WORKING PAPER

Industrial relations and social dialogue

# Luxembourg: Working life in the COVID-19 pandemic 2021

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**Eurofound reference number:** WPEF22020



*Research carried out prior to the UK's withdrawal from the European Union on 31 January 2020, and published subsequently, may include data relating to the 28 EU Member States. Following this date, research only takes into account the 27 EU Member States (EU28 minus the UK), unless specified otherwise.*

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# Introduction

Political and economic life in Luxembourg during 2021 has been heavily marked by the COVID-19 pandemic. In late 2020 and early 2021, strong restrictions were put in place to control the spread of the pandemic: nightly curfews, closure of restaurants and bars, cancellation of indoor events and recommendation to telework. Schools were, however, mostly kept open in 2021, except for a nation-wide closure of schools from 8 to 12 February 2021 to counter the spread of the Alpha variant of the virus among children and youngsters.

The vaccination campaign gradually gained speed over the first half of the year. Over the summer months, the vaccination rate started, however, to stagnate at around 60% of the total population. To increase the vaccination rate, the government relied on indirect pressure on the non-vaccinated over the second semester of 2021. The COVID-Check health pass system was extended to workplaces in October 2021, allowing employers to limit access to the workplace to vaccinated, recovered, or negatively tested workers. Mandatory tests have also been put in place in hospitals and care facilities to limit transmission risks between health workers and hospital patients/residents of long-term care facilities. In Autumn 2021, Luxembourg faced a fourth wave of the COVID-19 pandemic, which did, however, not provoke as many hospitalizations as the previous waves due to the progress made in vaccinations.

The strong presence in Luxembourg of financial activities and of companies from the information and communication sector that provide services in digitalization has limited the adverse economic impact of the COVID-19 pandemic. Even in 2020, the year that the impact of the COVID-19 pandemic was strongest, employment in Luxembourg grew by 2% (although working hours fell by 3.3%). During the second trimester 2021, employment grew by 3.7% in comparison to the second trimester 2020. Public revenue is expected to grow by 10% in 2021 (after having contracted by 1% in 2020) and the GDP by approximately 7% in 2021 (STATEC, 2021c). The government budget balance is expected to be close to the equilibrium in 2021.

As concerns partial unemployment, a very high number of workers were in partial unemployment during the first lockdown in 2020 (among others, because the construction sector was shut down). Later on, hospitality, tourism (taxis, hotels and travel agencies) and the events sector came to be the main industries concerned by partial unemployment. In October 2021, still 607 companies asked to be admitted to the partial unemployment scheme and 11.371 workers were eligible for partial unemployment. Unemployment stood at 5.3% in December 2021.

On 5 January 2022, the full vaccination rate (at least two doses) in Luxembourg stood at 69.3% of the total population according to the European Center for Disease Prevention and Control, which was below the vaccination rates of its neighbouring countries, Belgium, France, and Germany.

# Political context

During 2021, the political agenda of the government made up of the centre-right Democratic party, the center-left social-democrats and the Green Party has been dominated by the COVID-19 pandemic. As in 2020, most of the government's energy went into managing the COVID-19 crisis and mitigating its impact. Notably, two of the flagship reforms that the government, which was elected in 2018, planned to undertake are delayed or compromised: an ambitious reform of the taxation regime and the legalization of the use of Cannabis. Issues such as digitalization, climate change and the lack of affordable housing received less attention than they would probably have in the absence of a pandemic. No progress has been made on a longstanding concern of trade unions: a reform of the law on collective bargaining with the goal of increasing the number of collective agreements negotiated at industry and company level.

After a brief period around summer 2021 when the number of infections was contained, the fourth wave of the COVID-19 pandemic that started in Autumn 2021 once again put the pandemic in the spotlight. During the first wave of the pandemic in 2020, the government measures to contain the pandemic had enjoyed a very broad support among the parties represented in parliament and among trade unions and employer organisations. This widespread support started eroding, however, over the course of the second semester 2020 and further eroded in 2021, as testified by the debates on the COVID-Check health pass system. Opposition parties, trade unions and employer organisations increasingly became more critical of governments' policies to contain the spread of COVID-19 depending on the variegated interests of their constituencies and members, which were exposed to different degrees to the sanitary and economic effects of the pandemic.

