

# INCLUSIVE GROWTH THROUGH COLLECTIVE BARGAINING IN BELGIUM

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June 2018

Case report for the CAWIE 3 project



This research received funding by the European Union.

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Publisher: KU Leuven

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# Introduction

The response of the European Union to the financial and monetary crisis since 2008 has involved macroeconomic policies that have interfered with collective bargaining in the Member States. They include the so-called ‘Six Pack’, the ‘Two Pack’ and ‘Memoranda of Understanding’ for the countries under the Troika. Because economic recovery has been slow and has involved further increases inequality and precarious employment, such policies are currently under scrutiny among researchers, also within international bodies such as the OECD and the IMF. A new agenda has emerged, known as the ‘inclusive growth paradigm’, which is supposed to remedy ‘social imbalances’. This has been taken up by the European Union in the Pillar of Social Rights, which gives the social partners opportunities to get involved at the European level. The institutional depth of this program, however, is not well understood: is there any active support among the social partners for the concept of inclusive growth and is the framework that has been provided appropriate? This report directly questions the Belgian social partners about these issues in an attempt to link strategic motivations to collective bargaining practice.

The structure of this report is as follows: first, the institutional sector for the selected cases is presented, including a presentation of the two sectors that were studied – namely, the metal and the retail sector – are introduced, together with the relevant stakeholders, and the interprofessional (national) level, as well as a brief discussion on the legal framework for collective bargaining in Belgium.

We then continue with a summary of the eight interviews that were conducted with representatives from both the trade unions and employers’ associations that are involved in negotiations at either the sectoral or the national level. We report on the finding in three sections. In the section 2, the views of the social partners on the framework in which they have to work is summarised, as well as their opinions on the broader international context and their goals. The dominance of the wage norm is discussed extensively by all parties involved and all of them criticise its rigidity. At the same time, the employers call for broader scope for company and individual negotiations, which would reduce the strength of sectoral bargaining and could result in increased inequality. Another trend that can be noted from the interviews is the increased use of objective parameters on both sides of the table, whereas in the past negotiations were based more on gut feeling and experience in the sector. With regard to internationalisation all parties agreed with the significant (and growing) importance of the international context. Nevertheless, relatively few efforts are currently undertaken by either employers’ associations or trade unions to organise forms of transnational cooperation.

Section 3 reviews their understanding of the concept of inclusive growth and its presence in social dialogue practice. The interviews clearly show an understanding of and support for the ideas behind the concept of inclusion, although the term itself is rarely used as such in negotiations, and interpretations differ between negotiators. Also, the connection between social inclusion and growth is not straightforward, although all parties acknowledge the existence of certain forms of inequality or a potential threat, as well as the related problems. Additionally, the social partners believe they have a role to play in reducing social exclusion and unanimously agree that collaboration between all parties involved is the best way to achieve this. This shows a strong belief in the need for collective bargaining institutions that correspond to the Belgian economic structure.

Section 4 is directed more specifically at precariousness and its prominence in the different sectors and as a topic in negotiations. Most of the interviewees stressed the importance of both the government and the social partners, with the government as the main facilitator and the sectoral level as complementing what is established nationally. Labour market flexibility is an important topic in this regard. On one hand, the trade unions note the ongoing efforts of the government to facilitate it, something they criticise heavily as it often

leads to increased inequality. The employers' associations are proponents of this striving for increased flexibility as this suits their goals, namely, maintaining and increasing competitiveness and boosting job growth. In this way the economy, the government and companies can thrive, generating beneficial spill-over effects for all and including target groups in the labour market. The nature of precariousness clearly differs between the two focal sectors: the retail sector is an important employer of people with precarious profiles, but is also characterised by a high level of precarious employment, especially part-time. In the metal sector the amount of precarious work is significantly less, but often because such work is outsourced, for example, to temporary work agencies or offshored. There is, however, a significant risk of precariousness if people lose their job within the sector, especially because jobs within the sector are on the decline.

## 1 Institutional context

### 1.1 Metal industry

The metal industry consists of NACE sectors 24 to 30, encompassing a wide range of activities. In our study, we refer specifically to the metalworking, steel and non-ferrous metal branches. Together these branches form the largest industrial sector in Belgium, although it has experienced downsizing and job losses in the crisis. Between 2010 and 2015 metalworking lost almost 15 000 jobs, employment falling from 167 000 workers to 153 000. The steel sector has undergone significant restructuring and downsizing in recent decades as well, especially in companies that do not specialise in high-tech materials and companies without easy access to sea transport. Since 2008–2009, however, the steel sector has witnessed a slight but unsteady recovery.

Each of the subsectors has autonomous joint committees responsible for collective bargaining. For the metalworking sector, blue-collar workers are linked to joint committee no. 111, and white-collar workers to no. 209. The sector has a historical tradition of some sub-sectoral bargaining and regional bargaining. As the most important bargaining body in industry, joint committee no. 111 has always been a frontrunner in procedural innovation in the Belgian wage bargaining system. For instance, a strict peace clause is complemented by specific trade union benefits; there is a regulated procedure for opting-out; and it is possible to implement the agreed sectoral earnings increase in a flexible way at the company level, for example, as a basic wage raise or a set of premiums or other benefits.

**Table 1: Employment in the metal industry in Belgium, by joint committee**

	Blue-collar		White-collar	
<b>Metalworking</b>	No. 111	115 873	No. 209	66 204
<b>Steel sector</b>	No. 104	7 213	No. 210	4 092
<b>Non-ferrous sector</b>	No. 105.1	4 313	No. 224	2 755

Note: \* As of 03/2016.

Source: RSZ-ONSS.

The joint committees responsible for the steel sector are no. 104 for blue-collar workers and no. 210 for white-collar workers. The collective bargaining tradition in the sector differs from that in the metalworking sector, as the company level is most important. The employers' federation in the sector is GSV (Groupement de la Sidérurgie – Staalindustrie Verbond), but because the sector is dominated by a small number of very large companies (ArcelorMittal, Aperam, NLMK), it has significantly less bargaining power and capabilities than its counterpart, Agoria, in the metal sector.

Collective bargaining for non-ferrous production is organised at the sectoral level by separate joint committees, namely no. 105.1 (blue-collar) and no. 224 (white-collar). There is no specific employers' federation in this sector, as it consists mainly of the company Umicore and its subsidiaries. They also represent employers at the sectoral level, although bargaining takes place mainly at the company level.

On the trade union side, the Christian trade-union ACV-CSC is the largest, due to its strong representation in the larger Flanders region and among white-collar workers. They are represented by ACV-Metea for blue-collar workers and the Flemish LBC-NVK and the French CNE-GNC for white-collar workers. The socialist ABVV-FGTB metal federation has traditionally been more militant, also among the socialist trade unions. In the early 2000s the Flemish and Walloon federations separated, and white-collar workers are represented by BBTK-SETCA in the socialist confederation.

In May 2016, social elections took place in the whole of Belgium in all companies with 50 employees or more. With regard to the metal sector, the order of magnitude of the results is more or less the same as at the national level. ACV-CSC is the largest union, with approximately 49.8 per cent of the workforce in the sector, followed by ABVV-FGTB and ACLVB-CGSLB, which are significantly smaller. The third Belgian confederation ACLVB-CSLB is less important in this sector, although it enjoyed some growth at the last social elections.

**Table 2: Share of votes in the social elections in the metal industry**

	Blue-collar workers	White-collar workers
<b>Joint committees</b>	no. 105; no. 111	no. 209; no. 224
<b>ACV-CSC</b>	46.7%	57.0%
<b>ABVV-FGTB</b>	42.7%	32.6%
<b>ACLVB-CGSLB</b>	10.6%	10.4%
<b>Number of workers</b>	<b>66 897</b>	<b>29 869</b>

**1.2 Retail sector**

The retail sector in Belgium employs over 200 000 employees in 24 000 firms. Together with wholesale, the commerce industry employs over 400 000 workers, accounting for around 11 per cent of Belgian GDP. In this study we focus on retail only, encompassing large and small shops selling to consumers. The majority of workers in retail are white-collar workers.

The retail sector is organised in seven statutorily recognised sectoral joint committees. Enterprises are allocated to a joint committee according to size (number of employees/full-time equivalent), as micro and small companies should not be compelled to meet the same standards as larger companies.

Even although the collective agreements are concluded and applicable per joint committee, the negotiation processes for the five core joint committees of the sector are concentrated in two concertation committees. This division was requested by the trade unions halfway through the twentieth century in order to enlarge their influence and representational power. This means that the joint committees no. 201 and no. 202.01 represent small enterprises and no. 202, no. 311 and no. 312 represent large retailers, at which labour conditions are generally more favourable. For instance, in the latter group wages are around 20 to 25 per cent higher and weekly working hours are 35 hours instead of 38 hours. Today, the trade unions would prefer to abandon this division, due to the increased use of franchising by the larger retailers to shift personnel to small retailers to cut costs.

