

Industrial Relations **Luxembourg: Developments in working life 2018**

[Working life in 2018 – Annual review](#)

Author: Adrien Thomas, Roland Maas – LISER

Research Manager: Christine Aumayr-Pintar, Eurofound

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European Foundation for the Improvement of Living and Working Conditions

Telephone: (+353 1) 204 31 00

Email: information@eurofound.europa.eu

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Political context affecting working life aspects

The political context has been dominated by the legislative election held in October 2018. The ruling coalition, led by Prime Minister Xavier Bettel, retained a majority of seats in Parliament. The election campaign and the discussions over the coalition agreement witnessed debates about working life related issues such as the minimum wage and reductions in working hours. Because of the legislative election, the social elections, originally scheduled for November 2018, have been postponed to March 2019 to avoid overlapping campaigns.

Labour market reforms or major packages of working life regulations

In the run-up to the 2018 legislative election, discussions were held about the amount of the minimum wage against a background of concerns over a rise in the number of working poor in Luxembourg. Another issue discussed during this election campaign was a possible reduction in working hours. As a result, the coalition government of the Democratic Party, the Socialist Workers' Party and the Greens reached agreement on a number of aspects related to working life: the net minimum wage is to be raised gradually by 100 euros through wage increases and fiscal measures, two additional holidays have been introduced, and various adaptations of individual tax rates are planned.

Social partners' views and reactions on changes in government and working life policies

The main trade union, the Trade Union Confederation of Luxembourg (Onofhängege Gewerkschaftsbond Lëtzebuerg, OGBL), has welcomed the re-election of the coalition made up of the Democratic Party, the Socialist Workers' Party and the Greens (*Tageblatt*, 15 October 2018). The OGBL stated that the coalition agreement contains "positive aspects", but also "vague measures" and "measures to be discussed" (*Le Quotidien*, 12 December 2018). The Union of Luxembourg Enterprises (Union des Entreprises Luxembourgeoises, UEL), the most representative employers' organization, formulated a series of demands after the election, including a reform of taxation. The Chamber of Commerce (Chambre de Commerce du Luxembourg, CDC) demanded a change of the wage indexation mechanism limiting increases to a maximum of once every 18 months. In general, employers' organizations have voiced their scepticism on working life related aspects of the coalition agreement.

Developments in industrial relations 2018

Changes affecting the national-level actors and institutions in 2018

Actors

The National Federation of Luxembourg Railway and Transport Workers and Civil Servants (Fédération nationale des cheminots, travailleurs du transport, fonctionnaires et employés luxembourgeois, FNCTTFEL) suffered a leadership crisis in 2017. The previous leadership of the union, which counts 6,000 members, was removed from office. The new leadership announced that in the course of 2018 it would enter into discussions with the Trade Union Confederation of Luxembourg (Onofhängege Gewerkschaftsbond Lëtzebuerg, OGBL) to explore possibilities for a stronger collaboration between the two unions, including a possible merger. Such a merger would mean the end of the over a century-old autonomous existence of the FNCTTFEL and would reinforce the position of the OGBL.

No major developments affected employers' organizations in 2018.

Representativeness

The social elections for the Chamber of Employees (Chambre des salariés, CSL), initially scheduled for November 2018, were postponed because of the legislative election in order to avoid overlapping campaigns. The next social elections are scheduled for March 2019 (the last social elections were held in November 2013).

No major changes reported in the way in which the representativeness of industrial relations actors is regulated or assessed.

Institutions

No major legislative or institutional changes to be reported as concerns the industrial relations institutions.

Changes affecting the sectoral and company level social dialogue 2018

The social elections for the employee delegates at company level (*délégations du personnel*) were postponed because of the legislative election in order to avoid overlapping campaigns. The next social elections are scheduled for March 2019 (the last social elections were held in November 2013).

No other major changes to report as concerns sectoral and company level social dialogue in 2018.

Innovation in collective bargaining

No major innovations in collective bargaining to report for 2018.

