

Denmark - New agreement ensures wage floor and work-life balance

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On 9 February 2025, CO-industri and the Confederation of Danish Industry, reached on a new collective agreement for the industrial sector running until 1 March 2028. The agreement, which covers 230,000 members employed in roughly 6,000 companies, was approved by the Executive Committee of CO-industri on 10 February.

The agreement contains improvements in real wages and, equally important, measures to secure industrial employees more flexibility between work and private life. This was a strong demand from the members during consultations before the negotiations. The collective agreement delivers on this.

'Right now, the world is in turmoil, and there is great uncertainty. It is time for the social partners to stand together and ensure stability. We have concluded a good agreement that gives employees more money in their pockets, as well as more time off with their families', says Claus Jensen, Chairman of both CO-industri and Danish Metalworkers Union.

'The new rights are a historic step forward in the Danish labour market. It will now be easier to balance work and family life. It also marks a turning point in terms of the collective labour agreement itself - traditionally 'flexibility' has mainly been about what companies want employees to do. But now we're talking about flexibility on the employees' terms. This is only natural, because in modern working life there must of course also be room for quality family life, and it has been crucial for us that we talk about rights - it should not be up for debate at the company,' says Mads Andersen, Vice President of CO-industri and Chairman of The Industry Group at 3F.

The collective agreement in the industrial sector as the breakthrough

The industrial sector needs to be competitive both in Denmark and abroad and its therefore negotiates first in the private sector. That's why the industry's collective agreements are called the breakthrough agreement. They set the financial framework for the subsequent collective agreements to be negotiated in the private sector. This ensures that Danish companies maintain their competitiveness abroad, so they maintain earnings and jobs in Denmark.

The Danish wage system in the industrial sector

As far as pay is concerned, only the minimum wage level is negotiated at the central level. The majority of wage increases are negotiated at the company level on top of the central agreement. This means that results will vary from company to company, but as a rule of thumb, based on experience, about two thirds of the total wage development will be secured at the company level.

All benefits in the collective agreement can, of course, also be enhanced by additional rights bargained at the company level.

Facts about the new collective agreement for the industrial sector in Denmark

The main improvements:

- The free choice account increases by two per cent from 9 to 11% (1% will be added in 2026 and 1% in 2027.

- Employers' pension contributions will increase by 1% from 1 May 2025. This means that employers will pay 11% and employees will pay 2 % to pensions savings.
- The minimum wage will increase from DKK 136.15 to a total of DKK 146.90 during the collective agreement period. This is an increase of 7,89% over the three years.
- Employees will have new rights to use the Free Choice Account to take time off with their families. These include:
 - the right to take time off on the third day of a child's illness (the right to time off on the first two days are already a part of the collective agreements)
 - two annual grandchild care days
 - the right to accompany close relatives to health consultations and interviews with authorities (up to two days and up to five days for critical illness).
- Employees will have the right to refuse overtime in certain personal and family situations.
- Overtime allowances will be increased by 3% each year. Other allowances will be increased by 3.5% per year.
- Salaries for students, apprentices and trainees will increase by 4% in 2025, 3.5% in 2026 and 3.5% in 2027.
- The collective agreements have for many years included extra holiday entitlements in addition to the annual five weeks paid leave. In future, these extra holidays will be added to the free choice account. This means that the company will have to pay out the money for the extra holiday entitlements the employee has left if they leave the company. Today, the employee must ask for the money to be paid out within three weeks - and many people forget to do this. Now the employee is certain to receive the funds.
- Salaried employees (white collar workers) will have the right to an annual salary review if they so wish.
- Health and safety representatives who are members of one of CO-industri's member organisations will receive DKK 9,000 per year. This is a clear strengthening of the Danish labour market model.
- The rules for parental leave/parental leave in the collective agreement are extended to include new family forms. This was made possible by law in 2024, and now - at the first opportunity - the collective agreement will be adapted so that salaries also follow the new rights. The collective agreement allows parental leave to be shared on full pay between more than two people. Solo parents can transfer parts of the leave with full pay to close family members.
- Two extra weeks of fully paid parental leave. The weeks can be freely divided between the parents.
- Entitlement to three weeks' extra pay during illness. This means that hourly workers are entitled to a total of 17 weeks of paid sick leave.

- Improved opportunities for training if you are made redundant. The five weeks of continuing education and training available upon termination will now also be available up to two weeks after resignation.
- The scheme for training representatives will be expanded so that you now have the right to choose two at the company - one for hourly paid employees and one for salaried employees.

Edited by industriAll Europe.