

Chapter 19

Luxembourg: an instance of eroding stability?

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Luxembourg is a small western European country that, following the varieties of capitalism approach, can be classified as a coordinated market economy, in which the market is regulated fairly strongly (Hall and Soskice 2001). Luxembourg's employment relations system has further been described as neo-corporatist with some statist elements, because the government retains a coordinating role and a strong foothold in all arenas of national social dialogue (Kirov and Thill 2018; Vollaard *et al.* 2015). Luxembourg has a long history of workplace representation and trade unions play a key role in collective bargaining. Trade unions continue to exert an influence on neo-corporatist political decision-making, which guarantees them political legitimacy and social influence (Allegrezza *et al.* 2003; Thill and Thomas 2011).

In Luxembourg, as in other European countries such as France and Germany, trade unions maintain a presence mostly in larger companies in the public and manufacturing sectors. They negotiate collective agreements at different levels, primarily industrial and company level, encouraged by provisions that make it possible to legally extend those collective agreements at industry level. Furthermore, representative trade unions have the sole right to conclude collective agreements at the different levels, including the company.

Confronted with demographic and labour market changes, characterised by the effects of deindustrialisation and marked by the decline of the steel industry since the 1970s and the transition to a service economy with the finance sector predominant, Luxembourg's trade unions have tried to adapt their organisational structures and preserve bargaining power. Even if the crisis of trade unionism is not an issue of public debate in Luxembourg, unlike in France or Germany, trade unions in Luxembourg have lost membership and social influence over the past few decades. Overall, trade union density in Luxembourg decreased from 42.1 per cent in 2002 to 32.8 per cent in 2012 according to the OECD (see Table 19.1). Likewise, collective bargaining coverage has declined. Trade unions, however, have retained an important institutional role in national politics, in particular through their involvement in tripartite decision-making (Thill and Thomas 2011) and indirectly through the Chamber of Employees (Chambre des salariés, CSL) in the legislative process through non-binding assessments of draft laws.

While relatively extensive research work has been devoted to the Tripartite Coordination Committee (Comité de coordination tripartite) and to tripartite social dialogue at the national level, involving the government, employers' associations and trade unions, research has been scarce on industrial relations at the industry and company levels.

Table 19.1 Principal characteristics of collective bargaining in Luxembourg

Key features	2000	2016
Actors entitled to collective bargaining	Trade unions and employers/employers' organisations	
Importance of bargaining levels	Important bargaining at the national level, industry and company level bargaining prevail	Less bargaining at the national level, industry and company level bargaining prevail
Favourability principle/ derogation possibilities	Limited	
Collective bargaining coverage (%)	60	59 (2012)
Extension mechanism (or functional equivalent)	Yes	
Trade union density (%)	42.1 (2002)	32.8 (2012)
Employers' association rate (%)	80	80

Sources: Appendix A1.

The content of collective agreements is also rarely studied with few exceptions, namely studies on mandatory bargaining topics during the negotiation of collective agreements: working time, employment, training and gender equality (Maas *et al.* 2012; Brochard *et al.* 2015). The role of employee representatives in companies and their practices of discussion, negotiation and conflict remain under-researched, as does the internal organisation of employers' organisations and their development (Thomas 2012).

The economic and financial crisis of 2008 had a moderate impact on Luxembourg's economy and industrial relations (Thill and Thomas 2011) compared with the magnitude of the repercussions experienced by southern and eastern European economies. While important building blocks of the long-term stability of industrial relations in Luxembourg, including minimum wage and collective bargaining mechanisms, have been preserved through the crisis or temporarily modulated, as was the case with the wage indexation system, elements of erosion have also become apparent. Trade unions have continued to increase their absolute number of members, although they have not been able to match the continuing increase in employment levels, as a result of which union density has gradually declined. In addition, employment creation has been strong in industries in which unions are not well established, such as business services and retail. Broadly speaking, Luxembourg's industrial relations system, with its bargaining instruments and actors, has been characterised by overall stability, even though some signs of erosion have become apparent, as this chapter highlights.

Industrial relations context and principal actors

In order to better understand the evolution of collective bargaining since 2000, it is helpful to provide some information on the context and highlight a number of key points about Luxembourg's economy and labour market. The country is a small, open economy, with highly developed international finance and business services. Luxembourg has experienced a long period of high GDP growth with the highest per

capita GDP in Europe and strong employment creation both for residents and cross-border workers, who account for 180,000 of Luxembourg's 418,000 workers (2016). In contrast, Luxembourg witnessed nearly a doubling of unemployment, from 3.1 per cent in 2000 to 5.7 per cent in 2017, as well as an increase in social inequality.

