



Industrial relations  
**Luxembourg: Developments  
in working life 2017**

*Developments in working life in Europe:  
EurWORK annual review 2017*

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## **Political context affecting working life aspects**

The political context is quite stable as the government, led by the Prime Minister Xavier Bettel, pursues its agenda in 2017. Some debates related to working life occurred at the end of 2017 on the subject of a possible minimum wage increase where members of the government held different positions (see below). In October, the conservative party CSV won the municipalities election with 30, 44% of the voice on national level, which is seen as a positive sign for the legislative elections in October 2018.

## **Social partners reactions following changes in governments**

Not relevant for Luxembourg as there were no new government set up in 2017.

## **Labour market reforms or major packages of working life regulations**

The government presented a bill ([n°7113](#)) to parliament on 27 January 2017 to reform the legislation on **guaranteed minimum income** (GMI). The draft law pursues four major objectives and seeks to increase the activation rate of the beneficiaries and, thereby: **1/** improve their social inclusion and stability; **2/** encourage their activity in the labour market and professional integration; **3/** combat child poverty and the poverty of single-parent households; **4/** reduce administrative procedures through better regulation strategies. In order to achieve these objectives, the role of the National Service for Social Action (SNAS) and that of the public employment agency (ADEM), who together managed the social and professional integration of beneficiaries, will be clarified.

Under existing legislation, SNAS has the leading role in the management of the beneficiaries, but the bill stipulates that ADEM will assume this role with the new GMI, which is to be called social inclusion revenue (REVIS). ADEM will establish a profile of every new beneficiary and determine whether they can be integrated into the labour market. If not, beneficiaries will be dealt with by the successor to SNAS, the new National Office for Social Inclusion (ONIS).      The income per household will also be recalculated on a new basis to be in line with the social minimum income. The draft law also stipulates certain controls and anti-fraud measures. The bill continues to be under scrutiny of the Chamber of deputies in January 2018.

## **Developments in industrial relations 2017**

### **Changes affecting the national-level actors and institutions of industrial relations and social dialogue in 2017**

#### *Representativeness*

In 2017, no major changes can be reported in the way in which representativeness of social partners is regulated or assessed.

#### *Actors*

There are also no major developments affecting the main actors (e.g. merger of peak-level organisations, new admission of organisations to the national level social dialogue, significant developments in membership) to report in 2017.

#### *Institutions*

There are no major legislative or institutional changes to report in 2017.

### **Changes in the social dialogue processes**

No major change in practice of national-level social dialogue processes to report in 2017.

## National social dialogue in 2017 – Scope and Contribution

### Main social dialogue topics and outcomes in 2017

Themes	Description of issue (in 20-30 words max.), with links to relevant material, if available	Code(s)-interaction	Type of Interaction – Brief description	Code(s)-Outcome	Outcome - Brief description
<b>General labour market topics</b>					
Taxation and non-wage related labour costs	The social partners and the government have met several times to discuss a partial revision of the fiscal reform.	1	The government had adopted a large tax reform that has been adopted by the Parliament at the end of 2016. The TU have discussed some amendments with the government to ensure equality between resident workers and cross-borders workers.	2	Finally the government agreed some amendments to the tax reform asked by the trade unions.

Themes	Description of issue (in 20-30 words max.), with links to relevant material, if available	Code(s)-interaction	Type of Interaction – Brief description	Code(s)-Outcome	Outcome - Brief description
<b>Working life related themes</b>					
Work-life balance related themes, incl. family leaves	In December 2017, the parliament passed a <a href="#">law increasing special leave</a> for parents and carers in the private sector. It is part of a European proposal for a Directive of the European Parliament and of the Council <a href="#">on work-life balance for parents and carers</a> and repealing Council Directive 2010/18/EU.	1-3	Consultation of social partners.	2	The government has adopted a draft bill that was adopted by parliament. The law of 15 December 2017 entered into force on 1 January 2018.
	There is a continuing discussion on teleworking because of the amount of cross-border workers and traffic problems in Luxembourg, and it is hoped that teleworking could alleviate the situation.	1	Discussion between government and social partners, but no concrete progress in 2017.	7	The discussion will probably freeze until the next legislative election of October 2018.
<b>Any other relevant themes/topics addressed in the national level/peak level social</b>	In September 2017, the Confederation of Independent Trade Unions of Luxembourg (OGBL)	2		4	The goal of this agreement is to discontinue social measures (such as special early retirement pensions) as well

