



Industrial relations
**Sweden: Developments
in working life 2017**

*Developments in working life in Europe:
EurWORK annual review 2017*

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Eurofound reference number: WPEF18046

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Political context affecting working life aspects

In 2017, Swedish politics were still characterised by the refugee crisis. While the inflow of migrants to Sweden has decreased significantly since the peak year 2015 due to tighter migration regulation, the Government is now facing the task of integrating those who have been granted residence permits into Swedish society and the labour market. Several integration policy reforms are underway and integration is likely to become one of the key issues in the upcoming election (September, 2018).

Perhaps the only labour market-related news item which managed to temporarily over-shadow that of post-peak-migration reform was the #metoo campaign. Countless stories of sexual assault and harassment as well as calls for action to prevent sexual violence in the workplace popped up in one sector after the other. In early 2018, the debate is still ongoing.

Social partners reactions following changes in governments

There were no elections in 2017, but a general election will be held in September 2018.

Labour market reforms or major packages of working life regulations

2017 was a year of policy debate rather than reform. One of the few actual reforms was the repeal of 'Lex Laval' – the new regulations introduced in 2010 concerning of the posting of workers and the use of industrial action, and which since its introduction has been a thorn in the side of Swedish trade unions. Other reform plans have been announced, but await formal decisions in Parliament. For instance, the Government plans to raise the age of retirement, and as a response to the drawn-out collective dispute in the Port of Gothenburg, also plans a reform of the current strike regulations. In addition, the social partners are currently in discussions with the Government about a new form of employment aimed to facilitate the labour market integration of refugees. In addition, the Government has announced a new action plan to achieve gender equal lifetime incomes.

Developments in industrial relations 2017

Changes affecting the national-level actors and institutions of industrial relations and social dialogue in 2017

Representativeness

There were no changes to the ways in which representativeness of social partners is regulated or assessed.

Actors

As part of [the budget bill for 2018](#), the Government is reintroducing a tax break for union membership fees. The Minister for Finance, Magdalena Andersson, says the aim of the reform, which will come into force in July 2018, is to [increase union density](#), as it is an important part of the Swedish model and key to ensuring a high degree of collective bargaining coverage. While union density in Sweden is high by international standards, the rate of organisation among Swedish workers is currently at a record low. During the last decade, union density has decreased by eight percentage points (from 77 to 69 percent), and is particularly low among blue-collar workers. The decrease has been traced to the removal of the union fee tax break, and an increase in unemployment insurance fees in 2007 by the centre-right government. The political opposition has attacked the tax cut. A representative from the Swedish Centre Party stated that the money would have been better spent on tax reductions for small enterprises or measures to combat mental ill-health among young people, adding that the government should not be involved in deciding which organisations people should join. None of the major employers' organisations have made any statements regarding the tax break.

Institutions

In March, [the Government announced plans for a new research centre for working environment issues](#). Its purpose is to collect and disseminate research about the working environment and contribute to knowledge development in the field. Social partners have requested such an institution for a long time and the plans have also been met with positive reactions from researchers, partly because it will fill a gap left after the closure of the Swedish Working Life Institute in 2007. According to several researchers, the new centre will also make it easier to take part in international research projects.

Changes in the social dialogue processes

The most significant reform concerning the social dialogue process in 2017 was the repeal of Lex Laval, which is further explained in the section on Collective labour disputes in 2017 and in [an article on the EurWORK portal](#) (Danielsson and Gustafsson, 2017).

National social dialogue in 2017 – Scope and Contribution

Main social dialogue topics and outcomes in 2017

| Themes | Description of issue | Code(s)-interaction | Type of Interaction | Code(s)-Outcome | Outcome |
|---|--|---------------------|---|-----------------|---|
| General labour market topics | | | | | |
| Job creation, reduction of unemployment, active labour market policies, labour market participation of different groups | New form of employment to facilitate labour market integration of refugees and long-term unemployed. | 1, 7 | Initiated by the social partners and negotiations held with the Government after a bipartite agreement was reached. | 6, 7 | The new form of employment is still being discussed. The current proposal entails two-year employments with remuneration consisting partly of wage, partly of government benefits. Tripartite negotiations are ongoing. |
| Benefits (unemployment, sickness schemes, minimum income) | The Government wishes to increase fathers' uptake of parental leave by increasing the number of months of leave earmarked for fathers – the 'father quota' – from three to five. | 8 | The proposal was part of a government inquiry, to which major social partner organisations have reacted. The Swedish Trade Union Confederation (LO) supports the proposal while the Swedish Confederation of Enterprise (Svenskt Näringsliv) are opposed. | 8 | The proposal is unlikely to pass as it is only supported by a minority in Parliament. |
| Taxation and non-wage related labour costs | Tax reduction for trade union membership fees. | 8 | Swedish trade unions have lobbied for the reintroduction of the tax deduction since its removal in 2007 by the Centre-Right government. | 3 | The proposal is part of the Government budget bill for 2018 and is set to come into force in July. |

