

REVISED EUROPEAN SOCIAL CHARTER

13th National Report on the implementation of
The Revised European Social Charter
submitted by

THE GOVERNMENT OF SWEDEN

(Articles 2, 4, 5, 6, 21, 22, 26 and 29¹
for the period 01/01/2009 – 31/12/2012)

¹ Sweden has not ratified Article 2.1, 2.2, 2.4, 2.7, 4.2, 4.5 or 28.

Thirteenth report

Submitted by the Government of Sweden

in accordance with Article 21 of the Revised European Social Charter on the measures taken to give effect to the following provisions of the

Revised European Social Charter

Articles 2, 4, 5, 6, 21, 22, 26 and 29 for the period of the 1st of January 2009 to the 31st of December 2012.

Article 2.1, 2.2, 2.4, 2.7, 4.2, 4.5 or 28 has not been ratified by Sweden.

In accordance with Article 23 of the Revised Charter, copies of this report have been communicated to

- (1) Svenskt Näringsliv (Confederation of Swedish Enterprise)
- (2) Sveriges Kommuner och Landsting (the Swedish Association of Local Authorities and Regions)
- (3) Arbetsgivarverket (Swedish Agency for Government Employers)
- (4) Landsorganisationen i Sverige (the Swedish Trade Union Confederation)
- (5) Tjänstemännens Centralorganisation (the Swedish Confederation of Professional Employees)
- (6) Sveriges Akademikers Centralorganisation (the Swedish Confederation of Professional Organisations).

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Article 2 – All workers have the right to just conditions of work

Article 2§3 to provide for a minimum of four weeks' annual holiday with pay

Reference is made to the previous reports, with the following addition.

The Swedish national defence has been reformed. The work force now consists of employees rather than soldiers performing their mandatory military service. Due to this a new act regarding certain employments within the National Defence went into force on the 1st of July 2012. Employees covered by the new act are squad Leaders, soldiers and sailors. The act regulates the possibility to employ this category of employees and matters related to the category. Inter alia, the employees shall now be employed on longer-term contracts and the contract shall be made over continuous service or for occasional service. As a starting point the employment shall last from six (6) to eight (8) years, with the possibility of extension. The total length of service as a Squad Leader, Soldier or Sailor shall not exceed sixteen years, of which more than twelve years of continuous duty.

Regarding the Committee's questions in conclusions 2010

The Committee has asked for information about the proposed amendments to the annual leave legislation. The 1977:480 Annual Leave Act was amended in minor respects on 1 April 2010. The aim of the reform was primarily to simplify the legislation. Through the modifications the short-termed employees also have been given the same rights to holiday entitlement and holiday pay as employees with a permanent contract, although certain exceptions can be made through an agreement between the employee and the employer. Following, are some examples of the changes that were made.

Employees who work at home or during such circumstances that the employer cannot supervise the work, are now given the same holiday rights as other employees.

The rules concerning earned holiday pay during sick leave have been revised. Absences due to illness or occupational injury cease to be holiday pay-set when the employee have been absent, entirely or partially, during an entire accrual year, April 1 to March 31, without longer intermission than 14 continuous days.

The estimating of holiday pay has been simplified and a new simpler optional way of calculating holiday pay has been introduced, the Same-Wage rule. The Same Wage rule is based on how holiday pay is calculated in collective agreements. Mainly the rule means that the employee's normal wage and a holiday supplement is paid during the holiday

A new rule have also been introduced that clarifies that employees who work part time or irregular working hours shall be entitled to equally long leave as an employee who is working full time or an employee with regular working hours.

Article 2§5 to ensure a weekly rest period which shall, as far as possible, coincide with the day recognized by tradition or custom in the country or region concerned as a day of rest

Reference is made to the previous reports, with the following addition.

1 August 2011, amendments were made in the Working Hours Act. Now, employers can allow employees to work extra hours without special permission from the Swedish Work Environment Authority. This applies *if* there are special circumstances and the situation has not been possible to resolve in any other way.

Regarding emergency overtime, the employer no longer has to seek permission from the Swedish Work Environment Authority. Also, a safety representative can ask for actions on the basis of the Working Hours Act if the employer does not follow the rules concerning overtime and emergency overtime.

The amendment does not affect the validity of collective agreements. This means that if there already exist a collective bargaining contract, apart from the Working Hours Act, the rules of the collective agreement are applicable even though the Act has changed.

Article 2§6 to ensure that workers are informed in written form, as soon as possible, and in any event not later than two months after the date of commencing their employment, of the essential aspects of the contract or employment relationship

Reference is made to previous reports.

Regarding the Committee's questions in conclusions 2010

The Committee has asked how employers inform the employees that are excluded from the field of application of the Employment Protection Act on the conditions applicable to the employment contract or relationship. These employees are being informed via the employment contracts. The Act (1970:943) concerning working hours, etc. in domestic work covers employees in domestic work. This regulation stipulates that if either the employee or the employer requests it, the employment contract shall be in written form.

Article 4 – The right to a fair remuneration

Article 4§1 Decent remuneration

Reference is made to previous reports, with the following addition.

Wage spectrum

According to statistics from the National Mediation Office (Medlingsinstitutet) in 2012, the average wage amounted to 29 800 SEK (€3,423) gross per month.² How much a wage earner obtains after tax (net pay) is due to the tax level that applies in the wage earners municipality. However, an estimated average gives a net pay of 22 400 SEK (€2,573) per month.

The gross wage for earners in the 10th percentile amounted to 20 000 SEK (€2,297) or 15 600 SEK (€1,792) net per month, which is 70 per cent of the average net pay (€1,792/€2,573). This means that 10 per cent of all earners have wages equal to, or below this amount.

According to OECD, in comparison to other countries Sweden has a highly compressed wage structure (See chart below).

Wage spectrum in Sweden in comparison to average in OECD 2011

Ratio	Sweden	Average OECD
P90/P10	2,31	3,37
P90/P50	1,66	2,02
P50/P10	1,39	1,67

Source: OECD Employment Outlook 2013, chart appendix N.

Minimum wages

Sweden has no legislation regarding minimum wages. However stipulations regarding minimum wage can be found in collective agreements decided by the social partners. These wages are decided on factors like age, work experience and period of employment. The wages are generally lowest in the trade sector. According to the agreements in the trade sector this year, the lowest average monthly wage for 18-year-olds³ amounts to 18 185 SEK (€2,089) gross. This means a net pay of 14 300 SEK (€1,643). With such a comparison, the minimum wages in Sweden amounts to 64 per cent of the average wage (€1,643/€2,573).

² The exchange rate is based on information from SCB for the whole year of 2012 (where €1=8,7053 SEK).

³ There is no consideration taken to employees younger than 18 on the grounds that these presumably cannot be considered as full-time employees.

Article 4§3 Non-discrimination between men and women with respect to remuneration

Reference is made to previous reports, with the following in addition.

Active measures

Under the Discrimination Act (2008:567 – Diskrimineringslagen, DL), employers and employees are to cooperate on active measures to bring about equal rights and opportunities in working life regardless of, among other things, sex. They are in particular to endeavour to equalise and prevent differences in pay and other terms of employment between women and men who perform work which is to be regarded as equal or of equal value. They are also to promote equal pay growth opportunities for women and men (Chapter 3, Section 1 of DL).

Every three years the employer is to conduct a ‘pay survey’ in order to discover, remedy and prevent non-objective gender differences in pay and other terms of employment. Every third year an employer with at least 25 employees shall also draw up an action plan for equal pay (Chapter 3, Sections 10 and 11, DL).

As in the JämO’s (Jämställdhetsombudsmannen, the Equal Opportunities Ombudsman, now within the Equality Ombudsman) previous review, the Swedish Government (the Government) instructed the Equality Ombudsman (Diskrimineringsombudsmannen, DO) in the spring of 2013 to increase its work with conducting pay surveys at different places of work. This follow-up should provide answers to whether employees have continued to apply a systematic approach since the last review. The DO initiated work in April 2013 to review the actions plans for achieving equal pay for 470 major Swedish employers. This mandate will run for the period 2013 to 2014 with a total appropriation of SEK 9 million.

The Government made a decision in July 2012 to appoint an Inquiry to conduct an unbiased review of the rules on active measures contained in the Discrimination Act. The Inquiry is to deliver a report by 1 February 2014.

Pay disparities between women and men in 2011

It is stipulated in the Government’s Instructions for the National Mediation Office that the Office is to analyse wage trends from a gender-equality perspective. The pay analysis conducted by the National Mediation Office for 2012 shows that the unweighted pay difference between women and men amounted to 14 per cent, which may be compared with 16 per cent at the time of the previous report, which related to data for 2004. The single most important explanation for the pay disparity is that women and men work in different occupations where there are different levels of pay. Other factors that have a bearing are age, sector, education and whether the work is full- or part-time.

The pay disparity between women and men was studied using a ‘standard weighting’ that takes account of, for example, occupation, working hours and level of education. The

unexplained pay difference amounted to 6 per cent upon such an analysis, which may be compared with eight per cent in 2004. The pay analysis does not provide any answer to whether the remaining disparity is due to discrimination, although this may comprise part of the explanation.

Trends in salary statistics show that the pay disparity has reduced for all sectors (private sector as well as central and local government) and that pay for women in all age groups is approaching the pay for men. Statistics indicate that the fastest moving trend is for women over the age of 45, which may be explained by more women being appointed to managerial positions.

Although the trend is generally heading in the right direction, the analysis shows that pay disparities are also found on entry to the labour market after certain courses have been taken; for example, the salary for newly graduated male engineers is higher than that for newly graduated female engineers. The statistical analysis does not explain whether there are any non-objective pay differentials.

The National Mediation Office compared and analysed the proportion of women and men working in the 355 most common occupations in Sweden in 2005, 2009 and 2011. Trends during these years indicate that the labour market has generally become slightly less disaggregated by gender. The analysis also indicates that the proportion of women in the most male-dominated occupations has increased while the proportion of women in the most female-dominated occupations has reduced.

