

IER National Report Sweden, November 2024

Collective agreements in the MET industries: recent outcomes

The current collective agreements were reached at the end of March 2023. In short, the agreements entail the following:

- A two-year agreement between 1 April 2023 and 31 March 2025.
- A total agreement value of 7,4 per cent.
- Two salary reviews on 1 April 2023 and 1 April 2024.
- An extra increase of minimum wages/salaries in 2023 (made in SEK instead of percentage). The second year (2024) ordinary minimum wage/salary increase in percentage.
- 0,2 to 0,4 percentage points increase of pension premiums to the sectorial pension scheme ("deltidspension"), included in the total agreement value.
- Only minor changes to the general terms and conditions for blue-collars, no changes of terms and conditions for white-collars.

Teknikföretagen is currently preparing for the collective bargaining round for 2025, which will include negotiations on both salary increase and general terms and conditions for employment. The preparations include analysing the uncertain economic outlook, a study visit together with the employee organisations to Südwestmetall and GesamtMetall, as well as preparing employers demand in the negotiations and attempt to foresee demands from employee organisations. The outcome of collective agreement negotiations in Europe is closely monitored. The parties' demands will be exchanged in December 2024.

Except salary increases in line with the current agreed salary increases level, the trade unions will most likely demand reduction in working hours. In parallel, there is also political pressure regarding the question of reducing working hours as the Social Democratic party is investigating if this should become one of their policy priorities. The trade unions claims that Sweden stands out with unusually long working hours. However, this claim is overly simplified and misleading. Instead, Sweden is among the countries with relatively short working hours, both when analysing actual weekly working hours and annual working hours. After considering leaves, such as vacation, parental leave and other leaves, Sweden has among the shortest annual working hours in Europe. Reducing working hours even further could entail an obvious threat to the company's competitiveness.

One of the major questions regarding the reduction of working hours is whether it should be regulated through changes in collective agreements or by law. The trade unions are divided on this issue: some advocate for reducing working hours through modifications to collective agreements, while others prefer legislative changes. Teknikföretagen opposes reducing working hours through legal reforms, asserting that such matters (if any) should be addressed within the framework of our collective agreement model. In Swedish industry, the collectively agreed regular working hours are 40 hours per week for daytime work, while other, shorter working hours apply to other

shift forms. In addition, the collective agreements include working time reduction, which entails that a number of minutes are added to a time bank after each completed workweek. This can then be taken as paid leave, cash compensation, or as additional pension contributions.

Green clauses in collective bargaining

To monitor and promote the application of the Industrial Agreement, the parties within the industry have established the Industrial Council. The Industrial Council consists of the five industry trade unions and eleven employer and industry organizations. The new Industrial Agreement, which applies from July 1, 2011, strengthens and broadens the parties' joint efforts to develop Swedish industry.

The Industrial Development Council works on issues related to the conditions of the industry, such as research, development, environment permit processes etc. The council also addresses issues like transport and infrastructure, energy and climate, as well as gender equality. Thus, on this level there is an ongoing discussion between the social partners on issues related to the green transition both on national level and EU-level.

It should however be noted that these discussions do not lead to provisions or clauses to be included in the sectoral collective agreements. Instead, they aim to reach common ground on certain policy aspects of the issue discussed.

AI management in the workplace

AI management in the workplace is currently not a discussion between the social partners. However, the development of AI in the industry is generally discussed in the Industrial development Council outlined above.

Labour conflicts – latest developments

As outlined in the Swedish National Report in November 2023, the trade unions have taken industrial actions against the electric vehicle manufacturer Tesla. This labour conflict continues although with a reduced enthusiasm. It does not seem like Tesla will accept the trade unions demands to enter into collective bargaining agreement.

Economic Outlook

Economically, Sweden is in a weak position. For the first quarter on Sweden's economic development showed a slow start to 2024. The data for April continued to be weak in terms of the GDP indicator, production, and industrial orders. Teknikföretagen's assessment is that a turnaround will come at the end of this year or early 2025, given continued low inflation and ongoing monetary policy easing. Lower interest rates, rising real incomes, and more positive future expectations are expected to drive the recovery.

As regards inflation The Swedish inflation has gradually decreased over the last six-month period. The inflation according to CPIF (with energy prices and fixed interests) was 2,3 percent in May. CPIF (excluding energy and fixed interests) increased from 2,9 percent in April to 3,0 percent in May. In May the Swedish Central Bank reduced the key interest rate by 0,25 percentage

points to 3,75 percent. This is the first rate cut in eight years. As a point of reference, the interest rate in January 2022 was 0 percent. If the Swedish Central Bank's inflation outlook holds, the interest rate may be reduced two more times during the second half of the year.

The business situation for the MET industry in Sweden stabilized during the second quarter but remains below the normal level. Unfortunately, incoming orders are decreasing to varying degrees across all sub-sectors and groups of suppliers. On the positive side, the overall decline in orders is not as severe as in the first quarter of this year. The proportion of companies needing skilled workers and engineers continues to decrease. Positively, the proportion of companies operating at full capacity utilization has slightly increased from a low level after seven quarters of gradually decreasing utilization. The business situation is developing roughly as expected given the interest rate levels and low growth in Sweden's largest export markets. Find a more detailed outline of Teknikföretagen's Business Survey Annex 1.