



Laga Newsflash

Wage norm 2019-2020: trade unions withdraw from the negotiations - What now?

A national strike organised by all trade unions shall take place in Belgium tomorrow, 13 February 2019. Trade unions withdrew from inter-professional negotiations where the social partners aimed to reach an agreement on a salary increase for the next two years. The trade unions disagree with the maximum salary margin of 0.8% determined by the Central Economic Council (CEC).

Inter-professional negotiations

The Wage Norm Act provides that the social partners should determine the maximum salary increase margin within an inter-professional agreement (IPA).

However, since the modification of this Act on 19 March 2017, the competence of the social partners has been limited. They can no longer exceed the maximum margin determined by the CEC.

With its technical report of 16 January 2019, the CEC determined that the maximum salary increase margin for 2019-2020 is 0.8%. The trade unions deem this margin insufficient and decided to withdraw from negotiations.

Incompatible with the right to collective bargaining?

In principle, the right to collective bargaining can only be limited if (i) it is provided by law, (ii) pursues a legitimate aim and (iii) is proportionate to that aim.

Before the modification of the law in 2017, the Constitutional Court had to decide whether the Wage Norm Act was incompatible with the right to collective bargaining. The Court then decided that it was not the case, essentially because the social partners were given the right to negotiate on salary evolutions. The wage norm set by the CEC was indeed only a guideline.

It is questionable whether the Constitutional Court would make the same decision today. The enforceability of the Wage Norm Act is up for discussion.

Government interference

If no inter-professional agreement can be concluded within a period of two months after the CEC report, specifically on 16 March 2019, the government must convene the social partners and propose a resolution.

In principle, the government itself determines the maximum margin for salary increase within one month after convening the social partners, if they could not reach an agreement.

It is questionable whether the current (caretaker) government remains competent to determine the maximum margin. Therefore, it is uncertain if there will be a binding wage norm for 2019-2020.

Salary increases outside the wage norm

Even if there would be a binding wage norm of 0.8%, determined by an IPA or a Royal Decree, there is still a possibility that salaries will increase with a higher percentage in 2019-2020.

Indexation is not taken into account for calculating the average salary cost's evolution. The CEC estimates an indexation of 3.8% for 2019-2020, meaning that there is a potential 4.6% increase of the average salary cost.

Furthermore, the following elements are not taken into account:

- Increases based on salary scales or promotions;
- Profit participations and premiums;
- One-time innovation premiums;
- CBA 90 bonus.

In practice, this means that salaries can increase by more than the wage norm percentage.

Laga will follow developments closely and is readily available to respond any questions relating to the wage norm.

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