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**Belgian trade unions
and the European
Semester: reciprocal
but limited influence**



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**Ramón Peña-Casas
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National trade unions and the European Semester: reciprocal but limited influence

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European Social Observatory – OSE

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Executive summary

This Research Paper analyses the involvement of Belgian trade unions in both the domestic and EU cycles of the European Semester (ES) between 2014 and 2018. It provides an overview of channels for access, resources available, influence, strategies for involvement and links between the ES and national social dialogue in Belgium. It includes an in-depth case study on the development across the Semester of a specific national policy initiative linked to the Semester, namely the reform of the wage norm setting mechanism into a mandatory regulatory framework.

The results are based on a combination of literature review, analysis of secondary sources and semi-structured interviews carried out with a range of stakeholders in the ES process in Belgium. These include social partners' representatives, Trade Union Semester Liaison Officers, a European Semester Officer, members of the Belgian desk at the European Commission (EC) and representatives of the national public authorities.

Since the start of the ES, the EU has exerted considerable pressure in relation to several policy issues in the Country-specific Recommendations (CSRs) addressed to Belgium: the wage-setting system, pensions, taxation (low wage burden), labour market participation of older workers and vulnerable groups, youth employment, early school-leavers, and shifting away from tax on labour.

Belgium belongs to the 'Social Partnership' cluster of the industrial relations' typology, characterised by an intermediate union density rate (54.2%) and high coverage of collective bargaining, as 96% of workers are covered by collective agreements. Since 2000 these parameters have remained constant. As social bargaining became more difficult during the economic crisis, there was a marked tendency towards greater and more one-sided involvement of the federal government in the process, notably in the wage-setting mechanism which applied when the social partners failed to reach a national agreement. Between 2010 and 2016, the social partners could not reach any cross-sectoral agreement. Tensions between and within social partners, and an increasingly interventionist government in key areas of social dialogue, explain the current difficulties of the Belgian social dialogue model. This tension in collective bargaining has been noticeable since the coming to power in 2014 of an unprecedented (dubbed 'Swedish' or 'kamikaze') government coalition. In this context, some political actors are openly questioning the usefulness and effectiveness of the existing social dialogue model, calling in particular for a greater decentralisation of consultation to sectors and companies.

The Belgian trade unions have considerable experience of European issues and are well informed about the ES procedures. They have all the political, organisational, cognitive and human resources they need to participate fully in the ES, even if there is always room for improvement. At national level, unions have access to the Semester process through the National Labour Council

(NLC) and the Central Economic Council (CEC) which are consulted during the drafting of the National Reform Programme (NRP). At European level, unions can interact with the EC and the European Trade Union Confederation (ETUC). The quality of these interactions is considered positive at European level but poor at national level, with the national government reluctant to engage in a real dialogue with the social partners when drafting the NRP. However, the social partners strongly regret that the process has so far been more informative than participatory.

The trade unions consider it useful to be involved in the Semester, as almost all the key themes of the Semester correspond to the issues discussed in the national social dialogue. Most of the reforms implemented in recent years under European pressure are directly related to their core business. The reform of the wage-setting mechanism is an excellent example of this, as is the pension reform. Both trade unions and public authorities use the messages of the Semester, either to support their actions at national level (for example the recommendation to cease subsidising company cars) or to impose unpopular reforms on the pretext that Europe has called for these (blame avoidance).

To exert some influence, trade unions have essentially developed insider strategies targeting policy-makers through bilateral meetings. Other 'outsider' modes of action include the publication of press releases, organising of demonstrations, etc. However, the impact of these strategies is described as moderate by trade unionists. There are very limited possibilities for modifying the content of the NRP. Still, the social partners' collective contribution through the National Labour Council is directly annexed to the NRP, which gives union views more prominence. The same applies to CSRs. The European Commission's Country Report is identified as the key output document to be influenced since it serves as the basis for recommendations. The unions have taken the initiative of organising bilateral meetings with the Belgian desk in the Commission's Directorate General (DG) for Employment, Social Affairs and Inclusion (DG EMPL) to present an alternative Country Report. These meetings are an opportunity to highlight the errors and inconsistencies in the Commission's report, to present other figures, other studies and factual elements that allow the desk to correct the report in order to better reflect the situation in the country. Some of the issues highlighted by trade unionists have been found over the years in Country Reports, thus suggesting trade union influence. However, it is not possible to establish a direct correlation.

The in-depth case study highlights how, in the framework of the ES, wage negotiations on the margins for wage progression during the two years covered by a central collective agreement were radically altered in response to the points made in the CSRs. Since 2010, wage setting has evolved from a 'gentlemen's agreement' between social partners to an agreement subject to greater constraints from the government and the control mechanisms have been included in the reformed

Law on competitiveness. The 'wage norm' is still the result of collective bargaining, but subject to greater control and certain restrictions, as was called for in the CSRs to Belgium even prior to the ES.

The real challenge for Belgian trade unions is to try to restore a dialogue between themselves and the federal government. This is of course difficult when neither government nor employers are calling for such a dialogue, as is currently the case in Belgium. Despite their relatively low influence at European level, and their lack of influence at national level, Belgian trade unions are not considering withdrawing from the process.

The trade unions need to enhance and improve their interactions with the Commission in order to fine-tune the Commission's diagnosis in the Country Report. This will help to influence the content of the CSRs to better reflect the national challenges emerging from the analysis consensually made by the trade unions. They also should continue to promote and deepen the interaction gateways, allowing the development of common consensual positions and analyses. The joint note containing the union analysis of the reforms highlighted in the CSRs and the NRP is a positive step in this direction. The national government should better involve the social partners in the drafting of the NRP, to ensure more consistency and a closer match between reforms presented in the NRP and the socio-economic reality. It should also develop an agenda which allows trade unions sufficient time to analyse, consult and react properly to the key Semester documents (NRP, CSRs).

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1. Introduction and setting the scene

The project on the 'INVOLvement of Trade UNions in the European Semester' (INVOTUNES) aims at analysing the involvement of national trade union organisations in both domestic and EU cycles of the European Semester (ES) between 2014 and 2018.

Besides providing an overview of channels for access, resources available, influence and strategies for involvement (as well as the links between the Semester and national social dialogue) in Belgium, the authors performed an in-depth case study on trade union involvement in the development of a specific national policy initiative linked to the Semester: wage-setting mechanisms. The selection criteria for this policy initiative included, firstly, clear involvement of the social partners and, secondly, a clear relationship between the reform undertaken and the ES. The significant reform of the wage bargaining process is a clear example of change in an area that is at the heart of social dialogue, at both inter-professional and sectoral levels, and for which there has been strong European pressure for a long time.

This research is based on an analysis of the scientific literature and of secondary sources (i.e. documents produced by EU-level and national trade unions and public authorities). 14 semi-structured interviews were also carried out with trade union representatives, employer organisation representatives, Trade Union Semester Liaison Officers (TUSLOs), a European Semester Officer (ESO), members of the Belgian desk at the European Commission (EC) and representatives of the national public authorities (see Annex 1).

This report is organised as follows. Section 1 provides brief background information. Section 2 analyses the access channels for Belgian trade union (TU) involvement in the ES, the availability and exchange of key resources in the process. Section 3 then explores the linkages between the ES and national social dialogue while Section 4 examines TU strategies for involvement. Section 5 attempts to establish the influence of TUs on the agenda-setting, on the outputs and on the outcomes of the Semester. Section 6 explores the involvement of national TUs in the reform of the centralised wage-setting procedure. Section 7 concludes and provides policy recommendations for good-quality and meaningful involvement of Belgian trade unions in the ES.

Degree of EU pressure

In the Analytical framework, Belgium is identified as a Country with **a moderate degree of pressure** from the EU, alongside Bulgaria, Finland, Germany, and Italy. However, since the start of the Semester process, the EU has exerted considerable pressure (Table 1) in relation to several policy issues in the Country-specific Recommendations (CSRs) addressed to Belgium: the wage-

setting system, pensions, taxation (low-wage burden), labour market participation of older workers and vulnerable groups, youth employment, early school-leavers, and the shift away from tax on labour (Clauwaert 2017 2018) (see Annex 2 for detailed CSRs addressed to Belgium in the period 2014-2018).