Article 4§4 Reasonable notice of termination of employment

Reference is made to previous reports, with the following addition.

1 July 2012 a new act regarding certain employments within the National Defence was implemented. This new act has stipulations different from the Employment Protection Act. Section 20 of the new Act stipulates:

The minimum period of notice for both the National Defence as employer and the employee shall be three months. The National Defence can grant the employee a shorter period of notice.

The employee is entitled to notice of termination of employment of

- four months, if the aggregate length of employment with the employer is at least six years but less than eight years,
- five months, if the aggregate length of employment with the employer is at least eight years but less than ten years, and
- six months, if the aggregate length of employment with the employer is at least ten years.

Regarding the Committees questions in conclusions 2010

In accordance with the statement (submitted to the Government Committee in October 2011) regarding the conclusion of non-conformity regarding the Swedish application of Article 4§4, the situation referred to no longer exists. The agreement for the metal working industry was changed over 10 years ago and the agreement for the painting industry was changed in April 2010. To the Governments knowledge, there is no collective agreement left, that is not in conformity with Article 4§4 of the Revised European Social Charter.

After contact with the Swedish Painters' Union (Svenska Målareförbundet) in August 2013, it is established that the current collective agreement in the painting industry is now formulated without an age limit. Instead the notice of termination is based on the length of the employment, with a similar structure to the Employment Protection Act. What differentiates the painters' agreement somewhat from the Employment Protection Act is the scale of notice of termination of employment. In the painters' agreement the maximum time for notice of termination is four months, while the maximum time for notice of termination in the Employment Protection Act is five, respectively six months.

Article 5 – The right to organise

Reference is made to previous reports.

Regarding the Committee's questions in conclusions 2010

The Committee has asked for information about whether all closed shop clauses have been removed in the sectors concerned. In August 2013, the Government has been in contact with the Swedish Electricians' Union (*Svenska Elektrikerförbundet*) as well as the Swedish Painters' Union (*Svenska Målareförbundet*), who confirm that there are no closed shop clauses in any of the collective agreements.

Article 6 – The right of workers to bargain collectively

Article 6§1 Joint consultation

Reference is made to previous reports.

Article 6§2 Negotiation procedures

Reference is made to previous reports. Please, see also article 6§4 and appendix with information from the National Mediation Office for 2009-2012.

Article 6§3 Conciliation and arbitration

Reference is made to previous reports.

Article 6§4 Collective action

Reference is made to previous reports, with the following addition.

Certain amendments to the law have been made in addition to this.

Legislative changes after the so-called Laval case

Certain adjustments have been made in respect of industrial action as a result of the judgment issued by the European Court of Justice (ECJ) on 18 December 2007 in the Laval case (Case C-341/05). In the Laval case, the ECJ *inter alia* provided further clarification as regards the contents of the EU Posting of Workers Directive (96/71/EC), and concluded that the industrial action at hand was contrary to the freedom to provide services in the Treaty on the Functioning of the European Union. After the Laval case, it was deemed necessary to amend the Swedish legislation on industrial action with regard to posted workers. These new legislative changes were, to the extent possible, designed to preserve the Swedish labour market model. The statutory amendments entered into force on 15 April 2010. The core of these statutory amendments comprises a new Section 5a of the Foreign Posting of Employees Act (1999:678). Briefly, the amendments mean that it is only permissible under certain conditions for a trade union to take industrial action against a foreign employer with a view to bringing about a collective agreement for workers posted to Sweden. The conditions demanded by the Swedish employees' organisation must (1) correspond to the conditions of a central industrial agreement applied to the corresponding workers in Sweden, (2) only refer to minimum rates of pay or other minimum conditions in certain fields, and (3) be more advantageous to the workers than the conditions implied by statutory provisions. Industrial action of this kind may not be taken if the employer shows that the workers already have conditions which are at least as advantageous as the minimum conditions in a central Swedish agreement for the industry. Industrial action taken despite these requirements not being met is to be considered unlawful under the Co-determination Act (1976:580). Under the new statutory rules, surveillance and enforcement of safeguards for workers posted abroad and activity to ensure that providers of services from other countries do not compete unfairly by means of low conditions of pay and service in the fields indicated by the Posting of Workers Directive remain the responsibility of the union organisations. The Swedish Work Environment Authority is to assist with information concerning collective agreement conditions which may be applicable in connection with foreign posting. A trade union organisation shall provide the Work Environment Authority with such terms of collective agreement for which it may have occasion to resort to industrial action.

Legislative changes in the Foreign Branch Offices Act

A change in the Foreign Branch Offices Act (1992:160), section 2, has entered into force. The change means that the requirements for a representative responsible for the business operations in Sweden has been removed as regards natural persons resident in the EEA,

but still applies as regards natural persons residing outside the EEA. The change was deemed necessary in order for the legislation to comply with the EU Services Directive (2006/123/EC).

Legislation regarding contact person and obligation to report posting of workers

Further, a statutory amendment to the Foreign Posting of Employees Act entered into force on 1 July 2013. This amendment means that a foreign employer must report that it posts workers to Sweden. The content of the report is regulated by a new ordinance (2013:352), which entered into force 1 July 2013. Further, the employer must appoint a contact person in Sweden, which shall be authorised to receive notice on behalf of the employer. The contact person shall further be able to provide documentation demonstrating that the requirements of Foreign Posting of Employees Act, as regards employment conditions for posted workers, are met.

The purpose of the legislation is twofold; to ensure that the Foreign Posting of Employees Act works in practice and to ascertain that posted workers are ensured protection in accordance with the requirements of the “hard core” of the EU Posting of Workers Directive. The legislation will, from a practical point of view, facilitate the work of Swedish trade unions and authorities as they may acquire knowledge about employers who post workers to Sweden. Such knowledge may also, where applicable, facilitate negotiations regarding collective bargaining agreements. Should the contact person receive notice of a request for collective bargaining negotiations, the foreign employer must participate in negotiations in order to prevent being subject to industrial action (according to the Co-Determination Act). The legislation has been drafted in order to comply with relevant EU law.

Legislative changes regarding posted agency workers

Furthermore, the Foreign Posting of Employees Act was amended on 1 January 2013 in conjunction with the implementation of Directive 2008/104/EC of the European Parliament and of the Council on Temporary Agency Work in the ‘Temporary Agency Work Directive’. This statutory amendment means that industrial action against an employer for the purpose of regulating conditions for posted agency workers through a collective bargaining agreement may only be taken if the conditions demanded:

- (1) correspond to the conditions contained in a collective bargaining agreement concluded at the central level that are generally applied throughout Sweden to corresponding workers within the temporary agency work sector and respect the overall protection of workers referred to in the Temporary Agency Work Directive,
- (2) relate only to pay or conditions in certain areas, and
- (3) are more favourable for the workers than prescribed by law.

Such industrial action may not be taken if the employer shows that the workers have conditions that in all essential respects are at least as favourable as the conditions contained in such a central collective bargaining agreement in the temporary agency work sector, or the collective bargaining agreement that applies at the user undertaking, i.e. the undertaking where the temporary agency workers perform their work. In other words, in contrast to the provisions otherwise applicable to foreign postings, the new rules mean that the employee organisations can take industrial action to establish conditions in certain areas, going above the minimum level.

Assignment of a Commission regarding posting of workers

On 27 September 2012 a Commission was assigned, which shall be composed of representatives of all parties in the parliament, with the purpose of evaluating the changes of the Foreign Posting of Employees Act after the Laval case.

The Commission shall investigate the situation of posted workers in Sweden. After having made such an investigation, the commission shall, in summary:

- evaluate whether the application of the regulation ensures that fundamental employment conditions of posted workers in Sweden can be safeguarded;
- in terms of foreseeability, assess and evaluate the practice of the Swedish Work Environment Authority's statutory task of providing information and the trade unions' obligation to submit information on collective bargaining agreements to the Swedish Work Environment Authority, and if necessary propose legislative changes in this regard;
- consider necessary changes to safeguard the Swedish labour market model in an international context.

During the investigation, the Commission shall pursue a dialogue with representatives of the social partners on the Swedish labour market. The proposals of the Commission shall further include an analysis of the consequences, if any, in relation to relevant international regulations. The Commission shall present its work on 31 December 2014.

The Government will in due time submit further information regarding the conclusions of the commission.

Please see appendix with information from the National Mediation Office for 2009-2012.

Article 21 – The right of workers to be informed and consulted within the undertaking

Reference is made to previous reports, with the following addition.

During the reporting period Sweden has implemented the EU directive on European work councils (Directive 2009/38/EC of the European Parliament and of the Council of 6 May 2009 on the establishment of a European Works Council or a procedure in Community-scale undertakings and Community-scale groups of undertakings for the purposes of informing and consulting employees (Recast)) through the law (2011:427) on European work councils. From June 6th, 2011, this law replaced the law (1996:359) on European work councils. The new law clarifies terms such as transnational matter, information and consultation. The law also includes new rules as regards negotiations on the establishment of a European work council or other procedures for informing and consulting employees. Furthermore the law specifies which obligations lie on the community-scale undertaking or group of undertakings as regards the information to be submitted to the employees in view of such negotiations. Community-scale undertakings or groups of undertakings with certain collective agreements are exempted from the law.

Regarding the Committees questions in conclusions 2010

Concerning European Co-operative Societies – the Committee asks for information on the implications of this legislation for the information and consultation of employees within enterprises.

There are no European Co-operative Societies in Sweden, consequently there are no effects.

The Committee considers that all categories of employee (in other words all employees with an employment contract with an undertaking, whatever their status, length of service or workplace) must be taken into account when calculating the number of employees covered by the right to information and consultation. Consequently, the Committee asks whether this is the scope of Sweden's legislation, particularly as regards the calculation of these minimum thresholds.