In December 2021, three important members of the government stepped down: the vice prime-minister and minister of labour Dan Kersch and the minister of social security Romain Schneider (both social-democrats), as well as the minister of finance, Pierre Gramegna (Democratic Party). Kersch, whom the main trade union Luxembourg Independent Trade Union Confederation (OGBL, Onofhängege Gewerkschaftsbond Lëtzebuerg) considered a key ally, put forward health reasons, whereas Schneider and Gramegna declared that they aspired to a better work-life balance. This nearly synchronous stepping-down of three ministers in the middle of the fourth wave of the COVID-19 pandemic has nourished rumours in the media as to the stability of the coalition government and the likelihood of anticipated elections.

# Governments and social partners response to cushion the effects

The main measures taken in response to COVID-19 have been the extension of working time in the health and care sector, direct aids to companies impacted by the COVID-19 crisis, the extension of the partial unemployment scheme and family leave arrangements for parents whose children have been placed in quarantine or isolation.

**Ensuring business continuity and support for essential services:**

The government introduced the possibility to extend the maximum working time to up to a maximum of twelve hours per day and sixty hours per week for employees in the health sector, including in hospitals and medical analysis laboratories, in the aid and care sector as well as for staff supervising accommodation structures for minors placed under a custody measure. To be able to extend the working time, the employer concerned had to request an authorisation from the Minister in charge of Labour, who granted it after verification of the conditions set by the law. Before requesting the extension, the employer had to ask for the opinion of the staff representation body.[i]

**Supporting businesses to stay afloat:**

To cushion the economic repercussions of the measures taken to contain the COVID-19 pandemic, the government decided to extend the benefit of the state's temporary contribution to the uncovered costs of certain companies provided for by the Law of 19 December 2020. The "uncovered costs" can be determined as the difference between total income, subsidies for the compensation of the partially unemployed, other public aid and insurance benefits received and the amount corresponding to 75% of operating costs. By way of derogation from the above, an amount corresponding to 100% of operating costs is considered if the enterprise has closed due to the pandemic. The concerned industries are tourism, catering, events, culture, entertainment, continuing vocational training organisations, companies in the in-store retail sector and similar sectors, such as the personal care sector.[ii]

In the context of the COVID-19 pandemic, the government decided to step up support for businesses by setting up a new financial assistance for companies in the sectors most affected by the pandemic and whose financial situation made it difficult to bear the costs resulting from the increase in the minimum wage scheduled for 1 January 2021. The aid was destined namely to companies in the domain of tourism, events, culture, hospitality, entertainment, retail as well as continuing vocational training.[iii]

**Employment protection and retention:**

Until the end of June 2021, companies in the hospitality, tourism and events industries affected by the COVID-19 crisis benefitted from an accelerated and simplified access to structural short-time working schemes, without limits on the number of entitled employees. From July 2021 onwards, access to short time working schemes was again placed under the regular scheme (the law distinguishes between partial unemployment for cyclical, structural, force majeure or economic dependence reasons).[iv]

**Measures to prevent social hardship:**

Parents who had to look after children of less than 13 years placed in quarantine or isolation by order or recommendation of the health authorities have the possibility to take a specific family leave paid for by social security.[v]

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[i] Eurofound (2020) Temporary extension of working hours in the health sector, case LU-2020-44/1650 (measures in Luxembourg), COVID-19 EU PolicyWatch, Dublin.

[ii] Eurofound (2020) Extension of temporary State contribution to uncovered costs of companies, case LU-2020-51/1661 (measures in Luxembourg), COVID-19 EU PolicyWatch, Dublin.

[iii] Eurofound (2021) Compensation for the increase in minimum wage in the context of COVID-19, case LU-2021-1/1669 (measures in Luxembourg), COVID-19 EU PolicyWatch, Dublin.

[iv] Eurofound (2021) New dispositions on partial unemployment, case LU-2021-1/1662 (measures in Luxembourg), COVID-19 EU PolicyWatch, Dublin.

[v] Eurofound (2021) Family leave in the context of the COVID-19 pandemic, case LU-2021-4/1847 (measures in Luxembourg), COVID-19 EU PolicyWatch, Dublin.

# Adapting to the pandemic and the return to work: Policies and debates

## New occupational health and safety rules

To contain the spread of the COVID-19 pandemic, the government maintained in 2021 the essential health and safety regulations at workplaces decided on 17 April 2020, such as the need for employers to carry out risk assessments to minimize the exposure of workers to COVID-19 infection risks, social distancing, mask mandates and hygiene requirements.

With the start of the vaccination campaign in late 2020, the prioritization of vaccinations and the issue of testing requirements became key issues of the political debate. While health workers were the only occupational group prioritized during the vaccination campaign, the main public sector union General Public Sector Confederation (CGFP, Confédération Générale de la Fonction Publique) asked for a priority vaccination of teachers and police personnel. The OGBL declared, for its part, that, lacking expertise, it was not able to take position on the priorization of occupational groups.