Table 1 Overview of social CSRs received by Belgium since 2011

		2011	2012	2013	2014	2015	2016	2017	2018
Wages	Reviewing wage indexation	x	x	x	x				
	Reviewing wage-setting system -align with productivity developments	x	x	x	x	x	x		
Employment protection legislation	Adjusting Employment Protection Legislation						x		
Labour market participation	Enhancing participation of women							x	
	Enhancing participation older workers, promoting active ageing, LLL (includes also vulnerable groups)	x	x	x		x	x	x	x
	Reducing tax disincentives for second/ low income earners						x	x	x
Youth employment	Youth employment / guarantee					x		x	
	Apprenticeships / work-based learning								
	Facilitating transition education / school to work			x			x		
	Reducing school/education "drop outs"	x	x	x	x		x		
Pensions	Explicit link between pensionable age and life expectancy	x	x	x	x	x	x		
	Reducing early retirement	x	x	x	x	x			
	Pension reform						x	x	x
Tax	Shift away from tax on labour (incl. attention for low income earners)	x	x	x	x	x	x	x	x
<i>Total</i>		7	7	8	6	6	9	6	4

Source: authors' adaptation from Clauwaert (2017, 2018).

Following the abrogation of the excessive deficit procedure in June 2014, Belgium was subject to a three-year transition period (2014-2016) for compliance with the debt reduction benchmark (EC 2018a). Since then, Belgium has been subject to close surveillance by the Commission with respect to its high debt.

Since these CSRs were first adopted in 2011, the Commission notes that Belgium has recorded at least 'some progress' on 64 % of all the CSRs addressed to it during the period. Substantial progress has been made in safeguarding the country's competitiveness, by ensuring that wages evolve in line with productivity. First steps have also been taken to ensure the long-term sustainability of public finances. For 36 % of the CSRs, only 'limited' or 'no progress' in implementation is observed (EC 2018b).

Industrial relations system and the state of social dialogue

In the **typology of industrial relations systems**, Belgium belongs to the 'Social Partnership' cluster made up of countries characterised by: a) medium membership density; b) high rates of collective bargaining coverage; c) high levels of centralisation; d) relatively high fragmentation of actors; and e) high levels of social partner interaction with the State (EC 2009; 2013).

The Belgian collective bargaining system is based around an intricate national network of social dialogue bodies and consultation structures, with strong unions and union coverage among a large percentage of employers. The social partners are represented on the governing bodies of all the institutions responsible for the protection and well-being of workers, notably social security institutions, as are representatives of public administrations, ministries and sometimes the government (Faniel 2018; Van Gyes *et al.* 2018). From an EU perspective, Belgian **union density is at an intermediate level** (54.2%, around 3.4 million union members in 2015) but employers' density is higher (82%). 96% of workers are covered by collective agreements ⁽¹⁾. After a decline at the end of the 20th century, all of these parameters have remained constant since 2000 (OECD, 2017).

1. Collective agreements at national level are legally binding for all employers and their workers. The sectoral and company levels can only agree on improvements to be made to the outcome negotiated at the level above, and the agreements are binding. Collective agreements at sectoral level are legally binding for all employers and their workers who are members of a signatory organisation and who are covered by the joint committee concerned. If the sectoral collective agreement is extended via the 'generally binding declaration' procedure, all employers in the sector and their employees are bound by it, even if they are not members of a signatory organisation.

TUs are divided between competing confederations: the Christian Trade Union Confederation (CSC/ACV, 1.6 million members in 2018 ⁽²⁾), the General Federation of Belgian Labour (FGTB/ABVV, 1.5 million members ⁽³⁾) and the General Confederation of Liberal Trade Unions of Belgium (CGSLB/ACLVB, 295,000 members ⁽⁴⁾). These three confederations have the status of 'representative' unions. They can sign agreements and field candidates in works council elections.

The Belgian Federation of Employers (FEB/VBO) is the main national employer organisation, representing 82% of employers in the private sector. Other employer organizations at sectoral and regional levels include the Flemish Organisation of the Self-Employed (UNIZO) and the French-speaking Union of the Self-Employed (UCM).

National tripartite policy concertation takes place in two bodies – the National Labour Council (hereafter NLC) and the Central Economic Council (hereafter CEC). The NLC has a consultative role vis-a-vis the government on all economic and social issues. These bodies play a central role in the consultation of social partners regarding the ES process.

The collective bargaining process is highly structured in Belgium, with a central level covering the whole of the private sector. The Act of 5 December 1968 on collective bargaining agreements and sectoral joint committees recognises and protects the right to organise and engage in collective bargaining. Bargaining is structured in three hierarchical levels. At national level there are bi-annual cross-sectoral agreements (CSA), covering the entire economy ⁽⁵⁾ on cross-cutting issues such as wage setting, vocational training, working conditions and employment protection. In addition to a central 'wage norm', there is a statutory minimum wage and an automatic wage indexation mechanism. Agreements may also be concluded at sectoral or company level, acting as an addition to the sector-level, or replacing it if no sectoral agreement exists. Most of the bargaining takes place at the sectoral level, but this is subject to certain parameters established in the national-level agreements (Van Gyes *et al.* 2017).

Although the Belgian industrial relations system retains its centralised and coordinated character, it has recently come **under strong and increasing pressure** as regards its functioning, efficiency and even its legitimacy. As social bargaining became more difficult during the economic crisis,

2. <https://www.csc-en-ligne.be/csc-en-ligne/La-CSC/Qui-nous-sommes/default.html>

3. <http://www.fgtb.be/qui-est-la-fgtb->

4. <https://www.cgslb.be/fr/la-cgslb>

5. These key agreements are signed by the 'Group of Ten', made up of high-level representatives of trade unions and employers' associations. This group is the main forum for interaction with the government. Usually, the government facilitates the bargaining process in various ways, such as the granting of a budget or subsidies. However, government intervention has recently been stronger and more interventionist than before.

there was a tendency towards greater one-sided involvement of the federal government in the process, notably in the wage-setting mechanism when the social partners failed to reach a national agreement between 2010 and 2016. Tensions between and within social partners ⁽⁶⁾, and the increasingly interventionist government in key areas of social dialogue, explain the current difficulties of the Belgian social dialogue model (Faniel 2018; Van Gyes *et al.* 2018).

This tension in the collective bargaining process has been noticeable since the coming to power in 2014 of an unprecedented federal government coalition ⁽⁷⁾, resulting in the centre-right Michel I government. This coalition does not include political parties that are traditionally allies of the two main TUs, except the Flemish social democrats. In this context, some high-ranking political actors quoted in parts of the media are openly questioning the usefulness and effectiveness of the social dialogue model, calling for a greater decentralisation of consultation to sectors and companies (Faniel 2018; Van Gyes *et al.* 2018). Nonetheless, in spite of this difficult context, the trade unionisation rate has remained relatively high and constant in the last ten years.

Several observers point to a clear relationship between these difficulties in the social dialogue and the political reforms resulting from the introduction of the ES (Bongelli 2018; Van Gyes *et al.* 2017). Since 2012, government programmes have focused on budget cuts, lowering the tax burden, improving competitiveness by reducing labour costs and increasing the flexibility of the labour market; all this has been accompanied by far-reaching social protection reforms (activation of the unemployed and other social protection beneficiaries, changes in coverage, pre-retirement and pension ages, etc.). In this context, TUs are on the defensive, while employers are reluctant to negotiate and oppose a political agenda that suits them. TUs have opposed this government policy by engaging in protests and strikes but can do little to stop or change the reforms implemented. They find themselves internally divided by different visions of how to react to the government's asserted inflexibility, trying to strike a balance between out-and-out opposition and openness to negotiation in order to preserve existing social benefits, or at least to limit the damage (Faniel 2018).

