

Socio-economic transformations, regional and sectoral disparities and the role of social dialogue in Estonia

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Abstract

This report will give an overview of the main features of change in Estonia's socio-economic situation since the early 1990s. The focus will be on disruptive challenges encountered, how these have been addressed, and especially on the role and influence of workers' organisations in these developments.

The report can be read as a multi-level case study: the general developments in the whole society are contrasted with regional development in Ida-Viru county. The region is chosen because it highlights unequal regional development dynamics in Estonia. Furthermore, most of Estonia's energy production (one of the focus areas of the EGRUIEN project) is concentrated in that region. Furthermore, special focus in this report will be given on four economic sectors, that EGRUIEN project is focusing on: energy, on-demand transport, automotive and healthcare (long-term care).

Societal and macro-economic context

After regaining independence in 1991, Estonia's political and economic elite sought to distance the country from all aspects of the former Soviet system (and from further Russian influence), including left-leaning policies, ideas and organisations. This transition trajectory has had major impacts on the labour market. The aim was to orient the country towards the West in all life spheres. Joining the European Union (EU), NATO (in 2004), and later, the Eurozone (2011) became explicit goals. In the economic sphere, "the West" was mostly associated with the liberalisation of the economy.

In the early 1990s Estonia implemented so-called "shock therapy": radical socio-economic reforms, such as widespread privatization, de-industrialisation and general economic liberalization. In the later decades as well, the country has followed neoliberal policies and politics, which have mostly been accepted by the public without significant opposition. This has largely been legitimised because many in society have prioritized macroeconomic stability and independence from Russia (Kall, 2017; Lauristin and Vihalemm, 2009).

Lagerspetz (2001: 413) notes that by the late 1990s, the dominant objective—national prosperity measured in monetary terms—had become unquestioned, while alternative ideas about a free and just society were forgotten or delegitimized. Similarly, discussions on class

and inequality have been marginalized in society despite Estonia's high levels of inequality, with public discourse instead centring on national and ethnic issues, alongside a "transition culture" of the 1990s that idealized a capitalist future (Helemäe and Saar, 2015).

Foreign direct investment (FDI)

Comparad with other Central and Eastern European (CEE) countries, Estonia and the other Baltic states have experienced more severe deindustrialization and deskilling, and the Baltics could not build up complex, competitive manufacturing industries necessary, for example, for attracting automotive FDI (Bohle and Greskovits, 2007). Baltic countries received only 9% of early FDI made into the CEE region (FDI, 2007).

The Estonian economy became closely integrated with the Nordic countries and became a part of the cross-border economic clusters in the Baltic Sea region. Estonia thus became quite dependent on the developments in Scandinavia (Tiits, 2007). Most FDI inflows in Estonia in the 1990s were made by Finnish and Swedish companies and 80% of it was concentrated in four areas: 23% was located in financial intermediation, followed by the manufacturing industry (22%), transportation (20%), and wholesale and retail trade (16%). The majority of all foreign investments, over 80%, were concentrated in the capital area around Tallinn and Harju county (Varblane, 2001). Regarding Estonian manufacturing, the following fields have received the most foreign direct investments: wood and food processing (22%); food and beverages (19%); non-metallic mineral products (11%); pulp, paper and paper products; publishing and printing (10%), electrical and optical equipment (9%) (Tiits, 2007:15). In the 1990s, most of the FDI by Estonian companies was made in financial intermediation and real estate and business activities (55%) (Varblane, 2001).

While in the early 1990s Estonia, selling nationally-owned assets to private investors was one of the primary drivers of the inflow of FDIs and one of the most important sources of foreign income, over time, market-seeking and Estonia's relatively less expensive labour and energy became some of the main investment arguments (Varblane, 2001). Foreign acquisitions of domestic banks and local industry, and relocation of production from Nordic countries have dominated the foreign domestic investment throughout the Baltics (Tiits, 2007).

Macro-economic success, regional and social disparities

As seen from Figure 1, GDP growth in Estonia has been remarkable and steady, with the most considerable drop happening during the economic and financial crisis in 2009. Steady growth in macroeconomic terms has made it easier to justify the road Estonia took, even though it has brought with it considerable regional, ethnic and other inequalities and social problems. Most wealth is generated in Tallinn and Harju county, most jobs are in major urban centres,

with a large part of Estonia (small towns, rural areas) having become peripheral both in economic and social terms: lack of services and employment opportunities, low salaries, declining population, and stigmatisation of peripheral areas (Plüschke-Altöf et al., 2020).

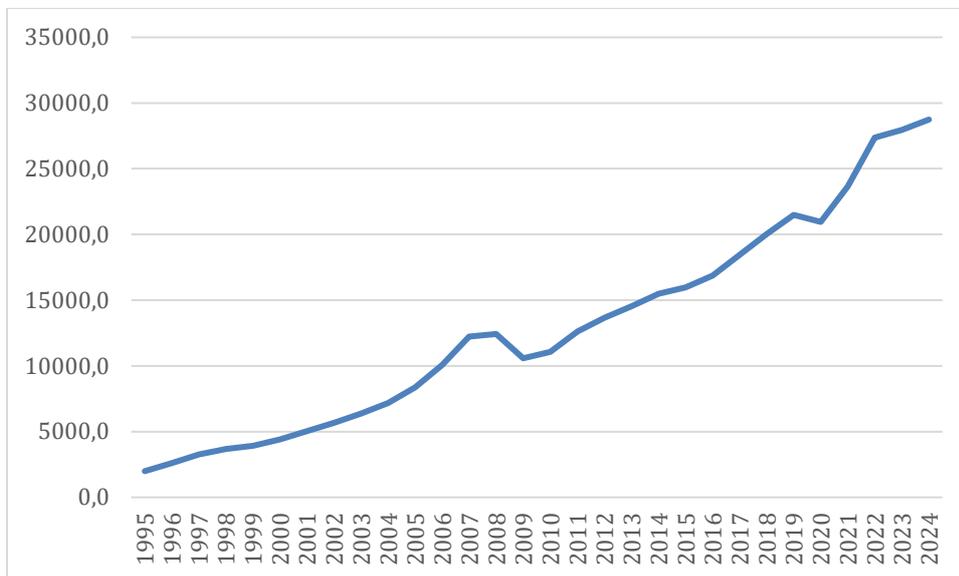


Figure 1: GDP at current prices per capita. Source: Statistics Estonia (2025), RAA0013

One of the regions that has not benefited from the general success story of the Estonian “economic miracle” is Ida-Virumaa, a rapidly deindustrialising region where all of Estonia’s oil shale mining and processing facilities and larger power plants are located.

Ida-Virumaa’s population, especially in urban locations, is mostly Russian-speaking (75% in the county). The local residents, their parents or grandparents migrated to Estonia during the Soviet occupation to work in heavy industry. Ida-Virumaa has suffered from poorer economic outcomes than the rest of Estonia since the 1990s, such as higher unemployment, higher poverty rate, rapidly decreasing population, as well as lower life expectancy and poorer health outcomes than the Estonian average. For example, if we look at registered unemployment (Figure 2), the Estonian average was around 10% in the 1990s-2000s, dropping during the economic boom before the 2008+ crisis and increasing during the crisis. In Ida-Virumaa, however, unemployment levels have been much higher and more volatile than the Estonian average.

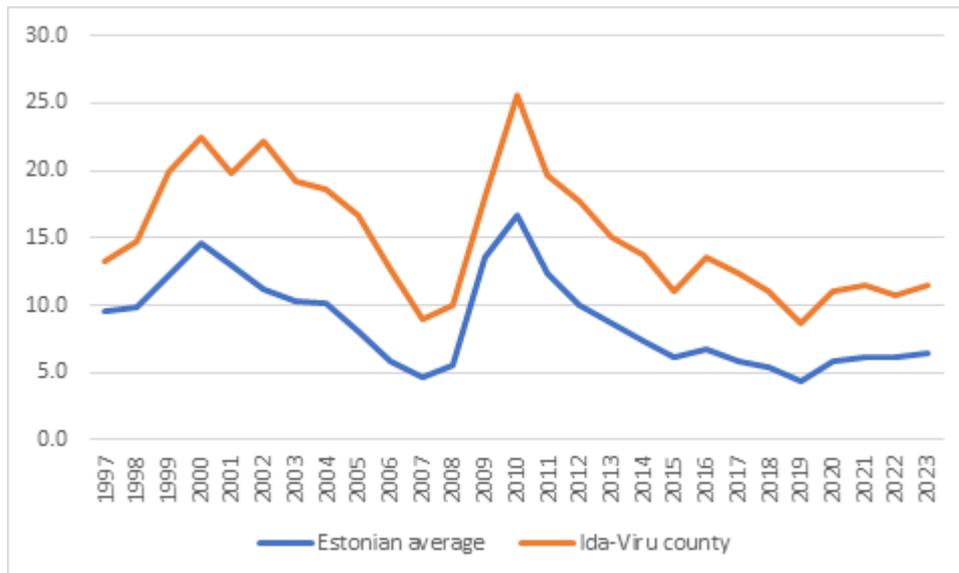


Figure 2: Unemployment rate (%). Source: Statistics Estonia (2025), TT442 and TT4645

Ida-Virumaa’s population has been constantly decreasing since the 1990s, dropping from 221,807 to 132,286 by 2024 (Statistics Estonia 2025, Table RV0222U). The population decrease has been significant in the younger age groups, and the only group whose absolute numbers are increasing is 55+. Statistics Estonia’s (2025, table RV087) population prognosis shows that by 2035, the population will have decreased by 22% (by 30,600 people), while the Estonian average only decreases by 2%. The prognosis points out that the number of women in the population will decrease faster than men (-25% and -19%). By 2045, the population is prognosed to be smaller by 36%, that is, by 50,000 people. The population decrease is caused by both out-migration (primarily to other locations in Estonia, predominantly to Tallinn) and a negative birth rate, while Estonia’s general migration balance will be positive. Women and young people are more likely to leave Ida-Virumaa.

Figures 3 and 4 further indicate the serious challenges that the region is facing today, destified by higher than country’s average poverty rates and lower wages.

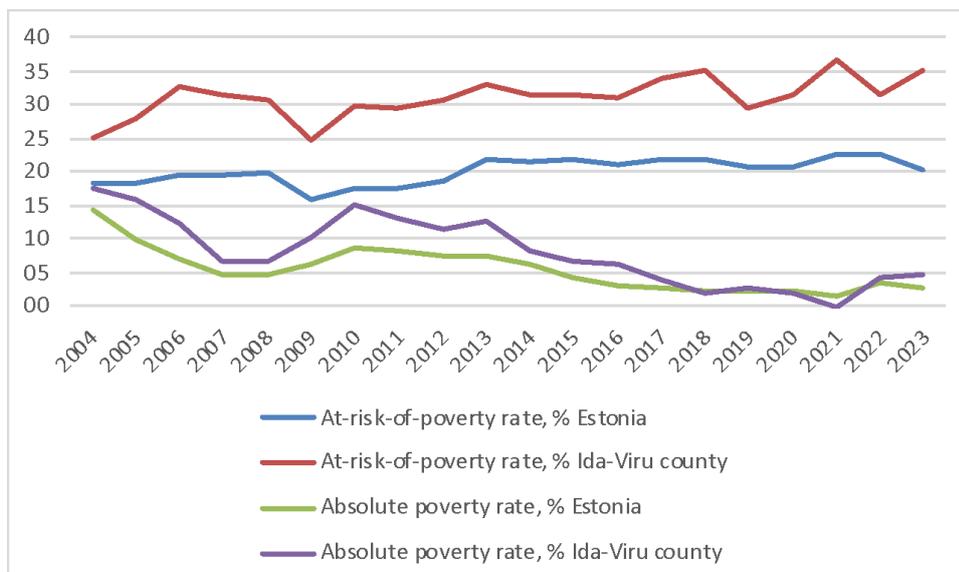


Figure 3. Percentage of people living in absolute and at-risk-poverty in Estonia and Ida-Virumaa 2004-2023. Source: Statistics Estonia (2025), LES20

The salaries in Ida-Virumaa are significantly lower than the Estonian average (see Figure 4). While the Estonian average monthly gross salary in 2024 was 1,981 EUR, the average for Ida-Virumaa was only 1,576 EUR (Statistics Estonia, 2025, table PA107).

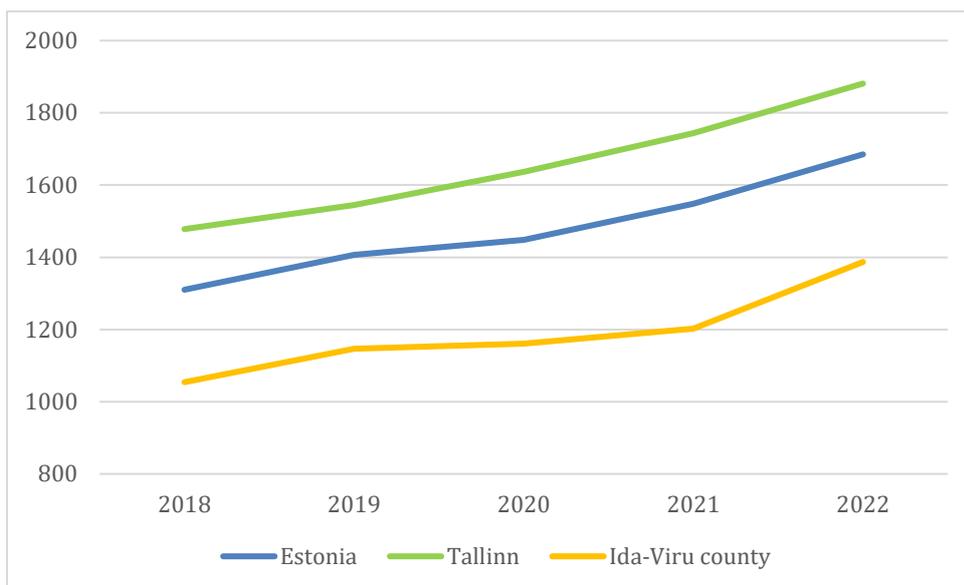


Figure 4. Average monthly gross wages (salaries), euros. Source: Statistics Estonia (2025), PA107

Throughout the years of Estonia’s independence, the labour force participation rate in Ida-Virumaa has been significantly lower than the Estonian average. It is particularly low among females of Ida-Virumaa and slightly lower than that in other socially deprived regions of Estonia (Statistics Estonia 2025, table TT4661). Also, the educational structure of Ida-Virumaa

significantly differs from the rest of Estonia. Ida-Virumaa has a significantly higher level of people with upper secondary education, a higher level of those with professional secondary education and a lower level of people with tertiary education than Estonia’s average (see Figure 5). According to the 2022 national census, 48% of Estonians were employed in blue-collar professions; in Ida-Virumaa, the figure was 64%. Of males, 73% in Ida-Virumaa have a blue-collar profession compared to 55.5% nationally (Statistics Estonia, 2025).

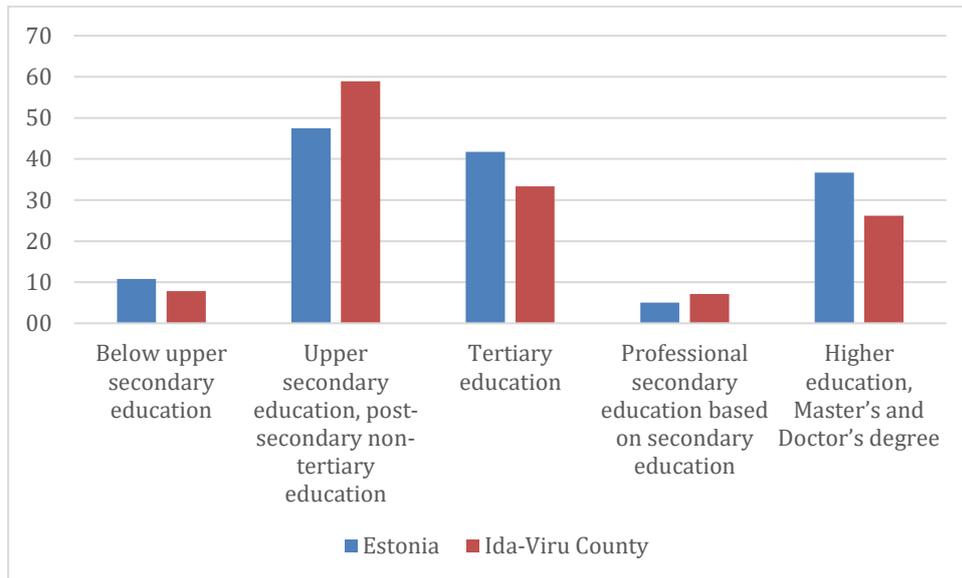


Figure 5. Population aged 15-74 and labour force in Estonia and Ida-Virumaa by education level in 2024. Source: Statistics Estonia (2025), TT123

In addition to important regional disparities, Estonia also has a significant gender pay gap, although it has been generally declining in recent years (Figure 6). It is caused both by vertical and horizontal segregation of men and women in the labour market, but there is also a big part that is “unexplained”, and possibly relates to beliefs, attitudes and practices that value and compensate the work of women less (Täht et al., 2022).

