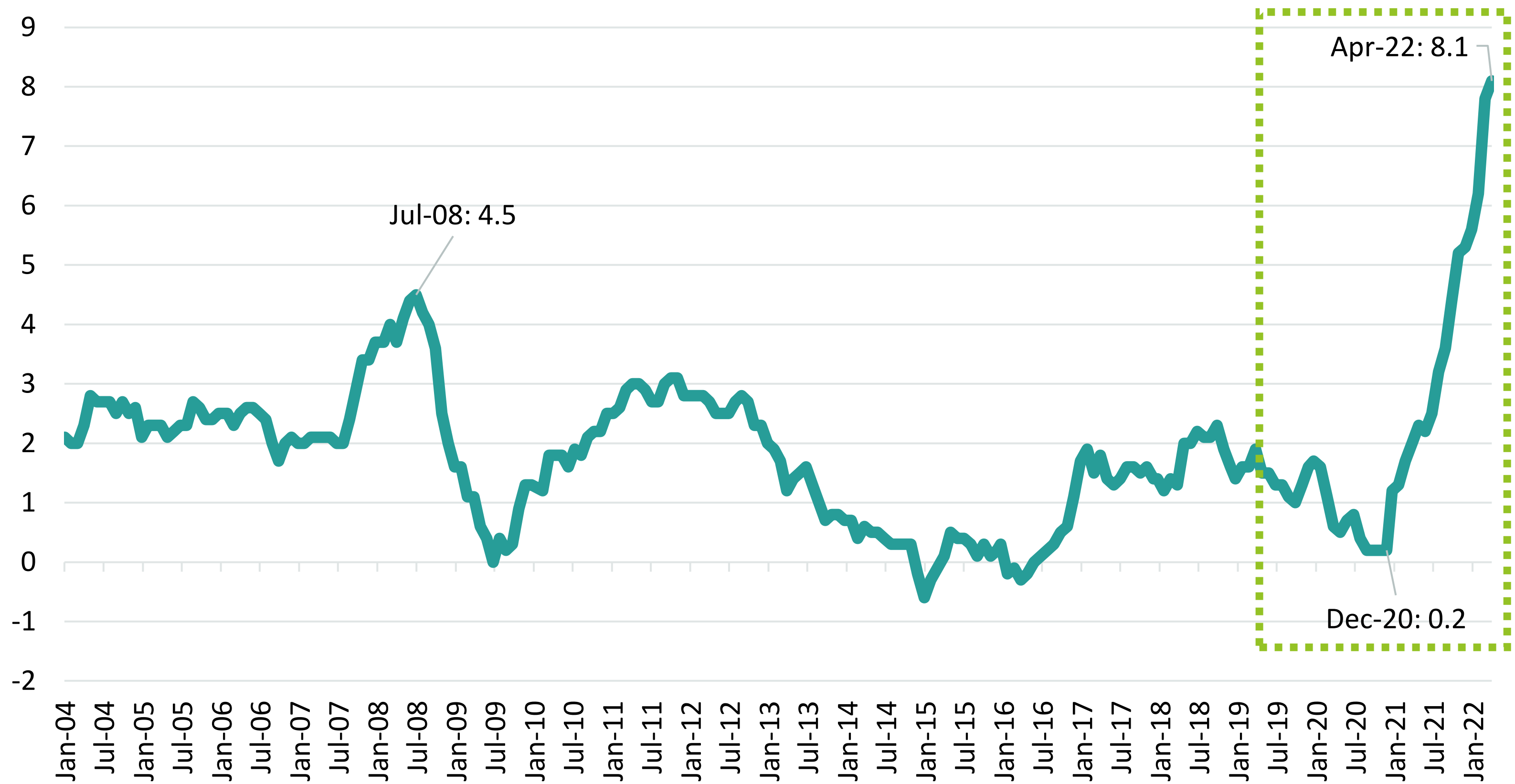
- The key question is how much prices can be increased without affecting demand.
- Factors supporting demand despite higher prices: governments' fiscal policies (incl. measures to mitigate impact of rising energy costs), employment recovery post-COVID-19, population savings accumulated during the pandemic.



# OVERALL INFLATION IN THE EUROPEAN UNION IS HIGHEST IN DECADES

- For the EU27, the 8.1% inflation rate registered in April 2022 is the highest in decades. Even at the end of the 2000s (a period of economic boom followed by a huge crash) overall EU27 inflation registered a peak of just 4.5%.