However, this difficult climate for social dialogue does not mean that it has completely halted. On 2 February 2017, representatives of the national social partners and the National Labour Council

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6. The 2011-2012 CSA was rejected by two of the three trade unions but implemented by the government. No CSA was tabled for 2013-2014 as talks were stopped after another wage freeze was imposed by the government. For 2015-2016 there was a CSA but FGTB/ABVV did not take part in the bargaining; this quasi-CSA was mainly implemented by the government (Van Gyes *et al.* 2017).
 7. In autumn 2014, a centre-right government of Liberals, (Flemish) Christian Democrats and right-wing Flemish nationalists was formed, with the Liberal Charles Michel as Prime Minister. It has often been referred to as the "kamikaze coalition" as the Prime Minister's party (MR) is the only Francophone component in the federal coalition.

(NLC) concluded a cross-sectoral agreement (CSA) for 2017–2018. This agreement covers the wage norm, improvements in welfare benefits, the extension and adaptation of the agreements on early retirement, and an agenda for further consultation and negotiation. Between 2014 and 2018, more than 20 collective agreements have been adopted within the NLC, covering various issues including dismissal conditions, additional unemployment benefits, temporary work etc ⁽⁸⁾.

The collective wage bargaining process has recently become even more centralized than before, but with a greater role for government and a relative loss of independence for the social partners (Van Gyes *et al.* 2018).

2. The involvement of national trade unions in the European Semester: access channels and resources exchanged

2.1 Access channels

TU representatives involved in national activities are **aware of the ES procedures and instruments**, notably when the subjects they follow nationally are determined by its content (TU2, TU3). A distinction has however to be made between policy advisers following economic and fiscal topics and those working in the international departments of the Tus, who are aware of the ES. People more specialised in certain topics (e.g. labour law, health and safety) know that there is European pressure in some fields (such as pensions), without always knowing the exact way in which this pressure is organized (TU1, TU3).

According to the three TUs, **it is useful to be involved in the ES, through their representatives at both national and European levels**. This is expressed by all the TU representatives and the Trade Union Semester Liaison Officers (TUSLOs) interviewed. The TUs use the factual information provided in the Semester analysis to support and confirm their own analysis, particularly since it is very difficult for the government or the employers to reject facts supported by Commission analysis. Examples include greening of the economy and criticism by the Commission of flexi-jobs as potentially risky for social security receipts (EC 2018b:25). The European Semester Officer (ESO) confirmed the usefulness of the ES messages:

'some points on which the Commission recommendations are based are used by the social partners to convey specific government requests for reforms. This was the case for the need to increase investment, a point unanimously supported by the social partners' (ESO).

8. <http://www.NLC-nar.be/Cct-liste.htm>

The **main way in which the Belgian social partners interact with the ES** process is through the traditional consultation bodies of the centralised social dialogue: the NLC and the CEC. These bi-partite instances advise the Government and the Drafting Committee ⁽⁹⁾ in the drafting of the National Reform Programme (NRP). Both the CEC and the NLC use the positions of social partners as input to the NRP. This input is annexed to the document. It describes how the social dialogue bodies have been informed about the ES and provides their opinion on topics related to the NRP. The first section contains the contribution of the CEC, including its report on *Employment and Competitiveness*, a discussion of different aspects of the NRP and on the objectives of the *Europe 2020 Strategy*. The second section presents the NLC contribution in relation to the discussions and work of social partners on points highlighted by the recommendations addressed to Belgium in 2017. The last section provides the social partners' assessment of the socio-economic situation in Belgium (NRP 2018).

The social partners are kept informed of the progress of the Semester through the Belgian representatives in the European committees (the Employment Committee (EMCO) and Social Protection Committee (SPC) delegations regularly inform the NLC, the SPC delegation is regularly invited along to the CEC meetings) (NRP 2018).

Social partners are consulted at a point in time between the publication of the draft CSRs and the discussion in the Council committees and bodies, as well as on the final draft version of the NRP. They may also be asked to submit prior opinions about policies presented in the NRP, such as, recently, the federal measures contained in the law on feasible and manageable work.

Furthermore, the regions and the communities, each according to their own practice, organise consultations with the social partners as part of the Semester process. Their views are reflected in the regional reform programmes annexed to the NRP.

Other channels for access are through direct interaction with the European Commission. The Commission indeed organises regular meetings with the social partners, including during the 'fact-finding missions' prior to the preparation of the Country Report (CR), and after its publication. Bi-lateral meetings can be organised with the ESO, the country-desk representatives or other Commission services.

9. The drafting of the NRP is undertaken by a Drafting Committee, headed by the Chancellery of the Prime Minister, including representatives from the public administrations (departments of Finance, Economy, Social security, Employment) and the Federal Planning Bureau. The Regions and Communities are also represented in the Drafting Committee.

Twice a year, there is an official meeting at the NLC/CEC with a large group of representatives from the European Commission: the ESO, the Belgian desk members and other people from different Directorate Generals: DG EMPL, the DG for Economic and Financial Affairs (ECFIN), the DG for Internal Market, Industry, Entrepreneurship and SMEs (GROW), the DG for Taxation and Customs Union (TAXUD), etc. All the Belgian social partners involved in the Semester are present. A first meeting takes place in November: this is a general meeting about the Semester process at both European and national level. The second one takes place in the FEB/VBO, when the Commission presents the Country Report. *'There is also a more informal meeting between the trade unions and the Commission once a year, shortly after the summer. At this meeting we present our input for the CR and discuss certain topics with the representatives of different DGs' (TU3).*

At the official meeting with members of the 'Group of Ten' at the NLC on May 14, 2018, Marianne Thyssen, the (Belgian) European Commissioner for Employment, Social Affairs, Skills and Labour Mobility met with the President of the Group of Ten and with the Presidents of the NLC and the CEC. She discussed the conclusions of employers and TUs on the CR and the specific recommendations stemming from it ⁽¹⁰⁾.

The ESO may also have *ad hoc* discussions with the members of the NLC/CEC on certain topics, or may simply discuss the latest opinions published by the NLC/CEC. This allows for informal contacts with some representatives. These exchanges with trade unions are viewed positively by both TUs and the ESO.

As part of the Semester process, the three TUs develop a common position paper as an input for the Country Report, reflecting their priorities and views on the most important topics relating to the economy, competitiveness, labour market, budget and taxes (TU1, TU2, TU3). The Commission is keen to meet them and discuss their common position paper, as it allows to fine-tune its analysis of the situation (COM1, COM2, ESO). However, some trade unionists are less sure about this stated interest, arguing that at the end of the day, only slight changes are made, and certainly not to the political message. As expressed by interviewee TU2: *'The Belgian desk at the Commission is interested and open for discussion, but we don't see any big changes in the discourse. The Commission's Country Report has become a 'broader' document, also focussing more on non-cost elements when discussing competitiveness, but the political messages still remain the same' (TU2).*

10. http://www.vbo.be/en/business-issues/feb-doing-business/la-feb-entreprennd/rencontre-entre-marianne-thyssen-et-le-groupe-des-10_2018-05-16/

The number of Commission civil servants involved in these meetings has been growing over the years. In the beginning there were just people from the Belgian desk, whereas at the last meeting in September 2018, the trade unions' common position paper was discussed in the presence of about 15 members of DG EMPL, DG ECFIN, DG GROW, the DG for Regional and Urban Policy (REGIO) and the DG for Agriculture and Rural Development (AGRI), as well as representatives from the Secretariat General (ESO, TU3). As expressed by the ESO, the Commission *'systematically invites all the persons concerned. Our presence in Brussels makes things much easier. The idea is to ensure that trade unions do not address only one DG but all teams to ensure consistency between points of view. We must then be able to synthesize and adopt a coherent approach on all the subjects raised'* (ESO). This type of meeting is currently only organised with the trade unions, but a similar meeting with employers' organizations is under consideration (ESO).

Belgian TUs are also active in their respective European organisations, notably through the Network of TUSLOs at the ETUC. Regarding their counterparts in the employers' umbrella organisation, Business Europe, it was impossible, in spite of research and several requests, to identify the employers' Semester Liaison Officers. More puzzling, none of the four employers' representatives interviewed was aware of their existence as a possible European relay.

As already mentioned, **at European level, the trade unions consider the above-mentioned access channels as important.** They have the feeling that the Commission representatives listen to their input and take some of their priorities and corrections into consideration when drafting the Country Report (TU3, TUSLO2).

