

FGTB

SOCIO-ECONOMIC BAROMETER 2024



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Gender

All references to persons or functions (e.g. worker) apply to everyone, regardless of gender (f/m/x).

The information in this brochure is based on the data available in November 2024.

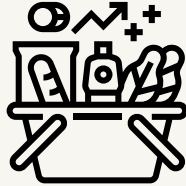
INTRODUCTION

The FGTB Socio-Economic Barometer for 2024 will be published at a time when major political changes are looming on the horizon. The political parties sitting at the negotiating table will form the new federal government, which will have to make clear choices.

- ➔ Social security funding is under pressure. Will they put an end to the exemption schemes found in a whole series of statutes, as well as “gifts” for employers?
- ➔ Wages are lagging behind productivity increases, which have caused profit margins to explode over the last few years. Will the wage law be reformed so that social partners can negotiate wages without artificial and unfair restrictions, in order to distribute wealth more fairly?
- ➔ More and more workers are leaving companies due to exhaustion and stress. Will they finally have the courage to make structural changes, in order to improve the quality of jobs and give people more time and space for rest and relaxation?
- ➔ Our tax system is unfair. The broadest shoulders are not contributing enough. Will they establish a system that taxes all income fairly and progressively, while targeting the very wealthy?
- ➔ Belgium and Europe are facing a huge ecological, technological and demographic challenge. In order to make this transition possible in these three fields, massive investments will have to be made. Will a future government dare to provide sufficient budgetary space in order to do so and review the drastic European budgetary framework?

These are just some of the dilemmas, on which a new federal government will have to decide. Socio-economic choices must take the legitimate interests of workers into account, based on full and comprehensive social dialogue. This barometer provides the material needed to make the right choices - for people, justice and solidarity.

1



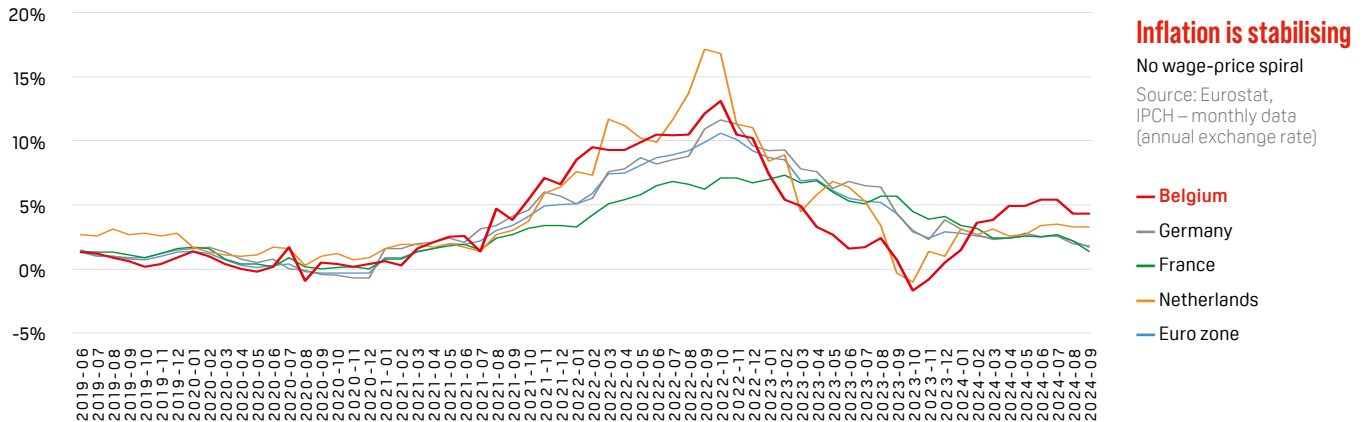
HOUSEHOLD PURCHASING POWER VERSUS CORPORATE PROFITS

During the energy crisis that has struck us over the last few years, household purchasing power was effectively protected by the automatic indexation of wages and social benefits. But there is a structural problem for wage formation. Belgians are actually more and more productive, but their pay is not increasing as a result. According to the National Bank, this phenomenon is the main reason for the sharp increase in profit margins for companies over the last few years. This shows that wage formation is in need of a major overhaul.

Increased inequalities can also be observed in the wage pyramid as it is easier for high earners to negotiate alternative forms of pay (benefits, such as company cars, share options, etc.) In the same way, the level of inequality in terms of share options is ridiculous. Yet the lowest wages continue to lag behind and Belgian minimum wage increases are far lower than in other industrialised countries. This gap needs to be closed.

INFLATION IS STABILISING: NO WAGE-PRICE SPIRAL

Inflation — in other words, increasing price levels— in the Euro zone reached historic peaks after the second half of 2021. Russia's invasion of Ukraine caused a shock on the energy markets. Energy prices prompted a spike in overall price levels. In 2023, however, energy prices fell drastically in the Belgian consumer price index. Until March 2024, Belgian inflation was consistently lower than in the rest of the Euro zone. As a result, there have been no signs of a wage-price spiral — the phenomenon that leads higher wages to cause price increases—which liberal economists and employers warned against for months. Belgian inflation is currently slightly higher due to the removal of support measures aimed at keeping energy bills at an acceptable level. But this is only a temporary phenomenon.



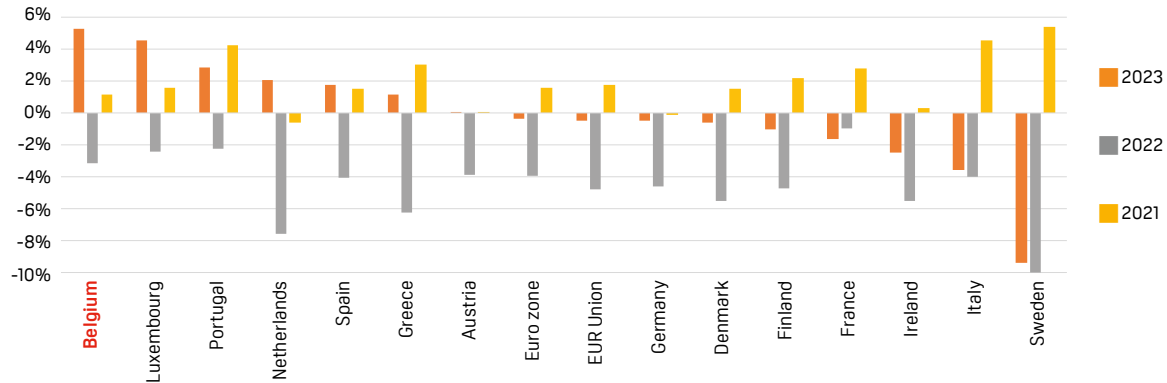
STABLE PURCHASING POWER SUPPORTS THE BELGIAN ECONOMY

The sudden explosion in energy prices at the end of 2021 caused a shock, which affected household purchasing power. The price increases threatened to erode workers' wages. This was the case in many European countries. In Belgium, however, automatic indexation made it possible to keep losses to a minimum. Although real wages (after deductions for inflation) fell in 2022, indexation made it possible to catch up reasonably well in 2023.

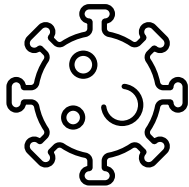
Changes to real wages: Belgian purchasing power better protected

On an annual basis

Source: Ameco (European Commission), nominal compensation per worker, IPCH, own calculations



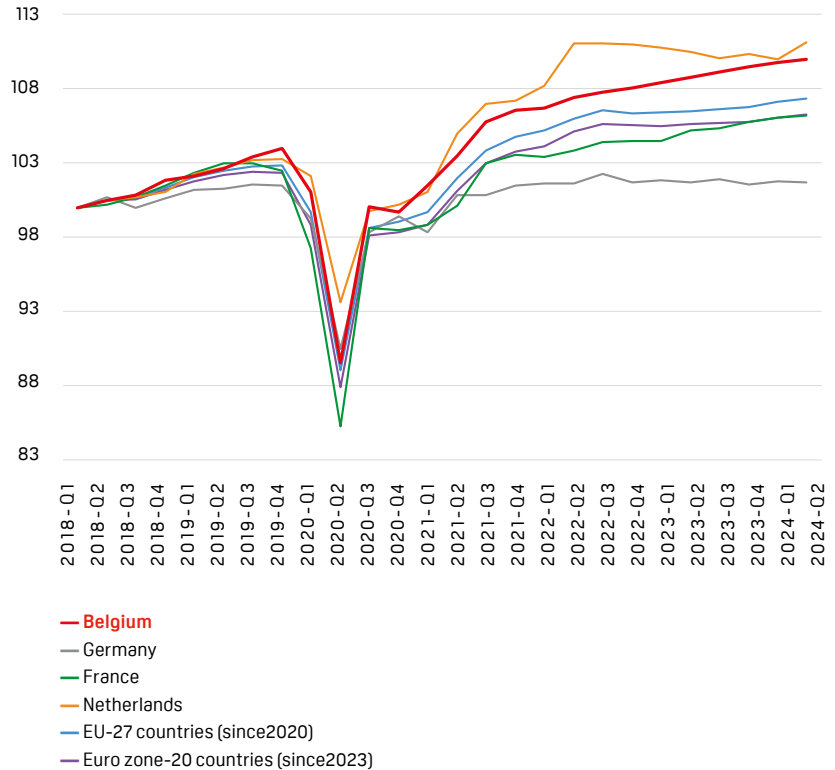
This stable household purchasing power in Belgium enabled our country to emerge more rapidly from the economic contraction caused by COVID-19. Our economic situation is currently far better than that of most other European Union countries.



Economic growth

(Q1 2018 = 100)

Source: Eurostat, namq_10_gdp



THE STRUCTURAL PROBLEM AFFECTING BELGIAN WAGES

However, not everything is rosy. A structural problem exists, which is affecting wage formation. As indicated by the National Bank in its November 2023 publication, “wage costs have increased far less than labour productivity (which coincides with a reduced wage share within the national revenue). This is due to various political measures aimed at improving the cost competitiveness of Belgian companies, by means of wage standards (which limit the growth of real wages) and ad hoc measures during the post-2014 period, such as the temporary suspension of indexation mechanisms and reduction of social security contributions paid by the employer.”

In other words, Belgian workers are working increasingly hard for their employers, but are not paid fairly for their efforts. Productivity is increasing every year, but pay is not increasing in the same way. It goes without saying that this is mainly due to the wage standard law (1996), as it limits wage increases in Belgium in an abnormal manner and is in dire need of reform.

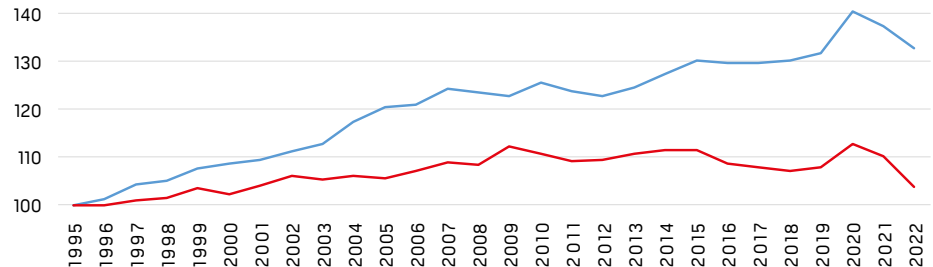
* The real pay measures purchasing power, while taking account of price increases (inflation).

Wages have not been in line with productivity for a long time

(1995 = 100)

Source: OECD Compendium of Productivity Indicators

— Productivity
— Real pay

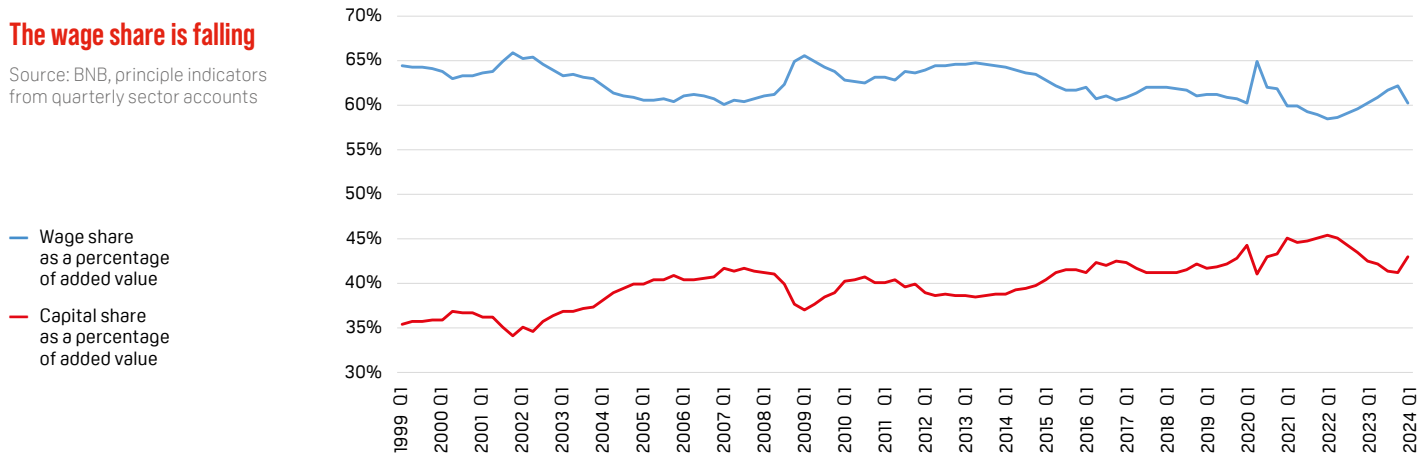


WHERE DOES THE MONEY GO?

If wages fail to increase in line with productivity, this means that the wage share within the economy is falling. In other words, workers are being handed an increasingly small slice of the cake. The opposite trend can also be seen, as profit sharing has been increasing for over two decades.

The wage share is falling

Source: BNB, principle indicators from quarterly sector accounts

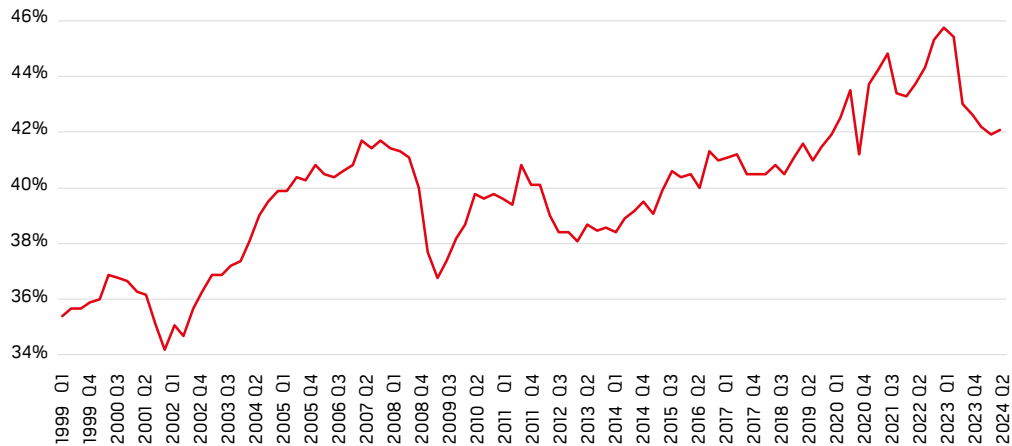


The above analysis is of a fairly macroeconomic nature. If we look at the figures relating to profits earned by actual companies, it can be seen that profit margins have increased systematically over the last two decades. They were about 35% at the start of this decade, but are now systematically over 40%. The energy crisis and wage increases have therefore had no effect on profit margins, despite messages of gloom and doom from the employer organisations. There is therefore plenty of room for manoeuvre when it comes to paying workers according to their increased productivity.

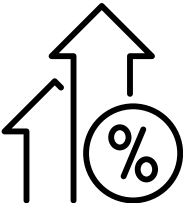
Profit margins* for companies in Belgium

* As a profit margin indicator, the gross operating profit is compared to the company's added value (as a %).

Source: BNB

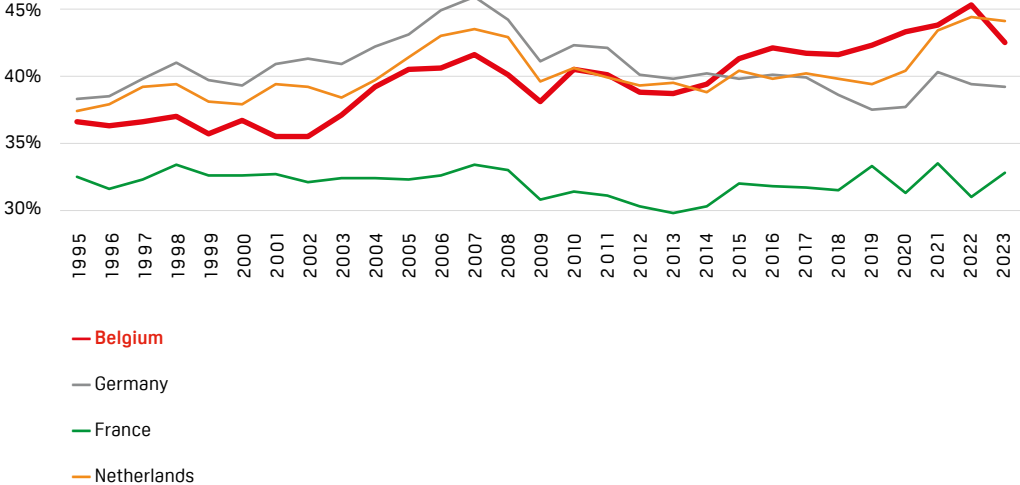


In addition, Belgian companies cannot complain at international level, as their profit margins have increased so much since the early 2000s that they exceeded those in the neighbouring countries. Only profit margins for Dutch companies have recently reached the same high level as Belgian profit margins.



Profit margins Comparisons with neighbouring countries

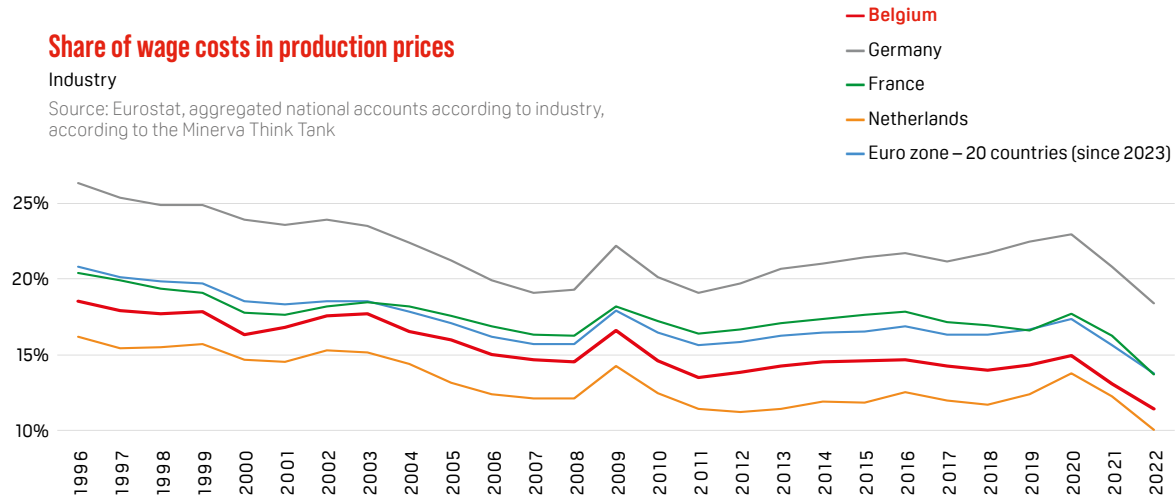
Source: Eurostat, Gross profit share of non-financial corporations



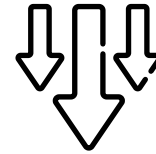
WAGE COSTS ARE NOT TOO HIGH

Despite these high profits, employers continue to complain about labour costs in Belgium. However, many commentators suggest that wage costs in Belgium create no problems for our country's competitive position.

First of all, the share of wage costs in production prices is very limited: in industry, it is only 11% and on a downward trend. Compared to the neighbouring countries, wage costs play a more limited role in price setting.



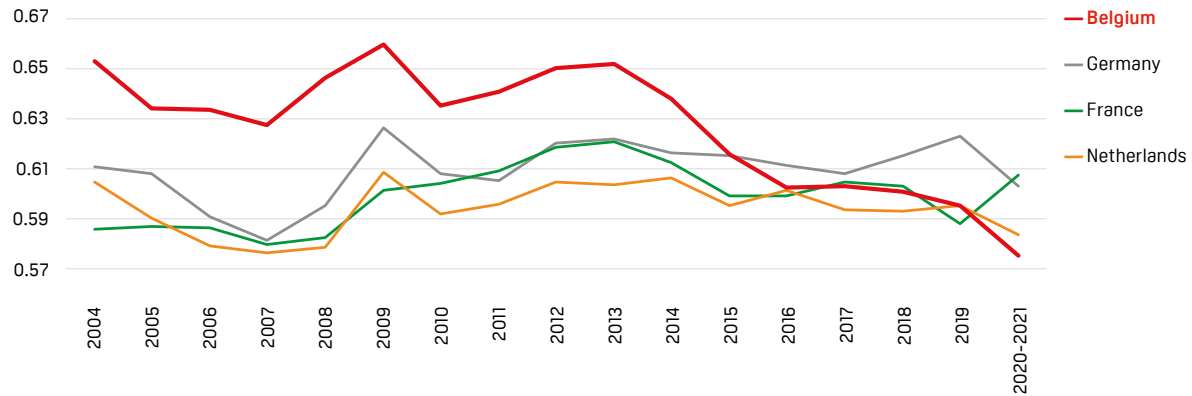
If productivity and “wage costs per unit produced” (wage costs per added value produced) are taken into account, Belgian wage costs are lower than in the three neighbouring countries.



