

IER National Report Sweden, October 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.

On October 23, 2024, the umbrella organization for blue-collar trade unions, LO, released its coordinated demands for the upcoming collective bargaining round. These demands establish a framework that industry-specific trade unions will further develop with concrete figures and proposals. The framework includes a special focus on ensuring that low-wage earners receive a relatively higher increase compared to other wage groups, either by having low-wage earners contribute more to the general wage increase pool or through a targeted raise in minimum wages. No specific numbers are set at this stage; only the principle that low-wage earners should experience a larger relative wage increase.

The demands also call for increased compensation for additional hours worked by part-time employees, aligning with the EU Court's [Lufthansa](#) ruling, as in some collective agreements, this compensation is currently lower than overtime pay for full-time employees.

Teknikföretagen and its trade union counterparts will exchange more concrete bargaining demands 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.

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

The business climate index for Sweden's technology industry declined once again during the third quarter 2024, reaching its lowest level in over ten years, excluding the pandemic period. The business climate is evolving roughly as expected, given the weak growth in Sweden's largest export markets and domestically. It is still a long way from reaching the index levels seen in 2021–2022. Order intake is decreasing, albeit to varying degrees, across all subsectors and supplier groups, except for the electrical engineering industry. On the positive side, the overall decline in order intake is not as severe as it was in the first and second quarters of this year. The labour shortage in the technology industry remains unchanged from the previous quarter, and the proportion of companies operating at full capacity has declined again after a slight increase in the prior quarter.

The index reflecting the technology industry's overall assessment of the business climate decreased slightly in the third quarter. Given the extensive trade with the rest of Europe, the index aligns with the corresponding index for the technology industry in the Eurozone. Order intake continues to decline, particularly in the transport equipment industry, suppliers to the automotive industry, and metalworking companies. A positive development is that order

intake in the machinery industry is not declining as sharply as in the previous quarter. There is also a continued strong business climate, with increased orders for manufacturers of electric machinery and in the electrical engineering sector. The shortage of skilled workers has increased somewhat, especially in the metal goods industry. Otherwise, only minor changes are reported. The shortage of engineers has continued to decrease overall for the fourth consecutive quarter, primarily within the transport equipment industry and among suppliers to the automotive industry.

The share of companies operating at full capacity has declined overall from 35 percent to 33 percent, putting it further below the long-term average of 40 percent.