National social dialogue in 2018 – Scope and Contribution

Themes	Description	Social dialogue interaction	Social dialogue outcome and/or output
Employment	In July 2018 the national parliament passed the new law on the GMI, which is now called “Revis” (Revenu d’inclusion sociale). The new law puts forward greater labour market integration of the beneficiaries by transferring the profiling of applicants from the Ministry of Family to the Public employment service. The reform revisited the social allowances structure by giving more attention to households with children and single households.	Consultation of social partners. Voting on the law was preceded by a parliamentary discussion during which the professional chambers were able to give their opinions on the bill.	The bill was passed on 10 July and will enter into force on the 1st of January 2019.
Skills, training and employability - Vocational training	In February 2018, the government submitted a bill to parliament in order to improve legislation regarding vocational training. The revision of the existing legislation is based on the advice of different professional chambers, which are partners in the organization of vocational training.	Consultation of social partners. Voting on the law was preceded by a parliamentary discussion considering, amongst others, the views of the professional chambers on the bill.	The parliamentary committee in charge of childhood, youth and educational matters adopted the bill by considering several comments put forward by the professional chambers (as well as the State Council). At this moment, the bill is still going through the legislative process and is expected to be implemented when the new government will begin its term.
Benefits Benefits for low wage earners	In 2017 the Minister of Employment, Troels Lund Poulsen, established an expert committee on working environment. The task for the committee was to rethink the working environment (occupational health and safety) system in Denmark. The committee consists of four researchers, four representatives of the social partners and a chairman appointed by the government. There is a long-standing tradition in Denmark to have a tripartite	Expression of opinions, statements in interviews, press communications during the pre-election debate.	The new government decided (Government de Luxembourg, 2018) to increase the minimum wage by 100 euros / month as well as introduce fiscal adjustments for low wage incomes. Law of 21 December 2018 modifying the article L.-222-9 of the labour code

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Themes	Description	Social dialogue interaction	Social dialogue outcome and/or output
	<p>dialogue on working environment issues. In September 2018 the committee came up with 18 recommendations for an improved Occupational health and safety effort. The recommendations are backed by the social partners.</p> <p>The recommendations have not yet been followed by political action. References: Statement from LO (2018); Statement from DA (2018); Ministry of Employment (2018b); Ministry of Employment (2018c).</p>		
Benefits - Sick leave	<p>On 25 July 2018, parliament voted to extend the sick leave of the long-term ill from 52 to 78 weeks. Previously, sick leave allowances as well as the work contract ended after 52 weeks of sickness within the reference period of 104 weeks. The new law introduces, amongst other measures, a progressive re-entry into work for therapeutic reasons.</p>	Consultation of social partners	The law of 10 August 2018 will enter into force on the 1st of January 2019.
Wage setting - Wage indexation	<p>Within the framework of parliamentary elections in October 2018 the chamber of commerce highlighted its recommendations (Chambre de Commerce, 2018) for the de-indexation of the Luxembourgish economy or, at the very least, to introduce a modulation of the wage (Sinner, 2018) indexation system. In contrast, the trade union OGBL (2018) pointed out the importance of continuing with wage indexation given the evolution of poverty risks as well as the situation of the working poor in Luxembourg.</p>	The Chamber of commerce published a document with recommendations for the new government and organized a press conference. The OGBL published a general document before the elections dedicated to increasing the minimum wage.	<p>The general debate on the wage-setting mechanisms in Luxembourg reinforced the public debate on wages in Luxembourg and led the political parties to integrate this demand in their election programs (OGBL, 2018c).</p> <p>In its coalition agreement 2018-2023 (Government de Luxembourg, 2018), the government emphasizes that it will maintain the system of wage and pension indexation.</p>