The social elections of 2016 granted ABVV-FGTB over 47 per cent of the mandates in works councils and OSH committees, confirming its status as the largest union in the sector, followed by ACV-CSC and ACLVB-CGSLB. Despite ideological differences, the unions have managed to work together with some success. Nevertheless, recently, increasing competition and job losses have served to reduce the unions' influence in the sector and a focus on more pragmatic bargaining solutions has developed.

On the employers' side, Comeos, Unizo and UCM are the key organisations. Comeos represents employers, both store chains and franchises, in the retail and wholesale sectors. Participating at all levels of social dialogue in the commerce sector (wholesalers, small and large retailers), Comeos has attained a very powerful position. Unizo in Flanders and UCM in Wallonia represent independent entrepreneurs and self-employed, in other words the very small, independent shop owners and retailers.

### **1.3 ACV-CSC confederation**

The Christian ACV-CSC is the largest trade union confederation in Belgium with 1,571,058 members in 2016. It provides an overarching structure for the 10 federations (including Metea) and 14 regional subdivisions. Its main tasks include:

- general coordination of ACV-CSC actions;
- signing and discussing national (interprofessional) collective agreements;
- negotiating with the employers' associations at the national level and with the federal government;
- representation of employees at the regional, national and international levels;
- managing the general finances and administration of the union.

The confederation signs interprofessional collective agreements within the National Labour Council (CNT-NAR), which together with the Central Economic Council (CRB-CCERB) forms the main social dialogue bodies at the national level.

### **1.4 VBO-FEB**

VBO-FEB, the Federation of Belgian Enterprises, is the largest employers' association in Belgium. It unites around fifty sectoral employers' organisations in industries and services, of which approximately 50 000 companies are direct members, together accounting for over 75 per cent of all employment in the private sector. Additionally, VBO-FEB represents its members in more than 150 federal, European and international organs. Their goals are formulated as: 'Striving to achieve a healthy environment for business and investments while taking into account key principles such as the social market economy, sustainable development, business ethics, decent corporate governance, consultation and self-regulation.'

Their main tasks are:

- providing expertise in economic, social, legal and fiscal matters at the federal, European and international levels;
- acting as a representative for their members in interactions with the unions, government and the media. They are entitled by law to negotiate on behalf of their members (for example, within CNT-NAR and CRB-CCE);
- providing studies and analysis;
- cooperating and undertaking joint initiatives with other employers' associations.

## 1.5 Legal framework<sup>1</sup>

The collective bargaining system in Belgium is regulated by the Act of 5 December 1968 on collective bargaining agreements and sectoral joint committees in which the right to organise and bargain collectively is recognised and protected. Wage bargaining is structured in terms of three interlinked levels: the highest, national level, with centralised cross-sectoral agreements covering the entire economy; an important intermediate level covering specific sectors; and company-level negotiations as a complement or substitute for the sector-level bargaining. In principle, lower-level agreements can only improve (from the employees' perspective) what has been negotiated at a higher level; in other words, there is no derogation.

The national level of collective bargaining in Belgium encompasses two institutions: the National Labour Council and the Central Economic Council. The National Labour Council advises on labour legislation and is also a decision-making body that discusses national collective bargaining agreements. The main topics are working hours, contracts, payment forms and the minimum wage for the private sector. The Central Economic Council, on the other hand, supports sectoral collective bargaining, providing research and a platform for intersectoral discussions. It is also responsible for the bi-annual advisory report on the maximum margins for collectively agreed pay increases. This advice leads to the important Wage Norm that pegs wage development in Belgium to expected productivity increases in the economies of the main trading partners. The practice has existed since 1989, but the Law of 1996 'on the promotion of employment and the preventive protection of competitiveness' marks the beginning of an evolution towards centralisation of collective bargaining in Belgium. While at first the Wage Norm was in principle a non-binding agreement by the social partners in the informal 'Group of Ten' committee to guide sectoral negotiations, it has become stricter. The revision of the law in March 2017 finalised this process. Now the Wage Norm is enforceable at the firm level, by comparing the evolution of the wage mass, and requires a safety margin and compensation of a 'historical competitive' dating from before 1996, which needs to be restored whenever economic growth allows this. As a result, the margins for wage negotiations have become extremely tight.

At the sectoral level collective agreements are concluded within joint committees or joint subcommittees by all the organisations that are represented by them. There are around 165 joint (sub)committees that make decisions on pay levels, classification schemes, working time arrangements, training and so on. The sectoral collective bargaining agreements apply to all the employers and employees covered by the joint committees or subcommittees concerned. When all parties sign the sectoral agreements, legal extension by royal decree is fairly easy and is therefore nearly always applied. The largest joint committee (the auxiliary joint committee for white-collar workers) covers over 400 000 employees, while some smaller joint committees only cover a few hundred employees and sometimes just a couple of companies.

By virtue of the 1968 Act, all employers that are members of an employers' organisation that has concluded a collective agreement at national or sectoral level, or that have themselves concluded a collective agreement, are bound by such an agreement. As soon as an employer is bound by such an agreement, it will apply to all of their employees. Hence trade unions not only represent their own members, but also non-members wherever the union is active. Furthermore, when these agreements are concluded at the national or sectoral level, they can be declared binding *erga omnes* by Royal Decree. This 'extension' holds only for collective agreements that have been concluded in joint bodies. Once a collective agreement has been extended, its

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<sup>1</sup> This section draws on: Van Gyes, G., Van Herreweghe, D., Smits, I. and Vandekerckhove, S. (2018), Opposites attract? Decentralisation tendencies in the most organised collective bargaining system in Europe. Belgium in the period 2012–2016, in S. Leonardi and R. Pedersini, Multi-employer bargaining under pressure. Decentralisation trends in five European countries, Brussels: European Trade Union Institute, 67–104.

provisions become binding on all employers and the employees in their service, provided they fall within the territorial and professional scope of the agreement. An employer cannot avoid the application of normative provisions by disaffiliating from the signatory employers' organisation (Article 21 of the 1968 Act). The collective agreement therefore remains applicable until the agreement itself comes to an end, or until its terms are so amended as to revoke the previous agreement.

In order to prevent conflicts between collective agreements concluded at different levels, but covering the same industry, the legislator has established a hierarchy of collective agreements. Article 51 establishes a hierarchy between collective agreements concluded within the National Labour Council, a joint committee, a joint subcommittee and outside a joint body. According to this hierarchy, collective agreements concluded in a joint body, but not extended or declared generally binding by Royal Decree, rank below the individual agreement in writing. Article 26 of the 1968 Act stipulates, however, that normative issues related to the individual employment relationship (that is, wages, working time and so on) in a non-extended sectoral or national agreement are binding, if not stated otherwise in the individual employment contract. As a consequence, it is common practice in the Belgian system to ask for the collective agreement to be declared generally legally binding by Royal Decree, to avoid this kind of derogation.

The *social peace* obligation requires parties to refrain from formulating any additional claims concerning matters regulated by the collective agreement during its period of validity. This obligation may be expressed tacitly or explicitly. The social peace obligation is the transposition into labour law of the principles of civil law related to the execution of contracts, namely autonomy of will, the obligatory (binding) force of contracts and their execution in good faith. Social peace clauses can be considered to form part of the normative provisions when their wording is such that their scope of application is broader than that of signatory parties. Signatory parties are not ultimately responsible for their members' conduct, however. Furthermore, when one signatory party violates the social peace obligation, the right of the other party to be indemnified is limited. Article 4 of the 1968 Act provides specifically that in the case of non-performance of contractual obligations, damages can be recovered from an organisation only when the collective agreement specifically provides for such a possibility, which in practice never happens.

## **2 Trends and strategies in the wake of austerity**

The first section presents the views of the social partners on the framework that exists within their sector and which the social partners have to work in; in case of the interprofessional social partners the national framework is discussed. The section treats the specific merits and pitfalls and the possible shifts they have noticed from their experience are treated. Additionally, the goals they set as organisations are explained and the extent to which they are able to achieve them. Finally, we discuss their opinions on the (growing) influence of the international level and the role they believe they should play as social partners on a supranational scale.

### **2.1 Interprofessional level**

#### **2.1.1 Framework**

At the interprofessional level scope for negotiations is limited because of the reform of the Wage Norm. This automatically implies that the room for negotiations in sectors and the autonomy of joint committees with regard to wage bargaining is much reduced. Another consequence is that we now find almost identical

wage increases across all sectors, almost regardless of economic performance. Despite these drawbacks, however, all interviewees accept the framework that the Wage Norm provides, even though some negotiators remain critical of its generality or its increasing imperativeness.

The general structure of the Belgian system of collective bargaining, consisting of three distinct levels, as described above, is not up for discussion. According to the interprofessional negotiators, it has proven its usefulness in the past. On the employers' side, however, VBO-FEB believes that the system should allow for more customizability at the level of the individual employee, which is increasingly being demanded by their members. Additionally, VBO-FEB, as well as the sectoral employers' associations criticise the inefficiency of the current system because of its lengthy procedures and the large number of rules, which make it difficult for companies to adapt to changing conditions and implement instruments that might be more adapted to their needs. This rigidity is considered to be an important problem for Belgian companies, making it harder for them to compete internationally. VBO-FEB instead calls for possibilities to deviate at the different negotiation levels if an agreement has not yet been reached. This would increase flexibility and agility, while still giving priority to negotiations.

