



Nordic Authorities Scrutinize Labour Market Practices



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In the corporate landscape, alliances between rival companies to harmonize wages may seem benign. Yet, there is a risk of breaching competition law, which poses not only financial penalties but also threatens their reputation and standing in the market.

In recent years, competition authorities across the Nordic region have intensified their scrutiny of the labour market, uncovering practices that may hinder competition and affect employees' conditions. A recent joint report by the Nordic competition authorities, titled "Competition and Labour Markets," sheds light on these issues, revealing that agreements between companies to fix wages or to avoid poaching each other's employees could constitute serious breaches of competition law.

The report emphasizes that such anti-competitive agreements can lead to inefficient resource allocation, harm consumers, and negatively impact employees' working conditions. Evidence suggests that no-poach agreements are not uncommon in various industries, indicating potential for increased enforcement of competition law in Nordic labour markets. Despite these concerns, the high degree of unionization and the prevalence of collective bargaining agreements in the Nordic countries may mitigate the negative effects on employees. Authorities have noted that while some agreements may have legitimate motivations, like protecting investments in training or safeguarding trade secrets, the harmful consequences on wages and employment

conditions persist. However, the report suggests there is still scope for more active enforcement of competition law in labour markets, aligning with trends in other European jurisdictions.

How does this affect businesses?

- Employers may be at risk of significant sanctions as agreements between competing companies to coordinate wages can constitute severe breaches of competition law.
- A similar risk of repercussions apply to competitors who agree not to hire each other's employees.
- The risk is rising as competition authorities increase their focus in these areas.
- The Nordic competition authorities' enhanced focus is mirrored by other regulators, including US and EU member states' antitrust regulators and policymakers who find free competition a priority.

DLA Piper Sweden is ready to assist companies in navigating these complex legal issues. With expertise in competition and labour laws and presence across the Nordics, we can provide guidance on how to act within the bounds of the law in the Nordic labour market. Companies seeking to ensure compliance and to understand their legal obligations are encouraged to reach out to us for support. Our team is committed to helping you align with the best practices and legal requirements in the Nordic labour market. For more information on the report, the impact of competition law on the labour market and the applicable rules, please contact Erik.Brandt.Ofverholm@se.dlapiper.com and Hanna.Medelius@se.dlapiper.com (competition law) and Johan.Zetterstrom@se.dlapiper.com and Cecilia.Esbo@se.dlapiper.com (Employment)

Check out our Norwegian colleagues' report summary here. ([Renewed focus on the application of competition law to the labour markets | DLA Piper](#))

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