Wage costs per unit produced

In Euros

Source: BNB, BNB Economic Review 2023 No 8

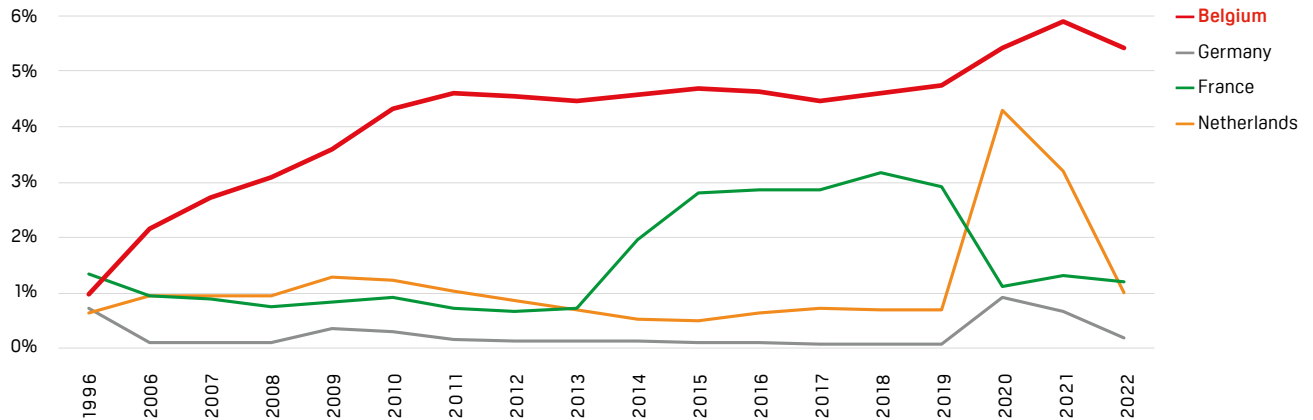


Wage subsidies, which have increased massively over the last few years, are another factor that places “excessive” wage costs in a different perspective. A wide range of wage subsidies exist in Belgium for night work, overtime, shift work, R&D, etc. In 2022, these wage subsidies amounted to over €9 billion and are the most important form of economic assistance in Belgium. In the neighbouring countries, they practically do not exist, as shown by the following chart. If we calculate the difference between wage costs (the “wage handicap”) in Belgium and the neighbouring countries, wage subsidies are not included. The wage handicap is therefore greatly overestimated.

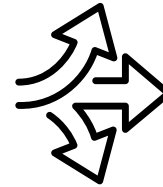
Wage subsidies remain high

As a % of the total wage mass

Source: Central Economic Council, 2023 wage handicap report



NEW INEQUALITY ON THE LABOUR MARKET: ALTERNATIVE FORMS OF PAY



Alternative forms of pay are benefits received by employees in addition to their normal wage. In the 1990s, companies started to negotiate an increasing number of social benefits, such as meal vouchers and company cars. This development has been encouraged by tax and parafiscal relief measures, which have made these forms of pay more attractive for employers, as well as employees. Over the last few decades, we have seen a proliferation of alternative pay options, such as vouchers, bonuses and cafeteria plans.

These alternative forms of pay result in two problems. First of all, from a tax and parafiscal point of view, they are not handled in the same way as the gross wage. For this reason, they do not enable workers to acquire social rights, such as pensions. The more gross wages are diverted towards alternative forms of pay, the more difficult it will be to fund social security and public services, and the more limited accumulated social rights will become.

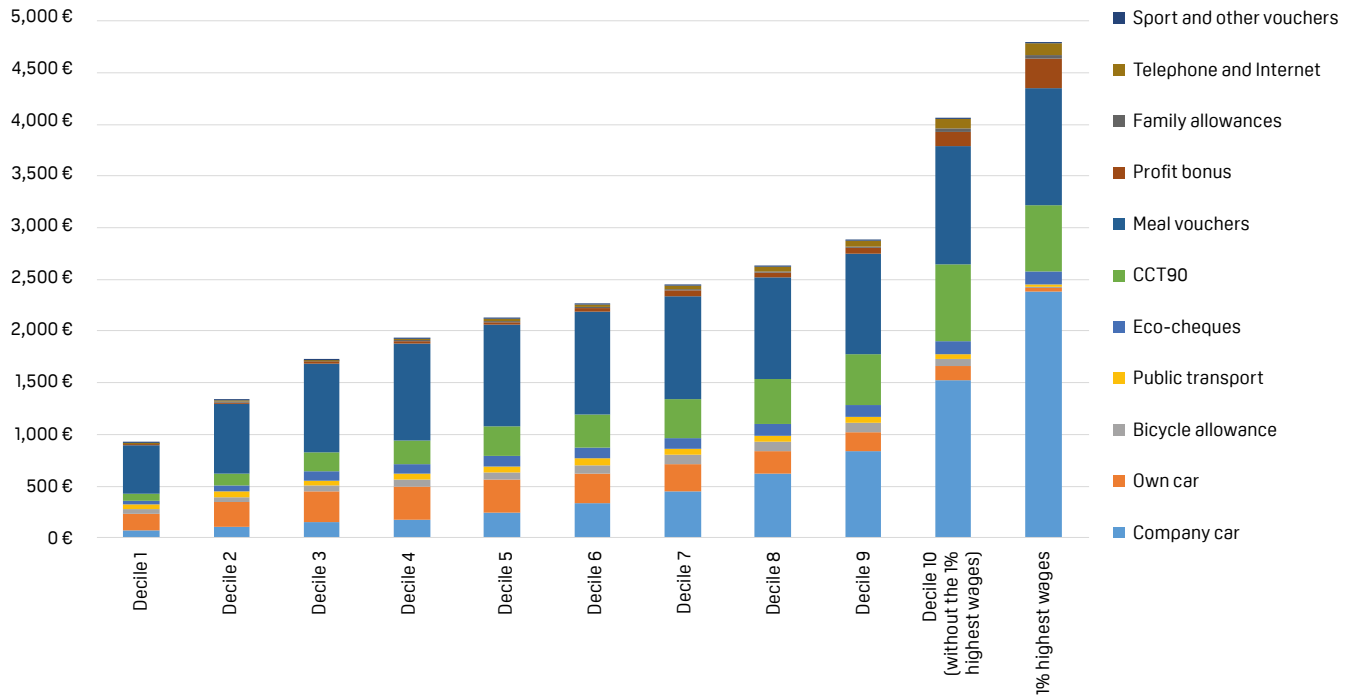
Secondly, alternative forms of pay are unevenly distributed and it is the highest wage classes that benefit the most. This leads to further inequality in the distribution of wages. Company cars, performance rewards and collective bonuses (Collective Agreement 90) are mainly reserved for the highest wage earners. In addition, a major difference can be observed between the sexes: relatively speaking, men are granted more alternative forms of pay than women.

It is easier for the highest deciles to obtain alternative forms of pay*

Average amount for all employees

Source: ONSS, in partnership with SD Worx

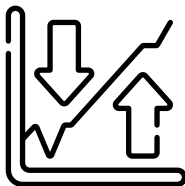
* It should be noted that the above analysis does not include the following alternative forms of pay due to the different methods used: share purchase options, second pension pillar and mobility budget.



Apart from the other forms of pay mentioned above, share/stock options represent the worst inequality (a share purchase option or share subscription warrant entitles the holder to purchase shares during a set period and at a fixed price).

The highest wage earners receive the most options. As they are often granted individually, share options often slip through the loopholes of the 1996 law. In other words, the CEOs that applaud the tight straitjacket of the 1996 law grant themselves substantial benefits in the form of share options by roundabout means.

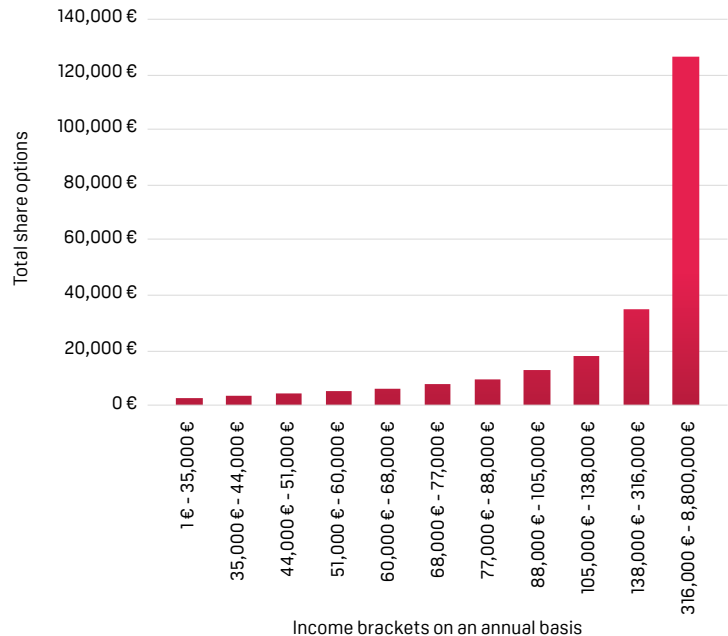
During the financial year 2022, 151,212 employees were granted share purchase options worth approximately 1.7 billion Euros.



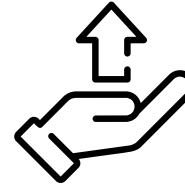
Average amount of share options per wage category

On an annual basis

Source: ONSS, in cooperation with SD Workx



PEOPLE ON MINIMUM WAGE DESERVE BETTER



At the end of 2022, the European Union adopted the Adequate Minimum Wage Directive. This directive aims to increase minimum wages in countries where a statutory minimum wage exists. The directive quotes two references as possible criteria: a comparison with the median wage (at least 60% of the latter) and the average wage (at least 50% of the latter).

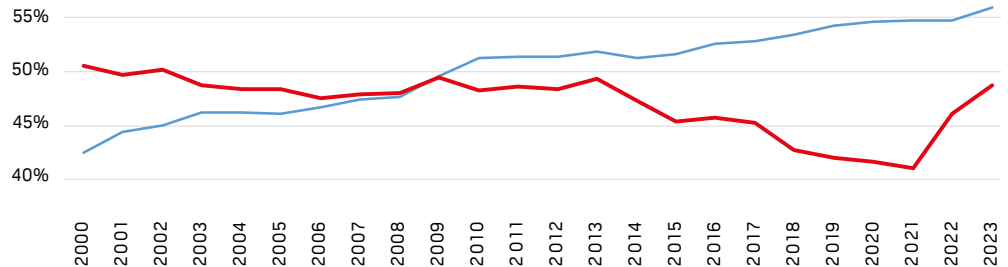
In Belgium, over the last few decades, the ratio between the minimum wage and median wage (the wage in the middle of the wage distribution, with half earning more and the other half earning less) has decreased. This means that minimum wage increases continue to lag behind other wage increases. As a result, Belgium was not in line with the international trend, as the minimum wage is close to the median wage in the other industrialised countries.

Fortunately, this situation has changed. Thanks in particular to the FGTB #fightfor14 campaign, minimum wages in Belgium have increased more quickly than other wages over the last three years. We are finally catching up.

Ratio between the minimum wage and median wage

Source: OECD, minimum wage compared to the median wage for full-time workers

- OECD country average
- Belgium



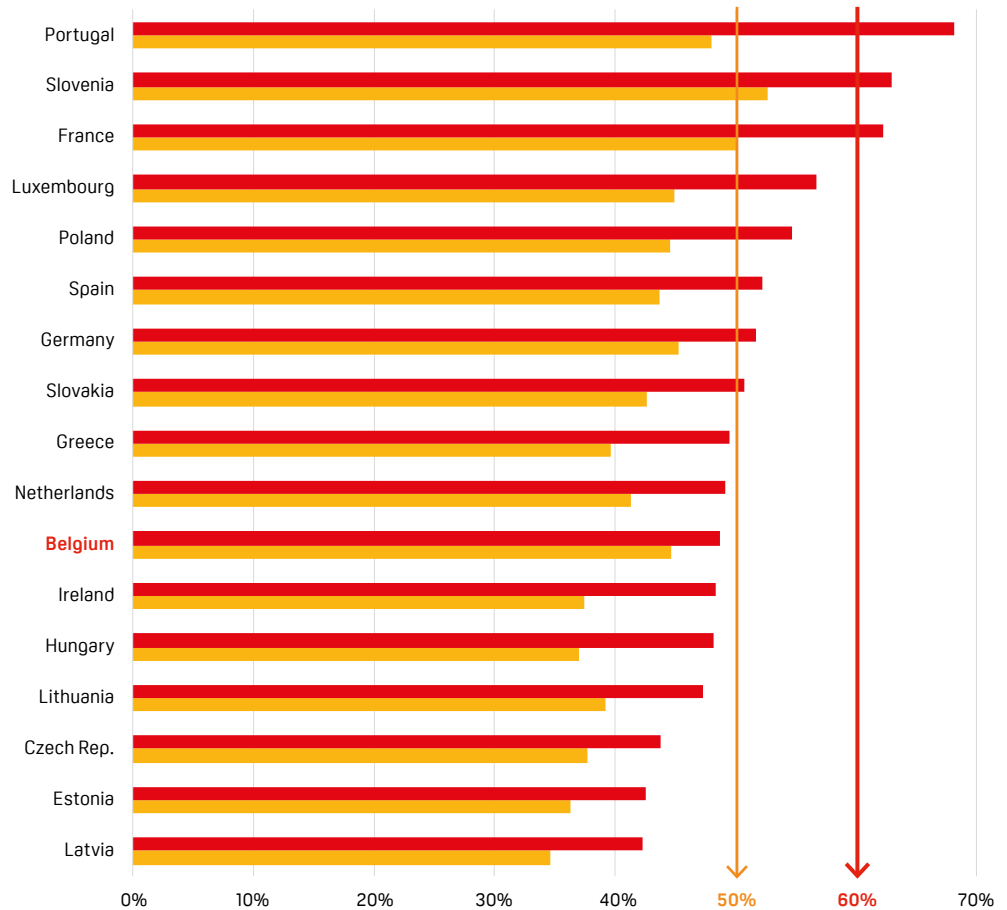
Ratio between the minimum wage and median wage/average wage (2023)

Source: OECD, minimum wage compared to the median wage for full-time workers

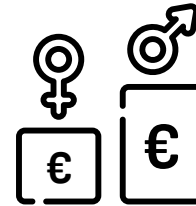
■ % average wage

■ % median wage

But it will not be enough to close this gap if the European thresholds of 60% are to be achieved (in relation to the median wage) and 50% (in relation to the average wage). Only three countries have currently achieved one of these thresholds: Portugal, Slovenia and France. Belgium is lagging behind.



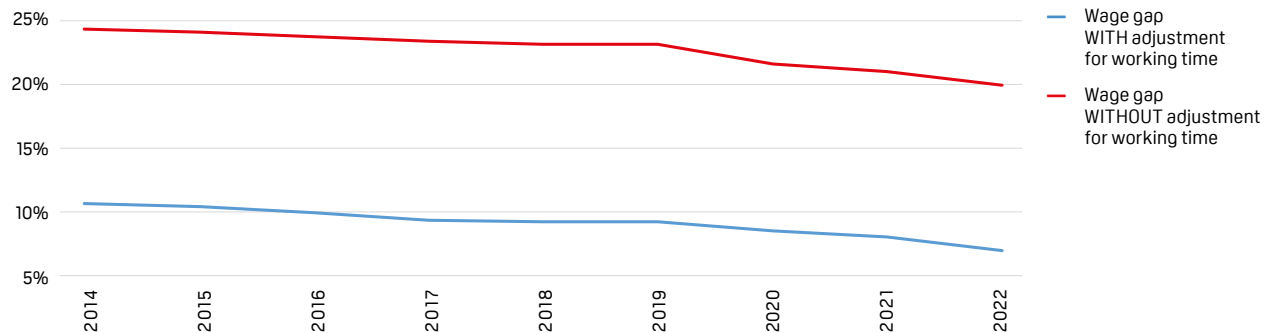
THE WAGE GAP BETWEEN MEN AND WOMEN IS CLOSING TOO SLOWLY



Between 2021 and 2022, the wage gap between men and women in all sectors fell by 1.1%. It was 21% in 2021. The gap is closing, but only very slowly, due mainly to trade union action over the last 20 years.

The changing wage gap between men and women

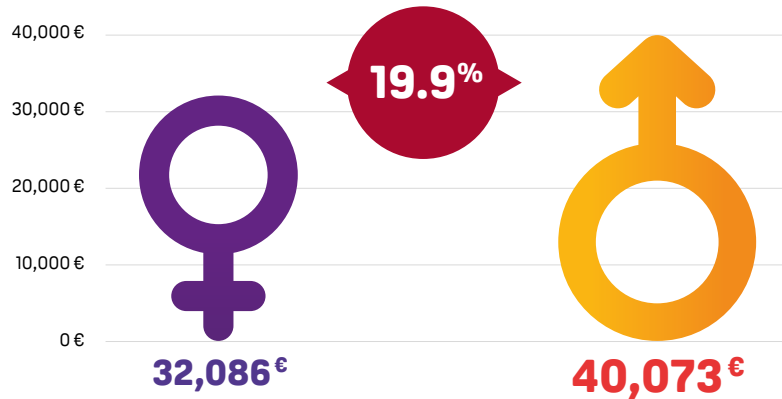
Source: Institute for the Equality of Women and Men



Average annual gross wages, without adjustment for working time

(2022)

Source: Institute for the Equality of Women and Men



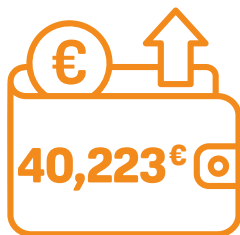
This wage gap is due to various causes. Girls often study subjects that lead to lower paid jobs and sectors. At the same time, women are over-represented in professions and sectors where the wages are low. More women can also be seen in sectors, in which only part-time contracts are available. Women suffer discrimination more often at different stages of their careers — from recruitment and selection to promotion. This glass ceiling traps them in lower paid jobs. Another cause that heightens this average gap can be found in the distribution of household tasks, as well as the task of caring for children and dependent relatives. This unfair distribution very often weighs heavily on women who feel obliged to reduce their working hours and therefore their pay. The wage gap also widens if fringe benefits are taken into account, which are granted more often to men than to women (see section on Alternative Forms of Pay).

PROPOSALS THAT WILL AFFECT PURCHASING POWER

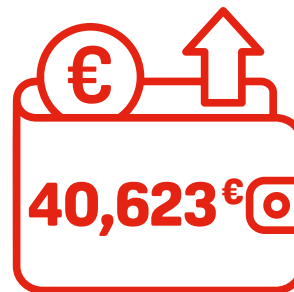
- ➔ “Net wages should only be indexed when inflation is high”: as a worker, you will gain something in the short term, but lose out in the long term. Social rights are calculated according to the gross wage. Lower gross wages means lower pensions, less sick pay and unemployment benefits when you need them. In addition, it is a gift for employers, as their social contributions are calculated on the basis of gross wages.
- ➔ “No indexation for high wages when inflation is high”: this would seem fair, but it also undermines the objective of automatic indexation. Our progressive tax system exists for the purpose of redistribution: the higher your indexation (in cash terms), the higher your tax contribution will be. If indexation is not permitted for high wages, this will risk calling the entire indexation system into question: a large proportion of workers would not support this and it would destroy any solidarity between them.
- ➔ “A sustainability index”: removal of fossil fuels from the index. The index is designed to compensate for increased average household expenses. Fossil fuels still represent a major proportion of household expenses. Removing them from the index would mean a major reduction of purchasing power in the future, as we anticipate that the price of fossil fuels will increase greatly.
- ➔ “A VAT reform”: increasing the reduced VAT rate for basic products from 6% to 9% will directly increase the price of a basket of household goods: between 10 - 20 Euros more per month for food; 15 Euros more per month for gas and electricity; an average of 30 Euros more per year for medicines. This will cause an increase in household bills for an average family of close to 400 Euros per year.

Average household expenses

Source: Household budget survey and own calculations



Average expenses for all households
(per year in Euros)



Average expenses for all households
(per year in Euros) **if the VAT is changed**

DEMANDS



- ⊕ Workers must have the right to negotiate their wages collectively, according to the relevant criteria of productivity, increased profit margins and inflation. The 1996 wage moderation law does not currently allow this. This law requires major reform: the wage standard must become indicative and the wage gap with the neighbouring countries must be calculated correctly. In other words, while taking account of subsidies and reduced contributions that alleviate “wage costs”.
- ⊕ Automatic indexation must be guaranteed in its current form, as it is the best protection against loss of purchasing power.
- ⊕ Alternative forms of pay must be handled, at tax and parafiscal level, in the same way as gross pay, in order to help fund public services, social security and enable the worker to access social rights.
- ⊕ Minimum wages are lagging behind the median wage. They should be close to 60% of the latter in the short term. We want them to increase to 17 Euros per hour and 2,800 Euros per month by 2030.
- ⊕ Closing the wage gap between men and women will involve paying closer attention to the gender dimension in education and increased participation for women on the labour market. At the same time, more social well-being and care structures will enable more women to access the labour market, as well as full-time jobs. A collective reduction of working time without loss of pay and compensatory recruitment for all sectors and employee categories would also make it possible to distribute work more effectively.
- ⊕ In this context, it should be noted that we will need to transpose the European pay transparency directive as extensively and quickly as possible, as it combats pay discrimination and, more specifically, the wage gap between men and women. The member states have until 2026 to transpose the directive in their national legislation.

2



JOBS

The employment rate has never been so high in over 20 years. However, workers' physical and mental well-being is deteriorating. There has been a spike in the number of people suffering long-term illness. We have to look after our health, which too many people are losing in the workplace. Health protection and workplace safety must become a priority for society and employers must accept their responsibilities.

