

Norway successfully limits use of agency work through legislation

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In 2023, Norway implemented stricter rules regarding the hiring of labour from temporary work agencies (TWAs). Since this change, hiring has become permissible only under certain conditions. As a rule, workers should be employed on a permanent basis within the enterprises where they perform their work.

The primary principle stipulates that hiring is only legal from TWAs to substitute for absent staff. Companies with a collective agreement¹ can, under certain circumstances, deviate from this principle if there is a written agreement with the company's trade union representative. Labour hire from TWAs is totally prohibited on construction sites in the eastern part of Norway (five counties) due to serious problems with social dumping.

Evaluations so far indicate increased employment in ordinary construction firms and a decrease in temporary agencies. In the manufacturing sector (particularly in shipyards), there is still a widespread use of agency workers – usually in accordance with trade unions. Coastal shipyards along the coast face huge problems in recruiting local workers, and there is a common acceptance of the necessity to employ external labour. In many cases, collective agreements are concluded even with the TWAs, and the hired workers are unionised.

The central employers' associations and indeed the TWAs have campaigned vigorously against the restrictions on labour hire. Several companies have sued the Norwegian state, seeking to have the restrictions lifted and to obtain compensation for alleged financial loss. They also argue that the restrictions contravene the EU Directive on agency work. The EFTA Surveillance Agency (ESA) sided with them and issued a formal letter to the Norwegian government in 2024, which refused to back down.

The EFTA Court, however, has, in an advisory opinion, supported the Norwegian lawmakers. It finds that Norway has the possibility to restrict access to hiring if it is well justified. The EEA Agreement gives Norway broad access to adopt its own labour market policies. The tightening of the hiring regulations is a crucial part of the government's strategy to foster a labour market where the main rule is permanent and direct employment.

There are two ongoing cases concerning the hiring rules in Norwegian courts. An action for damages, which is the case in which the EFTA Court has now issued an opinion, and a case for an interim injunction that is pending in a Court of Appeal. Both have been suspended pending the EFTA Court's opinion. Now, both the postponed cases will be resumed.

Even if the courts' final rulings turn out to be favourable, there is always the risk of a legal reversal if the centre-right parties win the general elections in Norway in September 2025.

Edited by industriAll Europe.

¹ The enterprise must be subject to a collective agreement entered into with a trade union with nomination rights. This requires the trade union to have at least 10,000 members. The employer must be able to document that the enterprise is subject to such a collective agreement.