Care homes for the elderly emerged as a hotspot of the COVID-19 pandemic in Luxembourg, with numerous deaths reported and widespread public debate over the handling of the pandemic in care homes. While health and care workers were prioritized during the vaccination campaign, unions criticized that personnel working for subcontractors in hospitals and care homes were not vaccinated along with the regular staff. The government introduced regular mandatory testing requirements for the non-vaccinated personnel in the health and care sector in June 2021. Despite the low vaccination rates among workers in care homes for the elderly, which were estimated to be standing at approximately 60% in July 2021, the OGBL, as the main union in the healthcare sector, did not support the mandatory tests. Stressing the individual freedom of workers and data protection issues, the OGBL insisted that these tests should be strictly voluntary and that the personnel should not be placed under any obligation to disclose its vaccination status to the employer.

Facing the general lack of progress of the vaccination campaign and a resurgence of COVID-19 infections during the second semester of 2021, the government introduced in November 2021 the possibility for companies to implement the COVID-Check, under which only vaccinated, recovered or negatively tested workers have access to certain locations, such as bars and restaurants. This measure was taken to increase the vaccination rate, which had stagnated over the summer months and was standing at 64% on 15 October 2021. Taking up a proposal by the umbrella employer organization Union of Luxembourg Enterprises (UEL, Union des Entreprises Luxembourgeoises), the government gave employers the possibility to operate under the COVID-Check system. If the employer chose to function under the COVID-Check system, workers only had access to the place of work if they had proof of vaccination, recovery or were negatively tested. On the other side, several sanitary restrictions were not mandatory anymore at workplaces implementing COVID-Check, such as masks and social distancing.

Unions opposed the application of the COVID-Check system at workplaces. They criticized in particular that non-vaccinated workers had to pay themselves the tests, denounced data protection issues and possible sanctions for employees refusing to comply. Unions also stressed the fact that the government had not properly consulted them before taking a decision. As companies with more than 150 employees need to negotiate with their staff delegation over the implementation of health and safety measures at the workplace, the unions' position on COVID-Check represented an obstacle to the implementation of the COVID-Check pass at many workplaces. Staff representatives at Luxembourg's national airline company Luxair refused for instance the adoption of the COVID-Check pass, which kept the company from adopting it. Other companies did not implement the COVID-Check system because they considered it too cumbersome and difficult to put into practice. While unions' rhetoric was often stringent, they refrained from organizing any kind of collective action in the public sphere, where they would have risked attracting members of Luxembourg's numerically small but vocal and increasingly radical anti-vaccination movement.

Given the low uptake of the COVID-Check system and facing a surge of infections, the government held tripartite talks in early December 2021 over rendering the COVID-Check system mandatory at workplaces. Trade unions now endorsed, together with the umbrella employer organization UEL, a mandatory COVID-Check system at workplaces. From 15 January 2022 onwards, only workers who are vaccinated, recovered or tested negative can access the workplace. Tests have to be paid for by workers themselves. The only concession to unions was that the government excluded dismissals as a sanction for workers refusing to be tested, but created the possibility of putting them on leave without pay. Unions' lukewarm acceptance of the mandatory COVID-Check pass may be because they were worried of losing touch with the general sentiment in the population, characterized by mounting frustration over the lack of progress of the vaccination campaign. The fact that unions, this time around, were consulted on an equal footing with the employer organization UEL by the government, has probably also contributed to their acceptance of the COVID-Check pass.

While representatives of the UEL have stressed that they would also support general mandatory vaccinations, trade unions have appeared far more cautious, raising mostly caveats and objections to mandatory vaccinations.

## New working arrangement policies

Given the heavy service orientation of Luxembourg's economy, which is centred on financial services, a majority of the workforce worked remotely during the first lockdown in 2020. Luxembourg was the EU country with the most employees working from home in 2020, according to the EU Labour Force Survey. If the financial sector has been barely impacted by the restrictions on economic activities decided to limit the spread of COVID-19, one of the reasons seems to be that work in financial institutes is well-suited to telework (Statec, 2020). Telework remained widespread in 2021, although there has been a gradual return to a stronger on-site presence over the course of the year, resulting in hybrid working arrangements.