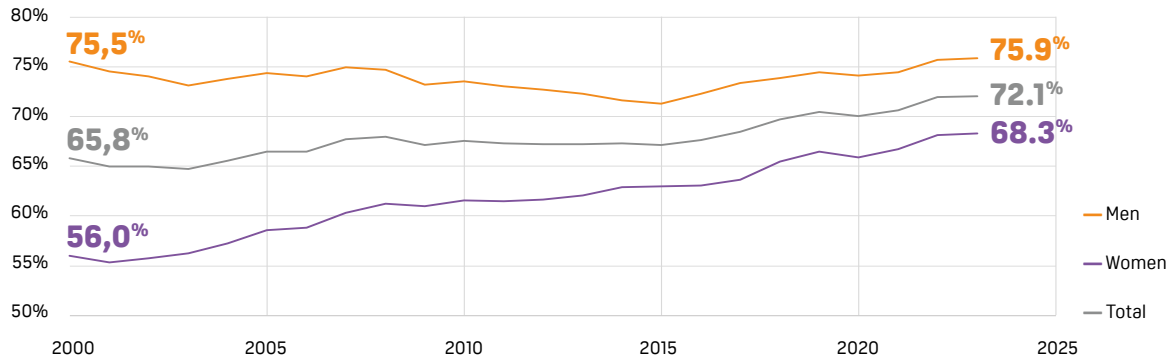
Increased flexibility makes workers vulnerable by creating precarious jobs, which are to the detriment of stable contracts. The FGTB is fighting to improve living and working conditions for all workers.

A HISTORICALLY HIGH EMPLOYMENT RATE

The labour market is holding up quite well in Belgium, as observed in the latest report of the Higher Employment Council, which stresses that “the resilience of the labour market during the health crisis and dynamism of the recovery have greatly exceeded expectations. Net job creations have reached unprecedented levels in this country. They rose to about 100,000 units in 2021 and 2022. 2023 saw a return to values close to the historical average of 43,000 units.” In fact, in 2023, the overall employment rate was 72.1%, with regional differences. However, major differences exist between the employment rate for men and women, as well as according to the level of education.

Development of the employment rate for 20-64 year olds between 2000 and 2023

Source: Statbel

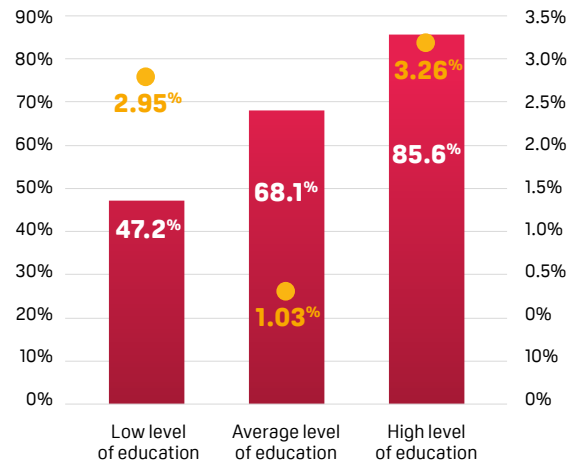


Despite the employment rate remaining lower for women than for men, it has risen steeply over the last 20 years by +12.3% from 56% to 68.3%. During the same period, the employment rate for men rose by 0.4%. According to the 2024 Labour Force Survey, the employment rate for people with a low level of education was 47.2% compared to 85.6% for people with a high level of education. Between 2017 and 2024, all the employment levels increased but at different rates (+2.9%) for people with a low level of education compared to +3,3% for those with a high level of education. This demonstrates the importance of education levels and qualifications on the labour market in Belgium.



Employment rate according to level of education

Source: Statbel

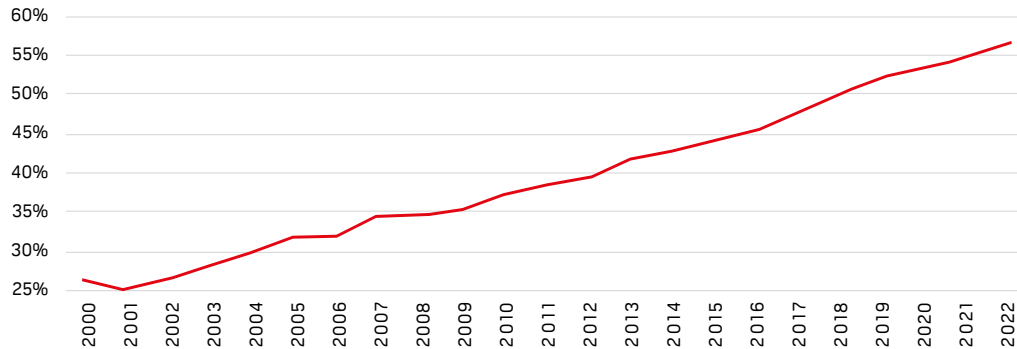


■ Employment rate
● Development 2017-2024

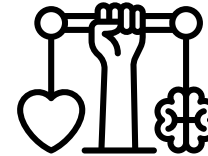
For people aged 55 - 64, a major rise in the employment rate can be observed. In Belgium, it was 26.3% in 2000 and 56.6% in 2022. This can be explained mainly by the gradual raising of the statutory full pension age and more complicated access to early retirement. There is also a generational effect. More men and women are now active in this age range. In addition, workers now remain active on the labour market for longer due to sociological reasons (longer periods of study, people starting families at a later stage, children studying for degrees, etc.).

Employment rate for 55-64 year olds in Belgium

Source: Statbel



QUALITY EMPLOYMENT: THE LINK BETWEEN JOBS AND WELL-BEING



What is quality employment? The definition includes all characteristics of the job, which influence health and well-being. An employment quality analysis is required for several reasons:

- ➔ The higher the quality of jobs in a country the easier it will be for this country to attract skilled workers. This leads to increased productivity and economic growth.
- ➔ High quality jobs make it possible to provide workers and their families with financial security and stability, which will improve their overall quality of life.
- ➔ High quality jobs can increase work satisfaction and worker motivation. This is good for productivity and workplace morale.

According to the SPF Employment analysis conducted in 2023* (based on the 2021 Eurofound), the situation improved between 2015 and 2021 in terms of the following characteristics: full-time contracts, career opportunities, worker participation and representation. Career prospects and worker representation have also improved.

* Based on the 2021 Eurofound, as the 2024 survey is currently in preparation.

Job and workplace characteristics for employees in 2015 and 2021

Score between 0 and 100

Please note: a green line indicates an improvement in the situation for workers between 2015 and 2021, while a red line indicates a deterioration and an orange dot represents stagnation. Yellow lines represent the workplace. A score of 100 indicates “always”, while a score of 0 means “never”, except for characteristics marked by the “*” symbol, for which the figure represents the relevant percentage of respondents.

Source: EWCS 2015 and 2021, according to the HIVA calculations



However, when it comes to workers' health and well-being, most of the indicators have deteriorated or remained at the same level.

Psychological well-being and health for employees* in 2015 and 2021

Score between 0 and 100

Please note: a green line indicates an improvement in the situation for workers between 2015 et 2021, while a red line indicates deterioration and an orange dot indicates stagnation. A score of 100 indicates "always" and a score of 0 means "never". For characteristics marked by the "*" symbol, the figure represents the relevant percentage of respondents. For job insecurity (°), the scale is 0 for "strongly disagree" and 100 for "strongly agree".

Source: EWCS 2015 and 2021, according to the HIVA calculations



FOREIGN WORKERS: THE CHALLENGE OF BETTER INTEGRATION ON THE LABOUR MARKET

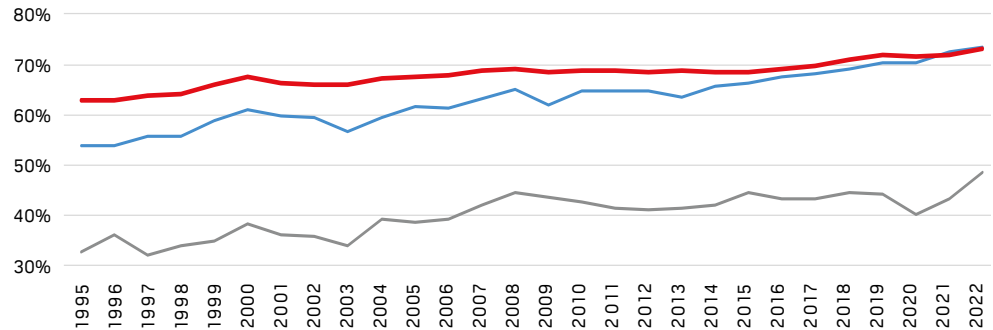
In Belgium, the official employment rate for people of foreign nationality is systematically lower than for workers of Belgian nationality. But this only reflects real conditions in the workplace. Many workers actually fall under the radar of the official statistics.

However, increasing the employment rate and wages earned by people who were born abroad would be a way of increasing their positive contribution to public finances. This would involve moving away from casual work (illegal employment) and faster regularisation for people without rights of residence.

Employment rate according to nationality

Source: indicators.be

- Belgians
- EU27 citizens, excluding Belgians
- Non EU citizens



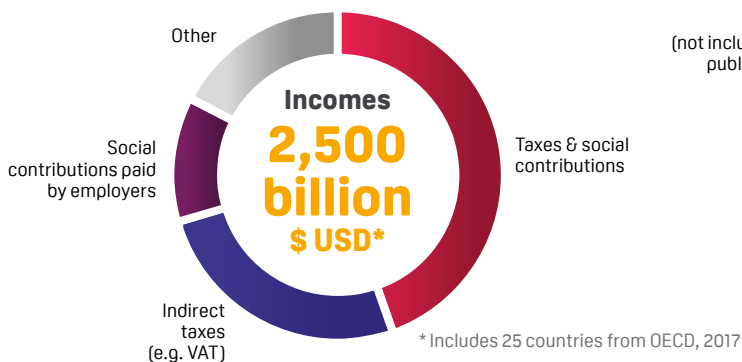
According to the OECD and ILO figures, immigrants (according to the OECD, “third country nationals”) do not receive more social benefits than people who were born in this country. But the opposite is true, as they contribute more than they “cost”.

In fact, according to the latest OECD* study, in the 25 countries, for which data is available, on average during the 2006-2018 period, the contribution of immigrants in the form of taxes and contributions was higher than public spending dedicated to their social protection, health and education.

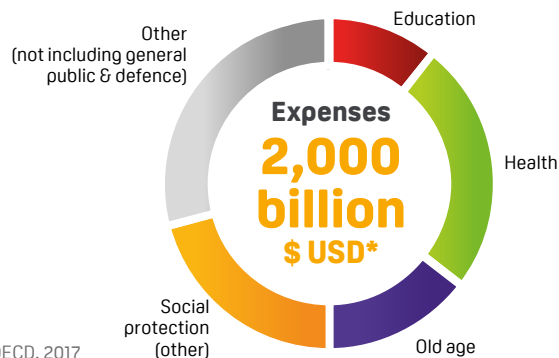
* Source: Perspectives des migrations internationales 2021 (aspects of international migration)

Tax contribution of immigrants

Source: OECD, 2021



Costs linked to migration



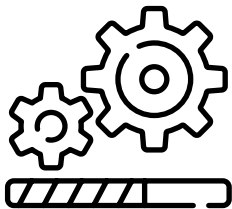
The net budgetary contribution of immigrants remains positive in all countries, except the Baltic states. This implies that, in almost all countries, immigrants fully fund their share of spending devoted to public assets.

The ILO also adds that migrant workers contribute to the growth and development of their destination country, while the countries of origin benefit from the money that they send and the skills they acquire during their migratory experience. * Includes 25 countries from OECD, 2017 Costs linked to migration.

THE CHALLENGE OF PROFESSIONAL TRAINING

Employment opportunities can be accessed via a wide variety of levers, including professional training, which is crucial due to the important link between the employment rate and level of education in our country.

Lifelong learning was a key part of the Lisbon 2000 strategy. The aim of this European strategy was to raise the overall level of training within the population and qualification structure. This was based on the realisation that the European Union was suffering from a skilled labour shortage in a context, in which demand for skilled workers was increasing greatly. Since this date, little progress has been achieved in Belgium. In 2023, less than 11% of workers stated that they had completed formal or informal professional training, regardless of whether it was funded by the employer, during the previous four weeks. This reflects how little employers have invested in this field, even though Belgium is lagging behind the other European countries.

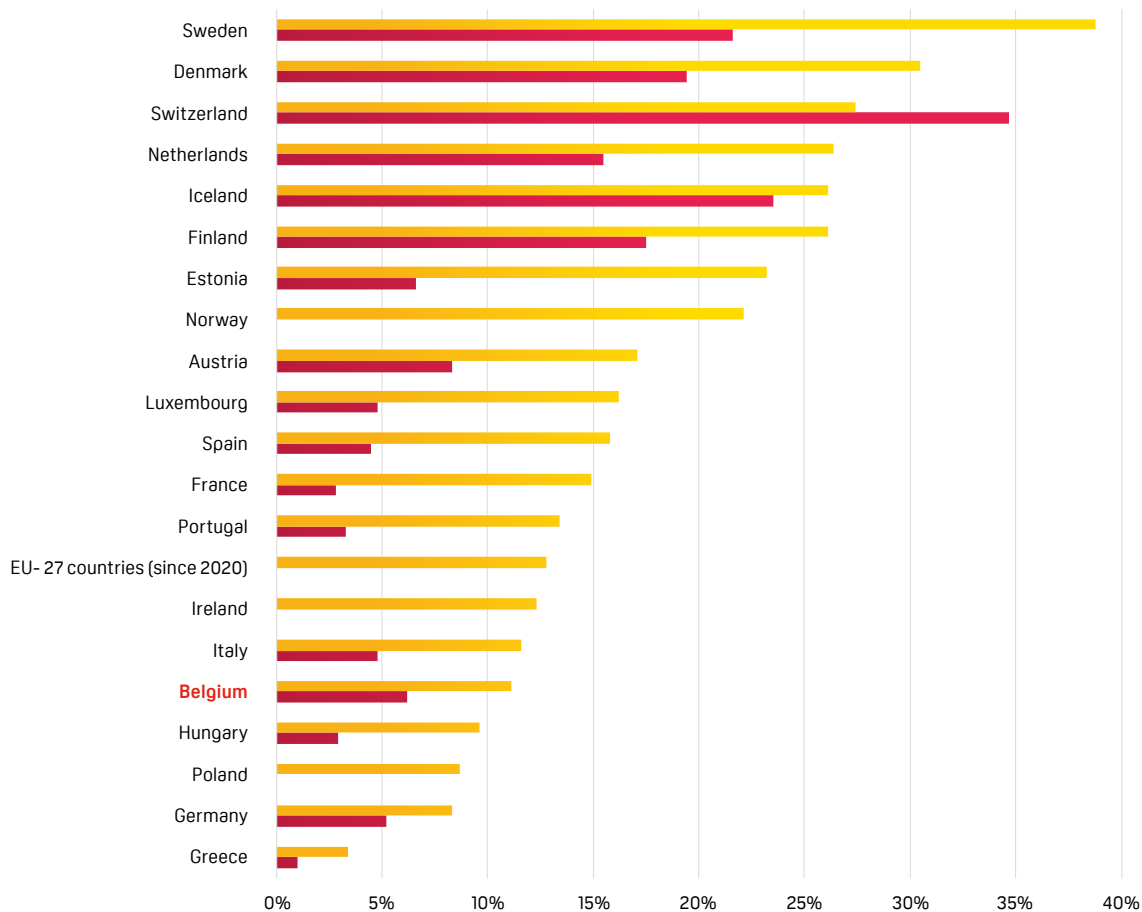


In addition, between 2000 and 2022, Belgium is one of the countries that made the least progress, based on the figure of +4.9%. Some countries, such as Sweden, achieved figures as high as +17%.

Professional training is a collective responsibility. For example, employers must ensure that their workers have the appropriate skills for the needs of society and the labour market. It is vital that continuous training is promoted in companies and sectors. The individual training account, which guarantees all workers an average of 5 days of training per year, is a first step in the right direction and cannot be abolished. However, this mechanism needs to be monitored in order to prevent it from becoming an empty box.

Participation of adults in training over the last four weeks

Source: Eurostat



AUTOMATION AND ARTIFICIAL INTELLIGENCE (AI): OPPORTUNITIES OR RISKS FOR THE LABOUR MARKET?

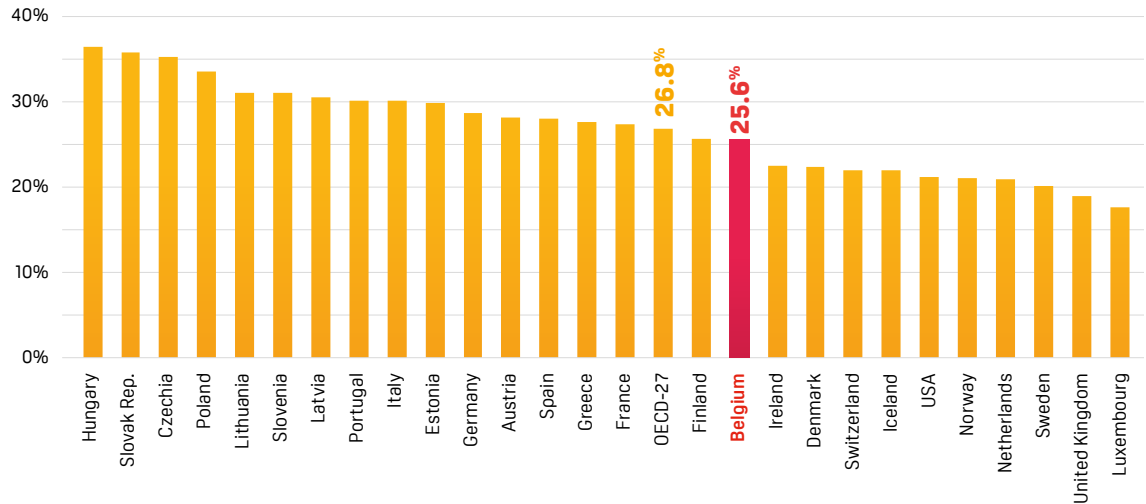
How will artificial intelligence impact the labour market? Although no one has a crystal ball, some indicators lead us to think that the impact will be less devastating than announced about ten years ago. At the time, some people (such as the Oxford academics Carl Frey and Michael Osborne) estimated that over 40% of jobs could disappear. More recent studies are more nuanced.

The OECD estimates that, in the OECD zone, an average of 27% of jobs are very exposed to the risk of automation.

Percentage of jobs highly exposed to the risk of automation

In 2021

Source: OECD



A recent ILO* study suggests that most jobs and industries are only partially exposed to automation and more likely to be supplemented rather than replaced by the latest wave of generative AI, such as ChatGPT. As a result, the most significant impact of this technology will probably not be the destruction of jobs but potential changes affecting the quality of jobs, such as the intensity of work and autonomy. These impacts vary greatly according to the sector and job.

Office work has shown itself to be the category most exposed to artificial intelligence technologies, with almost a quarter of tasks considered highly exposed and more than half of tasks having an average level of exposure.

In other professional categories — such as managers, professionals and technicians — only a small proportion of tasks are considered highly exposed, while about a quarter of tasks have an average level of exposure.

This global study highlights the marked differences relating to effects on countries, depending on their level of development. These differences are linked to economic contexts and existing technology gaps. The study states that 5.5% of all jobs in the high income countries are potentially exposed to the effects of technology automation, while the risk of automation only affects about 0.4% of jobs** in low income countries.

AI is already used in many sectors and for a wide range of applications (transport, healthcare, construction, HR, etc.). It is linked to a variety of challenges: privacy, data protection, data accuracy, algorithmic decision-making systems, algorithmic management, surveillance, etc.

* Generative AI and Jobs: A global analysis of potential effects on job quantity and quality, August 2023

** See the classification of countries according to income: <https://ilostat ilo.org/fr/methods/concepts-and-definitions/classification-country-groupings>

LABOUR MARKET SHORTAGES: CRUCIAL NUANCES

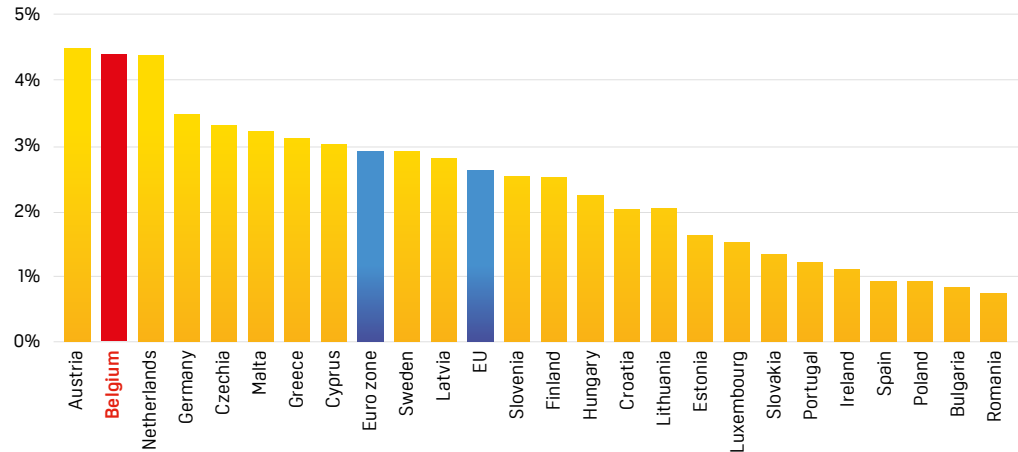
According to the Eurostat* definition, in the first quarter of 2024, Belgium had the second highest job vacancy rate in the EU. It stands at 4.4% after Austria (4.5%). The job vacancy rate is higher in the Flemish region (4.85%) than in the Brussels-Capital region (3.72%) and the Walloon region (3.54%).

* The job vacancy rate measures the proportion of all jobs that are vacant. It is expressed as a percentage between the number of job vacancies / number of jobs occupied + number of vacancies.