According to ACV-CSC, trade union negotiators will indeed always attempt to maximise wage increases within the allowed margins, but the impossibility of going beyond the norm is considered to be a problem aggravated by the fact that discussions are currently ongoing to limit options to utilise the full wage margin as long as there is a competitive wage handicap within a sector. ACV-CSC believes that the wage discussion has, on the one hand, become increasingly more centralised, while on the other it has been reduced to an ideological and technical discussion at the interprofessional level, with the task of the sectoral level being reduced to little more than executing what has already been established.

### **2.1.2 Negotiations**

VBO-FEB notes an increasing demand for more open negotiations, beyond the Wage Norm, from both their own members and the unions. In part they understand this call, but at the same time the harmonised rules are supposed to 'protect sectors from themselves' and the virtue of the norm is that it limits options. The fact that these restrictions have led to very moderate wage increases in recent years is viewed as positive by VBO-FEB as it is supposed to counteract the regular increase of wages through automatic indexation.

In contrast to the trade unions, the employers are cautious about taking productivity into account with regard to the wage handicap. They recognise that on a macroeconomic level Belgium is more productive than some of its competitors but point to the fact that this is because of its very high degree of capital intensity rather than because Belgian employees are more productive. According to them, the same machine in a different country delivers the same productivity and Belgian employers are forced to increase capital intensity because of the relative price of labour.

The trade union confederation (ACV-CSC) emphasises that negotiations go beyond wages. They believe this is a distinct characteristic of social dialogue in Belgium. Topics such as the employment rate, integration of at-risk groups, training, innovation, mobility and sustainability are examples of such issues. This opinion is shared by VBO-FEB, adding other elements such as the economy's competitiveness, the business environment, the labour market, work organisation, mobility, energy and so on. In particular, cost competitiveness is seen as quintessential as, in their view, it is the basis for any discussion on wage increases. Over the years, a strategy of business growth and prosperity has been developed with a strong focus on job growth and increases in purchasing power.

To illustrate this, the previous IPA (2015–2016), which was accepted by all the social partners, included nine social goals: addressing burn-out, administrative simplification, future-oriented work organisation, digitalisation and the 'sharing' economy, improving mobility, restructuring problems, youth employment,



improving employment and stronger social dialogue. The employers' associations had demanded a discussion on challenges related to mobility and digitalisation, whereas the trade unions wanted to debate burn-out and youth unemployment.

The feeling of VBO-FEB regarding their policies during the Great Recession is that, together with the government, they reacted adequately to the crisis. The government drew up a recovery plan and the social partners worked together constructively to conclude several important agreements, despite the perception that negotiations between the social partners at the interprofessional level have diminished because of increased government involvement and willingness to overrule. Examples include the agreement on early retirement in 2014, the Wage Norm for 2015–2016 and an agreement on the availability of older employees.

### **2.1.3 International context**

With regard to the international context ACV-CSC mentions that, in line with the Wage Norm, the main point is to look at the primary trading partners first: Germany, the Netherlands and France. Furthermore, they feel it is important that the sectors also adopt a more international perspective as they are best placed to combat social fraud. This is of great importance considering the ongoing problem of social dumping in Belgium. ACV-CSC, however, is sceptical of the possibilities of negotiating at a European level, considering the enormous heterogeneity between trade unions across the different countries and the many unions that are facing a decrease in power.

The representatives of VBO-FEB acknowledge the important role of neighbouring countries for Belgium's social and economic policies but stress the importance of looking beyond those four countries and even outside Europe. They refer to the initiative of the European Council to create national competitiveness councils, which monitor competitiveness or productivity (the terms used have changed for political reasons). These councils, however, are less relevant for Belgium as there already is an established tradition of benchmarking that include comparisons with other European countries. Defining a European standard that applies to all member states seems unlikely considering the significant differences in productivity. VBO-FEB, however, does support the effort to increase monitoring and follow-up by the EU and the attempt to nudge member states in the right direction.

## **2.2 Metal industry**

### **2.2.1 Framework**

Within the metal sector there has been a recent shift in the way negotiations proceed, largely because of the wage margin and the way in which it increasingly dominates wage negotiations based on objective parameters. This is a trend towards negotiations at the company level, hence counterbalancing the state-led centralisation of collective bargaining. The main driver of this trend is CBA no. 90, a national collective agreement that regulates the use of collective bonuses in firms. It has become common practice to introduce such additional forms of remuneration. For the most part, the trade unions are against this, as it reduces their control over working conditions and increases inequality.

One of the points on which Agoria and the trade unions have very different opinions is the existence of systems that automatically increase wages: automatic wage indexation and automatic seniority increases. According to the unions these mechanisms are of significant importance but often underestimated. Wage increases through negotiations have been small in recent years because of the restrictions introduced by the wage margin, but seniority increases are guaranteed, and aside from a 2 percent real wage cut in 2015, wage indexation prevented further wages losses and therefore reduced wage claims.

Agoria, on the other hand, is strongly opposed any automatism, as they believe Belgian wages are already too high, and this might reduce the competitiveness of firms and ultimately cost jobs. As is the case with Comeos in the retail sector they argue that the metal sector has a wage handicap compared with neighbouring countries despite the introduction of the Wage Norm in 1996. They estimate that about 30 000 jobs have been lost in the sector because of this handicap. Since they managed to keep the wage share in check they see more employment being created, which in turn leads to more production and profits. They do support the Wage Norm in that it regulates compatibility with the euro zone and tries to keep the wage evolution compatible with monetary policy at macroeconomic level. According to Comeos, this enabled Belgium to withstand the financial and economic crisis better than countries such as Greece, Portugal and Spain.

### **2.2.2 Negotiations**

Despite good relations and collaboration on the trade union side not all topics are considered relevant for discussion within sectoral negotiations (for example policy on disadvantaged groups). Differences of opinion between organisations are more between regions than because of ideological background. This has to do with the fact that the French speaking unions have dealt with several significant closures within the sector, whereas in Flanders this has been less the case, so that the French speaking unions often act more conservatively in negotiations and retain their focus on wages.

There is a difference between social dialogue at the interprofessional level compared with at the sectoral level, however: within the sector, negotiations take place in a constructive way, with both parties working to come to agreements in the end, while politics plays a more significant role at the interprofessional level. In a sense, the government – which, according to the trade unions, favours the employers – drives the social partners apart and makes constructive negotiations harder. On top of this, the unions have noticed a negative bias in the media coverage of social dialogue and the unions, whereby they feel that the advantages of collective bargaining are not reported and the unions are often openly criticised.

The extension of collective agreements is one of the pillars supporting collective dialogue, according to all the social partners. This makes it possible to involve the large number of SMEs within the sector that lack a local union delegation.

### **2.2.3 Goals**

The main goal of Metea, the metal union of ACV-CSC, is to achieve a status for employees in the industry sector based upon several key elements. The most important ones are certainty of both income and career. In their opinion, a qualitative environment is important both in the workplace and with regard to work–life balance. Furthermore, training and education are important factors, considering the changes within the sector and on the labour market in general. Finally, special attention is required for the job security of both younger and older employees. ABVV-Metaal/MWB formulated their main goals as, on one hand, increasing purchasing power, while strengthening and maintaining their sectoral fund for subsistence security. They also strive to ensure job security and include some qualitative elements.

The socialist trade unions ABVV-Metaal and MWB are separate federations within the ABVV-FGTB confederation. They operate independently but prepare sectoral negotiations together based on the social-economic report made by MWB. Finally, before negotiations take place the bundles of demands of both the Christian (Metea) and socialist trade unions are combined to form a single front around the table.

Several points are noted by the unions and used as important arguments when entering into negotiations. They have noted a decline in the share of added value that goes towards productive investments, a decrease in wage share, the loss of 37 000 jobs in seven years, an increase in productivity and capital profitability and

an improved cashflow. They use their economic arguments to counter the political arguments used by the employers' federations.

The key points when negotiating on the sectoral level for Agoria are: production growth, growth of added value (considering the fact that a large amount of added value consists of labour costs), maintaining employment through competitiveness and preventing the reduction of industrial activity. From their point of view, competitiveness and wage growth are part of a dialectical process. Competitiveness is the basic condition that, in turn, leads to increased employment when wage claims remain below a fixed figure.

Changes in productivity are not discussed during the sectoral negotiations and are mostly left to the interprofessional level since the implementation of the Wage Norm in 1996. It is, however, considered by ABVV-Metaal and MWB when they make their socio-economic report in preparation for the negotiations. This report has been utilised since 2015 after Agoria started implementing their own financial reports when negotiating. It is based on data provided by the fund for subsistence security and a tool called AFINA, which provides an alternative financial analysis that includes data on company performance and the joint committee. The report provides a view on recent developments in productivity in the sector and makes both micro- and macroeconomic comparisons with regard to growth and resource costs. The unions define a productivity problem as a decline in gross added value. In that regard they note that the current productivity level in the sector is not problematic, but rather at a record high since the crisis.