There are no thresholds in Swedish legislation. Therefore, the 1976 Co-determination Act covers all employees.

The Committee asks whether the amendments to the co-determination in the workplace legislation that came into force on 1 February 2005 have altered the situation.

There have not been any changes in the legislation concerning the issue. There is neither any case law nor new studies regarding the impact of the provisions. Just like Sweden stated in the previous report, the effects of the provision from 2005 are difficult to assess.

The Committee asks for detailed information about the monitoring system regarding the respect for the right of employee representatives to information and consultation in undertakings.

In Sweden there is no authority that monitors the compliance with information and consultation rights. According to the Swedish labour market model the employee representatives themselves, ensure that their rights in this respect are not violated via the right to claim damages in, as a last resort, Court.

Article 22 – The right to take part in the determination and improvement of the working conditions and working environment

Reference is made to previous reports, with the following addition.

Work environment legislation primarily comprises the Work Environment Act (1977:1160), the Work Environment Ordinance (1977:1166) and approximately 100 regulation booklets issued by the Swedish Work Environment Authority.

The Swedish Work Environment Authority is the supervisory authority. The authority is entitled to receive the information, documents and samples and to order the investigations required to exercise supervision. The authority is entitled to be afforded access to premises to carry out its supervisory work. The Swedish Work Environment Authority may issue to the person who has safety responsibility such orders or prohibitions as are needed to secure compliance with the Act or with regulations made under the same. Orders and prohibitions may be issued in conjunction with a pre-determined fine for default. The Government may prescribe that special penalty charges are imposed in matters under the Work Environment Act.

As mentioned in the previous report The Government forwarded the bill *Elevers och studerandes medverkan i arbetsmiljöarbetet, m.m.* (Participation of pupils and students in work environment work, etc.) (Government Bill 2008/09:138) on 5 March 2009 to the Parliament (Riksdag), where it also has been adopted. In consequence, certain changes have been made to the Work Environment Act. These changes involved, among other things, an amendment of the rules relating to safety officers, which means that pupils, students and their representatives are afforded greater opportunities to pursue work environment issues. In this aspect, pupils and students are seen as employees.

The exclusion in the Work Environment Act for work done in the employer's household has been removed, which means that the Act now encompasses all kinds of work. Appeals against decisions issued by the Swedish Work Environment Authority in individual cases are now to be made to the administrative court instead of the Government as was previously the case.

The Swedish Work Environment Authority made decisions during the period 2009 to 2012 regarding a large number of new provisions in the work environment area. Examples of new regulations for the reporting period are:

2009

- Workplace design - additional texts including clarification and comments are supplemented.
- Use of personal protective equipment – Regulations has changed.
- Chemotherapy - An amendment whereby the Swedish Work Environment Authority believes that there are grounds for manage drug MabThera different than other medicines containing monoclonal antibodies.
- Artificial Optical Radiation - The regulation is introduced to meet the requirements of the national implementation of EU Directive.
- Machinery - Amendment to adjust the text in accordance with EU Directive.
- Construction work - Amendment in regulation.

2010

- Rock and mining work - Automated robotic machinery has come on the market. The rules provide, inter alia, higher skill requirements for machine and vehicle operators and increased requirements for coordination between the various contractors.

- Amendment of the regulations on occasional lifting of persons using cranes or trucks.
- Diving work- The new regulations focus on planning, risk assessment, skills, staffing and dive leader's central role in the systematic work.
- Amendment of the regulations on chemical safety risks.
- Changes as a result of the Lisbon Treaty.

2011

- New rules for chemical and health risks and hygiene levels.
- New rules concerning genetically modified microorganisms (GMM).

2012

- Provisions on the work environment for minors.
- Ergonomics.
- The use of portable chainsaws and brush saws.

The Swedish Work Environment Authority has conducted special compliance initiatives targeted at, for example, the work environment for women, the temporary employment sector, schools, violence and menaces, young people, asbestos, trucks, forestry, care services and trade. In addition to this, a compliance method called 'screening' is being tested in the graphics sector on the mandate of the Government. The idea of screening is that the Swedish Work Environment Authority conducts compliance work at all undertakings within a sector and examines both work relating to the work environment that is being conducted at the undertaking and the actual work environment. In addition, the Swedish Work Environment Authority actively participates in EU compliance campaigns.

In 2010, the Government adopted a national action plan for work environment policy for the period 2010 to 2015. This action plan prioritises initiatives relating to regulations and compliance, counselling and support, new risks and initiatives to recognise the importance of the work environment and develop and disseminate knowledge. Furthermore, priority has been afforded to initiatives that promote conditions at the workplace for receiving and retaining people coming from some form of exclusion and initiatives for the development of knowledge and exchange of experiences. In order to promote a greater awareness and knowledge of work environment issues throughout society, priority is also to be given to initiatives to increase active involvement and also to increase the dissemination of knowledge about and increase the focus on the work environment in education.

The Swedish Work Environment Authority (TSWEA) is the liaison office (contact authority) in Sweden when it comes to posting. They provide information about the terms of work and employment that are valid in Sweden. They also cooperate with other liaison offices in other countries within EU and EES in these matters. They have since 2009 an extended role for providing information concerning working conditions for posted workers.

Also during the reporting period, TSWEA have launched a special website (safeatwork.se) and folders for persons coming to work temporarily in Sweden, with information in

different languages about the terms of work and employment that are valid in Sweden for different sectors. They have focused on the building and restaurant sector.

In 2012 a feasibility study on how Sweden works on the problems associated to the issue of so called “grey enterprises” (undeclared work and organized crime) was developed. The preliminary study presented a proposal to develop a comprehensive strategy for the coming years' of work. A seminar was arranged where attitudes towards grey enterprises were discussed.

Work Environment Authority has developed an interactive health and safety training on threats and violence in the workplace as well as a series of reports and brochures on psychosocial work environment and threats and violence in the workplace.

Article 26 – The right to dignity at work

Article 26§1 - Sexual harassment

Reference is made to previous reports, with the following addition.

Sexual harassment complaints received (2009-2012)

The Equality Ombudsman (Diskrimineringsombudsmannen, DO) received 88 complaints relating to sexual harassment in working life during the period 1 January 2009 to 31 December 2012. The DO settled five such matters during the same period. One judgment was pronounced during the period in question for cases pursued by the DO. A brief summary of the circumstances of the matters in question is provided below.

It is primarily women who report complaints to the DO in relation to sexual harassment. In general, it may be observed that these matters are often difficult to investigate as the events sometimes happened a long time ago. Word against word situations is often involved.

DO's settlements

ANM 2011/1319, ANM 2011/1599

Two employees at a forestry company filed a complaint about being harassed by their supervisor. The parties entered into a settlement whereby the employees each received SEK 60,000.

ANM 2009/1936

A woman was given notice of termination by her employer when she announced her pregnancy. Her supervisor had sexually harassed her on an almost daily basis during the time she had worked there, asking questions about her sex life. The DO and the employer concluded an agreement, which gave the woman SEK 75,000.

ANM 2009/699

A woman filed a complaint about being sexually harassed while working as a conference hostess for an insurance company. The DO concluded a settlement with the employer for SEK 100,000.

JämO 2008/1239

A woman filed a complaint with the JämO (the Equal Opportunities Ombudsman, now within the Equality Ombudsman) stating that she had pointed out to her manager on several occasions that a colleague was subjecting her to sexual harassment, but the employer did nothing to stop this harassment. Instead the woman was stopped from making further trips and her fixed-term employment was terminated prematurely. The DO concluded a settlement with the employer for SEK 95,000.

DO's matters at court

Labour Court (AD) 2011 no. 13

Issue of whether a supervisor, owing to certain statements and a drawing, subjected two employees to: first, discrimination in the form of ethnic harassment, harassment on grounds of gender and sexual harassment; second, reprisals. The employer was ordered to pay SEK 25,000 and SEK 35,000 in damages respectively to the two employees for sexual harassment in relation to both employees and ethnic harassment in relation to one of the employees.

DO's preventive work to combat sexual harassment in working life (2006–2013)

The DO organises continuous training courses on the responsibility of employers to conduct goal-oriented work to combat harassment and sexual harassment within the framework of their activities.

The DO sent out a newsletter in 2012 to all employers with ten or more employees to make them aware of their responsibilities under the provisions of the Discrimination Act (Chapter 3 of DL). In addition to the newsletter, this mailing included the entire act, guidance produced by the DO as support for the work of employers involving active measures (which includes sexual harassment) and a folder of materials and tools provided by the DO. This mailing encompassed 41,544 employers.

The DO conducts systematic reviews of the work of employers involving active measures. Such reviews may include sexual harassment. One of the aims of the DO's targeted compliance work is that after a review has been conducted employers should conduct work that lives up to the requirements of the Act.

The authority has observed in the course of previous major reviews increased activity on the part of the object subject to the compliance work, and it may here be reasonable to assume that activity related to an employer's obligation to prevent and hinder harassment and sexual harassment increases in conjunction with compliance work being undertaken.

There has been a telephone hotline for the DO since 2012 that is specifically used to answer questions about the scope and meaning of the provisions on active measures. This service provides employers with, among other things, advice and support in respect of the preventive work to combat sexual harassment.

Article 26§2 - Moral harassment

Reference is made to previous reports, with the following addition.

One of the duties of the Equality Ombudsman (Diskrimineringsombudsmannen, DO) is to raise awareness and disseminate knowledge and information about the prohibitions against discrimination, both among those who risk discriminating against others and those who risk being subject to discrimination.

As the DO consider combating harassments and discrimination in working life a priority area, a special project has been carried through in order to mobilize the Swedish social partners for this work. Interviews with trade unions and employers showed their need for different kinds of support. The DO has therefore developed methods and compiled best practice, check lists and training manuals. They are all available free of charge at the DO's webpage. The project was carried out in close cooperation with the social partners. The use and the benefit of the different support kits will be evaluated in 2013 in order to develop them and guide the DO in its further work.