While the overall system of worker representation in Luxembourg has been strongly influenced by the situation in the neighbouring countries of Germany, Belgium and France, the institutions of worker representation in Luxembourg have followed their own development over time (Seifert 2011). The principle of union freedom is laid down in Article 11 of the Constitution in Luxembourg. Trade unions can engage in collective bargaining, however, only if they are recognised as representative as stipulated by the 2004 legislation on collective labour market agreements, the management of social conflicts and the organisation of the National Conciliation Office (Office national de conciliation, ONC). This legal framework has remained unchanged and has introduced and defined the criteria that determine trade union representativeness with the stated aim of ensuring the continued stability of collective bargaining. In the general observations accompanying the draft bill, the government highlighted the risk that cross-border workers 'introduce different trade union cultures' and that these put at risk the 'well-tried' social dialogue in Luxembourg. The 2004 reform therefore was aimed at avoiding trade union fragmentation and preserving strong and representative multi-industry unions. In addition, the 2004 legislation organises the negotiation process of collective agreements, defines the role of the parties to negotiations and stipulates a number of mandatory bargaining issues to be discussed during the negotiation of a collective agreement. The impact of the legislation on these matters is discussed below.

Luxembourg has dual-channel workers' representation. It is based on both trade unions and elected employee representatives at the company level, who can be elected either as independent candidates or as members of a trade union. Elected employee representatives are not allowed to conclude collective agreements because only trade unions recognised as representative in terms of the 2004 law on collective bargaining can negotiate such agreements. In practice, however, trade unions involve employee representatives in the negotiation of collective agreements.

At the company level, employees are represented by staff delegations (*délégations du personnel*) whose mission is defined under Article 414-2 of the law to 'safeguard and defend the interests of employees in terms of working conditions, employment security and social status'. With the elimination of the joint committee (*comité mixte*) for companies with 150 employees or more after the social elections in 2019, as a result of a new law on social dialogue adopted in July 2015, the mission and competences of staff delegations, as well as protection against dismissal of employee representatives will be increased. Public limited companies with more than 1,000 employees fall under board-level employee codetermination regulations, involving employee representatives directly in corporate decision-making.

Luxembourg's trade union movement is characterised by pluralism. Trade unions in Luxembourg are divided along political lines and according to workers' occupational

status and industry. There are two nationally representative trade union confederations, the Independent Trade Union Confederation of Luxembourg (Onofhängege Gewerkschaftsbond Lëtzebuerg, OGBL) and the Luxembourg Confederation of Christian Trade Unions (Lëtzebuenger Chrëschtliche Gewerkschaftsbond, LCGB). The OGBL represents 72,000 members and the LCGB 42,000 (2017). The OGBL is historically close to Luxembourg's Social Democratic Party (Krier *et al.* 2016) and the LCGB is close to the Christian Democratic Party and the Catholic Church (Weber 1999). Both confederations have a dual structure that organises members both at the workplace and on a geographical basis. Union members are represented by an industry structure according to their occupation or place of work and by a regional structure in line with their place of residence. According to their individual situation, members can also belong to other structures, such as the immigrant, youth or disabled workers' departments.

Besides these two confederations present in all industries there are also a number of independent unions. The civil service union the General Confederation of the Civil Service (Confédération Générale de la Fonction Publique, CGFP), with about 28,000 members, was established in 1909 as the Association Générale des Fonctionnaires. The private sector trade union, the Luxembourg Association of Bank and Insurance Employees (Association Luxembourgeoise des Employés de Banque et Assurance, ALEBA) was founded in 1918 as a professional association of bank employees. The ALEBA focuses on the financial sector and has approximately 10,000 members. Founded in 1912, the General Federation of the Municipal Administration (Fédération Générale de la Fonction Communale, FGFC) is a union uniting local and professional organisations of municipal administrative staff and public institutions overseen by the municipalities. The FGFC represents 4,200 civil servants and municipal employees. The National Federation of Railroad Workers, Transport Workers, Civil Servants and Employees (Fédération Nationale des Cheminots, Travailleurs du Transport, Fonctionnaires et Employés, FNCTTFEL), whose foundation dates back to 1909, represents the interests of railroad, public service and public transportation personnel.

Trade union candidates compete in the social elections that are held every five years for the company-based staff delegations and for the national Chamber of Employees. The Chamber of Employees was created in 2008 after the introduction of the 'single status' that abolished the distinction between blue- and white-collar workers in Luxembourg. As a result of this move, the two representative chambers of blue-collar workers (Chambre de travail) and of white-collar workers (Chambre des employés privés) fused into a single national institution to represent workers. All employees or pensioners, excluding civil servants or public-sector employees, must be affiliated to the Chamber of Employees, regardless of their nationality or place of residence. In addition to its traditional role as a professional chamber to safeguard and defend the interests of its affiliates and to assess draft legislation of concern to them the CSL informs employees and pensioners about economic and social developments and contributes to the broader political debate. By law, the CSL and the professional chambers of employers are involved in vocational training.

The main employer confederation is the Union of Luxembourg Enterprises (Union des Entreprises Luxembourgeoises, UEL), representing private sector companies.

UEL has eight member organisations, including the Chamber of Commerce (Chambre de commerce) and the Chamber of Crafts (Chambre des métiers), and covers 35,000 companies, which employ about 85 per cent of the workforce. UEL was founded in 2000 as a result of formalising an existing liaison committee of industrial business organisations. It represents employers' interests in national tripartite bargaining arenas and has signed the rare economy-wide agreements concluded in Luxembourg that implemented European framework agreements. Industrial employer organisations within UEL conduct industrial bargaining. Within UEL, the main industrial organisation is the Luxembourg Business Federation (Fédération des industriels luxembourgeois, FEDIL), which represents companies in construction, manufacturing and business services. The members of FEDIL employ about 30 per cent of the national workforce.