An interesting juxtaposition can be noted here for the left-wing trade union MWB. On one hand, they refute the entire logic of taking productivity into account, as it maintains the current economic model that they oppose, while on the other hand they utilise the concept extensively within their own AFINA analyses in order to counter arguments proposed by the employers by strategically 'speaking the same language'.

#### **2.2.4 International context**

Some alignment between neighbouring countries has taken place in the past, more specifically with the Netherlands and Germany in the automobile sector. The extent of the cooperation has faded over time, however, and now merely involves exchanging information after negotiations have been held. European works councils are seen as having little influence as only few negotiations take place at that level and only a limited number of topics are discussed at the international level. Also, unions in different countries to some extent have conflicting interests, such as attracting employment to local plants. Nevertheless, there is an organised collaboration platform within IndustriAll, which sets out the strategy to not negotiate wage rises below inflation. A subsection of IndustriAll members is pushing for a more radical bargaining agenda. In general, however, the unions see little willingness to organise at the European level and foresee little change in the near future.

In contrast to the weakening supranational collaboration, the unions see an increasing impact of international competition in the European economic area. They find themselves to be in a more or less defensive position, attempting to reduce the wage handicap with flexibility, but their impact as sectoral negotiators is rather limited. Up until recently the belief existed that both Belgian and German manufacturers within the sector remained competitive. Recent developments in Austria and Slovakia, however, have introduced a significant risk because they are undercutting the level of both taxation and social benefits, more so than gross wages. According to the unions, companies have a stronger grip on decision-making in Eastern Europe, which is steering them away from Belgium.

## 2.3 Retail sector

### 2.3.1 Framework

The dependency on the Wage Norm, with its increasingly imperative nature and limited possibility to deviate at the sector level, is seen as an important issue for the retail sector. A related issue that is often raised is the vagueness of the norm, which leaves much ambiguity about the forms of remuneration it includes and which it does not, as well as the practical question of how to measure wage drift. This opens the possibility for employers to deviate at the company level. A prime example is the use of CA90, which regulates the use of collective bonuses and is often deployed by employers to differentiate remuneration between their employees. Pay increases through particular fring benefits is also an increasing trend among white-collar workers and executives.

LBC-NVK mentions issues with the Wage Norm. They feel that before the implementation of the Wage Norm expectations of wage increases were more in line with the economic situation in the sector. A side effect of the fact that the Wage Norm is dictated from the interprofessional level and has been accepted to be 1.1 per cent across almost all sectors is that it makes it almost impossible to deviate in difficult times. Given the nature of the sector and the specific difficulties it has to deal with (for example, e-commerce, foreign competition and so on), the LBC-NVK desires more autonomy to establish a wage increase catering to the sector; in this regard their opinion more or less coincides with that of Comeos.

Ultimately, LBC-NVK agrees that the Wage Norm can be maintained, but it would be more useful if it were used to establish a minimum rise in wages rather than a maximum. Abolishing the system has not been argued for either as it would lead to more individualised wage schemes and increased inequality. In this regard the service unions emphasise the relativity of the Wage Norm as many different remuneration forms do not fall in its scope (overtime, weekend work). At the company level differentiation remains possible and this is increasingly happening.

Another issue specific to the sector is that of inequality caused by the different joint committees within the sector, as mentioned in section 1. Some joint committees have better conditions and tighter rules than others, despite the fact that employees basically perform the same job. An important goal for the unions therefore continues to be the merger of the different joint committees into one, based on the moral principle that employees with identical jobs should have the same rights and conditions, regardless of the joint committee they belong to. Sectoral negotiators try to improve employees' terms and conditions in less favourable joint committees to reach a similar level to joint committee no. 312. Employers, however, often see the regulations within joint committee no. 312 as too strict. One example is the policy for firing employees: in practice firing is possible only in case of incapability and even then, it requires a more extensive procedure compared with other joint committees in the sector. Even the trade unions are critical of this, as it discourages employers from giving new personnel a permanent contract and instead to make use of a large number of non-standard contracts.

If the sectoral bargaining level ceased to exist, the trade unions expect that all collective bargaining would be reduced to the store and/or individual level. Sectors with a strong union presence and power would be able to let wages rise higher than is the case with the current Wage Norm. Other sectors, however, including retail, would see a significant decrease in working conditions and wages. Hence inequality would be increasing.

The trend to circumvent the sectoral level is already ongoing, with enterprise-level reward packages ('cafeteria plans') becoming increasingly important, leading to shortfalls in basic pay on which, for instance, social security needs to be paid. Another trend is that of firing regular employees and re-hiring them as 'self-

employed'. Apart from the reduction in conditions and advantages for these people, it is much more difficult for trade unions to reach and involve these the bogus self-employed. This trend even extends to situations in which companies rent out stores to self-employed subcontractors to circumvent certain legal restrictions regarding working and opening hours and in that way maximise their efficiency and profits.

LBC-NVK is calling for a framework that organises the network of companies across sectors that are part of a value chain. If this is ignored, the race to the bottom will continue, as companies shop around for the most advantageous joint committees. Some experiments with such frameworks are planned for the coming year.

Comeos considers that the interpretation of the Wage Norm was the main topic for discussion in previous sectoral bargaining rounds, with other elements only discussed as side issues. They state that little room is left for discussion and in practice negotiations meant little more than the implementation of what was established at the interprofessional level. The criticism of the fact that the room for manoeuvre is identical for all sectors is shared with LBC-NVK. In this case, many employers complained that they expected to receive increased flexibility in exchange for the acceptance of 1.1 per cent but this has not been the case. According to Comeos, the wage cost handicap in comparison with the surrounding countries remains sizeable. Given the labour-intensive nature of the sector, this is viewed as a significant problem in the sector today.

Furthermore, the sector is in ongoing transition as digitalisation and e-commerce become increasingly important. The wage handicap in combination with a lack of flexibility to adapt to this changing situation makes it difficult to compete and keep businesses in the country. Alongside high labour costs and rigidity, taxation is seen as an important limiting factor. The association regards the recent tax shift that decreases labour costs as an important measure in this regard, although the results have not met the employers' expectations.

### **2.3.2 Negotiations**

The previous round of sectoral negotiations was different for the trade unions in the retail sector in that it was the first time they were preceded by extensive preparations based largely on objective economic indicators. The unions were more or less obliged to prepare more comprehensively after the employers' associations set the example in previous bargaining rounds. Whereas in the past the bargaining process was based more on the negotiators' intuition, it is increasingly based on objective socio-economic data.

Productivity is mainly used as an indicator in bargaining to support the unions' arguments when trying to achieve the maximum Wage Norm. Reports are made on the sector's economic performance, looking at how productivity has evolved and the extent to which employees within the sector have received their share in return. Trade unions use this information in negotiations in case Comeos disagrees with the trade unions' interpretation of the Wage Norm.

According to the trade union representatives the sector has endured significant problems caused by bad company decision-making. A large group of older employees was dismissed because of their high cost, linked to automatic seniority increases. This in turn had a significant impact on productivity levels because of the loss of experience, which the management had seriously underestimated, resulting in unrealistic expectations, stressing the younger staff.

### **2.3.3 Goals**

The primary goal for the retail trade unions is to raise incomes in the best way possible. Therefore the focus is almost entirely on increasing purchasing power and not on reducing working hours, because average

working time in the sector is already among the lowest in the country as a result of negotiations following the Generation Pact of 2001, when working time was reduced while pay was maintained. Few other sectors have accomplished this. This now brings the problem, however, that many low-wage employees are asking for additional working hours rather than days off, according to the national secretary. The union's focus thus lies on creating more full-time jobs or extending existing part-time jobs. From their point of view the request for part-time work and flexibility should always come from the employee, not from the employer.

Purchasing power is optimised within sectoral agreements by providing the companies with a range of options that can be transposed to represent equal gross advantages (for example meal vouchers, eco-vouchers and so on). LBC-NVK has a specific target to try to achieve a net sum of 1000 euros per employee per month as an absolute minimum. A further problem that was mentioned in interviews is the increase in the amount of temporary agency work. This makes achieving these goals even harder, as the sectoral negotiators have less control over their conditions and wages.

At the other end of the spectrum, for white-collar employees and executives more or less the opposite is happening. In this case, a limitation on working hours is demanded. The trade unions have noted a decrease in official working time while actual working time continues to grow for such employees. Similar to the demand for blue-collar workers, flexibility tailored to the employee is requested with the option to convert overtime into additional employment. More efforts to facilitate durable careers are also demanded. The trade unions believe that the best way to achieve this is through sectoral agreements that can subsequently be built upon at the company level.

The primary goal of employers' association Comeos is to reduce costs for companies and facilitate their needs, as the risk of them relocating abroad is high. However, given the specific nature of the retail sector – for example, employees are also customers – purchasing power is very important. They insist that the sectoral level should remain dominant, with no derogations towards the company level.

#### **2.3.4 International context**

The BBTk-SETCA secretary has sincere doubts with regard to trade union influence and their possibilities to cooperate at the European level. European works councils exist, but in practice they play a very limited role, in his view. In the past some collective actions have been attempted but without significant results. He sees the lack of supranational solidarity as an important factor; trade unions will in the end always prefer national over supranational interests.

