



Eurofound

# Belgium: Short-time working and temporary layoff allowances

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## Background and objectives of the report

The global economic crisis hit Europe in mid 2008 and also had a considerable impact on the region's labour markets. Although almost all Member States have seen a decrease in gross domestic product (GDP) in the wake of the crisis, measures to protect labour markets from the effects of this have had varying success.

The reduction of working time has played a major role in lessening the impact of lowered production output on employment levels, and this project aims to investigate short-time working and temporary layoff schemes which have been used as a means of avoiding redundancies by many Member States during the recession.

To do this, the European Foundation for the Improvement of Living and Working Conditions (Eurofound) conducted an in-depth analysis of public short-time working and temporary layoff support schemes available in nine Member States (**Austria**, Belgium, **France**, **Germany**, **Italy**, **Luxembourg**, **the Netherlands**, **Poland** and **Slovenia**) during the recent economic crisis, supplemented by an analysis of **ProAct**, a regional support scheme in Wales (Eurofound, 2010). An emphasis was placed on those Member States offering public income support instruments for two types of reduced working time: those linked to a social security element, such as publicly supported social security contributions or dismissal protection during or after a period of short-time working or a temporary layoff; and those linked to a training element, such as a requirement to undertake training during non-worked hours in order to receive income support, or to receive an enhanced level of public financial support. The analysis encompassed a wide geographical mix and covered both short-time working and temporary layoff schemes.

This is one of the individual country reports describing its national public support scheme. It is based on a literature and document review, as well as on qualitative semi-standardised interviews with national stakeholders conducted in the spring and summer of 2010. The main objective is to provide as detailed a description as possible of the characteristics and working methods of the scheme, and to assess its short-term effectiveness.

A comparative analysis of all the individual schemes forms the thematic part of the ERM Annual 2010 – **Extending flexicity – The potential of short-time working schemes**. This is supplemented by a secondary analysis of European data on short-time working and temporary layoff schemes, and an assessment of the relationship between short-time working and flexicity.

## General information on the scheme

Short-time working allowances in Belgium are generally known under the heading '*chômage temporaire*'<sup>1</sup> meaning temporary unemployment and henceforth abbreviated in this report to 'TU'. These allowances have been in place since the 1940s and provide a framework in which employers can adjust employees' working time in response to a variety of external circumstances such as economic reasons (which is of most concern in this report) but also bad weather,<sup>2</sup> force majeure<sup>3</sup> and 'technical accident',<sup>4</sup> with the state mitigating the impact on employee remuneration via the state

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<sup>1</sup> [http://www.onem.be/Frames/frameset.aspx?Language=FR&Path=D\\_opdracht\\_TW/&Items=1](http://www.onem.be/Frames/frameset.aspx?Language=FR&Path=D_opdracht_TW/&Items=1).

<sup>2</sup> 'Bad weather' (*intempéries*) is defined as 'unfavourable atmospheric conditions (such as freezing weather, rain, heatwave) which renders execution of work impossible'. This generally applies to work carried on outdoors in the winter months.

<sup>3</sup> 'Force majeure' is defined as 'a sudden, unforeseeable event [...] rendering execution of the contract temporarily impossible' and includes events such as fires destroying workplaces and non-delivery of essential raw materials for reasons beyond the employer's control.

<sup>4</sup> 'Technical accident' refers to a technical disturbance to normal work/production caused by the unforeseeable and temporary breakdown of a piece of machinery or means of production within the enterprise.

unemployment benefit system. The full list of situations that can trigger TU also includes force majeure for medical reasons, company closure due to annual holidays, company closure due to a compensatory rest period within the framework of reduced working time, strike/lockout and dismissal of a protected employee (National Employment Office, **ONEM/RVA**).

Additional allowances that further cushion the pay of employees on short-time work feature in collective accords at company and sectoral level.

The principal provider of TU funding is the state via various federal and regional employment and social security agencies, although employers also contribute collectively to the costs of the scheme. Employees are the direct beneficiaries of the assistance.

One specific feature of the long-established Belgian TU scheme is that it covers only blue-collar workers. Belgian labour law continues to observe a strong distinction between blue-collar and white-collar workers (respectively *ouvriers* and *employés*).<sup>5</sup> One rationale for excluding white-collar workers from TU is that they enjoy significantly greater employment protection, notably in relation to periods of notice.

In addition to the long-standing TU scheme, more recently and notably in 2009 a raft of labour market measures to deal with the consequences of the economic crisis (*mesures anti-crise*) have been introduced on a temporary basis providing new short-time working possibilities and extending coverage to groups of workers not formerly covered (including white-collar workers). Therefore, there are at present multiple short-time working possibilities in Belgium each with distinctive modalities (described later in this report).

TU's objective is to:

- help employers in securing employment in the face of temporary labour market shocks;
- compensate workers affected by a temporary decline in demand for their labour.