Especially worth mentioning is also the *Green house*, a simple method to survey the risks of – or occurrence of – for instance harassments at the work place, the booklet *Equal rights and opportunities in working life* and the book *Active measures in working life – a guidance for employers*.

It is established in the Discrimination Act that the Swedish DO should do training. One of the prioritized areas has been and is combating harassments in work places. Therefore the DO has offered trainings for employers and trade unions since 2009. The number of trainings has increased from five in 2009 to eleven in 2013. From this year the DO offers four different kinds of trainings adapted to the target group's prerequisites and needs. The engagement of employers in strategic positions is enhanced since it is supposed to strengthen the effects and sustainability of achieved changes.

Regulations concerning rights and obligations on psychosocial work environment can be found in the Work Environment Act (1977:1160), the Regulations on Violence and Menaces in the Working Environment (AFS 1993:2) and the Regulations on Victimization at Work (AFS 1993:17). The Work Environment Authority monitors regulatory compliance. If an employer does not follow the requirements set by the Work Environment Authority, the Authority can order the employer to rectify the deficiencies in the work environment. For such an injunction a contingent fine can be issued. The Work Environment Authority generally has a strong focus on psychosocial work environment both in their regulatory and information activities.

A special inspection campaign focusing on psychosocial work environment was carried out during 2012. The campaign was part of a wider EU initiative, and Sweden was entrusted to lead the campaign. As part of the campaign, the Work Environment Authority conducted over 300 inspections in industries with a high risk of work-related disorders due to stress and other social and organizational issues in the workplace. Psychosocial work environment is also a key focus area in the Authority's on-going efforts directed toward women's work environment and the Authority is now even starting up a specific inspection campaign in the education sector, where, among other things, focus will be put on harmful stress, threats and violence.

During the period 2011-2014, The Work Environment Authority is conducting a special supervision effort to prevent the risk of intimidation and violence for workers in government authorities.

During the reporting period DO received 413 complaints about harassment associated to one of the grounds of discrimination; sex, transgender identity or expression, religion or other belief, ethnicity, disability, sex, and age. Most complaints concerned ethnicity and or religion, disability or age. In many cases the complaint concerns harassments associated to more than one ground, for example both sex and age. The complainants are both men and women.

DO have reached an agreement with the employer in seven cases. One concerned sexual orientation, three ethnicity, one disability, one sex and one parental leave. In the settlements the complainant have reached economical compensation between 15.000 and 60.000 SEK. The reasons why cases are concluded without DO bringing the case to court varies. In many cases there was not a sufficiently clear link between the harassment and the grounds of discrimination or this was not possible to prove. Another reason is that by Swedish law the trade unions have the first right to represent their members. That means that if the complainant is a member of a trade union DO transmits the case to the union.

The mandate of the DO includes disseminating knowledge and information to organisations, within both the public and private sectors, and to individuals about the prohibition of discrimination and the work to promote equal rights and opportunities. The DO offers guidance to and helps to develop methods for employers, universities, university colleges and schools, among others. Within the framework of this the DO has produced, among other things:

- *Vägar till rättigheter [Paths to rights]* – A source of inspiration for local anti-discrimination work.
- *Upplevelser av diskriminering [Experiences of discrimination]* – A report about perceived discrimination.
- *Forskningsöversikt om trakasserier inom utbildning och arbetslivet [Research review on harassment in education and working life]* – This report describes, among other things, research relating to the prevalence of harassment, the consequences of harassment for those affected and ways of combatting harassment.

The DO considers that the reports and research inventories issued have helped to generate new knowledge. Knowledge lays the foundation for the development of methods and ways of working and represents a valuable information base when choosing orientation and strategies.

Article 29 – the right to information and consultation in collective redundancy procedures

Reference is made to previous reports, with the following in addition.

The Committee has asked for a detailed description of the collective redundancy procedures and the means of redress in case of failure of the employer to fulfil the obligation to prior information and consultation.

According to Article 28 in the Employment Protection Act (1982:80) (below LAS) sections 11 - 14 of the Employment (Co-determination in the Workplace, below MBL) Act (1976:580) shall apply in respect of the duty of employers to enter into negotiations before a collective redundancy is made.

Before an employer takes any decision regarding changes of the business which can lead to collective redundancies, he or she shall, on its own initiative, enter into negotiations with the employees' organization with which he is bound to negotiate under a collective bargaining agreement, section 11 MBL. The employer must initiate the negotiations in such good time that the views of the employees can be taken into account in before a decision is made. The employer cannot, as a main rule, take and implement a decision before he has fulfilled the duty to negotiate. Only where there is extraordinary cause, the employer may take and implement a decision before he has fulfilled his duty to negotiate.

Where there is a local employees' organization, the obligation to negotiate shall, in the first instance, be fulfilled through negotiations with that organization. If agreement is not reached during these negotiations, the employer shall, upon request, also negotiate with a central employees' organization, section 14 MBL.

In order to make collective redundancies an employer also must decide which employee who shall be made redundant. According to the Employment Protection Act section 22 the employer must observe the rules on priority. In short these rules stipulate that the order of termination is determined on the basis of each employee's total time of employment with the employer. Employees with longer employment times shall have priority over employees with shorter employment times. The employer must negotiate with the trade union on how to apply these rules on priority. Deviations from the priority list can be made in collective agreements.

Where an employer is not bound by a collective bargaining agreement, the employer is obliged to negotiate with all affected employees' organizations, section 13, second paragraph MBL.

According to section 15 MBL, any party who is under an obligation to negotiate shall, in person or through a representative, appear at negotiations meetings, and, where necessary, put forward a reasoned proposal for a solution of the matter to which the negotiations relate. The parties may jointly decide upon a form for negotiations other than through a meeting.

In conjunction with negotiations regarding a decision to terminate employment due to shortage of work, the employer shall in good time notify the other party in writing of the following matters:

1. the reason for the planned termination;
2. the number of employees who will be affected by the termination and the employment categories to which they belong;
3. the number of employees who are normally employed and the employment categories to which they belong;
4. the time period during which it is planned to carry out the termination; and
5. the method of calculation of any compensation to be paid in conjunction with termination in addition to that which is required by to law or applicable collective bargaining agreements.

If an employer doesn't fulfil the obligation according to the law a trade union whose rights has been violated can take legal action in the Labour court and claim damages. The damages relates to the union's interest in compliance with statutory provisions or provisions in the collective bargaining agreement and to factors other than those of purely economic significance, non-punitive damages. The intention with this kind of damage is to effectively prevent deviations from the law. The refusal to negotiate is regarded as a serious breach of the law. The size of the non-punitive damage that the employer has to pay to the trade union is in practice decided by the court due to the circumstances in each case. Examples of the amounts have been provided for in the latest report.

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1. National Mediation Office Annual Report 2009
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About Sweden's National Mediation Office

The National Mediation Office in Sweden is a central government agency answerable to the Ministry of Employment. It has three principal tasks:

- to mediate in labour disputes
- to promote an efficient wage formation process
- to oversee the provision of public statistics on wages and salaries.

The National Mediation Office appoints mediators in the event of a dispute between the parties in the labour market (the 'social partners') during bargaining over pay and terms of employment. Most of these mediators have previously served as negotiators with one or other of the social partners, or with a union or employer organisation.

The National Mediation Office is required to strive for an efficient process of wage formation. This means combining real wage growth with higher employment, facilitating changes in relative pay, and ensuring compatibility with the principles whereby the competitive sector (the export industry) establishes the norm for pay rises and industrial cost levels do not exceed those of Sweden's competitors. The National Mediation Office holds regular talks with the social partners and organises conferences on wage formation several times a year. It also publishes reports and anthologies on the subject, all with a view to pushing wage formation in the right direction.

Since 2001, the National Mediation Office has been the government body responsible for public statistics on wages and salaries. These are produced by Statistics Sweden. The Office's task, following consultation with other stakeholders, is to order statistics that meet the needs of other users.

The National Mediation Office has ten members of staff and began its operations in the autumn of 2000. It superseded the National Conciliator's Office, the previous government body in this field, which also appointed mediators.

The difference between then and now is that today's mediators are not allowed to propose agreements incorporating levels that exceed the norm established through agreements in the industrial sector.

State mediation in industrial conflicts has been provided for by law in Sweden since 1906.

Summary of the annual report Wage Bargaining and Wage Formation in 2009

Economic review

The global downturn triggered by the finance crisis had a highly detrimental effect on the Swedish economy in 2009, particularly the export industry. Sweden's GDP is estimated to have declined by as much as 4.5 per cent, which represents a new historical low. Unusually vigorous economic policy incentives stabilised the situation in the finance market, however, and helped

restore demand in the second half of the year. The cuts in interest rates primarily benefited the domestic part of the economy, while the export industry's utilisation of capacity remained abnormally low. The labour market situation steadily worsened during the year, with declining employment, mainly in the industrial sector, and rising unemployment. Inflation fell dramatically and as a result of the interest rate cuts the consumer price index (CPI) measure of inflation remained below zero for much of the year.

Competitiveness

Sweden's competitiveness declined in both 2007 and 2008, due to a lower rate of productivity than in other parts of the world. Productivity probably continued to fall slightly more than in competitor countries in 2009, but a dramatic weakening in the Swedish krona meant that competitiveness nonetheless improved during the year.

Labour costs in Sweden increased more slowly than in the EU and the euro zone in both 2008 and 2009. Interpretation of the statistical data on labour cost increases in 2009 is hampered, however, by the extensive reductions in working hours that were introduced around Europe. Not least in Sweden's foremost competitor country, Germany, reduced working hours without any corresponding reductions in pay pushed up labour costs per hour in 2009. Over the last 5–6 years, growth in Swedish labour costs has been on a par with the euro zone and slightly slower than in the EU.