Telework raises, however, particular legal difficulties in a country where 46% of the workforce is made up of cross-border workers from one of the neighbouring countries, France, Belgium or Germany. This raises complex issues of taxation and social security. To enable cross-border workers to work from home during the pandemic, Luxembourg's government negotiated agreements with the neighbouring countries in order to grant cross-border workers temporary exemptions from regular tax and social security laws. With the gradual ebbing off of the pandemic, these temporary exemptions cannot be expected to be continued, which raises the question under what conditions teleworking and hybrid working arrangement, to which many workers have grown accustomed, can be maintained in the future. It remains to be seen whether Luxembourg's government will negotiate with the neighbouring countries longer-term special agreements in the field of taxation and social security in order to allow cross-border workers to telework from their place of residence.

In January 2021, an intersectoral agreement on telework negotiated in 2020 between the umbrella employer organisation UEL and the two nationally representative union confederations OGBL and the Luxembourg Confederation of Christian Trade Unions (LCGB, Lëtzebuerger Chrëschtleche Gewerkschaftsbond) was declared to be of general obligation by the government. This agreement defines the modalities of telework and the rights and obligations of workers and employers, distinguishing between “occasional” and “regular” telework. Telework because of the pandemic is considered as “occasional” telework, which engenders less obligations for the employer. In case of “occasional” telework, employers are, for instance, not obliged to carry the costs for IT and other work equipment used by the workers.

In addition, progress has been made as concerns the right to disconnect. In September 2021, a draft law was introduced in Parliament that could introduce a right to disconnect. The draft law intends to introduce into the Labour Code the “respect of the right to disconnect” under the obligations of employers as concerns occupational health and safety. The draft law goes back to an opinion on the need to introduce the principle of the respect of the right to disconnect jointly drafted by trade unions and employer representatives within the Economic and Social Council (Conseil économique et social) in April 2021.

According to the unions, telework also increasingly tends to be regulated in company-level collective agreements or regulations and at the level of industries, such as for instance in the collective agreement of the banking sector. There is also, according to unions, a demand by workers for telework in sectors until now not accustomed to this way of organizing work, such as for instance in certain activities in the manufacturing industry.

## Labour shortages

Labour shortages and hiring difficulties are becoming more and more an issue in Luxembourg. Concerns are increasing over a growing mismatch between supply and demand on the labour market. The number of vacant positions declared to the public employment service ADEM is relatively high. During the month of October 2021, employers declared 3,909 vacant positions at ADEM, which corresponds to an increase of 33.4% compared to October 2020.

In the public sector, recruitment difficulties have become a major issue for the police force and in primary and secondary education. In the private sector, accounting and auditing, construction and crafts, information technologies and communication, and banks and finance were the main industries in search of candidates. During the COVID-19 pandemic, the spotlight was once again put on the shortage of medical personnel. Medical doctors, nurses and midwives are the most sought-after professional groups in the medical sector. Luxembourg’s government was in particular worried during the early phase of the pandemic in 2020 that one of the neighbouring countries might requisition the medical personal living on its territory. This would have had devastating consequences for Luxembourg’s health care system, where 62% of caregivers come from one of the neighbouring countries. In response, the government has underlined the need to train more resident students as medical professionals.

Luxembourg’s labour market is already strongly dependent upon non-nationals. Indeed, 46% of jobs are filled by cross-border workers from neighbouring countries, 27% by resident immigrants, with a large majority of them coming from other member states of the EU, and 27% by native residents. Luxembourg's labour market depends for its attractiveness on the ability to offer high net salaries, which are made possible by income taxes and social security contributions that are lower than in the neighbouring countries (Zahlen, 2008).

However, traffic congestion and long commuting hours risk standing in the way of a further extension of Luxembourg's cross-border labour market. At the same time, ever-rising housing prices are an obstacle for immigrants wishing to take up residence in Luxembourg.

## Wages and wage-setting

In Luxembourg, the existence of the wage indexation mechanism whereby wages are automatically adjusted to the inflation takes out a lot of the pressure of wage negotiations. It is also noticeable that Luxembourg is one of the EU countries were annual bonuses have the strongest impact on the average yearly wage level. Bonuses are, however, mostly concentrated in financial activities and in professional, scientific and technical activities (Statec, 2021b).