This is achieved by means of temporary unemployment benefits funded through the main unemployment benefit system operated by ONEM/RVA. Benefits are paid for days not worked up to 75% of foregone pay. Additional supplements paid by the employer or a sectoral fund on the basis of collective agreements can help to further cushion earnings.

In terms of job/employment security, an important feature of the Belgian scheme(s) is that the employment contract remains in place even when there is full suspension of work.

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<sup>5</sup> In a context where these traditional distinctions are becoming less clear in practice: white-collar and blue-collar workers often work together on the same production lines. There are ongoing discussions between the state and the social partners about harmonising the conditions of employment of white-collar and blue-collar workers in Belgium (see Van Gyes, 2010).

## Characteristics of the scheme

### Eligibility, duration and extent of income support

As indicated above, there are various short-time working possibilities in Belgium. In addition to a longstanding TU scheme that dates back to the 1940s, there are a number of new variants on TU introduced more recently and in particular in 2009 as part of the federal government's anti-crisis measures. First, the report describes the traditional TU scheme.

#### *Temporary unemployment for economic reasons: traditional scheme limited to blue-collar workers*

Eligibility for traditional TU (temporary unemployment for economic reasons; *chômage temporaire pour raisons économiques*<sup>6</sup>) has historically been limited to blue-collar workers.<sup>7</sup> In part, entitlement to TU is considered as compensation for lower employment status and rights of blue-collar workers compared with white-collar workers in other areas. For example, terms of notice are much higher for white-collar workers; employers have to give 12 months notice to white-collar employees with 20 years of service but only eight weeks to their blue-collar counterparts.<sup>8</sup>

There are no specific eligibility conditions in relation to tenure. All blue-collar workers in a workplace can benefit. This is in contrast to unemployment benefit where qualifying periods are obligatory. As of 1 January 2009, eligibility was extended to temporary agency workers<sup>9</sup> as well as other temporary workers. Part-time workers can also benefit.

Any private sector enterprise can apply for TU on the basis of economic reasons in respect of some or all of their staff. What counts as 'economic reasons' is not clearly detailed in ONEM/RVA documentation,<sup>10</sup> though this indicates that 'the economic reasons must be temporary (*conjoncturelles*) and not structural' in nature.

In practice, a temporary reduction in orders, production or turnover is considered adequate evidence of temporary economic distress justifying TU allowances. If employers fail to provide adequate evidence that their current difficulties are cyclical rather than structural, the authorities may refuse their application for TU, thus compelling them to pursue other means of adjustment.

At least a week in advance of workers being put on TU, the employer must notify:

- the local branch of ONEM/RVA (the federal agency responsible for the payment of unemployment benefits);
- the workers affected;
- workers' representatives.

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<sup>6</sup> <http://www.emploi.belgique.be/defaultTab.aspx?id=23772>.

<sup>7</sup> The legal basis for this scheme is the Decree of 28 December 1944 on worker's social security and the law of 3 July 1978 on employment contracts.

<sup>8</sup> Presentation by Andre Simon to the European Commission Employment Committee (EMCO), March 2009.

<sup>9</sup> In this case, application can be made either by the company using the temporary agency worker or by the temporary agency. If the company makes the application, the status of the worker as a temporary agency worker must be indicated.

<sup>10</sup> ONEM/RVA documentation indicates that an 'employer may install a TU regime if not in a position, temporarily, to maintain the standard production levels [*rythme de travail*] in the company as a result of economic conditions'. This is in contrast to the quite specific criteria set out in respect of the anti-crisis measures introduced in 2009.

The notice to the workers must indicate the start and end date of TU (that is, the suspension of the work contract) and the dates for which the workers are to be on TU.

The notice to the local ONEM/RVA branch must contain copies of the notifications to workers, their names and addresses (or that of the unit affected) as well as the economic reasons for instituting a period of TU.

In terms of employer–ONEM/RVA communications in relation to TU, most notifications are now done online. ONEM/RVA may send back employer notifications for clarification and, in a small number of cases, refuse the application. In such cases, recovery of TU allowances already paid out is at the employer's expense.

Since the advent of the economic crisis in autumn 2008, the following modifications to TU (Law of 7 April 2009) have been agreed:

- increased allowances both as a share of normal salary (from 60% to 70% for workers cohabiting and from 70% to 75% for workers living alone or with family) and in terms of the wage ceiling (increased from about €1,900 per month per employee to €2,200 per month per employee);
- extension of benefits to temporary agency workers and fixed-term workers.

The duration of TU is limited to four weeks in the case of full suspension. Thereafter, a full week of work is required before a new spell of TU can be triggered. There is no impediment to repeated spells of TU followed by at least a single week of work triggering a new period of entitlements.