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dialogue	and the Luxembourg Confederation of Christian Trade Unions (LCGB), the government, and ArcelorMittal – the largest employer in the industrial sector with 4,500 employees, signed the Lux2019 agreement for the steel sector. This replaced the previous agreement which ended in 2016.				as to invest in the sector and better workplaces.

No major social dialogue debates were held on the following themes: Job creation, reduction of unemployment, active labour market policies, labour market participation of different groups; Skills, training and employability; Benefits (unemployment, sickness schemes, minimum income); Pension reforms; Wage setting systems, including the setting of minimum wages (but excluding the ‘regular’ annual debates about the determination of the level of the new minimum wage); Working time regulations; Terms and conditions of employment, including different forms of contracts; Health, safety and well-being at work;

Note:

Codes for ‘*Type of interaction*’: **1** - Tripartite debate; **2** - Tripartite negotiation; **3** - Formal consultation of both social partners; **4** - Formal consultation of trade unions; **5** - Formal consultation of employers organisations; **6** - Bipartite debate; **7** - Bipartite formal negotiations; **8** - Lobbying from at least one side; **9** – Type of interaction unknown.

Codes for ‘*Outcome as per 1.1. 2018*’: **1** - Unilateral decision by government; **2** - Legislation passed; **3** - Legislation prepared (in legislative process, not concluded); **4** - Tripartite agreement or joint position reached; **5** - Bipartite agreement reached; **6** - Joint opinion of social partners reached; **7** - Issue not closed, ongoing exchange; **8** - Issue dropped, no concrete outcome, no further exchange; **9** – Outcome unknown, none of these types.

## **Selected major social dialogue debates**

### *Extension of the family leave*

To prepare the [law of 15 December 2017](#) modifying different types of family leave, the government has consulted the social partners. They agreed to extend paternity leave from two to five days. But the government decided to increase this to 10 days in order to align government policy with the European Commission's proposal for a Directive on work-life balance for parents and care-givers. The Luxembourg Confederation of Christian Trade Unions (LCGB) [denounced the deal between the government and employers to reduce some leave](#) to compensate for the extension of paternity leave. LCGB also attacked the new Law for introducing unequal treatment between private sector and public sector employees. However, peak-level employer organisation the Union of Luxembourg Companies (UEL), [welcomed the extension of the paternity leave to 10 days](#), calling it a balanced reorganisation of the different forms of leave (see EurWORK, [Luxembourg: Extending parental leave to improve work-life balance](#), 15 February 2018).

### *Amendment to the tax reform*

The government had adopted a large [tax reform](#) that has been adopted by the Parliament at the end of 2016. The reform was quite supported by social partners and the trade unions, as one of the aim was to increase the purchase power of low-earned workers and families. However, the TU have discussed some amendments with the government mainly to ensure equality between resident workers and cross-borders workers. In practice trade unions have organised many meetings to explain the reform to the cross-borders workers and give advices and support to solve many practical details related to the implementation of the reform from 2017 to 2018.

### *Debate on a possible increase of the minimum wage*

The Minister of Labour, a member of the socialist party LSAP, has launched a proposition concerning a possible increase of the minimum wage in 2019. He highlighted that the economic situation is good and that the net minimum wage lies below the poverty risk rate. According to him, this fact cannot be accepted by one of the richest countries in the world. Thus, he proposed to increase the minimum wage by €100 in 2019. The main trade union, OGBL, welcomes the initiative of the Minister and emphasises that the OGBL has been requesting a structural increase of the minimum wage since 2015 (OGBL, 2017) Arguing that the net minimum wage for a full time job is below the poverty risk rate in Luxembourg, the OGBL pointed out that it would also reflect a better distribution of the created wealth of the society.