Representatives at LBC-NVK are less critical of cooperation at the European level than their socialist counterparts. Given that companies increasingly operate on an international level, they can see the need for improved cooperation between trade unions on the supranational scale. Some efforts have been made and there are forms of European social dialogue organised by the European Commission, but budgets to facilitate such initiatives are decreasing. An important message issued to the European Commission therefore was: 'practice what you preach'. Also, they believe the amount of effort made depends largely on individual initiative by a select group of people.

On the employers' side some European collaboration exists, comparing certain parameters internationally, but it remains underdeveloped. Comeos is a member of Eurocommerce, which discusses topics such as competition with low-wage countries. At the Belgian level comparisons remain rather limited, although they try to point out the importance of looking at large multinational retailers such as Amazon or Alibaba to expand the view beyond neighbouring countries. Essentially, the Wage Norm already establishes a link to economic developments in the neighbouring countries.

Debates about social dumping are not held at the sectoral level and the issues surrounding e-commerce are regarded as a form of social dumping; rival companies in some neighbouring countries have to pay significantly lower wages than Belgian companies.

## 2.4 Summary

Throughout the interviews the Wage Norm was an important topic at both the interprofessional and the sectoral level. All of the interviewees expressed criticisms. The first major issue is the growing imperativeness of the norm. Whereas at the beginning of its implementation the Norm was intended to be more indicative, it has become increasingly stricter, reducing the autonomy of the social partners and limiting their options when negotiating. The ways in which the negotiators see their options limited differ for the trade unions and the employers' associations, however. The unions – especially those in stronger sectors – believe the maxima they can achieve within the margin are too low, making the potential wage increase negligible. In this regard a sectoral difference can be noted, with LBC-NVK in the retail sector criticizing the fact that the use of the Wage Norm ignores the social-economic differences across all sectors. Despite the fact that they are a labour-intensive sector with small margins and increasing levels of competition they are more or less expected to implement the full extent of the Norm (which they did in the previous bargaining round). In this respect their opinion more or less matches that of their employer counterpart Comeos. In contrast to the unions, however, the employers' associations believe the minimum margins to be too high and that exceptions should be possible, if necessary. In their opinion Belgian wages are already too high and further increases will make it even more difficult for companies to compete, especially considering the automatic wage increase mechanisms already in place (automatic indexation, seniority increases and so on). The unions, on the other hand, are strong proponents of these mechanisms, as they ensure employees some form of wage increase.

Another issue correlated with the use of the wage norm is the increasing resort to individual remuneration, especially by way of using CBA no. 90, the collective agreement that regulates the use of collective bonuses. These bonuses can be given to a group of employees within a company if certain goals are met. The nature of these goals is not strictly defined; the only requirements are that they have to be transparent, measurable and predefined. This ambiguity allows employers to use this system to increase remuneration for certain groups of employees, ultimately increasing inequality.

Despite these criticisms no discussions or plans are currently in place to alter or abolish the use of the Wage Norm, which shows that this measure is a compromise. Removing it would probably increase inequality between sectors even more. Stronger sectors (for example, metal) are able to achieve far higher wage increases and weaker sectors (for example, retail) lag behind.

Another trend across the different sectors is the increase in preparations based on objective parameters. In the metal sector this started with Agoria referring to economic parameters to support their arguments; for them, production growth and growth of added value are crucial. Their trade union counterparts reacted by preparing socio-economic reports before negotiations. These take into account recent developments in productivity in the sector and micro- and macroeconomic comparisons of growth and resource costs. In the retail sector this evolution more or less proceeded in the same manner, with the unions responding to the preparations of the employers' associations. Productivity changes are being monitored by the unions and checked to see whether employees have received sufficient in return.

The growing importance of the international level was recognised by all interviewees. Despite the increasing competition and issues this entails, especially at the sectoral level, however, relatively few efforts are currently being made to address them. The interprofessional actors emphasise the need to take into account

the neighbouring and main trading partners; VBO-FEB believes it is important to look even further and are proponents of standards that apply to all EU member states and increased EU monitoring (even though both seem difficult to achieve). Within the metal sector the transnational cooperation between unions has actually declined over the years. In the past, collaboration before and after negotiations between German, Dutch and Belgian trade unions was more extensive. Today it is mostly reduced to exchange of information after negotiations have ended, as well as some smaller efforts through IndustriAll. Some European works councils exist within the retail sector, but their scope and effectiveness are rather limited, according to the trade union negotiators. Additionally, they notice that EU budgets to facilitate these transnational initiatives are decreasing, making these efforts even harder. On the employers' association side, Comeos is member of Eurocommerce, which deals with topics such as fair competition, but in general collaborations are rather limited.

## **3 Role of collective bargaining in realizing inclusive growth**

### **3.1 Inclusive growth within the institutional setting**

This section is centred around inclusive growth. It discusses the extent to which the social partners are aware of and agree with the term and perhaps use it in collective bargaining. Are there systems or practices currently in place that facilitate inclusive growth? And do they find themselves in a position to deal with such issues?

### **3.2 Interprofessional**

#### **3.2.1 Understanding of the concept**

At the interprofessional level, the concept of inclusive growth is interpreted by ACV-CSC as an acknowledgement of the fact that the benefits of economic growth are distributed unequally across the population. They believe that the term has become increasingly popular due to fears of political populism. The logic is that if part of the population feels it is economically deprived, they will feel inclined to vote for far-right populist parties. It shows the tendency of right-wing parties to appropriate terms previously used by left-wing parties and organisations. In the case of the term 'inclusive' they believe it has been used to push through labour market reforms that have moderated wages in order to create low-skilled jobs. In this view the demand for increased labour market flexibility has fostered the recent rise in the 'sharing' and 'platform' economy. In summary they feel that the notion of 'inclusiveness' is used as a tool for reducing the rights of insiders in order to create relative progress for outsiders. The union, by contrast, protests against the flexibilisation of the labour market, which in their belief is detrimental to employees' conditions and well-being. Instead, they believe it is important to invest in the inclusion of precarious groups on the labour market, namely: immigrants, women, people with a disability and low-skilled/unskilled workers.

VBO-FEB confirms the need to keep both the economic and social field in balance. They quote general manager Pieter Timmermans: 'You cannot build an economic paradise on a social graveyard', but at the same time the inverse, to build a social paradise on an economic graveyard, is equally impossible. A healthy economy is a basic requirement to facilitate social needs. VBO-FEB lists several key aspects that for them constitute inclusive growth:

- growth for all companies regardless of size;



- growth for employees as well as those outside the labour market; the main focus lies on the creation of jobs;
- sustainability, so that changes that are made now benefit people in the long term as well;
- decent and affordable education;
- social security and protection;
- decent pensions.

It is clear that in the eyes of VBO-FEB the government is the most important actor with regard to redistribution given the key role of taxes and social security. The sectors are involved in training and education, but ultimately the government plays the most significant role. In their opinion, a balance has to be found between inclusiveness, adequate purchasing power and sufficient levels of internal consumption. These three aims are further constrained by dynamics at the supranational level, which they take as a given. Although a fair share for workers does not contradict their mission statement, they do not see any means to change the international trend of a declining labour share in the current national context.

### 3.2.2 Practice

ACV-CSC stresses the importance of automatic indexation as a way of facilitating inclusiveness. The continuation of the system of automatic indexation was an important condition for trade unions when they accepted the Wage Norm. Throughout the years, however, several so-called ‘index jumps’ have occurred, whereby one indexation was skipped, leading to a real decrease in collectively agreed wages. Hence trade union negotiators now face both a rigid wage norm and occasional index jumps, which is a situation in which they can only lose.

As already mentioned, employers’ associations see the current system of automatic wage increases through indexation as a problem. They believe it is in conflict with the aforementioned goal of including the unemployed and those outside the labour market. They fear that through these systems wages will increase to such an extent that they will hamper job creation, leaving a group behind that is unable to find work. In that regard their goal is to reduce unemployment as much as possible by stimulating job creation. A reduction in wages (or at least stagnation) can facilitate this goal. In their opinion this benefits all parties: employees have an increased chance of finding a job, employers take advantage of the reduction in personnel costs and the government has less costs and more income because of the reduction in unemployment and larger tax paying workforce. Additionally, purchasing power will increase at the macroeconomic level, as the increase in employment makes up for the loss in purchasing power per capita. VBO-FEB and the sectoral employers’ associations believe that the mechanisms currently in place in Belgium already have a strong redistributive effect. This is somewhat paradoxical: on one hand, they are positive about the mechanisms currently in place (for example, automatic indexation, minimum wages, the Wage Norm) in that they contribute to the fact that Belgium generally scores well on inclusiveness, and no additional effort is required. When discussing economic matters, however, the same mechanisms are viewed as a liability provision the competitiveness or flexibility of the Belgian economy.

ACV-CSC refers to research by the German WSI that compares the extent to which different countries have been able to absorb the effects of the crisis. According to the study Belgium was among the better performers. The main factors that helped it to alleviate the negative fallout were:

- the unemployment/social benefits system;
- centralised collective bargaining without a practice of opting outs;
- progressive, redistributive taxation, which leads to a smaller reduction in purchasing power than flat taxes.