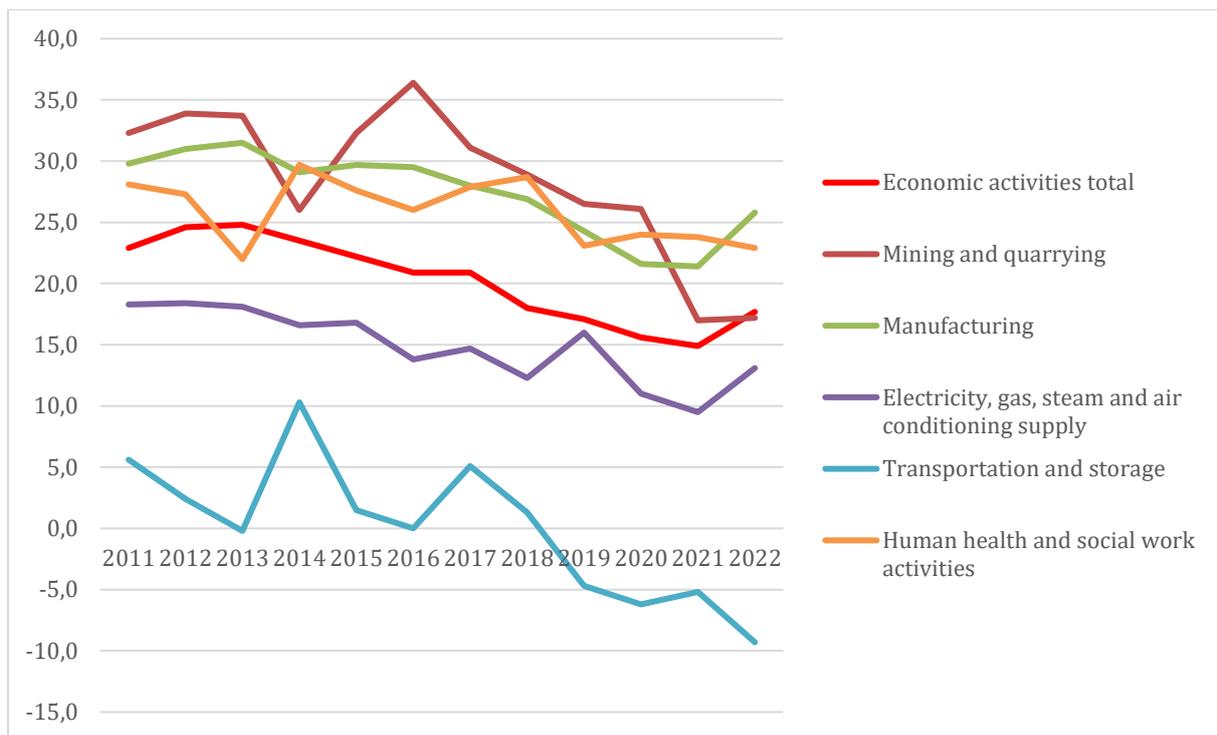


Figure 6. Gender pay gap in selected fields relevant for EGRUIEN. Source: Statistics Estonia (2025), PA5335

Digital nationhood

Starting already in the 1990s, and up to this day, one of the main dominant success narratives in the Estonian economy has become its digital technologies. Estonian society is generally proud of its digital technology sector and vibrant start-up ecosystem, viewing its e-governance infrastructure and digital technology companies as key exports of the country (e.g., Skype, Bolt, Starship Technologies, Transferwise/Wise). Significant efforts are made to attract foreign investment and talent into the sector, alongside fostering a “competitive” tax environment (which in Estonia generally refers to low tax burden for companies) and user-friendly digital services for businesses, illustrated with the quote from a public sector agency aiming to boost Estonia’s international competitiveness:

“World-class human capital, unique digital capabilities and a competitive business environment make Estonia the smartest location for businesses with global ambition. Find out how your business can benefit from Estonia’s new large-scale investment incentive, and apply to get up to 15% of your investment back.”¹

¹ <https://investinestonia.com/>

If we look at Figure 7, surprisingly, the share of value added to the economy by information and communication activities has been relatively stable (at 5%) until 2015, and only recently increased to 9%. This seems to indicate that, at least narrowly taken, ICT is not “holding up” Estonia’s economy, although digital technologies are more and more used in other industries as well.

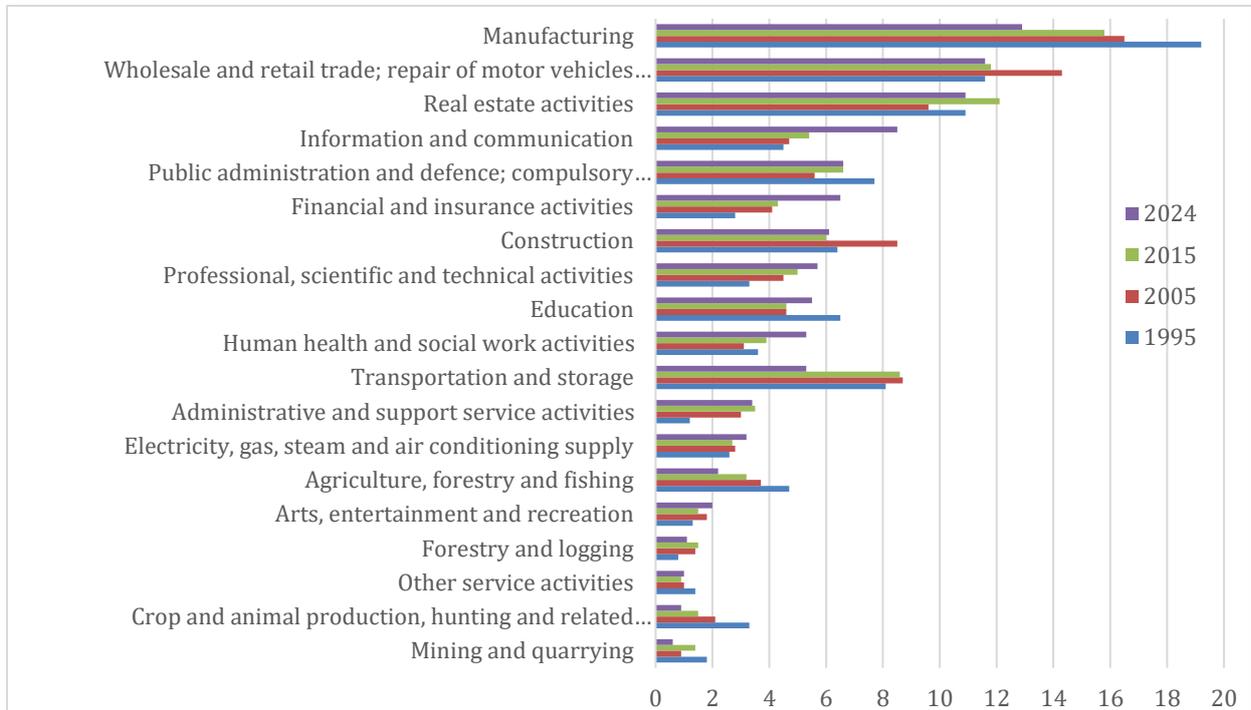


Figure 7. Share in value added at current prices, percentages (by year and economic activity).
 Source: Statistics Estonia (2025), RA0042

Figure 8, similarly to the previous graph, reflects the changing dynamic of industrial structure and shows that employment has been declining in manufacturing and agriculture, and increasing in ICT (and in different services).

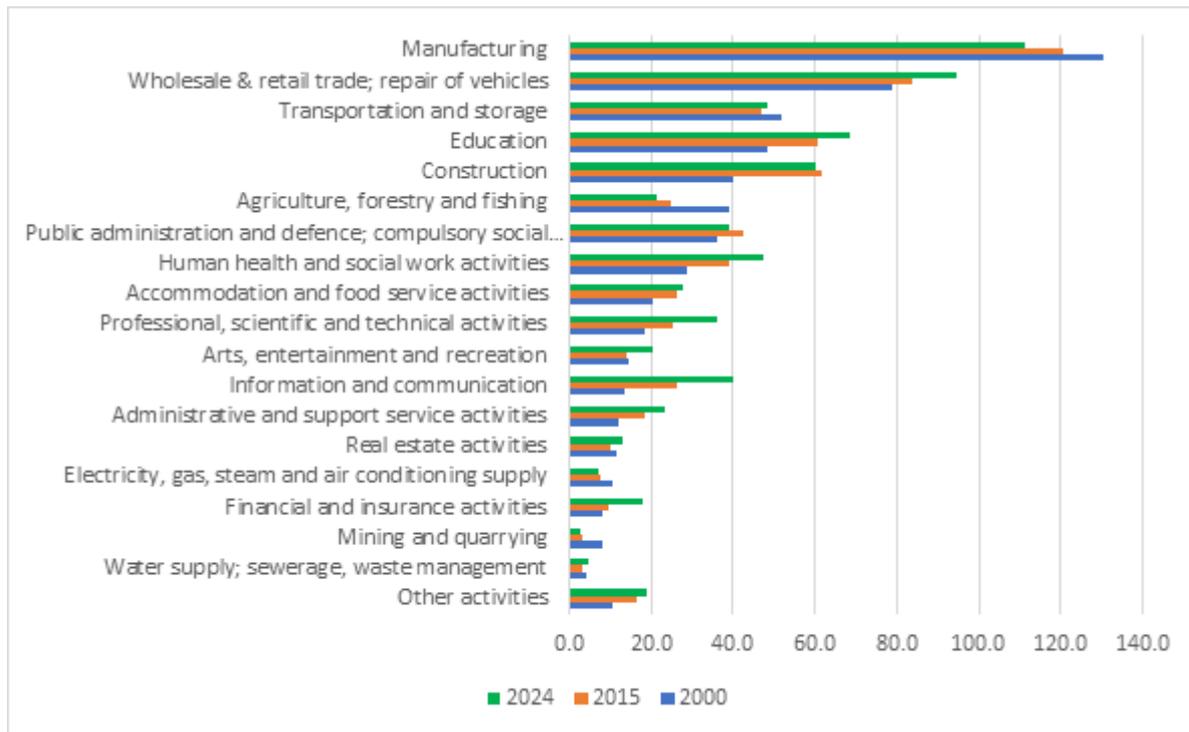


Figure 8. Number of persons employed, thousands (by year and economic activity). Source: Statistics Estonia (2025), TT0201

According to Annus (2022), since the 2010s, Estonia’s prevailing national identity can be described as eco-digital nationhood—a synthesis of ecological and digital values. While ecological narratives draw from ancient traditions, the digital aspect has been developed more recently, earning Estonia a global reputation as a digital pioneer nation. However, this fusion of ecological and digital ideals is not without tension. As Annus observes, “an embrace of life in a digital euphoria might leave actual social problems unaddressed” (p. 416).

The widespread techno-optimism in both society and politics can obscure the more troubling aspects of the technologies being developed and promoted. These include the precarious working conditions created for certain labour groups, high energy consumption, and major disruptions to existing sectors. For instance, the ride-hailing and food delivery platform Bolt has contributed to making taxi driving highly precarious work. While some drivers on the platform critique these conditions, others accept them as a natural consequence of market dynamics that are not to be challenged (Animento et al., 2024).

Industrial relations system

In the 1990s and 2000s, Estonia’s industrial relations became characterized by low trade union density, decentralized collective bargaining and its limited coverage, and weak social dialogue

institutions and practices (Feldmann, 2006; Bohle and Greskovits, 2012). Since the early 1990s, union membership has steadily declined, being 94% in 1994 (legacy of the compulsory membership), dropping to 32% in 1995 and to 9% already in 2004, with the latest available density indicator (in 2023) being 6%.²

According to Kallaste (2019), by the 2000s, collective bargaining practices already stabilised and became institutionalised in the way we know them today. Those practices that survived the turmoil of the 1990s were rather strongly established, including sectoral collective agreement negotiations in a few sectors: notably health care and transport. In most of the economy, collective bargaining is either absent or primarily takes place at the company level, with sectoral agreements being uncommon. Trade unions typically initiate bargaining efforts, while employers generally show little interest in negotiating collective agreements (Kall, 2017). Many employers' organisations argue that they are not social partners and thus are not willing to negotiate collective agreements. At the national level, the relatively low national minimum wage has been fixed annually by tripartite agreement since 1992. Since 2002, it has been negotiated between the Estonian Trade Union Confederation and the Estonian Employers' Confederation and then brought into effect by government decree.

Although the bleak picture is still relatively characteristic to the present day, unions have also shown considerable innovation and occasionally heightened mobilization aimed at changing the status quo. Some have developed new (transnational) strategies and instruments, put more emphasis on being visible, focused on little-organised companies and sectors and implemented organisational restructuring (Kall, 2017; 2020).

Estonia inherited rather worker-friendly employment legislation (although often the rules were just not followed). However, governments and employers have consistently tried to liberalise the legislation formally as well, the narrative being that too strict rules inhibit Estonia's competitiveness. The first successful attempt at considerable liberalisation was during the economic crisis in 2009, where social dialogue was overridden and trade unions' propositions were not considered (Kall, 2017). The old Employment Contracts Act actually set rather strict rules, for example, for actions such as dismissing employees. Related to that, macro-level indicators, like the OECD Employment Protection Legislation Index, showed the Estonian labour market to be relatively rigid and over-regulated compared to the other OECD countries, but in practice labour market has been highly flexible due to a lot of violations of regulations (Eamets and Masso, 2005). There had been several attempts, during the years 2003-2005, to reach an agreement about a new act, but they have failed (Nurmela, 2008).

In January 2008, the Ministry of Social Affairs introduced a new draft of the Employment Contracts Act. As there was no public discussion over it during the preparation period and it was prepared without tripartite negotiations, different stakeholders had several issues with the draft (Muda, 2008). Later on that year, social partners were involved in bargaining over some changes. Central to the new act became the concept of flexicurity, meaning the combination

² <https://www.oecd.org/en/data/datasets/oecdaias-ictwss-database.html>

of a flexible labour market with a well-functioning social security system. Second version of the draft act, agreed upon by social partners, was passed in Parliament in December 2008, but when the economic crisis unfolded, the Government made some changes towards more flexibilization, like diminishing the agreed-upon higher unemployment benefits provisions. Those changes were passed in Parliament in June 2009 despite opposition from trade unions and opposition parties.

The current Employment Contracts Act specifically regulates collective redundancies, calling it the collective cancellation of employment contracts (§ 90 of the Employment Contracts Act). In the case of collective cancellation of employment contracts, “the employer must comply with the exceptions set out in §§ 101–103 of the Employment Contracts Act by involving the employees’ trustee / shop steward or, in their absence, the employees, in the cancellation process and by informing the Estonian Unemployment Insurance Fund of the planned cancellation”.³

Developments in on-demand transport (taxi industry)

The traditional taxi industry in Estonia has largely depended on (often false) self-employment of taxi drivers—where services are provided through one-person companies contracted by larger firms, without offering drivers formal employment contracts. However, platforms introduced an even more precarious arrangement: drivers began operating as private individuals without any formal agreement with the platform. As a result, platform-based drivers were left fully responsible for handling their own taxes and social security contributions. This setup increased the risk of tax evasion and left drivers without access to social protections (Kall et al., 2021).

