

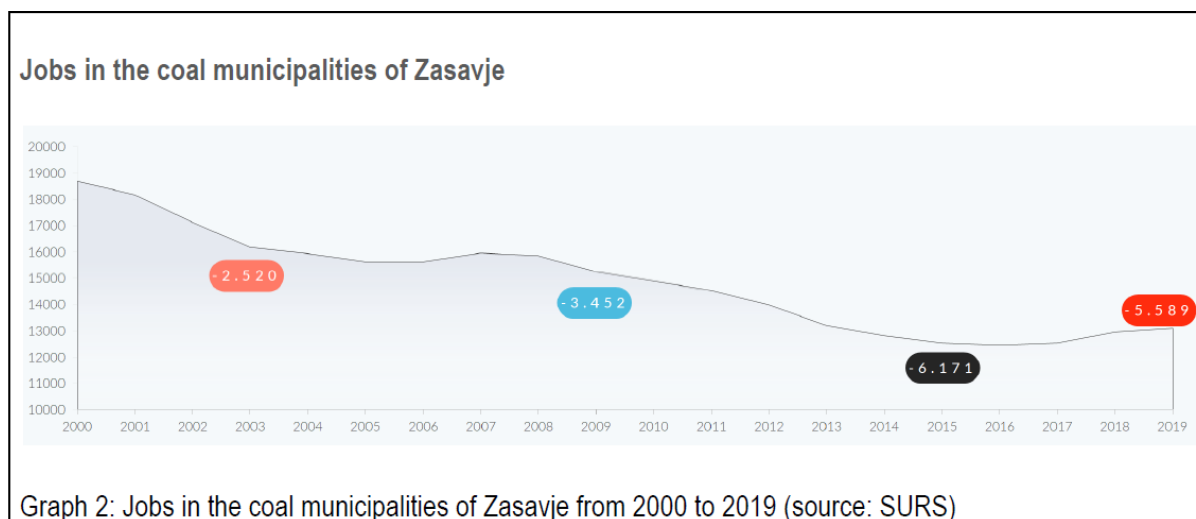
Labor market Zasavje

Coal phase-out and subsequent unemployment

The Slovenian region Zasavje (which includes four municipalities: Hrastnik, Trbovlje, Zagorje ob Savi, and Litija) already went through the coal phase-out and transformation which started even before Slovenia joined the EU, in the 2000. Today, 20 years later, there is no coal or mining in Zasavje but the region is still facing the typical coal phase-out structural problems as the principles of a just transition had not been considered in the mine closure nor the jobs creation and economic diversification have been properly preformed. This is supported by the recently adopted National Strategy for Coal Exit and Restructuring of Coal Regions in accordance with the Principles of Just Transition¹ which states that in the process of the mine closures, the principles of just transition were not respected, as social and economic restructuring was not included nor was it fully addressed in the process. Same Strategy states that the size of the economic activity in Zasavje is smaller compared to other regions in Slovenia, since the loss of mining-related activities has never really been compensated by the region. Hence the necessity to utilize the JTF to support and fill in the holes left by the previous closure of the mines and power plant.

According to the Regional Development Agency (RDA) Zasavje, 5,000 workers were employed in the coal and coal-related activities in 2000 which represented 27 % of all jobs in the region, most of them in the municipality of Trbovlje where the power plant was located. The process of closure which started in 2000 was finalized in 2013 with the closure of the Trbovlje Power Plant. Most of the coal related jobs however were never replaced. In 2000 the region had 18,693 jobs while in 2019 that number has been 13,104 which showcases that the loss by the closure was never recuperated (see Graph 1).

Graph 1



Source: RDA Zasavje

Added to that, the population has been decreasing as the job prospects have been limited. According to the Slovenian State Statistical Office the coal municipalities had 41,225 inhabitants in 2021, which is 5,140 less than in 2000, so they have suffered 11 % depopulation in this period.