The continued decline in productivity raises questions about future competitiveness. The indications are, however, that the downturn has largely been cyclical in character and that productivity growth will return once production has recovered. Also, viewed over a longer period, competitiveness is still satisfactory, due to the strong growth in productivity recorded in Sweden up to and including 2006.

Applying the harmonised EU measure, which does not include interest costs, inflation in Sweden was considerably higher than in the EU and the euro zone in 2009. It was the first time since 2003 that prices rose faster in Sweden than in the Union. The main reason for this was the weak productivity of recent years, which has pushed up costs per unit produced in Sweden. Also, the weak krona helped sustain import prices levels.

The strong pressure on the krona in late 2008 and the winter of 2009, when financial unrest was at its peak, caused the currency to weaken by approximately 9 per cent between 2008 and 2009, despite a recovery during the summer and autumn period. This meant the krona's decline was of the same magnitude as during the previous recession after the millennium shift. If the krona continues to follow the same pattern as in the years succeeding the previous recession, it will continue to recover lost ground.

Pay statistics

According to the short-term (monthly) statistics, the rate of wage increase hitherto in 2009 was 3.3 per cent for the economy as a whole. For the business sector, the rate was slightly lower: 3.1 per cent. The highest increase rates, 4.2 per cent, were recorded in the county council sector. The addition of

retroactive pay is not expected to boost the figures to any great extent. So far, pay rises for 2009 have kept below those recorded in 2008, when the final outcome was 4.3 per cent. To a considerable extent, this reflects the deterioration in the labour market in the autumn of 2008, which began to have an impact on wage increases in early 2009.

Real wage growth – which averaged 2.5 per cent a year between 1995 and 2008 – was 3.5–4 per cent in 2009, primarily due to the negative average rate of inflation.

Labour market legislation etc

The Laval ruling by the European Court meant that Swedish legislation conflicted with Community law over the right of Swedish union organisations to take industrial action to persuade foreign companies outstationing employees to Sweden to sign collective agreements. The Government appointed a special inquiry to propose whatever amendments to Swedish law might be required as a result of the European Court ruling. The subsequent report led to a government bill that was brought before the Riksdag (Swedish parliament) in the autumn of 2009. It proposed changes in the law concerning outstationing and also in the Co-Determination Act. These legislative amendments will enter into force on 1 April 2010.

Negotiations between the Confederation of Swedish Enterprises, the Swedish Trade Union Confederation (LO) and the Council for Negotiation and Co-operation (PTK) on a new *general agreement* for the private sector got underway in the autumn of 2008. The aim was to reach a new agreement by the end of the year. This deadline was later put back to the spring of 2009. On 11 March 2009 the negotiations broke down after the Confederation of Swedish Enterprises decided there was no further point in continuing. As far as can be ascertained, disagreement primarily concerned two areas: the rules regarding industrial disputes and the rules concerning who goes first (the selection order) in the event of dismissals due to lack of work.

The 2009 bargaining round

In 2009, 30 of the labour market's approximately 650 collective agreements were the subject of negotiation.

They included both agreements that expired on 31 December 2008 and agreements that expired in 2009. In addition, the 2007 agreements between the Swedish Construction Federation and the Swedish Building Workers' Union, covering building and construction workers respectively, had to be re-negotiated after the union terminated the third contractual year. The Swedish Federation of Consulting Engineers and Architects chose not to exercise its option to extend the contractual period to 31 March 2010, which meant the agreement expired on 31 March 2009.

Other negotiating sectors were banking and insurance, whose agreements expired on 31 December 2008, and parts of the service sector, where the agreements negotiated by employer organisations Almega and KFO expired in 2009.

In all, the 2009 bargaining round affected 175 000 employees, of which 70 000 belonged to the Building Workers' Union.

Agreements in time

Reaching new agreements before the old ones expire is in the public interest. It makes wage formation more efficient and also means that labour market conflicts can be avoided. As part of its mandate, the National Mediation Office seeks to ensure that the partners draw up timetables for their bargaining so that new agreements can be reached before the old ones expire.

Since the 2009 bargaining round covered few agreements and relatively few employees, there is little point in statistically estimating 'agreements in time'. However, over half of the agreements were concluded more than three weeks after the old ones expired.

Length of contract

Most agreements run for 12–24 months and expire in 2010. Only one agreement – that between the Almega employer and sector associations and the Transport Workers Union, on behalf of direct mail delivery staff – has a longer contractual period of 36 months.

Outcome of agreements

Since the 2009 agreements cover very few individuals and the largest among them have very open pay provisions, there is little point in undertaking statistical estimates exclusively for agreements reached in that year.

Of the agreements reached in 2007, 99 per cent ran for between 31 and 42 months. These agreements, therefore, applied in 2009. The negotiated pay increase in 2009 for manual workers in the private sector was 3.2 per cent plus a 0.2 per cent pension increase. For non-manual workers in this sector, the negotiated pay increase was 2.9 per cent and the reduction in working hours less than 0.1 per cent in 2009.

Agreements for overcoming the economic crisis

The decline in the Swedish industrial sector brought on by the deep financial crisis of autumn 2008 was both more rapid and more profound than at any other time in the post-war period. Around the turn of that year, industrial production was 20 per cent down on the corresponding period a year earlier. Production in the automotive industry, for instance, was more than halved. Meanwhile, workforce cutbacks reached heights unparalleled since the early 1990s. In light of this, the social partners began discussing how company costs could be adapted to the drastic fall in demand without the need for mass layoffs.

On 2 March 2009, employers in the Association of Swedish Engineering Industries and the IF Metall (metalworkers) union reached an agreement designed to tide their sector over the economic crisis. It enabled them to agree on job release periods and/or study leave of more than 20 per cent, but employers were not allowed to reduce wages and other remunerations paid by more than 20 per cent.

The Swedish Industrial and Chemical Employers Association, the Employers' Association of the Steel and Metal Industry, the Employers' Association of Swedish Mine Owners, the Employers' Federation of Welding Engineering, and IF Metall signed a temporary redundancy pay agreement on 2 March 2009 that enabled the local partners to conclude agreements on redundancies and redundancy payments. The temporary redundancy pay agreement is similar in wording to the agreement between IF Metall and the employers in the Association of Swedish Engineering Industries.

In the white-collar sector, the Association of Swedish Engineering Industries joined the Swedish Industrial and Chemical Employers Association and the Employers' Association of the Steel and Metal Industry in bringing the new union organisation Unionen before the Labour Court, as a result of which the parties decided that the practice of reducing working hours and reducing pay was permitted under their national agreement.

Some 400 companies affiliated to the Association of Swedish Engineering Industries have signed crisis agreements. Most of them cover both manual and non-manual workers. On average, local crisis agreements in engineering companies incorporate an 18 per cent reduction in working hours and a 13 per cent reduction in costs. The average duration of these crisis agreements is just over six months.

The 2010 bargaining round

During the autumn of 2009, the National Mediation Office was frequently in contact with the social partners. These discussions with the majority of parties in the labour market concerned both trends in the economy, based among other things on a report from the National Institute of Economic Research on wage formation, and the importance of the competitive sector's normative role in this respect. The parties have also presented the National Mediation Office with their views and their timetables ahead of the new bargaining round.

In the autumn of 2009, the Office organised conferences and seminars for the benefit of the social partners, mediators and journalists in preparation for the 2010 talks.

Agreement models

The table below shows the various agreement models to be found in each sector, divided into seven main groups. There are certain minor differences within each group, but these do not affect the outcome.

Distribution of agreements in the Swedish labour market as a whole

Agreement model	Percentage of total employees in the labour market			All sectors
	Private	Central government	Municipal sector	
1. Local wage formation without nationally determined margin (figureless agreements)	4	3	2	9
2. Local wage formation with a fall-back regulating the size of the margin	5		15	20
3. Local wage formation with a fall-back regulating the size of the margin, plus some form of individual guarantee	6	4	16	26
4. Local wage frame without an individual guarantee	6			6
5. Local wage frame with an individual guarantee or alternatively a fall-back regulating the individual guarantee	21			21
6. General pay increase and local wage frame	11			11
7. General increase	7			7

Gender equality

Ever since its first report, published in 2001, the National Mediation Office has described what conclusions may be drawn from the official statistics on salaries and wages as regards pay gaps between women and men. The figures in the present report are based on wage structure statistics up to and including 2008.

A comparison of women's and men's average pay throughout the labour market shows that women earned 84.2 per cent of men's pay in 2008. Thus the pay gap was 15.8 per cent. The gender pay gap for the labour market as a whole has remained fairly constant during the period 1992–2008.

If, using a standard weighting procedure, differences in occupation, sector, age, education and working hours are taken into account, the pay gap is 6.6 per cent. If the preferred method of calculation is regression analysis instead, taking the same factors into account, the pay gap is 5.6 per cent. Choice of method and choice of relevant factors both affect the size of the pay gap.

The fact that men and women work in different occupations is an important explanation for this imbalance. The higher the proportion of women in an occupation, the lower their average pay. Male-dominated occupations are both low-paid and high-paid, while female-dominated occupations are almost always low-paid.

Mediation and industrial action

The 2009 bargaining round was very limited in scope. Special mediators were appointed in the case of six contractual negotiations between national partners. In four of the six, notice of industrial action was served, and in one case such action was taken. This involved a blockade of both overtime work and certain types of business travel. No work stoppages occurred during the year in disputes between national partners.

Under the Co-Determination Act, the National Mediation Office is entitled to order mandatory mediation if there is a risk of industrial action or if industrial action has already begun. There is one exception to this rule: if the partners have reached a special agreement on bargaining procedure and this has been registered with the National Mediation Office, the Office cannot order mandatory mediation. In 2001, the Office had registered 16 such agreements, and at most 19 bargaining agreements have been registered at any one time. In recent years, changes have occurred. A number of agreements have been terminated, and in the case of multi-party agreements one or more of the parties has withdrawn. At the end of 2009, there were 15 registered bargaining agreements.