For the employer's umbrella organisation UEL, this proposition involves some risks (Le Journal, 4 January 2018). The problem with minimum wage is that it is strongly linked to the housing costs in Luxembourg. UEL feels that the Government should solve this problem first and should make social policies more selective. In addition, a higher minimum wage would increase production costs in Luxembourg and reduce the employability of unqualified Luxembourgish workers. The proposition of the Minister of Labour to increase the minimum wage in 2019 will be a major element in the public debates preceding the legislative election in October 2018. He also receives support from the current Minister of Economy, who is also a member of LSAP. However, the Prime Minister Xavier Bettel closed the door on any increase until the next legislative election arguing that an increase of the minimum wage was not forecasted in the current governmental agenda.

### *Unilateral government actions – without social dialogue*

In 2016, to increase the attractiveness of the retail trade within the city of Luxembourg, the government has agreed derogation and will allow the opening of shops on Sundays, from 2 April to 1 November, during the Luxembourgish presidency of the EU. Even if the results are mitigated in terms of number of opened shops (about 20 out of 800), the government has agreed to the same derogation from April to at least beginning November 2017 (Le Quotidien, 23 March 2017). During this period, intensive monitoring is carried out in working groups to identify possible problems, but **social partners didn't take part in these working groups**. Finally, there are plans to adapt the system of opening hours to the economic realities and to improve conditions of competition on the Luxembourg market. According the OGBL, the union **was not consulted on the derogation** agreed to by the government for the retail sector in the city of Luxembourg. It seems it was a unilateral decision of the government. However, the union was consulted on the possible revision of the legislation on opening hours of the retail sector on national level. The government program notes the need to evaluate this law jointly with the Ministry of Labour and the trade unions and employers' organisations according to an interview of Francine Closener, the Secretary of State for the Economy (Le Quotidien, 23 March 2017).

### **Changes affecting the sectoral and company level social dialogue 2017**

In the framework of the implementation of the reform of company-level social dialogue entered into force (see EurWORK: [Luxembourg: Reform of employee representation in companies](#), 1 February 2016), the Luxembourg cabinet agreed, on 8 March 2017, to three draft grand-ducal regulations concerning the staff delegation (see Government, *Résumé des travaux du 8 mars 2017*, 8 March 2017). One aims to pave the way for electronic voting to be used to elect the delegation. A second regulation concerns the appointment of an expert in accordance with the powers conferred on the delegation and the assumption of the associated costs by the employer (set at 0.10% of the annual wage bill, with a lower threshold of €2,000 and a ceiling of €20,000).

### *Innovation in collective bargaining*

In July 2017, the Minister of the Interior presented the main issues in the implementation of time-saving accounts in the public sector (Portail de la fonction publique, [Vers une administration publique plus modeste](#), 21 July 2017). Civil servants will be able to request a sabbatical year if they have saved 1,800 working hours – which could be achieved by working a maximum of 48 hours per week/10 hours per day (Le Quotidien, 22 July 2017). This initiative was based on preliminary work triggered 20 years ago by the government then in power, and in 2004 by the Social and Economic Council's [report on time saving accounts \(PDF\)](#).

The public sector is the second largest sector (after the finance sector) that will implement time-saving accounts in Luxembourg. This initiative by the public sector will force the private sector to restart negotiations on this subject, which were cancelled in 2014. The Alliance of Employer Confederations in Luxembourg (UEL) will hold meetings with LCGB after the union confederation invited it to implement time-saving accounts in the private sector (LCGB, Press release, 3 October 2017), with negotiations expected to be based on the draft bill for the public sector. The OGBL announced that it would also meet the with UEL in October.

This issue is strictly speaking not an outcome of “collective bargaining” but it was discussed with the trade unions of the public sector until the government and the trade unions reached a consensus.



