

Industriarbetsgivarna's EU Policy

A Europe focused on growth and competitiveness



Industriarbetsgivarna is an employers' organisation that was formed for the purpose of strengthening the international competitiveness of our member companies, which operate within Swedish basic industry. Basic industry is a key producer of raw materials in the EU and contributes to both the resilience and competitiveness of the entire Union. The member companies' operations are export-dependent, are based on primary products and are skills-intensive, and are therefore greatly impacted by the decisions taken within the EU.

The EU is Sweden's largest and most important market; around three quarters of Swedish exports go to other member states. The internal market and its four freedoms – the free movement of people, goods, services and capital – are crucial for Swedish industry. Industriarbetsgivarna emphasises that Swedish industry, all those employed in Swedish industry and, by extension, Swedish prosperity, benefit from the EU developing in a direction that focuses on growth, competitiveness and a well-functioning internal market. And conversely, if the EU does not invest in growth and greater competitiveness, safeguard and expand free trade, and provide the right conditions for industrial companies to contribute to the transition and the global climate targets, this will have a negative impact on both employment and prosperity in Sweden.

Industriarbetsgivarna's EU policy was developed in 2019 and revised in 2021. In recent years the EU has been lagging behind other economies. The Union has lost ground in both growth and competitiveness. China has already overtaken the EU in GDP development some years ago and the US is far ahead. The long-running weak productivity trend in Europe is further reinforcing the gap. In addition to its domestic weakness, the EU is operating in an environment characterised by increased turbulence: wars in our immediate vicinity, major geopolitical tensions, trade wars, the introduction of tariffs and other trade barriers. This creates uncertainty and disruption in global value chains, which in turn directly affects our export-dependent basic industry. Safeguarding the EU's long-term competitiveness therefore requires a policy that not only strengthens growth within the EU, but also makes it easier for companies to cope with a more fragmented and uncertain world.

Industry is the engine of the European economy, but the companies are weighed down by an increasing regulatory burden while at the same time the conditions for productivity growth have not been prioritised by EU decision-makers. Consequently, Industriarbetsgivarna is now updating its EU policy. Just as before, it is based on key positions on the EU's future direction: a focus on growth and competitiveness, an expansion of global free trade despite a turbulent environment, a well-functioning internal market and limited supranational powers in labour market matters – where wage formation and other fundamental labour market issues must remain within national competence.

In this edition two new sections have been added: one on the need for a radically reduced regulatory burden and a section on Europe's skills challenge. An earlier section on the euro has been removed in this revised version¹.

Stockholm, 5 september 2025

1 Revised in December 2021, when a section on the euro was removed. Industriarbetsgivarna noted that introduction of the euro in Sweden is not a current issue and that Sweden has no formal legal exemption to remain outside the eurozone, but has chosen not to introduce the euro since a referendum clearly rejected changing the currency. This has been accepted by other EU countries as an informal political exemption. Discussion concerning whether Sweden and basic industry would benefit from the euro being introduced is irrelevant at the current time.

How Industriarbetsgivarna works on EU matters

Industriarbetsgivarna exerts its influence on EU matters at various different levels and through multiple organisations. Our advocacy consists of direct contacts with EU politicians and civil servants, collaboration within industry, through the circles provided by Svenskt Näringsliv (the Confederation of Swedish Enterprise) and with industry organisations for different sectors of basic industry, as well as dialogue with our trade union counterparts on EU matters. We also influence the EU through our European industry organisations Cepi, Cei-Bois, Eurofer and Euromines. In addition, we participate in the social dialogue at EU level and are represented in the European Economic and Social Committee (EESC)². Industriarbetsgivarna is also a member of the European Employers' Institute (EEI), an EU-level research institute that conducts research from an employer perspective.

This policy forms the basis of our advocacy on EU matters.