In cases of reduced working time, a variety of regimes/durations is possible:

- no time limitation in situations where work is reduced to at least three days per week or one week per fortnight;
- three months maximum if the employer reduces working time to less than three days per week or, on a fortnightly schedule, to one week off and more than two days worked in the following week;
- four weeks maximum where work is reduced to less than two days a week without specific derogation (arising from a royal decree (*arrêté royale*), themselves generally dependent on the existence of a collective accord (*convention collective de travail*, CCT)).

Extensions/derogations are often in place in specific sectors based on recommendations of the *commission paritaire* (equal representation committee, with tripartite composition) for the sector.<sup>11</sup> They often take the form of a collective accord given legal force in the form of an *arrêté royale*. In some cases, these stipulate longer periods of full or partial suspension with TU allowances. In most cases, extra supplements to the TU allowances are also laid down to minimise further loss of earnings.

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<sup>11</sup> At the beginning of 2010, there were 103 *commissions paritaires* and 69 *sous-commissions paritaires* representing different sectors and sub-sectors. Source: website of the Federal Public Service for Employment, Labour and Social Dialogue (**SPF Emploi**).

Table 1 shows the average monthly number of TU beneficiaries for 2002–2007. According to Naedenoen et al (2010), even before the crisis:

*... temporary unemployment of blue-collar workers is a measure which is frequently used by Belgian business ... The figures given by ONEM/RVA ... show a relatively consistent and continuous use of the measure.*

Table 1: Average number of TU (blue-collar) beneficiaries per month, 2002–2007

Year	Number
2002	75,980
2003	77,038
2004	69,714
2005	84,210
2006	80,201
2007	71,560

Note: Total employment in Belgium in 2007 was 4,365,000.

Source: *Andre Simon presentation to EMCO, March 2009*

#### *Temporary unemployment: new anti-crisis measure for white-collar employees*

TU protection was extended to white-collar employees (*chômage technique pour les employes*) as one of a series of anti-crisis measures introduced by the federal government in the Law of 19 June 2009. These measures were initially set to expire at the end of 2009, but were renewed until the end of June 2010. They were subsequently extended to the end of September 2010 with a possibility of further extension to the end of 2010.

The white-collar TU has partial and total suspension variants similar to the traditional regime applicable to blue-collar workers. The maximum duration of the scheme is 16 weeks per year in case of total suspension and 26 weeks per year in case of partial suspension where work is reduced to at least two days per week.<sup>12</sup> Minimum durations are also laid down: one week in the case of total suspension and two weeks in the case of partial suspension.

The workers, worker representatives and ONEM/RVA must be informed at least a week in advance. The agreement of the individual employee is not required but a collective accord is required. This may be concluded either at sector or company level, or in the form of a business plan (*plan d'entreprise*) approved by an ad hoc committee of worker and employer representatives in the case of companies without formal employee representation. Collective accords should stipulate the level of any top-up agreed by social partners over and above standard TU compensation.

Part-time and full-time employees are eligible as is the case with the traditional blue-collar scheme. TU should only be for entire days unless the employee normally worked a half-day on a TU day.

<sup>12</sup> Durations for white-collar employees are longer than those in the traditional blue-collar scheme. This is because opportunities for white-collar workers to extend and introduce flexibility to these durations via social dialogue are very limited compared with those for blue-collar workers. Many collective accords for blue-collar workers extend total suspension periods to two, three months and more.

In order that its white-collar employees can benefit, a company must satisfy the following conditions:

- it must fall within the scope of the 1968 law on *commission paritaires* (that is, principally private sector companies);
- it must be in economic difficulties as evidenced by declining turnover, or production, or an order level of 15% compared to the same quarter in the previous year, or a TU rate for its blue-collar workers of not less than 20%;
- a CCT (collective sectoral agreement), company level accord or business plan (*plan d'entreprise*) must be concluded. The latter applies for companies with no trade union representation.

Levels of compensation and compensation ceilings are the same as the higher limits agreed for blue-collar workers in early 2009 (that is, proportionately less attractive in many cases given that white-collar earnings are higher). The maximum compensation is 75% of monthly pay capped at €2,206 per month (that is, €1654.90 per month or €63.65 per day).

It is also stipulated that white-collar workers should receive at least the same additional compensation or top-up as their blue-collar colleagues in the same workplace, subject to all benefits not exceeding 100% of foregone pay.

Payment is made to the employees directly by the Auxiliary Unemployment Benefits Fund (*Caisse auxiliaire de paiement des allocations de chômage/Hulpkas Voor Werkloosheidsuitkeringen*, CAPAC/HVW) or by the unions, which traditionally serve as conduits for unemployment compensation to their members.<sup>13</sup>

Contracts can only be suspended once the employer has granted the white-collar employee all days of compensatory leave to which they are entitled. In other words, other forms of compensatory leave must be exhausted before TU allowances start.

