

Joint European Level Social Partners'  
Work-Programme 2009 – 2010

Joint Study on Restructuring in the EU  
- Final phase

Luxembourg

Summary note of the meeting that took place in  
Luxembourg on 22<sup>nd</sup> September 2009

ARITAKE-WILD  
January 2010



Project of the European Social Partners with the financial support of the European Commission

Joint European Level Social Partners'  
Work-Programme 2009 – 2010

Joint Study on Restructuring in the EU  
Final phase  
Luxembourg

Summary note of the meeting that took place in  
Luxembourg on 22<sup>nd</sup> September 2009

*Introduction*

The twenty-fourth seminar in the joint European level social partners' project, "Joint study on restructuring in the EU" took place in Luxembourg on the 22<sup>nd</sup> September 2009. It was attended by the Luxembourgish social partners, European social partners and experts – an attendance list is attached as appendix one.

The project coordinator, Alan Wild, opened the meeting explaining the background to the project in the context of previous social partners' work programmes and the work already undertaken on restructuring in 23 Member States. He explained that the current phase of the project would facilitate a review of restructuring in every member state of the EU.

Maria Helena André (ETUC) and Stephen D'Haeseleer (BUSINESSEUROPE) stressed the importance of good and open debate in helping assure a high quality contribution to the overall project from Luxembourg. Particularly interesting would be discussion on the nature and effectiveness of recently introduced anti-crisis measures.

*Luxembourg national dossier – section one*

The project expert for Luxembourg, Anna Kwiatkiewicz, presented the first section of the Luxembourg national dossier – "A macroeconomic review of restructuring in Luxembourg" (slides attached as appendix three). At the end of the presentation she left the Luxembourgish social partners with the following questions;

- ✧ A distinguishing feature of the Luxembourg labour market is the low participation rate of women. Is this an important issue for the social partners and what needs to be done?
- ✧ Unemployment of young people appears to be a problem. How will this be resolved?
- ✧ Cross-border workers have played an important role acting as economic stabilisers during times of economic difficulty. They also appear to have met the need for skilled workers when the qualifications of Luxembourg nationals are lower than required by employers. Would the social partners comment on the role played by frontaliers?
- ✧ It has been suggested that the combination of high tax bearing wages and corporate profits with high government expenditure leaves public finances open to volatile shifts. What is the social partners' view?

- ✧ To what extent will the financial crisis again change the shape of the Luxembourg economy, and in what direction?

Following the presentation, the points summarised below were made by those present to further explain the context in which the report had been drafted, to add new information and, to help shape conclusions in order to contribute to the content of the final national dossier;

- ✧ Luxembourg is a small and high wage economy dominated by small businesses. It is therefore important that the small business sector is dynamic and efficient, and this is borne out by the data in the report;
- ✧ One of the problems identified in the dossier relates to the systems of education and lifelong learning. This is also recognised by the Luxembourgish social partners and government and new initiatives have been launched;
- ✧ Frontaliers are important to the economy to offset general labour market shortages and to fill posts with particular skill needs. They provide an element of flexibility in a labour market where national participants tend to value job security and lifetime employment with one organisation highly. Another participant suggested that whilst the “single employer career” has been historically the norm, and remains the preference today, it is becoming less common in reality;
- ✧ An explanation for the relative high level of unemployment for young nationals may be that they tend not to become active on the job market immediately following the conclusion of their formal education, preferring to take a break. Cross border workers tend to move into the labour market earlier and therefore fill the available vacancies first. The rapid integration of school and university leavers into the labour market is a priority and measures are shortly to be introduced;
- ✧ Many of the human resource management leaders in Luxembourg are non nationals, and are therefore very open to the employment of non nationals;
- ✧ The employment rate of Luxembourgish women is low by European standards but it was suggested that there is a clear trend towards an increasing rate today notably in the younger generations, taking into account that Luxembourg is starting from a low base. Another participant suggested that women still found it difficult to break through into senior positions in the banking sector which remains very male dominated and that further efforts need to be made to tackle the existing gender pay gap. Two other features are important in the area of women’s employment. First an increase in the divorce rate will lead to increased workforce participation. Second, the relative absence of options for part-time working reduces the opportunities for women to balance work and other responsibilities.