| Themes | Description of issue | Code(s)-interaction | Type of Interaction | Code(s)-Outcome | Outcome |
|---------------------------------------|--|---------------------|--|-----------------|---|
| Pension reforms | Announced plans to raise the pension age(s). | 3 | A social partner council advises the parliamentary pensions working group. | 3 | The proposal is likely to pass and the reform is set to come into force in 2020 (although the age limits will be gradually raised between 2020 and 2026). |
| Working life related themes | | | | | |
| Health, safety and well-being at work | New requirements on employers to strengthen their anti-discrimination work | 3 | Social partners were consulted through the standard referral procedures. | 2 | The new regulation entered into force on January 1, 2017 |

No major social dialogue debates were held on the following themes: Skills, training and employability; Wage setting systems, including the setting of minimum wages (but excluding the ‘regular’ annual debates about the determination of the level of the new minimum wage); Working time regulations; Terms and conditions of employment, including different forms of contracts; Work-life balance related themes, incl. family leaves

Note:

Codes for ‘*Type of interaction*’: **1** - Tripartite debate; **2** - Tripartite negotiation; **3** - Formal consultation of both social partners; **4** - Formal consultation of trade unions; **5** - Formal consultation of employers organisations; **6** - Bipartite debate; **7** - Bipartite formal negotiations; **8** - Lobbying from at least one side; **9** – Type of interaction unknown.

Codes for ‘*Outcome as per 1.1. 2018*’: **1** - Unilateral decision by government; **2** - Legislation passed; **3** - Legislation prepared (in legislative process, not concluded); **4** - Tripartite agreement or joint position reached; **5** - Bipartite agreement reached; **6** - Joint opinion of social partners reached; **7** - Issue not closed, ongoing exchange; **8** - Issue dropped, no concrete outcome, no further exchange; **9** – Outcome unknown, none of these types.

Selected major social dialogue debates

New form of employment to facilitate labour market integration

Swedish social partners have negotiated and agreed on [a new form of employment to facilitate labour market integration of refugees and long-term unemployed](#). The agreement is several years in the making, but all previous attempts at reaching consensus have been abandoned. The joint proposal is currently being discussed with the Government. The current proposal entails two-year employments with remuneration consisting partly of wage, partly of government benefits. Eligible groups would include newly arrived immigrants who have been granted residence permits, people under the age of 25 who have been unemployed for at least six months and people over 25 who have been unemployed for at least a year. Some trade unions not involved in the negotiating process are sceptical of the proposed employment form, fearing that it might crowd out regular jobs.

Government plans to raise the age of retirement

In late 2017, the Government [announced plans to raise the pension age\(s\). The average age of retirement in Sweden is currently around 64.5](#). Technically, Sweden does not have a statutory pension age, but rather a pension ‘age-span’ between 61 and 67. This means that 61 is the earliest age from which you can start receiving your income-based pension, and 67 is the age until which you have a right to remain employed. In December 2017, the government announced plans to raise the earliest retirement age from 61 to 64. The proposal is likely to pass as it is the product of a cross-party working group, which has argued that due to increased life expectancy, there is a need for the reform in order to secure future pensions. The reform also includes an extension of the right to remain employed from 67 to 69.

Swedish social partners are largely in favour of the proposal. Some challenges have been identified however. [The Municipal Workers’ Union](#) has expressed concerns that due to a tough working environment and insecure employment conditions (particularly in the health and child care sectors), many of their members are already struggling to stay in work throughout their fifties and early sixties and the average age of retirement is currently only 63. Thus, this group is likely to suffer disproportionately from the reform. On the employers’ side, the main concern is the employees’ extended right to remain employed. [The Confederation of Swedish Enterprise](#) warns that this will make employers even less likely to hire people over 60, as the risks connected to employing older workers thereby becomes too high.

Unilateral government actions – without social dialogue

There were no major issues in 2017 where the Government decided unilaterally, either in the absence of social dialogue or contrary to the positions of social partners. Social partners are almost always involved in legislative matters related to the labour market, either through special advisory councils or through the standard referral procedures.