Platforms entered Tallinn’s taxi market in the mid-2010s, with the Estonian company Taxify (now Bolt) taking the lead in 2013, followed by Uber in 2015. At first, ride-hailing services were unregulated, making them significantly more cost-effective compared to traditional taxi services, which required licenses and other formalities. Although taxi companies had already begun using apps before Uber and Bolt arrived, these new entrants quickly gained a larger market share and went on to expand into other app-based services, such as food delivery (Kall et al., 2021). These platforms initially used aggressive pricing strategies, offering rides at lower rates than traditional taxis. This led to a general decrease in both fares and driver earnings, but also made taxi services more affordable and appealing to new customer segments, effectively broadening the market until the Covid-19 pandemic (ibid.).

When platforms first entered the industry without any regulatory oversight, both taxi drivers and traditional taxi companies voiced their concerns about the unequal conditions through the media and by engaging with policymakers and politicians. The most intense debates occurred

³ <https://www.tootukassa.ee/en/services/employers/collective-redundancy>

in 2016 during discussions on amendments to the Public Transport Act. Traditional actors — represented by organizations such as the Estonian Taxi Companies Association, the Association of Car Companies, and the Estonian Taxi Drivers Association—called for equal treatment between platform-based taxi services and conventional taxis. The Estonian Taxi Drivers Association (Eesti Taksojuhtide Liit) opposed the legalization of services like Uber and Taxify. These tensions played out in public discourse through the mass media and also culminated in a protest held in front of the Parliament. In contrast, platform-based companies, including Taxify, responded by founding the Estonian Sharing Economy Association (Eesti Jagamismajanduse Liit) to advocate for this new form of economic activity (Elijas-Taal et al., 2016).

Despite opposition, political elites pushed the legislation forward, emphasising the inevitable and positive digital future that platforms bring and the need for Estonia to be at the forefront of digital innovations (Lanamäki and Tuvikene, 2021). The formal recognition of ride-hailing as a taxi service in late 2017 led to partial deregulation of the sector. This reduced the entry barriers for becoming a taxi driver and contributed to the decline in professional standards within the industry. Despite this, some regulations still apply exclusively to traditional taxis, and monitoring platform-based services remains challenging or even unfeasible. As a result, the industry has faced issues of unfair competition, reduced security, and increased vulnerability to grey market practices (Kall et al., 2021).

Still, in contrast to many other European cities, collective resistance to platform-based taxi services in Tallinn has been relatively limited, and there are no worker cooperatives or community-owned alternatives⁴. According to platform taxi drivers, efforts to organize collectively are ineffective due to several factors: the large supply of available drivers, a general perception of trade unions as weak in Estonia, and the risk of being blocked by the app for speaking out or resisting. Overall, both individual and collective actions appear to be constrained by the perceived control that taxi platforms exert over drivers. These dynamics have been further intensified by the pandemic, which heightened competition among drivers (Animento et al., 2024; Kall et al., 2021).

Developments in the automotive industry

In Estonia, the automotive sector has always stayed relatively small and consists of a few small and medium-sized companies producing components for motor vehicles (Mrozowicki, 2014; Philips and Eamets, 2004). Currently, there are also a few niche companies producing special vehicles like sports cars⁵ and emergency vehicles⁶. There is also very little social

⁴ For a recent development, see, however, <https://forus.eu/en/about-forus/>

⁵ <https://kalmarautomotive.com>

⁶ <https://silwi.ee/en/about-us/>

scientific research done in the sector, including little is known about industrial relations and sectoral transformations. However, at least in one of the larger automotive suppliers, a trade union has been active and has negotiated employment protection for permanent workers during the 2008+ financial crisis (Mrozowicki, 2014).

One of the biggest actors has been AS Norma (owned by Autoliv, Swedish automotive safety supplier), currently producing rolls, straps, locks, height regulators and collision locking tongues for example for Volvo, Scania, Volkswagen⁷. They used to be a major seat belt supplier to the Russian automotive company AvtoVAZ (Philips and Eamets, 2004).

Another bigger automotive company is Mistra-Autex⁸, a second-tier supplier of carpet products to the European automotive industry. Established in 1986, the company was also first oriented towards Soviet markets, and after privatisation in 1993 re-oriented towards European markets. Both of these companies stand out also because they do have a trade union and active company-level collective agreements, which seems to be uncommon in the smaller companies established after Estonia's independence. Norma's trade union also belongs to Estonian Industrial- and Metalworkers Trade Union (Eesti Industriaal-ja Metallitöötajate Ametiühingute Liit IMTAL). However, there are no sectoral level collective agreement negotiations in these the automotive industry.

Developments in healthcare and long-term care services

Following the collapse of the Soviet Union, there was a strong push for change in the existing healthcare system, aiming to shift away from centralized governance toward a capitalist market structure (Nei, 2017). Influenced by the recommendations of external experts (from WHO, World Bank), Estonia opted to adopt a social health insurance model based on the Bismarck model (Koppel et al., 2008).

One significant motivation for establishing health insurance was the need to ensure a stable funding source for healthcare. The widespread distrust toward the government, rooted in the Soviet era, spurred the desire to finance healthcare independently from the state budget. Health insurance was linked with the labour market to encourage official employment and tax compliance. The health insurance contribution rate was set at 13% of an employee's income, to be paid by the employer. Participation in the new health insurance system was mandatory without exception, and coverage was extended to nearly all residents of Estonia (Koppel et al., 2008).

In the last decade, concerns about the sustainability of healthcare system financing have been increasing. While life expectancy continues to rise, Estonia faces a declining birth rate and a negative natural population growth, resulting in a shrinking base of taxpayers. At the same

⁷ <https://www.norma.ee/en/departments/assembly/>

⁸ <https://mistra.ee/#our-company>

time, an aging population and advancements in medical technology are driving healthcare costs higher. Inadequate funding contributes to reduced access to care, most notably through longer waiting times for medical services. In search of solutions, some advocate exploring alternative healthcare models. Private insurance appeals to the more affluent segments of society by offering greater satisfaction to those who can afford it (Nei, 2017).

When it comes to long-term care, the system has heavily relied on family and friends for providing the care. There has been a relatively poor availability of official care services (Turu-uuringute AS, 2022) and there is an unmet need for places at nursing homes. There are also some platforms through which care services can be ordered: Estkeer⁹ and CareMate¹⁰. As with other platform work, there seems to be a lot of informality regarding employment in the case of care workers who use platforms (Masso and Roosaar, 2024).

In July 2023, a care reform (Social Welfare Act, section 221) came into force, providing local governments with additional funding to partially subsidize the costs of care home placements for individuals requiring care. Yet it seems that the reform has not delivered the anticipated solutions to the problems in the care sector. Instead, challenges in home care have become even more pressing. In principle, support that enables individuals to continue living independently at home should be prioritized, and local governments are permitted to use state funds not only for care home services but also for organizing home care. Nevertheless, the available resources are insufficient to meet all needs. Frequently, the state funding is also inadequate to fully finance care home services. Furthermore, the increase in care home prices following the reform has made the situation more difficult for local governments — and likely for clients as well (Masso and Roosaar, 2024).

Healthcare is one of the few sectors in Estonia where a sector-level collective agreement is in effect. Tripartite round tables—bringing together the Ministry of Social Affairs, employees' representatives, and the Estonian Hospitals Association—have played a key role in facilitating social dialogue. Home care workers with formal employment status are represented by the Estonian Healthcare Workers' Association¹¹, established in 1997. The association also functions as a trade union and takes part in collective bargaining processes. In an interview, a representative of the Estonian Healthcare Workers' Association highlighted that social dialogue has led to meaningful improvements for healthcare professionals, including officially employed caregivers (Masso and Roosaar, 2024). In the area of home nursing, the Estonian Nurses Union¹² serves as the representative body. Since 1998, it has operated both as a professional association—focused on advancing the nursing field—and as a trade union, representing nurses, advanced practice nurses, and qualified care workers in employment matters, including in collective bargaining.

⁹ <https://estkeer.ee/teenused/>

¹⁰ <https://caremate.ee/>

¹¹ <https://www.kutseliit.eu/>

¹² <https://ena.ee>

Overview of the energy sector: geographies of oil shale and survival against all odds

Tracing the history of the Estonian energy sector, it is important to consider four interconnected factors: first, that throughout the 20th century, Estonia's energy production has relied predominantly on the relatively unique carbon-intensive fossil fuel, oil shale. Secondly, all of Estonia's oil shale deposits are located in the North-Eastern corner of the country, in the Ida-Virumaa region, and Ida-Virumaa's economy is focused on mining and energy production. Thirdly, because of its industry's historical development, Estonia's energy production is geographically, infrastructurally and culturally tied to Russia. This is visible in the electricity grid recently still linked to Russia and the Russian-speaking labour force deployed to work in Soviet Estonia's mining and energy industry throughout the 20th century.

Finally, the continued functioning of mining and energy industries in a national, monopolistic, and monolithic form throughout Estonia's independence and the early 21st century meant that trade unions remained relatively powerful, unlike in most other economic sectors. The following overview traces the main developments of the energy sector in Estonia, keeping those points in mind.

Estonia's electricity infrastructure and its geography

Oil shale is a hydrocarbon-rich sedimentary rock that releases shale oil (a synthetic crude oil) when heated and can be burned to produce fuel and generate electricity in power plants. It is also one of the most carbon-intensive forms of electricity and heat generation, which results in large volumes of solid waste, air pollution, and requires a lot of water. Its deposits lie in Ida-Virumaa, Estonia's North-Eastern region bordering the Russian Federation (see Figure 9).

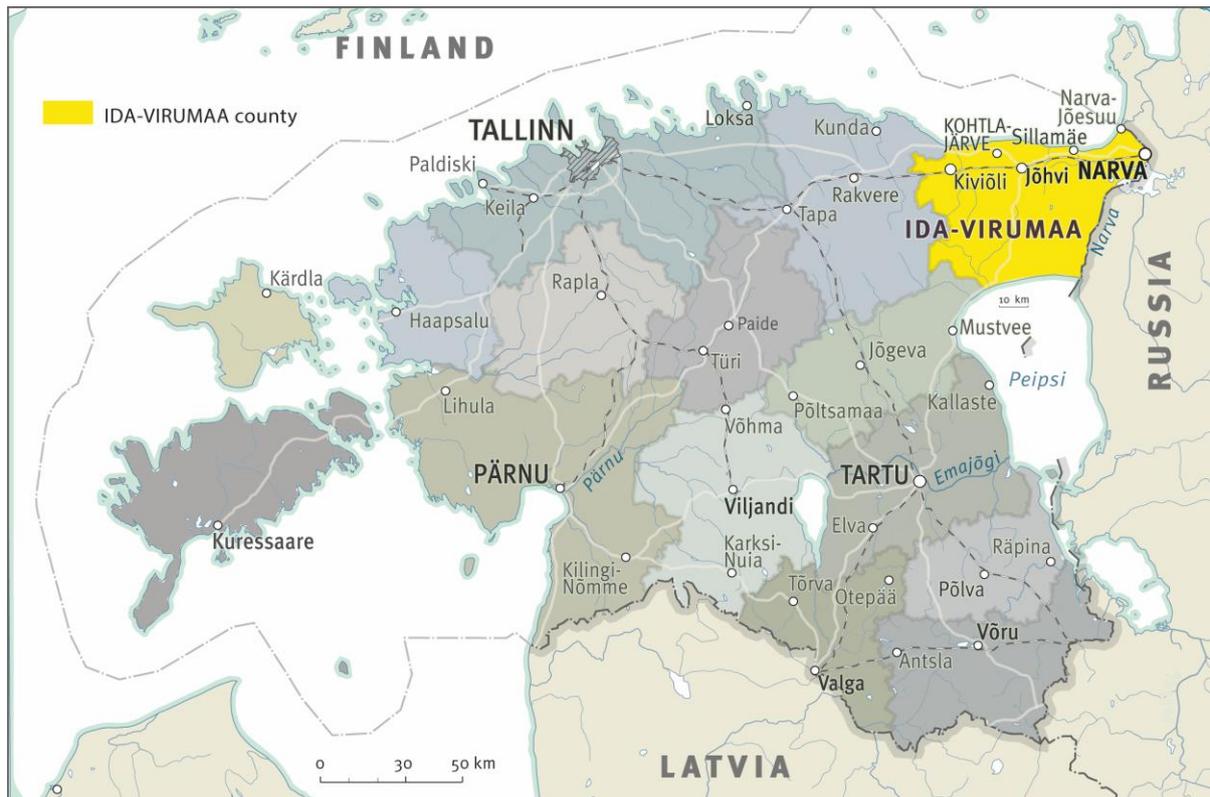


Figure 9. The location of Ida-Virumaa and its municipalities. Map by Krista Mölder, 2025

While oil shale is also found in the United States, China, Brazil, and Jordan, Estonia has a unique history of using oil shale for power generation, liquid fuel, and chemical production. Throughout the 20th century, oil shale has been the main source of Estonia’s electricity production. Towards the end of the 19th century, scholars from St. Petersburg made the first attempts to extract oil from oil shale, prompting officials in the Russian Empire to view Estonian oil shale as a solution to their fuel shortages. Plans for mining did not commence at that time due to the First World War and the Russian Revolution.

During the Estonian Republic, between the two World Wars, oil shale mining and processing were developed by both national and foreign capital. After WWII and Soviet occupation, the oil shale industry was nationalised (Pihlamägi, 2010) and developed by two groups with differing motivations: the Soviet efforts to exploit the oil shale industry for immediate energy needs and the Estonian scholars who aimed to advance the industry in a knowledge-intensive manner (Holmberg, 2008). In the 1950s, more mines were opened in Ida-Virumaa to generate electricity for St. Petersburg, as well as for the buildings and industries of the Estonian Soviet Republic and the Soviet Navy in the Baltic Sea (Varb and Tambet, 2008). In the late 1950s, the focus of the oil shale industry shifted toward electricity production in large thermal power plants. The rapid development in the oil shale sector necessitated substantial labour contributions from the Russian-speaking population. Migration from other Soviet Republics began in the 1950s and continued throughout the 1960s, 1970s, and 1980s (Vseviiov, 2002).

As towns of Ida-Virumaa developed around the oil shale mining pits, most of the energy infrastructure and labour force were also based in Ida-Virumaa. Estonia's first industrial power plants were built at the end of the 19th and the beginning of the 20th century, primarily serving larger industrial and urban centres. Narva, one of the largest industrial centres with prominent textile manufacturing, utilised hydropower from the Narva waterfalls through water wheels and large transmission mechanisms. The first steam-powered power station, equipped with four 110v DC generators, began to employ electric lighting for production facilities in manufacturing. In 1912, a newly installed water turbine enabled increased electricity consumption for the city's hospitals and offices (Eesti Energia, n.d.).

In 1956, the construction of the first oil-shale-powered thermal electricity plant, "Balti", was started. It supplied district heating and electricity to the city of Narva and the industrial enterprises around it. The construction of the second large thermal power plant, "Eesti", was started in 1963 and completed in the 1970s. In 1980, an oil shale oil plant, currently called Enefit 140, was constructed in Auvere, close to Narva. In 2015, the construction of a new power plant in Auvere was started. The plant was designed to use both oil shale and biomass as fuel for electricity generation¹³.

All of Estonia's oil shale mining and processing facilities and larger power plants are located in the territories of various municipalities in Ida-Virumaa. There are three main actors: the state-owned Eesti Energia, which operates in mining and electricity production, and the privately owned VKG and Alexela, which focus on mining and chemical and fuel production.

Table 1 shows that oil shale production activities are present in most municipalities of Ida-Virumaa, except the administrative centre Jõhvi, rural Toila, and the port town of Sillamäe. Due to concentrated electricity production, the CO₂ emissions of Ida-Virumaa were 60.7 tonnes per capita compared to the 11.2 tonnes of the national average (Keernik et al., 2021). Approximately 70% of its production is related to oil shale. Other industries present in the region include the metal, food, wood, and textile industries. The largest sectors in Ida-Virumaa are industry and construction (50%), followed by the service sector (45%). 40% of the largest employers registered in Ida-Virumaa are in the oil shale sector, of which 67% are private (Anger-Kraavi et al., 2024).