**Inflation rate in the European Union (%, EU27, harmonized index of consumer prices - HICP), January 2004 - April 2022**

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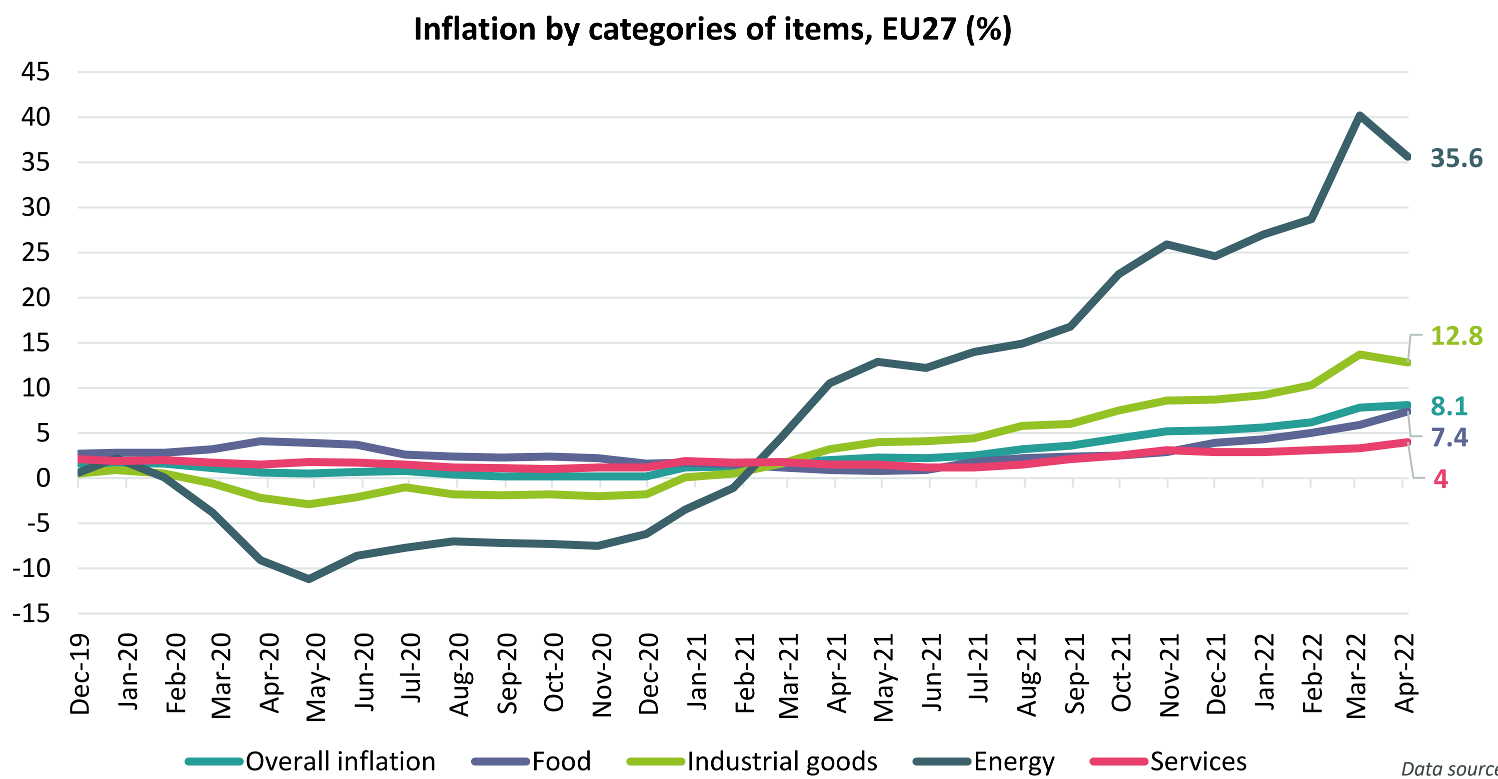
# ENERGY PRICES ARE THE MOST IMPORTANT DRIVER OF INFLATION

- The major driver of inflation growth is the price of energy. Inflation for energy had increased to 35.6% in April 2022: in other words, energy prices for consumers were 35.6% higher in April 2022 compared to April 2021.
- Consumer prices for industrial goods were up 12.8% in April 2022. The prices for food increased by 7.4%.
  - These prices are directly sensitive to the increase in the price of inputs (energy, raw material) and supply shocks (due, for example, to disruptions of international trade). This happens with some delay, and it is expected that inflation for goods will continue to grow in reaction to energy price increases.
- Prices for services were up 4% in April 2022. Prices for services are more sensitive to increases in wages, which means they will take longer to be impacted by the growth of energy and goods prices.