In dealing with local disputes, the National Mediation Office has five permanent mediators at its disposal, each with a geographical area of operation. A permanent mediator is appointed for one year at a time. Mediators primarily deal with disputes between a trade union and an individual employer over the signing of a collective 'application' agreement. There was a dramatic decline in such disputes in 2008. While they increased slightly in 2009, their number (18) was historically low and well below the average for the new century. Although serving notice of industrial action is common practice in local disputes over the signing of collective agreements, only a handful actually led to action, since such disputes are usually resolved in the interim. Employers become bound by collective agreements either by signing an application agreement or by joining an employer organisation. In 2009, an estimated 8 000 new employers became bound by collective agreements. This situation has been largely the same throughout the 2000s. Only a fraction of the total number of application agreements reached every year in the Swedish labour market are preceded by notice of industrial action or mediation.

An international measure used to gauge the scale of labour market conflict in a country is the number of working days lost as a result. In 2008, Sweden lost nearly 107 000 days, almost all of which were due to work stoppages in connection with national bargaining. Lost days in 2009 totalled 1 560. A third of these were due to two illegal (wildcat) strikes, while the rest were the result of a lengthy contractual dispute in the Port of Göteborg.

The bulk of local cases registered were attributable to the syndicalist Central Organisation of Sweden's Workers (SAC). In 2009, the SAC was responsible for over 65 per cent of all notices of industrial action served in Sweden. None of these disputes concerned the signing of collective agreements on pay and general terms of employment. Many of them concerned collection blockades, but industrial action and the threat of it were also used to apply pressure in other disputes. As a rule, cases involving the SAC do not give rise to mediation.

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Summary of the annual report – Wage Bargaining and Wage Formation in 2010

Economy and employment

The Swedish economy recovered strongly in 2010, and GDP is estimated to have increased by approximately 5.5 per cent – more than in any other EU country. A number of factors contributed to this development. Exports increased dramatically in pace with the global economic upturn, while domestic demand showed solid growth, encouraged by low interest rates. Employment recovered more quickly than anticipated, even in those industries most severely affected by the finance crisis. At first, this primarily concerned fixed-term or temporary jobs, but as the year progressed there was also an upturn in permanent employment. The improvement in the labour market situation led to a significant drop in unemployment noted by most unemployment insurance funds. However, jobless levels are still substantially higher than prior to the finance crisis. The CPI inflation rate averaged just over 1 per cent in 2010 but rose to just over 2 per cent at the end of the year, due principally to the Riksbank's hikes in the interest rate.

The decline in membership of the blue-collar Swedish Trade Union Confederation (LO) continued in both 2009 and 2010, while the white-collar Confederation of Professional Employees (TCO) and the Confederation of Professional Associations (Saco) both boosted their numbers. Collective agreements covered approximately 90 per cent of the labour market in 2009, which was 3–4 percentage points down on the 2005 figure. The unionisation rate changed little between 2008 and 2010, remaining around 71 per cent. Since the mid-1990s, however, unionisation has shown a significant decline. On the employer side, meanwhile, the rate of organisation has been remarkably stable.

Competitiveness

Labour costs in Sweden increased more than in the outside world in 2008 and 2009, while the rate of productivity was weaker than in competitor countries. Together, this meant that unit labour costs tended to increase faster in Sweden than elsewhere. The substantial weakening of the Swedish krona in 2009, however, meant that the competitive situation improved slightly during that year. In part, the reverse was true in 2010. While productivity increased faster in Sweden than among competitor countries, the krona recovered well, which meant that competitiveness once again weakened in 2010. Viewed over a longer period, however, the Swedish economy still looks competitive.

Although labour costs rose slightly more in Sweden than in the EU and the euro zone, the gap in this respect has steadily narrowed over time. In the wake of the finance crisis, however, it widened once again when labour costs fell dramatically in other countries while Swedish pay levels were slower to adapt, due to the fact that the relatively costly agreements from the 2007 round of bargaining still applied in 2009 and part of 2010.

It should also be noted that proper interpretation of international pay statistics in both 2009 and 2010 was made difficult by the extensive introduction of shorter working hours around Europe in response to the economic crisis. Statistically, different countries often dealt in different ways with the issue of shorter working hours introduced without a corresponding reduction in wages paid.

Applying the harmonised EU measuring instrument, which does not include interest costs, inflation in Sweden in 2009 was considerably higher than in the EU and the euro zone for the first time in many years. One of the reasons was the substantially weaker krona, which made imports more expensive, in combination with the decline in productivity of recent years. As the krona grew stronger and productivity recovered, inflation receded and in 2010 the Swedish rate was once again lower than the EU rate.

Following its setback during the finance crisis, the krona steadily recovered in the latter part of 2009 and in 2010. As a result, in 2010 it recovered nearly all the ground it had lost in 2009, i.e. almost 10 per cent. Should the krona remain at the levels at which it stood around the turn of the year 2010/2011 for the rest of 2011, this would mean a further rise of approximately 5 per cent on 2010. In such a case, a stronger krona would put a strain on Sweden's competitiveness in 2011 as well.

Pay statistics

According to the short-term (monthly) pay statistics, the *wage growth rate* continued to slow in 2010, when new and less costly agreements began to apply across most of the Swedish labour market. The rate of increase noted hitherto for 2010 (January–October) is the lowest on record at 2.4 per cent, both for the business sector and for the economy as a whole. The addition of retroactive pay will primarily boost outcomes at municipal level. In the business sector, approximately 70 per cent of employees have been receiving their wages under the new agreements, and preliminary outcomes there are expected to increase to a lesser extent.

Over the past year, the rate of wage growth according to the short-term statistics has differed considerably from that based on the *National Accounts*. The latter rate was much lower than the former in 2010. The difference was primarily attributable to changes in working hours due principally to the economic crisis. This applies for instance to how annual holiday leave is taken and how working hours are organised; these are treated differently in the two measurements. The discrepancy is particularly noticeable in the industrial sector, where the effects of the crisis agreements have impacted differently on the two statistical sources.

Real wages are estimated to have risen by just over 1 per cent in 2010, which was considerably less than in 2009. This was attributable to lower nominal pay rises and higher inflation. Over a longer period, 1996–2010, real wages have averaged an increase of about 2.5 per cent/annum. With 1995 as the reference year, this means real wages have risen by approximately 45 per cent.

The rate of increase *between different sectors* has been specially analysed, using various types of measurement. The analysis shows that intersectoral wage growth differentials are reduced if the statistics are corrected for structural effects, such as changes in the composition of the labour force. This has been achieved both by adjusting for age, education, occupation and working hours and by calculating changes in pay for identical individuals. These two are the most appropriate instruments for measuring intersectoral wage growth directly attributable to pay bargaining.

Labour market legislation etc

In 2010, legislative amendments entered into force in two areas in Sweden. One concerned changes resulting from the European Court of Justice's ruling in the Laval case while the other concerned changes in the Annual Leave Act.

The Laval ruling by the European Court showed that Swedish legislation was partially in conflict with Community law over the right of Swedish union organisations to take industrial action against foreign companies posting workers to Sweden. To bring Swedish law into line with Community law, new non-strike rules were introduced by amending both the Posting of Workers Act and the Co-Determination Act. These amendments entered into force on 15 April 2010.

As part of the Government's drive to reduce administrative burdens on Swedish businesses, the Annual Leave Act was amended in a number of respects. These amendments entered into force on 1 April 2010.

Bargaining

In 2010, new wages and salaries were due to be negotiated on behalf of some 3.3 million employees when roughly 550 agreements expired. At the start of proceedings, the bargaining round was strongly influenced by the economic crisis. The precarious economic climate and the varying situations in different industries and contractual areas also meant that opinions differed as to length of contract and other matters. The employers called for zero agreements at national level, citing both the severe crises in the industrial sector and the low-level agreements reached in other countries as the reason. LO recommended a joint set of demands including pay rises of at least SEK 620 per month/fulltime employee, with a 2.6 per cent minimum calculated on average earnings in the sector concerned. Its demands also included special wage boosts for low-paid workers and regulation of the right to hire staff from temporary employment agencies in cases where dismissed employees had a preferential right of (re)employment.

Initially, bargaining in the *industrial sector* made little progress, due in part to an impasse on the agency staff issue. On 20 March, however, the first agreement was reached in this sector. The parties on the employer side were the Association of Swedish Engineering Industries and the Swedish Industrial and Chemical Employers Association, while the employees were represented by the largest union in the private sector, Unionen, and the Swedish

Association of Graduate Engineers. The agreement resulted in a 2.6 per cent pay rise over 18 months, i.e. approximately 1.75 per cent calculated over a 12-month period, and had a distinct ‘back-loaded’ profile. Scarcely a week later, the metalworkers’ union, IF Metall, concluded its first agreements, which yielded 3.2 per cent over 22 months; in terms of cost, this was in line with the initial white-collar agreements. Thus the norm had been set for the rest of the Swedish labour market.

A few weeks later, bargaining was completed in the *retail sector*, and this agreement came to exert a powerful influence on other low-pay areas dominated by women. Pay rises in the two-year agreement totalled 4.7 per cent, but a number of cost-reducing measures – such as a smaller increase in the minimum wage – meant that the actual cost was estimated at 3.85 per cent. Subsequently, there were similar trade-offs in many other areas where pay rises exceeded the norm set in the industrial sector. Agreements in the *public sector* largely adhered to the established norm but did not have the same back-loaded profile as many of the private sector agreements. Taken as a whole, the bargaining round brought a clear downshift in the pace of wage growth compared to the previous contractual period.