Figure 1: Enhanced competitiveness is at the heart of the EU's future focus

The competitiveness check as an example

One example of our work in the EU is the issue of a competitiveness check. Since 2018 Industriarbetsgivarna, together with other actors and in various contexts, has contributed to the issue being raised and established at EU level. Through the EESC and in dialogue with the European Commission and various presidencies, the matter of a competitiveness check has been addressed in several opinions and taken further in the political process. In March 2023 a competitiveness check was introduced by the European Commission as part of its competitiveness agenda and is now included in the European Commission's priorities for 2024–2029.

² The European Economic and Social Committee (EESC), which is governed by Articles 300–304 TFEU, is an advisory body of the EU. It consists of representatives of employers, workers and civil society. The EESC issues opinions and acts as a link between the EU's institutions and various societal interests. Svenskt Näringsliv (the Confederation of Swedish Enterprise) has four mandates in the EESC Employers' Group and Industriarbetsgivarna is represented in the EESC by holding one of these mandates.

1. New focus on growth – time to put words into action

European industry is distinguished by high quality, innovation and a clear drive for sustainability.

It is closely interlinked with other sectors, including the service sector, and industry's successes are crucial for prosperity in both Sweden and Europe. For industry to continue contributing to good economic development we need well-functioning markets, free trade and the ability to compete on the world market. But the fact is that Europe is finding it increasingly difficult to assert itself in global competition. Competitive pressure from the US, China and India is intensifying. Employment within the EU has not recovered to the levels that existed before the financial crisis. GDP growth has been weak, as has growth in productivity. Around 85 percent of global growth is generated outside of the EU and the concern is that the EU will gradually be marginalised if the gap with the US and China is not narrowed.

The EU needs a new growth strategy

To turn around the trend, a new strategy is needed with a clear focus on measures that actually create increased growth and prosperity – something that was underlined in Mario Draghi's widely discussed crisis report.

Growth in the EU must be strengthened by, among other things, increased investment in innovation and a stronger emphasis on the work-first approach, especially in view of the demographic challenge Europe is facing, where population growth is slowing down and the workforce is decreasing. The average working time in Europe today is significantly lower than in both the US and China. In this situation, higher employment and more hours worked are becoming absolutely crucial to maintaining competitiveness and prosperity, in parallel with the implementation of structural reforms and innovations.

The European Commission has indeed signalled strong efforts to make the European economy more competitive, including presenting a competitiveness compass – a roadmap for boosting

growth through innovation, technological development, digital transformation and climate-smart solutions. These ambitions are welcome, as are initiatives to simplify the rules for companies and to increase resilience in an uncertain world. But plans and visions are not enough. It is time to put words into action.

Industriarbetsgivarna also points out that several proposals at EU level risk driving development in the opposite direction, with new regulations that entail higher costs and may also lead to fewer hours worked. This weakens Europe's long-term competitiveness.

Continue to increase and stand up for global free trade

Europe's growth depends on free trade, but that is now threatened by increasing protectionism and new trade barriers – especially from the US. Such barriers harm growth. Industriarbetsgivarna emphasises that a well-functioning internal market within the EU³ and access to global markets where free trade prevails are the basis of industry's global competitiveness and its ability to contribute to increased prosperity.

EU policymakers must continue to pursue an ambitious free trade agenda that establishes a level playing field and opens up new markets outside the EU. This makes it easier for companies to diversify their supply chains and create a broad customer base. Trade policy should aim to tear down trade barriers, create market access, allow companies to diversify and provide a level playing field for countries both within and outside of the EU.

An ambitious free trade policy, primarily within the framework of the World Trade Organization (WTO) and secondarily through the EU negotiating bilateral trade and investment agreements, is therefore fundamental for continuing to liberalise trade, strengthen the competitiveness of European companies and create increased growth and employment.

³ See section 2

2. Improve the internal market and safeguard the open economy

The internal market is a major cornerstone of the EU and guarantees the free movement of people, goods, services and capital.

Since the internal market came into place in 1993, trade within the EU has increased significantly.