The involvement in the national cycle of the European Semester is rather weak. At the national level unions participate, but they experience that the government does not listen to them. However, they think that this level could potentially be more significant, as the government can influence the content and orientations of EU processes more than they can. According to interviewee TUSLO3, *'with this government nothing is possible. If the next government is more social/progressive, the importance of the national access channels would grow substantially'*. The trade unions also regret the growing disinterest shown by the Belgian government in the social partners and social dialogue (TU1, TU2, TU3, TUSLO1, TUSLO2).

The trade unions agree that the most important documents in the ES are the CRs, since all recommendations are based on this document, and the CSRs themselves. The NRP seems to be less important. As pointed out by TUSLO2:

'we are consulted on the final draft of the NRP. Besides, the NRP is only a summary of the policies already decided on, not a programme for future policy. The most important document to influence is the CR. This is the most detailed document, while the CSRs cover only a small share of government policy.'

The **main barrier** to TU involvement in the ES is the weak involvement at national level, especially since the current government coalition took office in 2014 (TU1, TU2, TU3, CNT, TUSLO1, TUSLO3). Another barrier are the short deadlines to react to the key documents. This does not allow the trade unions to prepare their reactions properly (TU1, TU2, TU3; NLC, FEB/VBO 3; Eurofound 2017). The lack of consensus between employers' organizations and unions also diminishes their influence (Perrin 2017).

As stated earlier, the main **success factor** for trade union involvement is their participation in the preparation of the CR (TU2, TU3, TUSLO3). An informal meeting with trade unions at the beginning of the CR process, as well as an official meeting with the social partners two or three months before publication and an official presentation of the report, make it possible in the longer term to introduce certain concerns and priorities into the report. As highlighted by the interviewee TU3:

'this won't happen all in the same year, but by continuing to point out certain problems and supporting this with scientific research/figures, there is a chance the Belgian desk will pick up on some of these things' (TU3).

2.2 Availability and 'exchange' of key resources

Political resources are estimated in this project by considering the representativeness of trade unions in terms of membership. In 2015, 54.2% of workers belonged to a union, i.e. around 3.4 million union members. This share has remained relatively constant since 2000, in spite of the difficult climate for social dialogue in recent years.

TUs also have the necessary **organisational resources** to coordinate internally and with other trade unions, as demonstrated by the achievements over time of the national social dialogue and by the undertaking of numerous common campaigns, demonstrations and strikes (Gracos 2015, 2016, 2017). This coordination, however, is not directly connected to the ES itself, but could be brought to bear if necessary, to deal with issues related to the Semester.

The main **cognitive resources** for social partners regarding information on the European processes and, more broadly, on the socio-economic situation lie in the two federal social dialogue bodies. The National Labour Council provides all the necessary material to the social partners so

that they can be fully informed as they undertake and conclude the bargaining process. The Central Economic Council, and its Secretariat, has an even more important role regarding information. The Secretariat provides information that the inter-professional social partners can use to conduct a debate within their bodies. This work of informing the social partners involves the organization of hearings as part of the work of the subcommittees, the organization of seminars, the provision of notes and reports and the preparation of studies and reports by the Secretariat.

Since 2017, the CEC has been, by law, responsible for the elaboration of a *Report on Employment and Competitiveness* that are expected to be vital for the development of national socio-economic policies, and for the reflection of these in the NRP (Interview NLC). Both NLC and CEC have specific units responsible for following EU developments and the EU agenda. Their aim is to ensure the follow-up to the work of the European institutions, to stimulate awareness of the importance of certain European issues and to ensure that the social partners can familiarise themselves with European orientations in order to integrate these into their own strategies. There are structured exchanges of information between these institutions and the social partner organisations, notably concerning the EU economic governance and the European Semester (Interview NLC).

TUs also have their own cognitive resources, used to follow European issues. Internally, the TUs set up services dedicated to the follow-up of international and European issues. At CSC-ACV, the research department is made up of 3 advisers who follow the European processes (TUSLO2). Interviewees of other TUs report similar European/international units within their research departments (TU3 and TU2). This said, both the representatives of the NLC and of the employers' organisation (FEB/VBO) refer in the interviews to increased difficulties following European issues as they become more complex, technical and intricate than before, especially since the introduction of the ES. The NLC representative mentioned that there is a problem of staff-turnover in the European cells of the concertation bodies but also within the trade unions. Newcomers do not have the expertise, networks and knowledge required to follow complex European matters. The representatives of the FEB/VBO point out that it is increasingly difficult for them to follow all European issues, given the reduced size of their teams and the diverse issues to follow.

Some cognitive resources for social partners are also available at European level. They can consult their European umbrella organisations, have bi-lateral meetings with the TUSLOs, and participate in seminars or meetings on the ES. Secondly, they can have meetings with EC units, the ESO, the units responsible for the CR, the EC representation in Belgium or even members of certain DGs, depending on their fields of expertise.

All the trade unionists interviewed acknowledged that they had the cognitive resources needed to fully understand and follow the ES process and to interact with the EC.

With all these access channels and resources available, one would expect the social partners to be relatively satisfied with their current participation in the ES process. All the interviewees indeed acknowledge that **the process of consulting/informing the social partners has improved significantly in recent years**. They welcome the Commission's clear efforts to achieve this (TU1, TU2, TU3, FEB/VBO2, NLC). Contacts are more positive and some believe that there is an opportunity for TUs to influence the vision adopted in the Commission analyses. The ESO confirms that the TUs seem satisfied *'in any case they express their appreciation at this kind of meeting, to have the opportunity to be heard. In general, stakeholders appreciate the intensification of the dialogue compared to the first cycle of the Semester, which was probably much less accessible at the time of the first recommendations'* (ESO).

However, TUs also underline **the limitations of the process**. Most TU organizations remain critical of these meetings, which are organized as information sessions rather than as real exchange venues. Deadlines for reactions are tight and little information is provided in advance on the nature of the exchanges. This does not allow the trade unions to prepare their reactions correctly (TU1, TU2, TU3; NLC, FEB/VBO 3; Eurofound 2017). The lack of consensus between employers' organizations and unions also reduces their influence (Perrin 2017).

The scope for possible modifications of the key Semester documents (CR, CSRs, NRP) is strictly limited. The government is reluctant to change the NRP, which is rather like a patchwork of the government programme, as it fears opening up new paths for discussion at national or even regional levels. All the interviews point to the recurring problem of limited time to react to the consultations carried out, and little time to interact internally with colleagues, let alone with affiliates, on the recommended orientations. *'This consultation is a formality where the government gives us the message we will listen, but will not change anything in the NRP'* (TU1). *'The interaction has always been poor under the current government* (TU2). *In the beginning we received the national reform programmes before they were sent to the Commission, now we can just add the opinion we already published as an annex. And the involvement in the CSRs is organized less efficiently than they used to do it in the beginning'* (TU3). However, even if they can exert very little influence, none of these stakeholders plans to boycott the procedures (TU1, TU3; Perrin 2017).

The discussions with the Commission in the NLC are merely information sessions. *'Our individual discussion with the Belgian desk is much more interesting, but we are disappointed with the results. As for the Government, we are only consulted a few days before the NRP is sent to the Commission by the government'* (TU2).

3. Linkages between the European Semester and national social dialogue

3.1 The themes of the European Semester in relation to the themes of national social dialogue

Although the Commission's recommendations for structural reforms have evolved over time, they have repeatedly returned to the same key areas and increasingly focused on issues in which there is a clear tradition of social dialogue in Belgium (Van Gyes *et al.* 2018; Perrin 2017). These have included the long-term sustainability of State finances; the (cost) competitiveness of the economy; and the need for labour market reforms and for shifting taxes from labour to other sources of income. The CSRs on cost competitiveness concerned the core business of Belgian social dialogue: the wage-setting mechanism. Since the start of the EU process, the EC has advised Belgium to reform its wage-setting system, including wage indexation and the Law of 1996 (see Section 6).

Almost every key theme in the Semester corresponds to themes addressed in national social dialogue. However, there are important themes relating to labour law and work regulation which are not addressed in the Semester, because they are national social dialogue issues (TU3). Some Semester topics, moreover, are never discussed in national social dialogue (such as budgetary issues or education reforms). In the current political context, social partners have (limited) social dialogue on active labour market policies, wage formation, mobility challenges and reducing the administrative burden (TU1, TU2).