Solutions to the agency staff issue tended to vary. One approach was to strengthen the contractual right to re-employment and introduce supplementary rules concerning hired staff. Another was to strengthen the unions’ negotiating rights and use an arbitration board to decide whether a given procedure conflicts with the right to re-employment. In some areas, the parties found there was no need to introduce rules into their agreements, and in such cases none were included. In other areas, rules were introduced but it was stated in the agreements that the hiring of labour did not present a problem.

Agreement models

The 2010 bargaining round resulted in a shift towards a greater degree of local wage formation. This primarily involved a departure from individual guarantees in national agreements and greater emphasis on delegation to local parties, especially in matters concerning pay but also to some extent with regard to working hours. In the central government sector, agreements are totally without individual guarantees, while in the municipal and county council sector the only major agreement to include such guarantees (SEK 100 per annum) is that of the Swedish Municipal Workers’ Union.

Sectoral distribution of agreement models

Agreement model	Percentage of employees, by sector			
	Private	State	Municipal and county council	All sectors
1. Local wage formation without nationally determined margin	6	38	5	8
2. Local wage formation with a fall-back regulating the size of the margin	9	62	40	25
3. Local wage formation with a fall-back regulating the size of the margin, plus some form of individual guarantee	1			1
4. Local wage frame without an individual guarantee	12		54	7
5. Local wage frame with an individual guarantee or alternatively a fall-back regulating the individual guarantee	43			43
6. General pay increase and local wage frame	18			10
7. General pay increase	11		1	6

In the private sector, local parties are allowed to decide the whole of the wage margin and/or its distribution in the case of 89 per cent of all employees (agreement models 1–6 above). The proportion is higher in the white-collar sector than in the blue-collar sector. A large number of these agreements incorporate some form of individual guarantee, which limits the local parties' freedom to distribute the wage margin. In some areas, the individual guarantee takes the form of a retroactive settlement, which means the local parties in these areas are free to distribute the margin as they see fit in pay reviews. In the case of the remaining 11 per cent of private sector employees, the local parties have no say in how the margin is distributed – the whole pay increase is laid down in the national agreement.

In the public sector, the local parties are allowed to decide the wage margin and its distribution in almost all cases.

Agreement in time

One of the stated aims of the Industrial Agreement and other agreements concerning bargaining procedure is that contracts are to be negotiated before the previous one expires. In 2010, fewer agreements were completed in time than in previous bargaining rounds. This was due both to the fact that negotiations in the industrial sector took longer than expected and to the delay in establishing a norm for other parties to follow. A contributory factor was the tendency of the agency staff issue to block negotiations. This primarily concerned the negotiations with the LO unions, who demanded rules on the hiring of temporary staff during periods when dismissed employees have preferential right of re-employment. Also, an unusually large number of agreements expired simultaneously, i.e. on 31 March.

Length of contract

This time round, length of contract varied considerably. The most common period is two years, but the agreements in the industrial sector are shorter – 18 or 22 months – while the agreement in the construction sector will run for 35 months. In the latter case, however, wages for the third contractual year will be discussed further in national negotiations. At municipal and county council level, most agreements run for 25 months. This is true, for instance, of the wage agreement reached for the Swedish Organisation for Managers and of the provisional agreement between the Swedish Agency for Government Employers and the Confederation of Professional Associations (Saco-S).

The first white-collar agreements in the industrial sector expire as early as September 2011, while most of the other industrial agreements expire at the end of January 2012. A number of major agreements, including the one governing the retail trade, will expire on 31 March 2012, and one month later the contracts due for expiry will include that between the Swedish Association of Local Authorities and Regions/Pacta and a number of unions led by the Municipal Workers' Union.

Gender equality

One of the National Mediation Office's tasks is to analyse wage growth from a gender equality perspective. The pay gap between women and men in 2009 was 14.8 per cent, i.e. women's pay was 85.2 per cent that of men's. If differences in occupation, sector, education and working hours are taken into account, the pay gap is approximately 5.5–6 per cent, depending on which statistical method is used. During the period 2005–2009, the pay gap between women and men narrowed in both the private and the public sector.

One of the results of the 2004 and 2007 bargaining rounds was that clauses were introduced into agreements stipulating that wage setting had to be objectively justifiable and free from discrimination. In summarising the 2010 round, we find that the agreements show little change in the sections dealing with equal pay. New working groups have been established, however, and partners have launched joint projects, the aim in both cases being to promote gender equality in working life. The same aim is shared by a programme group in the industrial sector and by a committee due to be appointed in the municipal sector.

Mediation etc

The 2010 round of bargaining in Sweden was the most comprehensive since the turn of the century. With one or two exceptions, national agreements throughout the public sector were re-negotiated, as were most of the agreements in the private sector. The National Mediation Office appointed special mediators in 27 sets of negotiations between national partners, which is slightly fewer than in the 2007 round. In 16 of these, notice of industrial action was served, and in seven cases such action was taken. In a further eight cases, notices were served in areas governed by agreements on bargaining procedure. One of these resulted in industrial action: a strike in the pulp and paper industry.

Of the eight cases in which notice of industrial action led to a conflict, half were in the transport sector. Four were in contractual areas distinguished either by good pay or by a high average wage.

In 2010, Sweden lost almost 29 000 working days due to work stoppages in connection with national bargaining. Of these, 26 450 were a result of the strike in the pulp and paper industry. Outside the Industrial Agreement, fewer than 2 500 days were lost, which is the lowest total recorded in any of the major bargaining rounds of recent years. No wildcat strikes occurred during the year. By international standards, Sweden loses very few working days as a result of industrial action.

The National Mediation Office is empowered to postpone an industrial action (for which notice has been served) for no more than 14 days. This option has been used very sparingly over the years. In the course of the latest bargaining round, the Office postponed a sympathy action for which notice had been served by the Swedish Pilots' Association.

Local mediation cases

The National Mediation Office has five permanent mediators at its disposal for dealing with local disputes, each with a geographical area of operation. Mediators primarily deal with disputes between a trade union and an individual employer over the signing of a collective 'application' agreement. There was a dramatic decline in such disputes in 2008.

While they increased slightly in 2009 and 2010, the number of *contractual disputes* (17 in 2010) was historically low and well below the average for the new century. Although serving notice of industrial action is common practice in local disputes over the signing of collective agreements, only a handful actually led to action, since such disputes are usually resolved in the interim. Only a fraction of the total number of application agreements reached every year in the Swedish labour market are preceded by notice of industrial action or mediation.

The bulk of local cases registered were attributable to the syndicalist Central Organisation of Sweden's Workers (SAC). In 2010, it was responsible for over 70 per cent of *all notices served* (45 out of a total of 62). None of these disputes concerned the signing of collective agreements on pay and general terms of employment. Many of them involved collection blockades, but industrial action and the threat of it were also used to apply pressure in other disputes. As a rule, cases involving the SAC do not give rise to mediation.

Summary

The National Mediation Office's annual report contains a great deal of information about pay and the employment situation in Sweden. Some points are of special interest.

- The 2011 bargaining round was completely free from strike action. (*Section 8.6*)
- The pay gap between women and men is narrowing. (*Section 7.3*)
- Part-time employment is an important reason why women have lower incomes than men. If part-time pay is not recalculated as full-time pay, part-time work explains 10.1 percentage points of the difference in incomes.
- Blue-collar unions are not the only ones losing members. Between 2009 and 2010, a total of 29 unions affiliated to the Swedish Trade Union Confederation (LO) and to the two major white-collar organisations, the Confederation of Professional Employees (TCO) and the Confederation of Professional Unions (SACO), reported drops in membership. This represents over half of the trade unions reviewed. (*Section 1.3*)
- Preliminary figures for 2011 show that the average level of unionisation among white-collar workers is five percentage points higher than the level for blue-collar workers, or 73 per cent compared with 68 per cent. (*Section 1.4*)
- The wage growth rate in the economy as a whole in 2011 up to October averaged 2.3 per cent. (*Section 1.4*)
- In 2011, Swedish labour costs in the industrial sector rose more slowly than those of other countries. This last occurred in 2006. (*Section 2.4*).
- After 15 years of increases totalling 45 per cent altogether, real wage growth came to a halt in 2011. (*Section 3.3*)

The economy

The bright outlook for the Swedish economy evident at the beginning of the year steadily darkened as the months passed.

In December, statistics from the Swedish Public Employment Service showed that redundancies had increased and fewer people had found new jobs in November 2011 compared with the same month the previous year. While long-term unemployment over the same period had declined somewhat, thanks to the healthy state of the economy in the early months, Statistics Sweden nevertheless showed that time in unemployment was on the rise.

Employment can be described in different way. In terms of the number of employed it is now at record levels. In terms of the proportion of employed in relation to the population, however, the labour market has yet to recover from the latest crisis.

The European labour market is visibly affected by the crisis, but there is a clear dividing line between north and south. The employment situation in countries such as Germany has shown a marked improvement, whereas unemployment has continued to rise in countries such as Spain.

Unionisation levels

Union membership in the Swedish workforce declined between 2009 and 2010, across a broad spectrum. More than half of all the unions lost members. TCO maintained its overall membership level primarily as a result of greater numbers joining Unionen (private-sector professionals), the National Union of Teachers and the Swedish Police Union. Most SACO unions, too, are bucking the general trend and increasing their membership.

The same picture emerges when studying unionisation rates, i.e. the proportion of organised members of the workforce. One example is the industrial sector, where the percentage of unionised blue-collar workers fell by three points between 2009 and 2011 while at the same time the rate of white-collar unionisation rose slightly. The employers' level of organisation is more stable, which means that just over 90 per cent of all employees in Sweden are covered by current collective agreements.