Themes	Description	Social dialogue interaction	Social dialogue outcome and/or output
Working time - Telework	Agreement between France and Luxembourg allowing teleworking for French residents. In March 2018, Luxembourg and France signed an agreement (Gouvernement du Luxembourg, 2018b) in order to avoid double taxation and to prevent tax evasion. This also aims to allow French cross-border workers to telework for up to 29 days per year without being taxed in France. The agreement meets existing regulations between Luxembourg, Germany and Belgium and is also in line with recommendations (Chambre de Commerce, 2018) by employer organizations to the new government, while the trade union OGBL demanded more flexible work-time regulations (OGBL, 2018b).	Lobbying by position papers, press communications, consultation of social partners.	The agreement is in compliance with the inter-professional agreement on teleworking signed in 2006 (OGBL, LCGB, UEL, 2006) and extended in 2015 by the trade unions OGBL and LCGB as well as the employer's umbrella organisation UEL. Any French resident working for a Luxembourgish company can work 29 days a year outside Luxembourg and will be taxed in Luxembourg (Belgian residents: 19 days / year; German residents: 24 days / year) .
Working time - Working time accounts	The government created time-saving accounts in the public sector by the law of 1 August 2018. The time-saving accounts allow the saving of up to 1800 working hours to be used at a later date for private purposes. This agreement between the government and the civil servants trade union gave an impetus to a similar project in the private sector, which had been on ice due to an interrupted social dialogue on the subject, leading the government to introduce bill n°7324 concerning time-saving accounts in the private sector.	Public sector: Opinion of the Chamber of civil servants during the legislative process. Private sector: consultations between the employer's umbrella organization UEL (Union des Entreprises Luxembourgeoises) and the trade unions. The Employer organization UEL met the LCGB, who in turn invited the UEL to implement time-saving accounts also in the private sector based on the draft bill for the public sector (LCGB, 2018), while the OGBL launched a whole package of propositions on working time, including time-saving accounts (OGBL, 2018b). Consultation of social partners in tripartite organizations (CES; CPTE), opinions of social partners on the draft bill in the public sector, while in the private sector the draft bill has been introduced only quite recently so that the consultation process is still ongoing.	In the public sector, the law creating time-saving accounts entered into force on 1 October 2018. As regards the private sector, the government introduced bill n°7324 creating time-saving accounts in the private sector in parliament on 25 June 2018. At the moment, no official opinion by the social partners has been put forward during the consultation process. The draft bill is still in the pipeline, to be resumed when the new government is in charge following the legislative elections in October 2018.

Themes	Description	Social dialogue interaction	Social dialogue outcome and/or output
<i>Terms and conditions of employment - Internships</i>	In order to regulate the internships of students and pupils in Luxembourg the government introduced bill n°7265 on 19 March 2018 in parliament. The bill aims to fill a legislative gap regarding the organization and remuneration of internships. The bill clarifies the distinction between compulsory internships within the framework of studies and voluntary internships aimed at the acquisition of professional experience. Finally, the objective is to avoid a potential misuse of internships by clarifying their supervision and remuneration.	The bill was prepared by prior discussions within the tripartite body “Permanent Committee on Work and Employment” as well as with the student organization ACEL (Association des Cercles d'Étudiants Luxembourgeois) (ACEL, 2018).	While ACEL approved the draft bill, the competing student organization UNEL questioned the lack of remuneration grades for internships (UNEL, 2018). As the professional chambers generally approve the initiative taken by the government, the Chamber of Employees as well as the professional Chambers of Employers mentioned the lack of clarity and precision. In addition, the government missed involving concerned actors in the prior consultations. The legislative process is still ongoing.

No major social dialogue debates were held on the following themes: Health, safety and well-being at work; Pension reforms; Taxation and non-wage related labour costs; Work-life balance.

Selected major social dialogue debates

Reform of the guaranteed minimum income (RMG) now called REVIS (Revenu d'inclusion sociale)

In July 2018 the parliament tabled the reform of the Guaranteed Minimum Income (Revenu Minimum Garanti) which came to be named Social Inclusion Income (REVIS) (Revenu d'Inclusion Sociale)¹. This social reform changes the structure of the allowance system by splitting up the overall management of the eligible target population. Before the reform, the government agency SNAS (Service d'Action Sociale), under the umbrella of the Ministry of Family, managed the recipients of the RMG and was empowered to organize the participation of beneficiaries in employment measures (with obligation to register at the PES as job applicant) in order to prepare their reintegration into the labour market, as well as social inclusion activities for those beneficiaries not yet ready to enter the labour market. The latter had to undertake public utility work for government agencies or NGO's in the agreement sector.