As part of the 2008 intersectoral social dialogue agreement, social partners encouraged use of the time freed to provide workers with training to prepare them for the recovery period.

Other working time measures that have been adapted to meet the circumstances arising from the economic crisis or that have been introduced specifically as anti-crisis measures are detailed below. All these anti-crisis measures have been extended to the end of September 2010 and may be further renewed to the end of 2010.

### *Temporary adaptation of working time during the crisis*

Adopted as part of the law of 19 June 2009, temporary adaptation of working time during the crisis (*L'adaptation temporaire du temps de travail de crise*) applies to blue-collar and white-collar workers working full time in the private sector and in 'autonomous public sector' organisations. It offers employers reductions in social security contributions in situations where they apply a collective reduction in working hours to all workers or to specific groups of workers. The reduction must relate to a minimum of one quarter or one fifth of the weekly full-time working hours and must be subject to a company collective agreement. Individual agreement of the workers affected is not required.

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<sup>13</sup> Unemployment benefits were historically a union prerogative and only became part of a state-run system after the Second World War. Unions have, however, retained their roles as intermediaries in the benefit system and some of the larger unions – Federation of Liberal Trade Unions of Belgium (CGSLB/ACLVB), Belgian General Federation of Labour (FGTB/ABVV), Confederation of Christian Trade Unions (CSC/ACV) – continue to serve as conduits (*organismes de paiement*) for unemployment benefits from ONEM/RVA to their members. In this way, even those who become unemployed continue to maintain a strong link to their union.

Employers' social security contributions are reduced by €750 or €600 per quarter per worker affected depending on whether the working time reduction is for a quarter or a fifth of full-time hours. An additional €400 per quarter per worker reduction is available if the reductions go hand-in-hand with the introduction of a four-day week.

As the reduction in working hours involves a proportionate reduction in income, the collective accord must make recompense for the financial compensation of the workers. This must be at least three quarters of the fixed amounts cited above for employer social security contribution reductions. The employer is responsible for passing on the allowances to the worker.

#### *Temporary individual reduction of working time*

Also adopted as part of the law of 19 June 2009, temporary individual reduction of working time (*Réduction individuelle et temporaire des prestations*) assists employers in offering employees temporary working time reductions on an individual basis during the crisis by granting allowances to this end. It is subject to the agreement of the individual workers affected. Working time reductions must relate to either a fifth or a half of working time for a period of between one and six months. The allowance, paid by ONEM/RVA, is €188 per month in case of a one fifth working time reduction and €442 per month in case of a 50% reduction in working hours. A higher rate of €248 per month applies to those over 50 years of age.

#### **Security aspects of the temporary unemployment scheme**

Workers or employees remain under contract to their employer during periods of TU even though its operation is suspended. They retain all rights related to their employment contract. An extra right conceded to workers on TU is that they themselves are exempt from the requirement to give notice to their employer. Workers and employees are not protected from dismissal during TU but the period of dismissal notice can only begin after the TU period elapses.

The worker's long-term entitlements to pension, social security or health benefits are not negatively affected in situations where they are put on TU. TU days are included in a category of working days known as *jour assimilés*, like sickness days. These are days that count towards the calculation of all benefits. This is financed by the social security budget. Workers lose no rights or entitlements by being on TU.

TU is considered by employers a valuable alternative to other forms of numerical flexibility. Recourse to TU may lessen reliance, for example, on temporary agency work (considered expensive in any case), seasonal contracts or non-replacement of retiring or departing staff as means of adjusting staff levels.<sup>14</sup> More fundamentally, of course, it also serves to maintain the employment relationship in situations where employers may otherwise have been compelled to dismiss staff.

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<sup>14</sup> A medium-sized company whose representatives were interviewed during the preparation of this report indicated that all its staff (over 300 people) as of early 2010 were on indefinite contracts. The last three staff members with temporary contracts had been made permanent in recent months. In previous years, the company had staff on seasonal, short-term contracts and other forms of temporary contract.



### Training element of the scheme

The crisis has weakened obstacles to training taken during downtime because of working time reductions. In the past, an employer-led requirement that workers be ‘available for work’ (often at very short notice) in the same way in principle as those fully unemployed (*chômage complet*) made it difficult to combine training and downtime.

However, those who are on full-time unemployment have traditionally had an automatic right to training possibilities. During the crisis, it has been recognised by both sets of social partners that those on TU should have expanded possibilities, but not an automatic right, to pursue training.

To this end, the ONEM/RVA management committee decided in December 2009 that employees whose contract of work is suspended as a result of TU could follow a training course while continuing to receive TU benefits. However, conditions are attached to the training. In-house training courses must be:

- professional training courses (*formations professionnelles*);
- organised by either:
  - the competent regional training authorities, that is the Flemish Public Employment Service (**VDAB**) for Flanders, the Regional Vocational Training and Employment Office (**FOREM**) for Wallonia, and Bruxelles Formation (**BF**) for francophones in Brussels;
  - the competent sectoral training fund or by a training organisation approved by the fund;
  - the employer or an external training organisation provided the content of the training programme has been approved by the competent regional training authority.