Job vacancy rate

Whole economy,
1st quarter of 2024
Non-seasonally adjusted data

Source: Eurostat



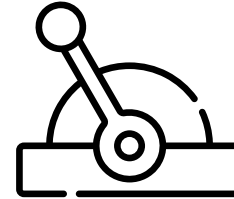
This figure, which seems to indicate a general labour shortage, conceals various realities.

In general, the ageing population plays a more important role than in other European countries, as a more limited amount of labour is available.

Firstly, it is more difficult to recruit people in certain sectors and professions than in others. This is due to multiple causes, which are often combined. Various FOREM and VDAB studies have shown that working conditions (contract type, full or part-time, wage, status, hours, life-work balance problems, distance from the workplace, strenuous work, work environment, etc.) and recruitment conditions (increased digitalisation, virtual maintenance, etc.) existing in these professions represent a decisive factor for the creation of pressure and even shortages. These studies also emphasise that a disproportion exists between management requirements (in terms of experience, knowledge of languages and whether the person has a driving licence or vehicle) and working conditions. Of course, these requirements may be justified for certain jobs, but are certainly not justified for many others and act as a disincentive for many potential candidates. In addition, some training programs fail to attract sufficient young people, due to a lack of knowledge concerning the associated professions or the negative image of certain sectors. Finally, some sectors do not anticipate changes caused by transitions (climate, digitalisation, etc.) sufficiently, which results in labour shortages.



FINANCIAL LEVERS WHEN ACCEPTING A JOB



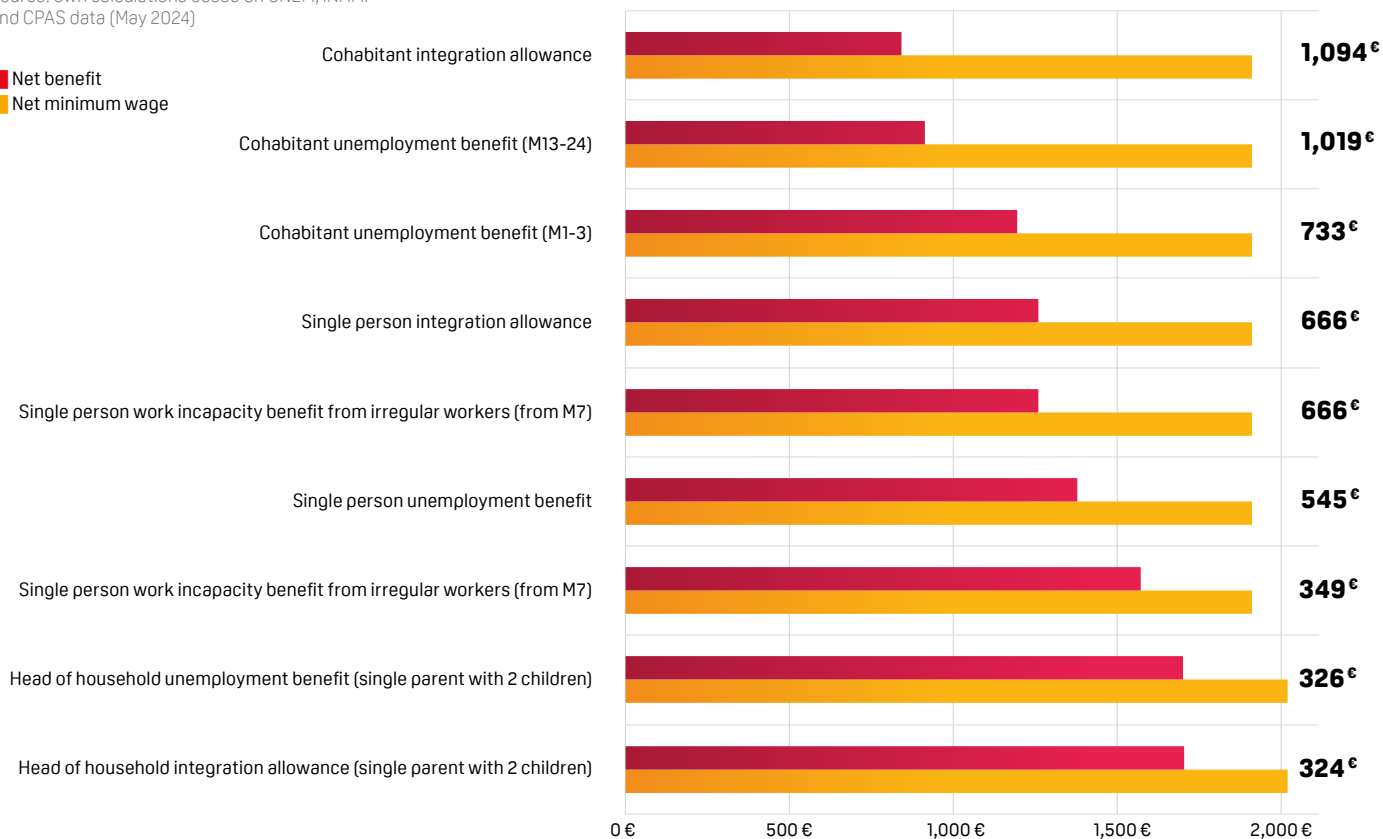
The liberals want to combat the so-called “unemployment traps”, which “incite” workers to remain inactive rather than accept a job. In order to do this, they intend to “create” a difference of 500 Euros between unemployment and employment. Currently, the difference between unemployment benefit and the net minimum wage is already 545 Euros for someone with single person status (624 Euros if the holiday allowance is taken into account). Thanks to the FGTB, on 1 April, the net minimum wage increased by 50 Euros, which means that the liberals’ “election promise” of a difference of at least 500 Euros (net) between unemployment benefit and employment would be promising something that already exists! It is in the financial interests of the majority of unemployed people to work. The difference in income is substantial. In addition, working often enables people to access fringe benefits (meal vouchers, insurance, etc.), which are not included in this equation. This has been confirmed by studies conducted by the University of Antwerp (May 2024) and the Institute for Sustainable Development*.

* L'emploi progressif dans divers systèmes de prestations, étude exploratoire des possibilités et des pièges, Johannes Derboven, Ive Marx & Gerlinde Verbist, May 2024. (progressive employment in various service systems, exploratory study of the possibilities and pitfalls)

Difference between benefits and work

Source: own calculations based on ONEM, INAMI and CPAS data (May 2024)

■ Net benefit
■ Net minimum wage



In conclusion, the sole aim of this “slogan” adopted by the liberals is to marginalise, blame and point the finger at people who are out of work and pit them against workers who are integrated into the labour market.



Limiting how long unemployment benefits are paid would have many different consequences at different levels and especially at national level. We know that 165,620 people were claiming social integration allowance (RIS) in April 2024. If all fully unemployed job seekers receiving benefits for over 2 years (single people and heads of household) claimed social integration allowance (RIS), the country would see an increase of 90,170 people claiming RIS or a total of 255,790 people. A difference can be observed, as indicated by the following table.

Impact of limiting unemployment benefits to 2 years

Figures: April and June 2024

Source: own calculations

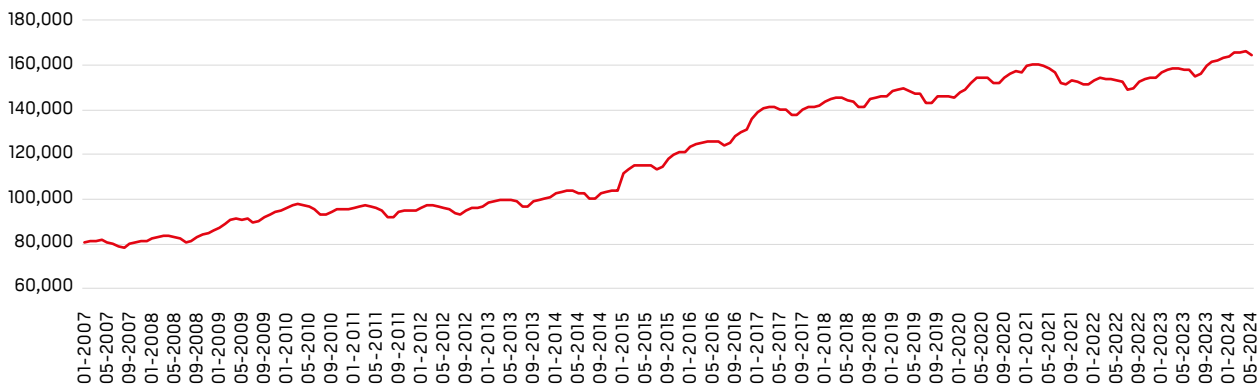
	Current social integration benefit (RIS) (people)	Increases (people)	Total (people)	Percentage increase
Wallonia	75,318	38,091	113,409	50.57%
Flanders	43,595	26,129	69,724	59.94%
Brussels	46,707	25,950	72,657	55.56%
Belgium	165,620	90,170	255,790	54.44%

At local level, public social well-being centres (CPAS) are also suffering from the repercussions. In fact, if we consider the trend over a period of time, it can be seen that the number of people receiving social integration allowance (RIS) has increased steadily (it has doubled within 20 years) – from just under 80,000 people in 2003 to just under 165,000 in May 2024 (2.22% of the Belgian population of working age).

People receiving social integration allowance

Average monthly number

Source: baromètre de l'intégration sociale, Belgium, 2024 (social integration barometer)



According to the simulated shift of people excluded from unemployment benefits towards social integration allowance (RIS), this would involve 3.43% of this population of working age. In addition to the impact on local authority spending, this measure would also create organisational and logistical challenges: additional personnel, investment in equipment in order to cope with increased user numbers, etc. In the cities (which will be the most affected by these limits in numerical terms), a front line social worker at a public social well-being centre (CPAS) continuously manages 80 - 100 cases. How can we therefore track the massive influx of new benefit recipients and ensure that no one falls under the radar?

JOB SEEKERS ARE MORE EXPOSED TO THE RISK OF POVERTY

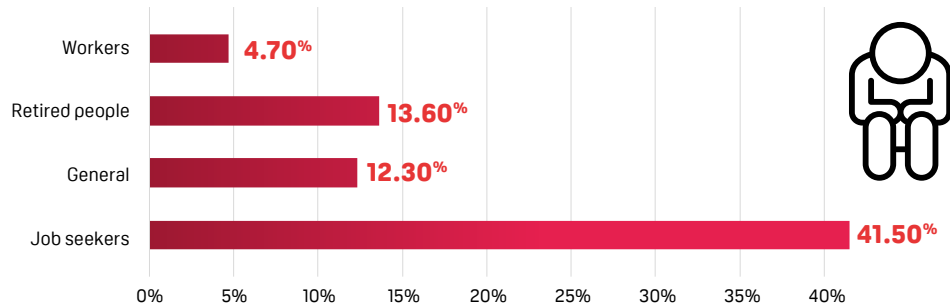
Limiting how long unemployment benefits are paid ignores the fact that 4 out of 10 job seekers are living in poverty. Any policy that aims to aggravate their situation is a cynical policy.

In Belgium, the poverty rate is 12.3%. More precisely, this means that 12.3% of the population is living in a household with an income lower than 1,450 Euros (net) per month for a single person or 3,045 Euros (net) per month for a household consisting of two adults and two children (<14 years old). This rate is over 40% for job seekers.

Monetary poverty rate

(2024)

Source: Statbel and the Poverty Combat Service



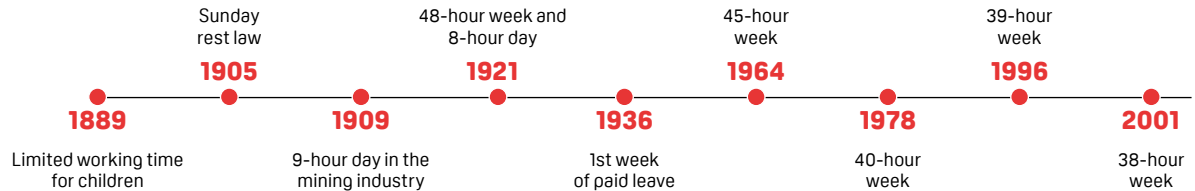
LENGTH OF WORKING TIME... A SOCIETAL ISSUE

Historically speaking, the FGTB has always pushed for the collective reduction of working time. This can be seen in the drive to introduce a 32-hour week for a full-time worker (with the same wage and compensatory recruitment, etc.) and even the introduction of an additional 5th week of annual leave.

In fact, with a statutory minimum of 20 days of annual leave, Belgium is lagging behind the rest of Europe, compared to 30 days of annual leave in Spain, 26 in Luxembourg, 25 in France and 24 in Germany. According to the parent barometer (Ipsos survey, 2022), only 44% of parents are entitled to more than 20 days of annual leave per year in Belgium. Low income workers suffer in two ways, as they have even less access than other workers to additional leave.

Conventional working time reductions have helped greatly to reduce the average working time for employees, mainly before 1980. Since 2001 and the changeover to the 18-hour week, working time has not been reduced again in a general sense, while productivity has increased. However, some sectors have reduced the average weekly working time by means of sectoral collective labour agreements. This can range from 37 hours 50 minutes (e.g. glass industry) to 35 hours per week (e.g. banks).

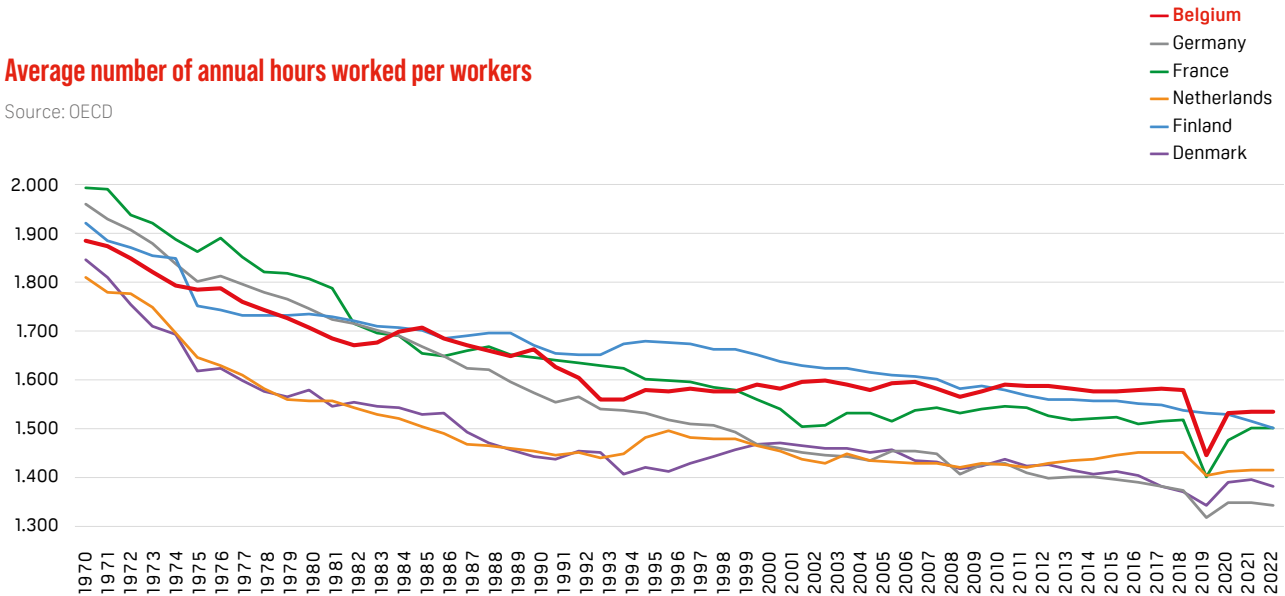
Collective reduction of working time

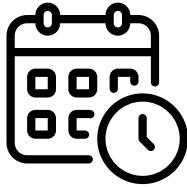


At European level, Belgium also seems to be lagging behind in terms of reducing working time. Since the 1970s, the average working time per employee fell by over 25% in the neighbouring countries and comparable economies. In Belgium, working time has fallen by 18% since 1970.

Average number of annual hours worked per workers

Source: OECD

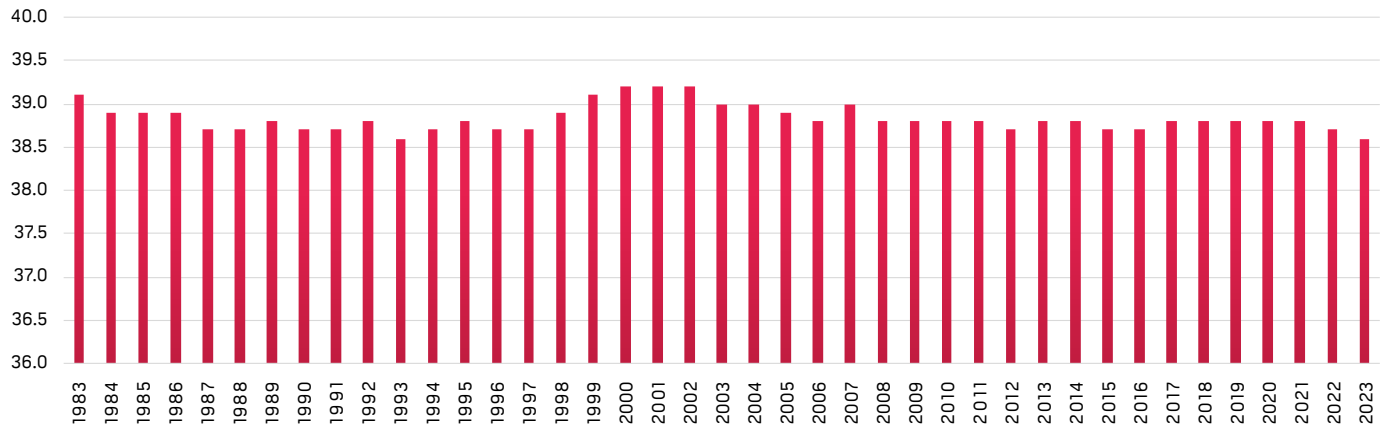




In real terms, for almost 40 years in Belgium, the number of hours worked per week by full-time workers has remained almost unchanged.

Average number of normal weekly hours worked by people in their main jobs

Source: OECD





A collective reduction of working time and better distribution of overtime would make it possible to ensure that more people are in employment.

Unfortunately, no statistics are available concerning the amount of overtime worked in Belgium (paid or unpaid). However, according to an in-house FGTB survey conducted in 2024, which covered a sample of over 13,000 workers, it can be seen that about 15% of people work more than 5 hours of overtime per week. This is equivalent to working one additional hour per working day (as part of a pattern based on 5 working days).

During this period, individual ways of reducing working time have been developed (time credits, parental leave, palliative care leave, etc.). These types of individual leave fulfil a need, but are not accessible for all workers (financial constraints, employer's consent, repercussions for career opportunities, impacts on training, etc.) However, a collective reduction of working time would make it possible to share work more effectively and provide every worker with a better quality of life.

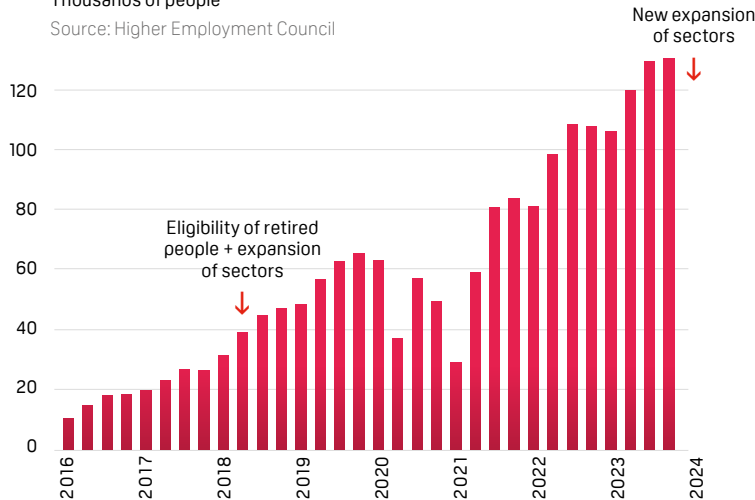
THE RACE TOWARDS FLEXIBLE WORKING

As highlighted by the Higher Employment Council (2024), more flexible forms of work with reduced costs for employers are spreading rapidly. Over the last 20 years, student jobs have been affected by changes to the statutory framework. In 2023 and 2024, the maximum working time was increased to 600 hours per year. From 2025, this working time was reduced to 475 hours, pending the decision of a future government. For example, 600 hours are equivalent to more than three months of full-time work.

Flexi-workers

Thousands of people

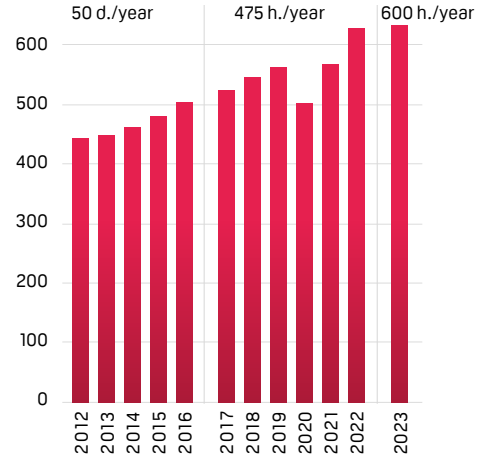
Source: Higher Employment Council



Student jobs

Thousands of people

Source: Higher Employment Council

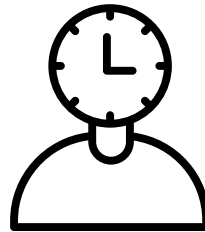


Within 10 years (from 2012 - 2023), the number of student jobs increased by +75%. Outside crisis periods, the number of student jobs increases. This increase has direct repercussions for the funding of social security, as the contributions paid for job students are lower than those paid for normal jobs and only a solidarity contribution of 8.13% (of which the employer is required to pay about 5%) applies. In 2022, contributions for job students amounted to 141,234,587 Euros, which meant a shortfall of 412,941,885 Euros for social security. This amount does not include undeclared work, which continues to exist in certain sectors (see below).