*The Luxembourg national dossier – section two*

Anna Kwiatkiewicz presented the second part of the Luxembourg dossier “The role of the social partners in restructuring” (slides attached as appendix three). The social partners were asked to consider the following questions;

- ✧ The Luxembourg model of change management has worked well in the past. To what extent is its success based on economic wealth and what elements could be exported to less financially successful countries?
- ✧ The Luxembourg system of employment policy determination is based strongly around tripartism. To what extent is this an essential part of its success, and to what extent does it limit the autonomy of the social partners?
- ✧ How successful is the Observatory of Industrial Relations and Employment in anticipating future labour market changes?
- ✧ It is suggested that the crisis offers the Luxembourg economy a chance to re-invent itself. What role do the social partners play in future thinking?
- ✧ The country has implemented a number of anti-crisis measures recently. Which have been the most and least successful in the view of the social partners?

Following the presentation, and in similar fashion to the discussion of section one above, the points summarised below were made by the seminar participants;

- ✧ This section of the report deals well with a very complex subject, but there are some areas where small changes need to be made and some areas where data needs to be corrected. The participants agreed to forward these to the expert for inclusion in the final report;
- ✧ The Luxembourg approach to restructuring was developed in the 1970's and has been refined over time to its current stage of evolution. A number of new initiatives have been launched recently as a part of the country's anti-crisis measures;
- ✧ A strong advantage the country has is its financial ability to implement supportive policy measures;
- ✧ Recently, "partial unemployment" (*chômage partiel*) measures have been highly utilised and have been successful in maintaining jobs in companies suffering economically. One reason for the success of the measure is the high level of income support at 80% of previous wages or 90% if training activities are pursued. For those suffering a partial incapacity to work, salary replacement can be 100%. Another participant stressed that whilst the salary replacement measures are generous, workers would still very much prefer to work full time on 100% of salary;
- ✧ Attempts to increase the use of voluntary part-time working in the crisis have been less successful. This is largely due to the relative generosity of the partial unemployment measures;
- ✧ The "observatories" created two to three years ago have been quite successful in providing a regular forum for discussing and creating a common understanding of ongoing labour market changes and development in a tripartite setting;

- ✧ In most respects the tripartite system works very well and, whilst at times it does not satisfy the aspirations of one or other of the parties, it has proven to be a robust approach. Additionally, the broader Luxembourg society has been generally willing to accept policy solutions developed in the tripartite setting. Whether this would be the case in a larger country or one with a more adversarial employee relations environment is questionable;
- ✧ The report suggests that in an environment with indexation of pay, salary negotiations have less significance in the employee relations system. It was suggested nonetheless that pay negotiations remain a highly important issue for the social partners. This section of the report could be revised;
- ✧ Whilst there is a strong focus on tripartism in the Luxembourg system, it was stressed that bipartite social dialogue is the most important at the enterprise level.

#### *Joint EU social partners work relevant to restructuring*

Representatives from the European social partners presented their recent work in the area of restructuring (slides attached as appendix four).

#### *Case study one – Husky*

The Husky case study will be described fully in the national dossier.

#### *Case study two Montage Schweisstechnik Engineering GmbH*

The Montage Schweisstechnik case study will be described fully in the national dossier.

#### *Summary discussion*

Following the presentations, discussion and case studies, the European level social partners made the following broad observations;

Steven D’Haeseleer (BUSINESSEUROPE) said that it was easy to see from the report and the discussion that Luxembourg is a wealthy country that has managed to evolve and adapt successfully over time. What seemed to be missing however from the discussion was a more forward looking view toward the structure of a financial services dominated economy in the post-crisis era. An important issue affecting the shape of the future will be the role adopted by the state to future regulation and control of the finance sector. The post crisis world will need to cope with structural change together with issues of ageing, increasing labour market participation rates and improving productivity. On the specific issue of restructuring, it is notable that in smaller countries personal relationship and trust amongst the key interlocutors are very important. The differences between Luxembourg and other small countries are the plethora of labour market institutions and the pronounced role for tripartism. From an outsider’s perspective, it would appear that there is room for rationalisation of labour market institutions. Finally, it is clear that countries with sound finances are able to do much more than those where public finances are less solidly based.