## Collective labour disputes in 2017

No significant changes in the regulation of collective dispute in 2017.

In 2014, the government agreed with OGBL, LCGB and the General Confederation of Public Service (CGFP) that the public sector wage agreement, including a better fit between careers and qualifications, would be fully integrated into the social care sector's collective agreement. But although the wage agreement was implemented for civil servants in 2015, it has not been applied to the social care collective agreement. To rectify this, OGBL began an arbitration procedure, as stipulated by the law of 2004. However, the president of OGBL, André Roeltgen, declared during a press conference on 28 March that the union had only triggered the procedure to respect the law and that, whatever happened, the public sector wage agreement must be implemented in the social care collective agreement. He then announced the beginning of strike preparations in the social care sector (Tageblatt, 29 March 2017).

On 16 June 2017, in the social care sector (*secteurs d'aide et de soins*) a labour agreement was signed by the sector's social partners. These are: on the trade union side, the Luxembourg Confederation of Christian Trade Unions ([LCGB](#)) and the Independent Union of Luxembourg ([OGBL](#)); and employers' organisations [COPAS](#), Entente des Foyers de jours ([EFJ](#)), Entente des Gestionnaires des Centres d'Accueil ([EGCA](#)), and Entente des gestionnaires des maisons de jeunes ([EGMJ](#)). The agreement covers around 12,000 employees.

The employers refused to increase wages and adapt wages to employee qualifications, arguing that the resulting higher costs could not be implemented without a transitional period. They also argued that if wage costs increased with the new collective agreement, the quality of services could not be guaranteed because they would have to employ lower-qualified staff to control costs. In April 2017, the Minister of Interior clarified the status of the social care sector, saying that as an adjunct to the public sector, it was therefore obliged to guarantee the quality of its services. It was also obliged, said the minister, to pay employees in accordance with the civil service wage agreement. Following a cancelled mediation effort and the threat of strike action, both parties agreed to implement the public wage agreement as part of the new collective agreement (OGBL, Press release, 16 June 2017).

## Working time 2017

In 2016, after the social partners failed to reach an agreement on the organisation of working time, the government was forced to present a draft law which was eventually adopted by the parliament on 23 December 2016 (refer to the relevant article « [Luxembourg: Latest working life developments – Q3 2016](#) « [published on](#) 20 October 2016. This compromise text, criticised by both employers and trade unions, came into play on 1 January 2017. One of the key measures of the [new law on the organisation of working time](#) is to enable employers to increase the legal reference period from one month to four months. According to the government, the aim is to promote flexibility within companies. However, the extension is optional. Companies who have already implemented a working hours plan with a one-month reference period can continue with this or choose to adopt a longer reference period. Employers must inform and consult the staff delegation about their working hours plan or, in the absence of a delegation, the employees concerned, no later than five full days before such a plan takes effect. From 1 January 2017 on, an employer can therefore decide to extend the reference period without having to negotiate an agreement with the trade unions. To satisfy the unions, particularly the Trade Union Confederation of Luxembourg (OGBL), which called for a reduction in working time, the law provides some compensation. Employers must allocate additional leave days to employees based on the duration of the reference period: from 1.5 days for a reference period of between one and two months, and up to 3.5 days for a reference period of between three and four months. The adoption of the law has created a gap between the government and employer organisations. However, an assessment

of the implementation of the law is expected in five years, which could lead to some of the new rules being revised (see EurWORK, [Luxembourg: New law to make working time more flexible](#), 1 June 2017).

In addition, a law modifying different types of family leave comes into play on 1 January 2018. The [law of 15 December 2017](#) extends paternity leave from two to ten days. All fathers are entitled to take at least ten working days of paternity leave around the date of the child's birth. This leave will be paid as normal leave. Employees who are entitled to paternity leave must give two months' notice informing the employer of the dates and ways in which they propose to take this leave. The same arrangements apply to the adoption of a child aged under 16. This law also increases the amount of compassionate leave granted to parents in the event of the death of a child aged under 18 from three to five working days. This amendment concerns only the private sector and the costs are borne by the State. Regarding the implementation in the public sector, the Minister of the Civil Service and State Reform pointed to the introduction of time accounts in the public service, allowing civil servants to use time from this accounts to respond to their needs.