Apart from the question of contributions, the ever-increasing number of job students raises the question of student precarity and the need for them to combine their studies with work, which is all too often to the detriment of the young person's education, as well as traditional employment in the relevant sectors.

At the same time, it should be remembered that flexijobs were introduced in the hotel and restaurant industry in 2015. In 2018 and 2024, the system was extended to more sectors. About 131,000 people are now employed by means of flexi-worker contracts.

Student jobs or flexijobs are flexible and precarious forms of employment, which deprive some regular workers of stable contracts. They mainly involve workers with a low level of training and low wages. This group has the lowest rate of employment. This can be seen in the distribution sector, in which students have replaced many workers. Employers “shop around” between the flexible forms of employment instead of giving working hours (by means of contract amendments) to regular part-time workers.



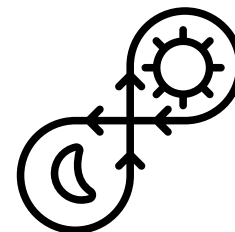
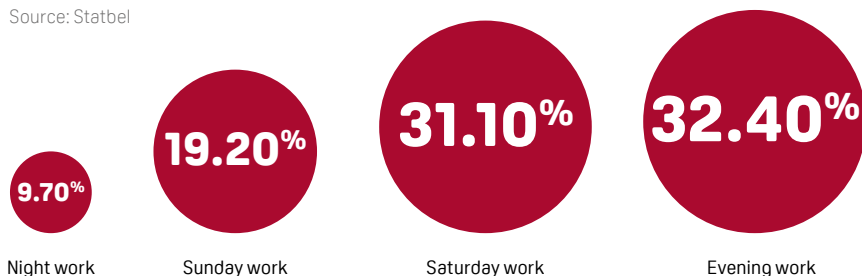
ATYPICAL WORKING HOURS

Working arrangements are already flexible enough in Belgium. This is shown by the fact that 550,000 employees regularly work as part of a teamwork system. This represents 13.2% of all employees or 15% of men and 11.5% of women. The three sectors that report the highest percentage of teamwork are manufacturing industry (28.8%), transport and storage (26%), human health and social action (24.6%). At the same time, almost one third of all employees work evenings and/or on Saturdays (shops, healthcare, etc.). One in ten workers works nights and one in five workers works on Sundays.

Employees with atypical working hours

(2021)

Source: Statbel



These unsocial hours that affect everyday life have repercussions for workers' health, as well as their families and private lives. The development of these forms of employment is harmful and leads to additional costs for workers (childcare, mobility costs, etc.).

In Belgium, night work begins at 8pm. Some political parties would like to delay the start of evening work until midnight, which would mean a financial loss for the relevant workers (who would no longer receive the extra pay linked to the inconvenient nature of these working times during the first 4 hours).

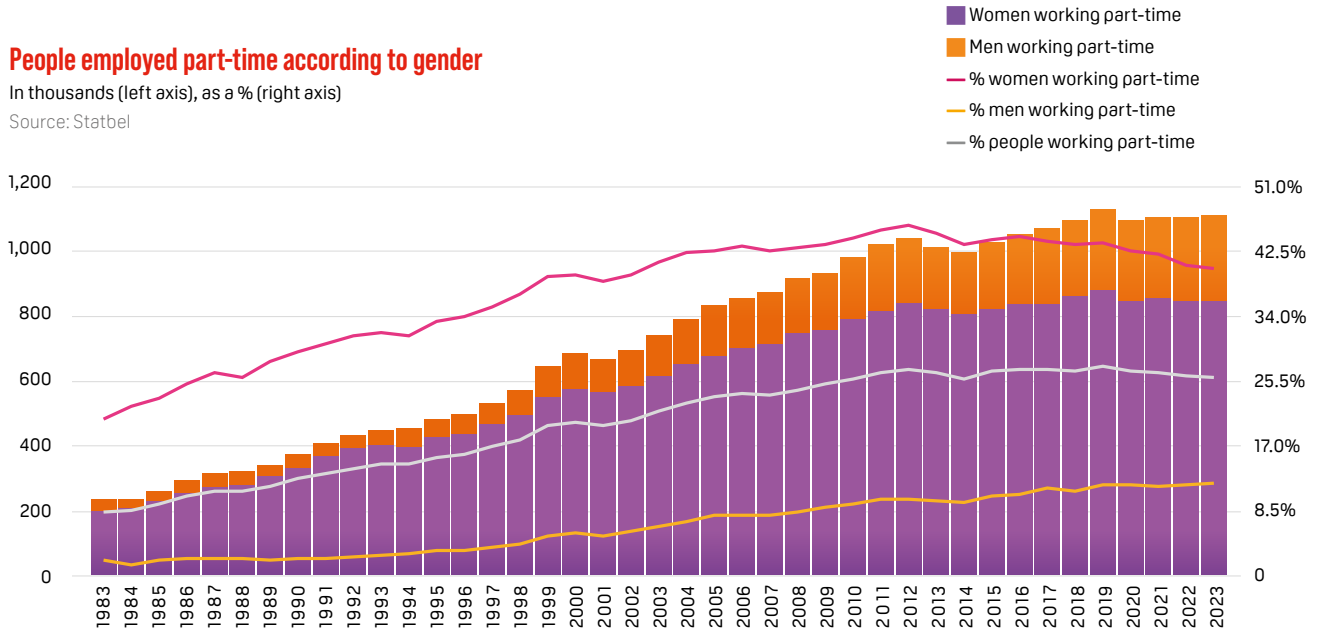
PART-TIME - SUFFERED RATHER THAN CHOSEN

The Workforce Survey tells us that, in 2023, 26% of employees in Belgium were working part-time and most of the latter were women! In point of fact, 40.2% of female employees work part-time, compared to 12.1% of male employees.

People employed part-time according to gender

In thousands (left axis), as a % (right axis)

Source: Statbel



Part-time work is not a recent development. The percentage of part-time workers in relation to all employees gradually increased from 8.3% in 1983 to 25% by the early 2000s. Analysis of the reasons for part-time work reveals that, in almost 50% of cases, it is not a deliberate choice. These “involuntary” part-time workers exist either because workers cannot find a full-time job or the job is not offered on a full-time basis (17.9%), or due to the worker, who is more often than not a woman, having to look after a dependent person (22.3%) or other family reasons (9.5%).

Reasons for part-time work

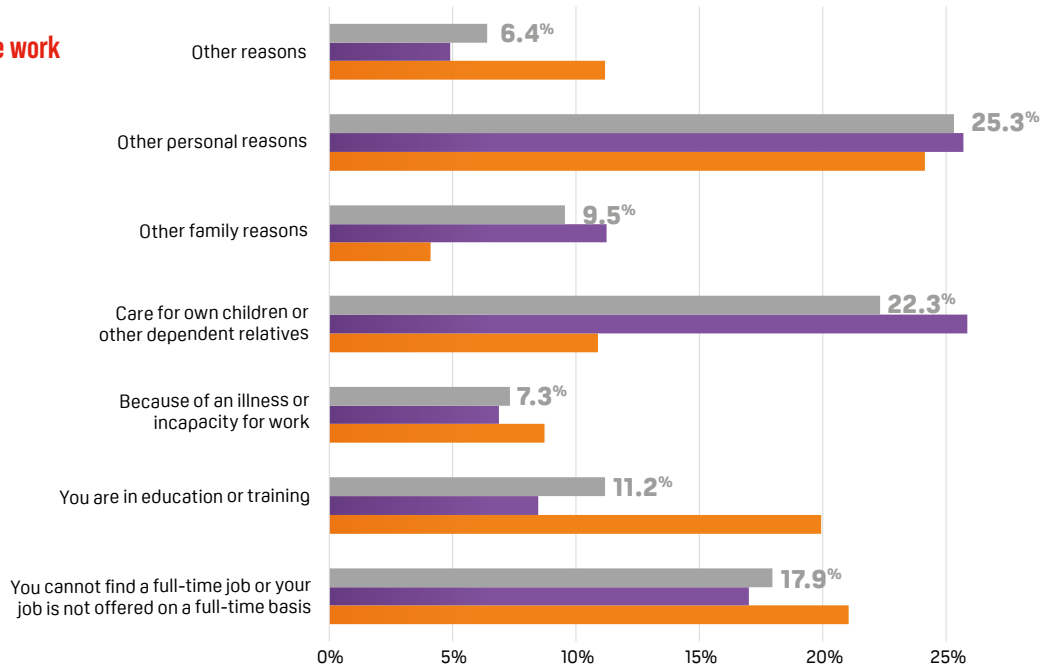
(2023)

Source: Statbel

■ Total

■ Women

■ Men



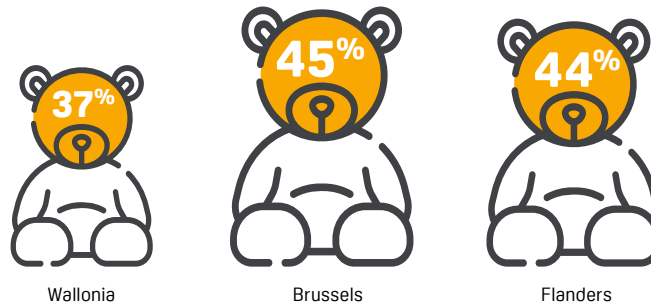
This information concerning involuntary part-time work is reinforced by an analysis of job vacancies at regional employment services (Actiris, FOREM and VDAB). In Flanders, 26% of jobs are only offered on a part-time basis, compared to 20% in Wallonia. In Brussels, the figure is as low as 10% due to the nature of jobs offered in the capital. This figure varies greatly according to the sector and region.

For female employees, the main reason for part-time work is the need to care for own children or other dependent relatives (25.8%). This is mainly explained by the lack of nursery places for small children in Belgium. Belgium is at the bottom of the ranking at European level. The European Barcelona targets for 2030 recommend that at least 45% of children aged under three should participate in education and nursery systems for small children. Belgium is not achieving this goal.

Coverage rate for nursery places

0-3 years (2022)

Source: IBSA, IWEPS, opgroeien.be



ATYPICAL FORMS OF WORK INCREASE THE RISK OF POVERTY FOR WORKERS

According to the PPS Social Integration, one out of every 25 workers in Belgium is currently in a precarious situation, which is equivalent to 165,000 workers. Workers born outside the European Union are six times more likely to be at risk of finding themselves in a precarious situation. The high number of precarious jobs, temporary contracts and hybrid statuses contributes greatly to this situation. The study conducted by the PPS Social Integration also indicates that some workers are forced to combine several jobs, accumulate working hours or even accept tasks that are to the detriment of their health, in order to make ends meet. According to the PPS Social Integration, worker poverty is not only a matter of wages, but also a problem linked to the number of working hours offered and/or precarious contracts (part-time with fewer working hours, temporary work, work via platforms, short and fixed term work, etc.).

**1 out of every 25 workers
is living in poverty**

Source: PPS Social Integration



LIFE-WORK BALANCE



In 2024, the FGTB conducted a survey of about 14,000 of its members concerning the annual leave system. According to this survey, the following priorities will play an important part in improving the annual leave system:

- 1.** Increasing the number of annual leave days
- 2.** Introducing a collective working time reduction system
- 3.** (Re)introduction of time credits without reason
- 4.** Increasing career break allowances (granted for time credit systems)

In addition, 86% of respondents were in favour of a collective working time reduction system.

25% reported the problems of achieving a life-work balance, while 40% considered that the balance was satisfactory and 35% were satisfied or very satisfied.

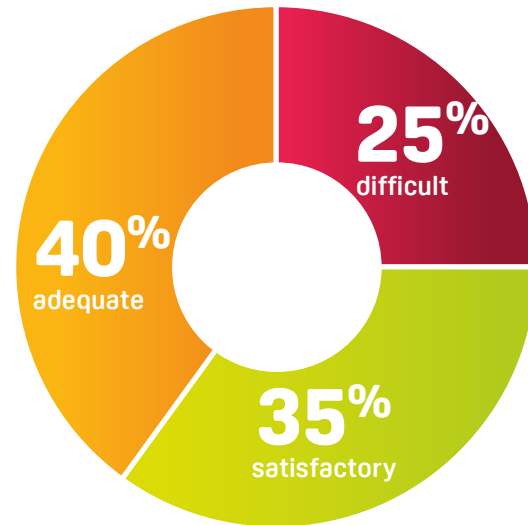


Reasons why it is difficult to achieve the right life-work balance:

- Tiring/demanding work
- Long working days
- Difficult or changing working hours
- Little support from management
- Absent colleagues
- Too little pay compared to the income required for families
- Long journey to work

How would you describe your life-work balance?

Source: FGTB survey



HOW REDUCED WELL-BEING IN THE WORKPLACE AFFECTS WORKERS' HEALTH



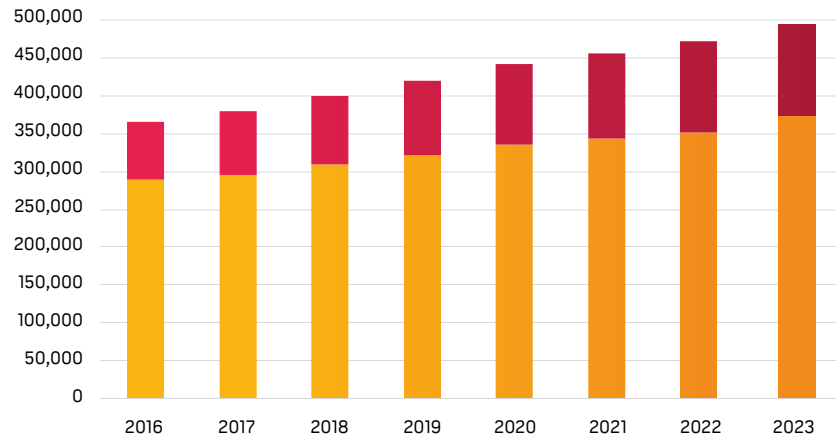
In 2023, approx. half a million workers were suffering long-term illness, which is about one quarter more than five years ago. More than one in four people suffer from mental health problems, such as depression or burnout. It should be noted that this data also includes people who work part-time for medical reasons, which puts it in a slightly different light. However, all these workers are living with the consequences of reduced health and well-being in the workplace.

Number of people suffering long-term illness

Employees and job seekers

Source: INAMI

- Total people suffering long-term illness
- of which depression and burnout



This is confirmed by several indicators. Firstly, the number of people suffering incapacity for work for a year due to professional exhaustion or depression increased by 43% within five years between 2018 and 2023. Research conducted in 2024 by INAMI* highlighted that women represent 70% of people suffering long-term incapacity for work due to burnout, with 64.9% suffering mood disorders and 68.1% anxiety disorders. In comparison, women represent 54.7% of people suffering incapacity for work. People aged 50 and over represent a major proportion of workers suffering disability. The decrease observed in the 60-64 year age range can be explained by the fact that fewer people are available on the labour market within this age category (unemployment with company allowance scheme, early retirement pensions, etc.). The major decrease in incapacity for work for workers aged over 60 can be explained by the “healthy workers effect” syndrome.** In fact, workers aged 60 and over who are still employed are generally in good health and have a good working environment.

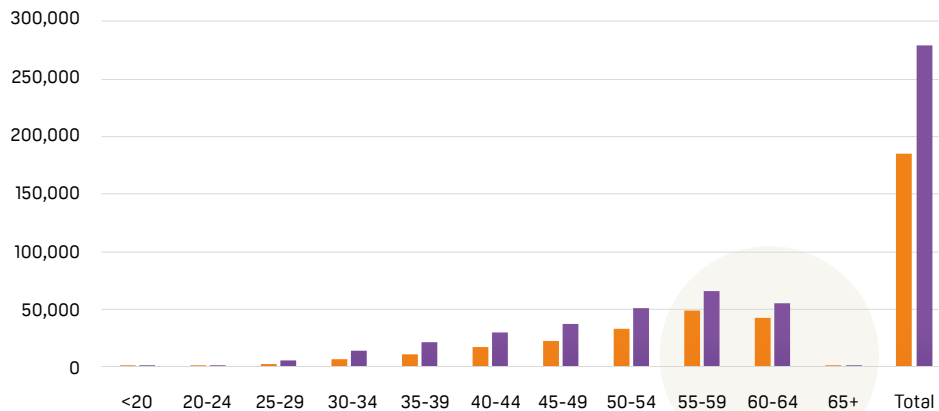
* Source: “Incapacité de travail de longue durée et invalidité dues à des troubles psychosociaux, Profil socio-démographique, médical et de consommation de soins” (Long-term incapacity for work and disability due to psychosocial disorders, socio-demographic/medical profile and healthcare consumption)

** Worker in good health

**Focus
on women
and seniors**

Source: INAMI

- Women
- Men



EMPLOYERS OPTING FOR REDUNDANCY RATHER THAN REINTEGRATION THE PEOPLE SUFFERING LONG-TERM ILLNESS

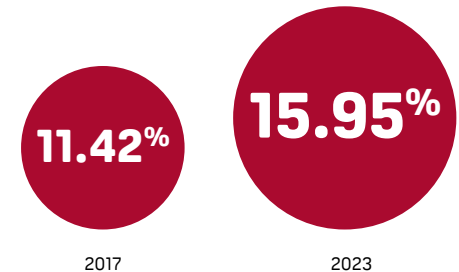
Over the last few years, the reintegration of people suffering incapacity for work has been subject to a great deal of political attention. A trend can be seen, marked by an increase in the take-up of socio-professional reintegration programmes, which has risen from just over 1000 in 2012 to almost 6400 in 2022.

The group of people with long-term illness is often presented as an immutable fact, but this would be incorrect. Many people recover from incapacity for work (after being ill for less than 1 year) and invalidity (after being ill for more than 1 year).

- ➔ Out of all disabled workers, 30,910 people returned to employment or unemployment in 2023 (and 23,907 retired).
- ➔ Despite their health problems, 78,572 disabled workers returned to part-time work in 2023 (15.95% of disabled people). This percentage is increasing all the time.

Workers suffering long-term illness who return to part-time work

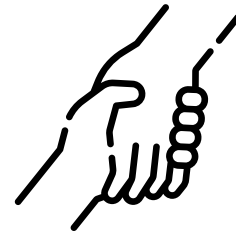
Source: INAMI



The number of people suffering long-term illness who voluntarily enter a training programme via VDAB or FOREM is also increasing and rose from 5,612 in 2022 to 6,981 in 2023. For 2024, it can be observed that the figures for the first few months are almost twice as high as those for the first half of 2023.

In 2022, the reintegration procedure was modified. Until 2022, companies could offer employees suffering long-term illness a reintegration programme, which sometimes led to flexible working and people were only made redundant if the programme failed. Since 2022, there have been two possible routes: reintegration or the redundancy procedure due to medical force majeure. The latest figures from the FPS Employment show that, in 2023, out of approx. 22,800 workers suffering long-term illness who were asked to return to work, less than 18% had entered a reintegration procedure, in order to return to flexible working in their company. Over 80% of them were made redundant due to “medical force majeure”.

The high number of people suffering long-term illness is therefore due mainly to employers being unwilling to reintegrate them into their companies.



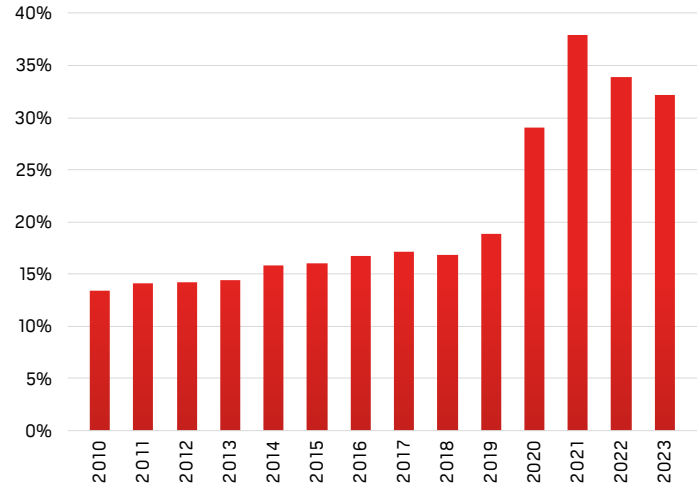
STRUCTURAL TELEWORKING AND ITS IMPACTS

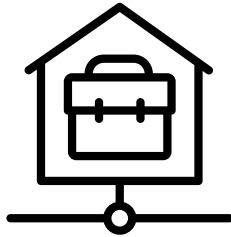
In 2023, the FPS Mobility and Transport conducted a survey on teleworking in Belgium. This survey revealed that, in 2018, 17% of Belgians were teleworking at least one day per week. In 2022, this percentage amounted to 32%. We must stress from the outset that teleworking is not possible for all workers. Some jobs require physical presence in the workplace, which creates new inequalities. This new reality has impacts particularly in terms of environment and mobility. The FPS estimates that it represents a saving of 36 million kilometres per day, when teleworkers will no longer have to travel between home and the workplace in 2023.

Employees who sometimes or frequently work from home

As a % of employees

Source: Statbel



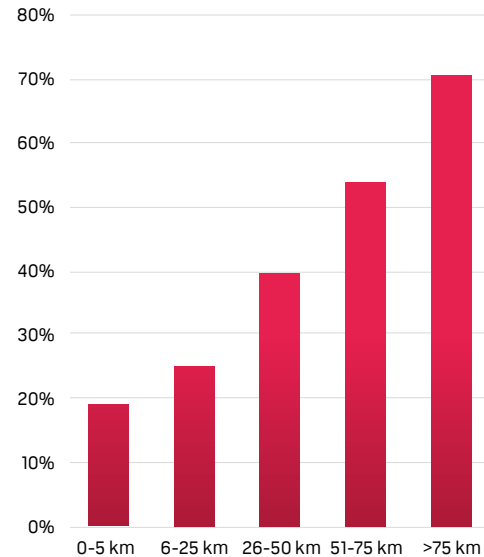


The survey data shows that the proportion of teleworkers increases in proportion to the distance between home and the workplace. If the distance is over 50 km, more than half of the respondents work from home for at least one day per week. According to the FPS, in theory, teleworking reduces traffic on the roads, causes less noise pollution and atmospheric pollution, especially in towns. Fewer kilometres mean fewer accidents. Teleworking is also beneficial for mobility, as it makes it possible to stagger certain journeys throughout the day or week. But, for some workers, teleworking makes it more difficult to separate our professional and personal lives. In addition, it can lead to a lack of social contact and make communication with colleagues more difficult.