¹ NACIONALNA STRATEGIJA ZA IZSTOP IZ PREMOGA IN PRESTRUKTURIRANJE PREMGOVNIH REGIJ V SKLADU Z NAČELI PRAVIČNEGA PREHODA, <https://www.energetika-portal.si/dokumenti/strateski-razvojni-dokumenti/nacionalna-strategija-za-izstop-iz-premoga-in-prestrukturiranje-premogovnih-regij/>, last visited on 7.03.2022.

The latest data for this region also shows high numbers of long-term unemployed people, especially in Trbovlje which leads with 6.5% of the unemployed being long-term unemployed which can be attributed to the issues of the unfinished socio-economic transformation after the mines and plant closures, which never really took off (see Table 1). Trbovlje also has the highest percentage of youth unemployment with 15.1% which explains the brain-drain and loss of population as the job prospects are quite limited in this municipality. The entire region has an unemployment rate of about 13.5%, the lowest being in Zagorje ob Savi. The lack of jobs and economic development have led to the region having a GDP average growth rate in the last ten years (2011-2020) of only 0.9%. Furthermore, in 2019 the regional GDP was 699 mio EUR, while the one of Slovenia was 48,397 mio EUR, which makes this region's contribution to the national GDP of only 1.4%. The necessity for support of economic development which would lead towards higher value and GDP creation is evident.

Table 1 – Demographic structure and work force in Zasavska coal region 2019

Zasavska coal region*			
Most recent available data (2019)	Hrastnik	Trbovlje	Zagorje ob Savi
Demographic size	9154	16018	16434
Demographic size of working age population	3558	6276	6987
Women in work force %	48	47	47
Men in work force %	52	53	53
Unemployment rate	10.7	12.1	6.7
Long-term unemployment (above 1 year continuously)	5.7	6.5	2.9
Youth unemployment rate	9.5	15.1	9.3

* Litija municipality was added to the region after the analysed data

Current job market trends

Looking closer into the labor market of Trbovlje, the key issues lie exactly with the workers that have exited the coal industry according to the interviews with the Regional Development Agency, which are as well the ones longest out of a job. Without the prospects that the mines and the coal-fired power plant were offering, these workers were not absorbed either by the SMEs or the large enterprises. According to the Employment Service of Slovenia (ZRSZ), in the municipality of Trbovlje in November 2021 there were 2146 unemployed people, highest number between the age of 40 and 59, accounting for almost half of all unemployed persons (48%). When it comes to their background, the majority (850 people) have abasic and general educational level, while both men and women are equally affected (with 1076 unemployed men and 1070 unemployed women). The trend is that most of the unemployed have been so more than a year, with 45% of the unemployed in Trbovlje ranging from a year to four years without a job (485 people being out of the labor market in the range of 12 to 23 months).

The biggest part of the unemployed has also a working experience of more than 10 years, with 45% of all unemployed having 10 to 30+ years of working experience. Most of the unemployed (41%) have a lower education background, while only 133 or 6% of the unemployed have a higher education background. This showcases the **necessity for targeted educational and training programmes** which will specifically assist the long-term unemployed and less and no-skill workers so they can be able to re-enter the labor market before the unemployment status becomes permanent. This is additionally supported by the fact that in Trbovlje municipality, there are vacancies in many sectors which are not

filled due to lack of skills of the workers for those jobs (see Table 2). In the last three years there has been a lack of workers recorded, increasingly so in the area of manufacturing (from 395 in 2019 to 564 in 2021), construction (from 352 in 2019 to 411 in 2021), and education and health and social work.