The EU is Swedish industry's home market and its biggest trading partner. Basic industry is a sector that is completely dependent on exports – a full 90 percent of total production goes to other countries. The export value in 2024 amounted to SEK 380 billion, comprising just over 18 percent of Swedish goods exports. Geographical proximity to Sweden, stable trade relations and competitive conditions are decisive for which countries basic industry exports to. More than half of the industry's exports go to the EU-27. For this reason, an open and well-functioning internal market within the EU where goods, services, people and capital can truly move freely and where the rules of the game are the same for all countries is absolutely key for the industry. This is also important for Swedish enterprise in general.

At the same time, there is much that remains to be developed in order to further improve the internal market. There are continued barriers to trade, for example by countries introducing their own standards and certifications for products or having different requirements when designing professional qualifications and licences. The International Monetary Fund (IMF) states that for trade in goods, barriers in the internal market correspond to tariffs of 44 percent.

In the spring of 2025 the European Commission presented a new strategy to develop the internal market and identify continued harmful barriers including complex regulations, heavy administrative burdens in cross-border services and shortcomings in the recognition of professional qualifications. Industriarbetsgivarna welcomes the strategy and emphasises that the reform is the starting point for continued improvement of the internal market. We note that it is important, for example, to remove obstacles to

the posting of workers, where current regulations often lead to unnecessary costs and uncertainty for companies. Furthermore, the ability to transfer pension and insurance benefits between member states needs to be enhanced, so that labour mobility is facilitated and companies' access to the right skills is ensured across the EU.

Level playing field and equal competitive conditions – the basis of the internal market

Industriarbetsgivarna also emphasises the importance of a level playing field and equal competitive conditions in the internal market – this is absolutely key. Over time the EU has taken steps that go in the wrong direction and that have in fact weakened the functionality of the internal market and worsened the competitive conditions for businesses.

There is a distortion of competition as the use of state aid has risen markedly. State aid within the EU should be used restrictively and on an evidence-based basis, primarily to address market failures. Its increased use disadvantages innovative companies, especially in countries such as Sweden with a low level of subsidies, and risks displacing other initiatives and new technology. Exemptions from the state aid rules should therefore be phased out.

Smaller countries such as Sweden have moreover found it increasingly difficult to influence developments when highly influential nations such as France and Germany have joined forces to drive towards a greater degree of state intervention in the European economy. The basis for an industrial policy should be to create the best possible conditions for doing business in Europe. Good conditions mean that industrial companies continue to make investments and establish new ventures within the EU, thereby enabling the internal market to grow strongly. A well-functioning and growing internal market in the EU is particularly important in times of great geopolitical uncertainty and when free global trade is being questioned.

3. An EU that delivers – not regulates

During Ursula von der Leyen's first term in office, the number of new laws and regulations within the EU increased significantly.

A figure that is often mentioned in these contexts is about 13,000 new laws. Many have been highly prescriptive, have constrained businesses and have led to increased administrative work and costs for companies. This damages the industry's competitiveness and its ability to grow and hire workers. This increasing regulatory burden is hitting companies' productivity, as it takes time and resources to implement and follow up. This is particularly worrying in a European context, where productivity growth is already remarkably weak compared to other parts of the world. Regulations that hamper efficiency and flexibility therefore risk further weakening Europe's long-term economic competitiveness.

In 2022 Eurostat estimated that European companies had recurring regulatory and administrative costs of around EUR 150 billion⁴. The companies emphasise that legal requirements and the cumulative regulatory burden are the single biggest obstacle to investing or growing in the EU. In addition to the administrative burden, many rules are also designed such that they impair the competitiveness of European companies, which is the main problem with the regulations.