Putting the emphasis on labour market integration with the objective of avoiding inactivity traps, the reform is switching the responsibility of being a primary contact point for REVIS applicants to the National Employment Agency (ADEM). The latter establishes a profile of the 'REVIS' applicants and will guide them either to the newly created government agency ONIS (Office National d'Inclusion Sociale), which replaces the SNAS, or supervising them as job seekers obliging them to participate actively in Public Employment Services (PES) measures. In Luxembourg, more than 10.000 households with a total of 20.000² beneficiaries (including 7.000 children) fall under the GMI assistance scheme and will be reallocated under the new scheme. First, it consists of an inclusion allowance (*allocation d'inclusion*, a social benefit even if a beneficiary does not participate in activation measures due to loss of unemployment rights, health, family or other causes) of around 700 euros, as well as around 700 euros for housing costs (every additional adult household member receives 400 euros). Second, an activation allowance (*allocation d'activation*) of around 700 euros if the beneficiary participates in labour market integration measures. Households with multiple members have the possibility to participate more than 40 hours per week in activation activities (training, work for a public utility, PES measures), which was not possible under the previous legislation.

The bill n° 7113 was subjected to the different opinions of the social partners³, with the Chamber of Employees objecting that, despite government claims that the reform would

¹ Loi du 28 juillet relative au revenu d'inclusion sociale, Mémorial A 630 du 30 juillet 2018, www.legilux.lu.

² Gouvernement du Luxembourg, REVIS - Chiffres clés, web page, available at <https://revis.public.lu/fr/reforme/chiffres-cles.html>, accessed 14 January 2019.

³ Dossier parlementaire du projet de loi n° 7113 relatif au Revenu d'inclusion sociale, www.chd.lu

focus the fight against poverty and enhance the social inclusion process, it was sure to miss this objective. The Chamber of Employees emphasized this in both its first and second opinion despite the fact that the government took into account certain remarks of the first opinion of the Chamber of Employees. The common opinion of the Chamber of commerce and the Chamber of crafts complained that the reform lacked a deeper analysis of the allowances compared to the social minimum wage especially in households with two adults (with or without children), which would systematically be above a household working for the minimum wage. Also, the opinion of both Chambers of Professions and Employers pointed out that in the former GMI system the activation rate was very low (11%) and the organizations were wondering whether the reform would be able to dismantle the inactivity traps. Therefore, and referring to the level of the minimum wage in Luxembourg, they demanded a more selective social transfer system instead of an increase in the REVIS allowances.

Nevertheless, the reform had been the subject of critical observations (Jakobs, 2018) during the legislative process. The activation principle that underpins the new legislation was criticized, focussing on the more general presumption that REVIS beneficiaries do not want work and would prefer to receive social aid instead of actively looking to be integrated into the labour market. Other critical comments emphasized that the REVIS does not provide sufficient income to a family with two children. In addition, the more general claim that the reform would reinforce the fight against poverty appears to collide with the situation of the working poor, showing that having a job does not always protect against poverty. Another remark concerned the reimbursement of the inclusion allowance once a beneficiary experienced a reversal of his fortune (for example in the case of inheritance).

Minimum Wage (Salaire social minimum, SSM)

The report on the working life developments in 2017 already mentioned the presence of an increase of the SSM in the social dialogue debate in Luxembourg. In 2018, this debate stepped up a gear, as 2018 is also the year during which legislative elections were held. The trade unions OGBL (2018b) and LCGB (2018) claimed that an increase of the SSM would be inevitable seeing the poverty level in Luxembourg, and this has been confirmed by a recently published report by STATEC underlining that, between 1996 and 2016, the poverty risk rate in Luxembourg worsened growing from 11 % in 1996 to 16,5 % in 2016.

The employer's umbrella organisation UEL (Union des entreprises luxembourgeoises) positioned itself against the incipient increase of the SSM in their report concerning the European semester 2018 (UEL, 2018). The UEL developed several arguments against an increase of the SSM warning of a loss of competitiveness of the Luxembourgish economy. The UEL pointed out that Luxembourgish businesses may have a tendency to recruit more qualified cross-border workers in order to compensate higher production costs with a productivity gain linked to their higher qualification instead of recruiting unemployed and low-skilled but more expensive residents. In this perspective, an increase in the SSM is also seen as a constraint in the fight against poverty. For the employers' organization, one of the key elements to combat poverty is linked to the work rates of the households concerned. The UEL prefers to combat unemployment by creating jobs rather than combatting poverty through a higher redistribution of wealth. Another factor put forward by the UEL is that housing costs in Luxembourg, which devour an increasing part of the income of households, weigh especially on low income households. The Chamber of Commerce emphasized that an

increase of the SSM will be a burden for enterprises and that it would be inadequate to share only created wealth because this would not benefit excluded persons.

