Joint Conference - Promoting and Reinforcing the EU Social Dialogue

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ECONOMIC SITUATION IN 2013: LACK OF COMPETITIVENESS

- **Wage gap with neighbours (DE, FR, NL)** was still 14% in 2013 ...

- **Belgium loses trade shares**, especially on the goods market
LABOUR COST REFORM: A STEP IN THE RIGHT DIRECTION

- Government has taken measures in order to lower labour cost
- Wage cost moderation
- Indexation stop: -2%
- Tax shift (gradual):
  - Reducing effective employers’ social contributions to a maximum of 25% in 2019: 3 bn€
  - Increasing purchasing power (e.a. personal tax scheme): 4.25 bn€

Reform of employers' social contributions: much lower labor cost --> more competitiveness

Tax wedge ↓

-6.4pp
-2.3pp

Monthly gross salary (€)

Effective % employers' social contributions

10% 12% 14% 16% 18% 20% 22% 24% 26% 28% 30%

1500 2000 2500 3000 3500 4000 4500 5000 6000

2015 2019
Since 2013, wage cost moderation took place

BUT no unanimous agreement between social partners

- 2013-2014: Government had to intervene
- 2015-2016: 1 union did not sign the agreement

Next periods: new Law is in negotiation between social partners, but positions widely divergent

Lack of consent between social partners on these measures somewhat surprising, as clear positive impact on private sector employment is already showing
Number of employees in private sector (x1000; BNB)