*Data source: Eurostat*

# APRIL/MAY FIGURES SHOW CONTINUED INCREASE OF INFLATION

## Inflation rates in Europe

| | Dec-19 | Dec-20 | Jun-21 | Dec-21 | Jan-22 | Feb-22 | Mar-22 | Apr-22 | May-22 (preliminary figures) |
|---|---|---|---|---|---|---|---|---|---|
| EU27 | 1.6 | 0.2 | 2.2 | 5.3 | 5.6 | 6.2 | 7.8 | 8.1 | |
| Eurozone | 1.3 | -0.3 | 1.9 | 5.0 | 5.1 | 5.9 | 7.4 | 7.4 | 8.1 |
| PL | 3.0 | 3.4 | 4.1 | 8.0 | 8.7 | 8.1 | 10.2 | 11.4 | |
| UK | 1.3 | 1.2 | 3.9 | 7.5 | 7.8 | 8.2 | 9.0 | 11.1 | |
| HR | 1.3 | -0.3 | 2.2 | 5.2 | 5.5 | 6.3 | 7.3 | 9.6 | |
| HU | 4.1 | 2.8 | 5.3 | 7.4 | 7.9 | 8.4 | 8.6 | 9.6 | |
| BE | 0.9 | 0.4 | 2.6 | 6.6 | 8.5 | 9.5 | 9.3 | 9.3 | 9.9 |
| ES | 0.8 | -0.6 | 2.5 | 6.6 | 6.2 | 7.6 | 9.8 | 8.3 | 8.5 |
| DE | 1.5 | -0.7 | 2.1 | 5.7 | 5.1 | 5.5 | 7.6 | 7.8 | 8.7 |
| AT | 1.8 | 1.0 | 2.8 | 3.8 | 4.5 | 5.5 | 6.6 | 7.1 | 8.1 |
| SE | 1.7 | 0.6 | 1.8 | 4.5 | 3.9 | 4.4 | 6.3 | 6.6 | |
| IT | 0.5 | -0.3 | 1.3 | 4.2 | 5.1 | 6.2 | 6.8 | 6.3 | 7.3 |
| NO | 1.2 | 1.4 | 3.0 | 6.1 | 3.1 | 3.5 | 4.7 | 5.9 | |
| FI | 1.1 | 0.2 | 1.9 | 3.2 | 4.1 | 4.4 | 5.8 | 5.8 | 7.1 |
| IS | 0.9 | 2.3 | 4.0 | 3.9 | 4.3 | 4.4 | 5.0 | 5.6 | |
| FR | 1.6 | 0.0 | 1.9 | 3.4 | 3.3 | 4.2 | 5.1 | 5.4 | 5.8 |
| CH | -0.1 | -1.0 | 0.5 | 1.3 | 1.4 | 1.9 | 2.2 | 2.3 | |