Table 2 – Vacancies in the municipality of Trbovlje

	2019	2020	I-XI 2021
Main activity	2,762	2,223	2,534
A AGRICULTURE AND HUNTING, FORESTRY, FISHING	11	1	19
B AGRICULTURE	12		3
C MANUFACTURING	395	350	564
D ELECTRICITY, GAS AND STEAM SUPPLY	15	9	11
E WATER SUPPLY; SEWAGE AND WASTE MANAGEMENT; ENVIRONMENTAL REMEDIATION	18	16	40
F CONSTRUCTION	352	292	411
G TRADE; MAINTENANCE AND REPAIR OF MOTOR VEHICLES	135	94	115
H TRANSPORT AND STORAGE	72	48	62
I HOSPITALITY	110	55	77
J INFORMATION AND COMMUNICATION ACTIVITIES	20	11	12
K FINANCIAL AND INSURANCE ACTIVITIES	10	5	1
L REAL ESTATE ACTIVITIES	10	26	26
M PROFESSIONAL, SCIENTIFIC AND TECHNICAL ACTIVITIES	55	41	42
N OTHER MISCELLANEOUS BUSINESS ACTIVITIES	369	255	261
O ACTIVITIES OF PUBLIC ADMINISTRATION AND DEFENCE; COMPULSORY SOCIAL SECURITY ACTIVITIES	85	35	32
P EDUCATION	407	344	407
Q HEALTH AND SOCIAL WORK	627	587	401
R CULTURAL, AMUSEMENT AND RECREATION ACTIVITIES	20	13	18
S OTHER ACTIVITIES	39	41	32

Source: ZRSZ

According to the State Statistical Office the unemployment situation in Hrastnik is quite similar, although data to such extent as presented by ZRSZ is not immediately available. The unemployment situation in Zagorje ob Savi is somewhat better, but not by a large margin.

The conclusion can be drawn that with the loss of the coal industry, the skills and background of the workers who left the sector do not match the new reality on the ground, where different set of skills are necessary in order to achieve increased economic growth.

Gap analysis

In the Zasavje statistical region, most of the companies can be qualified as small and medium enterprises (SMEs) and as the data shows, in 2020 there were 2313 SMEs (see Table 3). Even though in some recent years there have been new SMEs set up, there is almost no upward trend or growth that is consistent over the last 10 years. However, the number of SMEs closed in the last 5 years is consistently around 5 to 6% of total SMEs. In comparison, a decade ago around 9 to 10% of all SMEs were going out of business. This could be a sign of improved economic conditions on the ground, however more concrete indicators would be needed to support this (net profit, share of regional GDP, etc).

Table 3 – Trends in development of SMEs and large enterprises (LEs)

Zasavje statistical region	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Number of SMEs	2.317	2.365	2.316	2.337	2.360	2.351	2.419	2.374	2.354	2.313

Number of SMEs closed	197	228	253	178	202	160	149	125	132	128
Number of LEs	11	11	12	9	9	7	3	3	4	5
Number of enterprises opened (SMEs + LEs)	383	387	440	416	390	373	376	391	444	402

Source: RS Statistical Office

Large enterprises have been on the decline as the main economic branch, the coal sector, closed over the shown time period, hence there are less LEs in 2020 than in 2011, 5 compared to the previous 11. After a period of serious downturn in 2013-2017, a slow recovery is noticeable where the region has seen the opening of two new enterprises. According to the regional stakeholders, main reasons why the region struggles to attract large enterprises lie in not having enough land for constructing production sites, as well as lack of qualified and high-skilled workforce. Supporting their operations and eliminating the barriers to entry would help the region in bringing additional value, increase the jobs rate and become more attractive for new investment as well as for high-skilled workers.

According to latest available data from 2019, there were 14,601 employed workers in SMEs and LEs (out of which 52,4% men and 47.6% women). The number of working women is higher in the large enterprises, 59% compared with 41% of men being employed in these companies (see Table 4). Most of the jobs are in the SMEs, which take up 87% of all jobs in Zasavje, however it seems LEs offer more opportunities for women and high-educated workers (see Table 6) which would justify providing support to them as well.