Similar conditions apply to the organisation of extramural training, though there is no stipulation in this case that the courses are ‘*formation professionnelles*’. Employers are required to give details of the course and its providers to worker representatives and VDAB/FOREM/BF. During such courses, employees remain at the disposition of the employer and must be available for work; the specific collective agreements should reflect this.

Other measures facilitating training have been agreed in collective accords at sector level. According to a union representative in the Flemish region, the types of training provided vary depending on whether the company asks for it (often safety-related training or ‘technical’ training) or whether training is at the workers’ own initiative.

As a temporary anti-crisis measure, the Flemish regional government has introduced the possibility of specific incentives for those opting to take training on their own initiative during TU. This is in the context of specific regional working time reduction measures supplementary to the federal measures and known as the ‘bridging’ or ‘transition allowance’ (*overbruggingspremie*). Companies have to demonstrate a substantial decline in economic activity. One element of the transition allowance, whose main provision is to extend the fixed amount of compensation paid to workers whose income is reduced by working time reductions, is a training incentive. In addition, a modification to the scheme in May 2010 provides for an additional incentive of €58.59 gross for those whose working time has been reduced by at least 10% (changed from at least 20% in May 2010) and who chose to follow a training programme recognised by the Flemish public authorities. The allowance is limited to the duration of the working time reduction and cannot exceed 12 months in total. Another stipulation is that the training should last a minimum of 120 hours. Employers who apply for the transition allowance must record ‘what training efforts are needed during the period of working time reductions and how they will be arranged to reconcile work and training’.

A number of examples were identified at sector level of training initiatives based on collective agreements (CCTs) and provided by sectoral training funds that are funded and managed by the relevant social partners. **Vormelek-Formelec**, the sectoral training fund for electricians, for example, covers up to €125 of any paid training undertaken by workers on reduced working time or temporary unemployment. In addition, employers in the sector can avail of free training for their temporarily unemployed workforce through VDAB.

The sectoral training funds derive their budget from salary deductions which vary from sector to sector (0.75% of gross salary in the case of Vormelek-Formelec).

For those working in the metal recovery sector (*commission paritaire 142.1*) in the Flemish region or in Brussels, a special learning account (*leerrekening*) has facilitated training during the crisis period. Permanent and temporary workers were eligible to claim up to €500 (between 1 April 2009 and 31 July 2010) towards training. There were few restrictions on the training courses that could be undertaken, merely that they should improve the ‘labour market potential’ of the individual (that is, increase employability). Examples of training courses include French language courses and computer training as well as more technical training. The scheme covered tuition fees and learning materials as well as travelling expenses (€0.28 per kilometre for courses more than five kilometres from home) and a modest allowance towards childcare costs (€1 per hour of training). These expenses were reimbursed from the sectoral training fund once receipts had been provided by the worker (represented by ACV Metaal).

For those working in the metallurgy sector (*commission paritaire III*), the collectively agreed training possibilities were more generous. Under an initiative entitled ‘**Loop Vooroop**’ (‘Lead the pack’), workers on TU could pursue sector-related or work-related training up to a value of €1,500 (with a cap of €225 per day) between 1 April 2009 and 31 July 2010. In addition, workers were entitled to per diem expenses of €45 per day (up to €747 in total for the duration of the scheme). The training had to be related to the sector or to a number of basic skills such as languages, computing or social skills. These expenses were taxable. Workers applied for the training in advance and were reimbursed on completion of the course and on furnishing receipts, as well as a copy of the C3.2A form indicating their days of temporary unemployment.

Take-up of such possibilities has been impressive. Four thousand out of a total of 15,000 workers on TU took these individual initiative training possibilities in the metal and textiles sectors. This was a higher number than predicted given the traditional reluctance of blue-collar workers to take up discretionary training.

As work-related training is generally organised at company or sectoral level or by the main regional authorities responsible (FOREM for Wallonia, VDAB for Flanders), there is no federal programme in relation to training during TU.

### Monitoring of the scheme

The TU scheme is monitored closely to avoid abuse. In particular, regular unannounced inspections at workplaces are made to ensure that workers receiving TU benefits are not in fact working during downtime. Workers/employees (as well as employers) are required to carry and show detailed documentation stating when and for what specific hours TU benefits are being claimed. The fact that much of the system is now operated online and that the authorities can cross-reference TU allowance data with that from other databases such as social security, *Déclaration Immédiate/Onmiddellijke Aangifte* (**Dimona**) has also served to minimise potential abuse.