Competitiveness

Swedish labour costs increased at a slower pace than those of most other European countries in 2011. For the period 2001–2011 as a whole, costs in Sweden increased by an average of 3.1 per cent. This was slightly higher than the corresponding increase in the euro zone, 2.8 per cent, but lower than the EU growth rate of 3.4 per cent. Viewed over the long term, Swedish labour costs appear to be approaching the levels found in the rest of Europe, having been higher than these in the late 1990s and early 2000s.

The wage growth rate in Europe as a whole slowed from 2009 as a result of the crisis. The decline reached Sweden slightly later, due to the three-year pay agreements signed in 2007. From mid-2010, an upward trend is discernible in European labour costs. Both the OECD and the European Commission forecast wage growth of around 0.2 per cent in 2011 and a corresponding drop in the rate in 2012. Swedish labour costs are expected to rise by a few tenths of a per cent more than in the rest of Europe.

Labour market legislation

No major legislative projects saw the light of day in 2011. Legislation deriving from Community law was prepared in the form of reports and memorandums. Proposals have been presented as to how the Agency Workers Directive is to be implemented in Sweden and in relation to certain issues concerning the posting of workers and the abuse of temporary employment (contract work).

One or two points have been altered in the Swedish Working Hours Act, the Work Environment Act and the Discrimination Act. Also, inquiries have been set up to look into trial employment for apprentices and disputes arising out of dismissals.

Pay statistics

The average monthly wage for all sectors in 2010 was SEK 28 400. White-collar workers in the private sector have the highest average pay levels, followed by state and county council employees, while the lowest-paid on average were blue-collar workers in the private sector. Wage spread was greatest among privately employed white-collar workers.

The wage growth rate can be calculated in different way depending on what is to be brought to the fore, but all calculations show that pay is rising fastest in the central government sector.

According to the short-term (monthly) wage statistics, the average growth rate up to and including October 2011 was 2.3 per cent.

Bargaining and agreements

In 2011, 90 agreements expired, but since the date of expiry for some agreements was 2010 or 2012, a total of 153 new agreements were reported to the National Mediation Office in the course of the year.

The negotiations that attracted most interest were those conducted within the framework of the Industrial Agreement. The talks had been preceded by a fair amount of turbulence. When the new Industrial Agreement was to be formulated, the Paper Workers Union chose not to participate, on the grounds that the accord was not compatible with LO's concerted demands. Later, the other industrial unions affiliated to LO, i.e. IF Metall (metalworkers), the Food Workers' Union and GS (forestry, woodworking and graphic employees), also chose to remain outside the joint LO initiative. The negotiations in the industrial sector led to 14-month agreements yielding a 3 per cent pay rise. This represents wage growth of 2.6 per cent/annum, which may thereby be regarded as the norm for the labour market as a whole. This norm has, however, been called into question by a number of unions.

The most common agreement model in the Swedish labour market is a local wage frame with some form of individual guarantee, although the proportion of employees covered by such agreements is declining. In the private sector, 85 per cent of employees are covered by agreements that are locally controlled to a greater or lesser extent. Of the 153 agreements reported during the year, two thirds contain provisions on the lowest-paid/minimum wage, or constitute tariff pay agreements. Bargaining will be considerably more extensive in 2012, when 500 new agreements are due for negotiation.

Gender equality

The pay gap between women and men is narrowing. This trend has been in evidence since 2005 and applies to all sectors regardless of how the situation is measured. The difference between men's and women's pay in 2010 was nevertheless 14.3 per cent. If, using a standard weighting procedure, differences in occupation, sector, age, education and working hours are taken into account, the gender pay gap is 5.9 per cent.

Solely in terms of pay, the widest gap is to be found in the county council sector. If standard weighting is used, however, the pay differentials are greatest among white-collar workers in the private sector.

Mediation

Although 153 agreements were reported during the year, they were concluded without a single strike. The National Mediation Office appointed mediators in ten cases. Notice of industrial action was given

in nine of these, and in four of the disputes action was in fact taken. All four of these cases involved blockades.

The permanent mediators who deal with business at local level had 46 cases between them, which is a new low for the 2000s. Disputes over the signing of collective ‘application agreements’ are declining in number and totalled just 12 in 2011. Only one brief strike took place, despite the fact that no less than 5 700 new application agreements were reached during the year.

However, the number of disputes of a different kind, involving actors other than the established unions, is increasing. In 2011, the syndicalist Central Organisation of Sweden’s Workers (SAC) served notice of industrial action on 33 occasions. About half of these disputes concerned the pursuit of wage claims. Notices served by SAC seldom give rise to mediatorial action but are registered as cases.

Summary

The year 2012 was an eventful one in the Swedish labour market. Some 500 collective agreements on pay and general terms of employment were signed and reported to the National Mediation Office. As early as December 2011, parties in the manufacturing industry had concluded their agreements and thereby established a 2.6 per cent annual rate of wage increase as a benchmark that came to influence all subsequent bargaining during 2012.

Despite the large number of negotiations, notice of industrial action was served in only 23 cases, and half of these disputes concerned principles, not pay levels. Of these 23 notices, four were served in areas subject to collaboration agreements where the National Mediation Office does not appoint mediators.

During a brief but intensive period in April, threats of industrial action were frequent, but viewed over the year as a whole the number of disputes was no greater than could be expected from such an extensive bargaining round.

In five cases, the disputes led to strikes, and a total of about 37 000 working days were lost as a result of industrial action. Of these, some 32 000 were due to strikes in the construction industry.

There were also fewer disputes for the permanent mediators to deal with. Almost 5 000 new local collective agreements, or ‘application agreements’, were signed in 2012, to which should be added those employers who joined an employer organisation. Nevertheless, the number of disputes over the signing of collective agreements was restricted to 16 and only in five cases was industrial action actually taken, one of which involved a strike.

Average monthly pay in 2011 was SEK 29 000. The highest paid were men in county council employment (on average SEK 39 300 per month) while the lowest paid were women employed in the private sector (SEK 22 700 per month).

Wage spread in Sweden has gradually increased since the mid-1990s and is most pronounced among non-manual workers in the private sector.

A look at the different sectors would seem to reveal only minor differences in the rate of wage increase. The average annual rate for identical individuals was between 3.3 per cent (for non-manual workers in the private sector) and 3.6 per cent (for employees in the state sector) during the period 2005–2011.

The pay gap between women and men is gradually narrowing. In 2011, average pay for women was 85.9 per cent of that of men – a difference of 14.1 per cent. If age, occupation, sector, working hours and education are taken into account, the unexplained differential is 5.9 per cent. The most important explanation for the gender pay gap is that women and men are to be found in different occupations and sectors. There is a discernible trend towards a more mixed labour market. This is most evident in occupations that are clearly dominated by one sex or the other. The proportion of women is declining in female-dominated occupations and increasing in male-dominated ones.

In 2012, there was considerable economic turmoil in the world, but for a long time the Swedish economy resisted being pulled in, due above all to a strong domestic market. Towards the end of the year, however, there were clear signs that the economy was flagging – not least the many notices of production cutbacks potentially heralding dismissals. As always in an economic slowdown, it takes time for the labour market to feel the impact, but at the end of the year all indicators pointed to a worsening employment situation.

Swedish competitiveness stands up well in international comparisons. The combination of a strong krona and a weaker economic cycle is putting a strain on the manufacturing industry. During previous economic downturns, this sector has normally been helped by a weak krona.

In 2012, labour costs in Swedish manufacturing rose by about 4 per cent, and in addition the krona grew just over 1 per cent stronger. Forecasts by the OECD and the EU indicate that Swedish labour costs will

increase more than in the eurozone or the EU average, but at a rate to comparable to Germany and Finland, or example.

Swedish trade patterns have changed in recent years. The US and UK have declined in importance, while Sweden's adjacent areas in the Nordic region have grown in importance, as has trade exchange with the BRIC countries¹. Exports to the debt-ridden countries of southern Europe have fallen sharply and now comprise less than 5 per cent of Swedish goods exports.

Germany remains Sweden's most important trade partner. The Swedish krona appears to have been partially decoupled from the business cycle and looks to be a safe financial haven. This has strengthened the currency.

Interest rate cuts introduced by the Riksbank contributed to a negative inflationary trend at the end of 2012. Inflation averaged just 1 per cent over the year. According to the short-term wage statistics, pay in the business sector rose by just over 3 per cent during the period January–October. This meant that the overall increase in real wages was around 2 per cent.

The figures for the number of gainfully employed union members shows that at the beginning of 2012, membership of TCO and SACO affiliates had increased overall while membership of LO affiliates had declined. In total, working union members in Sweden were about 1 700 fewer than a year earlier. The increase in the TCO sector was mainly due to a rise in membership of the largest union, Unionen, while the increase among SACO affiliates was more evenly distributed.

Membership figures on the employer side tend to be more stable, which means that the degree of coverage provided by collective agreements is high by international standards. Despite the lower level of unionisation in the working population as a whole, some 88 per cent of wage-earners are covered by collective agreements, according to estimates by Professor Anders Kjellberg. The level of unionisation is higher among non-manual than among manual workers, but even employees who are not union members are covered by collective agreements if such are in place. This explains why the degree of coverage provided by collective agreements is higher than the level of unionisation. This year for the first time, degree of coverage has been estimated for manual and non-manual workers in the private sector. The figures shows that coverage is 77 per cent for non-manual workers in the private sector and 91 per cent for manual workers. If the public sector is included, where coverage is 100 per cent, the degree of coverage for the labour market as a whole is 88 per cent.

An important part of the work of promoting efficient wage formation involves disseminating information and establishing forums where the social partners can meet. There was considerable interest in the seminars and conferences organised by the National Mediation Office in 2012; about 800 people took part in the various activities.

In 2013, more than 520 agreements will expire. These will be joined by some 30 additional agreements that expired in 2012 but which had still not been re-negotiated by the end of the year. In sum, this means that 2013, too, will be a year of extensive bargaining that will affect the bulk of Sweden's wage-earners.

¹ Brazil, India, Russia and China