Extent of bargaining

This section analyses the current state of play in the collective bargaining system in Luxembourg by presenting information on bargaining coverage and provides an analysis of the bargaining actors and the crucial issue of trade union representativeness.

The overall rate of collective bargaining coverage in Luxembourg is rather low, at 59 per cent in 2012 (see Appendix A1). This rate is comparable with that of Germany (see Chapter 12), but significantly lower than in France, where it stands at 85 per cent (see Chapter 11) or in Belgium, with 96 per cent (see Chapter 3). The number of workers covered by collective agreements varies from 87 per cent in health and welfare and in education to 12 per cent in catering (Ries 2013). The coverage rate decreases with workers' level of education. Workers with a low education level (lower secondary school) are covered at a rate of 67 per cent by a collective agreement and workers with an intermediate education level (upper secondary school) are covered at 63 per cent. The coverage rate among graduates with tertiary education is only 46 per cent. If the public sector is excluded from the data, the coverage rate among graduates with tertiary education is as low as 36 per cent (Ries 2013).

The coverage rate of collective agreements varies also with size of company. The larger the company, the more its employees are likely to be covered by a collective agreement. The coverage rate varies from 30 per cent for companies with 10 to 49 employees to 79 per cent for companies with over 1,000 employees (Ries 2013).

In Luxembourg, there are two types of collective agreement: those that are not extended and those that are. Collective agreements that are not extended apply to a particular enterprise or to a group of employers belonging to an employers' organisation. Those that have been extended, through a declaration of 'general obligation' by the Ministry of Labour, Employment and the Social and Solidarity Economy (Ministère du Travail, de l'Emploi et de l'Économie Sociale et Solidaire), apply to all companies in a given sector, industry, occupation or type of activity. Both trade unions and employers' associations can request the extension of collective agreements. The ONC, in which employers and trade unions are represented, then makes a recommendation to the Ministry of Labour,

which takes the final decision. Currently, a significant number of agreements have been extended, such as for construction, banking, insurance and private security services, and for particular occupations, such as taxi drivers and electricians. The industry-wide collective agreements that are currently of ‘general obligation’ are often the result of a shared interest between employers and trade unions in limiting potential competition on wages from new entrants in a specific industry or industrial segment, for instance in hospitals or in private security services.

The existence of a wage indexation mechanism and the mandatory minimum wage contribute to the overall moderate level of collective bargaining coverage. Through the automatic wage indexation system, wages regularly increase, which limits the room for manoeuvre of wage bargaining. The wage indexation mechanism that is laid down by law in the Labour Code provides for the automatic adjustment of salaries, wages and social contributions in line with the evolution of the cost of living. If the consumer price index increased by 2.5 per cent during the previous semester, salaries are normally adjusted by the same proportion. The law specifies a minimum wage for unskilled workers and one for skilled workers. The latter is 20 per cent higher than the wage for unskilled workers. The minimum wage is periodically adjusted and was last modified by law in 2015 and 2017. Another factor explaining the moderate level of collective bargaining coverage may be the unequal industrial presence of trade unions, which play a crucial role in collective bargaining.

Since the end of the 1990s, trade union density in Luxembourg has decreased continuously. The paradox of unionisation in Luxembourg, however, is that while trade union density decreased from 42.1 per cent in 2002 to 32.8 per cent in 2012, the absolute number of trade union members increased significantly. This is because Luxembourg has experienced strong employment creation of 3.2 per cent per year, on average, between 2002 and 2016. While unionisation has not kept pace with this increase in employment, trade unions have nevertheless acquired new members. Unionisation rates in Luxembourg also vary strongly between industries, with repercussions for trade unions’ ability to negotiate collective agreements. The unionisation rate is high in the public service (63 per cent), transport (61 per cent) and education (60 per cent). It is, however, weak in retail (25 per cent) and catering (24 per cent). In manufacturing and construction, it stands at 48 per cent and 39 per cent, respectively (Ries 2011).

When assessing the unionisation rate in Luxembourg, it is important to highlight that the labour force is made up of both domestic workers residing in Luxembourg and of cross-border workers, living either in France, Belgium or Germany, and crossing the border every day to work in Luxembourg. In 2017, 45 per cent of workers in Luxembourg were cross-border workers. In addition, Luxembourg has experienced strong immigration: immigrants residing in Luxembourg currently comprise 47 per cent of the country’s overall population. While Luxembourg’s two main trade union confederations, OGBL and LCGB, have invested much effort in organising migrant workers and representing their interests, sustained labour migration represents a challenge when it comes to unifying interests and ensuring an adequate representation, in particular, of cross-border workers (Thomas 2015). Noticeably, trade unions have built up sections for cross-border workers in the neighbouring regions, providing an interesting example

of effective Europeanisation of trade union action. In addition, trade unions have used European regulations on the free movement of labour as a legal infrastructure to develop services for migrant workers. At the same time, the free movement of labour and equality of treatment have come to permeate trade union strategies and rhetoric. With regard to the inclusion of migrant workers in decision-making processes and access to leadership positions, however, numerous obstacles to their effective participation persist (Thomas 2016).