*Data source: Eurostat*

# PRICE INCREASES ARE RAPIDLY EATING INTO THE PURCHASING POWER OF WAGES

**Real minimum wage growth in EU countries (% vs. January 2020 wage levels)**

| | Jan-21 | Feb-21 | Mar-21 | Apr-21 |
|---|---|---|---|---|
| EL | -3.3% | -4.2% | -6.7% | -8.5% |
| ES | -4.4% | -5.1% | -8.7% | -8.4% |
| NL | -3.1% | -3.8% | -7.9% | -8.2% |
| MT | -2.1% | -2.7% | -4.0% | -7.4% |
| BE | -4.1% | -6.1% | -6.7% | -7.0% |
| EE | 0.9% | -0.4% | -3.0% | -6.8% |
| BG | -1.1% | -2.2% | -4.2% | -6.2% |
| PL | -1.4% | -1.4% | -4.2% | -5.9% |
| LU | 0.7% | -1.6% | -3.5% | -4.3% |
| DE | -0.1% | -1.0% | -3.4% | -4.1% |
| RO | 3.1% | 2.1% | 0.2% | -2.2% |
| FR | 0.8% | -0.1% | -1.7% | -2.2% |
| IE | 2.0% | 1.1% | -0.9% | -1.8% |
| CZ | 4.2% | 2.9% | 1.0% | -0.8% |
| HU | 3.1% | 2.0% | 0.9% | -0.7% |
| SK | 3.4% | 2.6% | 0.9% | -0.5% |
| LV | 8.2% | 6.4% | 3.0% | 0.6% |
| LT | 7.1% | 5.2% | 2.7% | 0.8% |
| PT | 7.4% | 6.8% | 4.1% | 1.7% |
| HR | 8.3% | 7.2% | 5.2% | 2.4% |
| SI | 7.8% | 6.6% | 7.0% | 4.8% |

*Data source: Eurostat. Note that figures for February – April are based on the minimum wage increases at the beginning of the year (for January), when statutory minimum wages are typically changed. Any potential changes to nominal minimum wages in February – April are not taken into consideration.*

# INFLATION FORECASTS ARE STILL TRYING TO CATCH UP TO THE REAL EXTENT OF PRICE INCREASES. A TWO-YEAR PERIOD OF HIGH INFLATION IS NOW ACCEPTED AS THE MOST LIKELY DEVELOPMENT

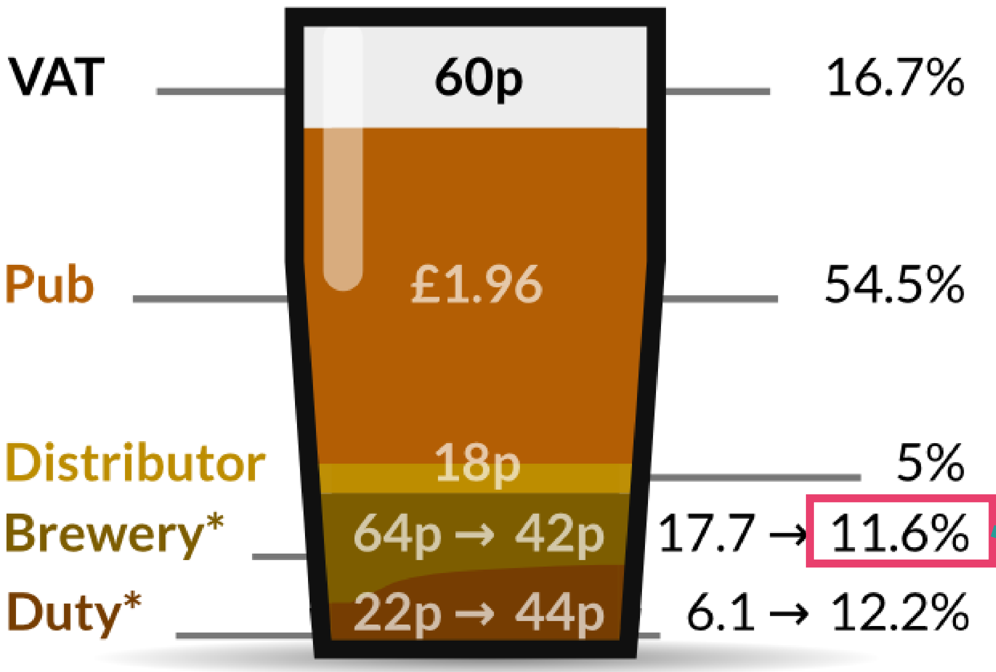
**Inflation forecast published by the European Commission in May 2022 (annual averages)**