Teleworkers according to the distance between home and work

As a % of teleworkers

Source: FPS Mobility and Transport



DEMANDS



Competition between workers must come to an end. Precarious and flexible forms of employment, which allow employers to pay fewer social contributions, have repercussions for the funding of social security and public services, as well as workers' health and therefore society as a whole.

In order to improve the quality of jobs and successfully make the transition towards an even more digitalised economy, employers' investments in professional training for workers are vital. They must also remain compulsory and personalised, so that workers can develop existing skills or acquire new skills.

In addition, as emerging technologies form part of everyday life for workers within companies, they must be subject to social dialogue. From a trade union point of view, we must take ownership of the question of AI and develop social dialogue on this matter. This will require employers to pull out all the stops so that workers understand how AI will impact their work.

In order to ensure that work will protect us against poverty, it must guarantee stability and a decent income. For this reason, we are pushing for permanent contracts and opportunities to negotiate wage increases. In addition, access to training, the creation of public and collective infrastructures dedicated to childcare and care services (for children suffering illness, out-of-school childcare, etc.) at affordable prices are levers that will guarantee access to employment for all citizens.

It would be a bad idea to limit how long unemployment benefits are paid. This is not an effective tool when it comes to getting people back to work and further weakens an already vulnerable group.

3



SOCIAL SECURITY

Our social security system is still on its feet. We cannot stress enough how important it has been during the recent crises. It absorbed most of the shocks on several levels: not only did it provide everyone with affordable, high quality healthcare during the Covid-19 crisis, but the temporary unemployment system put into place saved tens of thousands of jobs. However, although it has demonstrated its effectiveness on many occasions, this social security system is now under major pressure.

This pressure has been mounting since the early 1990s and especially in financial terms. Employer contributions are falling systematically, due to rates being reduced, as well as the introduction of new ways of reducing employer contributions. In addition, more and more wages are turned into alternative forms of pay, which require lower social contributions or even no contributions at all. As a result, the public authorities have to intervene increasingly in order to bridge the gaps. As a consequence, the social security system will become even more important because, under pressure from the EU, the government budget must be reorganised. At the FGTB, we say: “reintroduce employer contributions, assess the effectiveness of all these reductions. Make sure that everyone is contributing.”

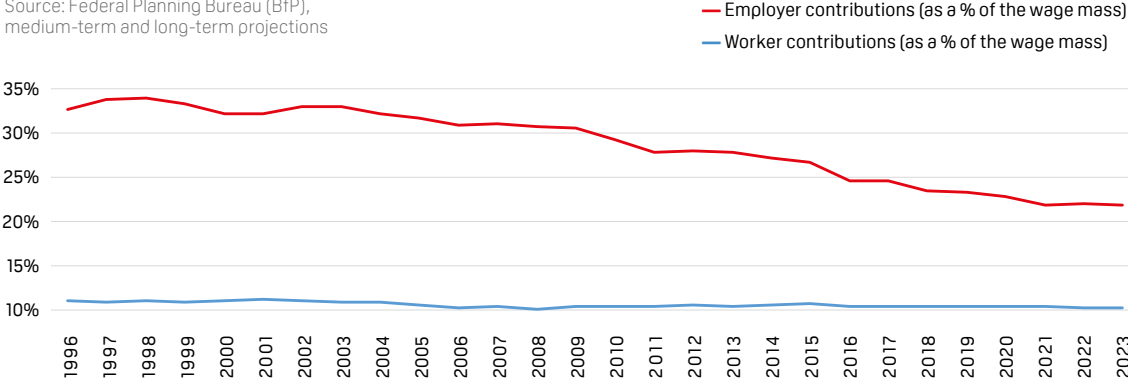
But the pressure is not purely at the revenue side. At political level, everything is being done to erode the rights earned by workers and especially in relation to unemployment and sickness benefit. All of this is happening on the pretext of making savings and a government that claims to be “efficient”.

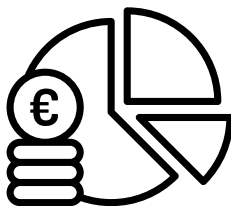
SOCIAL SECURITY FUNDING AFFECTED BY LEAKS

The main source of revenue for social security consists of contributions from workers and employers. A proportion of the gross wage — in most cases 13.07% — is allocated to social security. The employer pays an additional contribution: the employer contribution. However, this proportion has decreased systematically over the last few decades. Whereas at the end of the 1990s, employer contributions were still about 34% of the wage mass, they are currently 10% lower (24%). This reduction is the result of a series of exemptions and the notorious tax shift introduced by the Michel government in 2014.

Fall in employer social security contributions

Source: Federal Planning Bureau (BfP),
medium-term and long-term projections



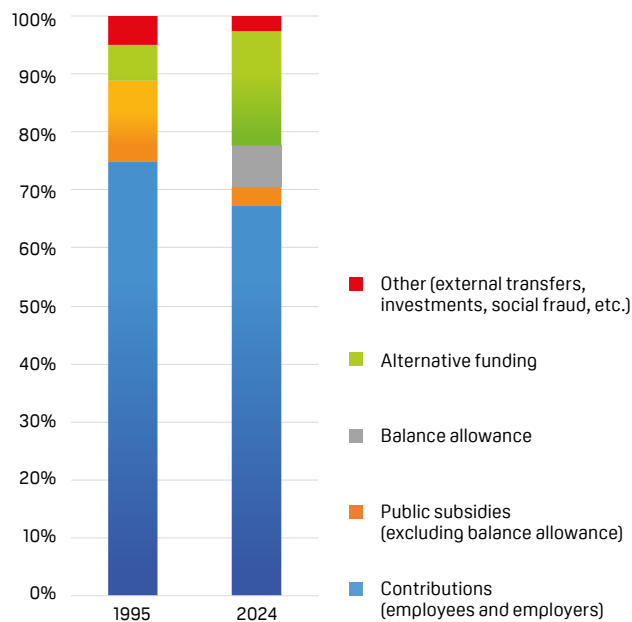


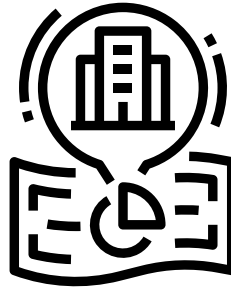
The social security budget has been diluted over the last few years. In the past, when social contributions fell, a political solution would be identified, in order to provide the necessary alternative funding (via VAT and withholding tax, for example). The Michel government abandoned this principle when it provided insufficient funding for the tax shift. As a result, social contributions have fallen, but the new revenue has not been sufficient. Since then, via the balance allowance — a mechanism intended to cover limited temporary deficits — the government has had to pay out billions of Euros. As a consequence, the balance allowance serves mainly to fund a set of measures intended to support companies. The structural deficit affecting social security funding must be resolved, as it makes our social security system politically vulnerable.

Contribution to social security revenue

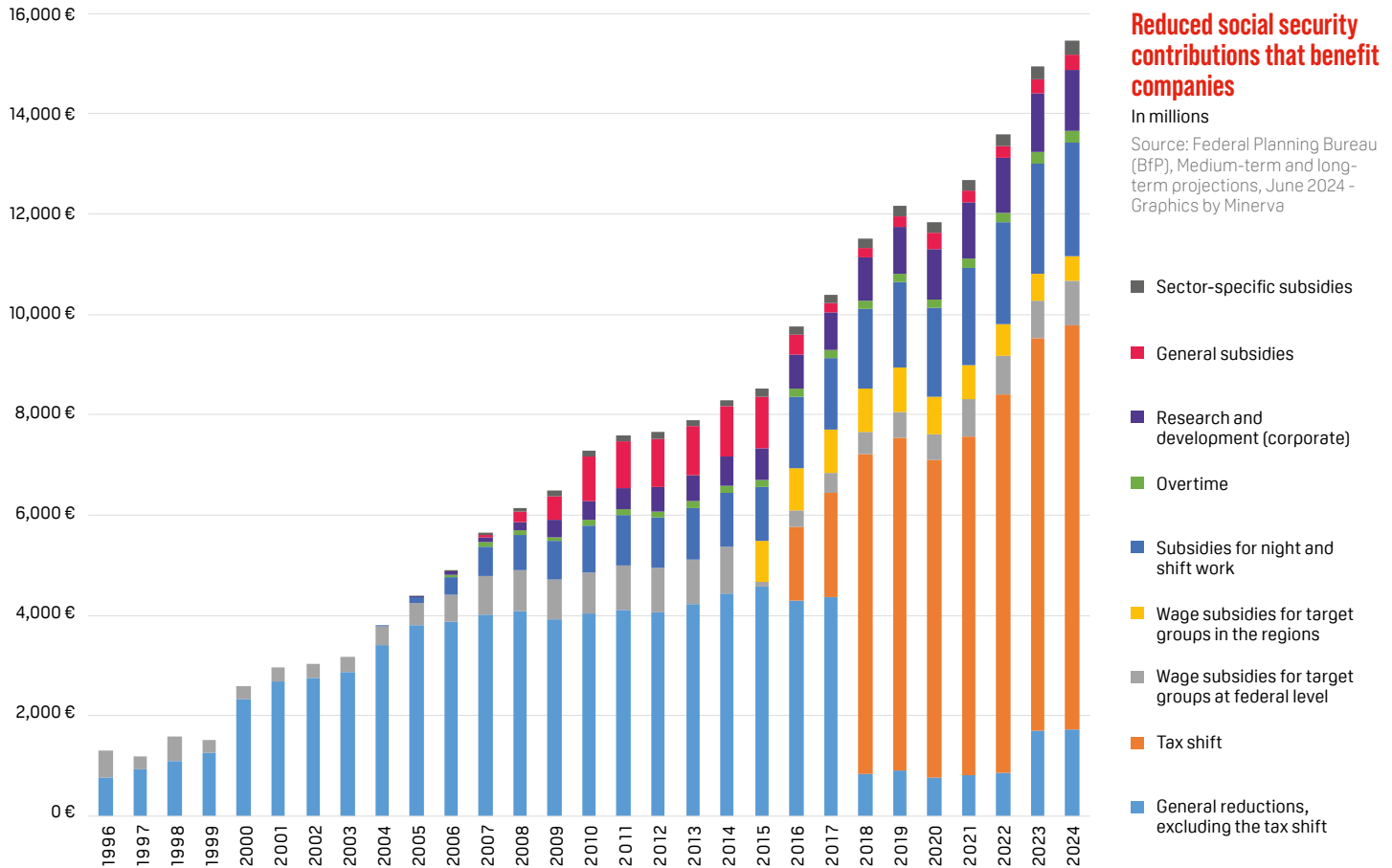
As a % of total revenue, employee scheme

Source: ONSS





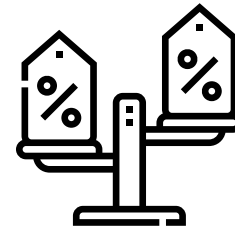
However, if we look at the financial support and the reduction of contributions granted to companies, we can see that these reductions are continuously increasing. Support for companies, in the form of tax benefits (wage subsidies) and social security (reduced employer contributions), amounts to over 15 billion Euros per year. We must emphasise the part played by the tax shift. Since 2015, it has been omnipresent, with a substantial increase in financial support every year.

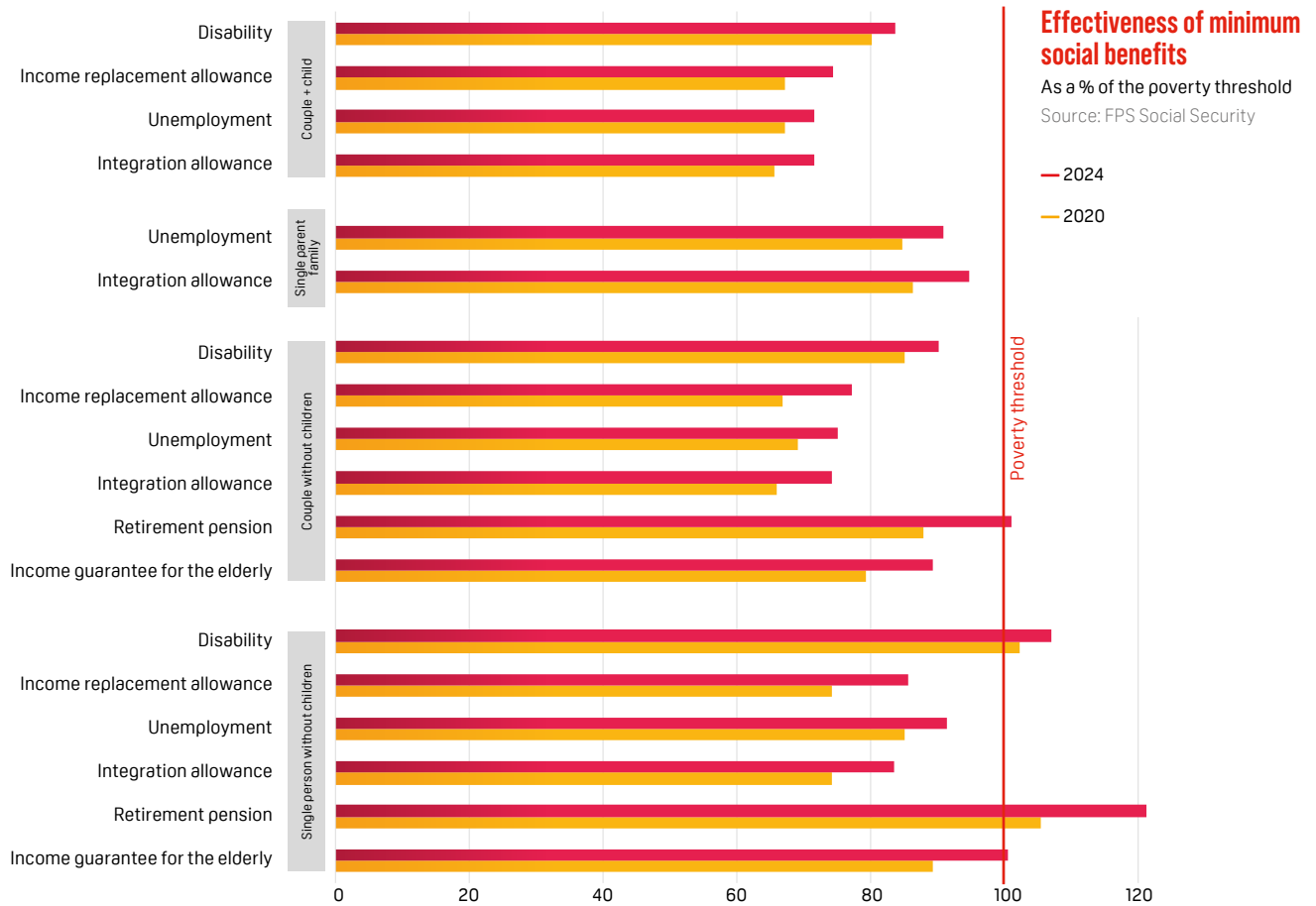


THE SOCIAL SECURITY SYSTEM COULD BE MORE EFFECTIVE

The effectiveness of a social security benefit is determined by its relationship to the poverty threshold. In fact, a social security benefit must allow recipients to obtain a decent income without falling into poverty.

The latest figures show that the minimum benefits have become more effective (or adequate) over the last few years. In particular, an effort has been made for elderly people, by increasing minimum pensions and bringing the income guarantee for the elderly (GRAPA) into line with the poverty threshold for single people. However, a major proportion of families that benefit from minimum allowances still have to make do with an income that is (far) below the at-risk-of-poverty threshold. This applies especially to the integration allowance, income replacement allowance (ARR) and unemployment insurance.





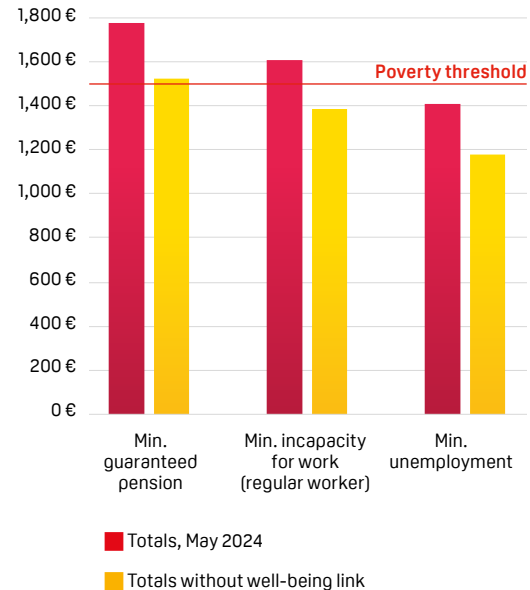
WELFARE ENVELOPE ESSENTIAL TO GUARANTEE EFFECTIVENESS OF SOCIAL BENEFITS

Social benefits must be increased above indexation. This is known as the “well-being link” for benefits. Since 2008, every two years, the social partners have decided which benefits will be increased and the relevant amounts. Without adjusting the well-being envelope, benefit increases would be significantly lower than wage rises and below the poverty threshold (+/- 1,500 Euros for a single person). The following chart shows the difference between three types of benefit, with and without adjustments via the well-being envelope, for single people. Unemployment benefits would be under 20% of their current level, while the minimum pension would be 17% lower and sickness benefits would be 16% lower.

Benefits with or without the well-being link

Single people

Source: ONEM, own calculations



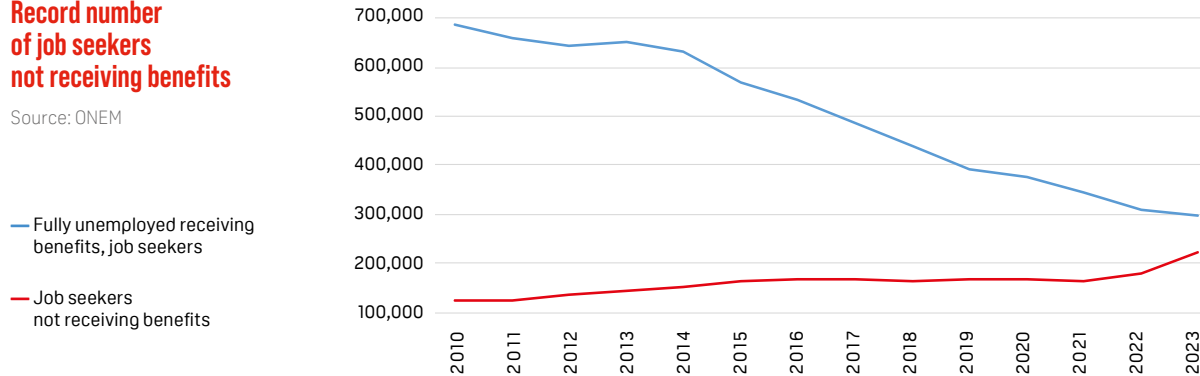
UNEMPLOYMENT INSURANCE IS BECOMING LESS AND LESS LIKE INSURANCE

Only half of all job seekers actually receive benefits. In other words, unemployment insurance no longer provides any insurance for almost half of the job seekers.

The number of job seekers receiving benefits has fallen drastically over the last 15 years, which is mainly due to large-scale job creation. However, an equally significant increase has occurred in terms of job seekers who do not receive any benefits. This is mainly explained by reinforcement of the professional integration period for young people and the stricter policy in terms of sanctions, as well as the increase in small contracts (interim, fixed-term contracts, etc.).

Record number of job seekers not receiving benefits

Source: ONEM



DEMANDS



- Gaps in social security funding must be filled
- All employer contribution reductions granted over the last few decades must be assessed. They must be abolished if they are not proven to be effective, together with exemptions for people being employed for the first time
- (Bogus) management companies must be restricted, so that employers pay social security contributions for these tens of thousands of jobs
- Alternative forms of pay must be handled in the same way as a regular wage at tax and parafiscal level
- It is vital that social benefits are adjusted in line with well-being in order to guarantee the insurance-like nature of these benefits against poverty. The well-being envelope must be allocated in its entirety. If the well-being envelope is cut, this will only aggravate the already considerable reduction in income in the event of illness, temporary unemployment and retirement.

4



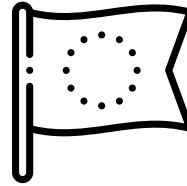
PUBLIC FINANCES

Once again, the austerity dogma is the main point on the agenda for many heads of government.

A reform of the European budgetary rules states that, from 2025, European Union member states will have to tighten their budgetary belts, with all the negative consequences that this implies for the European economy.

Our public finances will have to be overhauled, but it is only by reforming our tax system and requiring everyone to contribute that we will be able to reform our budgets, and not by leaving people impoverished and depriving them of efficient public and quality healthcare services.