Level of bargaining

Collective bargaining in Luxembourg is characterised by the coexistence of company-level collective agreements and industry-level agreements. Cross-industry agreements have been limited so far to the implementation of European cross-industry agreements, such as on telework and on harassment and violence at work. There is tripartite social dialogue between government, employers and trade unions at national level.

Interactions between industry collective agreements and company-level agreements are not frequent, and possibilities for opening clauses or opt-out clauses are rare. The ‘favourability principle’ remains in operation, except for the regulation of various dimensions of working time. This provides for a certain degree of flexibilisation in terms of length of working time, maximum daily and weekly working time, and reference period. In the future, decentralisation could further increase through the use of framework agreements. At the time of writing, however, the legal possibilities for signing such framework agreements, which are then later articulated with ‘subordinated agreements’ concluded at the company level, are not broadly used (Putz 2012).

Industry agreements exist in banking, insurance and private security services. In these industries, single-industry agreements cover 100 per cent of the workforce, as they are extended by the Ministry of Labour, Employment and the Social and Solidarity Economy. Many industries have no industry-level agreements. The high level of decentralisation of collective bargaining and the weak presence of trade unions in some industries explain this situation. Unless stipulated otherwise in the collective agreement, senior management is generally not covered by the provisions on working time and wages. The maximum legal duration of collective agreements is three years and the average duration of negotiated agreements varies between two and three years. As long as the signatories do not formally terminate a collective agreement it continues to be applicable. Once terminated it is no longer valid. Usually, collective agreements are terminated when a new collective agreement enters into force.

The principle of the unity of the collective agreement applies in Luxembourg. In theory it should not be possible to have more than one agreement in one company. In practice, however, there may be different agreements that apply in a company when it conducts different kind of activities covered by various collective agreements. In construction firms, for example, employees may be covered by different collective agreements, depending on their occupation.

Since the economic crisis of 2008 more tensions have appeared in collective bargaining, with a tendency for increasingly difficult negotiations in certain industries. In recent years, negotiations on the renewal of collective agreements, for example, have been difficult – for various reasons – in construction, the steel industry, cleaning and finance. After the crisis of 2008, there was a tendency to conclude more short-term collective agreements. This was regarded by trade unions as a means of shortening the duration of agreements containing only limited advantages for workers. Under improved economic conditions, trade unions hoped again to be in a better position to obtain advantages. In finance, for example, the latest collective agreement was prolonged for only a year and covered those bargaining elements where consensus could be reached: this provided time to discuss the broader challenges, such as digitalisation, that affect the industry in the longer run (Kirov and Thill 2018).

Table 19.2 provides an overview of collective bargaining in Luxembourg and indicates the number of new or amended collective agreements filed with the Mine and Labour Inspectorate (Inspection des Mines et du Travail, ITM). While no data are available on the total number of valid collective agreements at any given time, some insights can be advanced based on the available data. First, the increase in the number of collective agreements at the company level is noteworthy. While in 2004, almost all of the 36 company agreements filed at the ITM were in the industrial sector, there was a sectoral diversification after 2004. For instance, the data for 2015 show that while collective agreements in the industrial sector still prevailed, a considerable number of collective agreements were also concluded in the service sector.

At the national level, tripartite forums play an important role in discussing issues of macroeconomic governance in Luxembourg. In the recent period, social dialogue at the national level has had a direct impact on wage levels through the modulation of the wage indexation mechanism. The introduction of single status in 2008, abolishing the differences between white-collar and blue-collar workers, is another example of a decision resulting from tripartite social dialogue having a direct influence upon company and industry-level collective bargaining. The short pathways inherent in the small size of the country and an industrial relations system characterised by a small number of actors also contribute to creating links between the various arenas of social dialogue and collective bargaining. In addition, the role of trade unions in the national-level forums for institutionalised social dialogue confers on them an enhanced political legitimacy that may also serve as a resource at the company level.

Table 19.2 **Collective agreements and annexes filed at the Mine and Labour Inspection (selected years)**

	2004	2006	2008	2010	2012	2014	2015
Industry level	7	13	11	9	3	11	8
Company level	36	90	60	65	87	79	114

Sources: Authors' compilation on the basis of ITM annual reports.

Social dialogue at the national level is organised mainly within the Tripartite Coordination Committee (Comité de coordination tripartite), created by law in 1977. The Committee was conceived originally as a legal crisis instrument for organising and managing restructuring in steel. Since then, it has continued to issue consensus-based broader agreements between the government, employers and trade unions. In 1999 and 2006, for example, these agreements were then put into law by Parliament (lois tripartites). In April 2006, trade unions, employers and the government decided in the Tripartite Coordination Committee to ‘modulate’ the application of the wage indexation mechanism for the period 2006–2009. The modulation consisted of postponing the periodic adjustment of wage levels according to inflation by up to seven months. The modulation was justified by concerns over economic competitiveness following the rapid increase in oil prices. During the period covered by the modulation, the rate of wage increase was below the increase in inflation.