Liliane Volozinskis (UEAPME) was impressed by the level of mutual trust and respect displayed in the Luxembourgish social partnership. She also reflected however on the relative lack of discussion of future challenges. An area she wished to understand more was the high effectiveness of Luxembourg’s small companies compared to those in

other European countries and she applauded the presentation of the Schweisstechnik small company case study.

Valeria Ronzitti (CEEP) said that the ability of the social partners to cover the ground in the agenda for the seminar in one day reflected a mature and organised approach to social dialogue. She also however questioned the apparent shortage of focus on change anticipation. A particularity of the Luxembourg economy is the proportion of country nationals employed in public administration and she questioned whether this could remain the case in the future taking into account the future world of public finance and the growing trend of reforms and modernisation of central public administrations. .

Maria Helena André (ETUC) agreed with many of the points raised by the other social partners. She also suggested that despite the clear evidence of a successful past, there remain important challenges for the country and the social partners going forward. She explained that she would have liked to have heard more about the role of bipartite social dialogue and also the role played by the social partners in restructuring in small and micro enterprises. The social partners had suggested that work was in hand on the issues of education and lifelong learning and integration of school and university leavers into the labour market and she would have liked to hear more about that. In addition she questioned how the role played by frontaliers would be affected by demographic change. She also raised a question about the treatment of frontaliers given their role as labour market stabilisers. She mentioned that the trade unions have interesting experiences to share through their Inter-regional Trade Union Councils. She suggested that a question not just for Luxembourg, but all European countries relates to the sharp focus on innovative anti crisis measures and the relative lack of focus on what Europe's economies will look like after the crisis.

At the end of the meeting, the social partners were thanked for participation in the meeting and for their positive engagement in the process.

## APPENDICES

1. Attendance list for the seminar;
2. Agenda of the seminar;
3. "A macroeconomic review of restructuring in Luxembourg" and "The role of the social partners in restructuring" – Expert presentation;
4. "Joint EU social partners work relevant to restructuring" – presentation by the European level social partners;
5. Case study one – Husky;
6. Case study two – Montage Schweisstechnik



Project of the European Social Partners with the financial support of the European Commission

Annex 2: Agenda National Seminar on restructuring Luxembourg 22 September 2009

22 September		
0900 – 0915	Introduction to the project	Expert coordinator
	<ul style="list-style-type: none"> <li>➤ Expectations from the national seminar</li> <li>➤ Expectations from the country dossier</li> </ul>	EU social partners (BUSINESSEUROPE on behalf of employers, ETUC on behalf of trade unions)
0915 – 1000	Presentation of the national report sections on macroeconomic background and the nature and extent of restructuring.	Anna Kwiatkiewicz (Country Expert)
1000 – 1030	Plenary discussion “To what extent do the national social partners have a shared understanding of the main restructuring challenges they face?”	Facilitated plenary discussion
1030 – 1045	BREAK	
1045 – 1130	Presentation of the national report section on the role of the social partners in restructuring in Luxembourg at national, sectoral and enterprise levels.	Anna Kwiatkiewicz (Country Expert)
1130 – 1200	Plenary discussion to explore and add to this section of the report, identifying good and innovative practices and why they work.	Facilitated plenary discussion
1200 – 1230	Presentation of the outcomes of the European social dialogue relevant to restructuring.	European social partners’ presentation
	Discussion	Plenary
1230 – 1400	LUNCH	
1400 – 1445	Case study one HUSKY INJECTION MOLDING SYSTEMS S.A. and discussion	Case study presenters and participants
1445 – 1530	Case study two TARKETT GDL S.A. and discussion (CANCELLED)	Case study presenters and participants
1530 – 1545	BREAK	
1545 – 1630	Case study three MONTAGE SCHWEISSTECHNIK ENGINEERING GmbH and discussion	Case study presenters and participants
1630 – 1715	Summary discussion, identifying the strengths and weaknesses of overall social partner activity in the area of restructuring covering both macro and micro interventions	Expert coordinator and participants
1715 – 1730	European level social partner reflections on the discussion and close of the seminar	Expert coordinator and EU level social partners