

# Summary of the National Mediation Office's annual report for 2019

**The 2019 bargaining round was limited in scope since only 30-odd agreements expired during the year. In two sets of negotiations the National Mediation Office appointed mediators after the parties gave notice of industrial action. In both cases action was taken.**

**After both unions and employers** took extensive action, Ports of Sweden and the Swedish Port Workers Union arrived at a collective agreement for the first time, duplicating the agreement between Ports of Sweden and the Swedish Transport Workers Union. In the dispute between SAS and the Swedish Airline Pilots Association, mediation was initially undertaken in all the Scandinavian countries, but the mediation process for pilots from all three countries was eventually sited in Norway. This dispute, too, led to industrial action before the parties eventually settled on a new collective agreement.

Both port workers and pilots perform work of a type that means labour market disputes involving these sectors have high visibility and significant consequences for third parties. This in turn means considerable media interest, despite the fact that the number of employees involved is limited. A total of 7 527 working days were lost as a result of these two disputes.

In addition, a dispute occurred in the healthcare sector involving the Swedish Association of Local Authorities and Regions and Sobona on the one hand and the Swedish Association of Health Professionals on the other. Here, however, the parties brought in their own mediators and no notices of industrial action were issued.

Nor was any industrial action taken in connection with local bargaining relating to demands for collective agreements. There were, however, a number of political strikes during the year, initiated by the syndicalist Central Organisation of Sweden's Workers (SAC). These strikes led to the loss of 50 working days.

Altogether, therefore, Sweden lost 7 577 working days as a result of strikes and lockouts in 2019.

On 1 August, legislative changes entered into force limiting the scope for industrial action. They apply partly to industrial action directed at employers who already have collective agreements and partly to industrial action designed to bring pressure to bear on parties in legal disputes.

By international standards, the Swedish labour market is noticeably peaceful. Compared with our Nordic neighbours, Sweden loses very few working days as a result of industrial conflict, despite the fact that the number of employees is considerably larger.

Of the 30-odd agreements that expired in 2019, negotiations had been completed in 21 cases by the end of the year. These renegotiated agreements covered some 130 000 employees. The agreements

signed during the year were influenced by the norms set by the three-year agreement signed in 2017. The 2020 bargaining round will be far more extensive than the 2019 one. Some 500 agreements covering almost 3 million employees are due to be renegotiated in 2020.

Global growth and world trade weakened in 2019, and the Swedish economic boom of 2018 gave way to a more balanced business cycle. Inflation slowed down while unemployment increased slightly. Over time, however, the employment trend has been favourable.

Our analysis of the short-term wage statistics shows that wage growth was 2.5 per cent in the first 11 months of 2019, which, given an inflation rate of approx. 1.7 per cent, corresponds to real wage growth of approx. 0.8 per cent for the year.

In this report, we apply different perspectives on efficient wage formation. Our overall assessment, based on our economic analyses, is that wage formation is proceeding smoothly as regards growth in real wages, employment and competitiveness.

There are no signs of any broad decline in profitability in the business sector. Cost competitiveness has improved in relation to other countries, and Sweden's export market share has benefited from a weak krona. Wage formation has resulted in labour costs that increased at approximately the same rate as overall productivity and price growth in the business sector.

In an analysis of income trends (GNI and GDP per capita), there is nothing to suggest that Sweden has fared less well than other countries. The overall impression of a competitive Swedish economy is strengthened by the trend in the labour market, where the employment rate in particular has increased fairly rapidly.

In this year's report we focus particular attention on the minimum wage. On taking up her post as the new President of the European Commission, Ursula von der Leyen announced the introduction of an action plan that included setting an EU-wide minimum wage. This brought a strong reaction from the social partners in the Nordic countries. We can show that in practice the Swedish model involving collectively agreed wages sets minimum levels for pay throughout the economy – even in the case of employers lacking collective agreements. We also show that only a small number of employees – mainly young people in the process of establishing a presence in the labour market – have such low wages that they would be affected by any EU regulation in this respect. Less than one per cent of employees in Sweden have a monthly wage lower than 60 per cent of the median wage in the labour market as a whole, which is how the EU defines low pay.

The degree of coverage provided by collective agreements is higher in Sweden than elsewhere and changes only very slowly. Almost 90 per cent of employees in Sweden are covered by collective agreements. This degree of coverage is maintained despite a long-term downward trend in the level of organisation among employees, particularly among manual workers in LO affiliates. This is because employers are required to apply the agreements to all employees, whether or not they are unionised. The level of organisation among employers remains high.

The latest wage structure statistics are for 2018 and were presented in June 2019. They show that the average wage in Sweden in 2018 was SEK 34 600 and that the gender pay differential is still decreasing. In 2018 the differential was 10.7 per cent. This gap is explained primarily by the fact that women and men work in different occupations with different pay levels.

One important explanation for the decrease in the pay differential is that women are working in male-dominated occupations to a greater extent, and vice versa. Also, more women are occupying executive positions. In the present report, we show that the reduced pay differential is due in equal part to the fact that women have a higher rate of wage growth and to the changing structure of the labour market. While the gender pay gap is narrowing, wage spread is increasing among women while it is relatively constant among men. The wage structure statistics for 2019 will be presented in June 2020 in the National Mediation Office's special report on pay differentials.

### The 2019 labour market year in figures

#### Collective agreements and their coverage

<b>Number of collective agreements registered with the National Mediation Office, 31 December 2019</b>	683
<b>Signed collective agreements on pay and general terms of employment 2019</b>	21
<i>Number of employees affected by the agreements</i>	130 000
<b>Current agreements valid in December</b>	149
<i>Number of employees affected by the agreements</i>	375 000
<b>Unionisation rate (16-64 age group, all sectors, 2018)</b>	68 per cent
<b>Collective agreement coverage (16-64 age group, all sectors, 2018)</b>	90 per cent

#### Conflicts

<b>Number of notices of industrial action in central bargaining</b>	2
<b>Working days lost due to industrial action in central bargaining</b>	7 527
<b>Working days lost due to industrial action in local bargaining</b>	0
<b>Working days lost due to political industrial action</b>	50
<b>Total working days lost during the year</b>	7 577

#### Labour costs, pay and wage growth

<b>Norm for labour cost increase, April 2017–March 2020</b>	6.5 per cent
<b>Wage growth Jan-Nov, according to the National Mediation Office's model forecast*</b>	2.5 per cent
<b>Real wage growth according to the CPIF (average annual rate Jan-Nov)</b>	0.8 per cent
<i>Real wage growth according to the CPI (average annual rate Jan-Nov)</i>	0.8 per cent
<b>Average wage in the economy as a whole (2018)</b>	34 600
<b>Pay differential between women and men (2018)</b>	10.7 per cent
<i>Unexplained pay differential after standard weighting (2018)</i>	4.4 per cent