| | 2019 | 2020 | 2021 | 2022f | 2023f |
|---|---|---|---|---|---|
| European Union | 1.4% | 0.8% | 2.8% | 6.8% | 3.3% |
| Euro area | 1.2% | 0.3% | 2.6% | 6.1% | 2.7% |
| Belgium | 1.3% | 0.4% | 3.2% | 7.8% | 1.9% |
| Germany | 1.4% | 0.3% | 3.2% | 6.6% | 3.1% |
| Spain | 0.8% | -0.4% | 3.0% | 6.4% | 1.8% |
| France | 1.3% | 0.6% | 2.1% | 4.8% | 3.1% |
| Croatia | 0.8% | 0.1% | 2.6% | 6.0% | 2.9% |
| Italy | 0.7% | -0.2% | 1.9% | 5.9% | 2.2% |
| Hungary | 3.5% | 3.4% | 5.1% | 9.1% | 4.1% |
| Netherlands | 2.7% | 1.1% | 2.8% | 7.5% | 2.6% |
| Austria | 1.5% | 1.4% | 2.8% | 5.9% | 3.0% |
| Poland | 2.1% | 3.6% | 5.2% | 11.6% | 7.3% |
| Finland | 1.2% | 0.4% | 2.0% | 4.5% | 2.3% |
| Sweden | 1.7% | 0.7% | 2.7% | 5.3% | 2.9% |
| Iceland | 1.9% | 1.2% | 3.7% | 5.6% | 3.8% |
| Switzerland | 0.4% | -0.8% | 0.4% | 2.4% | 1.2% |
| Norway | 2.3% | 1.2% | 3.9% | 3.2% | 2.0% |

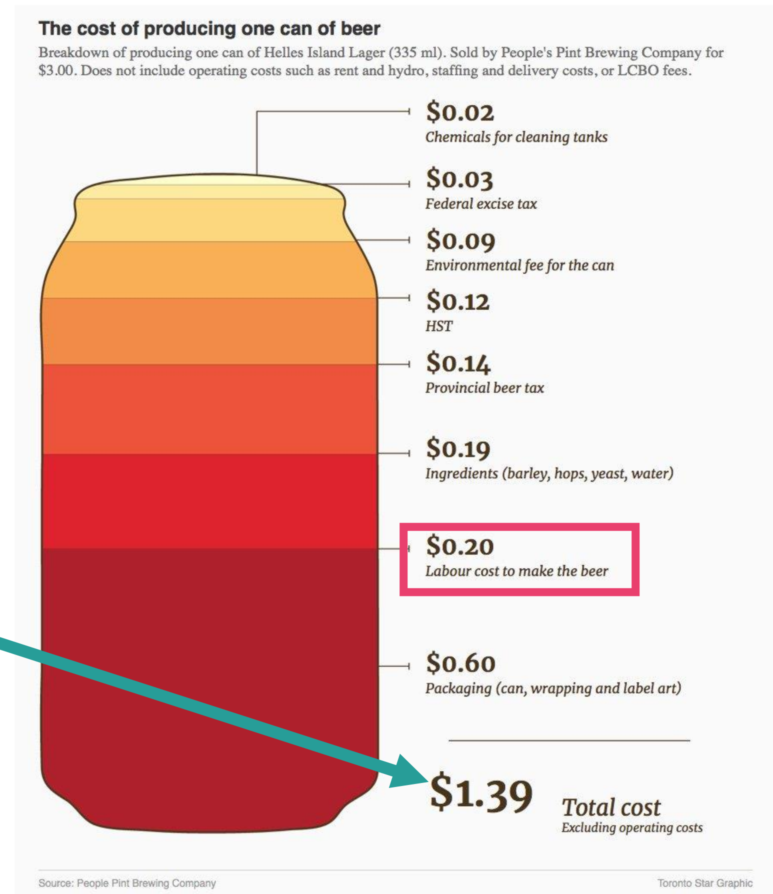
# WOULD AN INCREASE IN BEER MANUFACTURING WAGES INCREASE THE PRICE YOU PAY AT THE PUB? IF SO, BY HOW MUCH?

- Based on the illustrative examples presented on this slide, the cost of manufacturing labour represents less than 2% of the final price paid by the customer. This would mean, for example, that a 50% increase in wages would require a 1% increase in the final price of beer in order not to harm profits.