Table 4 – Total number of women and men employed in SMEs and in Large Enterprises

YEAR	NUTS3 Statistical Region	SIZE OF ENTREPRISE	GENDER		
			Total	Men	Women
	Total		14,601	7,658	6,943
2019	Zasavska coal region	Small and medium enterprises, total	12,745	6,901	5,844
2019	Zasavska coal region	Large enterprises	1,856	757	1,099

Source: State Statistical Office

Most of the persons employed in the region are above the age of 30; the largest group representing the one between 50-59 years. Given the aging population and the lower prospects for the young people, which have quite high unemployment rate compared to all other age groups, this is a factor to take into account. The age group of 15-29 represent only 13% of employees (see Table 5). Training programmes are already planned for unemployed and for those companies that will express interest in re or-upskilling of their employees. The defining of such programmes and interested companies will come at a later stage, once the funds are programmed. For all of the respected companies involved in the financing from the JTF, support will be granted in line with GBER. Added to that however, companies can and should offer one-to-two-year internships in order to attract young and highly-qualified employees. Due to their size and established processes, it would be easier to offer internships within the large enterprises, since most of them already have or had such programmes. The new jobs created with support of the JTF in Zasavje should be tailor-made not only for attracting, but for retaining young and highly-skilled workers as well. For instance in one of the LE operations, the company plans to promote new recruitments by awarding staff scholarships to young people.

Table 5 – Age structure of the employees in SMEs and Large Enterprises

Month	Year	Zasavska coal region	Type of enterprise	Age groups					
				Total	15-29 years	30-39 years	40-49 years	50-59 years	60+ years
12	2019	Total		14,601	1,846	3,723	4,068	4,263	701
12	2019	Zasavje	SMEs	12,745	1,614	3,328	3,518	3,634	651
12	2019	Zasavje	Large enterprises	1,856	232	395	550	629	50

Source: State Statistical Office

From the perspective of the education level, the highest percentage of highly educated workers are employed in the large enterprises, namely 30% of all employees (see Table 6). This is closely followed by the SMEs where the higher-educated represent 27.6% of all the employees. Local stakeholders and companies are focused on bringing highly educated, specialized workforce such as engineers to the region. In this regard assistance should be put towards attracting skilled, specialized workforce, who are in demand especially in the large enterprises. This will be provided by the Employment service of Slovenia which is planning to implement a specific measure “Support Office for Employers” from the ESF+ funds in each region in Slovenia. The aim of the “Office” is to give assistance and support to all employees in the respected regions, to attract the needed work force. Hence this kind of assistance will not be covered from the JTF. All of the LEs on the indicative list plan to attract high-quality jobs with high added value in fields such as electrical, mechanical engineering, energy, chemistry, manufacturing etc.

Table 6 – Level of education between the employees in SMEs and Large Enterprises

Month	Year	Zasavska coal region	Type of enterprise	Level of education			
				TOTAL	Primary or less	Secondary	Higher (Territory level)
12	2019	Total		14,601	1,846	3,723	4,068
12	2019	Zasavje	SMEs	12,745	1,614	3,328	3,518
12	2019	Zasavje	Large enterprises	1,856	232	395	550

Source: State Statistical Office

Regarding the involvement in the current Territorial Just Transition Plan for Zasavje of the companies themselves the situation is as following: ten project fiches were submitted by large enterprises, out of which four were shortlisted, five long-listed and only one was not considered. The total value of the short listed was ca. €127 mil while on the long-listed €151 mil. All projects envisage new jobs. There were eleven project fiches by SMEs. Only one project has been short-listed, the Technological Park Sava with a total value of €12 mil. There are in total eight long-listed projects, where two are without a value, and the other six have total value of €62.3 mil. Two proposals were not considered. Further there is one proposal by a public body, the Chemical Institute which is short listed, valued at €29 mil and one by an NGO only long listed, with a value of €1.6 mil. The municipality Zagorje ob Savi has submitted seven project fiches, all only long-listed and with a total value of ca €15 mil.