Since the financial and economic crisis of 2008, the stability and predictability of national-level social dialogue in Luxembourg has increasingly come under challenge: some agreements with limited content, for example, have been only bipartite and not tripartite before being put into law, such as legislation on parental leave. The impact of the crisis on social dialogue became especially salient when no large tripartite agreements were reached. In April 2010, the government announced the failure of the Tripartite Coordination Committee talks on Luxembourg’s economic competitiveness, employment policies and public finances. The government resorted to unilateral decision-making on the key issue of automatic wage indexation when in 2011 it announced the temporary modulation of the wage indexation system until 2014. Wages were to be indexed no more than once a year, independently of inflation, in 2012, 2013 and 2014. The new government elected in 2014 reinstated the standard automatic indexation mechanism of all wages. During this time, the government was also under pressure to reform the automatic indexation system, as repeatedly advocated by the European Commission in a series of country-specific recommendations in the context of the European Semester. Nonetheless, no reform of the mechanism has been introduced as a result of these recommendations.

Other prominent tripartite arenas at the national level (see Table 19.3) include the Economic and Social Committee (Conseil économique et social), created in 1966, whose mission is to produce assessments commissioned by the government or on its own initiative. More recently, the Economic and Social Committee has seen its mission enhanced in the context of the European Semester, as the National Reform Programme has to be discussed by the government and the social partners. The national tripartite Permanent Committee of Employment and Work (Comité permanent de l’emploi et du travail) seeks consensus on employment-specific issues, such as the implementation of the European Youth Guarantee or other employment measures. Finally, the tripartite Conjunction Committee (Comité de conjoncture) conducts a monthly analysis of the overall labour market situation in Luxembourg and discusses government participation and measures with trade unions and employer organisations, such as temporary unemployment for companies in economic difficulties.

Table 19.3 Synoptic view of neo-corporatist instruments in Luxembourg

Instrument	Role	Topics	Year
Tripartite Coordination Committee (Comité de coordination tripartite)	Tripartite advisory instrument, consensus-based assessments enforced by law, 'lois tripartites'	Economic and social	1979
Permanent committee of employment and work (Comité permanent de l'emploi et du travail)	Tripartite advisory instrument, consensus-based assessments lead to draft laws	Employment	2007
Economic and Social Committee (Conseil économique et social)	Tripartite advisory instrument, provision of assessments of nationally relevant topics	Economic and social, European issues	1966
Conjuncture Committee (Comité de conjoncture)	Crisis tripartite advisory instrument, consensus-based decisions on government participation in social plans, legislation on maintaining employment	Economic, company, employment	1975
Female Work Committee (Comité du travail féminin)	Quadrupartite advisory instrument	Gender issues, European issues if relevant for Luxembourg	1984

Sources: Authors' compilation.

Scope of agreements

In addition to the organisation of collective bargaining negotiation processes and defining the role of the parties, the legal framework on collective bargaining, enacted in 2004, stipulates a number of mandatory bargaining issues to be discussed. In recent years, there has been a tentative enlargement of bargaining topics.

Industry and company-level agreements include topics required by the 2004 law, such as the engagement and dismissal of workers, training and professional qualifications, wages, working time and holidays. Some industry agreements, such as in banking or the social sector, or agreements regarding occupations such as pharmacists and painters, make reference to work organisation plans, which allow for flexible working time arrangements. Employers and trade unions may thus adopt a work organisation scheme with flexible working hours and modulate the period of reference for a period of up to twelve months, choosing the relevant mode of organisation for their industry (Etienne-Robert 2012). Collective agreements can also include industry-specific clauses, for instance on non-declared work and on collective summer and winter holidays, as in the case of construction. Collective agreements include social peace clauses. During the period of validity of a collective agreement, strike action is not allowed on topics dealt with in the collective agreement.

Cross-industry agreements are rarely concluded in Luxembourg. When such agreements are reached, they mainly implement EU-wide agreements concluded by social partners at the European level, such as those on telework or the framework agreement on harassment and violence at the workplace, and have not yet covered issues such as wages or working time.

The public sector union CGFP negotiates agreements for civil servants and public servants (*fonctionnaires d'Etat* and *employés de l'Etat*) with the government. These agreements can be assimilated to a collective agreement, even though they are not labelled as such for legal reasons. Important negotiations took place in the public sector in 2011 because of the envisaged reform of the status of public servants, which led to the signing of two agreements by the government and CGFP. The first agreement focused on reform of the career structure of civil and public servants; the second regulated wages for the period 2011–2013. A more recent agreement, signed in December 2016, stipulated a pay rise of 1 per cent for 2017 for all civil and public servants.

In terms of topics on the bargaining agenda at company and industry levels, a tentative increase and enlargement of the thematic scope of collective agreements has occurred over recent years. As part of a general emphasis on employability, vocational training and lifelong learning are increasingly becoming a bargaining issue. Recently concluded collective agreements have thus included topics such as training and outplacement. The collective agreement for hospitals contains, for example, provisions on the financing of a training centre for health employees and on its bipartite governance by employers and trade union representatives. Banking is another industry in which a broadening of the scope of bargaining topics has occurred. In the context of wide-ranging restructuring, in 2014 the right to the outplacement of employees made redundant for economic reasons was included in the collective agreement concluded in banking (Kirov and Thill 2015).