## Tentative on-trade beer price structure

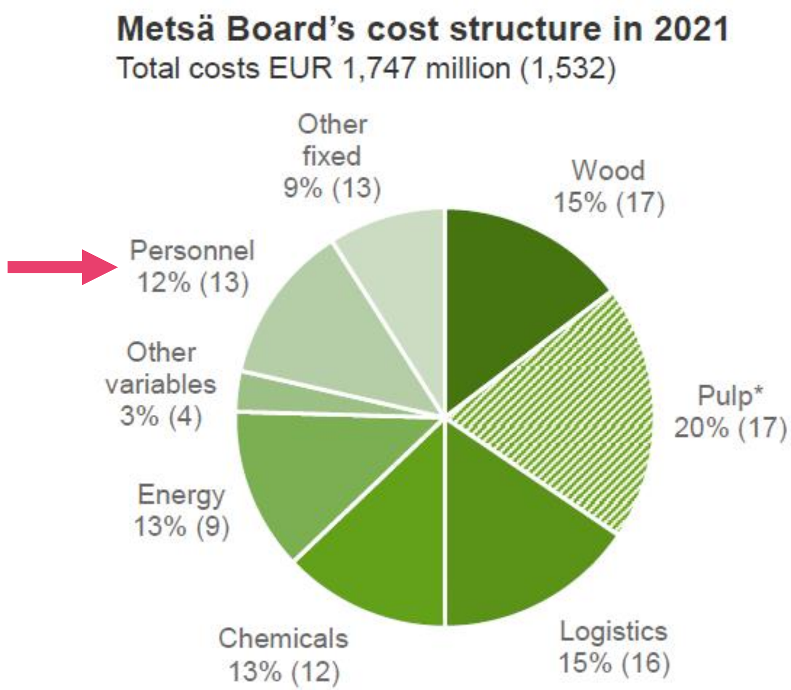


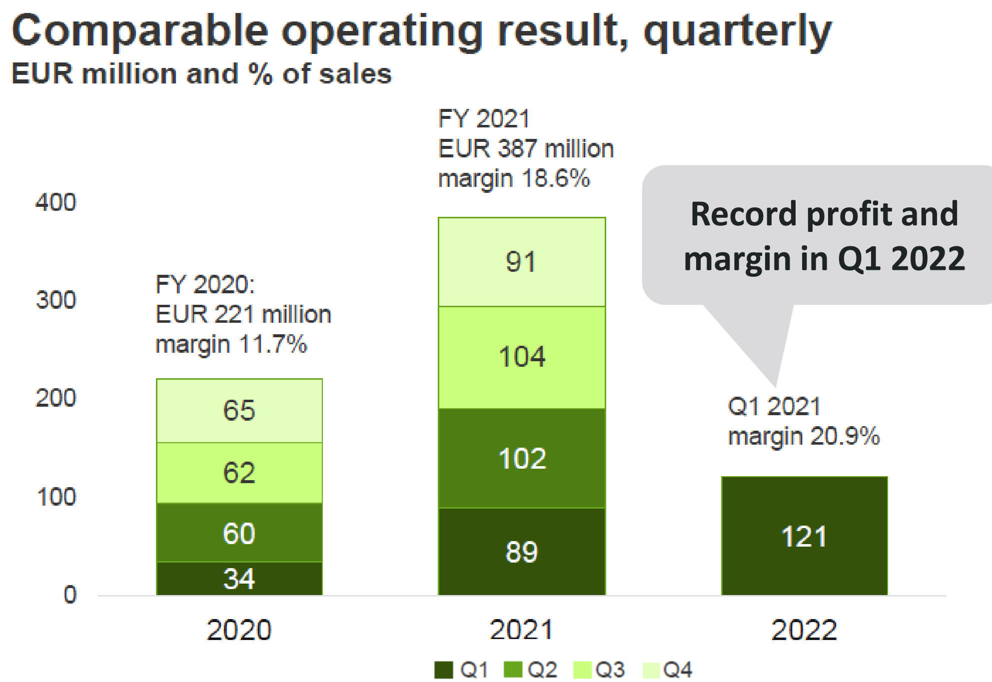

## Tentative example of manufacturing cost structure



# WHAT WOULD WAGE INCREASES IN LINE WITH INFLATION MEAN?

- **The real-life example of Metsa Board:**
  - 2021, Personnel costs represent 12% of total cost (down from 13% in 2020).
  - A 15% increase in personnel costs would lead to a 1.8% increase in costs.
  - That cost increase can be covered by profits: Q1 margins would drop to 19.1% (which would still constitute a historical high)
  - If the entire cost increase would be passed to prices (Q1 2022 assumptions):
    - Maintaining absolute profit with a slightly lower margin as % of sales: + 1.5% price increase
    - Maintaining margin as % of sales at 20.9%: +1.8% price increase
  - Actual paperboard price increases: +20% Q1 22 vs Q1 21

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