Table 1. Ida-Virumaa's oil shale production: locations, production facilities and enterprises

Municipality	Fossil fuel producer	Owner
Narva town	Balti power plants	Eesti Energia
Narva-Jõesuu town	"Eesti" power plant, oil shale plant	Eesti Energia
Narva-Jõesuu	Open-cast Narva quarry	Eesti Energia

¹³ The power plant's low reliability has garnered attention. Despite its intended role in Estonia's energy security, the Auvere power plant has operated less than 52% of the time since its commissioning in 2018 due to breakdowns, planned maintenance, and low electricity prices.

Alutaguse county	“Estonia” mine	Eesti Energia
Alutaguse county	Ojamaa mine	VKG
Lüganuse and Alutaguse county	Uus-Kiviõli mine	VKG
Kohtla-Järve town	VKG Oil shale processing plant	VKG
Kohtla-Järve town	VKG Energia (heating)	VKG
Lüganuse county	Kiviõli oil shale processing and heating plant	Alexela grupp
Lüganuse county	Põhja-Kiviõli open-cast mine	Alexela grupp

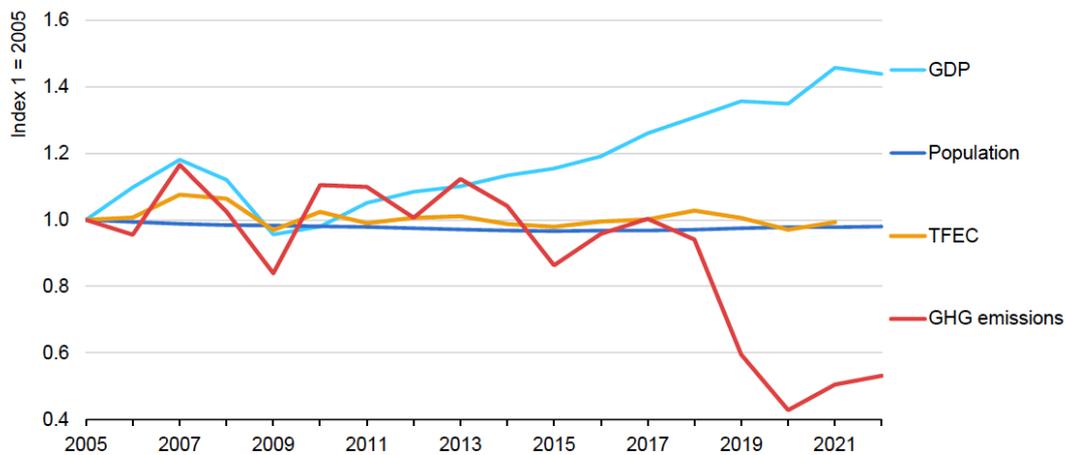
Turning to Europe?: shared electricity market, carbon tax and European green deal

Estonia joined the European Union in 2004. Meeting the numerous other necessary criteria to become a member of the European Union, Estonia was often seen as a poster child of transition, due to fast privatisation and deregulation of the economy. But when it came to the oil shale sector, Estonia maintained the carbon-intensive and energy-inefficient oil shale industry as the primary energy source, subverting the neoliberal imperatives of energy sector deregulation (Kama, 2016) until the middle of the second decade of the 21st century.

The state owns the main electricity production company, “Eesti Energia”'s shares. Despite widespread privatisation in the 1990s, the mines and power plants consortium was left under government control under the national energy monopoly Eesti Energia. Negotiations to sell 49% of the Narva power plants and oil shale mines took place from 1995 to 2000, but the deal, strongly opposed by the public and the political opposition (mainly the Centre Party), was cancelled in 2000 when the buyer, NRG Energy, failed to secure sufficient financing. Only in 2013, due to the European Commission’s creation of the European shared internal energy market, did Eesti Energia start trading in the shared Nord Pool electricity market and power exchange. The deregulation of the electricity market meant that Nord Pool Exchange currently determines the price of electricity in the Baltic and Nordic regions (Nord Pool, 2025).

In the last decades, Estonia’s GDP has increased, the population has stayed relatively stable, and greenhouse gas emissions have been reduced significantly. Energy demand has been stable (Figure 10), “showing a clear decoupling of economic activity from energy demand and reflecting a shift to an economy focused on services and non-intensive industry” (IEA 2023, 6).

Figure 1.2 Trends of gross domestic product, population, total final energy consumption and greenhouse gas emissions in Estonia, 2005-2022



IEA. CC BY 4.0.

Source: IEA (2023), [World Energy Balances](#).

Figure 10. Trends in gross domestic product, population, total final energy consumption and greenhouse gas emissions in Estonia, 2005-2022. Source: IEA 2023: 6.

The volumes of electricity generated from oil shale have gradually decreased since the collapse of the Soviet Union. 12,325 gigawatt-hours of electricity were produced from oil shale in Estonia in 1991, accounting for 84 per cent of electricity production. In 2020, 2,225 gigawatt-hours of electricity were produced from oil shale, 81.9 per cent less than in 1991, accounting for 40 per cent, while the share of renewable energy had slowly been growing (Postimees, 2021). Nevertheless, oil shale has dominated Estonia’s electricity generation in the last decades, averaging 84% from 2005 to 2018 (IEA, 2023). In 2016, Estonia ratified the Paris Climate Agreement. In 2019, Estonia joined the EU’s Green Deal Agreement to become carbon-neutral by 2050. From 2018 to 2020, the share of oil shale dropped from 76% to 37% in electricity generation, driven by high EU ETS prices, low electricity prices and increased renewable electricity generation (International Energy Agency, 2023). Alongside it, the electricity sector’s greenhouse gas emissions declined (International Energy Agency, 2023, 22). Figure 11 shows the gradual increase in the share of renewable sources in the overall electricity production of Estonia and a sharp drop in the use of oil shale in 2019, with 2020 being the lowest year.

Figure 11 also illustrates that, due to Russia’s war in Ukraine and the energy crisis, oil shale energy generation increased in 2021 and 2022, then began decreasing again in 2023, temporarily increasing greenhouse gas emissions. In recent years, Estonia’s renewable electricity generation has tripled, primarily because of the increased use of forestry biomass (23% of total energy supply in 2022), as well as, more recently, solar photovoltaic. In 2022, generation from renewables decreased due to the increased price of forestry biomass (wood

chips and waste in Figure 11) after Russia’s invasion of Ukraine and halted biomass imports from Russia. Renewable generation covered 34% of electricity demand in 2022 (IEA, 2023). The decrease in oil shale production is also reflected in the decreasing labour force and redundancy of 1000 oil shale workers in 2019. Estonia aims to reduce the impacts of closing the oil shale industry on Ida-Virumaa’s economy and workforce by the Territorial Just Transition Plan, which is supported with EUR 354 million from the EU Just Transition Fund from 2021 to 2027 (Rahandusministeerium, 2022).

Due to the decreased electricity generation from oil shale, Estonia became a net electricity importer while historically it had been an electricity exporter. This is why we see an overall decrease in electricity production from 2019 on in Figure 11. Estonia imports electricity mainly from Finland.

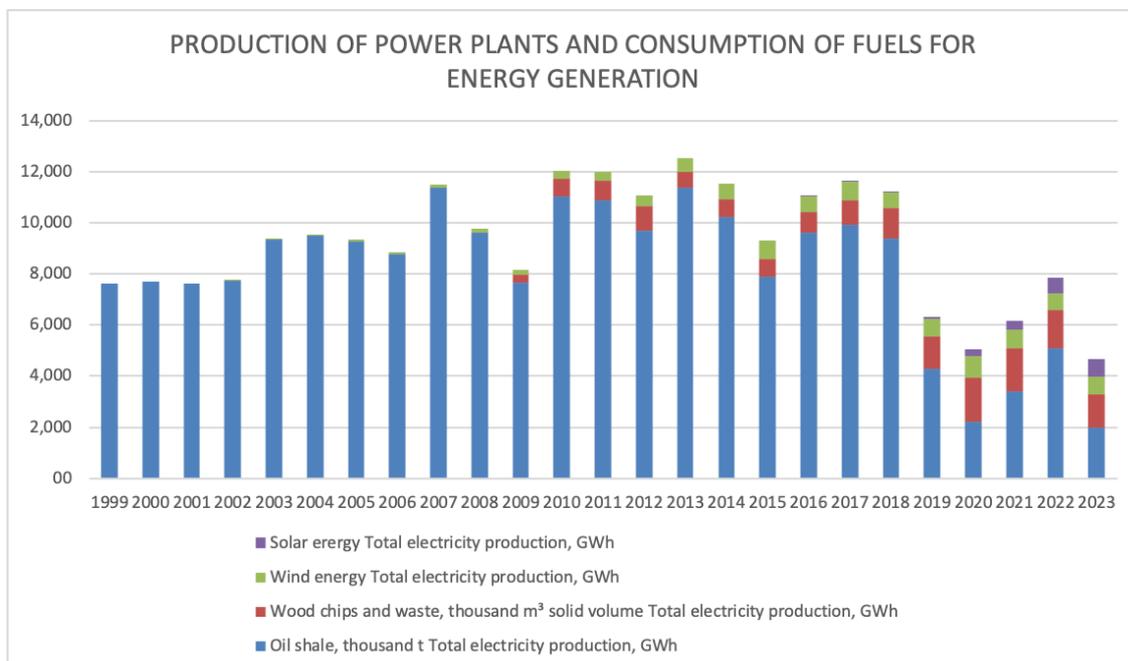


Figure 11. Production of power plants and consumption of fuels for energy generation by type of fuel/energy, year. Source: Statistics Estonia (2025) KE033

Estonia aims to stop generating energy from oil shale by 2035. However, according to the IEA's assessment, the plan to reach carbon neutrality is still unclear and relies too much on biomass. To develop a clearer plan for phasing out oil shale, the Estonian government established a Ministry of Climate in 2023 and proposed plans for Estonia’s climate law. In 2025, the new Estonian coalition government is facing disagreements regarding the details of the upcoming climate act, which is intended to implement EU climate goals in Estonia. While the need for the law is acknowledged, its regulations’ specific form and extent are still under discussion between the coalition partners. As of April 2025, it has not been decided whether the future energy needs will be covered by constructing two small nuclear plants (also raised as a potential security threat next to Russia) or the continuation of planned offshore wind parks. IEA has criticised the Estonian government for relying on market measures and limiting

state intervention in reaching its climate goals. It is pointing out that more targeted subsidies are needed to accelerate the energy transition.

Continued reliance on oil shale, continued closeness to Russia

While oil shale is most likely to be phased out, alongside the decreased workforce engaged in oil shale electricity production, the process is far from straightforward and unidirectional. In his 2008 thesis, Holmberg talks about oil shale as an 'unfit' fossil fuel that survives nevertheless due to historical circumstances, and this story might be continuing.

Estonia's energy market changed significantly with Russia's invasion of Ukraine, which required reviewing the previous supply chains and security. It has required a review of the gas supply, which is important for ensuring a continuous electricity supply. The Estonian electricity grid, which has, together with the other Baltic states, been historically linked to Russia's grid frequency, was disconnected from Russia and synchronised with the frequency of electricity systems in continental Europe in February 2025. The geopolitical situation has required increased attention to defending Estonia's electricity infrastructure from physical attacks (e.g. to Nordstream cables), the availability of gas and other fuels and the security of power plants. Taking into consideration the supply risks, the Estonian Electricity grid company Elering (a subsidiary of Eesti Energia) has proposed that keeping in mind Estonia's security of supply, it is necessary to have a 'strategic reserve', certain capacities in the amount of several oil shale blocks in power plants ready for electricity production even when it might not be profitable for Eesti Energia based on the market price (Elering, 2022). This means that while the Green Transition is the overall goal of Estonia, oil shale might remain part of the strategic backup option for years to come.

Furthermore, regarding infrastructure, Narva thermal power plants (Auvere, Balti, Estonia) require a constant flow of cooling water for their operation, which they receive from the Narva River and the reservoir via cooling water channels. Half of the Narva reservoir dam sluices are controlled by Russia, which, in principle, could lower the reservoir level to the extent that Narva power plants would have problems obtaining cooling water. In ongoing discussions about constructing a nuclear power plant, local activists have pointed out that Estonia is located too close to Russia to be geopolitically suitable for running a nuclear power plant without significant risks (Okas et al., 2024).

These geopolitical issues serve as a backdrop to thinking about Estonia's electricity infrastructure and security supply, which, in turn, is linked to the paradoxical position of the industry and workers in Ida-Virumaa: on the one hand representing an (until recently, almost) bygone era of fossil fuels and large thermal power plants; on the other, irreplaceable for Estonia's energy security. An additional layer of complexity is added by the proximity of the mines and large power plants to the Russian border and the (suspected) ambiguous cultural belonging of the mainly Russian-speaking workers themselves.

Despite committing to the European Green Deal, in 2020, the Estonian Government (Centre Party in coalition with right-wing conservatives and right-wing populist party, EKRE) allocated 125 million to Eesti Energia for the construction of a new oil shale oil plant, with a total cost of nearly €300 million, with the explanation that it would create 500 new jobs in the and be a long-term and strategic investment aimed at adding value to Estonia's most important natural resource, oil shale. Despite protests and legal court cases from environmental organisations, the construction is proceeding (Ruuda, 2020, Fridays for Future Eesti, 2025). Eesti Energia envisions processing oil shale in the plant until 2045, after which it will use it for oil shale chemical products.

Oil shale has been seen as a national patrimony (Kama, 2013), as a unique technology know-how of Estonian scientists, the only guarantee of energy independence when one cannot rely on Russian and/or European imports and the only guarantee when wind and solar have been seen as unpredictable and unreliable. There is a strong popular resistance against using the Estonian forest for electricity generation. Alongside the nostalgic, nationalist and security-related attachment to the fossil fuel, a discourse about “social catastrophe” is often used to indicate the loss of jobs and income for the population of Ida-Virumaa (Sillak and Kanger, 2020). Throughout negotiations, trade union representatives have used the notion both as a threat and as a plea for help. During major layoffs, the threat of a social catastrophe has served as a discursive tool for politicians on the far right and in the political center, as well as for trade unionists: the potential uprising by Russian-speaking workers would be cited as justification for continued oil shale mining and use.

Unions in the energy and mining sector

Presumably due to the relatively stable structures and state ownership of the energy and mining infrastructure, the power plant and oil shale workers have managed to preserve strong trade unions that have maintained relatively good benefits and working conditions for their workers and been a powerful voice against layoffs and perceived injustices (Kesküla, 2012). Membership in the unions of the electricity sector is between 12 and 30%, which is significantly higher than the Estonian average of 6% (Kallaste, 2023, 367) and over 50% when it comes to oil shale mines and power plants.

Continuing the Soviet tradition of maintaining strong working relations with the local company management in Ida-Virumaa, the unions contributed to the fight against the privatisation of the mines and power plants by NRG; have played an important role during the mass lay-offs and have been one of the stakeholders in discussions regarding the Green Transition of Ida-Virumaa. There are currently two bigger trade unions operating in the energy and mining sector in Ida-Virumaa. The Independent Trade Union of Miners and Energy Workers mainly unites oil shale workers and employees of the Baltic Power Plant, while the Narva Energia Trade Union unites employees of the Eesti and Auvere power plants and shale oil plants. However, there are members of both unions in all enterprises. The two unions have separate collective employment agreements.

In 2019, Narva Energia union maintained a membership of approximately 850 workers, and the Independent Trade Union of Miners and Energy Workers had around 800 members. Historically, there were tensions between these two organizations, according to one unionist, largely driven by diverging worldviews shaped by their different geographic proximities to the border. In 2025, the two organizations were in the process of merging and working towards a more uniform structure.

Estonian electricity workers (mostly different subsidiaries of Eesti Energia but also private energy companies and district heating workers) all over Estonia belong to the Federation of Estonian Energy Workers' Unions, a member of the Estonian Trade Union Confederation. Narva Energia is part of the Confederation of Estonian Energy Workers. The Independent Trade Union of Miners and Energy Workers is also a member of the Estonian Trade Union Confederation.