THE EUROPEAN BUDGETARY FRAMEWORK NEGLECTS ESSENTIAL INVESTMENTS



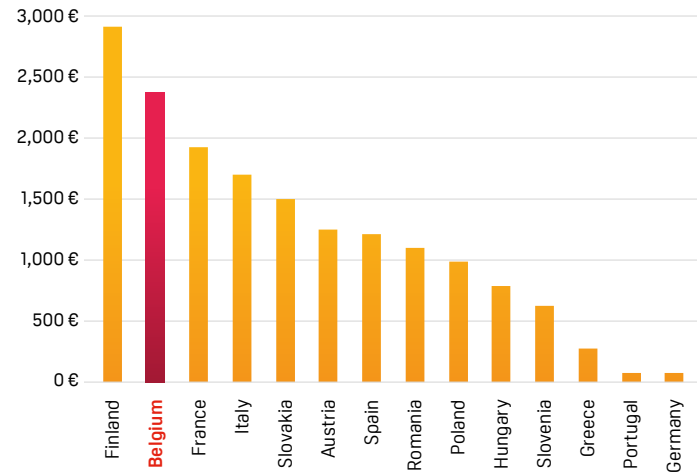
The European economies need investments worth millions of Euros over the next few years. The climate, energy and technology transitions will cost billions of Euros. What is Europe proposing instead of these necessary investments? It proposes a new budget austerity campaign. This year, the European budgetary rules have been reinforced, so that the member states will have to reduce their budget deficits drastically and accelerate debt reduction within a prescribed period and timescale.

The impact of these measures is felt in Belgium (the required budgetary effort is 28 billion Euros), as well as in some of the larger member states. In total, over 430 billion Euros will have to be found between 2025 and 2031. There can be no doubt that this will have a negative impact on economic growth, but also on the potential and competitiveness of the European economy. Belgium is in second place if we consider the effort required from each inhabitant.

Effort per capita

Total period 2025-2031

Source: European Commission, reference trends over 7 years, own calculations

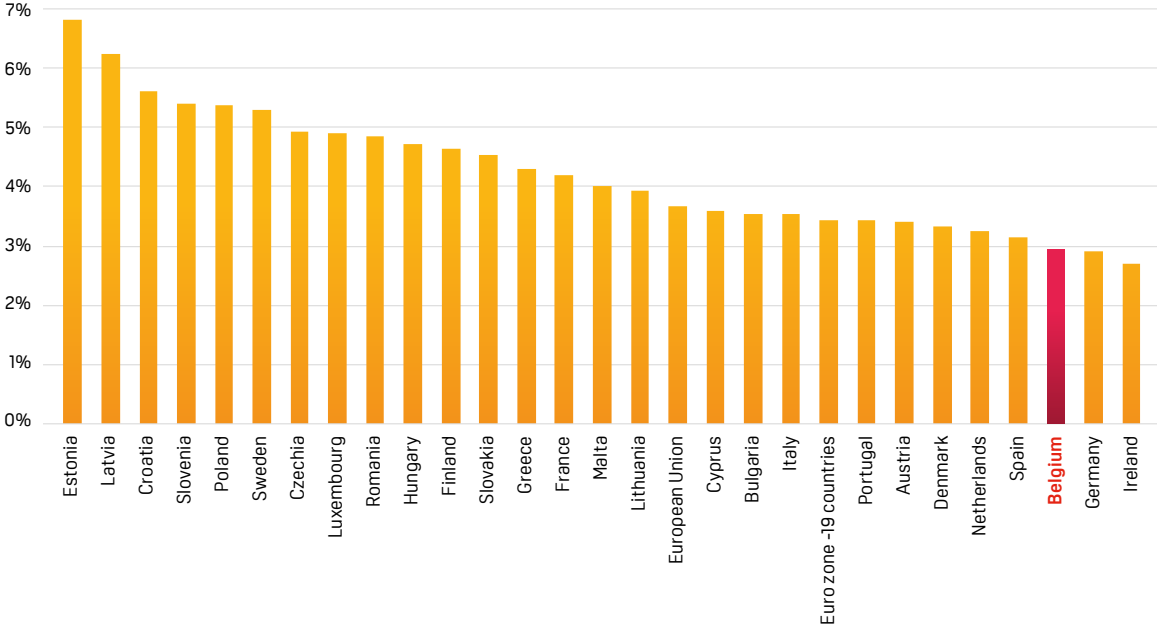


Budget cuts are made when investments worth billions of Euros are needed. It is also interesting to note that Germany, which is Europe's traditional economic powerhouse, has significantly reduced its public investments and, according to economists, this is one of the main reasons why the German economy is not performing well at the moment. The austerity model imposed by Germany on the rest of Europe over the last few years is coming back like a boomerang.

Public investments

As a % of GDP in 2025

Source: Ameco, own calculations



What about the national debt? Is it not too high? The government is a major economic player and, just like any family or company, has to be able to go into debt. The viability of the debt does not depend on an arbitrary percentage, but on economic growth and how much wealth is generated. An IMF study shows that the austerity measures introduced in a number of countries over the last 30 years have never reduced the debt but actually increased it, as they paralysed economic growth.

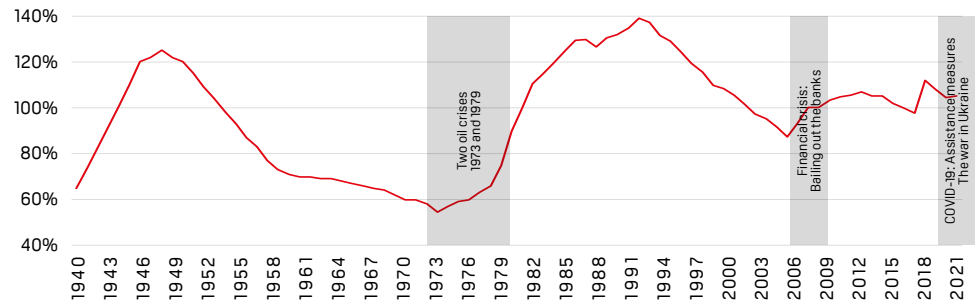
The public debt is 105% of the GDP. Most of the debt appeared 40 years ago: between 1979 and 1983, the debt ratio increased from 66.6% to 106.8%, which is an increase of over 40%. Belgium recorded high budget deficits at a time when international interest rates were reaching historically high levels. Since then, Belgium’s debt ratio has never returned to its pre-1980 level despite its sound budgetary policy. Belgium reported consistent budget surpluses between 1985 and 2009. After a brief fall (following the financial crisis), Belgium once again recorded budget surpluses until 2019 (pre-Covid). It would therefore not be true to say that the Belgian government was spending carelessly.

Over the last two decades, Belgium’s public debt increased due to the financial crisis and Covid-19. The government acted as a shock absorber. There is therefore no reason to enter into a blind panic. We must avoid increasing our primary deficits (deficits without interest charges) in the budget. This can be avoided by finally making our tax system fair and combating the leaks affecting social security revenue (see Chapter 3).

Belgian public debt 1940 - 2023

As a % of GDP

Source: Ameco (1980-2024) and public finances (André De Coster) for 1940 1980



ENSURING A FAIR TAXATION

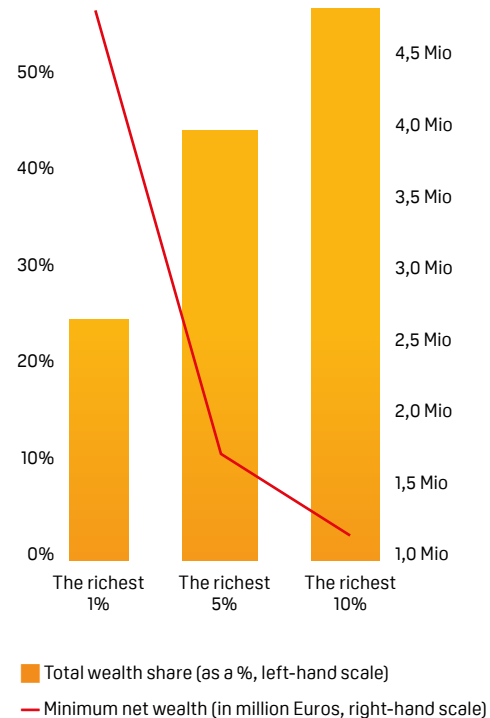
The tax system needs to be rebalanced. All international institutions say that labour is too heavily taxed, whereas capital is undertaxed. It will therefore be necessary to work towards a tax on property and capital gains.

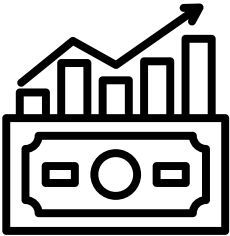
Until now, wealth inequality has been seriously under-estimated. 1% of the richest Belgians own about 24% of net wealth (in other words, after debts), which is the same as the 75% poorest people combined. Each individual that is one of the 1% richest people has a minimum capital of 4.8 million Euros. Those who have assets amounting to over 1.1 million Euros are some of the 10% richest people in Belgium. These 10% richest people own 54% of the total wealth.

The National Bank figures show that these 10% richest Belgians own about 29% of homes and 79% of shares. We can therefore skim the top off this wealth by means of a wealth tax. The FGTB has been advocating this for years and would opt for a progressive contribution: 0.5% for net assets worth over one million Euros (not including their own home) and 2% for net assets worth over 10 million Euros, for example. According to the simulations, a 1% tax on assets worth over 5 million Euros could raise about 6 billion Euros per year.

Wealth inequality: the 1% richest people own 25% of all wealth

Source: A one-off wealth tax for Belgium: 2 Revenue potential, distributional impact, and environmental effects, Arthur Apostel and Daniel W. O'Neill



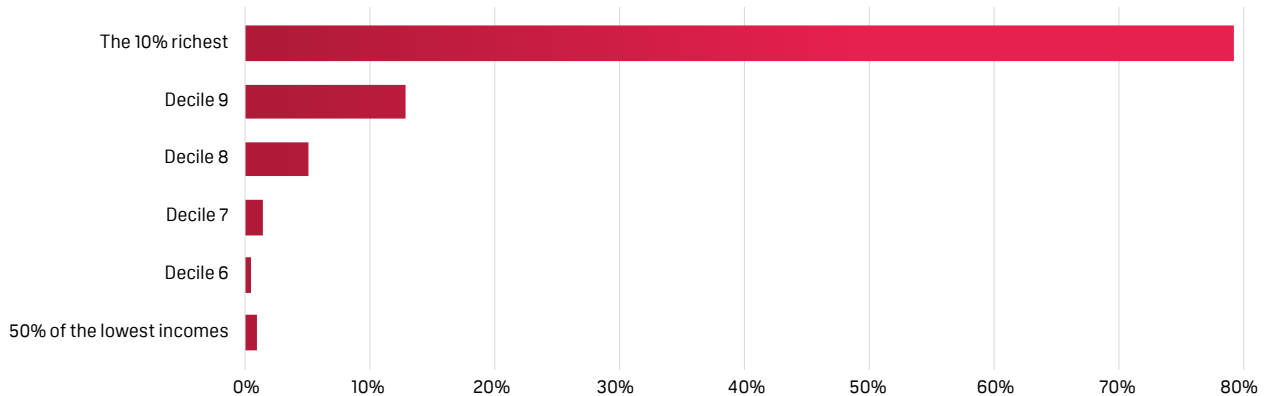


As indicated above, stock ownership is a major factor for wealth inequality: 79% of the value of companies listed on the stock exchange is owned by the 10% richest people in our society. It would therefore be wrong to claim that a capital gains tax on financial assets would result in an additional tax burden for the middle classes. It would be a wealth tax. Simulations conducted by the Planning Bureau (BfP) in the context of electoral programmes show that a 30% tax on capital gains could raise 2.9 billion Euros. As we are aware that Belgium is one of the few countries not to have a tax on capital gains from financial assets, this hardly surprising.

Share ownership

As a total of the value of shares listed on the stock exchange

Source: BNB

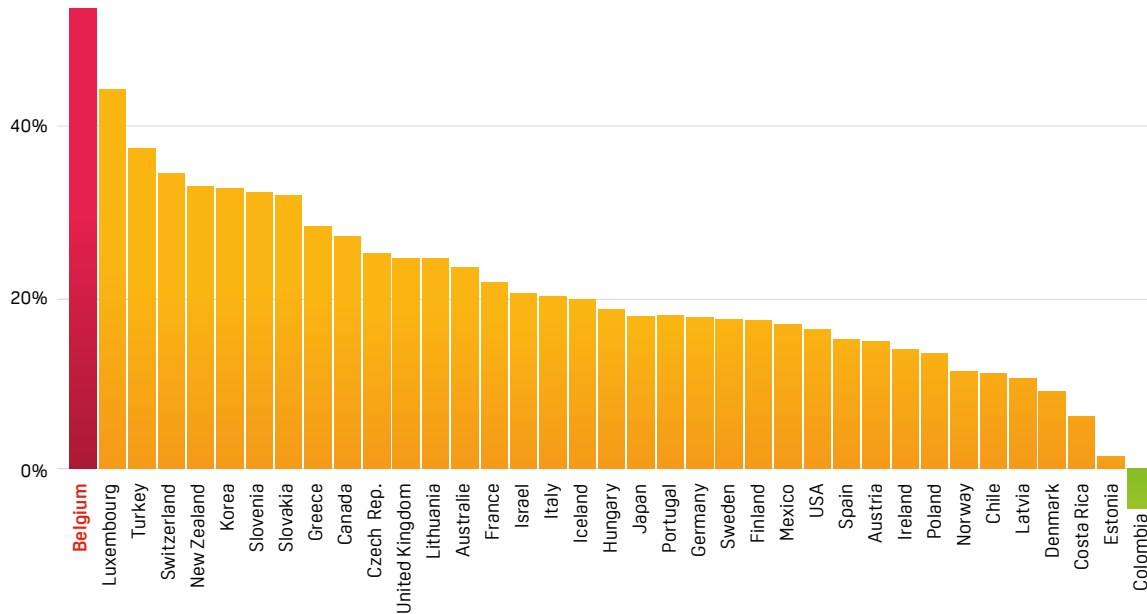


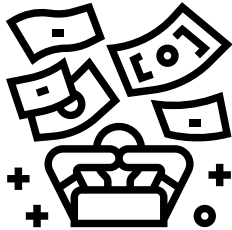
A fair tax system would require equal taxes on labour and capital income. However, in Belgium, there is a huge imbalance. Labour income is taxed over 50% more heavily than capital income (dividends and capital gains). Out of all the OECD countries, Belgium is the most unbalanced in this respect.

Belgian wages are taxed 50% more heavily than capital income

Difference between effective and individual tax rates (as a percentage) for labour income and financial profits

Source: OECD



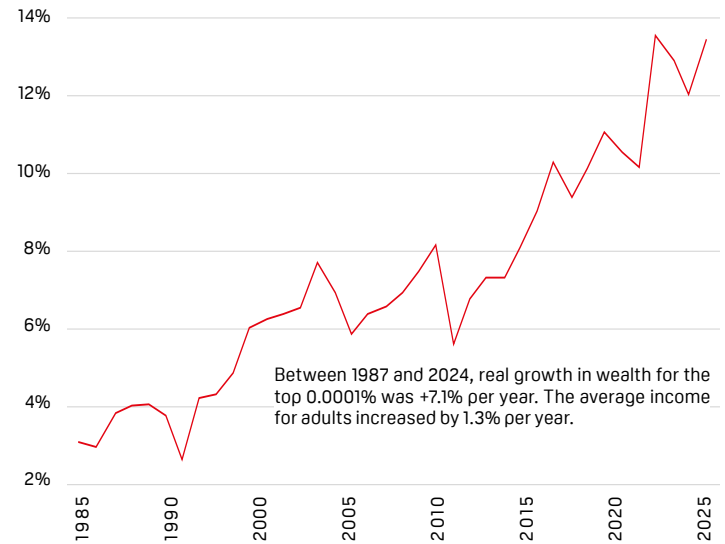


We are facing a major problem at international level. Wealth is increasingly concentrated at the top. Research documents presented at the G20 (the leading industrial nations) in June 2024 show that the ultra-wealthy (about 3,000 billionaires in the world) control close to 14% of all wealth. Twenty-five years ago, this percentage was 6%.

Explosion of wealth for the richest people

Wealth owned by the top 0.0001%, as a % of the total GDP

Source: G. Zucman (June 2024) A blueprint for a coordinated minimum effective taxation standard for ultra-high-net-worth individuals



DEMANDS



The new European budgetary framework places a strain on sustainable growth and social progress. It must be suspended and overhauled. There needs to be more space for public investment. Social spending must be recognised as an important factor for stability and economic growth.

In order to enable more public investments, joint funding should be provided at European level by a new European investment fund (as a replacement for the Recovery and Resilience Fund), which should be funded by loans at European level.

A progressive wealth tax: 0.5% from net capital of 1 million Euros (not including family homes), gradually increasing to 2% from a net capital of 10 million Euros. Simulations show that a 1% tax on assets worth over 5 million Euros could generate about 6 billion Euros per year.

Introduction of a 30% tax on capital gains for financial products and cryptocurrencies.

5



ECOLOGICAL TRANSITION AND INDUSTRIAL POLICY

For the FGTB, the climate transition must be a just transition*. In other words, it must not accentuate inequalities, but there is a risk of this happening if the social dimension is not included in this debate.

In order to guarantee a fair transition for the benefit of society as a whole, we call for public investments that will make this transition possible. In addition, the discussion surrounding an industrial policy is closely linked to the question of climate transition, which can only be achieved with social dialogue and worker participation. Workers' skills (now and in the future) are a major factor for a successful transition, especially as the leakage of industries away from Europe leads to the loss of know-how provided by workers. Employers must introduce measures in order to train and/or ensure that workers can retrain.

* ILO definition: "A just transition means greening the economy in a way that is as fair and inclusive as possible to everyone concerned, creating decent work opportunities and leaving no one behind. A just transition involves maximizing the social and economic opportunities of climate action, while minimizing and carefully managing any challenges—including through effective social dialogue among all groups impacted, and respect for fundamental labour principles and rights."

BELGIUM IS NOT ON COURSE TO ACHIEVE ITS CLIMATE TARGETS



The main cause of global warming is human activity (road transport, agriculture, industry, deforestation, etc.). In 2013, the IPCC concluded that this warming of the climate system is an indisputable fact and closely linked to greenhouse gas emissions. The clearest signs of global warming are extreme heatwaves, periods of drought and devastating floods. The consequences affect several aspects of society: biodiversity, health, the economy, energy, etc. Belgium is also beginning to feel the effects (floods, heatwaves, etc.).

In order to contain the rise in temperatures, Europe has decided to work towards several climate and energy goals for 2030:

- 1.** A binding reduction target of at least 55% of greenhouse gas emissions for the EU (compared to 1990) throughout the territory of the EU, which will be distributed between a European target for sectors under the ETS (Emissions Trading System, which is the European exchange system for emission quotas) and binding national targets for non-ETS sectors (mainly including transport, building and agriculture)
- 2.** At European level, a political agreement has been concluded in favour of the global EU target of ensuring that at least 42.5% of energies used are renewable by 2030
- 3.** A compulsory reduction target for the member states of at least 1.49% per year for the amount of energy used in 2024-2030
- 4.** An interconnection target (linking the electricity networks of different countries) of 15% for the electricity sector

How are things looking in Belgium? According to the hypotheses of the Federal Planning Bureau (BfP), overall, Belgium will not achieve its European targets.

Indicators for European targets (horizon 2030)

Source: Federal Planning Bureau (BfP)

	Achievements	Targets
Emission reductions in the RES sectors (compared to 2005)	-32%	-47%
Share of renewable energies	24.1%	34%
Final energy consumption (compared to REF 2020)	-7.9%	-11.7%

Within the framework of the European climate-energy targets for 2030, Belgium was assigned a reduction target of 47% by 2030 compared to 2005 for greenhouse gas emissions in sectors not covered by the EU emissions trading scheme (“non-ETS” sectors).

The non-ETS sectors have reported a downward trend in their emissions, but will only achieve a 32% reduction in emissions between 2005 and 2030, which is lower than the European target (target = 47%).

With regard to the share of renewable energies, based on a compilation of projections from different bodies, the share of renewable energy will be 24.1% in 2030. Belgium will not achieve this target of 34%.

In relation to final energy consumption, Belgium must reduce the latter by 11.7% compared to 2020. According to the projections of the Federal Planning Bureau (BfP), Belgium will not achieve this target.

INDUSTRIAL POLICY AND ECOLOGICAL TRANSITION: MUST GO HAND IN HAND

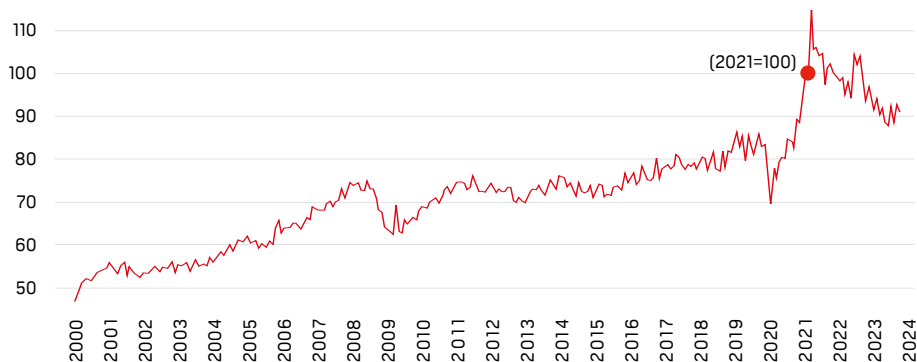
An efficient industrial innovation policy is essential when it comes to maintaining strategic sectors in Europe. This will be possible by focusing simultaneously on sustainability, increasing productivity and reinforcing social inclusion. In doing so, we must play out to our strengths, such as highly skilled workers, quality products and our key assets (social dialogue, strong government). Ecological transition (sustainability) and industrial policy renewal go hand in hand.

The added value of industry in the Belgian economy is increasing all the time. However, there has been a fall in employment. While industry still provided 18.6% of jobs in 1995, its share only amounted to 11% by 2023.

