

THE SWEDISH UNIONS WITHIN INDUSTRY

and the Industrial Agreement



Facken inom industrin
The Swedish Unions within Industry

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Who are involved?

Today five unions are covered by the Industrial Agreement. Together the unions perform under the name Facken inom industrin (The Swedish Unions within Industry). The five unions are The Swedish union of Forestry, Wood and Graphical Workers' (GS), The Food Workers' Union (LIVS), The Industrial and Metal Workers' Union (IF Metall), The Swedish Association of Graduate Engineers (Sveriges Ingenjörer) and Unionen.

Why have industrial cooperation?

The cooperation between the Swedish Unions within Industry started in 1996 when the unions took the initiative to talks that led to the first Industrial Agreement. The aim of the initiative was to get a better arrangement for wage formation, to strengthen and develop Swedish manufacturing industry and to increase investment in education and skills.

Much of the cooperation are linked to the Industrial Agreement and is conducted together or against the industry employer organizations. The work can be divided into activities aimed at industrial development or activities related to collective agreement issues and collective bargaining. The unions agree that the cooperation goes beyond what is required by the Industrial Agreement and will continue even if the Industrial Agreement would be cancelled or disappear.

When negotiations on a new Industrial Agreement began in 2010, the unions agreed on a joint letter of intent as a base for cooperation.

The aim of the cooperation

- ✓ To strengthen the position of the unions and increase their strength against the employer organizations.
- ✓ To uphold the nationwide sectoral collective agreements and the principle that bargains on new national agreements must include rules that raise the wages.
- ✓ To strengthen the wage setting role of the sector subjected to international competition on the Swedish labour market.

COMMON GOALS

The Swedish Unions within Industry has agreed to work towards the following goals.

The position of collective agreements should be strengthened

The Swedish Unions within Industry will work to strengthen the Swedish system of collective agreements. Trade unions, employers and the government need to develop a distinct approach to the question of law or agreement. Employers need to be more likely to settle issues in collective agreements. The government should act to strengthen the system of collective bargaining.

National agreements should cover all employees

The Swedish Unions within Industry should work to make sure that the national agreements signed by the social partners regulates the terms of employment for all employees within the industry. All employees within the manufacturing industry should be covered by nationwide sectoral collective agreements. The national agreements can be supplemented by local agreements at workplace level.

Strengthen the local trade union

The Swedish Unions within Industry will work to strengthen the position of local trade unions. Local agreements on wages, working hours and other conditions of employment should be based on national agreements but can be adapted and improved according to local conditions. This requires a strong local trade union with a capacity to balance the power of the local employers.

Real wage increase and improved conditions for all employees

The Swedish Unions within Industry should work for real wage increase and improved employment conditions such as secure employment conditions, the right for employees to develop, increased investments in education and to make it easier for employers to develop their skills, a better working environment and a work life free from discrimination.

A strong, growing and competitive Swedish industry

The Swedish Unions within Industry should work for a strong, growing and competitive Swedish industry as a tool to improve the working conditions and development for employees within industry.

**COMMON
GROUND**

Wage formation is the social partners responsibility

Wage increases, the distribution and forms of negotiations should be determined by the social partners. Wages are the responsibility of the social partners'. The responsibility for wage formation and economic policy should be kept separate. Financial policy, including adjustment of the tax scales, are the responsibility of parliament and the government, and should not be mixed up with wage negotiations.

The internationally exposed sector should set the wage norm

Sweden is a small country with great international dependence. The welfare level depends largely on how Swedish-manufactured products are valued on the international competitive market. Companies in the internationally exposed sector have little chance of passing on the costs to others. This constitutes a restriction on wage increases that has implications for the entire Swedish labour market.

The international exposed sector should set the wage norm for the entire labour market. Mining and manufacturing industry form the core of the internationally exposed sector. Therefore, social partners within the industry should be the first to sign new agreements. This is a good rule for the industry, industrial employees and the entire socio-economic development.

The inflation target of The Riksbank (The Swedish Central Bank)

The Parliament has decided that the target for Swedish monetary policy is to maintain price stability. The Riksbank¹ has specified an operational target. The target means that the annual change in the consumer price index (KPI) should be 2 percent. The inflation target is an important starting point for the social partners. The social partners should, in the negotiation of new wage agreements, act as if The Riksbank reaches its inflation target. The partners should not, take into account the temporary fluctuations in the Swedish exchange rate or changes in interest rates.

¹ The Riksbank is Sweden's central bank

Cooperation between sovereign unions

The Swedish Unions within Industry agree to mutually observe certain rules when conducting wage negotiations with the employer organizations that are covered by the Industrial Agreement. The unions agree that the cooperation should in no way restrict the unions' sovereignty and their power to act alone.

All unions should benefit from the cooperation

Furthermore, to have a strong and long lasting partnership it is necessary that all members of the unions involved gain from the cooperation. This requires the unions to, in addition to taking their own members into consideration, consider the members of other unions regarding the result of the cooperation.