3.2 Awareness and relevance of European Semester messages/initiatives for national social dialogue

All trade unionists agree that advisers directly involved in the process are well aware of the ES messages. Their colleagues are informed by the key people within the organizations. Internal notes are provided to inform colleagues, with a focus on themes relevant for social partners and trade unions (TU1, TU3). Training sessions are organised to explain the process, the issues involved and the outcomes.

There is no doubt that the Semester is relevant for the trade unions. As highlighted by the TUSLO1, although Belgium is not in an Excessive Deficit Procedure (EDP), its debt situation is being monitored closely by the Commission. The government has been asked to increase cuts in public spending, especially in social protection, in order to reduce its public debt. As underlined by interviewee TU2, *'the CSRs are not a starting point for discussions as they should be, they are mostly an extra argument for the government to push unilaterally for certain reforms, arguing that Europe is calling for it'* (TU2). Since those structural reforms affect core trade union business

(collective bargaining, pensions, and social security in general) it makes sense for them to follow, and try to influence, the ES process.

According to TUSLO2, *'the Semester is in a way a mirror for government policy, to which the government is more or less ready to listen. The topics that most influence federal policies are: budget, employment policy, mobility and climate, taxation. For our union, the Semester offers an opportunity to speak about the direction of federal policies (and to a lesser extent regional policies) which concern us: labour market policy, social security, investments, lifelong learning, etc.'*

3.3 Usages of the European Semester messages/initiatives in national social dialogue

Trade unions use some figures and messages from the CR to support the arguments they put forward in the social dialogue. Although they do not agree with parts of the report, they consider it to be a useful and valuable source of information, particularly because it is very hard for the government or the employers to reject facts supported by the Commission analyses (TU1, TU2, TU3). Some examples of messages used by the trade unions include the recommendations on greening the economy (e.g. the recommendation to cease subsidizing company cars), the Commission observations on certain government measures potentially risky for social security receipts (e.g. flexi-jobs), others concerning the insufficient targeting of financial measures supporting innovation, or on the taxation of capital income (TUSLO2, TU2). According to the ESO:

'some points on which the Commission recommendations are based are used by the social partners to convey specific requests for reforms to the government. This was the case for the need to increase investment, a point unanimously supported by the social partners.'

Public authorities use the key messages coming from the ES. Many national political actors and the media have started to refer more to the Semester. Pension reforms have been ongoing since before the Semester, but the CSRs have been understood by both the previous (2011-2014) and current (from 2014) governments as a further, authoritative, argument that the measures taken are broadly correct in their emphasis (Perrin 2017). Another example is the tax shift and the reduction of labour taxation, which has gained significant impetus on the political agenda since the formation of the current government in 2014. Since 2011, the Commission has consistently recommended a reduction in labour taxation and the limitation of wage increases. The formation of the right-centre coalition government, however, was a key factor in the decision to lower labour taxation and to reform wage setting. In its coalition agreement, and in its letter to the Commission, the government highlighted its commitment to the Semester's recommendations (Louvaris Fasois 2018).

4. Trade unions' strategies for involvement

4.1 Strategies for involvement

With the ES, TUs can no longer act solely as members of the ETUC, but are forced to try to directly influence the European decision-making process and to link their European action to their national action (Perrin 2017).

All TUs describe their approaches as 'insider' strategies, partly dependent on their capacity to access policy makers. They mainly focus on policy makers, at both national and European levels, through the organisation of meetings (TU1, TU2, TU3). TUs organize bilateral meetings with the Commission and try to influence its messages by presenting their own 'CR'. They try to keep in touch during the process (TU1, TU2, TU3). Meetings, mostly procedural, are also organized by the CEC. TUs are not satisfied by their access to and influence on the views of Belgian government; they point to the short deadlines for reaction and the government's aversion to changing anything in the NRP.

Belgian TUs have invested in new means of action. Firstly, they take part in the online consultations organised by the European Commission. Although unhappy with the principle since it questions the representativeness of the social partners, the unions have no choice but to participate in these consultations, either as national trade unions or through the ETUC. This is an additional channel through which they can express their opinion. Secondly, although the direct contacts with the European institutions traditionally take place via the ETUC, the Belgian trade unions recently took the initiative of organizing regular meetings on European issues with Belgian Members of the European Parliament (Perrin 2017).

Besides the insider approach, trade unions also mentioned the existence of tools or practices which could be used in outsider strategies. These include press statements ⁽¹¹⁾ issued when the CSRs went too far in attacking fundamental labour rights or issues concerning wage formation (TUSLO1), publication of articles, and denunciation of certain measures during demonstrations (TUSLO2).

11. <https://www.cgsib.be/fr/articles/semestre-europeen-recommandations-specifiques-par-pays-2016>;
<http://www.fgtb.be/-/la-fgtb-continue-a-contester-le-saut-d-index?redirect=>

4.2 Mechanisms for internal coordination

Social partners coordinate within the NLC/ CEC to present their views on the NRP. A jointly prepared document is then appended to the NRP. In addition, TUs prepare a common coordinated document reflecting their positions on the Semester topics, in particular with a view to influencing the CR. There are, however, no formal mechanisms for coordination between TUs. Collaboration, which has been in place for several years, is rather informal. They come together and agree on the key themes they would like to see debated. A common note, identified by the interviewees as 'an alternative CR', is then drafted, discussed with the ESO and presented to the members of the Belgian desk at the EC (TU1, TU3, TUSL O2).

TUs also have a long experience of working with the ETUC, via the Management Committee and the Executive Committee. As part of the ES, they also contribute to the ETUC report on inputs for the early-stage consultation, presenting their common position (ETUC 2018). This collaboration was not particularly impacted by the creation of the TUSLOs network. As one of the Trade Union Semester Liaison Officers points out, Belgian TUs have always been very active in European issues and their follow-up. They have always been sceptical about deficit procedures, changes to the Stability and Growth Pact and the introduction of CSRs. Therefore, the introduction of the TUSLOs has not changed the dynamics. Meetings with other TUSLOs are considered interesting for sharing views and practices, but no more than that. The three TUSLOs interviewed nevertheless try to attend the meetings. According to one of the TUSLOs, the TUSLO network is seen as more beneficial for TUs from countries with weak social dialogue (TU2, TU3).

With the exception of the institutionalized coordination within the NLC/CEC, the trade unions do not coordinate with the employers' organizations, believing that the interests and views on key issues related to social affairs, employment, and the budget are too divergent. TUs are suspicious and regret the obvious influence of employers' organizations, whose interests are clearly supported by the current government and by EU policy (TUSLO 2, TU3).

As far as coordination with other actors is concerned, TUs collaborate to a certain extent with the political parties which share their basic views (Socialist Party, Christian-Democrat party, Liberal party) but are weakly – or not at all – represented in the current government (TU1, TU2, TU3). The social partners coordinate with NGOs in the Federal Council for Sustainable Development, which includes representatives of environmental and development cooperation NGOs and youth organisations and which provides an opinion annexed to the NRP (Annex 10, NRP 2018).

4.3 Determinants of the strategies

TUs are motivated to participate fully in the Semester. At European level, their goal is twofold. On the one hand, they seek to ensure that the Commission refrains from recommending questionable

political measures or pointing out problems they do not recognize. By providing the Commission with an alternative reading, they hope to bend the recommendations in their favour and influence key messages (TU2). On the other hand, they perceive their involvement as a way of highlighting the issues that they care about at the European level. These are put on the Commission's agenda and ultimately influence national policy via the European channel. At the national level, their objective is to convince policy makers not to follow the recommendations they are unhappy with and to support those defended by the unions (TU3).

TUs expect to be full partners at the European level. So far, they mainly feel that they are spectators, informed by the Commission of decisions that have already been taken. They wish to be fully involved in the process, even before the CR and the CSRs. These should be accompanied by critical comments from the social partners to raise the legislator's awareness of the risks associated with some of these recommendations (TUSLO1). At national level, TUs expect a real early dialogue in the drafting of the NRP, during which the government would justify why it chooses to ignore the suggestions made by the social partners (TUSLO2).

