

## **IER National Report Sweden, June 2025**

### **Collective agreements in the MET industries: recent outcomes**

Teknikföretagen has recently entered into new collective agreements, for both white and blue collars.

- The agreement is valid from 1 April 2025 to 31 March 2027.
- The agreement value for the new agreements is 6.4 percent. The cost of the agreement is allocated at 3.4% for 2025 and 3.0% for 2026.
- The salary review takes place on 1 April 2025 and 1 April 2026.
- Apart from salary increases, a key issue has been reduced working hours, particularly for white-collar employees. The trade unions strongly pushed this demand, resulting in further working time reductions in the new collective agreements for white collars.

Please find more information about the outcome of the collective agreement negotiations in [Attachment 1](#).

### **Restructuring plans within the automotive sector/twin transition and the world of work**

The automotive industry is a cornerstone of Sweden's manufacturing industry. It includes passenger car makers like Volvo Cars and heavy vehicle makers like Volvo Group (trucks) and Scania. The sector stands for 100 000 jobs and approx. 12 % of Sweden's export. Currently, there are large challenges in the automotive industry.

The U.S. trade war may have a great impact on Swedish auto companies. Volvo Cars is one of the European automakers most exposed to the tariffs, since many Volvo models sold in the U.S. are built in Europe or China. These tariffs have hurt Volvo's profitability. To meet these challenges Volvo Cars has changed back to its former CEO, Håkan Samuelsson. He has launched an aggressive cost-cutting program of approximately two billion EUR. This plan will involve redundancies involving approximately 3 000 positions, mainly white-collar jobs.

Volvo Cars has previously promised to be a fully electric carmaker by 2030. However, at the end of 2024 the company revised this strategy, due to the less ambitious EU climate agenda and a general drop in the electrical car demand. Looking ahead, Volvo's strategy is to continue rolling out new electric models while keeping popular hybrid models in the lineup for price-sensitive buyers.

The Swedish battery manufacturer Northvolt was backed by billions in investments from major players like Volkswagen and Goldman Sachs and aimed to lead the green transition and reduce Europe's reliance on imported batteries. However, the company has faced a series of challenges. In March 2025, Northvolt filed for bankruptcy, marking a major setback for European industrial policy and the green tech sector. The two major reasons for the bankruptcy were probably issues with the production facilities and high capital

costs. This is one of Sweden's largest corporate failures. The bankruptcy process is ongoing, with the aim to sell it in parts or whole.

## **Working Hours Reduction in Sweden**

Reduction in working hours is a very hot topic. In addition to trade unions demands, there is also political pressure. A few weeks ago, the Social Democrats held their major party congress, where among other things, decisions were made regarding the party's position on the issue of working hours reduction. An internal working group had proposed legislation for a 35-hour workweek in the long term, but fortunately, the congress followed the party executive and the blue-collar leadership's line and decided that this issue should primarily be negotiated by the social partners. The exact wording adopted by the congress reads: *"Working hours need to be reduced. The issue of working hours reduction should primarily be resolved by the social partners in the labour market and may require regulations and measures in the near future."* Thus, the matter was handed over to the social partners, and the umbrella blue-collar trade union, LO, has since provided new input.

The LO unions have announced that during the autumn they will jointly develop proposals for negotiation frameworks, demands, and common strategies for negotiations. They state that the purpose of these negotiations will be a general reduction of standard working hours and that they consider it self-evident that the state should support and facilitate such an agreement.

Working hours reduction is an extremely important issue for Teknikföretagen. We claim that many companies would be forced to leave Sweden if a mandatory reduction in working hours without a pay cut were to become a reality. Such a reduction would weaken Sweden's competitiveness at a time when we need to move in the opposite direction. Teknikföretagen is working intensively to present facts and arguments on this issue, and we in the Economic Analysis team will return with further analysis.

As a background note, in Swedish industry, the collectively agreed regular working hours are 40 hours per week for daytime work. 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.