The EU has begun work to simplify regulations, reduce the reporting burden, reduce bureaucracy and streamline permitting processes. The European Commission follows the "one in, one out" principle, which means that new rules should be compensated by reducing other burdens. The goal is to reduce the regulatory burden on small and medium-sized businesses by 35 percent by 2030. In addition, the European Commission has initiated a number of simplification measures in what is known as an omnibus package, and is also introducing a mechanism to check how new laws affect companies' competitiveness. Industriarbetsgivarna has been pushing the issue of a competitiveness check since 2018 and welcomes the European Commission's

introduction of such a check. However, in order to ensure that new rules do not undermine the companies' competitiveness, the competitiveness check needs to be further strengthened. Each new regulation must be reviewed and assessed for its impact on the competitiveness of companies before being adopted. A draft regulation should not be adopted if it is deemed to reduce the long-term competitiveness of companies. It is also a matter of ensuring that competitiveness is duly considered at an earlier stage, in political discussions on the formulation of new initiatives.

Industriarbetsgivarna also emphasises that the European Commission's 35 percent target for the reduction in the regulatory burden and its "one in, one out" policy are not enough. The goal must be to clearly reduce costs for companies. Industriarbetsgivarna also stresses that the focus must not only be on reducing the number of rules, but there must also be a focus on removing the most harmful rules from a competitiveness perspective. There must be a significant reduction in regulations, especially in the social sphere, and the principle of subsidiarity must apply.⁵

As an employers' organisation we would also point out that we already have a high standard in the EU in, for example, the social sphere, and that industry in Europe is continuously modernising and driving sustainable technological development. This gives – and has given – Europe a competitive advantage in both the short and the long term and is thus something we should cherish.

The regulations must promote growth and productivity. Swedish industry has made major investments to meet set climate goals, for example, and is prepared to meet the significant challenges that exist – but this must be done in line with the prevailing conditions and with a clear foundation in the companies' reality. What is required is for both existing and new EU rules to be effective and competitive, and to not deviate in the long term from the rest of the world. The rules must be predictable, consistent and easy to apply.

⁴ eur-lex.europa.eu/legal-content/SV/TXT/PDF/?uri=CELEX:52025DC0047&qid=1751545348063

⁵ See also section 4.

4. Take measures to ensure a well-functioning and competitive labour market within the EU

Competitive industry is essential for a strong and vibrant Europe.

Over 30 million Europeans are directly employed by European industry and many more jobs are generated indirectly. For industry, a well-functioning labour market characterised by high productivity and access to labour with the right skills⁶ is crucial. This is a pillar of Europe's prosperity – we have to become more efficient, create more value and strengthen our ability to compete globally. Industriarbetsgivarna stresses that the principle of subsidiarity must be fully applied. Recent years have seen extensive EU regulation of the labour market, and further legislation risks constraining competitiveness.

To maintain a competitive industry – and at the same time promote job creation and prosperity – the labour market in the EU needs to be flexible and adapted to the unique needs of each member state. Industriarbetsgivarna therefore believes that EU cooperation must be based on respect for different labour market models. The EU must respect collective agreements as a model for regulating working conditions in the labour market. Collective agreements that uphold fair and balanced working conditions – and which have been jointly negotiated by the social partners – are an important part of the Swedish labour market model. By allowing collective agreements to act as a tool for regulating working conditions, we can ensure that the labour market remains flexible and adaptable to the relevant needs of each area of business and industry.

Matters such as rules on working time, the work environment or wage formation should not be regulated in detail at EU level. It is the social partners who are best aware of the specific conditions in the various areas of business and industry, and who can negotiate solutions that work in practice. Such matters are best handled nationally through collective agreements. The EU's role is to provide a

framework that ensures the coexistence of national labour market models for a well-functioning internal market. All labour market models must be given space to exist and be respected under and alongside EU legislation.

The opportunities to deviate from EU directives and legislation through collective agreements should be expanded. By adapting rules and directives to specific conditions in sectors or industries, the purpose of the legislation in question can be better met. Collective agreements give the social partners the opportunity to create solutions that are tailored to the unique needs and conditions in each sector, which leads to productive and more competitive companies. National collective agreements and their adaptations of rules are an expression of the principle of subsidiarity in practice.

⁶ See section 5 for more about skills supply issues.

