

# Belgian social partners: consensus on comprehensive 2021-2022 inter-professional “framework agreement”

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## Description

*In June 2021, the Belgian social partners reached an important agreement on significant increases in minimum wages, flexible overtime arrangements and reforms to end-of-career schemes. The agreement was facilitated by substantial financial support from the government.*

On 8 June 2021, the social partners of the so-called “Group of Ten”, representatives of the trade unions and the employers’ associations, reached an agreement on a number of social policy issues, which were incorporated into a comprehensive framework agreement on 25 June. The main themes of the agreement include increases in minimum wages, flexible overtime arrangements and end-of-career schemes. To implement the agreement, on 15 July the National Labour Council adopted several collective agreements; the federal government at its meeting of 20 July adopted the necessary legal amendments to the social security and tax laws. The agreement came after the social partners failed earlier to agree on a global inter-professional agreement, including wage increases for 2021 and 2022. The federal government limited by law the margin for wage increases to 0.4% of gross hourly wages, plus an extra €500 corona premium for workers in companies that performed well during the crisis. This decision was based on a technical report from the Central Council for Enterprises, which calculates the “maximum wage norm” in comparison with wage developments in the neighbouring countries, a rule laid down in the “wage norm law” of 1996.

The most important part of the agreement relates to gradual increases in the guaranteed minimum wages, in several steps: by April 2022, the minimum wage for workers aged 18 years and over, which is currently fixed

by (generally binding) collective agreement (CA 43) at €1625.72 gross monthly on a full-time basis (around €10 per hour), will increase by €76.28, to €1,702 (and in fact to €1,734, taking into account the 2% standard indexation); in January 2024 and again in January 2026, it should increase by €35 gross (on top of the index) – this could result in two €50 net wage increases (on top of the index) as a result of the tax reform for low wages planned by the federal government in its coalition agreement of 25 September 2020. From 1 April 2028 an extra increase will be possible, on condition that this is in line with the benchmarks provided by neighbouring countries and that there is compensation for employers. The agreement was facilitated by large-scale support from the federal government to offset the financial costs (the compensation is estimated at around €140 million). In order to ensure a substantial net increase in income, the so-called social work bonus (reduced social security contributions for the employee) and tax work bonus (reduced withholding tax) will be raised. To offset the extra costs for employers, a “very low wage threshold” will be created that gives access to a reduction of social security contributions for employers. The agreement also harmonises previously diverging minimum wage levels based on age and seniority. The new minimum wage level represents a 9% increase for the lowest minimum wage (for workers with less than 6 months of seniority or aged 18) and a 5% increase for the highest minimum wage (for workers with at least 1 year of seniority who are 20 or older).

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Another aspect of the agreement concerns more flexible arrangements for overtime. The arrangement allowing 120 hours of voluntary overtime in “essential sectors” (see list in annex to Ministerial Decree of 1 November 2020), agreed during the COVID-19 crisis, is continued and extended to non-essential sectors. The advantageous tax treatment for 180 hours of overtime, introduced in 2019 as a temporary arrangement, will be continued. Finally, decisions were made on end-of-career schemes: the working time reduction for older workers through time credits, which grants compensation to workers who reduce their working time by 1/5 or 1/2, will now apply from 55 years of age, instead of 57; however, no agreement was reached on relaxing the age requirements for the special pre-pension scheme, the “unemployment regime with company supplement” (*stelsel van werkloosheid met bedrijfstoelage/Régime de chômage avec complément d'entreprise*), open to workers in companies in difficulties, in arduous occupations, in night work, who suffer from labour incapacity or have a very long work record. The current temporary rules applicable to this scheme will be continued.

## Outlook and commentary

The trade unions were extremely disappointed with the meagre scope for wage increases, and frustrated over the wage norm law, which they see as an unacceptable straitjacket on the wage negotiations; however, the fact that an agreement could be reached on sensitive issues such as flexibility, pre-pension schemes and minimum wages was generally hailed as a success, by trade

unions as well as employers' organisations, and by the political parties in the federal government. The agreement strikes a subtle balance between the priorities of both parties: the employers' organisations were opposed to increases in minimum wages, which, they say, will destroy jobs; trade unions were opposed to new steps to make overtime more flexible and wanted to secure better early retirement schemes. A previous attempt to increase minimum wages in 2019 did not succeed. Earlier this year, the socialist trade union ABVV/FGTB had launched a campaign “fit for 14”, aimed at increasing the minimum wage to €14 gross per hour (€2,300 per month).

Although in Belgium only around 70,000 workers receive the basic minimum wages, based on CA43, the decision to increase minimum wages will also benefit 80,000 workers on low wages (up to €2,612 gross per month), due to the increases in the work bonuses. In Belgium, the gap between minimum wages and median gross earnings is larger than in the neighbouring countries: in 2018 (most recent calculations available), the minimum wage was equivalent to 50% of the median gross earnings, compared to 52% in Germany, 57% in Luxembourg and the Netherlands and 66% in France (Eurostat 2021).

Somers (2021) argues that there is no evidence showing that increases in minimum wages would destroy job opportunities. On the contrary, he claims that low minimum wages have serious consequences for social policy, since they act as a glass ceiling for social benefits in policies that try to avoid unemployment gaps, leading to increased risks of poverty. De Vos (2021), whilst admitting there is no strong empirical evidence of a loss of jobs, argues that raising minimum wages gives an incentive

for overall wage increases in all sectors. However, the norm of a 0.4% maximum wage increase has undermined this argument in the context of the current wage negotiations.

### Further reading

Algemeen Belgisch Vakverbond (ABVV)/ Fédération Générale du Travail de Belgique (FGTB) (*General Labour Federation of Belgium*), [ABVV keurt sociaal akkoord met historisch kleine meerderheid goed](#) (Persbericht); [ABVV confronteert politiek met realiteit werknemers](#) (Persbericht)

Algemeen Christelijk Vakverbond (ACV)/Confédération des Syndicats chrétiens (CSC) (*Confederation of Christian Trade Unions*), [Uitvoering sociaal akkoord helemaal rond: minimumloon omhoog met 147,68 euro en landingsbanen vanaf 55; Algemene Raad van het ACV keurt ontwerp van sociaal akkoord goed](#)

De Vos, M. (2021), [Minimumloonhorror](#), *Opinie*, Brussel: Denktank Itinera.

Eurostat (2021), [Minimum wage statistics - Statistics Explained](#)

Nationale Arbeidsraad/Conseil National du Travail (National Labour Council), *Afsprakenkader van 25 juni 2021 – Uitvoering, zitting van 15 juli 2021*, [advies-2237.pdf](#)

Serroyen, C. (2021), *Geen IPA voor 2021-2022, wel een set ontwerpakkorden*, Vakbeweging, 25 juni 2021.

Somers, M. (2021), [Het belang van het minimumloon en de impact van het minimumloon op werk](#). Minerva Paper 2021/03. Brussel: Denktank Minerva.

Verbond van Belgische Ondernemingen/Fédération des Entreprises de Belgique (*Federation of Enterprises in Belgium*), [Sociaal akkoord van 8 juni 2021 voor u uitgelegd](#)

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