In contrast, the trade unions, and above all, the OGBL, demanded, in line with the European trade union confederation (ETUC), a minimum wage of 60 % of the median income. The OGBL tried to counter the employers' reasoning and stressed that employer's organizations only try to play the cross-border workers off against Luxembourgish residents. Furthermore, the OGBL pointed out, amongst other arguments, that an increase of the SSM would not inhibit the productivity of Luxembourg's economy, emphasizing that, depending on the sector, the hourly working costs in Luxembourg are lower than in the surrounding countries.

Given the dynamism and the importance taken on by the debate on the SSM in the pre-election phase, the political parties were pushed to integrate their views on an increase in the SSM in their manifesto. The OGBL compared the different proposals of the parties for increasing the SSM illustrating the scope of the suggestions. Starting from an increase in the SSM of 20% above the poverty threshold the parties also proposed tax incentives for low earners or concrete proposals to increase the SSM by 100 euros a month.

After the publication of the STATEC report rates as well as the views of the different political parties during the election campaigns, the new government would have found it difficult to withdraw from their announcements and therefore finally decided to increase the SSM. The new governmental agreement (Gouvernement du Luxembourg, 2018) was published on 3 December 2018 announcing that the net SSM would be increased by 100 euros per month starting from 1 January 2019. The government also committed itself to proceeding as soon as possible to the necessary legislative changes especially concerning tax matters. To this end, the SSM will be increased by 0,9 % in addition to the increase of the SSM decided by the government on 15 October 2018. In Luxembourg, the SSM is determined by law (Labour code⁴, Chapter II articles 222-1 to 222-10) and is adapted to general economic development when economic indicators signal that the predefined threshold is exceeded. On that basis, the Council of ministers already decided on 15 October 2018 to increase the SSM by 1,1 % starting from 1 January 2019. Furthermore, the new government emphasized that it will take care that all these increases of the SSM will not have any impact on the amount of those social allowances that take the household income into consideration.

Time-saving account in the public sector and introduction of a bill in the private sector

The government intended to create time-saving accounts in the private sector after long consultations with the social partners by introducing bill n°7324⁵ in parliament on 25 June 2018.

This decision was preceded by the implementation of time-saving accounts in the public sector, which is a part of the wage agreement for civil servants 2016-2018 (CGFP, 2018) signed by the civil servants trade union CGFP and the minister of the Interior in charge in

⁴ Code du travail, www.legilux.lu.

⁵ Dossier parlementaire du projet de loi n° 7324 portant introduction d'un compte épargne-temps, www.chd.lu.

2016. This agreement of July 2018 led to the passing of the law of 1 August 2018⁶ that introduced time-saving accounts in the public sector offering the possibility to civil servants to save up to 1800 hours for personal use.

In April 2018, the Permanent Work and Employment Committee (Comité permanent pour le travail et l'emploi, CPTÉ) was requested to work out a draft bill for the introduction of time-saving accounts in the private sector. The draft bill refers mainly to the opinion of the Economic and Social Council (Conseil économique et social, CES) of 2004 (CES, 2004) that emerged within the framework of the governmental programme of 1999. The CES emphasizes the utility of offering employees a new way of managing their working time and to use their new right at the moment when they need it most, thus contributing to a better work-life balance.

The bill foresees that time-saving accounts will be limited to 1800 hours and that it remains the employers' responsibility to create a precise and detailed time-saving account system. Employees will have the possibility of using overtime hours or a maximum of five unused legal holidays to accrue into the time-saving account. The principle is that a saved hour counts for an hour in the time-saving account. Furthermore, employees cannot be forced to add to the time-saving accounts. The implementation of time-saving accounts in businesses will be possible using collective agreements (CA) or cross-sectoral agreements if no CA exists.

Prior negotiations lasting two years between the social partners were unsuccessful and the employers as well as the trade unions withdrew from the project.

The trade unions and OGBL (2018b) and LCGB (2018) pointed out that they wanted a rapid implementation of time-saving accounts emphasizing that it will be important to establish time-saving accounts by using collective CA's in order to avoid unilateral actions by employers.

As regards the employer's position, the president of the UEL complained in an interview (Welsch, 2018) in April 2018 that the creation of time-saving accounts would be a heavy charge for the employers notably the costs and the administrative expenditure. In addition, the employers refused to subordinate themselves to rules that were too severe.