A second level of ‘self-policing’ of the system is that the extra costs (*surcout*) of the TU system are borne by the employers in the form of contributions (*cotisations*) to the sectoral security funds (*fonds de sécurité d’existence*). As this

funding is organised cross-sectorally and collectively, sectors and/or companies that are seen to be over-using the system are taken to task by those in charge of the system (for example, in other companies) and persuaded to mend their ways.

There is no evidence of any formal evaluations of TU having taken place. The scheme relies on strong social partner endorsement, itself based on a shared conviction that TU is preferable to layoffs and unemployment. This is as much the case for employers (who bear the majority of the extra costs) as for workers and their representatives.

### Transparency of the scheme

The traditional TU for blue-collar workers is very well-known and established. The scheme is publicised by the main public authorities responsible, ONEM/RVA and SPF Emploi. It is also actively promoted by the social partners at national and sectoral level.

Although take-up of the related anti-crisis measures has been much weaker than anticipated (see below), this is unlikely to be due to lack of public information about the schemes as they received widespread publicity at the time of their adoption in mid 2009 and subsequently.

### Impact of the scheme

The impact of the scheme can be summarised as follows.

- ONEM/RVA estimates that net employment losses in 2009 would have been nearly double the 30,275 job losses recorded had the TU scheme(s) not been in place.
- The Belgian employment rate declined by 0.5% over the year.
- The average daily number of workers/employees benefiting from TU allowances during the year was 28,185.
- Over 210,000 workers were on average on TU each month. This represents a rise of 57% compared with 2008.
- The peak month for TU was March 2009 (313,200 workers, equivalent to a quarter of the private sector blue-collar workforce).

Table 2 summarises the average daily number of TU beneficiaries by sector and by quarter from the pre-crisis quarters in late 2007 until the post-crisis emergence from recession in late 2009.

Table 2: Average daily number of TU beneficiaries by quarter and sector, Q3 2007 to Q4 2009

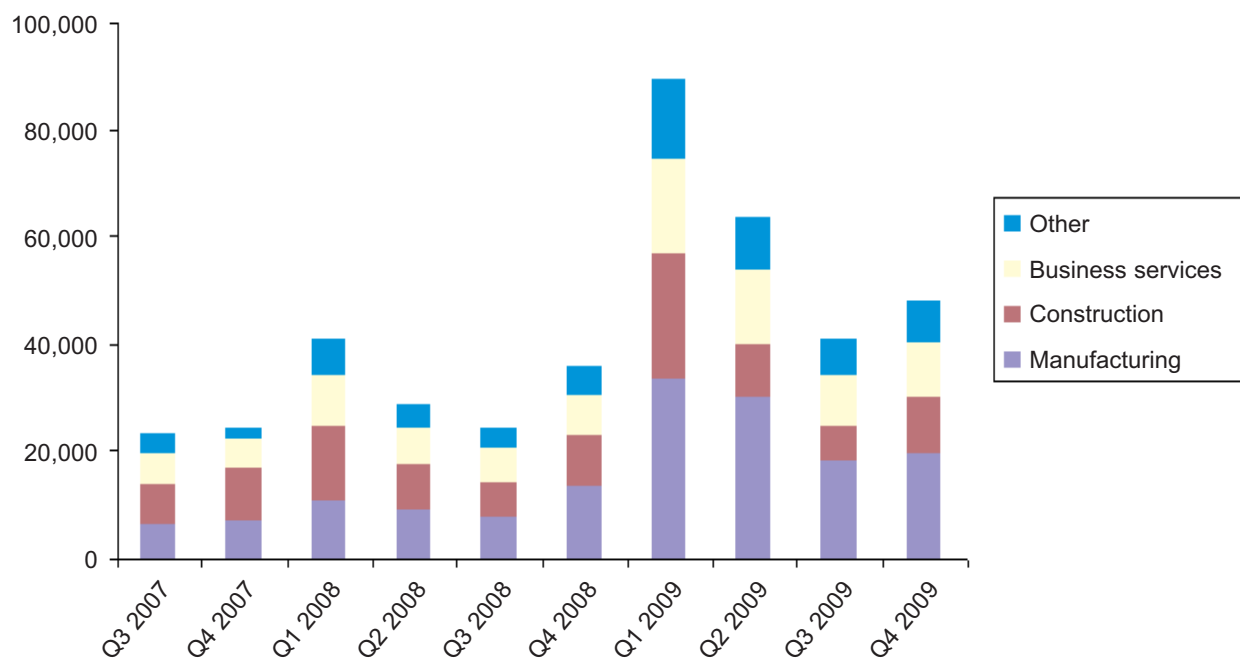
Sector	2007		2008				2009			
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Agriculture, etc	400	609	1,224	525	372	643	1,964	742	452	743
Mining and basic metals	406	387	617	347	285	566	2,410	1,714	1,167	1,158
Manufacturing, of which	6,271	7,172	10,692	9,174	7,701	13,449	33,785	30,018	18,336	19,676
<i>machinery</i>	1,405	1,649	2,747	2,005	1,981	4,958	15,631	14,182	8,748	9,662
<i>textiles</i>	1,262	1,356	2,050	2,282	1,844	2,529	3,885	3,413	1,986	2,107
<i>clothing</i>	590	792	854	765	646	903	1,217	1,072	770	919
<i>food</i>	807	837	1,326	1,279	794	975	2,034	1,739	1,000	1,160
Construction	7,551	9,700	14,111	8,463	6,819	9,564	23,321	10,050	6,290	10,497
Utilities	17	18	25	18	16	19	56	47	30	29
Financial services	864	805	1,150	895	911	1,000	1,917	1,490	1,135	1,212
Transport/communications	571	632	1,194	715	598	985	3,161	2,424	1,507	1,575
Business services	5,704	5,706	9,134	6,615	5,938	7,459	17,373	13,533	9,432	10,273
Other	1,593	1,632	2,545	1,787	1,26	2,240	5,327	3,809	2,681	2,929
<b>Total</b>	<b>23,376</b>	<b>24,366</b>	<b>40,691</b>	<b>28,539</b>	<b>24,366</b>	<b>35,926</b>	<b>89,315</b>	<b>63,828</b>	<b>41,029</b>	<b>48,092</b>