5. Influence of national trade unions in the European Semester

5.1 Influence on agenda-setting

Assessing the impact and influence of European governance is tricky. The new ES approach has changed the environment for socio-economic policy-making in the country. In recent years policy makers seem to be looking less towards the social partners for these strategic exercises, while they are increasingly required to negotiate with the Commission over their policy choices. Research shows that EU recommendations acted as a trigger to initiate discussion at national level on some controversial measures (Van Gyes *et al.* 2017; Louvaris Fasois 2018) and that within the Semester process there is very little potential for social dialogue to impact on the agreed reforms. The process pushes governments to reform urgently and to no longer take into account the role and autonomy of the social partners in social matters. An important share of the agenda setting is now done through direct interaction between the Commission and the Member State, where the social dialogue actors are far less present (Perrin 2017). The European Pillar of Social Rights (EPSR) is considered as a window of opportunity to push for a more social agenda and TUs expect positive results in the future (TU1, TU3).

5.2 Influence on the outputs of the process

Social partners consider that they have a very limited influence on the drafting of the NRP. The possibilities for making changes are almost non-existent, as the government is reluctant to question the content (TU1, TU2, TU3, TUSLO1, NLC, FEB/VBO1). However, they expect that the

Employment and Competitiveness Report, which is now legally required and included in the NRP, will pave the way to introducing more nuances and other elements for the coming NRPs. But, as acknowledged by the members of CNT, this will take time (Interview NLC). It remains to be seen whether or not this in itself will mean greater influence.

Trade unions express the view that, in terms of outputs, it is more important to influence the content of the European documents, especially the CR. *'Given the limited influence we have on the NRP and the recommendations, we are no longer interested in trying to influence this output. On the other hand, we realized that it was important to influence the drafters of the CR which serves as the basis for the recommendations'*(Interview TU1).

Meetings with the Belgian desk are doubly useful. The Commission's representatives listen and are made aware of the real situation in the country. They compare the comments with their analyses, their figures, the theoretical models they use. Trade unions provide them with other figures, other studies. For trade unionists, these exchanges enable them to refine their positions and to familiarise themselves with the statistics used by the Commission, in order to discuss these more effectively. The documents produced by the social partners are read and analysed carefully by the Commission services, to highlight the points on which there is convergence with the Commission's analysis, and the divergent points where there are significant disagreements (ESO). However, it is not possible to say exactly how much they influence the CR *'I couldn't tell you the cause-and-effect relationship, but the important thing is that there is ownership on the part of the Commission services. (...) We are trying to integrate these reports, to bring them from the national debate among the social partners into the European sphere'*(ESO).

However, it is not clear to TUs what their real influence on the CR has been. Some of the elements discussed at national level were indeed reflected in these reports, such as their criticism of flexi-jobs, youth wages, discrimination in the labour market, the free functioning of markets for goods and services and problems in the distribution sector. Nevertheless, no direct link can be proven (TU1, TUSLO2).

5.3 Influence on the outcomes of the process

The potential influence on the content of the CSRs is assessed by some interviewees as non-existent, since the recommendations are subject to political discussions that fall outside the TUs' area of influence (TU1, TU2). For others, it is hard to say which recommendations and issues in the Semester are a result of TU influence, but certain issues identified many times over the years have been included in the last two years' CSRs: increasing public investment; providing training for all workers and unemployed; reduced competition burdens in service sectors and greater investment in human capital (TU2, TU3).

All trade unionists interviewed agree that their counterparts in the employers' organizations had greater influence on the government in this respect, due to their converging interests (e.g. the recommendation to change the law on wage setting). *'Our current government only listens to employers, not to the trade unions. It is logical that they defend the employers' positions when they negotiate CSRs at the European level'* (TU2). This was also acknowledged by the employers' organisation, which declared itself satisfied with the general thrust of the most recent CSRs (FEB/VBO 1, 2).

6. The involvement of Belgian trade unions in centralised wage norm setting

6.1 Description

Selection criteria to be used to select the policy measure for the case studies include the clear involvement of the social partners and a clear relationship between the reform undertaken and the ES. A number of recommendations made to Belgium in the context of the ES concern increasing labour market participation, particularly for certain vulnerable groups (young, elderly, low-skilled, migrants) and making employment more flexible. But since 2012, responsibility for these policy matters has mainly been transferred to the regions; it is therefore not easy to establish clear links between the European Semester and the centralised social dialogue that exists in Belgium. The significant reform of the wage norm in the bargaining process is a clear example of change in an area at the heart of social dialogue, at both inter-professional and sectoral levels, and for which there has been strong European pressure for a long time.

6.2 Messages and recommendations from the European Semester and degree of EU pressure

Since the beginning of the Lisbon Strategy in 2000, and particularly since its revamping into the Growth and Jobs Strategy in 2005, the Commission has stressed the need for Member States, and their social partners, to ensure that wage bargaining systems help to ensure that wage increases reflect productivity developments and do not contribute to higher inflation (Schulten and Müller 2015). There was also already, but in hushed terms as this is the domain of national social partners, a suggestion to decentralize wage negotiations so that they are conducted at the 'most appropriate' local level (Visser 2013).

The Commission focuses on Belgium, with its wage-setting bargaining system based on three complementary pillars: a) a central 'suggestion' by the national social partners on the indicative margins for wage increases to be negotiated at sectoral level (the wage norm), b) a system of

automatic indexation of wages and social benefits in the event of an inflation rate of 2% being exceeded; and c) a statutory minimum wage.

European pressure increased considerably with the introduction of the new economic governance and the ES procedure (Bongelli 2018; Van Gyes *et al.* 2017; Vanden Bosch 2014; Vermandere and Van Gyes 2014). From 2011 to 2015, CSRs were addressed to Belgium each year concerning the need to reform the wage-setting and indexation mechanisms in order to make wage setting responsive to trends in productivity. However, since 2016 EU pressure has eased. In 2016, the CSRs mention only the need to ensure that wage progression is in line with productivity, while calling for implementation of the promised 1996 Law fixing the wage-setting procedures. In 2017, there was merely a general reference in the Belgian CSRs to the wage-productivity nexus. The 2018 CSRs for Belgium no longer contain any reference to the reform of the wage-setting mechanism ⁽¹²⁾. This gradual easing-off of EU pressure seems to indicate that, in the eyes of the Commission, the 'Belgian wage-setting problem' is resolved (ESO, TU1, TU3, NLC, FEB/VBO).

6.3 Key steps in the social dialogue process

The period 2011-2015, during which the CSRs were most emphatic with regard to the Belgian wage-setting system, was a time of relative inertia of social dialogue at national level, and increased government intervention in the setting of the wage norm, as mentioned in Section 1, explaining why the social partners failed to sign any cross-sectoral agreement (CSA).

The opposite views of employers and trade unions made it impossible to agree on CSAs in the following years. The members of the Group of Ten agreed with difficulty on a CSA for the period 2011-2012, which provided little scope for wage increases, but they did not, ultimately, ratify this agreement. The government decided, as it is entitled to do if the social partners have reached no agreement, to implement the elements of the CSA by law. From then on, the wage norm, implementation of which until then had been the result of a gentlemen's agreement between the social partners, has no longer been indicative but is now set by the government. Between 2014 and 2016, the social partners still failed to reach agreement at central level. In 2014, the new government took office and clearly stated its intention to rein in wage growth and to reduce the 'wage handicap' affecting the competitiveness of Belgian companies compared to that of large neighbouring countries.

The government in its declaration openly referred to commitments related to the CSRs, and affirmed its willingness to accelerate the reforms planned in the NRP. The following years were

12. One clear indicator is the evolution of the wage norm since its origin. While in the CSAs from 1997 to 2008 the wage norm was around 6%, since the crisis and the European Semester there has been a significant reduction in the margin for wage increases to less than 1%. The latest CSA sets the norm at 1.1%.

characterized by a succession of quasi-zero official wage increase margins, interspersed with a forced suspension of the automatic indexation. This wage freezing was accompanied by the introduction of legislative acts amending key parameters of the wage bargaining process, including the revision of the 1996 law on the wage norm ⁽¹³⁾. Among other things, the new law allows the government to take corrective measures in order to remedy detrimental cost-competitiveness developments. In other words, the government could limit the wage progression norm agreed between social partners if it considers that it is damaging for competitiveness ⁽¹⁴⁾.