At the national level, tripartite agreements have been negotiated that have wider scope. An example of such negotiations concerned the introduction of single status (*statut unique*). During the meetings of the Tripartite Coordination Committee, between 31 October 2005 and 19 April 2006, the government, employers and trade unions decided to introduce single status arrangements that eliminated the established division between blue-collar and white-collar workers. Trade unions often quote single status as a social milestone and as a major law. On 29 April 2008, the National Parliament (*Chambre des Députés*) voted in favour of bill No. 5750 on single status. Numerous discussions between the government, trade unions and employers' organisations had preceded the vote. The law on single status took effect on 1 January 2009. The law abolished all differences within social legislation between blue-collar and white-collar workers in the private sector, and put an end to the negotiation of separate collective agreements for blue-collar and white-collar workers. The law allowed a transition period that ended in 2013 for companies in which only one part of the staff, for example blue-collar workers, were covered by a collective agreement. During the transition period, agreements were negotiated for workers who previously had not been covered by a collective agreement or existing agreements were amended to include workers not previously covered.

Since the economic crisis of 2008, collective bargaining negotiations appear to have become more conflict-ridden. Employers' associations demand the flexibilisation of working conditions and wage differentiation, which runs counter to the core trade union aim of standardising working conditions and wages. In the period since the crisis of 2008 we have witnessed a number of implicit agreements, not openly defended by trade unions, intended to exchange wage moderation for job security. Especially

in the industrial sector, linear wage increases for all workers have become rare and one-off payments, dependant on the economic situation of the company, became more frequent. The National Statistical Office (Institut national de la statistique et des études économiques, STATEC) has demonstrated that the disconnection between wages and productivity has increased. While labour productivity increased by 11 per cent during the period 2012–2017, real wages increased by only 4.5 per cent (STATEC 2017).

The increasing tensions during the negotiation of collective agreements have not led to increased strike activity, however. Open conflicts, such as the strikes in elderly care homes in 2018, have remained the exception. It is noticeable that a number of attempts by trade unions to mobilise their members for strike action have failed, for instance, in steel and education. The culture of consensus-seeking still strongly impregnates the industrial relations culture in Luxembourg.

The flexibilisation of working time was a major issue of disagreement during the negotiations on the renewal of the collective agreement for construction in 2013. Employers demanded, eventually unsuccessfully, greater flexibility of working time. Negotiations in banking, which is the principal industry in Luxembourg, also illustrate this tendency toward heightened difficulties in reaching agreements. Banks' outsourcing of IT services and back-office functions has led to a reconfiguration of professions (Kirov and Thill 2015). In the social sector, the same tendency towards conflict-ridden negotiations has been confirmed. After a series of public demonstrations by trade unions, negotiations led to pay increases and new career opportunity paths in the social sector through the conclusion of a new industry-wide collective agreement in 2016.

Security of bargaining

The factors that determine the trade unions' bargaining role are central to security of bargaining. State intervention in collective bargaining occurs through the validation of collective agreements and dispute settlement. Collective agreements negotiated between trade unions and employers have to respect a number of formalities and must be filed with the ITM for approval by the Ministry of Labour, Employment and the Social and Solidarity Economy. Both parties can take the initiative to start negotiations, but in practice, it is usually the trade unions. If a previous agreement exists, it is taken as a basis.

As regards the negotiation of collective agreements, participation in the bargaining process is a statutory obligation, but reaching agreement is not. Negotiations are supposed to begin within 30 days of a demand to open negotiations. The requirement to participate in bargaining does not apply to cross-industry agreements. It can be assumed from the requirement to negotiate that relevant information has to circulate during collective bargaining so as to ensure a 'fair' negotiation (Putz 2012).

Even though strikes are not frequent in Luxembourg, they are a component of the collective bargaining process. In Luxembourg, the right to strike is based on a judicial interpretation of the concept of freedom of collective industrial organisation, as

enshrined in Article 11 of the Constitution. The right to commence strike action is subject to the observance of preliminary conciliation procedures. The right to strike was more clearly defined by the law of 30 June 2004 on collective bargaining, without there being a significant impact on the number of strikes. The ONC, a tripartite conciliation body, has the task of settling collective disputes that arise during the negotiation of a collective agreement. All strikes have to be preceded by conciliation conducted by the ONC. The results of the mediation procedure do not have to be accepted by employers and trade unions. If no agreement is reached, non-conciliation is declared and strike action becomes possible. If non-conciliation is declared, the Ministry of Labour, Employment and the Social and Solidarity Economy can also be asked either by trade unions or by employers to designate an arbitrator. Once the arbitrator is designated, both parties have the freedom to accept or reject the arbitrator. Once they have accepted the arbitrator, they are, however, obliged to accept the arbitration decision. During the arbitration period, strikes are not allowed. During the period of validity of a collective agreement, strike action is forbidden on issues covered by the collective agreement.