Conclusions

The report described Estonia's socio-economic transformation since the early 1990s, highlighting its shift to a liberalized, Western-oriented economy, marked by privatization, EU and NATO integration, and digitalization. While this brought strong GDP growth, foreign investment, and global recognition as a "digital nation," it also deepened regional, ethnic, and other social inequalities. The report explored Estonia's fragile labour relations system and stressed the tension between Estonia's celebrated innovation narrative and the persistent inequalities and vulnerabilities left unresolved.

The report's special focus was on Ida-Virumaa, a deindustrializing, Russian-speaking region struggling with unemployment, depopulation, and low wages. It is a region where Estonia's **energy sector** - shaped by the reliance on carbon-intensive oil shale - is concentrated. Estonia's energy production is geographically, infrastructurally, and culturally tied to Russia due to its Soviet-era legacy. Furthermore, the persistence of monopolistic state-run mining and energy industries has preserved relatively powerful trade unions, unlike in most other economic sectors.

The **taxi industry (on-demand transport)** shifted from precarious self-employment under traditional firms to even looser arrangements with the entrance of ride-hailing platforms like Taxify (Bolt) and Uber, which left drivers responsible for taxes and often without social protections. Since the mid-2010s, these platforms have grown rapidly through aggressive pricing and deregulation, expanding into food delivery while undermining traditional taxi services. In 2017, the amendments to the Public Transport Act legalized ride-hailing and deregulated the taxi industry, including lowering entry barriers and declining professional standards. Collective resistance of drivers has been weak, partly due to the large supply of available drivers, a general perception of trade unions as weak, and the risk of being blocked by the app for speaking out or resisting.

Estonia's **automotive industry** has been and has remained very small, and the country has not built up the complex, competitive manufacturing industries necessary, for example, to attract automotive FDI. The industry is dominated by a handful of SMEs producing vehicle components and by niche manufacturers of special vehicles. Unions exist in a few bigger suppliers, although research on their role has been limited. One of the biggest and unionised actors has been AS Norma (owned by Autoliv, a Swedish automotive safety supplier), currently producing rolls, straps, locks, height regulators, and collision locking tongues, for example, for Volvo, Scania, Volkswagen.

After regaining independence, Estonia restructured its Soviet **healthcare** system into a Bismarck-style social health insurance model, with mandatory participation covering nearly all residents. Rising life expectancy, population decline, and costly medical advances have since strained financing, leading to long waiting times and debates over private insurance alternatives. **Long-term care** remains underdeveloped, characterised by families providing most support; limited nursing home availability, and informal (platform-based) care work. Despite challenges, healthcare stands out for its institutionalised social dialogue, with sector-level collective agreements and active unions, achieving tangible improvements for caregivers and nurses.

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RVR02: migration by administrative unit/type of settlement region, sex and type of migration, administrative division as at 01.01.2018 https://andmed.stat.ee/en/stat/rahvastik__rahvastikusundmused__ranne/RVR02/table/tableViewLayout2

RV087: population projection until 2045 by county and age group (based on the population figure as at 1 January 2019) https://andmed.stat.ee/en/stat/Lepetatud_tabelid__Rahvastik.Arhiiv__Rahvastikun%C3%A4itajad%20ja%20koosseis.%20Arhiiv/RV087

LES20: poverty and deprivation rate by Indicator, Place of residence and Reference period. https://andmed.stat.ee/en/stat/sotsiaalelu__sotsiaalne-terjutus-laekeni-indikaatorid__vaesus-ja-ebaverdsus/LES20/table/tableViewLayout2

From Soviet-Style Welfare to Business Unionism: Understandings of Fairness and the Collective Agreements Consolidation Effort at Eesti Energia, 2009–2010

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Summary

This case study examines the failed 2009–2010 attempt by Eesti Energia (EE) management to centralise and unify eight distinct collective labour agreements, arguing that the negotiations represent a critical moment in Estonia's post-Soviet social dialogue history. Framed by the neoliberal economic policies, the 2008 economic crisis, and the liberalisation of the European electricity market, the centralisation push sought efficiency and homogeneity in labour relations.

Drawing on ethnographic data, archival materials, and meeting notes from the negotiation process, the analysis identifies profound relational, discursive, and cultural barriers. Specifically, the negotiations exposed a deep cultural and linguistic chasm between the Estonian-speaking, Tallinn-based management and the Russian-speaking industrial working-class union representatives from the production units in Ida-Virumaa.

The analysis focuses on competing moral frameworks of fairness, embodied by two key issues: the restoration of Christmas bonuses and the subsidy for the former enterprise-owned health facility. Management advocated for a new 'business unionism' model focusing on performance-based pay and contractual standardisation. In contrast, the unions sought to retain a Soviet-style welfare function, where benefits were seen as a right of the working community.

The negotiations ultimately dissolved, resulting in continuing with fragmented local-level agreements. However, the process provided an inadvertent benefit for the unions by enhancing their intra-organisational awareness, enabling them to compare labour conditions, and crystallising their identity as labour in opposition to capital. This case demonstrates the enduring legacy of the Soviet welfare model and the deep cultural incomprehension that frustrated standardisation efforts, offering a historical precedent for understanding the complex labour and social challenges now emerging under new European directives, such as the Green Deal, which are reshaping the energy sector once again.

Introduction

“My aim for the past year has been to bring these eight different [collective labour] agreements under one. We have sat around the table, done the legal work on the new contract text, got over the hump, and then started to discuss the financial aspects, and that's where the whole thing has come to a standstill and stalled. /.../But the reality is that when we invited them to the table to sign an agreement, today we want to get them away from the table because it's not getting us anywhere. And now they are the ones who are not letting go and saying, "We will make one, we want one," /.../ That it is very, very thankless and difficult work. And well, my main frustration is related to the fact that I don't see my partner, the trade unions, doing any meaningful work or talking about partnership – how do you help us, the employers?”

This quote from October 2010 is from an interview with a top-level manager of Eesti Energia (EE), the state-owned electricity production and distribution enterprise. The liberalisation of the European electricity market and the increasing implementation of new management practices led to the centralisation of the enterprise's different branches. As part of the standardisation effort, the company's management invited representatives of eight unions representing EE workers to merge their collective labour agreements into one. After nearly a year of negotiations, the manager openly admitted that the negotiations had been futile and frustrating, and later that month, the EE-level negotiations were dissolved, with each subsidiary returning to negotiate at the local enterprise level.

Despite the seemingly uneventful year, during which no industrial action took place and newspaper reports of the negotiations are scarce, these negotiations are extremely telling as a part of the history of social dialogue in Estonia after the collapse of the Soviet Union in 1991. Electricity production and oil shale mining were among the few sectors where unions had significant power and membership in 2010, when the Estonian average membership was 5%. While the unions in the enterprises were a direct continuation of the Soviet-period unions, the new management of Eesti Energia commonly had no experience with social partners from before. This case highlights the historic shift from a Soviet-style community union focused on welfare at the local enterprise level to a social partner involved in negotiating working conditions at the sectoral level. It demonstrates the dynamics of fragmentation and conflict, but also recognition of shared interest between different unions as well as the deep cultural incomprehension between the two key negotiation parties, consisting mostly of Estonian-speaking management based in Estonia's capital, Tallinn, and the representatives of the Russian-speaking industrial working class with its core production units located in Estonia's north-eastern corner in Ida-Virumaa. To demonstrate how seemingly uneventful negotiations nevertheless signal a shift in the nature of employer-union negotiations, I focus mostly on the discursive and relational aspects of the negotiations, as well as two key negotiation items –performance pay/Christmas bonus

and subsidised vouchers for a formerly enterprise-owned miners' health facility. The first highlights the impact of the 2008 crisis and competing ideas of fairness, while the latter is a symbol of more comprehensive social functions that the (Soviet) Estonian unions had in the past.

The data for this analysis include archival materials from the EE archive, notes from the negotiation meetings, interviews with various participants, and public documents from 2009-2010. The data was initially collected for my doctoral thesis in 2009 and 2010 and has now been reanalysed, taking into account the focus of EGRUIEN and the developments we are aware of fifteen years after the events. While the analysis primarily addresses company-wide negotiations involving multiple business units across Estonia, the specific examples of local activity and historical context are drawn from primary research at Eesti Põlevkivi (EP). Following a period of corporate centralisation, this oil shale mining branch of Eesti Energia was restructured and renamed Eesti Energia Kaevandused (EEK) (see Table 1)¹.

In the Estonian context, where detailed data about social dialogue and trade union-employer relations is scarce (usually limited to a single sentence at the end of a newspaper article representing the union's voice, if any), this reanalysis of ethnographic data provides detailed insights into the changing relations amid broad economic liberalisation and the opening of the European electricity market. The meeting notes help uncover the parties' moral foundations, linguistic and discursive strategies, and the coalitions formed and broken. The historical context of centralisation and the gathering of all EE trade union representatives around one table set the stage for the current case study of Estonia's electricity sector, which is the next step in this project.

The remainder of the article is structured as follows. First, the text introduces the context of Estonia in 2009–2010, paying attention to the impact of the economic crisis, energy market liberalisation, and the general position of unions in the country. To provide a clearer understanding of the shift in the role and identity of energy sector unions, the subsequent section outlines the history of unions in the Soviet and post-Soviet contexts, with a particular focus on Eesti Põlevkivi. The core analysis focuses on the collective labour agreement negotiations that show the dynamic of the relationship between EE and various unions, as well as the different value systems and discourses employed by both parties. Finally, the conclusion discusses the significance of this case in understanding the post-1991 development of Estonian trade unions more broadly.

¹ Oral informed consent was obtained from all interviewees and negotiation participants, who knew that they could withdraw their data at any time. All names used are pseudonyms, except for the interviews with Mr Paap and Mr Agur, who agreed to make them publicly available in the archives of the Kohtla-Järve Museum of Oil Shale. The sociodemographic and other details of some participants have been obscured to protect their identity. Historical public figures, such as former legendary mine directors, appear with their own names.

Table 1. Empirical material used for the case study

Empirical material	Types of Material Use in Analysis
Interviews (n 45): 2009-2010 formal and informal interviews and conversations with regional and national management of Eesti Energia; workers and engineers of an EE underground mine and national and regional trade union representatives and shop stewards; life history interviews with retired trade union representatives	Reanalysis of interviews from a historical perspective 15 years later to reconstruct the negotiation process and value frameworks
Participant observation of union meetings and collective labour agreement negotiations, and with workers and engineers in the field site and in national trade union training days (Oct 2009- Oct 2010)	Mapping workers' attitudes towards trade union, mapping negotiation and discursive strategies, communication styles and key negotiation points at the negotiation meetings
Newspaper articles in main daily newspapers such as "Postimees", "Eesti Päevaleht", news portal "ERR" and the regional newspaper "Põhjarannik" (25)	<ul style="list-style-type: none"> - Collecting necessary and complementary information for the reconstruction of near-history timelines - Collecting information on actors' public statements and actions - Understanding and contextualizing sequences of actions and strategic choices
Archival materials at the Kohtla-Järve Põlevkivimuseum (Museum of Oil Shale and EE archives) and EPTAL trade union archives	Understanding and constructing background regarding union roles and activities in the Soviet period and 1990-2008

The 2008 economic crisis and liberalisation of the electricity market

Estonia's small, open economy, combined with a previous real estate and credit-fuelled boom, made it highly vulnerable to the 2008 economic downturn. The crisis burst the domestic real estate bubble, leading to a sudden halt in capital flows, tighter credit standards, and a significant drop in domestic demand and investment. In response, the government maintained its policy of fiscal conservatism with significant budget cuts, reductions in public spending and public salaries, and tax increases (Raudla, 2013).

In 2010, the annual average unemployment rate was 16.9%, the highest since the country regained independence, peaking at 19.8% in the first quarter before rapidly dropping to 13.6% by year-end. This employment slump followed nine consecutive quarters of economic contraction, during which

the Gross Domestic Product entered a freefall in 2009, with quarterly declines reaching over 15%, and it was estimated that restoring the GDP to its pre-recession level would take years². In Ida-Virumaa, where EE's mines and power plants are located, the registered unemployment rate peaked at 20.9% in March 2010³.

In 2009, the new Employment Contracts Act came into force, introducing a new paradigm of “flexicurity” and allowing employers to more easily implement redundancies by reducing notice periods. During the crisis years, flexibility measures, including wage cuts, reduced working hours, and layoffs, were used across sectors, including manufacturing. The internal devaluation strategy succeeded in shrinking real (hourly) unit labour costs by about 25% per year in 2010 and 2011, which helped Estonian enterprises regain international competitiveness and drive the subsequent export-led economic recovery.

The crisis led to a profound deterioration of collective bargaining, sharpening relations and eroding trust between the state and social partners at the national level (Eamets, 2013; RAKE, 2012). It was fueled by the government’s perceived failure to engage in substantive consultation and its breach of concluded agreements, such as the retraction of security components—like the planned increase in unemployment insurance benefits that were part of the compromise accompanying the new Employment Contracts Act. There was a drop in newly signed collective agreements from 97 in 2007 to 54 in both 2010 and 2011. Furthermore, public sector institutions, directly affected by state budget cuts, were compelled to either abandon or fulfil, in reduced scope, certain clauses within existing collective agreements (RAKE, 2012). The heavily unionised state-owned Eesti Energia modified its various collective agreements in 2009 to suspend employee benefits, such as holiday and Christmas bonuses. Christmas bonuses became a major point of dispute, both symbolic and financial, in the negotiations that followed.

An important shift was the opening of the European electricity market, and EE actually made a profit in the crisis years. The 2007/2008 year was the first full year of operation for the Estlink submarine cable connecting Estonia and Finland, enabling EE to trade electricity on the Nordic electric market (Nord Pool). Export to this market reached 1499 GWh, a 273.7% increase from the previous year. In 2009, the volume of oil shale mined increased to 13,7 million tonnes, the highest volume since the 1990s, sold mostly to Narva Power Plants. The high output led to record-high employee workloads and wages⁴. Also in 2010, EE made considerable profit, business revenues reached 12.5 billion Estonian kroons (€ 801.44 million), an increase of 20.1% compared to the previous financial year. The revenues stemmed from increased electricity sales following the partial opening of electricity markets

² Eesti Pank.2010. “Eesti Majandus 2010. aastal. Eesti panga aruanne.”

<https://haldus.eestipank.ee/sites/default/files/publication/et/Aastaruanne/2010/17.pdf>.

³ Statistics Estonia 2025, Table TT442: Unemployment rate by county (1997-2019).

https://andmed.stat.ee/en/stat/Lepetatud_tabelid__Sotsiaalelu.%20Arhiiv__Tooturg.%20Arhiiv/TT442

⁴ Eesti Energia- 2010. “Eesti Energia Aastaraamat 2008-2009” https://www.energia.ee/-/doc/8457332/ettevottest/investorile/pdf/annual_report_2008_09_est.pdf 9

and the launch of electricity exchanges in Estonia and Lithuania, as well as the closure of the Ignalina nuclear power plant in Lithuania. Revenues from open markets increased to 45%. Oil shale sales volume increased by 38.4%, facilitated by growth in both electricity and liquid fuel production. The profit from selling shale oil (an oil-shale-based liquid fuel) increased following the 2010 crude oil price rebound, which widened the margin between the sales price and production costs. Liquid fuel revenue increased 27.6% reaching 871 million kroons⁵ (approx. €55.67 million). In short, the opening of the European electricity market led to high oil shale extraction rates and a high volume of work, allowing mines, power plants, and the EE group as a whole to operate profitably. This context is crucial for understanding the trade union's future proposals regarding fair operating conditions.

But the regulations concerning the liberalisation of the internal electricity market meant that while Eesti Energia benefitted from selling electricity via the Nord Pool spot market - where prices were significantly higher than domestic regulated rates - it was simultaneously forced to prepare for competition at home. As one of the last countries in the EU to transition, Estonia opened its market to industrial consumers in 2009 and private consumers in 2013.