Nevertheless, the introduction of time-saving accounts in the public sector revived the discussion and led the government to draft the bill in a pre-election period. The new government pointed out in its governmental agreement 2018-2023 (Gouvernement du Luxembourg, 2018) that the introduction of time-saving accounts would offer a more flexible way to manage working time, work-life balance as well as vocational training.

At the moment, only the bill has been introduced in parliament and the views of the social partners are not yet available.

⁶ Loi du 1er août 2018 portant fixation des conditions et modalités d'un compte épargne-temps dans la Fonction publique, Mémorial A n° 681 du 18 Août 2018, www.legilux.lu.

Unilateral government actions – without social dialogue

No major changes to report in the regulation of collective labour disputes.

Collective labour disputes in 2018

Changes in the regulation of collective labour disputes

No major changes to report in the regulation of collective labour disputes.

Selected major labour disputes of national significance

In June 2018, the General Public Sector Confederation (Confédération Générale de la Fonction Publique) and the Minister of the Civil Service approved the new wage agreement in the **public sector** and by doing so averted the launch of the mediation process and a possible social dispute in the sector. The result of the negotiations consisted of an extension of the current wage agreement (2016-2018) for two more years as well as a series of changes in response to demands put forward by the CGFP. The most important of these changes is the withdrawal of the reduced starting wages for trainees (80% for the first two years and 90 % for the third year of the entry-level wage).

In June 2018, strike actions were staged in a number of **care homes** for the elderly over the adaptation of the wages of employees covered by the FHL (Fédération des hôpitaux luxembourgeois) collective agreement (for historical reasons, workers in the care sector are either covered by the SAS (Secteurs d'aide et de soins) collective agreement or by the more advantageous FHL collective agreement). After 11-day-long strike actions at a number of care homes and mediation activities inaugurated by the Prime Minister, the Minister of Social Security and the Ministry of Finance, the Sectoral Employers' Association (Confédération des organismes prestataires d'aides et de soins - COPAS) agreed to continue applying the full conditions of the FHL collective agreement, including with respect to wages, to the employees presently covered by the FHL agreement right up to their retirement. The government agreed to take over the additional costs arising from the adaptation of the wages of employees covered by the FHL collective agreement.

Difficult negotiations occurred in the **construction sector** between the two representative trade unions, the Trade Union Confederation of Luxembourg (Onofhängege Gewerkschaftsbond Lëtzebuerg, OGBL) and the Confederation of Christian Unions in Luxembourg (Lëtzebuerger Chrëschtliche Gewerkschafts-Bond, LCGB) and the employers' organization, the Groupement des Entrepreneurs du Bâtiment et des Travaux Publics, affiliated to the Luxembourg Business Federation (Fédération des industriels luxembourgeois, FEDIL). After negotiations at the level of the National Conciliation Office (Office National de Conciliation), an agreement for a sectoral collective labour agreement was finally signed in October 2018 stipulating a pay increase of 2.4% over the next three years and two additional leave days. Demands by the employers for greater flexibility in working time in the sector (i.e. working less in bad weather conditions during the winter and catching up during the summer) were not included in the agreement.

Working time 2018

Changes in the regulation of working time 2018

Legislation on working time duration or organisation

The new government announced in the coalition agreement 2018-2023⁷ a supplementary paid leave day, increasing the number of legal paid leaves from 25 to 26. This increase will not automatically increase the number of paid leaves per year negotiated within the framework of collective agreements.

In addition, the coalition introduced a supplementary public holiday on 9 May declared as “Europe Day”, increasing the number of public holidays from 10 to 11.

Collective bargaining outcomes on working time duration or organisation

None

Major debates concerning working time duration or organisation

None

Health and well-being at work 2018

Physical working environment

No development in 2018

Psychosocial working environment

No development in 2018

Employment status 2018

No major changes in 2018 for: ‘Standard’ employment contracts; Self-employed; Fixed term contracts; Temporary agency workers; Posted workers; Seasonal workers; Zero hour contracts

Internship contracts: see above, *National social dialogue*, point 8.

^{7 7} Gouvernement du Luxembourg, idem.

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All Eurofound publications are available at www.eurofound.eu

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