The social partners did agree on a cross-sectoral agreement for the period 2017-2018, but within a context in which their room of manoeuvre is more limited. The maximum margin by which wage costs may increase in 2017-2018 is set at 1.1% above the consumption index which keeps wages in line with inflation. This wage norm is transposed by a national collective agreement of the NLC dated 21 March 2017, making the rule binding for all employers and employees in the private sector.

6.4 Correspondence of the messages of the Semester with the actors' preference and strategies

Needless to say, the new policy of freezing wage progression **does not at all correspond to the TUs' preferences but does to those of the employers**. During this period, TUs embarked on collective actions to oppose the wage freezing: strikes, mass protests (Gracos 2015, 2017). The TUs brought an action before the Constitutional Court in 2015, calling for annulment of the so-called 'index jump'. They lost the case, but it is worth noting that judicial recourse as a means of collective action is extremely rare in the Belgian trade union action repertoire (Gracos 2016). For their part, employers' organizations are clearly opposed to the TUs; they denounce their methods of collective action while highlighting their own wishes for the future: to continue to moderate wage increases to reduce wage inequality and to review the 1996 law to that effect (Gracos 2017). It should be noted that this corresponds to the recommendations addressed by the Commission, reflected by the government. Wage moderation remains on the employers' agenda, despite the revision of the 1996 law (which came into force in 2017) and the wage freezes already implemented in recent years ⁽¹⁵⁾. In parallel with **this strategy**, which can be described as an **outsider strategy**, the TUs have also questioned the logic according to which wage growth was too high in relation to short and long-term productivity gains. They reflected this position in their

13. Law amending the Law of 26 July 1996 on the promotion of employment and the preventive safeguarding of competitiveness – 19 March 2017.

14. The detailed features of the new law on the promotion of employment and the preventive safeguarding of competitiveness are presented in Annex 3.

15. <https://www.lecho.be/dossier/contestation sociale/je-veux-discuter-d-une-reforme-de-la-formation-des-salaires-pieter-timmermans/10046209.html>

joint note to the Commission to discuss the content of the CR, unsuccessfully (TU1, TUSLO3, COM1, COM2) (Bongelli 2018; ETUC 2018).

The progressive easing of EU pressure on the wage setting mechanism seems to indicate that in the eyes of the Commission the 'Belgian wage setting problem' is resolved. The Commission's satisfaction with the reform of the wage setting procedure is made clear in the 2018 CR: 'Measures have been taken to reverse previous losses in competitiveness. Between 2013 and 2017, various wage moderation policies have been implemented to improve the gradually eroding cost-competitiveness, including a real wage freeze, parametric changes to the indexation calculation mechanism and a temporary suspension of wage indexation agreements' (EC 2018b:11).

7. Conclusions and policy recommendations

7.1 Conclusions

In Belgium, the social partners have considerable experience of European issues and are well informed about the procedures and instruments of the ES. They have the political, organisational, cognitive and human resources they need to participate fully in the ES, even if there is always room for improvement.

At national level, social partners have access through the NLC and its involvement in the drafting of the NRP. At European level, unions can interact with the Commission and the ETUC. The quality of these interactions is considered positive at European level but poor at national level, with the national government reluctant to engage in a real dialogue with the social partners when drafting the NRP. Social partners strongly regret that the process has so far been more informative than participatory.

The social partners consider it useful to be involved in the Semester, as almost all the key themes of the Semester correspond to the issues discussed in the national social dialogue. Most of the reforms implemented in recent years under European pressure are directly related to their core business. The reform of the wage-setting mechanism is an excellent example of this, as is the pension reform. Both trade unions and Belgian public authorities use the messages of the Semester, either to support their actions at national level (for example the recommendation to cease subsidising company cars), or to impose unpopular reforms on the pretext that Europe has called for them (blame avoidance).

To exert any influence, TUs have essentially developed insider strategies targeting policy-makers through bilateral meetings. Other 'outsider' modes of action include the publication of press releases, organising of demonstrations, etc.

The impact of these strategies on the Semester is described as moderate. There are very limited possibilities for modifying the content of the NRP. Nevertheless, the unions' collective contribution through the NLC is directly annexed to it, which gives union views more prominence. The same applies to CSRs. The CR is identified as the key output document to be influenced since it serves as the basis for recommendations. The unions have taken the initiative to organise bilateral meetings with the Belgian desk, to present an alternative CR. These meetings are an opportunity to highlight the errors and inconsistencies in the Commission's report, to present other figures, other studies and factual elements that allow the desk to correct the report in order to better reflect the situation in the country. Some of the issues highlighted by trade unionists have been found over the years in CRs, thus suggesting trade union influence. However, it is not possible to establish a direct correlation.

7.2 Policy recommendations for good-quality and meaningful involvement

In the national context, the real challenge for Belgian social partners is to try to restore a dialogue between themselves and the federal government. This is of course difficult when neither government nor employers are calling for such a dialogue, as is currently the case in Belgium.

The NLC and CEC have an important role to play in promoting the Belgian social dialogue, particularly in troubled times. This is their main task as the key centralised collective bargaining institutions in Belgium. They need to receive sufficient resources to carry out this task, as well as the capacity to analyse and inform on the European developments related to the whole scope of policies contributing to economic and social well-being.

Trade unions should:

1. further enhance their interactions with the Commission in order to fine-tune the Commission's diagnosis in the CR. This will help to influence the content of the CSRs to better reflect the national challenges emerging from the analysis consensually made by the social partners;
2. invest sufficient resources in developing their own analytical capacities and scientific collaborations concerning how to influence the European level on core issues of social dialogue;

3. deepen the interaction gateways allowing the development of common consensual positions and analyses. The joint note containing the union analysis of the reforms highlighted in the CSRs and the NRP is a positive step in this direction;
4. improve awareness-raising of the implications of EU processes within and between union confederations at all levels of bargaining;
5. reinforce the collaboration with the ETUC in order to convey messages and/or demands as well as European actions that are also pertinent for the Belgian context. This may have an influence at European level, through the Tripartite Social Summits for instance develop stronger interactions with civil society, which is also affected by the reforms undertaken in the framework of the Semester.

The **national government** should:

6. better involve the social partners in the drafting of the NRP to ensure more consistency and a closer match between reforms presented in the NRP and the socio-economic reality;
7. develop an agenda which allows trade unions sufficient time to analyse, consult and react properly to the key Semester documents.

The **European Commission** should further develop the interaction in place with the national social partners concerning the key documents produced as part of the Semester process.

Synergies between social partners and the Belgian representatives in EU institutions such as the European Parliament and the European Economic and Social Committee (EESC) should be developed in order to better work together on the content of the key Semester documents.

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Annex 1

LIST OF INTERVIEWS

<i>Interview no.</i>	<i>Organisation</i>	<i>Date</i>	<i>Mode</i>	<i>Code</i>
1	NLC	02/08/2018	Face to face	NLC
2	FGTB-ABVV	21/08/2018	Written answers	TUSLO1
3	FEB/VBO	23/08/2018	Face to face	FEB/VBO 1
4	FEB/VBO	23/08/2018	Face to face	FEB/VBO 2
5	FEB/VBO	23/08/2018	Face to face	FEB/VBO 3
6	FEB/VBO	23/08/2018	Face to face	FEB/VBO 4
7	European Commission	24/09/2018	Face to face	ESO
8	CSC-ACV	26/09/2018	Face to face	TU1
9	CSC-ACV	22/10/2018	Face to face	TUSLO2
10	CGLSB	19/10/2018	Face to face	TUSLO3
11	FGTB-ABVV	25/10/2018	Written answers	TU2
12	CGLSB	25/10/2018	Written answers	TU3
13	European Commission	27/11/2018	Face to face	COM1
14	European Commission	27/11/2018	Face to face	COM2

Annex 2

Country-specific Recommendations Belgium (2014-2018)