Eesti Energia's yearbook for 2007-2008⁶ states, "In preparation for the opening of the electricity market in 2013, a new structure took effect at Eesti Põlevkivi on April 1, 2008. The goal of this structure was to ensure that oil shale production would become more customer-friendly, efficient, and environmentally friendly. To achieve a more efficient workflow, greater responsibility was given to the group's central departments during the changes." In 2008, Eesti Energia centralised support services such as accounting, legal services, IT, and public relations, one by one. It significantly centralised the overall management, removing the relative autonomy of the oil shale and electricity production units in Russian-speaking North-East Estonia. Many significant changes in management practices and ideologies occurred, including the introduction of annual performance reviews, outsourcing labour, and shifts in ideas about ethics and corporate team building. In 2009, a new image, brand and logo of the Eesti Energia Group were launched.

Eesti Energia's centralisation and development of a corporate brand were driven by the opening of the European electricity market and by a desire for efficiency through the homogenisation of employment conditions. Together with the centralisation of the business units and developing a more homogenous corporate voice, the management of EE also decided to streamline and unify the collective labour agreements of the different unions in mining, electricity, heat production and grid services. The levels of benefits and nature of work of these units differed significantly from each other and the top management of EE in Tallinn was often not familiar with the specific nature of their work. The push for a standardised contract was also motivated by proposals to sell part of the company's shares to finance investments and power plant renewals in 2010. For going public, a joint agreement

⁵ Eesti Energia. 2009. "Eesti Energia Aastaraamat 2008-2009". https://www.energia.ee/-/doc/8457332/ettevottest/investorile/pdf/annual_report_2007_08_est.pdf

⁶ Eesti Energia. 2010. "Eesti Energia Aastaraamat 2010", https://www.energia.ee/-/doc/8457332/ettevottest/investorile/pdf/annual_report_2010_est.pdf

would have signalled organised, unified employee relations to potential investors; however, it was decided in 2010 not to go ahead with the sale.

The position of unions in Estonia in 2009-2010

By 2008, trade union membership in Estonia had dropped from nearly 100% in 1991 to 5.8% nationally. Many large, heavy-industry enterprises had been closed, and new SMEs often lacked unions. As an exception, unions of medical workers⁷ and teachers⁸ succeeded in improving their labour conditions through industrial action. In a survey commissioned by the Estonian Trade Union Confederation (Faktum & Ariko, 2009c), only 14% of respondents reported belonging to any kind of civil society organisation, and 4% reported belonging to trade unions. Common reasons for not joining were that respondents did not see any benefit in union membership, had not thought about it, had no union in their workplace, or worked for a small company that functioned as a team. When characterising trade unions, the key words that respondents used were “weakness and passivity” but also “protector of employees’ rights”. Respondents believed that employees do not receive the necessary help from the union, and that the union is more on the side of employers and trade union leaders. In a survey of trade union members, (Faktum & Ariko, 2009b) 83% of union members considered belonging to a union useful. The most useful aspects were seen as protecting employees from both employers and unfavourable changes in law. 80% of members were satisfied with their union branch's activities. Members saw the unions as the strongest in informing employees about their legal rights and the weakest in negotiating salaries with the employer.

Importantly, the 2009 media monitoring (Faktum & Ariko, 2009a) showed that the relevance of trade unions varies greatly across Estonia's regions. Trade union activity was most commonly mentioned in the Ida-Virumaa region, where large industrial enterprises with prominent and active trade unions were located, and the Ida-Virumaa regional newspaper engaged with the topic significantly more often than other regional newspapers. The analysis pointed out that the Central Federation of Trade Unions (EAKL) often uses emotional, declarative, and combative press releases with memorable language, aiming to create a particular public image and encourage media coverage, though it sometimes overshadowed rational arguments. A conflictual relationship between the government and unions was described, but the media often showed sympathy toward the unions. Importantly, North East Estonian union leaders dominated as spokespersons in media coverage, while Central Federation representatives were less prominent. In the North East, Estonian regional media portray unions as representatives and advocates for ordinary working people against powerful employers. The welfare of a significant portion of the region's population is understood to be dependent on the success of the unions in their advocacy.

⁷ Postimees. 2007. “Tervishoiutöötajad nõuavad reaalselt palgalepet”. Postimees. 2.03.2007
<https://www.postimees.ee/1635943/tervishoiutootajad-nouavad-reaalset-palgalepet>

⁸ ERR.2011. “2003. aasta õpetajate streik oli väga edukas”. ERR, 24.10.2011. <https://www.err.ee/386004/2003-aasta-opetajate-streik-oli-vaga-edukas>

In the context of the negotiations, the union representatives admitted in research interviews that, given the overall weakness of unions in Estonia, those of EE were not much stronger than others despite a longer history and a higher membership percentage. As one of the unionists in the confederation level explained, “I think that the most important thing here is to be honest with yourself. We all know very well that we have no capacity for action today. When you have a pair of twos in poker, there's no point in bluffing /.../ Even the Russians [unions in Ida-Virumaa], don't have that; what isn't there, isn't there. And so the whole thing boils down to the fact that everything we can achieve, we can achieve through negotiations. Well, of course, I'm not going to go to my employer and say, “Sorry, we don't have the capacity for action.” We'll try to paint some kind of picture, [...], so that they'll be a little bit afraid. But we don't really have that capacity. It's 0.00001 per cent.”

She pointed out that this was due to the economic situation and the fear of losing one's job, while salaries in the energy sector remained higher than the Estonian average. By “Russians”, she meant the Russian-speaking industrial enterprises and their trade union representatives in the North-East. In another conversation, the leader of the trade union confederation pointed out that at least, in Russian-speaking labour collectives in Ida-Virumaa, the strength of the unions lay in the fact that “a certain competition for the position of union leader has been preserved, when for Estonian-speaking collectives it is more of a punishment.” And in these labour collectives, the union position (especially if it came with membership in a political party) still carried respect and prestige from the community. Their political visibility was enabled by discussing municipal issues, such as the price of water, which union representatives from the capital didn't often consider the most effective use of union resources. In the view of the confederation, militancy sometimes got messy: “We've also had cases where, damn it, they're actively involved and, go to court to argue or want to demand something from the labour dispute committee, and then it turns out that, damn it, they don't even know that they are fighting against something that they themselves have signed in the collective agreement. That they don't always have the full picture or don't remember what you actually did yourself or what kind of collective agreement is currently in force.” But unions had had an altogether different role and position in the recent past.

From a welfare institution and extension of the party to an identity crisis

After the Soviet occupation of Estonia in 1939, new trade unions were established, and in 1948, the Estonian Trade Unions Central Council was subordinated to the All-Soviet Trade Union Council. Rather than serving as independent institutions defending workers' rights, Soviet trade unions were subordinated to the Party and worked closely with the management. In the midst of what was ostensibly a dictatorship of the proletariat, the Soviet trade union's first role was to maintain order, educate and discipline workers, and ensure the fulfilment of the state's economic plan. Second, unions administered social welfare provisions such as sick pay, medical institutions, child care, accommodation and holiday vouchers for their constituents. The final, and least significant part of

their role, was to defend workers against unjust management decisions. The unions, allied with the management and subordinated to the Party, seldom did this and were not in a position to encourage autonomous worker mobilisation (Ashwin, 2003; Ashwin & Clarke, 2003; Kubicek, 2002).

Although all workers were members of the trade union, the trade union was not as powerful an organisation as the party. For example, in the Association of Mine Workers' Unions (EPTAL), the enterprise director and the party official decided who the trade union representative would be. In a 2009 interview, Endel Paap, a former miner and trade union representative for Eesti Põlevkivi mining enterprise, explained that he was appointed in 1986 because he held the title "Hero of Socialist Labour", and was known as a reasonable man who knew both Estonian and Russian. While Mr Paap initially disagreed, pressure from the director and the party official to be a good communist made him accept the role. At the trade union council assembly, he was unanimously elected as the trade union representative. Endel Paap described his duties as distributing goods and services alongside the enterprise's director and resolving everyday workplace and family disputes. Importantly, Mr Paap also travelled to Moscow to lobby for finances for the construction of the Toila sanatorium, a health facility for mine workers. The sanatorium-*profylactorium*, as it was called earlier, now Toila Spa on the Northern coast of Estonia, some 15 kilometres from the Kohtla-Järve mining town, had been built in the late eighties with money received from the Ministry of Coal in Moscow. It was planned to be owned and operated by EPTAL to provide miners with treatment and recreation at low cost. Mr Paap, as well as other former trade union representatives I interviewed, described allocating the goods according to the waiting lists and the principle of fairness. In contrast, those on the receiving end remember nepotism and corruption. For example, Vera, who was a mine shop steward in 2010, remembered living in a shared dormitory for 12 years after arriving in Soviet Estonia as a young specialist because the union representatives preferred to give the apartments to their own relatives and friends.

During 1988-1990, when strikes spread across the Soviet Union, miners were one of their primary driving forces (Siegelbaum, 2004). Also in Soviet Estonia, the mostly Russian-speaking mining region, conflicts emerged. The pro-Soviet International Workers' Movements (*Interfront*) attracted a large membership of Russian-speaking factory and mine workers and claimed to fight for the maintenance of Estonia as a socialist republic, and the rights of "all workers in enterprises under all-Union control" (Open Society Archives, 1989). The Interfront supporters in the mines followed the trends in the rest of the Soviet Union, replacing former mine directors with new ones elected by workers, organising strikes against the general uncertainty and delayed pay. After Estonia declared independence in 1991, Interfront dissolved. Former mine directors and union leaders like Mr Paap were reinstated. The new independent Estonian Trade Union Confederation (EAKL) declared its independence from the Soviet central trade union confederation, elected new leadership, and initiated a plan to transfer social security functions to the state.

After Estonia's independence in 1991 and the adoption of economically neoliberal policies, unions became marginal in the neoliberal context of Estonia's reintegration into the West (Bohle &

Greskovits, 2007). However, in North-East Estonia, large industrial enterprises' unions maintained an important position and membership, with EPTAL remaining a functioning union despite a slow decline from 100% in 1990 to around 50% by 2009. The early years featured close collaboration between the local mine union and management, alongside the relative autonomy of each mine and its power plant. EP's activities, listed in 1996 documents, included oil shale mining, sales, and transport, as well as non-core functions such as catering, health restoration, and conducting necessary scientific research, activities which were later outsourced or transferred. During this time, the state retained ultimate control of the energy sector; despite widespread privatisation and a failed attempt to sell 49% of the shares to American NRG Energy, the mines and power plants consortium remained under government control through the national energy monopoly Eesti Energia.

For the EP-EPTAL relations, a turning point occurred in 1999 with the appointment of Mati Jostov as EP's new General Director, initiating significant layoffs and the sale of facilities not directly related to oil shale processing. The unions reacted immediately to this restructuring; on November 22, 1999, the Baltic News Service published a statement, quoted by major daily newspapers, that EPTAL intended to suspend industrial peace in connection with the company's restructuring. The union later agreed to and collaborated with the management on an early retirement and retraining plan for laid-off workers. In a 2007 presentation, EPTAL's chairman, Maido Agur, explained that layoffs were inevitable in the enterprise of 8000 workers and 14 separate oil shale production units, stating that the main role of the trade union was to "act as a buffer in labor relations between employees and employers in order to find solutions that satisfy both parties and ensure industrial peace and a normal microclimate in the company." Looking back at EPTAL's relations with the state in the same presentation, Agur noted the union's success in lobbying for favourable decisions, including the maintenance of early retirement for mine workers and the transfer of EP's annual dividends to employees who had lost their jobs due to mine closure.

Due to reduced resources, the union sold its property. The Toila health facility was transferred from union ownership to EP in 1991 and sold to a private owner in 2000. Nevertheless, some welfare functions of the union were retained, but their financing became directly dependent on the mining enterprise. This financial link is shown by EP records detailing a 1999 decision to sponsor the union with 500,000 kroons to pay for members' stays at the sanatorium, and subsequent allocation of 2 million kroons to EPTAL in 2000 for recreation and health, and a children's summer camp. Conflicts over the scope of the union's welfare activities arose, as evidenced by a discussion recorded in meeting minutes from December 11, 2000: "The vice director of EP asked EPTAL's Maido Agur why the union was ordering children's candy packages for Christmas in addition to those ordered by the EP. It was agreed that the issue would be discussed further to reach a final decision". Who distributes the candy and whether the union's sole role was that of gifting sweets for members' children, was a recurring discussion among employees in 2009-2010.

Archival material from November 1999 reveals management's disappointment that government institutions consider all companies in the industrial North-East to be Russian and remote from the

capital, as is demonstrated by presumably the director's handwritten note on a Ministry of Interior fax asking: "Can you please find out why they send us faxes in Russian?" Unions also directly challenged the state over social policy. On June 3, 2000, oil shale, energy, and steel workers organised a human chain from Jõhvi to Narva to draw attention to unemployment in Ida-Virumaa, to protest buying cheap electricity from Lithuania, and to express dissatisfaction with the state's inaction in resolving unemployment and social problems⁹.

A new collective labour agreement between EPTAL and EP was signed in 2005, maintaining certain benefits that were not fixed by labour law, such as longer annual leave for underground workers and higher-than-average rates for nighttime work. However, certain employee benefits, such as the Christmas bonus, relied only on the director's "word of honour," rather than being fixed in the CLA. A trade union representative later recalled the former director Jostov promising the bonus as long as EP made a profit, but noted it was not fixed in the CLA, which led to bitterness when the bonus was not received in 2008-2010.

Mine workers' unions in EPTAL in 2009

In 2009, there were two open-cast and two underground mines, and the railway for oil shale transportation operated in the mining branch of EE, now named Eesti Energia Kaevandused. The trade union representatives of each of these units formed the board of EPTAL. Almost all shop stewards were Russian-speaking, as were the representatives of the two power plant workers' unions, whom we will meet in the next section. Being Russian-speaking, in this context, meant not only that the shop stewards spoke Russian or Ukrainian as their mother tongue but that their Estonian skills were poor. Most of the shop stewards had arrived in Soviet Estonia in the 1970s and 1980s as young specialists from Soviet Russia and Ukraine. Living in Russian-speaking Ida-Virumaa, they rarely used Estonian. When I asked interviewees whether a trade union representative would have to know Estonian, they did not take this as an attack or accusation, but rather began describing the circumstances of their everyday lives, where there was no one to interact with in Estonian. EPTAL's chairman of the board, a more representative position, was, however, occupied by a bilingual Estonian speaker, a former blaster, Priit Mets, and the reasons for his appointment were not dissimilar to those for the appointment of Mr Paap decades earlier. Although the Chairman of the Board was now elected by union members rather than appointed by the representative of the Communist Party, the management of Eesti Põlevkivi was still able to influence whom they preferred as the union leader. One of the shop stewards openly admitted 'not biting the hand that feeds me', meaning close collaboration with the management of the mine and EPTAL in general.

⁹ Eesti Päevaleht. "Ametiühingud moodustavad inimketi Sillamäelt Narvani".

<https://epl.delfi.ee/artikkel/50827652/ametiuhingud-moodustavad-inimketi-sillamaelt-narvani>.,
05.05.2000.

At the enterprise level, about 50% of employees were union members, and youth had fewer reasons to join. Due to mine closures and worker transfers between enterprises, some workers lost their membership and were either unaware of the need to re-join or chose not to. As in the Soviet period, both workers and engineering and managerial staff were union members, and sometimes the head of the production unit would even educate and encourage workers to join. Union work was porous and did not involve only members, just as industrial action did not always take place within the union's framework. For example, in "Estonia", the largest underground oil shale mine, low-paid female workers had collectively cancelled their union membership. "The trade union does not work here, this is why we all left. Why would we spend that money if we do not get anything?" they chorused simultaneously, their voices raised.

Much of the everyday work at the enterprise level consisted of distributing benefits similar to those workers received in the Soviet period, in the new context of neoliberal capitalism and the economic crisis. Despite the discourse that unions did not give anything, people actively benefited from the help unions provided. The women who had ceased membership still approached the representative of "Estonia" with their work-related problems, such as inconvenient shift times or requests for financial aid, which each union member was entitled to once a year in the event of financial difficulties. The representative explained that, since he knew each worker and their domestic circumstances, he could not refuse help even if they ceased to be members. Since the new Employment Contract Act, people approached the representative with legal questions about working time and pay. Finally, for this analysis, it is important to note that EP and EPTAL maintained the agreement under which EP would pay a certain sum to the union to distribute subsidised Toila sanatorium passes to current and retired employees. This was 27-year-old wheeled loader driver Roman's motivation for union membership: "Of course, there is a point in being a trade union member. I can go to Toila [to the sanatorium] once a year. It costs 2000 for a trade union member, but without the subsidy, 7000. So there is a 5000 difference, and I only pay 1400 in my membership fees a year. Plus presents for children."

