

Summary of the National Mediation Office's annual report for 2020

The Covid-19 pandemic affected all areas of life in Sweden in 2020 – including the bargaining round and wage formation. In the midst of the pandemic, however, widespread bargaining took place and agreements were signed concerning matters such as security and transition, pension provisions and short-term employment. The Swedish economy stood up well in an international comparison and the Swedish model, with its strong and dependable social partners, proved robust.

Bargaining was extensive during the year. Some 500 central agreements expired and were due to be renegotiated. These covered about 3 million employees – a majority of those with jobs in Sweden.

Most of the agreements were due to expire at the end of March 2020, including those governing the industrial sector. But in the event, the entire bargaining round was put back because of the unstable economic situation in the country. The partners decided to prolong negotiations until after the summer.

When the industrial partners finally signed a pay agreement, it extended over 29 months and was worth 5.4 per cent. This agreement set the standard and was broadly reflected in the labour market.

Despite the volume of the negotiations, not a single working day was lost to labour market disputes during the year. The same was true at local level. This marked the first time the number of lost working days in the table due to industrial action (in Chapter 4 of the report) amounted to none.

However, this does not mean there were no disputes. In the national negotiations – what we tend to call the bargaining round – mediators were appointed in eight cases. In addition, mediation took place in two sets of negotiations in 2021 that could nevertheless be counted as part of the same round. One of these concerned the prolongation of an agreement.

At local level there were 11 disputes, of which 10 concerned agreements. Mediators were appointed in 8 local cases.

When the talks were put back, both unions and employers had to rapidly reorganise their negotiating setups. Contracts had to be negotiated so that companies bound by collective agreements could make use of the new short-term working allowance adopted by the Government as a temporary measure. The partners also conducted negotiations on job security and transition that led to a principal agreement between the Confederation of Swedish Enterprise and PTK, the union body representing salaried employees in the private sector. LO affiliates Kommunal (municipal workers) and IF Metall (metalworkers) later joined the agreement after LO pulled out of the negotiations. Work on developing legislation to match the agreement is underway in 2021.

Globally, the economic trend was more negative in 2020 than in any year since the Second

World War, with a 4 per cent drop in GDP. Various countries have begun to recover at different rates, but both production and demand are at lower levels than before the pandemic. In economic terms, Sweden has managed well in relation to many countries in our vicinity. This is partly due to the fact that the crisis had a relatively mild impact in countries of prime importance for Swedish exports, but partly also to a business structure in which tourism, for instance, does not carry the same weight as it does in countries in southern Europe and elsewhere.

Different parts of the Swedish business sector suffered very different fates in the crisis. In much of the service sector, for instance, income dried up almost completely. Some other industries achieved profitability despite the crisis, and in sectors such as retailing, information and communication the number of employees actually increased. The largest decline in employment was in the service sector.

The introduction of the system involving short-time work meant that the number of hours worked fell without employment falling to the same extent. Mainly, the decline in employment appears to have depended more on fewer appointments and the non-renewal of temporary employment than on any increase in the number of dismissals in permanent employment. Unemployment, which was already rising prior to the crisis, increased rapidly during the year, especially for young people and people born abroad. Long-term unemployment also increased, partly as a result of the difficulty of finding new jobs during the early part of the year.

The pandemic and the support measures introduced in various countries make it difficult to describe changes in Sweden's cost situation vis-à-vis the rest of the world with any degree of certainty.

Since the bargaining round was postponed and current agreements prolonged, more than six months passed without a new pay review. This left its mark on the short-term wage statistics, which show preliminary pay rises of 1.9 per cent during the year 2020.

The pandemic also affected the flow of members to union organisations. Membership increased by 2.3 per cent in affiliates to the LO, TCO and SACO confederations. The LO affiliates reversed the downturn of recent years and recorded 19 000 new members. The greatest increases were noted in the Handels (retailing) and Kommunal unions. The TCO affiliate Unionen recorded the greatest increase in membership – greater than Kommunal and Handels combined.

The degree of coverage provided by collective agreements is higher in Sweden than elsewhere and changes only very slowly. Almost 90 per cent of all employees in Sweden are covered by collective agreements, since employers signing such agreements have to apply them to all employees. The level of union organisation has stabilised at almost 70 per cent, but the gap between manual and non-manual workers is widening. In Sweden today, four in ten workers are without union membership.

The latest outcome in the wage structure statistics is for 2019 and shows that the average wage that year was SEK 35 300 per month. Wage spread in Sweden, which is low by international standards, has remained fairly constant in recent years.

The wage structure statistics are also used to study the pay gap between women and men. In 2019 the figure was 9.9 per cent. The gap has narrowed every year since 2007. The National Mediation Office's next report on the gender pay gap will be published in June 2021 and will be based on the wage structure statistics for 2020.

In terms of work income, which is influenced by the time worked, the pay gap between the sexes is narrowing more rapidly. This is because working time for women is on the increase

while it is declining for men. The pay gap between women and men narrowed by 5.9% between 2006 and 2019, while the difference in work income lessened by 8.7% during the same period.

The 2020 labour market year in figures

Collective agreements and their coverage

Number of collective agreements registered by the National Mediation Office	744
Signed collective agreements on pay and general terms of employment 2020 <i>Number of employees affected</i>	557 3 million
Current agreements valid in December 2020 <i>Number of employees covered by permanent contracts</i>	112 360 000
Unionisation rate (16-64 age group, all sectors, 2019)	68 per cent
Collective agreement coverage (16-64 age group, all sectors, 2018)	88 per cent

Conflicts

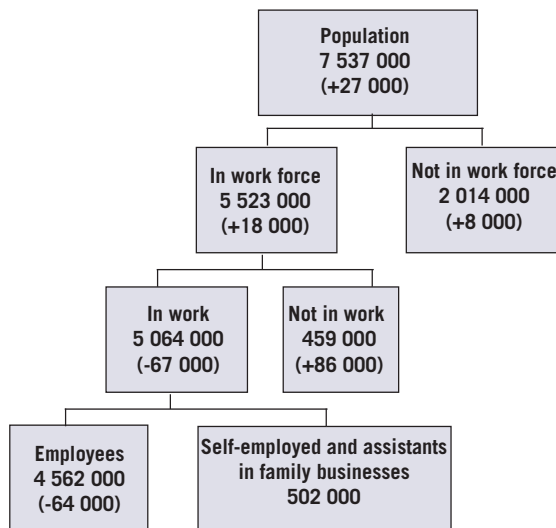
Number of notices of industrial action in central bargaining	10
Working days lost due to industrial action in central bargaining	0
Working days lost due to industrial action in local bargaining	0
Working days lost due to political industrial action	0
Total working days lost to industrial action in 2020	0

Labour costs, pay and wage growth

Norm for labour cost growth (29 months)	5.4 per cent
Wage growth, preliminary outcome	1,9 per cent
Wage growth according to the CPIF	1.4 per cent
Real wage growth according to the CPIF , preliminary	1.4 per cent
Average wage in the economy as a whole (2019)	SEK 35 300
Pay differential between women and men (2019)	9.9 per cent
<i>Unexplained pay differential after standard weighting</i>	4.2 per cent

Employment and unemployment 2020

Labour costs, pay and wage growth, 15-74 years



Employed as a percentage of the population <i>Change compared with 2019</i>	68,3 procent 0 procentenheter
Unemployed as a percentage of the labour force <i>Change compared with 2019</i>	6,8 procent 1.5 per cent