Changes affecting the sectoral and company level social dialogue 2017

There were no major changes in the legislation, the institutions or the practice in 2017 which affected collective bargaining and social dialogue at sector-level and company-level.

Innovation in collective bargaining

In August 2017, [the first collective agreement specifically covering gym employees](#) was signed by the trade union Unionen and the employers’ organisation Almega. The new agreement includes regulations concerning minimum wages, an unsocial working hours supplement and a flexible retirement scheme.

Many gyms already had collective agreements with the trade union SRAT through their employers’ association Almega. But as SRAT only organises employees with university

degrees, such as physiotherapists, a majority of gym employees were not covered by the agreement. The new agreement means that a much larger share of gym workers now have the opportunity to organise locally in workplace ‘union clubs’.

Collective labour disputes in 2017

The most significant regulatory change concerning collective disputes in 2017 was [the repeal of Lex Laval](#). The ‘Lex Laval’ controversy began in 2004 when a Latvian construction company, Laval un Partneri Ltd, posted workers to Sweden and refused a request by the Swedish Building Workers’ Union (Byggnads) to sign a collective agreement for its workers. Byggnads and the Swedish Electricians’ Union (SEF) then blockaded the construction site.

Laval claimed this infringed its right to free movement of services. The Swedish Labour Court ruled that the blockade was legal, but referred the matter to the Court of Justice of the European Union (CJEU). In 2007 the CJEU ruled in favour of the posting company stating that the union had acted unlawfully and called for Swedish law to be amended.

The law regulating posted workers was amended in 2010 with the changes referred to as ‘Lex Laval’. The core amendment was a significant restriction of the unions’ ability to use industrial action against employers who had refused to allow their posted workers to be covered by Swedish collective agreements. With the Lex Laval regulation, unions were not permitted to use industrial action against foreign enterprises claiming to apply working conditions for posted workers that were ‘comparable’ to those agreed in Swedish collective agreements.

In April 2017, the Swedish parliament voted to repeal the Lex Laval regulation, with the new rules coming into effect on 1 June. Now, unions will be able to negotiate for, and agree on, collective agreements for posted workers. Ylva Johansson, Minister for Employment, said the [unions’ strengthened role is the most important change](#) in the repeal. Ms Johansson also said the repeal was [an important measure for the development of the Swedish model](#), which enshrines collective agreements negotiated between social partners as a key feature of Swedish social dialogue and industrial relations.

The Swedish Trade Union Confederation ([LO welcomed the repeal](#)), saying it will significantly facilitate the unions’ role and is more in line with the Swedish model. The Confederation of Swedish Enterprises (SN) on the other hand – in line with the political opposition – expressed [concerns that fewer foreign enterprises would choose to operate in Sweden](#), leading to reduced competition.

The long-standing [conflict at the Port of Gothenburg](#), the largest port in all of Scandinavia, was by far the most significant collective dispute in 2017. For more than a year, APM Terminals, the company that owns the Port of Gothenburg and around 70 other ports and terminals worldwide, and the Swedish Dockworkers’ Union (SDU) have failed to reach an agreement on a number of important issues. These include employment conditions, working environment and union representation. Mediators were appointed in the autumn of 2016 but have made little progress.

The issue is further complicated by the fact that APM Terminals already has a collective agreement with the Swedish Transport Workers’ Union but not with the SDU, and yet the SDU organises around 85% of the port’s workers. While the SDU demands its own collective agreement, APM Terminals will only agree to an extension (*hängavtal*) of the existing agreement with the Swedish Transport Workers’ Union. The SDU has organised several strikes in the past year and on 19 May 2017 stopped all overtime work and the recruitment of new port staff. In response, APM Terminals introduced an evening lockout of employees whereby no services would operate at night. Both the blockade and the lockout were lifted on 30 June.

According to APM Terminals, the long drawn-out conflict has resulted in severe revenue losses as many shipping companies have had to divert to other ports and terminals. In June, the company announced that because of these losses, around 160 of the port's 450 employees will have to be dismissed, a decision which has greatly upset the union. The Swedish government has also decided to set up an official inquiry into whether it would be possible and appropriate to limit the right to industrial action. While the final report of the inquiry is scheduled for May, Ylva Johansson, Minister of Employment, has already announced her willingness to make strike regulations stricter. In [an interview with Swedish Television \(SVT\)](#) she stated that "The Swedish model is not working in this case, and that is why I am prepared to go as far as legislation in a matter which, for us Social Democrats, naturally is very sensitive." Representatives from several large Swedish companies, among them ABB, H&M and IKEA, have jointly stated that their industries are suffering greatly from the conflict.