There are few industrial disputes in Luxembourg (Rey 2010). Since 2009, between four and a dozen disputes arising from collective bargaining have taken place each year within the scope of the ONC, according to the annual report by the Ministry of Labour, Employment and the Social and Solidarity Economy. For instance, in 2016, according to the latest annual report, four disputes were referred to the ONC. Statistically speaking, strikes are extremely rare in Luxembourg as a result of the consensus-seeking industrial relations culture, which is reinforced by social peace clauses and the compulsory conciliation procedure.

No new organisations representing specific groups of workers or employers have appeared over recent decades that could have challenged the bargaining prerogatives of the established organisations. This is partly due to the internal restructuring of existing organisations. FEDIL, the Luxembourg Business Federation, which has its origins in manufacturing industry, aims to represent also the business services sector, which has grown markedly in recent years. Likewise, trade unions have developed specific structures and service points for cross-border workers, successfully recruiting them and preventing the formation of separate organisations by cross-border workers (Thomas 2015).

Despite the significant role of trade unions in collective bargaining at the company level, Luxembourg's legislators have always had an ambiguous attitude towards the involvement of trade unions in the everyday running of companies. As a consequence, Luxembourg knows no equivalent of the trade union delegate or the union section in companies, as they exist in France. Unions may present lists during the election of staff delegations and almost half of the employee representatives are elected from such lists. A staff delegation is elected every five years among the staff of companies with more than 15 employees. Staff delegations are entitled to make proposals on measures to improve working conditions and to present individual or collective claims to the employer. During the most recent election of employee representatives in 2013, 49 per cent of elected employee representatives were unionised, according to the ITM, the institution that supervises social elections. This constitutes a decrease from 53 per cent in 2008.

In companies with fewer than 100 employees, the percentage of non-union delegates was 71 per cent in 2013. In companies with more than 150 employees, joint company committees (comité mixtes d'entreprise) are competent until the next social elections in 2019 to co-decide on health, security and working conditions at the company level. New legislation implemented in July 2015 introduced a new configuration of intra-company social dialogue, with the suppression of the joint company committee and the transfer of its competences to the staff delegations.

There are two levels of representativeness that entitle trade unions to conclude collective agreements: the general national level and the industry level. At the general level, trade unions must have received at least 20 per cent of the votes in the Chamber of Employees in the national social elections, and be actively present in a majority of industries. This latter condition is measured by the outcomes of company-level staff delegation elections. At industry level, trade unions are considered representative when they are strongly represented within a significant industry that employs at least 10 per cent of private sector workers. They also have to put forward candidates at the election of the Chamber of Employees and receive at least 50 per cent of the votes in the industry concerned or 50 per cent of the votes in the elections of company-based staff delegations in the industry. On the employers' side, there are no statutory regulations in the 2004 law setting representativeness criteria for employers' organisations.

Depth of bargaining

Depth of bargaining refers to the involvement of local representatives of labour and employers in the administration of agreements. The depth of bargaining thus concerns the internal processes through which trade unions formulate their claims and how managers respond to them. Little research has been conducted on unions' internal formulation of bargaining goals and validation of bargaining outcomes in Luxembourg (Thomas 2012).

The internal organisation of trade unions in Luxembourg is traditionally strongly centralised, in part because of trade union involvement in neo-corporatist decision-making and the need to guarantee the acquiescence of union members to the negotiated peak-level agreements. In the two main private sector confederations, OGBL and LCGB, the senior leadership bodies have a strong role in the daily running of the union, and the autonomy of branch and regional structures is relatively limited. Unlike French unions, in which members are primarily affiliated to their company-based union structure, union members in Luxembourg are directly affiliated to the confederal structure, and then only to the professional federations and the regional union structure. This mode of organisation confers control over union dues directly on the confederal leadership and contributes to the strong centralisation of trade unionism in Luxembourg.

While trade unions recognised as representative have the sole right to conclude collective agreements and negotiations on collective agreements are led by the unions' full-time officials, unionised employee representatives from the concerned company or

industry participate in the negotiations with employers. The outcome of the negotiations has to be ratified by a meeting of the unionised employee representatives from the relevant company or industry. In the case of large industry collective agreements, as in construction or hospitals, this meeting comprises several hundred employee representatives. If there is no clear majority at the meeting of the unionised employee representatives, which is exceptional, union members may be consulted directly. In addition, unions may hold meetings with workers to vote on the proposed collective agreement. In some industrial companies, such as in the chemical industry, this is customary, while in other companies it is not. In the latter, workers are consulted primarily when negotiations give rise to conflict. The unions may use the outcome of this consultation to put pressure on the employer. In the recent past, a number of industrial collective bargaining rounds have also seen consultations of rank-and-file members and workers through the use of surveys. The union of the banking and insurance industries ALEBA, for example, conducted an online survey in 2017 on members' and workers' preferences, while preparing for negotiations on the new collective agreement for insurance.

On the employers' side, there is also a practice of validating collective agreements. For instance, in the case of the Luxembourg Bankers' Association (Association des banques et banquiers, Luxembourg, ABBL), industry agreements negotiated with trade unions have to be ratified by ABBL members at an extraordinary general meeting.