The justified perception of the union's overly close relationship with management led to some discontent outside the union framework as well as the invisibility of the everyday work of the union representatives (Kesküla & Sanchez, 2019). Workers were doubtful about the union's ability to improve their lives and represent them, as they said it was not independent, calling EPTAL a 'bought off' and 'internal' union. Workers also talked about the lack of information. As Pavel complained, eating his sandwich in the underground garage, "We do not know anything that is going on in the union; it is unclear how the representative is elected, where the candidates come from; no one knows anything, although we are trade union members." Some Estonian-speaking workers thought they were better informed about trade union activities, but this only led to even stronger dissatisfaction, expressed in short, ironic remarks, pointing out that the negotiations for the collective employment agreement were held in Estonian, but that their shop steward did not speak Estonian.

When conflicts emerged, they did not necessarily occur within the union framework. In September 2007, one of the production departments became deeply dissatisfied with falling piece rates due to new, more efficient technology and the inability to take annual leave during the summer due to high

demand for oil shale. Two senior workers tried to organise a strike and convinced others to express their dissatisfaction by working at the minimum speed required for basic pay. The miners did not inform the trade union representative of their activities, despite being warned that they could be fired for an unsanctioned strike. Several days later, the organisers invited local journalists and MPs from the region to the mine, and finally, also the union representative of “Estonia”. They organised a one-hour warning strike, stating that if none of their demands were met, they would halt work completely. The representatives of the discontent miners, EPTAL and the management met the following day and many of the miners’ demands were met. The chairman of the board gave his comments to the media: “The miners have had to do a lot of overtime in the summer and have not been able to use their annual leave. I understand that this causes stress among people. The miners’ pay rise was already being discussed, in any case. Nevertheless, they could have handed over their demands through the trade union.”

While the action was effective in the sense that the demands were met and no particular repercussions from the company followed the unsanctioned action, the miners had an encounter with the Estonian Internal Police KAPO afterwards and later stated that after that “teaching of democracy”, they were no longer interested in leading any industrial actions. The shop steward, who was convinced that his phone was also tapped by KAPO, stated that after this incident, the initiator of the action would not even sign official union letters to management. The context of the economic crisis made all workers more cautious of taking industrial action, especially given the mortgages and loans taken out in the economic boom years. When discussing the possibility of future strikes, two maintenance men, one of them said, “But why would we strike? If they fire us, what will we do? People here have only 9 or 10 years of education and do not know the [Estonian] language. They are 50, they have dug that oil shale all their lives. Where will they go? Nowhere. Because we do not know how to do anything else.”

The year of negotiations

The negotiations from December 2009 to October 2010 ultimately resulted in different contracts, with the agreement concerning the mines being the last one, signed more than a year and a half after the originally planned end date by a new union, other than EPTAL (see Figure 1). Despite the lack of significant gains or losses in material terms, the process strengthened the union representatives’ awareness of their position as labour in opposition to capital, enabled them to compare their conditions, and, to an extent, enhanced their fragmented union organisation.

What is most important to emphasise as the starting point of these negotiations is that, following Walton and McKersie’s Subprocesses of negotiations, the process can be conceptualised as intra-organisational bargaining. In such cases, diverse views and interests among participating organisations need to be reconciled to reach a common standpoint in negotiations (Kochan & Lipsky, 2003). Intra-organisational bargaining took place between the institutions that had different labour agreements and whose workers were also doing very different types of work. The conditions in the contracts were

tremendously different. Two of Estonia’s main power plants, Balti and Narva Elektriijaamad, which were predominantly fuelled by oil shale in 2010, offered the most generous benefits in their labour agreements. The agreement, which was signed in a two-year format in 2008, immediately before the deep crisis, stipulated provisions concerning training and continuing education, and the development of the work environment and occupational safety. These safety measures included support packages for high-risk workers, an employer obligation to ensure modern work tools and a safe environment, and financial support in the event of job loss due to occupational disease or fatal work injury. Additionally, unlike EPTAL, the agreement included specific financial bonuses, such as Christmas bonuses and Returning from Holiday Support, which were temporarily suspended for 11 months in 2008-2009 (RAKE, 2012). EPTAL’s more modest collective agreement was signed in 2005 and renewed every year. It included benefits such as longer annual leave for underground workers, higher night-shift rates than legally required, transport to and from the work site, and EEK’s subsidy for sanatoria passes to be administered by the union. In early 2008, miners’ salaries were raised by 18% and power plant workers’ by 20%.¹⁰ Eesti Energia did not cut employee salaries during the crisis. The following sections analyse the material as well as symbolic power struggles that took place during the year, focusing on language use, the moral assumptions on fairness from each side and some of the outcomes of the negotiations.

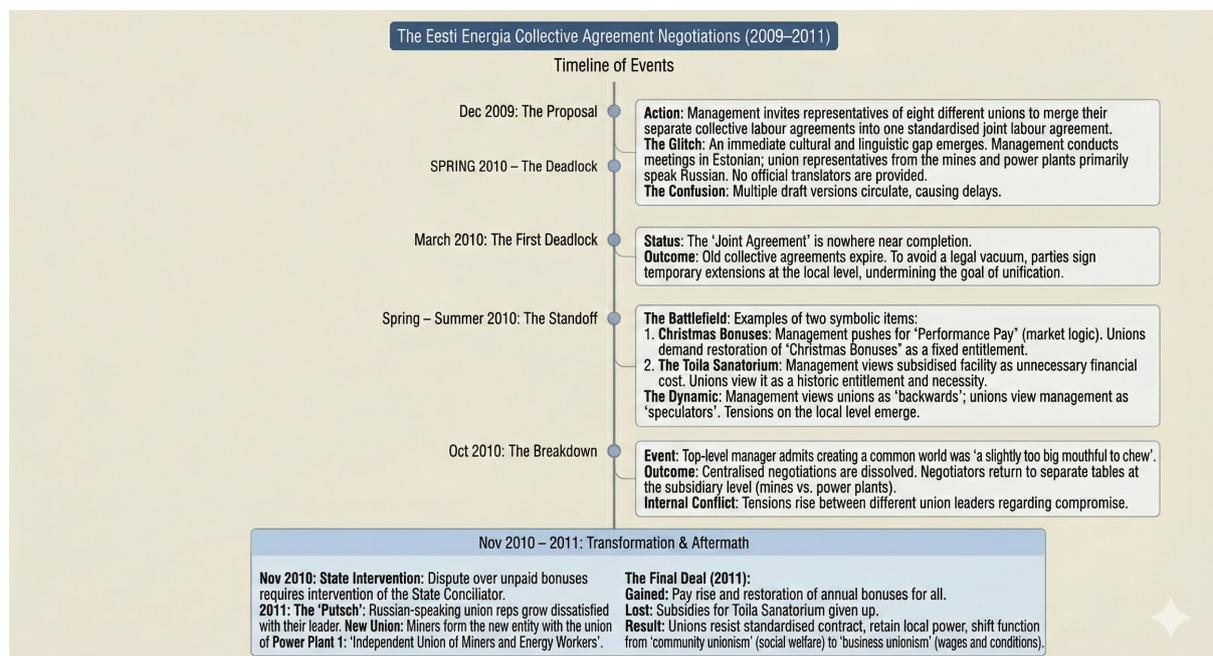


Figure 1. The timeline of the negotiations

¹⁰ Tööstusuudised. 2008. "Energieetikute palk tõuseb 20%" <https://www.toostusuudised.ee/uudised/2008/04/07/narva-energeetikute-palk-touseb-20-protenti>

Struggle over language, versions and roles during the negotiations

Before touching on the moral frameworks and the actual benefits at issue, it is important to highlight some procedural aspects of the negotiations, a core one being language. The language use might seem like a secondary and functional aspect, but I argue that it can also be read as which party gets to dominate and determine the language in the room. This leads to an analysis of the shifting roles as social partners that the negotiation parties experienced that year.

The atmosphere in the negotiation rooms, starting in early 2010, was marked by a palpable tension, often dissolving into confusion and thinly veiled frustration, largely because the two sides inhabited fundamentally different moral universes regarding the purpose of the negotiation. The negotiations brought together trade unions with different backgrounds and benefit packages. Trade union representatives Shumkin and Gribovski from the two Narva power plants had very good conditions in the agreements for their workers. The two large grey-haired Russian men were not shop stewards elected by the power plant workers, but professional trade union representatives hired by the union. They were very militant, loud and aggressive, and constantly played the ‘good cop/bad cop’ game, in which one of them would take a more radical stance and present it with a raised voice. The other would then present the more softly spoken version of the same proposal. The Estonian-speaking Energy Workers’ Union Association’s representative was a young, pragmatic, well-educated man in his early 40s who had built his career from rank-and-file union member to a position of experience and international connections. EPTAL had so far maintained friendly relations with its local employer and did not need to use aggressive tactics in negotiations. In the new situation, now that they were not negotiating with their colleagues across the hallway in the local management building, but with higher-up managers in Tallinn, they were not quite sure which tactic or mannerisms to employ.

The negotiations between the employer and the trade unions were conducted in two languages: Estonian and Russian. Shumkin and Gribovski understood little Estonian, similarly to most representatives of EPTAL. On the employers’ side, those working in the Eastern region and those from older generations knew some Russian, while younger people working in Tallinn did not understand any. No official translation was arranged for the negotiations, and the participants had to improvise how to work in two languages. At the start of the very first meeting in December 2009, the Chairman of the Board of EE started speaking in Estonian and it was visible that EPTAL representatives were trying very carefully to listen but did not understand. As it was still unclear how the power dynamics during the meeting would unfold, they kept quiet. Then EPTAL’s Chairman of the Board, Priit Mets, reported in Estonian. Irina, who was sitting next to Yuri, wrote in her notebook that she showed to Yuri, “Why is he speaking in Estonian? Does he not respect us?”. Soon afterwards, the Narva union leaders raised their voice and the meeting switched to Russian, as the EE Chairman of the board was also fluent in Russian. Younger EE representatives were relying on their older colleagues to get a gist of what was being discussed. After that meeting, the EPTAL mine representatives asked Mr Mets to speak in Russian and to stand up to them.

The organisation of future meetings was established when Kaur, a younger man representing the Association of Energy Producers Union, had difficulty explaining a point in Russian and shouted, “I cannot express that in Russian, let Priit translate!” This set the course for all the following meetings, which were, in the majority, held in Russian, with one of the union representatives acting as a translator. The common assumption was that everyone understood Russian to some extent, but was allowed to speak Estonian. The Russian speakers never spoke in any other language. The only Estonian expression that Shumkin commonly used was “Vabandage, palun”, meaning please, excuse me, in Estonian. He used it when he did not agree with a particular point or wanted to get attention. His use of his only Estonian phrase was not a device to request a language switch, but rather a usual sign that he was offended by a point the negotiation partners had proposed.

The unofficial language-use policy was the hardest on people who were supposed to know both languages, like EPTAL’s Priit Mets, who was expected to handle all translation from then on. When he mistranslated something, people were unhappy with him, and he could not focus on his actual role as the trade union's representative in the negotiations. At some point, Kaur slipped a note to Priit reminding him that he was a trade union leader and not a translator. Also, other Estonian speakers who were not always certain they understood everything in Russian were in a difficult position, which compromised their ability to negotiate. Interestingly, the monolingualism of the Narva unions gave them a certain power at the negotiating table, despite the Estonian general trend that the lack of Estonian-language skills excludes monolingual Russian speakers from key positions.

Besides the struggle over which language would dominate, there was the struggle over which of the many labour agreements would serve as the basis for the joint agreement. The initial phases of negotiations were characterised by profound confusion over the foundational document, which quickly exposed the inherent power dynamics between the employer and the fragmented trade union groups. Indeed, at least three competing versions circulated: the employer’s draft, EPTAL’s draft, and the Narva power plant workers’ draft. Each party sought to leverage their version as the authoritative basis, “But our wording was good, reviewed with lawyers, why do you want a new one?”, Shumkin shouted. In the first months of the negotiation, the confusion was magnified by different Russian-language translations circulating but not always reaching the right people in time – on several occasions, some of the union representatives only discovered during the meeting that they were working with an outdated version. This provoked a patronising reaction from the employers’ side, suggesting that the union is not even clear which version of the agreement they are working with or what they want. This meant often returning to points that had already been discussed and reopening them, frustrating the employers. “This agreement will be ready only once we are ready”, Kaur insisted, not to be hurried due to the version and language confusion.

The chaotic multi-draft environment ensured that the negotiation's progress was slow and arduous, with frequent outbursts, especially from the older Russian-speaking men representing the union. At times, the employer representatives tried to remind the union representatives to respect the negotiation format, implying that the discussion should be orderly and constructive, not a

confrontation, asking the parties not to “get heated up” and to treat each other with respect during the negotiations. They attempted to defer argumentative questions, saying the question is “out of context”.

It was also a setting where the partners were trying each other out, a new negotiation situation that Walton and McKersie labelled attitudinal structuring, the way that parties perceive each other (Kochan & Lipsky, 2003). In earlier local enterprise-level negotiations, the employer and the unions shared an understanding of the nature of the work. Even with different ethnic backgrounds, they had the experience and linguistic skills to understand each other and shared a regional identity or profession-based pride. In the new setting, the representatives on each side of the negotiation table were unfamiliar with each other’s labour and cultural worlds. Coming from radically different cultural and experiential backgrounds, and with the removal of the earlier form of cooperation, the negotiations raised difficult questions about who the social partners are to each other and what the union’s new identity is altogether. It resulted in distrust and opportunism on both sides. This is an example of distributive bargaining and a starting point for a ‘zero-sum game’ in which negotiators begin from positions that demand the most favourable outcomes for each party, presenting offers and counteroffers (Kochan & Lipsky, 2003). As one manager later explained, the position of the employer at the start of the negotiations:

At first, in a sense, we went for it with force, in the wind of the economic crisis. We said, now if you don't want a reduction in wages, then you have to give away all these things. Well, that was perhaps the right tactic at that moment, God knows, right... Although force is never a very good tactic, it always brings counterforce. Then, for a while, there was this kind of testing of forces or boundaries between us. We wanted to save labour costs, and, in a sense, we showed our strength, while they showed theirs in return.

The unions, on the other hand, often had their own distrust and issues. Trying to gain what was possible in the distributive bargaining, they demanded benefits equal to those of the most generous labour agreement. The following example shows not only the antagonism between the two sides but also the regional versus Tallinn fault lines and the differences in style between the unions. The parties were discussing a point that the employer had suggested, which stated that “the trade union is obliged to guarantee peace at work and not organise strikes when the employer is fulfilling the agreement, and also not organise or participate in protests that are directed against the employer”. I will present an excerpt of the discussion as it appears in my fieldnotes.

Kaur: (sector-level representative): But what if the employer decides to lay off 1,000 people?

Jürgen (EPTAL): A strike can also happen without trade unions.

Kaur: Jürgen, let’s leave strikes out of it.

Laura (employer, Tallinn): It is possible to manage without protests.

Kaur: What should I do then, write letters? We might have to break the agreement if this point is not resolved, because we want the opportunity to organise protests.

Pille (employer, Tallinn): But we assume good faith on both sides.

Kaur: Let's get rid of this point then. It is the union's obligation to come out and protest in such situations; otherwise, we will be voted down.

Pille: But the union has to be reasonable. We are not malevolent, but if we have to lay off people because it is not possible otherwise...

Kaur: We cannot rule out all protests.

Evelin (regional employer): But we have had good cooperation for a long time, we are not like that.

Kaur: But we would like to protest if we need to.