Source: ONEM/RVA

The following important patterns can be observed (Figure 1).

- Peak use of TU was in Q1 and Q2 of 2009. In both quarters, levels were at least twice as high in the corresponding quarter of the previous year.
- Manufacturing accounted for less than 30% of total TU in late 2007 and for nearly 50% when TU peaked in Q2 2009.
- The construction and textile manufacturing sectors were the earliest sectors affected. By Q3 2008, each sector already had levels of TU over 40% higher than in the corresponding quarter a year earlier.
- In proportional terms, TU rose most in machinery manufacture and second most in mining and basic metal production. Daily averages in machinery manufacture were seven times higher in Q2 2009 compared to a year earlier.

Figure 1: Average TU beneficiaries peaked in Q1 2009



Source: ONEM/RVA

As TU for white-collar workers (anti-crisis measure) was only introduced in June 2009, data on its take-up are limited to the last six months of 2009 (ONEM/RVA, 2009).

- The peak take-up of 8,910 employees was reported in November 2009 before falling back to 6,291 employees in December 2009.
- Over the period, 16,175 individual employees benefited from TU allowances. This latter figure represents less than 4% of the total on TU benefits: the established blue-collar TU scheme has a much higher take-up.
- On average, TU allowances were paid in respect of 5.6 days for employees in December 2009. This is somewhat lower than the average figure for all on TU (including blue-collar workers) of 6.6 days.
- Average payments were €59.30 per day and the total cost to ONEM/RVA from July to December 2009 was €9.39 million.
- There were almost twice as many on white-collar TU in Flanders as in Wallonia.

Other key features of take-up are detailed below.

- The sectors which in proportionate terms had greatest recourse to white-collar TU were ‘transport/communications’ and ‘other business services’ (that is, sectors in which the unemployment rate was already quite high). This is largely due to the conditions applying to the scheme; businesses have to demonstrate a significant decline in production or turnover or already have at least 20% of their blue-collar workforce on TU.
- The sector with the highest absolute share of TU for white-collar employees was machinery manufacture (*construction des machines*), which accounted for 34% of all employees on TU in December 2009.

- The ratio of male-to-female beneficiaries of TU allowances for white-collar employees was around 2:1. This compares with a 4:1 ratio for TU globally (that is, including both the traditional TU for blue-collar workers and the anti-crisis TU for white-collar employees).
- Take-up of the other main anti-crisis measure involving compensated reductions in working time was lower than anticipated; the maximum monthly rate of 2,666 workers covered was in November 2009. According to initial analyses by ONEM/RVA reported in the Belgian press,<sup>15</sup> in the last six months of 2009 less than 15% of the total budget foreseen for white-collar TU or for the other anti-crisis working time measures was taken up.
- Total TU payments by ONEM/RVA in 2009 were €1.053 billion (€622 million more than in 2008). Of the increased budget allocation, 60% was attributable to increased numbers on TU benefits, 37% was due to increases in the benefit levels and 2.5% to indexing effects.
- The scheme has become more generous with average daily allowances rising 37% (of which only 6.12% was an indexation increase) between 2007 and 2009 (from €40.73 to €55.70 per day) (Milquet, 2010).

## Assessment and lessons learnt

### TU for blue-collar workers

TU for blue-collar workers is an established and well-known labour market measure. It enjoys strong legitimacy from the social partners and the government, and is seen as a useful ‘flexicurity’ measure from both sides. Unlike some of the time-limited anti-crisis measures, it is seen as offering employers both certainty and flexibility in relation to staffing levels (for example, choice of whether to implement full or partial TU, or to change days off in case of partial TU).