Additionally, the national confederation points to several positive elements in the current collective bargaining system. First, there is a willingness among trade unions to reach a consensus despite their differences. As already mentioned, a relatively wide spectrum of subjects is discussed at the different levels, including precarious groups on the labour market, training and employee well-being. Finally, and perhaps most crucially is the centralised model with an important role for the sectoral level, a strong element of coordination and high degree of extension, which is crucial as it ensures SMEs are included. This in combination with the system of minimum wages is important for inclusiveness and inclusive growth.

Some problems persist, however, according to the union. First, the distinction between white- and blue-collar workers remains significant, which ultimately leads to forms of unfairness. Efforts have been made to reduce and merge both, but a lot of work still lies ahead. A second problematic trend that is on the rise are forms of individual remuneration that increase inequality between employees. A final problem is the fact that there are still no concrete plans or talks to introduce a system that would allow transfers between stronger and weaker sectors, something they believe would be an additional tool to reduce inequality.

### **3.3 Metal industry**

#### **3.3.1 Understanding of the concept**

Inclusiveness in the labour market is known and recognised by the representatives of Metea, but the connection with growth is new to them. The federation sees topics such as discrimination, work–life balance and education as important and believes that everyone should be able to participate in increased prosperity.

The term is known by employers' federation Agoria, but not directly used in negotiations, despite the fact that some elements are discussed separately. Given the existence of mechanisms such as automatic indexation they believe that Belgium performs well with regard to inclusiveness. They see the same indexation mechanism as a factor that limits flexibility, however, which they deem very important in order to remain competitive internationally.

#### **3.3.2 Practice**

ABVV-Metaal and MWB do not actively use the term 'social inclusion' in negotiations or communication but, for them, the automatic extension of collective agreements is the main element that constitutes inclusion. An ongoing problem, however, is the fact that the practice is losing its effectiveness because of the rising number of 'consultants', 'self-employed' and temporary agency work. They are increasingly being used to replace regular employees but do not benefit from the same conditions or protection because they do not fall under any joint committee and any collective agreements. For temporary agency workers, theoretically the same conditions apply, but in practice this is not always met, for example in the case of annual bonuses or the accumulation of seniority. Other mechanisms to increase fair redistribution and reduce inequality are: automatic indexation, generally binding declarations but also investments in training, end of career systems and so on. Additionally, an organised sectoral system is in place that provides income guarantees to people who have lost their jobs in the sector.

In their opinion, if there were no collective bargaining at the sectoral level, the sector would be increasingly more dualised, with a large degree of inequality between those at the top and those at the bottom. In the current system people in the most precarious work situations are virtually non-existent, because much work of this kind has been shifted to other sectors and joint committees. According to the union representatives, as long as employees within the sector agree to some extent of flexibility, they are more or less able to have a decent job and income.

Another significant practice within the sector, and one that the social partners believe is important in maintaining inclusiveness, is the maintenance of several jointly managed sector-specific funds. The INOM funds, in which both Agoria and the trade unions are involved, provide funding for training for both blue- and white-collar employees in the sector (including training specifically aimed at employees at risk). In practice the funds reimburse a part of the wages paid while their employees attend a form of training. Additionally, there is the Pension Fund Metal, which provides all employees within joint committee no. 111 a supplementary pension in addition to the legal pension; a similar fund exists for their white-collar counterparts in joint committee no. 209.

## **3.4 Retail sector**

### **3.4.1 Understanding of the concept**

The concept of inclusive growth is known to the representatives at ABVV-Setca and deemed relevant and important. One of the principles of the federation, however, is to communicate every decision and topic for discussion straight to their members. Considering the relatively low level of education within the sector, they think it is too complex and is not used as such. At LBC-NVK the term is recognised as well but rather referred to as the ‘social market economy’.

Comeos sees the inclusive growth model as one in which everyone is able to benefit from any growth but says that the terminology is not used in negotiations. Their main focus is growth and jobs – in that order. In their opinion, if everyone can agree on the importance of realising growth, it is inevitable that there will be a positive spill-over for all. They also feel there are adequate mechanisms in place to facilitate a fair wage distribution, such as the automatic indexing of wages and automatic seniority increases. Inclusiveness and macroeconomic subjects are the subject matter of the intersectoral level, while the sectoral level has less competences in this regard.

### **3.4.2 Practice**

As already mentioned, the sector faces the additional issue of inequality introduced by different joint committees, each of which has markedly different terms of employment. An ongoing effort of the unions remains the merger of those joint committees into one. In reality they see their chances of success as rather small, but some steps have been undertaken, for example by preparing the same demands bundled for all three joint committees. One problem that this gives rise to is that representatives in the most advantageous joint committee (no. 312) feel they are unable to make significant progress.

Regarding wage increases, a policy of raises in cash, not percentages, is sometimes implemented. Limited wage margins in the past encouraged trade unions to opt for such absolute increases rather than relative ones, favouring low-wage earners, and to choose a ‘menu’ of net benefits instead of gross increases in wages. There is also a risk with such alternatives, however, as net benefits do not contribute to the calculation of end of year bonuses or holiday allowance, in contrast to gross wages, and absolute rather than relative increases change the relative wage of job categories; in other words, they make high-wage work relatively less attractive. This has not led to complaints, however, because the relative increases in such instances tend to be very small. Finally, given the nature of the sector, employers are more inclined to provide fringe benefits, such as meal- or gift vouchers, as they have more value in hand and pay less taxes.

According to a study by LBC-NVK, the capital share of earnings continues to increase within the sector. The federation has introduced the so-called ‘3x3 plan’ involving a 3 per cent job increase, a 3 per cent wage increase and a 3 per cent increase in investments in well-being. The plan stresses the need for an improved distribution of wealth, with fair taxation as a key factor in facilitating this. The sector-specific funds further

play an important role in both training and education and well-being at work. Indeed, improving labour organisation (for example, proper spreading of working hours, providing a decent minimal number of working hours) is considered a very important objective but generally difficult to achieve.

Comeos is in favour of the existing system of different levels of bargaining. Within this structure the sector is the most important level for wages and the interprofessional level has the task of devising and defending a certain vision. The system has several flaws, however, which make it too rigid for many older and larger companies, making it difficult to compete at the increasingly important international level. On one hand this is because many of the rules and legislation are not adapted to the changing context. Also, they accuse trade unions of using collective bargaining as a way to block developments towards internationalisation. On the other hand, cooperation is definitely possible. The most obvious examples are several task forces that have been initiated to discuss matters such as durable work, safety and integration of long-term sick employees. They point to the fact that these issues are rarely discussed within the sectoral negotiations and agree that if topics different from wages are being discussed, it is often initiated by trade unions and not by the employers' side. Despite the difficulty of reaching an agreement with trade unions on the merger of the separate joint committees, Comeos criticises the differences between the joint committees as well, but from the standpoint of unfair competition rather than inequality in working conditions. Foreign companies basically have the ability to choose the joint committee of their liking when entering the Belgian market. On top of that they are able to draw up a system of work regulations before trade unions are involved to influence the company level.

### **3.5 Summary**

All interviewees grasp inclusiveness as a concept and understand what it means for their particular case. The combination of growth and inclusiveness seems less evident and is rarely used by any party in negotiations. All agree that inequalities continue to exist and that they have some role to play in reducing it. Opinions on the degree of inclusiveness differ between trade unions and employers. The automatic wage increase mechanisms are seen as a crucial element by trade unions in pursuit of letting every employee participate in increasing wealth. Additionally, the automatic extension of collective agreements is considered to be very important in order to make sure the significant group of employees in SMEs receive the same benefits as those in larger companies with stronger union presence. In that regard an important problem the unions are facing is the growing number of 'consultants', temporary agency work and 'self-employed'. These categories do not enjoy the same benefits as regular employees, leading to increased inequality.

On one hand, employers' associations believe several mechanisms are already in place to promote a decent level of inclusiveness. On the other hand, they emphasise the importance of growth in facilitating inclusiveness. If companies are competitive, they are able to grow, leading to job growth and ultimately letting more people participate in the labour market. Finally, education is seen as crucial to ensure employability.

Despite differences of opinion, the consensus remains that collaboration between social partners is ultimately the best way to achieve these goals and that maintaining social dialogue (despite growing government interference) is therefore an important priority for all parties involved.

## 4 Collective bargaining priorities and challenges

The final section addresses precariousness and its prominence within the different sectors and as a topic in negotiations. Is precariousness seen as a significant problem within the sector? If so, what influence did the recent economic crisis have? Additionally, their evaluation of the current policy is asked as well as what part they believe social partners should play.