In the case of contentious negotiations on the renewal of a collective agreement, trade unions regularly try to mobilise the rank-and-file members and workers. In recent times, the success of such endeavours has been uneven. In some instances, trade unions have managed successfully to mobilise the rank-and-file members and in other instances they have failed. During contentious negotiations on the collective agreements in construction and in the social sectors, trade unions mobilised workers on a number of occasions for demonstrations and managed finally to obtain a number of concessions from employers. In other industries, such as cleaning and steel, the attempts at mobilising the rank-and-file during the negotiation of collective agreements failed.

Degree of control of collective agreements

In Luxembourg the degree of control of collective agreements is high, whether concluded at industry or company level, as agreements serve to set the actual terms and conditions of employment. No data are available on wage drift, however.

In case of violations, control can be exercised by the ITM. The ITM's mission is to advise and assist employees and employers and to provide practical legal and technical information on the implementation of legal, regulatory, administrative and collective agreement provisions in the field of labour law and safety, security and health at work. Recently, the ITM underwent restructuring and introduced a Help Call Centre. In 2017, this Help Centre registered 376 contacts on collective agreements (out of a total of 34,722 contacts), according to the ITM's own statistics, while field inspections concerning collective agreements were conducted in 20 instances. In case of disagreements over the

interpretation of a collective agreement, trade unions and employers can use bipartite structures inscribed in certain collective agreements or the mechanism of collective labour dispute resolution, the ONC.

Conflicts arising over the interpretation of a collective agreement can be resolved at industry level through bipartite bodies established by collective agreement. For instance, in construction, a joint committee composed of delegates from both employers' organisations and trade unions exists to settle conflicts over interpretation. A number of other structures for monitoring collective bargaining are included in the industry collective agreements. In finance, for example, smaller bipartite bargaining units (commissions paritaires) monitor specific aspects of the industry-level collective agreement and meet to discuss relevant bargaining issues.

Labour courts are competent in cases in which a conflict over the interpretation of a collective agreement cannot be resolved elsewhere. Cases can be brought before labour courts by the signatories of the collective agreement or by individual employees. At the company level the staff delegation can, in the absence of a specific conflict resolution mechanism put in place by the collective agreement, refer to the ITM any complaint or observation related to the application of the legal, regulatory, administrative or contractual provisions of a collective agreement concerning working conditions and protection of employees at their workplace.

Conclusions

The industrial relations system in Luxembourg developed in a small state with an open economy, characterised both by drastic economic changes due to the demise of the steel industry in the 1970s and by a long period of economic growth starting in the mid-1980s, which was due mainly to the internationalisation of finance. The strength of the trade union movement has been a key component of the stability of collective bargaining in Luxembourg. But since 2000, and particularly since the international economic and financial crisis of 2008, there have been signs of erosion of this stability, even though the employment relations system has been maintained. During this period, the absolute number of trade union members has increased, but trade union density has decreased. Unions are still strong in a number of industries, but there are areas with a low union presence and low collective bargaining coverage.

At the same time, trade unions still exercise significant political influence through the tripartite institutions and their involvement in public policymaking. The extension of collective agreements is an important mechanism in Luxembourg, both in high-qualification industries, such as banking and insurance, and in low-qualification industries, such as private security. Given the unequal union presence at the company level, at which many employee representatives are not members of a union, the conclusion of further collective agreements will pose challenges to unions.

Although no profound changes in the setting of collective bargaining in Luxembourg are to be expected in the short term, the slowly decreasing trade union presence

and bargaining coverage could gradually erode the stability of collective bargaining. In parallel, existing collective agreements risk gradually losing substance when they are renegotiated, with the result that they contain fewer and fewer advantages for employees. Collective bargaining also faces the challenges of increased digitalisation, reflected, for example, in a reconfiguration of careers and related wage groups in a number of industries. More contentious industrial relations and increasing conflicts within and among trade unions over collective bargaining objectives might result from these processes and dynamics.

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Abbreviations

ABBL	Association des banques et banquiers, Luxembourg (Luxembourg Bankers' Association)
ALEBA	Association Luxembourgeoise des Employés de Banque et Assurance (Luxembourg Association of Bank and Insurance Employees)
CGFP	Confédération Générale de la Fonction Publique (General Confederation of the Civil Service)
CSL	Chambre des salariés (Chamber of Employees)
FEDIL	Fédération des industriels luxembourgeois (Luxembourg Business Federation)
FGFC	Fédération Générale de la Fonction Communale (General Federation of the Municipal Administration)
FNCTTFEL	Fédération Nationale des Cheminots, Travailleurs du Transport, Fonctionnaires et Employés (National Federation of Railroad Workers, Transport Workers, Civil Servants and Employees)
ITM	Inspection des Mines et du Travail (Mine and Labour Inspectorate)
LCGB	Lëtzebuenger Chrëschtliche Gewerkschaftsbond (Luxembourg Confederation of Christian Trade Unions)
OGBL	Onafhängege Gewerkschaftsbond Lëtzebuerg (Independent Trade Union Confederation of Luxembourg)
ONC	Office national de conciliation (National Conciliation Office)
STATEC	Institut national de la statistique et des études économiques (National Statistical Office)
UEL	Union des entreprises luxembourgeoises (Union of Luxembourg Enterprises)