Then Shumkin, from one of the Power plant unions, gave a long example of a bad decision the employer had made, how they should have consulted with the union, and how the protest was then justified. This was common throughout the discussions, as particularly Narva union representatives evoked earlier memories of poor relations between EE and the unions, presenting this as a reason for mutual distrust between social partners and the necessity to write everything down in the CLA, including hypothetical and not very likely situations, guarantees already stated in various laws, etc.

The conversation continued. The employer's strategy was to steer the conversation back from historical injustices to the document in hand, sometimes in a rather impatient manner.

Pille: How is all this related to what we are discussing here? We only have 50 minutes left and our progress depends on whether we see each other as partners or on different sides of the front line.

Shumkin: Of course, we are partners.

Kaur: But what will happen to this point?

Pille: Go home and think about when the employer has ever treated you in a way that gives you a reason for protesting. This point determines whether we are partners or enemies.

Kaur: It is not so black and white. We are social partners, but it does not mean that we should accept everything that the employer tells us.

Often, the employer wanted to emphasise that they were reasonable and well-meaning, and there was no need for the trade union to be so suspicious. Under Estonian law, strikes are illegal when both parties fulfil the conditions of the collective agreement. When an EPTAL representative said strikes can also occur without the union's involvement, he was referring to wildcat strikes like the one discussed above. He was trying to show the workers' strength and effectively threaten the employer that if they did not agree to this point, there were still ways to organise strikes and protests. Kaur, with a different educational and strategic background, did not think threats were a useful tactic and argued that the right to organise protests, not strikes, should be exercised if needed. The employers' side tried to appeal to the fact that the employer is reasonable, but the reasons for this claim varied across levels of management.

There was a clear distinction between the local employer representatives in the North East and the new staff from Tallinn, who had little prior experience with unions. The local management in the region believed that the relations between them and the union had so far been good and peaceful. In another meeting, after hearing a false claim from EPTAL, the local manager rushed out of the meeting room, offended, showing how strongly she believed that, on the local level, the relations were very good. It could be seen as her disappointment that *her* union did not believe in her goodwill and that this was expressed publicly and in an unfriendly manner that was not characteristic of their previous relations. At the level of Tallinn management, young Estonian-speaking managers who did not know Russian assumed that EE was behaving reasonably and had difficulty understanding the values represented by the middle-aged Russian-speaking men, whose logic in the unions seemed alien and unreasonable. Discussing this point, the employer sought to remove unions' right to protest altogether while camouflaging it as a relationship in which the employer and unions work together and never disagree.

Moral assumptions about fairness

This case study aims not only to examine the outcomes of the structural changes and the economic crisis, but also to take the historical context seriously, in an attempt to explain the different moral assumptions held by the two main parties. Eesti Energia management pursued a moral framework rooted in corporate modernisation, systemic uniformity, and fiscal responsibility. This was voiced by the Chairman of the Board of EE, who crudely put it at one of the first negotiation meetings: "When we talk about extended leave, we actually talk about money. Annual leave costs the employer, so we are really talking about money; all benefits are actually money from the employer." For the employer, fairness meant keeping costs stable and proposals fiscally responsible. They have a moral duty to the corporation's longevity and stability.

Furthermore, EE's Tallinn management viewed trade unions as old-fashioned, in the sense of belonging to the Soviet Union and the last century, and thus not suited to 21st-century neoliberal Estonia (see also Kall, 2016). Several EE managers had previously worked at younger Estonian companies, such as banks, without unions. Suddenly, these managers found themselves in a frustrating situation: this organisation, which called itself a social partner and whose partnership they had never asked for, was hindering all their innovative and progressive management ideas and representing "socialist-communist" ideas. Partly, this was due to differences in moral assumptions, and partly to complete inexperience with social partners. As a trade union representative recalled, with the first meeting with an EE manager:

The reason why we still have such a good relationship with employers in the Estonian context is that trade unions did not disappear when independence came. But a manager at Eesti Energia didn't know how to react at first... because he lacked experience. We trained him over the course of a year, and today we get along very well, well, there's no problem, right? But he came from a bank, right? I remember the first negotiations with him. He arrived and started

talking about what the company would do. I managed to hold out for three minutes, then I asked, excuse me, did I come to an information session or to negotiations? If I came to an information session, I'm leaving. I don't want to listen to this.

Here is a quote from an interview with Joonas, a manager from Tallinn, whose aim was to implement new HR strategies, and one of the key participants in the negotiations. He believed that his hands were tied when it came to implementing new motivation systems.

The trade union has taken such a strong position in the East [of Estonia], because the managers are not there for people. What does it mean to manage people? That you commit time to them, that you give meaning to their work, that you hold performance reviews, train them, give more money to the best and less to the worst workers. But in the East, there is socialism-communism. Equal pay for everyone, the trade union rules and so on.

This leads to one of the key points of debate during the negotiations: Christmas bonuses based on word of honour, given to all employees, regardless of rank or performance, vs performance-based pay. Joonas wanted to bring new management practices to the “backwards East”. He blamed trade unions for having the ‘wrong kind of thinking’ because unions, in his mind, wanted the same kind of benefits for everyone. He thought the idea of equality for everyone characterised unions and he was ideologically against it. In his view, fairness means that workers across different branches of the corporation have roughly similar benefits, which would facilitate their transfer in the event of restructuring. And that among workers, it would be fair to distinguish between good workers who would be motivated by performance-based pay and those who were not. Throughout the negotiations, Eesti Energia’s central moral argument rested on a systemic shift toward a results-based culture. As part of this, they introduced performance reviews for managerial-engineering staff in enterprises in the East, which were to serve as a basis for annual bonus pay.

This caused moral outrage among the workers and their union leaders, as performance reviews and performance pay had been introduced only to ITR (engineer-technical employees), which they believed divided ‘workers’ into two factions. Union representatives used this injustice as a primary negotiating point, repeatedly demanding to know why the payment was impossible given the company’s profits. Under earlier arrangements, whenever the company made a profit, all workers were entitled to a share of it. In collective labour agreements at power plants, it was fixed, whereas in the mines, it functioned as a trust-based agreement established during Mati Jostov’s directorship. Based on historically won benefits but also understanding what is fair, the trade unionists believed in egalitarian distribution of the profits in the form of universal bonuses: workers had worked hard and put their labour into creating profit for the company, the profit should be shared with all of them, regardless of performance review results. Furthermore, any profit made from transactions in the international energy market, rather than earned through hard work, was considered immoral. As Priit Mets put it,

I understand that the shareholder want their dividends [EE was 100% state-owned]. But they should not forget that miners have created it all, so you should give something to the miner, too. But they say that their profit came from buying cheap electricity and selling it at a higher price. This seems to be the tendency among the Eesti Energia ‘boys’, why should they produce if they can just make a profit by buying and selling? But there will not be endless opportunities for cheating...

This quote could be interpreted as an echo of Marxist ideas as they had been taught to Soviet workers in the 1970s and 1980s, voiced by a former blaster who had endured dark, damp, and dangerous underground conditions for decades. It reflected what I have elsewhere called the miners’ moral economy: miners give their labour and health to the employer and demand money and respect in return (Kesküla, 2018). Value comes from labour. Creating a profit by selling electricity in an open electricity market is speculation, a dishonest way of making money that cannot last forever. Furthermore, Mr Mets often emphasised that those in Tallinn can never truly understand what it means to work in underground conditions. The emphasis of miners’ hard work was present in the union’s stance throughout the negotiations: when discussing the additional annual leave days for underground workers (35 instead of the statutory 28), the representatives described miners’ poor health and low life expectancy and said the only way to address this was through early retirement and extended leave, while the employer focused on cutting costs. These differences in values highlighted for the unionists that, rather than working together with the employer, they now had to stand up for their views. When former mine directors had been mining engineers themselves, those in Tallinn had rarely seen the underground conditions.

In general, trade unions championed historical entitlements, economic justice, and worker dignity. This tension over the bonus was a critical element of the union’s moral case for solidarity and equality—that it was morally wrong for some workers to receive a bonus while others did not, especially when they all contributed to the enterprise. It framed the denial of the bonus as a continuation of corporate abuse, criticising the company for failing to compensate workers while reporting significant profits. One of the union representatives explicitly asked management to be transparent, saying, “If you give to some, then give to others”.

The differences between labour agreements seemed unfair, not only to the unions but also to the employer. On the one hand, they recognised that unions such as Power Plant Union 1 should not have to give up the benefits they had won. Therefore, the unions’ common strategy throughout the negotiations was to seek benefits similar to those offered by Power Plant Union 1 for all workers. While with certain benefits, it was seen more as an opportunistic stand, a provocation to see how the employer would respond, with others, the sense of injustice between how workers in different parts of the company were treated was a deep insult. For example, power plant workers had received a Christmas bonus in 2009 and 2010, while mine workers, who had the previous general director’s word of honour and had agreed to forego their bonuses when the crisis started, were left without. Since EE was still making a profit during the crisis years – an outcome of all workers contributing to the company equally, it was considered that mine workers were treated unjustly by the company, exemplified in

claims such as “we cannot work and receive nothing” and all workers who “create material value should be equal”.

The timeline and outcomes of the negotiations

The attempt to combine the labour agreements started in December 2009. By March 2010, it was clear that achieving the new CLA before the old ones expired at the end of March was unrealistic, and each enterprise extended the CLA at the local level while continuing with the project under the shared agreement. Since progress was slower than the EE chairman of the board expected, a working group consisting mostly of HR managers, company lawyers, and union representatives was formed. The next goal was to have the new agreement signed by the end of May, when EE was to announce whether it was going public. In October, during the last meeting that I observed at the end of my fieldwork, ten months after the beginning of the negotiations, one of the representatives of the employer started the meeting by saying, “We tried to create a common world for the corporation and create common conditions for everyone. But I guess it was a slightly too big mouthful to chew. It will be better to go back to separate contracts and maybe try again in two or three years.”

Surprisingly, it was then one of the trade union representatives at the Narva power plant who convinced everyone to try to continue with a single agreement. Gribovski had agreed to give up some benefits to create a joint agreement. This angered Shumkin so much that representatives of the two power plants’ unions stopped talking to each other for months. The negotiations culminated in the separate signing of collective agreements by the miners and other constituent companies. The fight for Christmas bonuses required the intervention of the State Conciliator¹¹ in November 2010; miners’ and power plant workers’ salaries were only raised in April 2011¹².

In EPTAL, the Estonian-speaking Chairman’s sustained underperformance led to mounting discontent among the mines’ representatives, prompting them to explore alternative organisational structures. The Russian-speaking mine trade union representatives had engaged in extensive consultations with one of the power plant’s leaders, Gribovski. These discussions culminated in a strategic initiative for the mine unions to establish a new entity in 2011 - the Miners’ and Power Plant Workers’ Independent Union. The sole Estonian-speaking representative among the five mine trade union representatives was excluded from the planning process. This omission was based on the presumption by the other delegates that the senior Estonian would not endorse their secessionist movement. The salaried personnel of EPTAL initially interpreted this development as a “Russian putsch”. Nevertheless, they later provided critical assistance to the emerging union by offering legal and procedural guidance necessary for establishing the new union and electing its leadership.

This concluded the shift in relations from the model of unions and the employer as allies to one in which they represented the different interests of labour and (state) capital. As the previous ten years

¹¹ ERR.2011. “Miners fight back for Christmas Bonuses”. <https://news.err.ee/98450/miners-fight-to-bring-back-christmas-bonuses>

¹²ERR. 2011. “Miners Demand Higher Salaries” <https://news.err.ee/99103/miners-demand-higher-salaries.04.02.2011>.

had marked the introduction of managers who were not mine engineers, this change resulted in a power plant worker, rather than a miner, leading the miners' union. This was a step away from the Soviet model of the enterprise director and union leader working together. Although the miners' and power plant workers' collective agreements remained separate and offered different levels of benefits, there was hope for more equal conditions in the future. It made the trade union representatives recognise that they shared common interests against the employer, and developed their shared trade union consciousness. By bringing the different unions and company branches together, the relationship shifted toward greater opposition between the social partners, but also helped the unions shift their identity from a 'bought' or 'pocket' union to a more independent actor. The minutiae of the negotiations highlight other significant schisms in Estonian society: between Estonian and Russian speakers, between the representatives of the working class and their moral frameworks, and between the representatives of corporate Tallinn. Importantly, in these intersectional identities, class and ethnic lines overlap to an extent, but not completely.

Six months after the 'putsch', the management of the mines and trade union leaders were satisfied with the situation. In 2011, a new collective agreement was signed, in which the union won a pay rise and an annual bonus for all workers, while having to give up subsidies such as sanatorium passes, which trade union representatives considered unimportant. The removal of sanatoria passes, however, upset the company's pensioners, who thought it was the company's duty to look after their health after they had worked hard underground all their lives. Cutting welfare functions and relations with groups outside the shop floor can be interpreted as a further step away from Soviet-style community unionism toward business unionism, focusing only on negotiating employment conditions. Trade unions were shifting from being institutions that distributed welfare to their workers, together with management, to a negotiating partner for employment conditions, benefits, and salaries, while conscious of the conflicting goals of capital and labour.

Fifteen years ago, when completing this chapter for my dissertation, I wrote, "It was a step away from the old 'one company, one company union' model that had functioned in the mine, but possibly a step towards having one single union within the new energy company in the future"(Kesküla, 2012). The Mine and Power Plant Workers' Independent Union, representing the workers of the Balti power station and the miners, continues to operate today. After the death of the previous representative in 2017, Marina Lukjanova, the EEK railway's representative in 2010, became the Chairperson, still working successfully only in Russian. Eesti Energia still has six collective agreements. In the summer of 2025, the Chairman of the Board of the Narva Elektriijaamad power plant union was voted down, and since September 2025, Lukjanova has appeared as the Chairman of the Board of one of the power plant unions in the public registers. It seems that fifteen years after the case study was set, unions that were competing against each other and fractioned are slowly merging and consolidating.

Conclusion

The disruption driving the transformation of the Estonian energy sector in 2009–2010 was systemic rather than technological - the liberalisation of the European electricity market, coupled with the implementation of centralised management. The disruption forced a collision between two distinct worlds - the legacy of Soviet industrial paternalism and the emerging neoliberal market integration. This disruption altered established industrial relations by dismantling the Soviet-era model where unions and management acted as allied administrators of social welfare. The shift drove negotiations away from collective norms toward individual differentiation. Viewed through the framework of the subprocesses of negotiation (Kochan & Lipsky, 2003), the negotiations transitioned from administrative cooperation to distributive bargaining. Management viewed benefits as zero-sum financial costs to be cut for market efficiency, whereas unions viewed them as historical entitlements for arduous labour.

The scope of this disruption severely hampered attitudinal structuring, the process by which parties shape relationships and trust. The technocratic language of the new management, literally and metaphorically foreign to the Russian-speaking miners, created deep cultural incomprehension. Instead of fostering the trust required for integrative bargaining (mutual problem-solving), the technological transition fostered an adversarial dynamic, in which Tallinn viewed unions as “backwards” obstacles to modernisation.

But importantly, the broader implication of the Eesti Energia case is not the subjugation of labour, but rather a transformation of union autonomy that resulted in a rare instance of effective, if messy, resistance against managerial unilateralism in Estonia. Although it is not clear which side would have benefited more from the unified agreement, the unions thwarted the employer’s primary goal of unifying the agreements. It is difficult to claim, based on this case, that one side would have benefited more from the joint agreement than the other, since these opinions also changed during the year - the employer realised that uniting the business units would be too hard. The unions were not opposed to the joint agreement per se, but hoped to achieve the highest benefits for everyone through it. Once they did not succeed with this, they were content to return to their own local level, because, since the situation could be conceptualised as intra-organisational bargaining, it was important for each union to maintain support and trust within its own organisation above all else. Knowing what we know 15 years later, the merging of the different unions was a much slower process and is still ongoing.

The key challenges facing Estonia’s oil shale mining and energy sector in the face of green transition have significant parallels with the themes highlighted in this paper. Questions of choosing the language of communication, what constitutes value and relations between the periphery and the Estonian and European centre are still central. The procedural, distributive, recognitional, and restorative aspects of justice in the Just Transition process in the region are closely related to historical legacies, neoliberal capitalism, and whose voices are heard at the negotiation tables.

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