The [law of 3 November 2016 reforming parental leave](#) took effect on 1 December 2016. It aims to improve the work-life balance and to encourage parents, in particular fathers, to make greater use of parental leave. The principal aspects of the reform comprise payment of an allowance that varies in proportion to the income of the parent taking the leave, and the possibility of taking the leave as a block or split up, or on a part-time basis (see EurWORK, [Luxembourg: New parental leave law enters into force](#), 15 February 2017).

In July 2017, the Minister of the Interior presented the main issues in the implementation of time-saving accounts in the public sector (Portail de la fonction publique, [Vers une administration publique plus modeste](#), 21 July 2017). Civil servants will be able to request a sabbatical year if they have saved 1,800 working hours – which could be achieved by working a maximum of 48 hours per week/10 hours per day (Le Quotidien, 22 July 2017) This initiative was based on preliminary work triggered 20 years ago by the government then in power, and in 2004 by the Social and Economic Council's [report on time saving accounts \(PDF\)](#).

## Health and well-being at work 2017

### Physical working environment

During the first six months of 2017 there were five fatal work accidents in Luxembourg (14 in total in 2016). The average rate of incidents in the last 10 years has been increasing, with 33,000 recorded work accidents (AAA, 2016), mainly in the construction sector. On 16 June, the Ministry for Work launched an awareness campaign, '[Vision Zero](#)', in collaboration with the Accident Assurance Association ([AAA](#)), the employer umbrella organisation Union des Entreprises Luxembourgeoises ([UEL](#)) and the National Institute for sustainable development and corporate social responsibility ([INDR](#)). The objective of the campaign is to reduce the number of fatalities and serious work injuries by creating a code of conduct. The code has already been signed by 70 major companies, as well as initiating much needed health and safety training. In addition, the AAA plans to create a bonus-malus (no-claims bonus) system in 2019. It will penalise companies with the most recorded accidents through an increase of up to 50 % in employer's contributions and will reward companies where there are fewer accidents through a 10% decrease in contributions. Nevertheless, the AAA is aware that small and new companies are more affected by the problem, as larger companies often have better prevention systems in place (Luxemburger Wort, 16 June 2017). The director of the Inspectorate of Labour and Mines emphasised the fact that 19,000 companies have no safety officer and therefore have difficulties in following security code of practice. The

director also emphasised that the ITM lacks sufficient inspectors and that it would need double its staff to carry out inspections properly. Problems also arise due to the 190,000 or so posted workers who come from Belgium, France, Germany and other countries, where workplace safety culture is different (Luxemburger Wort, 20 June 2017).

## Psychosocial working environment

No development to be reported in 2017.

## Employment status 2017

Type of contracts	Changes made during 2017.
'Standard' employment contracts	<b>New legislation to reduce wage inequalities:</b> During a <a href="#">press conference</a> , the government presented the labour law component of the <a href="#">law of 15 December 2016</a> which allows employers to be fined from €251 to €25,000 when a difference in wages cannot be justified for objective reasons and is based on gender considerations. Companies are invited to use the Logib-Lux software to help identify possible causes of wage inequality. According to the article L225-4 of the labour code, "Any provision contained in particular in an employment contract, a collective agreement or in company rules which involves for one or more employees of one of the sexes a salary lower than that of employees of the opposite sex for the same work or work of equal value, is void". Therefore the employer must check that these different sources do not discriminate. Breach may be established by the Labour inspectorate or by the labour court.
Self-employed	No major changes in 2017.
Fixed term contracts	No major changes in 2017.
Temporary agency workers	No major changes in 2017.
Posted workers	No major changes in 2017.
Seasonal workers	No major changes in 2017.
Zero hour contracts	No major changes in 2017.
Other contracts	No major changes in 2017.

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