CSRs 2014
<p>1. Following the correction of the excessive deficit, reinforce the budgetary measures for 2014 in the light of the emerging gap of 0.5% of GDP based on the Commission services 2014 spring forecast, pointing to a risk of significant deviation relative to the preventive arm of the Stability and Growth Pact requirements. In 2015, significantly strengthen the budgetary strategy to ensure the required adjustment of 0.6% of GDP towards the medium-term objective, which would also ensure compliance with the debt rule. Thereafter, until the medium-term objective is achieved, pursue the planned annual structural adjustment towards the medium-term objective, in line with the requirement of an annual structural adjustment of at least 0.5% of GDP, and more in good economic conditions or if needed to ensure that the debt rule is met in order to put the high general government debt ratio on a sustained downward path. Ensure a balanced contribution by all levels of government to the fulfilment of fiscal rules including the structural budget balance rule, through a binding instrument with an explicit breakdown of targets within a medium-term planning perspective.</p>
<p>2. Improve the balance and fairness of the overall tax system and prepare a comprehensive tax reform that will allow shifting taxes away from labour towards more growth friendly bases, simplifying the tax system, closing loopholes, increasing VAT efficiency, broadening tax bases, reducing tax expenditures and phasing out environmentally harmful subsidies.</p>
<p>3. Contain future public expenditure growth relating to ageing, in particular from pensions and long-term care, by stepping up efforts to reduce the gap between the effective and statutory retirement age, bringing forward the reduction of early-exit possibilities, promoting active ageing, aligning the retirement age to changes in life expectancy, and improving the cost-effectiveness of public spending on long-term care.</p>
<p>4. Increase labour market participation, in particular by reducing financial disincentives to work, increasing labour market access for disadvantaged groups such as the young and people with a migrant background, improving professional mobility and addressing skills shortages and mismatches as well as early school leaving. Across the country, strengthen partnerships of public authorities, public employment services and education institutions to provide early and tailor-made support to the young.</p>
<p>5. Restore competitiveness by continuing the reform of the wage-setting system, including wage indexation, in consultation with the social partners and in accordance with national practice, to ensure that wage evolutions reflect productivity developments at sectorial and/or company levels as well as economic circumstances and to provide for effective automatic corrections when needed; by strengthening competition in the retail sectors, removing excessive restrictions in services, including professional services and addressing the risk of further increases of energy distribution costs; by promoting innovation through streamlined incentive schemes and reduced administrative barriers; and by pursuing coordinated education and training policies addressing the pervasive skills mismatches and regional disparities in early school leaving.</p>
<p>6. Ensure that the 2020 targets for reducing greenhouse gas emissions from non-ETS activities are met, in particular as regards buildings and transport. Make sure that the contribution of transport is aligned with the objective of reducing road congestion. Agree on a clear distribution of efforts and burdens between the federal and regional entities.</p>

2015
1. Achieve a fiscal adjustment of at least 0.6 % of GDP towards the medium-term budgetary objective in 2015 and in 2016. Use windfall gains to put the general government debt ratio on an appropriate downward path. Complement the pension reform by linking the statutory retirement age to life expectancy. Agree on an enforceable distribution of fiscal targets among all government levels.
2. Adopt and implement a comprehensive tax reform broadening the tax base, shifting the tax burden away from labour and removing inefficient tax expenditures.
3. Improve the functioning of the labour market by reducing financial disincentives to work, increasing labour market access for specific target groups and addressing skills shortages and mismatches.
4. Restore competitiveness by ensuring, in consultation with the social partners and in accordance with national practices, that wages evolve in line with productivity.
2016
1. Achieve an annual fiscal adjustment of at least 0.6 % of GDP towards the medium-term budgetary objective in 2016 and in 2017. Use windfall gains to accelerate the reduction of the general government debt ratio. Agree on an enforceable distribution of fiscal targets among all government levels. Simplify the tax system and remove distortive tax expenditures.
2. Carry out the intended review of the Law of 1996 on the promotion of employment and the safeguarding of competitiveness in consultation with the social partners. Ensure that wages can evolve in line with productivity. Ensure the effectiveness of labour market activation policies. Move forward with education and vocational training reforms and provide training support for disadvantaged groups, in particular people from a migrant background.
3. Boost the capacity to innovate, in particular by fostering investment in knowledge-based capital. Increase competition in the business services sector and the retail sector by removing unwarranted operational and establishment restrictions. Address shortfalls in investment in transport infrastructure and energy generation capacity.
2017
1. Pursue a substantial fiscal effort in 2018 in line with the requirements of the preventive arm of the Stability and Growth Pact, taking into account the need to strengthen the ongoing recovery and to ensure the sustainability of Belgium's public finances. Use windfall gains, such as proceeds from asset sales, to accelerate the reduction of the general government debt ratio. Agree on an enforceable distribution of fiscal targets among government levels and ensure independent fiscal monitoring. Remove distortive tax expenditures. Improve the composition of public spending in order to create room for infrastructure investment, including on transport infrastructure.
2. Ensure that the most disadvantaged groups, including people with a migrant background, have equal opportunities to participate in quality education, vocational training, and the labour market.
3. Foster investment in knowledge-based capital, notably with measures to increase digital technologies adoption, and innovation diffusion. Increase competition in professional services markets and retail.

2018

1. Ensure that the nominal growth rate of net primary government expenditure does not exceed 1.8 % in 2019, corresponding to an annual structural adjustment of 0.6 % of GDP. Use windfall gains to accelerate the reduction of the general government debt ratio. Pursue the envisaged pension reforms and contain the projected increase in long -term care expenditure. Pursue the full implementation of the 2013 Cooperation Agreement to coordinate fiscal policies of all government levels. Improve the efficiency and composition of public spending at all levels of government to create room for public investment, notably by carrying out spending reviews.
2. Remove disincentives to work and strengthen the effectiveness of active labour market policies, notably for the low-skilled, people with a migrant background and older workers. Pursue the education and training reforms, including by fostering equity and increasing the proportion of graduates in science, technology, engineering and mathematics.

Annex 3

Summary of the 2017 revision of the wage norm bill

- The maximum margin available for an increase may be calculated by using the 'available national and international forecasts' instead of the current OECD figures, which are generally regarded as being too optimistic. This new calculation base will allow the CEC/CSR to make the calculations in accordance with the principle of 'prudence' to avoid overestimations in the forecast.
- The principle of the bi-annual setting of the wage norm between the social partners or by the Council of Ministers if no agreement is reached between the two sides remains in place. However, the wage norm margin will be laid down in a generally binding collective labour agreement, set by the National Labour Council, or by a Royal Decree if no agreement is reached between the two sides. In the former situation it can no longer be expressed as an 'IPA gentlemen's agreement' that has to be implemented through the sectoral agreements.
- Automatic wage *indexation* and *seniority*-based increases (a key part of sector and company pay scales) are still not taken into account when defining the wage norm.
- A new element is the implementation of *ex post correction mechanisms* to correct unjustified increases in the previous period. In this connection, the following steps are taken:
 - The remaining margin is to be calculated every two years by the Central Economic Council, as is the macroeconomic productivity advantage;
 - Most of the cost savings resulting from the tax shift currently being implemented by the Michel government, which include a social tax reduction for employers and at least 50 per cent of new tax savings, will be used exclusively to reduce the so-called historical 'gap': the labour cost gap dating from before 1996 – a much disputed issue between the social partners. However, it remains unclear how all these calculations will be taken into account.
 - If Belgian wages grow more slowly than those of our neighbours and if Belgium is still disadvantaged by past developments, at least half of the surplus should go to further reducing the historical backlog.
- A *safety margin* has to be provided in the calculated wage norm to absorb potential errors in the *ex-ante* forecast (the growth in the index and hypothesised wage trends in neighbouring countries). This safety margin will be a quarter of the margin, and at least 0.5 per cent. If this safety margin remains unused, it will be added to the margin for the next period.
- Employers who exceed the maximum wage norm will be penalised by an administrative *fine* ranging from EUR 250 to EUR 5,000 (per employee working for the employer and whose wage violates the norm). Calculation of the margins will be the sole responsibility of the CEC secretariat – an autonomous civil service agency – and no longer a point to be settled by the

social partners involved in the negotiations. These national negotiators can only discuss how and to what extent the calculated margins will be used (with all the corrections prescribed by law taken into account) (Van Gyes *et al.* 2018).