Industrial production index

Increased added value volume
(2021 = 100)

Source: Statbel

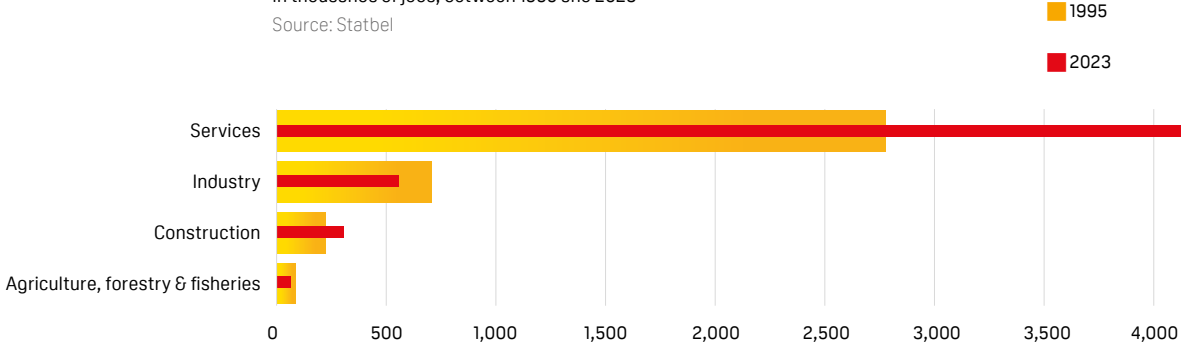


However, a number of nuances can be observed. Industry has seen a major trend towards outsourcing: cleaning and administration jobs, as well as technical jobs, are being subcontracted to external companies. These companies operate in the services sector, which results in a statistical bias. Overall, the number of jobs is not falling, due mainly to the higher levels of education and high productivity gains. Finally, it can be seen that a very significant rise has occurred affecting the number of jobs in the services sector, which rely on industry.

Increased employment according to sector

In thousands of jobs, between 1995 and 2023

Source: Statbel



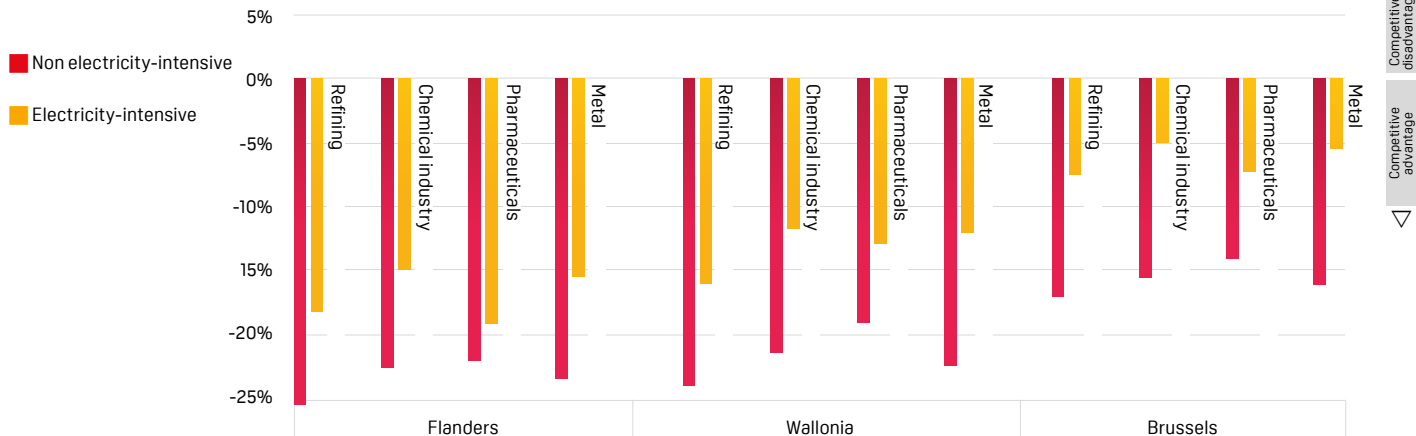
Europe will have to identify a response to unequal conditions of competition, including huge subsidies for goods manufactured in Asia, as well as an American economy that uses cheap energy. In Europe, energy prices are higher than in other parts of the world. In the USA, prices are lower as there is more natural gas. In Europe, as the price of electricity is linked to increased gas prices, electricity prices are higher than in the USA. However, in Belgium, in contrast to what the employers say, an independent study of 4 energy market regulators states that, in 2024, all industrial profiles (electricity intensive and non-electricity intensive) have a competitive advantage when it comes to electricity prices in Belgium compared to its neighbouring countries (France, Germany, Netherlands, UK).

Different weighted energy costs

(Electricity and gas) between the regions of Belgium and average costs in the neighbouring countries (including the United Kingdoms), for electricity intensive and non-electricity intensive companies*

* The term "electricity intensive" refers to companies, whose activities require high electricity consumption. Electricity intensive companies are mainly concentrated in a few industrial sectors, which include: paper/cardboard industry, chemical industry, steel industry, glass, cement, etc.

Source: CREG





Industrial policy must act as a lever for the transition, by promoting sustainable and forward-looking industry. In fact, industry is a major direct and indirect source of economic activity and employment in other sectors (via subcontracting). If industry is to prosper, companies must invest in innovation and productivity within the sector. Research and development policy therefore plays a key role in industrial policy, which must be stimulated in all sectors.

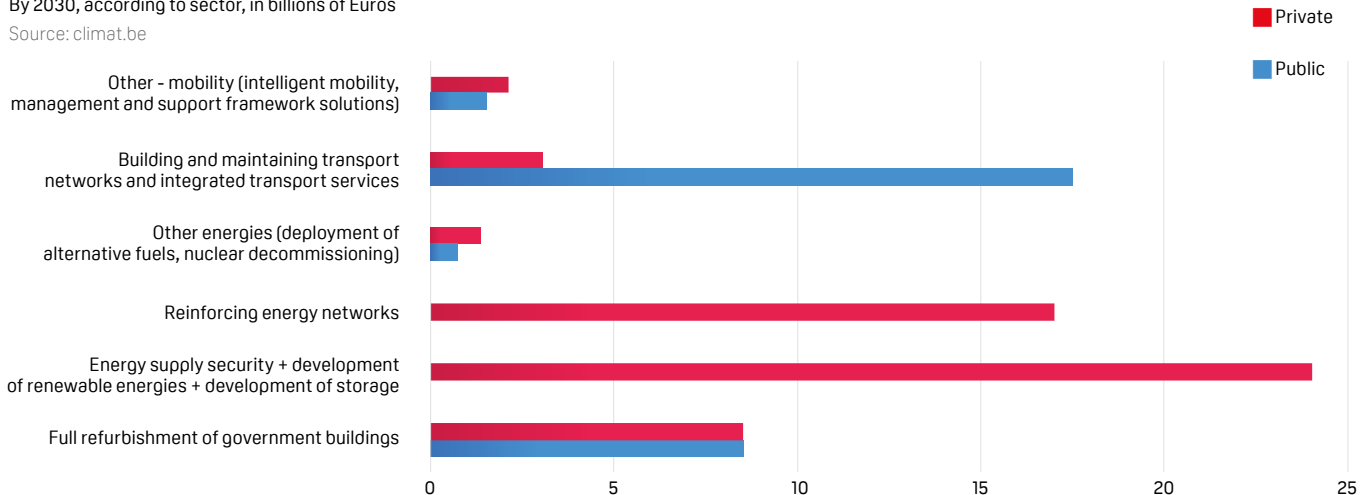
STRATEGIC INVESTMENTS IN BELGIUM

Within the framework of the National Strategic Investment Pact, a group of independent experts assessed strategic investment needs in Belgium between now and 2030. These needs cover six sectors, including energy and mobility. The investment need amounts to 84 billion Euros, which must be shared between the private sector (56 billion Euros) and the public sector (28 billion Euros). The last amount is the required budgetary effort for Belgium according to the new European budgetary rules.

Strategic investment needs in Belgium

By 2030, according to sector, in billions of Euros

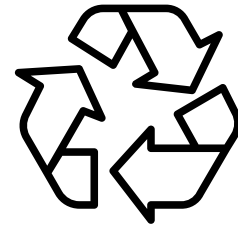
Source: climat.be



THE CIRCULAR ECONOMY - A FORWARD-LOOKING ECONOMY

The circular economy is different from the linear economy, which disposes of products and materials at the end of their economic life. The transformation of our economy from a linear model to a circular model makes it possible to make savings, implement the more efficient use of resources, create jobs (some of which cannot be outsourced) and reduce the impact of production and consumption on the environment.

The increased circularity rate* for the use of materials therefore reduces pressure on natural resources and, as a result, its impact on the environment and climate. In Europe, the rates vary considerably from one country to the next. Belgium is one of the leading countries in the EU. This rate has been increasing for 10 years – from 17% in 2013 to 22.2% in 2022. This means that 22.2% of all materials used in the Belgian economy are recycled waste. Our country is on track to meet the EU target by 2030, which is 23.4%.

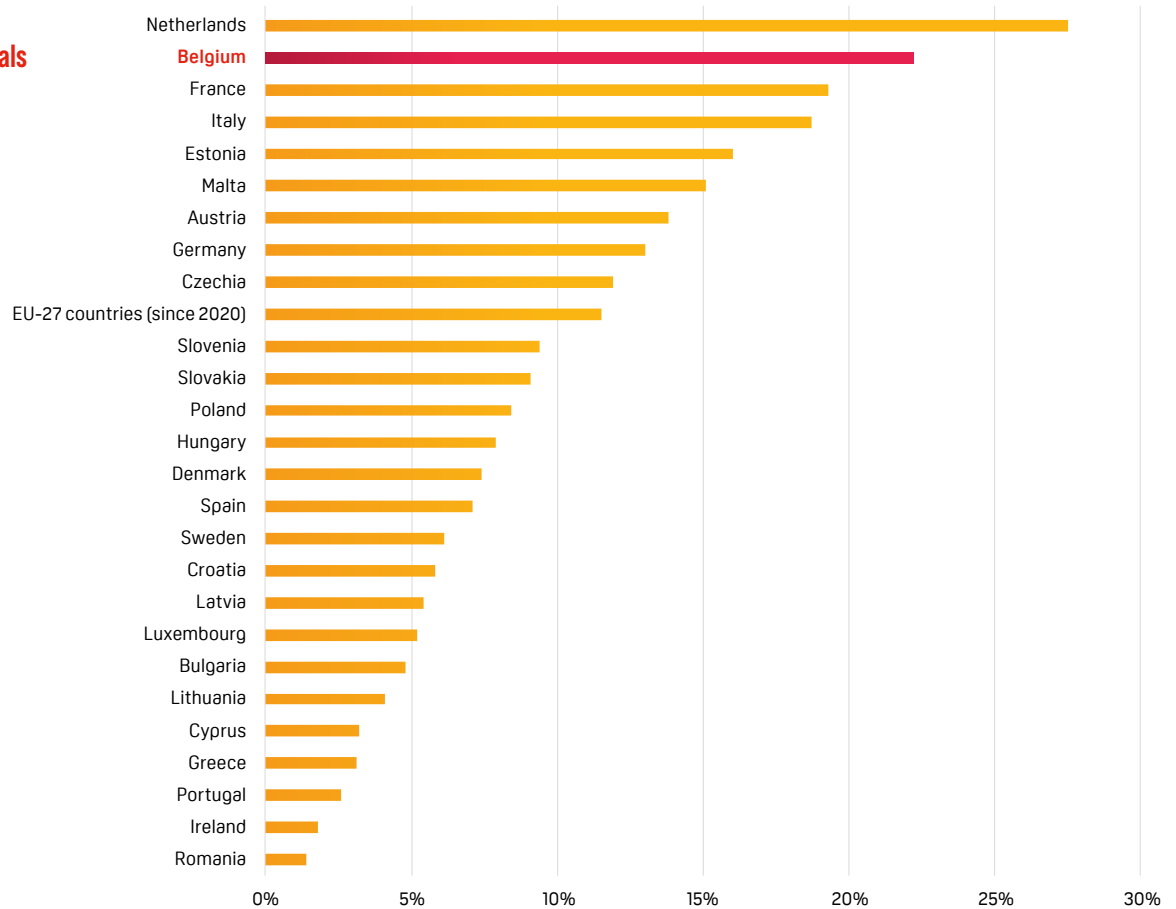


* The circularity rate for the use of materials reflects the proportion of recycled waste compared to the total quantity of materials used.

Circularity rate for the use of materials

(2022)

Source: Eurostat





The circular economy has multidimensional (environmental, economic, industrial, technological, etc.) as well as social implications, which are not given sufficient attention. In fact, the labour market and workers will also have to adapt in the face of challenges, such as the development of talents and skills, lifelong learning, diversity and inclusion. According to the latest study by the King Baudouin Foundation on the subject (2022), in Belgium, 262,000 jobs are circular (7.5% of all jobs). The recycling, repair and maintenance sectors combined provide over 80,000 jobs (30% of all circular jobs). Other jobs can be found in activities indirectly linked to the circular economy, such as logistics, technology, public administrations, etc. At international level, the circular economy should generate a 3% increase in employment by 2030. In Europe, we are talking about 700,000 jobs during the same period. In its most ambitious scenario, the circular economy could even create up to 100,000 jobs in Belgium by 2030.

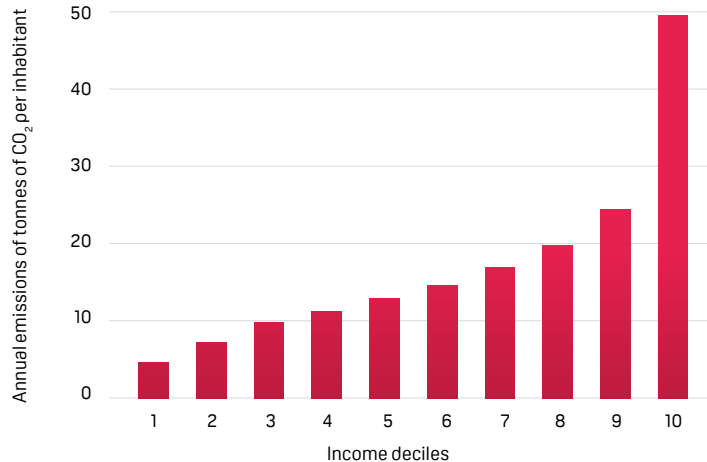
JUST TRANSITION AND INEQUALITIES

The High Committee for a Just Transition (2024) has observed that not everyone contributes to environmental change in the same way. When it comes to greenhouse gas emissions, major disparities can be observed between households in Belgium. According to figures from the international World Inequality Database, in Belgium, 10% of the wealthiest households emit over 10 times more greenhouse gases than the poorest 10%.

CO₂ emissions/inhabitant

Belgian households in 2019,
in CO₂ equivalent tonnes

Source: High Committee
for a Just Transition



DEMANDS



A prosperous society needs sustainable, forward-looking industry. An economy with a diverse range of sectors will be more resilient and resistant to shocks. As industry is a major indirect source of economic activity and employment for other sectors, it deserves specific political attention. In addition, R&D plays a key part in industrial policy, as an industry that is lagging behind in terms of technology and productivity will always face difficulties at international level. The (European) authorities must play the climate and energy transition card without delay. The social dimension must be at the heart of this transition – without it, social inequalities will be accentuated.

We must also stress that this transition will require a strong foundation within society. For this reason, workers and social dialogue must play a key part in the process of change. Finally, in view of the urgent nature of the climate and environment question, as well as future prospects for industry itself, it is time to focus on circularity and raw material management.

The industrial sector has seen its profits increase over the last few years, but these profits increasingly go back to the shareholders, to the detriment of the required investments in the sector. How can industry reorientate itself if its investment capacities have been taken away?

6



SOCIAL DIALOGUE AND TRADE UNION FREEDOMS

Respect for social dialogue and trade union freedoms are some of the foundations of democracy. In this context, social dialogue within companies will soon have to be enriched by means of discussion concerning corporate sustainability. These “sustainability” reports are far more than a compilation of social, environmental and governance indicators. They provide a unique opportunity to enter into social dialogue concerning the future of companies with workers, via the works councils.

Trade union freedoms are under attack on all fronts, both at international and national level. Our social rights may appear to be set in stone, but this is in no way true. We must continue to defend them.

ECONOMIC DEMOCRACY INVOLVES SOCIAL DIALOGUE IN WORKS COUNCILS

Works councils act as information and consultation bodies for workers for economic matters linked to the company's activities. The Royal Decree of 1973 defines which information must be communicated to the works council for the purpose of information and discussion. Every year, the "participation bodies" directorate of the FPS Employment conducts checks, in order to ensure that this legislation is respected. It is violated by about 40% of companies. These violations take different forms: total lack of information, failure to respect the forms required by law (absence of written documents or late provision of documents, etc.) and even failure to respect the content required by law.

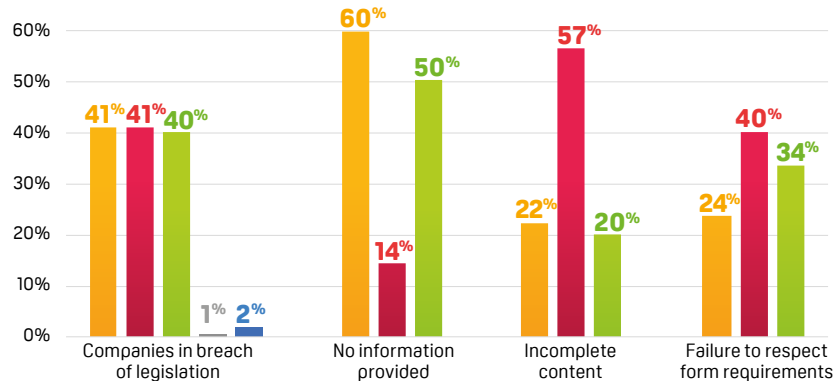
In addition, they may relate to basic, annual, periodic or occasional information.

Types of violation observed

On inspection of compulsory information for works councils (2023)

Source: FPS Employment

- Basic information
- Annual information
- Periodic information
- Occasional information
- Confidentiality

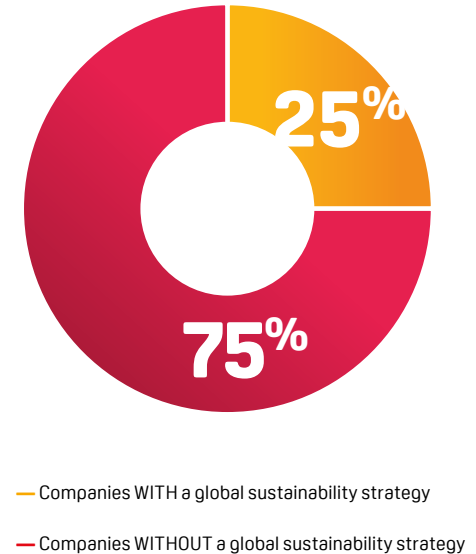


CORPORATE SUSTAINABILITY - STILL A LONG WAY TO GO

From 2024, a large number of companies will be required to report on their policies and performance in terms of sustainability. The Corporate Sustainability Report Directive (CSRD) should guarantee transparent, high quality information on corporate sustainability. The major companies will have to publish data that provides transparency regarding the risks created by their activities for the environment, as well as risks, to which they are exposed. This includes risks affecting their value chains, in other words, in terms of their suppliers and even after their products or services have been sold to their customers. According to figures from the Belgian Institute of Company Auditors, in Belgium, 2,280 companies will be directly affected by these new requirements. These companies represent 28% of gross added value for the Belgian economy and employ 42.6% of the country's workers (over one million). According to the last annual barometer relating to companies conducted by BDO, the audit and financial consultancy office, 75% of companies do not (yet) have a global sustainability strategy. Although medium-sized and large companies will very soon be required to produce corporate sustainability reports, no less than 40% of them fear they will not be ready in time.

"Sustainability" reports

Source: BDO group audit



TRADE UNION FREEDOMS

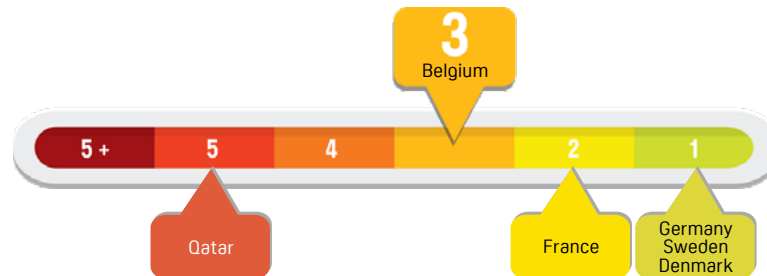
Every year, the International Trade Union Confederation publishes its “Global Rights Index”. This index assesses, according to country, the extent to which rights and freedoms are respected or violated in the world of work. It analyses respect for fundamental rights, trade union freedoms, the right of trade union action, etc. As a result, over the last 11 years, the index has recorded a net decline in workers’ rights and trade union freedoms in all the regions of the world. In fact, 87% of countries fail to respect the right to strike, 79% of countries violate the right of collective bargaining, workers have been arrested or detained in 74 countries, workers have suffered violence in 44 countries and 22 trade unionists have been murdered (Bangladesh, Colombia, Guatemala, Honduras, Philippines, South Korea).

Although Europe has traditionally been the region with the least violations compared to other parts of the world, it is also the region that has seen the biggest decline in the respect of trade union freedoms. Three quarters of European countries fail to respect the right to strike and 54% of these countries violate the right of collective bargaining. After falling from category 1 (sporadic violation of rights) to category 3 (regular violation of rights) within a few years, Belgium has remained in this less than commendable category.

Trade Union Rights Index in the world

Source: ITUC

- 5+ No guarantee of rights due to the breakdown of the rule of law
- 5 No guarantee of rights
- 4 Systematic violation of rights
- 3 Regular violation of rights
- 2 Repeated violation of rights
- 1 Sporadic violation of rights



DEMANDS



Defending democracy in companies by means of social dialogue is a trade union priority. The world of work cannot be defended without social dialogue, which is a key component of social consultation in Belgium. For this reason, the FGTB will continue to defend it.

The respect of trade union freedoms in all its forms will also be a focus of attention for years to come.

FGTB

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