FIVE IMPORTANT TASKS

The Swedish Unions within Industry have five important main tasks:

- ✓ Coordinating the unions' actions against the employer organizations covered by the Industrial Agreement
- ✓ To strengthen and develop the cooperation between both the unions and employers in order to develop Swedish industry
- ✓ To prepare issues to be dealt with on the Industrial Committee's and the Industrial Council's meetings
- ✓ To promote a deeper and more solid cooperation between the unions at all levels (from local to international level)
- ✓ To seek cooperation regarding both policy and practical issues in order to improve efficiency and to thereby enable the better use of union resources

THE INDUSTRIAL AGREEMENT

From July 1st 2011 the social partners agreed on a new Industrial Agreement. It replaced the old agreement from 1997 which had been a cornerstone for wage formation in Sweden. The new Industrial Agreement strengthens and broadens the joint efforts of the social partners to develop the Swedish manufacturing sector. It also reinforces the international exposed sector wage-setting role by means of purpose and direction as well as some new rules for negotiations. The Industrial Agreement play an important role both for the competitiveness of the Swedish industry and for the collective bargaining and wage formation in Sweden. The Industrial Agreement consist of two parts, the Negotiation Agreement and the Cooperation Agreement.

The agreement was signed by the members of the Industrial Council (previously known as the Industry Committee). The Industrial Council consists of leading representatives from employers and trade unions who have signed the Industrial agreement. The task of the Industry Council is to monitor and promote the Industrial Agreement.

The aim of the Cooperation Agreement is to increase the development of the Swedish manufacturing sector. The social partners have also instituted the Industry Development Council in which issues relating to education, research, innovation, energy and gender are given priorities. The social partners will also work to increase ensure that knowledge and awareness regarding the importance of the international exposed sector for the development of Sweden increases.

The Industrial Agreement assumes that the social partners reach agreements on wages and terms for employment on the national level. Wage formation is the responsibility of the social partners. The social partners are working together to ensure a stable wage formation in Sweden. The partners should also take into account the wage formations impact on inflation, employment and competitiveness in order not to undermine growth and employment. In order not to undermine growth and employment the increase in labour costs, in the long run must be consistent with international developments especially in our main competitor countries.

IMPARTIAL CHAIRS

According to the Negotiating Agreement, the parties shall appoint Impartial Chairs to assist the social partners in the negotiation for new nation-wide collective agreements. The main task of the Impartial Chairs is to ensure that the parties reach an agreement in time before the present agreements expire. If the parties fail to reach an agreement by one month before the expiry of the current agreements, the Impartial Chairs shall intervene to assist the parties in their negotiations. The duties and the authorizations of the chairs are regulated by the Industrial Agreement, which also stipulates that they are to be a group of at least two, or maximum ten Chairs elected for one year at the time. The appointed Impartial Chairs are to be completely objective in their relation to the parties and each chair elected should therefore perform the duties independently, impartially and in accordance with its purpose.

The Economic Council for Industry

In order to develop the cooperation of the parties in industrial development and negotiation issues, the parties have organized the Industrial Economic Council (the "Economic Council"), consisting of four economists who are not employed by an employer or employee organization.

The Economic Council shall issue opinions and recommendations on economic issues at the request of the Industrial Council, the Industrial Development Council, the Industrial Negotiation Council or the Impartial Chairs. Assignments determined by the Industrial Development Council or the Industrial Negotiation Council are to be confirmed by the Industrial Council. Ahead of wage negotiations, the Economic Council for Industry issues one or more reports on the prevailing financial and economic conditions.

THE

**INDUSTRIAL
DEVELOPMENT**

COUNCIL

In order to develop the cooperation among the parties concerning issues on industry development the Industrial Development Council is organized by the partners. The council consists of an equal number of members from trade unions and employers'. It is the social partners' view that members should be appointed among leading representatives of the organizations.

The Industrial Development Council works with issues related to industry activity in terms of research, development, education, skills, etc. Even issues like energy and climate and gender equality are dealt with by the Development Council. The practical work is conducted in working groups. The Industrial Development Council is also responsible for the planning of the Industry Day which is conducted annually or every second year.

The Negotiating Agreement

The Industrial Agreement also includes an Industry Bargaining Agreement which regulates how negotiations on new national agreements are to proceed. The Negotiation Agreement specifies, for instance, a schedule for the negotiations, which demands that negotiations start by no later than three months before the current agreement expires. This schedule is designed with the purpose that the negotiations should be concluded before the expiry date of the agreements.

The Industry Bargaining Agreement regulates the process of the negotiations, but does not specify the content of the new agreement. The partners however clarifies the common perception that the cost norm, established by the agreements between the social partners signing the Industrial Agreement should be the norm even for the rest of the labour market.

**DO YOU WANT
MORE
INFORMATION?**

Do you want more information about The Swedish Unions within Industry, The Industrial Agreement and the Swedish industry and its employees visit, www.fackeninomindustrin.se.

You will also find reports on wages within the Swedish industry, international comparisons of wages in the manufacturing industry and reports from The Economic Council for Industry. The folder "The Industry and its Employees" contains information about the development of wages, industrial production and employment.





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