It is also seen increasingly as a tool for retention of human capital (and to a lesser extent of development, in the case of training).

Significant involvement of the social partners in TU operation through social dialogue at the sectoral level (*commissions paritaires*) allow actors in specific sectors to modify and often extend legal provisions to suit specific sectoral requirements. One key requirement for the success of sector-level TU schemes is cooperative social partnership at sector level culminating in a collective agreement (CCT).

One potential criticism is that TU ‘involves a transfer of the responsibility of paying for the cost of flexibility from the business company to the collective body as the public authorities pay a part of the unemployment benefit’ (Naedenoen et al, 2010). While TU clearly involves significant costs to the state (the increased take-up in 2009 resulted in a nearly two-fold increase year-on-year in public funding of TU), the fairest comparison may not be in year-on-year costs of the system but in comparing costs of TU to the situation of increased unemployment that would arise if TU did not exist. As employers collectively assume the extra costs of any extension of the system and, for instance, for the recently agreed increase in benefit levels, the budgetary impacts on the state are comparatively neutral.

TU for blue-collar workers is considered a ‘built-in’ part of Belgian labour market policy. Use of the scheme is extensive and, in some companies, more or less systematic. This might raise questions about whether it is exclusively a temporary measure addressing cyclical or one-off problems rather than structural problems, or in some sectors, seasonal fluctuations. But it is clear that employers consider it a valuable alternative form of numerical flexibility and one that is preferable to dismissal or other forms of ‘flexibility on the margin’ (agency work, seasonal contracts).

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<sup>15</sup> ‘Les mesures anti-crise, les entreprises ne se ruent pas’, *La Libre Belgique*, 12 February 2010.

One employer criticism of the operation of TU for blue-collar workers was the two-week period for approval of TU requests from employers. This poses problems in terms of planning for employers and leads to employers making precautionary applications for TU.

### **TU for white-collar workers and other anti-crisis labour market measures**

Take-up of the various anti-crisis measures has been lower than anticipated. According to Naedenoen et al (2010), this has led to criticisms on the union side that the ‘measures are inappropriate and ... respond to a need for “pure flexibility” on the part of the employers’.

The Belgian Federation of Employers (**FEB/VBO**) contends that there was an over-estimation of the financial resources necessary to implement the measures. It insists that the measures are effective and a major factor behind the comparatively small increase in Belgian unemployment during the crisis. This is also the position of the federal ministry.

### **TU and employment security**

In Belgium, TU is a job security measure as opposed to an employment security measure. It facilitates the maintenance of an individual employment contract between employer and employee even when the worker is not working.

The key features of the TU scheme(s) are that the state social security system and employers bear the main costs of its operation. Employee income is largely cushioned during periods of TU, and access to long-term benefits and entitlements is not negatively affected.

### **TU and training**

Even though the Belgian social partners have agreed to lift obstacles to training during TU and are encouraging its take-up, resource constraints at the organisations that deal with training at regional level (FOREM, VDAB) may have put a limit on the development of training possibilities for those on TU. Nonetheless, sector training funds have taken up the challenge and introduced incentives for training during TU. These vary in modalities and generosity from sector to sector based on collective agreements.

Measures incentivising those on TU to take up training have been introduced in the Flemish region. There is evidence of increasing interest on the part of blue-collar workers to undertaking training, possibly due to the incentives available also because of perceptions of the growing importance of acquiring competences for employability.

A traditional barrier to training during TU relates to the requirement that those on TU be ‘available for work’. Employers, who assume a significant share of the costs of TU, insist on their prerogative to use TU flexibly and to call back workers from TU to work at short notice. Unions have been critical of the fact that too strict a requirement to be available for work during TU has rendered the time socially useless. However, the social partners have agreed to encourage access to training during the crisis for those on TU. Training incentives such as those attached to the Flemish transition allowance are one manifestation of this shift in attitude.

Not all unions are automatically in favour of linking TU downtime and training. Some unions prefer training be given to people when they are working and not when they are unemployed.

There may be complications for employers in arranging training during TU. Neither of the companies that participated in the interviews for this report had availed of newly introduced training incentives in the Flemish region, even though there was already a developed set of training possibilities for workers in one of the companies and the schemes would involve no costs for the employers. One problem identified was that ambiguous or contentious situations can arise when employers have previously run organised training courses during periods of TU.

There are difficulties in organising training on a temporary short-time basis. However, the fact that the length of TU periods has tended to increase during the crisis has made the task of setting up training easier. Unions work with training providers and are encouraging them to make courses flexible (one-day, two-day, modular) to respond to the specific requirements of those on TU. Social partner involvement in the sectoral training funds facilitates such representations to training providers.

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