Most of the interviewees stressed the importance of both the government and the social partners, with the government as the main facilitator and the sectoral level complementing what is established nationally. Flexibility in the labour market is an important topic in this regard. On one hand the trade unions notice ongoing efforts by the current government to facilitate it, something they criticise heavily as it often leads to increased inequality. The employers' associations are proponents of this striving for increased flexibility as this suits their goals: maintaining and increasing competitiveness and raising job growth. In this way the economy, the government and companies can thrive, generating beneficial spill-over effects for all and including target groups in the labour market. The nature of precariousness clearly differs between the two sectors: the retail sector is an important employer of people with precarious profiles but is also plagued by a high level of precarious work, especially employees in part-time jobs. In the metal sector the amount of precarious work is significantly reduced as it has often been outsourced to other sectors, such as agency work, or offshored. There is, however, a significant risk of precariousness if people lose their jobs within the sector, especially because the number of jobs within the sector is on the decline.

### 4.1 Interprofessional

#### 4.1.1 Views on precariousness

The ACV-CSC confederation notes that a number of benefits targeted at precarious groups have been cut under the current government. Especially the system of 'doelgroepvermindering' (literally: target group reduction) has been significantly reduced, according to the union. This system encouraged employers to recruit employees from precarious groups (younger/older people, people with a disability) by providing financial incentives or a reduction in social benefit contributions. They also note that parties that plead for the creation of a low-wage sector often are more interested in deregulating labour law and weakening employment protection legislation. To them, there is little evidence that this strategy is successful and it is likely to lead to an unemployment trap or a segmented labour market. Instead, they call for a reduction in the number of short-term contracts and try to widen the vision of trade union representatives to also take into account the needs of temporary agency workers and subcontractors, as this is sometimes neglected.

At the national level this issue is becoming increasingly important, as they feel that if they do not react to these trends in time the situation will escalate and affect all jobs in the long term. Within the National Labour Council, social partners are currently discussing the use of day contracts, and the unions have asked negotiators at the sectoral level to do the same. Efforts have been made in the past as a result of which the Belgian system of temporary agency work being one of the most established in the world. The recent introduction of so-called 'flexijobs', however, has disrupted the situation and led to worse working conditions, a trend that the unions fear will continue. The current regulation of 'flexijobs' is fairly restrictive and their concern is that the system will gradually expand, increasing flexibility across all sectors and deteriorating working conditions further.

VBO-FEB emphasises the importance of growth. As stated earlier their main goal is to stimulate both company and employment growth. In that light they agree strongly with the current government policy of

'Jobs, jobs, jobs'. They believe that having and maintaining a job is the most important step in alleviating poverty and that policy surrounding inclusiveness should put its main focus there.

Again, the different automatic mechanisms in place are criticised in this regard. According to VBO-FEB, continuing to raise nominal wages through wage indexation benefits those who are currently in work but reduces employment creation and makes it more difficult for outsiders to participate. Therefore they are calling for moderate wages in favour of employment creation. Additional effects are the increased amount of active people, which leads to macroeconomic increases in real disposable income and purchasing power, as well as net growth in tax income for the state through increased employment, despite lower collectively agreed wages.

There are no specific metrics to optimise wage setting, measure productivity or monitor competitiveness, aside from the Wage Norm, which sets a target based on developments in other countries. The employers note that measures to moderate wages in the past four years (index-jump, tax shift and so on) have been effective, even in times of lower economic growth. At the same time, figures on inequality show that Belgium scores fairly well internationally. Hence the employers question the added value of the European Pillar of Social Rights: to what level will social protection eventually be raised? International competition outside of Europe is alleged to constrain European standards, they claim, so the focus should remain on economic optimisation.

Despite the lack of specific metrics from the employers' side, there is a lot of discussion between the social partners within the Central Economic Council about the 'wage handicap' and productivity developments. The employers refer to a historical wage handicap of around 11 per cent, while the trade unions claim that Belgian employees are around 7–8 per cent more productive than workers in other countries. This is arguably a characteristic of collective bargaining in Belgium, as increased labour costs incline employers to invest in capital and automation rather than labour. This does lead to an increase in productivity but also a reduction in the labour share. This is why in the end they do not use these metrics themselves, as they could lead to productivity gains by exchanging capital for labour to an extreme extent.

Both VBO-FEB and ACV-CSC refer to research conducted by Ive Marx from the Centre for Social Policy. He states that the Belgian labour market is too rigid, ultimately leading to a strongly dualised insider/outsider situation. Compared with neighbouring countries such as Germany and the Netherlands Belgium lacks a low-wage sector. According to Marx this is because the minimum wages as established within collective agreements are too high. As a result, unemployment tends to afflict certain precarious groups more, including young people and those with a migration background. In his opinion creating more, albeit lower paid jobs for such people is preferable to them having no job. This is, however, not enough to have a significant impact as much depends on where in the overall income distribution the newly created jobs will be situated. Some of those able to find a job will see their situation improve, but the relative position of those that fail to do so will deteriorate even further.<sup>2</sup>

## **4.2 Retail sector**

### **4.2.1 Views on precariousness**

For the unions in the sector the basis should be set out at the national level to ensure that both people on benefits and those in employment have an income that keeps them out of poverty. This is merely the

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<sup>2</sup> Marx, I., Vandenbroucke, P. and Verbist, G. (2012), Can higher employment levels bring down relative income poverty in the EU? Regression-based simulations of the Europe 2020 target, *Journal of European Social Policy*, 22(5), 472–86.

absolute minimum, however; as sectoral organisations, they see it as their task to make sure that the workers in the sector most precarious profiles are able earn a decent living.

In contrast to, for example, the metal sector, the retail sector effectively has a large number of employees in precarious work. In that regard fairness is mostly seen as equality within the sector. This translates most of all into the aim of rectifying the imbalances maintained by the different joint committees in the sector. According to the unions identical jobs should have identical conditions regardless of joint committee. And as already mentioned the extension mechanism is seen as an important instrument in facilitating equality between small and large companies.

The sector is afflicted by a significant number of working poor. Therefore another trade union focus is trying to increase the minimum working hours of part-time employees in the sector, as it is mainly the lack of hours rather than low wages that leads to precarious situations for employees. This is especially the case for those characteristically active in the sector, such as the significant number of single mothers who are obliged to work atypical hours, making a reasonable work–life balance difficult. The number of people in such situations is increasing as well, according to the unions. The combination of continuously increasing costs of living and several index-jumps have made the situation worse for people who are struggling to make ends meet.

Because of this, the idea has been circulating on the union side to introduce a minimal contract that ensures a net income of 1000 euros in the sector. The plan has not been fully implemented, but some variants have been tried in certain subsectors. For example, in large retailers the minimal number of working hours has been raised to 18 hours, as well as increases in the number of working hours according to seniority. The measures do not solve the problem with the high amount of part-time work in the sector, but it does raise the average amount of working hours.

Comeos acknowledges that people in precarious work have suffered the most because of the crisis. They see the sector as playing an important role in aiding these worker profiles by providing them with a job and prevent them from falling into an unemployment trap. That is one of the main reasons they were proponents of the tax shift.

BBTK-SETCA does not believe in the use of low paid/low working hours jobs in order to make it possible for more people to participate in employment. This makes the recent introduction of the flexijob system in the retail sector a significant problem because it is a system that is far more flexible than regular employment, as well as cheap for employers. From the trade union standpoint, the system is a primary example of the government's attempts to deregulate the labour market. It is seen as an extension of the use of student and holiday work currently used by many retailers because of its flexibility and low cost.

The wage classification used in the sector inevitably has a built-in wage tension. Because of the policy of not increasing wages by percentages but by predetermined sums, however, this tension is eroded. The sectoral negotiators do not necessarily see this as an issue as they operate in a low-wage sector and it was their explicit purpose to make sure those in lower wages receive a decent wage increase. The government and employers, in their opinion, are not interested in this principle and contribute to the unfairness within the sector by allowing and facilitating the use of CBA no. 90 and other forms of wage optimisation. Not only does this increase unfairness in wages, it leads to the government missing out on social security and tax income.

For this reason, the unions stress the importance of gross increases in wages. They insist on this because the sector employs a large number of part-time employees, who are often the most precarious group in the labour market. Indeed, the unions have enabled the large number of working poor in part-time work to obtain higher wage increases than their full-time counterparts.

Comeos and its members in the sector are not opposed to minimum wages, but they are critical of the automatic systems, such as automatic indexation and seniority-based increases without any related linear productivity increases. According to Comeos low skilled and flexible jobs are often a step up in life and in the labour market, an attitude that is often criticised by the trade unions.

## **4.3 Metal industry**

### **4.3.1 Views on precariousness**

Inequality and risks are important in Metea's vision of fairness. At the national level one important issue for them is the instability in the funding of the social benefits system. There are other ways of financing it but their role as a sector remains fairly limited. They see their role mainly in facilitating and maintaining employment and correcting things that the interprofessional level fails to correct; for example, the sectoral funds for subsistence security and additional pension supplement the national social security system.

The main problem regarding precariousness is not one of precarious work in the sector but when people lose their job, an increasing occurrence in the sector because of the large number of major closures and restructurings. Unions try to maintain as many jobs as possible in the event of restructuring, but they have little influence when closures happen because of bad company management or production of disappearing series. The sectoral subsistence fund does play an important role in supporting people without work but is under increasing stress. Opinions about this differ somewhat between the unions; the French-speaking socialist union believes that the government should play the major role in supporting the unemployed.