Three large enterprises have offered most of the opportunities for new jobs in Zasavje. Based on the indicative list² that number is around 220 (or more depending on how the projects and investments would be implemented) by 2030. There is no evidence such number can be achieved solely by offering support to SMEs in such short time, especially having in mind that the sector was not able to absorb the workers from the coal industry and those numbers of jobs lost was never recovered (Graph 1). The

² To be added in the TJTP.

region is already suffering from high unemployment rate (Table 1) and the SME sector as stated has not been able to mitigate that nor it helped reverse the 11% of depopulation that occurred ever since the closure of the coal work. Jump starting new employment wave with such support for LEs could then trigger higher economic development, having people stay in the region, and provide conditions for additional jobs in related sectors. Moreover, large enterprises hire more skilled workers and have a better gender balance which brings higher value in the region and assist in the diversification of the economy. With the right support, they can create more value and help bring in new high-skilled jobs into the region which has been hit by high unemployment after the coal phase-out.

The following large enterprises have shown considerable interest in investing the region and bringing new jobs during the preparation of the project fiches under the TJTP for Zasavje: ETI Elektroelement, d.o.o., Herz d.o.o, Steklarna Hrastnik d.o.o. proposed the following operations and jobs: 1). ETI two proposals: ETI-DIGIMAT, New Generation of Automation and Digitalisation of the Process of Production of Switch Protective Devices and ETI-LOGICENT, Digitalisation and modernisation of intra-logistic processes in Zasavska companies. Total number of new jobs: 20. ETI aims to create high-quality jobs with high added value through automation and digitalisation of production processes. They will also carry out upskilling and reskilling of their own workers; 2). Herz one proposal: Installation of the company's production unit in Trbovlje, opening of a new production unit (new plant 10.000 m²), which represents an extension of the company's production line on the abandoned mine site. Total number of new jobs: 100 in both production and sales and development. They also plan to promote new recruitments by awarding staff scholarships to young people; 3). Steklarna Hrastnik three proposals: Regenerative hybrid glass furnace, Transition to renewable fuels in glass production (H2GLASS) and Sustainable, green-filed glass mill according to the latest industry standards 4.0+ land arrangement. Total number of new jobs: more than 100. In all three projects they will hire: manufacturing staff, electricians, reviewers, engineers and educated technical staff in the fields of energy, electrical engineering, mechanical engineering, chemistry. These projects are in line with Slovenian strategic documents such as the NECP and decarbonisation targets as well as the JTF (re-skilling and up-skilling of workers, scholarships for young people, renewable energy etc). Each LE as stated is planning on bringing substantial amount of jobs which will not be created in the absence of this investment. SMEs were not able to absorb the loss of 5000 jobs with the closure of the coal work and opening new production lines in the manufacturing industry will not only increase the number of LEs, currently standing at five (from the previous eleven) in the region but also bring additional value added and help develop other connected industries such as supply of goods and services, transport, maintenance etc. Such large investments in the sum of ca €151 mil will help increase the very low regional GDP average growth rate, which in the last ten years (2011-2020) has been only 0.9%. The SME sector, although larger, has not managed to increase this even above 1% of annual growth rate. As such large projects and plans as seen in the gap analysis do not exist currently in Zasavje, it is reasonable to believe they will not be there if not supported through the TJTP and the jobs lost through brain-drain would be larger than the possible jobs opened through the SME sector. Since the region is still facing brain-drain, the newly added more the 220 can be the first step towards reversing that trend and towards economic recovery.

Conclusion

Currently there seems to be a lack of new opportunities both between the SMEs and large enterprises to absorb the unemployed, which were mostly created after the coal industry was shut down in Zasavska coal region. Both sectors would need support and targeted assistance to be able to improve their employment ratio and fill-in the vacancies as well as create new jobs and add value in the economy of the region.

As there is a clear miss-match between what is needed on the job market in this region and what skills and background the potential workers and the unemployed have, assistance should also be considered for: a) re-skilling and up-skilling of the unemployed so they could fill-in the vacancies on the market; b) internships and traineeships for the young, especially in Trbovje and Hrastnik; c) matching programmes such as job fairs where companies would be matched with potential workers and d) targeted loans and grants for start-ups e) targeted support also for plus public bodies such as municipalities as well as the active civil society in the region in order to have multidisciplinary approach in the socio-economic development of the region.