5. Facilitate access to the right skills in the EU

Access to qualified skills is a fundamental requirement for Swedish industry's long-term competitiveness.

EU membership has expanded the companies' home market from Sweden's approximately 10 million inhabitants to just over 500 million people within the Union. This also brings significantly widened access to human resources and specialised competence.

At the same time, there are various challenges surrounding the supply of skills. A key challenge is that the EU's internal market does not work as well for people as for goods. Although the four freedoms – the free movement of goods, services, people and capital – form the basis of the internal market and are crucial for promoting the EU's competitiveness, the way they are applied in practice is uneven. While trade in goods functions satisfactorily, significant barriers to labour and skills mobility remain.

Even though, for example, the Services Directive has been in force for over 15 years, and the Posting of Workers Directive even longer, challenges remain when it comes to interpretation, implementation and compliance in the member states. This creates thresholds for companies that need quick and easy access to skills, no matter where in the EU they are located. Industriarbetsgivarna emphasises that the EU must continue to tear down barriers and safeguard the free movement of skilled workers.

Furthermore, the EU needs to work to attract skilled workers from countries outside the Union. This should include both university-educated labour and workers with vocational qualifications. Here the EU has the opportunity to take greater responsibility for strengthening its attractiveness through targeted talent programmes and a more active marketing of Europe as a labour market. Industriarbetsgivarna is therefore in favour of the approach and proposals that exist within the

Union of Skills⁷ concerning the attraction of skilled workers from third countries.

At the same time, Industriarbetsgivarna notes that the Swedish government, for its part, is making labour immigration more difficult and that this further risks impairing Swedish industry's ability to cover skills needs that cannot be met within the EU.

Increased attention to the skills challenge is welcome

There are also challenges as regards access to relevant educational courses, increasing the attractiveness of technical careers and education, and the attractiveness of the locations where the industry is located. This applies not just to Sweden, but to the whole of the EU. A shortage of technically trained workers and engineers is widespread in all EU countries. In order to ensure strong development in the industry in the future, a combination of efforts at national and EU level is required that will together contribute to increased access to the relevant skills.

Therefore, Industriarbetsgivarna welcomes the EU's increased focus on skills issues. At the same time, it is crucial that it is clearly defined what falls under the responsibility of the member states and what should be coordinated at EU level.

Industriarbetsgivarna is in favour of the EU's ambitions in the area of "upskilling and reskilling" – or lifelong learning. It is crucial that people are given the opportunity to adapt and further develop their skills. In Sweden, the social partners have recently introduced a new system for this – Student Finance for Transition and Retraining – which should be given an opportunity to be developed further without being replaced by a new EU-wide system. At the same time, the EU should work to ensure that more workers in EU countries are given access to training so that they can develop their skills throughout their working lives.

7 Union of Skills - European Commission

Continue to prioritise STEM in strategic EU initiatives

STEM subjects (science, technology, engineering and mathematics) are the foundation for competitive Swedish industry. To meet the needs of the future, it is necessary for more young people to choose STEM courses and that these courses are given high priority, especially when they have a clear connection to the needs of business and industry. It is important that the EU continues to prioritise STEM in its strategic initiatives and networks in the field of education and within research and innovation.

Continuing to safeguard free movement and the recognition of professional qualifications across member states also remains a priority. Skills validation at EU level can serve as a useful tool to facilitate the matching of workers with employers across borders. Industriarbetsgivarna welcomes the fact that it will be easier to have education recognised within the framework of the European Qualifications Framework, especially at post-secondary level. Industriarbetsgivarna sees a need to increase awareness of the opportunities for internships, educational exchanges and mobility that already exist within the EU.

Industriarbetsgivarna, The Swedish Association of Industrial Employers, is an employers' association for the Swedish basic industry companies, mainly pulp, paper, sawmill, construction products, steel, metal, mining, welding and mechanical industry. We specialize in employers' issues and support our member companies in questions that concern the relationship between employer and employees. Industriarbetsgivarna has more than 1,000 member companies with around 90,000 employees.