Although in the metal sector unfairness and inequality are seen as less of a problem, other sectors, such as the temporary agency work sector, are unable to provide the same conditions, increasing intersectoral inequality. This is why temporary agency work is kept as expensive as possible in the metal sector in order to make it less attractive for employers and to give people in such jobs fair remuneration compared with regular employees.

Another effort undertaken in the past is to sort out joint committee no. 100, to which several companies improperly resorted in order to cut costs. On one hand, this lets employees earn the minimum wage they are entitled to, while making competition between companies fairer. In that regard they acknowledge that they have an important role to play as the decisions they make and the agreements signed in the metal sector play an important role in providing an example for other sectors. The new work law changes the way companies are assigned to joint committees, however, and enables groups of companies to reside under one joint committee. For the unions this is a substantial step backwards as this means that companies can select their joint committee more freely.

For Agoria (and VBO-FEB) (technical) education is crucial as it has a significant impact on both employment opportunities and conditions for people in the sector. The main goal of investing in training is to increase worker productivity, and both the employers' association and trade unions cooperate on this. In general, the issue of precariousness plays less of a role in the sector. First of all, they believe a range of social support measures are already present and indeed that the majority of companies within the sector exceed them.

The European Pillar of Social Rights is not a topic in negotiations. Moreover, Agoria is critical of the measures/proposals at the European level in that regard. For example, the recent plans on posted workers are deemed unrealistic.



## 4.4 Summary

With regard to precariousness the unions note that several measures that have benefited precarious groups in the past have been reduced by the government. For them both the social partners and the government play an important role in facilitating these groups. They try to complement what is done nationally at the political level. In that regard they do, however, note the ongoing deregulation of the labour market that certain parties in government want to achieve, the most recent example being the implementation and expansion of flexi-jobs. They find that such regulations rarely benefit those that need them the most (for example, flexi-jobs are only possible for those in at least four-fifths employment) and most of the time even increase inequality because of the flexibility and ambiguity of many of these measures.

The main focus of the employers' associations remains employment and competitiveness. In that regard they find the measures to moderate wages that have been undertaken in recent years to be fairly effective, as it has kept wage cost development in check, which in turn stimulates (or at least steadies) job creation. They too are of the opinion that the government should provide the absolute minimum and that job growth will benefit all. On this logic low skilled jobs are often seen as a step up on the labour market ladder. Their opinion about the growing amount of working poor this evolution entails, however, is unclear.

The situation between the metal and retail sectors differs greatly regarding precariousness. The retail sector is an important employer for people with precarious profiles; on the other hand, it contains a significant number of working poor. This is especially the case for those in part-time work and on short-term contracts, groups that have been especially hit by the wage moderation effects mentioned earlier. In this sector there is a problem of different joint committees with different conditions and wages for almost identical jobs, leading to additional forms of inequality. The unions are trying to implement certain minima with regard to the number of working hours in order to improve the situation of those at the lower end of the scale. Plans to introduce a form of guaranteed income (for example, 1000 euros, as proposed by LBC-NVK) are still far from reality, however. The metal sector in contrast has far fewer problems with precarious work, as most precarious jobs that existed in the past have been transferred to temporary agency work or other sectors (ultimately leading to higher intersectoral unfairness). The jobs that remained are often well paid and with decent working conditions. Additionally, the sector has established funds (subsistence and pension) providing additional benefits for employees. For the metal unions precariousness has more to do with the risk of becoming unemployed than having a job that does not provide a living wage. Given the recent closures within the sector, this risk of unemployment is on the rise, putting the sectoral funds under pressure. In comparison the retail sector does not have these kinds of funds in place, but because of the nature of the jobs and contracts in this sector, it is relatively easier to return to employment after dismissal. The risk of in-work poverty, however, is significantly higher.

## 5 General conclusion

The extensive and strongly institutionalised social dialogue model in Belgium is under growing because of the ongoing centralisation efforts by the government at the sectoral and national levels, as well as a decentralisation trend through individual forms of remuneration at the company level. All of the social partners involved criticise this evolution but for different reasons, depending on either their interests (improving working conditions versus flexibility) or the socio-economic reality they are faced with (the metal sector with bigger margins and strong trade union presence versus the labour-intensive retail sector with weaker trade unions).

Another apparent development over the years that was mentioned by several social partners was the growing importance of objective data and indicators in sectoral bargaining. On one hand, this is because of the introduction of the Wage Norm, which is calculated on the basis of objective parameters (average wage cost of employees, wage cost development of neighbouring countries and so on). On the other hand, in both sectors the employers' federations started this process by including socio-economic parameters in sectoral negotiations. Trade unions followed and decided to provide their own socio-economic and financial indicators, whereas in the past negotiations were based more on experience and a general feeling of how situation was within the sector.

In general, the ongoing internationalisation is seen as an important factor for all interviewees. In the metal sector competition on a transnational scale has been ongoing for several years now, leading to some prominent closures. In the retail sector this internationalisation coincides with digitalisation. This is visible in the growing number of online retailers that choose to settle their distribution centres in neighbouring countries close to Belgium's borders. As stated by the Comeos representative 'E-commerce is our form of social dumping', something they see as result of a lack of flexibility in combination with high wages. The automatic wage increase systems in place are more or less seen as the manifestation of this flaw and are consequently under heavy scrutiny by the employers' associations. The trade unions are strong proponents of these mechanisms, however, making them a continuous point for discussion on which it is unlikely any consensus will be reached. In the metal sector these automatic mechanisms are also under scrutiny by Agoria. Their main focus is making sure that companies in the sector are and remain competitive on a transnational scale. They believe that these mechanisms, in combination with the negotiated wage increases, mean that Belgian employees are too expensive in comparison with their foreign counterparts. The trade unions claim that the higher average productivity of Belgian employees makes up for this discrepancy, a thesis that is disputed by the employers' federations. In their opinion it is correct that, on a macroeconomic level, Belgian employees are more productive than some of their competitors. The employers believe, however, that to a large extent this is due to the high capital intensity in Belgium rather than a significant difference in employees.

It is also remarkable that despite the almost unanimous agreement that the international level is becoming more and more important, few efforts are currently being undertaken to organise on a supranational level. Some initiatives exist, such as IndustriAll for the metal trade unions or Eurocommerce for the retail employers' federations. The scope of subjects that are discussed there is fairly limited, however, and so is their influence. There are also efforts to improve social dialogue on a European scale, supported by the European Commission. LBC-NVK representatives are under the impression, however, that funding for such projects is decreasing. In their opinion, the amount of effort being made to start and maintain such projects relies largely on individual initiatives by people who believe European social dialogue is a necessity.

Inclusiveness as a concept is seen as valuable and relevant for all parties. Within both the retail and the metal sector, however, the view of the concept is more or less *sui generis*, with few intersectoral efforts. Inclusive growth was rarely recognised by the interviewees. The fact that inequalities (still) exist is not refuted by any party, not to mention the idea that they have a role to play as social partners to reduce it as much as possible. Opinions on how to do this differ and tie back into the discussions on the automatic wage increase systems and flexibility versus protection of employees. In the metal sector the sectoral funds play an important role in facilitating inclusiveness. On one hand, the training funds improve the skills and employability of employees within the sector. On the other, the sectoral pension funds guarantee that all employees within the sector receive a supplementary pension. In the retail sector some options for employees exist to receive reimbursement for education, but this is far less extensive than is the case in the metal sector.

With regard to wage increases, the unions often implement a policy of wage rises in cash, not percentages. Limited wage increases have led trade unions to resort to this policy in order to favour low-wage earners in their sectors. Additionally, the 'cafeteria plans' utilised in many sectors provide the option to choose net benefits in favour of gross wage increases. Trade union representatives are critical of this practice, as these net benefits do not contribute to the calculation of holiday allowances or end of year bonuses.

Most of the social partners believe the government has to play the primary role regarding precariousness. The sectoral partners see their role mainly as complementary. The unions criticise the ongoing deregulation in favour of increased flexibility (for example, flexi-jobs), as they believe these measures often merely increase inequality. The employers' federations in turn support such measures in their approach of prioritizing company and job growth, which in turn will alleviate poverty and inequality. In that regard wage moderation remains an aspiration for the employers as it facilitates job creation.

The forms of precariousness differ between both sectors. Whereas in the retail sector precarious work is a significant problem, with a high number of part-time employees with a limited number of working hours, in the metal sector this is far less the case, with most precarious jobs 'outsourced' to other sectors. Furthermore, there are sectoral funds in place, used to finance a form of supplementary pension, as well as facilitate training in the sector. Precariousness in the metal sector is more situated a matter of employees losing their jobs. This ties into the problem of increasing international competition, which is leading to increased job uncertainty and loss. The aim of this study was to summarise the opinions and strategies of Belgian social partners concerning the concept of inclusive growth and the extent to which they believe that the current framework is adequate or should be adapted. Although all interviewed representatives possessed a significant level of experience and knowledge, the small number of interviews can lead to a certain bias, whereby the representatives disclosed more their own opinions rather than that of the organisation they represent. Both the metal and retail sector are interesting case studies in their own right, as well as because they are significantly different from each other.