

## Summary of the annual report 2018

**The 2018 labour market year in Sweden was comparatively uneventful, with few negotiated agreements, few employees affected by negotiations, and a record low number of working days lost through disputes. At the same time, wage formation worked well in terms of real wage growth, employment and competitiveness.**

Only 29 of the labour market's 668 nationwide collective agreements expired in 2018. None of them led to industrial action.

The largest agreement negotiated was the one covering some 200 000 teachers. Here, bargaining proved more difficult than expected and had to be concluded with the aid of mediation. But since the parties have a bargaining procedure agreement in place, they appointed their own mediators and the National Mediation Office's services were not required.

At local level, mediators were brought in to help settle eight disputes in which union organisations were demanding collective agreements with private employers. Only one of these cases resulted in industrial action: a one-day selective strike by Ryanair pilots. A total of 50 working days were lost as a result of this dispute, which, as noted, was the only one to trigger industrial action during the year.

The three-year agreements signed in 2017 also set the norm for the 2018 bargaining round. Most of the agreements signed in 2018 were for two years, which means they will expire in 2020 at the same time as most of the collective agreements in the labour market. Thus in 2020 agreements covering some 2.8 million employees will be up for negotiation. In bargaining terms, 2019 will be an 'off year', with even fewer agreements due to expire than in 2018 (28 agreements covering 160 000 employees).

Both 2017 and 2018 were boom years in the Swedish economy. Despite high labour demand, wage increases did not gather pace to the extent one might expect given their previous interconnection. Our analysis of the short-term wage statistics shows that wage growth was 2.6 per cent during the first 11 months of 2018. Since consumer prices rose by about 2.1 per cent over the same period, real wage growth was 0.5 per cent.

Profit shares and profitability assessments have risen from low levels in 2013–2014 to levels corresponding either to the average or above average over time. The employment rate in the economy has also risen and was high in 2018, even when compared with previous economic upturns. Unemployment declined and approached 6 per cent in 2018. Towards the end of the year, however, there were signs that the business climate was cooling.

The report compares Swedish economic trends to the trends in a selection of countries with which Sweden engages in extensive trade exchange. Our analyses show that wages and labour costs in 2017 and 2018 increased at approximately the same rate in Sweden as the average for these countries. This marks a departure from earlier years, when both wages and labour costs in Sweden increased at a faster rate. That in turn was offset primarily by higher growth in productivity. In recent years, productivity in Sweden has grown more slowly, thereby reducing the scope for wage increases throughout the economy.

Since 2013, labour costs per unit produced both in Swedish manufacturing and in the Swedish economy as a whole have risen faster than elsewhere, purely in terms of national currencies. But since the krona has weakened during this period, cost competitiveness has actually been strengthened. Sweden has also displayed relatively strong growth in terms of export market shares. Swedish gross national income (GNI), meanwhile, has increased in relation to comparable countries, and the labour market has on the whole shown a healthy trend.

Our overall assessment, based on the economic analyses we provide in the report, is that wage formation in 2013–2018 has worked well in terms of real wages, employment and competitiveness.

In the current report we also provide some additional international perspectives. Sweden differs from most other countries both in its high share of employees covered by collective agreements and in its low number of labour market disputes resulting in industrial action. As a group, the countries of Europe enjoy a more peaceful labour market than the rest of the world, but Sweden is particularly conspicuous here, not only in comparison with the rest of Europe but also when compared to the other Nordic countries. This is true not only of the past two years, when no industrial action broke out at national level, but also over a longer period.

The degree of coverage provided by collective agreements is higher in Sweden than elsewhere. Coverage changes very slowly over time, but there is now a slight downwards tendency. Almost 90 per cent of employees in Sweden are covered by collective agreements. Among employers the degree of coverage is fairly stable, while among employees it is falling, more so among manual than among non-manual workers. Membership is declining in affiliates of the Swedish Trade Union Confederation (LO), while it is on the rise among unions organising non-manual workers and academics.

The pay gap between women and men is narrowing year by year in Sweden, and there also appears to be a general trend towards reduced wage differentials in Europe. In Sweden, wage structure statistics show that women earn 11.3 per cent less than men on average. If factors such as age, occupation, sector, working hours and education are taken into account, the unexplained difference is 4.3 per cent. The average wage in the economy as a whole was SEK 33 700 in 2017, which is the latest year for which statistics are available. Wage growth was greater for women than for men in 2017, both moneywise and percentagewise, but the gender pay gap is still SEK 4 000 on average. Women were paid SEK 2 000 below the average and men SEK 2 000 above.

## The 2018 labourmarket in figures

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| Number of collective agreements registered with the National Mediation Office  | 668           |
| Signed collective agreements on pay and general terms of employment 2017<br><i>Number of employees affected by the agreements</i>                    | 30<br>250 000 |
| Number of notices of industrial action in central bargaining   | 0             |
| Working days lost due to industrial action in central bargaining<br><i>Lost working days, total</i>  | 0<br>50       |
| Wage growth Jan-Nov 2017 according to the NMO model forecast*  | 2,6           |
| Real wage growth according to the CPIF (average annual rate Jan-Nov)*<br><i>Real wage growth according to the CPI (average annual rate Jan-Nov)*</i> | 0,6<br>0,5    |
| Unionisation rate (16-64 age group, all sectors, 2017)   | 67 per cent   |
| Collective agreement coverage (16-64 age group, all sectors, 2017)   | 89 per cent   |
| Average wage in the economy as a whole (2017)  | SEK 33 700    |

\* Calculated on the basis of the National Mediation Office model forecast