Another notable collective dispute in 2017 was when waste collectors employed by Reno Norden in Stockholm went on unofficial strike, protesting over new standards in the collective agreement that entailed an increase in working time (from 29 to 34 hours per week) and new salary arrangements which, according to the collectors, would mean a sharp drop in their wages. However, as the strike was unofficial it did not have the support of the Swedish Transportation Workers' Union. [The Labour Court declared the strike unlawful](#) as there was a collective agreement in place, and said that the workers' action constituted a breach of the peace. The Labour Court ordered the workers to return to work, but around 70 workers resigned in protest. The strike attracted a lot of attention, partly because unofficial strikes are relatively rare in the Swedish labour market.

Working time 2017

A prominent issue in the 2017 labour market policy debate was a number of cases of involuntary reductions in working time. What sparked the debate was when the Swedish Labour Court in late 2016 ruled in favour of an employer who, instead of entirely dismissing one or more employees, reduced the working hours of several full-time employees. This was alleged to have flouted the Employment Protection Act (1982:80), which states that the employee with the longest aggregate period of employment is entitled to remain employed the longest, provided that they had sufficient qualifications for any of the remaining positions. The Commercial Employees' Union, representing the affected workers, argued that the employer had, in effect, dismissed the workers only to then re-hire them under less favourable contractual terms. However, the Labour Court ruled in favour of the employer, who argued it was a matter of redeployment rather than dismissal.

The ruling has angered many unions, which argue that the employer's action was an outright circumvention of the law and that the ruling will now enable employers in all sectors to start 'slicing off' employees' working hours against their will. [LO is urging for legal revisions](#) to make this form of involuntary reduction in working time illegal. To raise awareness and to persuade policymakers, a campaign was launched by employee organisations on Facebook and Twitter in February based around the hashtag #slutahyvla (translated as 'stop slicing off').

[The Confederation of Swedish Enterprises is firmly opposed](#) to the legal restrictions proposed by the employee organisations, arguing that having to guarantee full-time positions to some employees would result in even more dismissals. The Minister of Employment at first stated that the issue would be better resolved by social partners than through legislation, only to later backtrack and come out [in favour of a legislative solution](#).

Partly in response to this development, the [Government commissioned a new inquiry](#) into 'working-time for a sustainable working life'. Aside from investigating the need for new regulations to prevent involuntary working time reductions, the inquiry will include a needs assessment regarding regulation of the so called 'working time banks', i.e. systems keeping

track of overtime hours. The Government has also asked the inquirer to look into the fact that many part-time workers are currently working more than their regular working hours, either through overtime or fixed-term employment, without the actual working time being reflected in the employment agreement.

Health and well-being at work 2017

Physical working environment

There were no significant developments regarding the regulation of physical risks at work.

Psychosocial working environment

There have been no significant developments regarding the regulation of psychosocial risks at work in 2017. The most recent changes were made in March of 2016 when the [new provisions about organisational and social work environment](#) entered into force.

While strictly speaking not a working environment legislative issue, it should still be mentioned that amendments to the Discrimination Act ([2008:567](#)) entered into force on 1 January 2017. The amendments entail a new overall framework with directions for the process regarding active measures to prevent discrimination, a documentation requirement concerning the process of active measures, a requirement of an annual salary report (instead of every third year) and an obligation for employers to have guidelines and routines for the prevention of harassment, sexual harassment and retaliatory measures.

When answering questions regarding the #metoo movement's implications for labour regulation, the Minister of Employment, Ylva Johansson, [answered that the current laws and regulations are sufficient](#), referring specifically to the amendments to the Discrimination Act. However, [in a recent survey](#), the Equality Ombudsman found that few employers are aware of their new obligations.

Employment status 2017

| Type of contracts | Changes made during 2017. |
|---------------------------------|---|
| 'Standard' employment contracts | There were no major changes in the regulation of standard employment contracts in 2017. |
| Self-employed | There were no major changes in the regulation of self-employment in 2017. |
| Fixed term contracts | There were no major changes in the regulation of fixed-term employment contracts in 2017. |
| Temporary agency workers | There were no major changes in the regulation of temporary agency work in 2017. |
| Posted workers | There were no major changes in the regulation of posted workers in 2017. There were, however, changes made regarding trade unions' abilities to take industrial action against posting companies. This has been further explained in the section of Collective labour disputes in 2017. |
| Seasonal workers | There were no major changes in the regulation of seasonal work in 2017. |
| Zero hour contracts | There were no major changes in the regulation of zero hour contracts in 2017. |

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WPEF18046

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