Trade unions consider that the trend as concerns collective bargaining over wages has been positive in 2021. Over the last years, unions have often faced employer resistance to linear seniority-related wage increases, as employers preferred to pay merit-based wage bonuses. For instance, in banking (the key sector of Luxembourg's economy), the multi-annual collective agreements concluded in 2014 and 2018 did not contain any linear pay increases. The agreement negotiated for the banking sector in June 2021 between the Luxembourg Bankers Association ABBL, the Luxembourg Association of Bank and Insurance Employees (ALEBA, Association Luxembourgeoise des Employés de Banque et Assurance), OGBL and LCGB did, however, contain general linear increases of 0.7% in 2022 and of 0.5% in 2023, besides merit-based wage bonuses comprised between 0.3 and 0.5%. The negotiation of this collective agreement was accompanied by conflicts between unions. Following the poor showing of ALEBA during the 2019 election of the Chamber of Wage Earners (CSL, Chambre des salariés), the OGBL and LCGB challenged indeed the sectoral representativeness of ALEBA and successfully asked the ministry of labour to withdraw the recognition of ALEBA's sectoral representativeness which allowed the union to sign collective agreements in the banking and insurance sectors. In reaction, ALEBA took legal action against the ministry of labour's decision, the outcome of which is still pending.

The wage agreement in the public sector negotiated by the CGFP and the government in March 2021 for the years 2021 and 2022 institutes a wage freeze. The wage agreement states that the signatories wanted to take into consideration the context of the COVID-19 pandemic and the uncertainties over the pandemic's impact on public finances. In addition, they declared to focus on increasing the quality of working conditions of public servants, among others through provisions on teleworking.

Another key sector in terms of trade union presence is the sector of care and social activities where the OGBL and LCGB negotiated in February 2021 an increase in wages close to 2% in the collective agreement covering the years 2021-2023.

In the future, union representatives expect the labour shortages in many industries to contribute to a push for higher wages. The national statistical office, STATEC, has already noted that the labour shortages have caused longer working hours in several industries. As a further consequence, wages could also increase (Statec, 2021a). Furthermore, according to trade unions, issues of work-life balance are growing in importance at industry and company level, compared to demands for higher wages.

# Impacts on the social dialogue and collective bargaining

As concerns the COVID-19 pandemic's impact on social dialogue and collective bargaining, the situation is mixed. While trade unions criticize that the government did not use more strongly national-level tripartite social dialogue to address the COVID-19 crisis, employer organizations state that they are overall satisfied with the consultation enacted by the government. Lower-level tripartite forums such as the Tripartite Economic Committee (Comité de conjoncture) seem to have functioned smoothly, just as the Economic and Social Council. Collective bargaining at industry and firm-level has apparently returned to normal.

As concerns national-level social dialogue, trade unions still criticize, as in previous years, the lack of a structured social dialogue at national level. Trade unions had requested on different occasions that the tripartite coordination committee be convened to discuss the social impact of the COVID-19 pandemic. Trade unions consider the tripartite coordination committee as the forum par excellence to respond to crises. Over the course of 2021, they have, however, been isolated in asking for a gathering of the tripartite coordination committee. Policymakers have been reluctant to reconvene the committee since the failure of the tripartite convened in 2010 to agree on responses to the economic crisis (Thill and Thomas, 2011), while employers increasingly consider the tripartite as a "theater play" without much substance (*Lëtzebuerger Land,* 2020).

When the government eventually held a meeting of the tripartite coordination committee in December 2021, the meeting did not respond to the expectations of unions. While the meetings of the tripartite coordination committee in the 2000s used to be long and arduous negotiations rounds, spread over several days, leading to major decisions, the tripartite meeting of December 2021 only lasted a few hours and did not lead to any major outcome (the main measures announced were the prolongation of the partial unemployment scheme and of financial aids destined to keep businesses afloat). To express their disapproval, unions did not participate in the press conference that followed the meeting and published instead a press statement spelling out their disappointment that the government did not sufficiently consider their demands (OGBL, LCGB, CGFP, 2021).

Unions also regret that negotiations within another important tripartite body, the Permanent Committee of Labour and Employment (CPTE, Comité permanent du travail et de l'emploi), still seem to be blocked. The planned reform of the law on collective bargaining, to which employers are strongly opposed, should for instance have been discussed within the CPTE. Other tripartite forums, such as the Tripartite Economic Committee, which discusses the requests by companies for partial unemployment, function smoothly. Trade unions and employers seem also to have collaborated well in the framework of the Economic and Social Council, where they have adopted joint positions. The UEL, LCGB and OGBL furthermore took a common position in the framework of the consultations within the European semester.

While in 2020, collective bargaining has been negatively impacted by the contact limitation measures, with many negotiations over the renewal of collective agreements being blocked because of the pandemic, in 2021, more industry-level collective agreements have been negotiated and signed, notably in banking and insurances, care and social activities, cleaning and security services.

Whereas in 2020 numerous negotiations had to be held remotely, in 2021, face-to-face negotiations once again became the norm.

In addition, the OGBL and LCGB negotiated with the UEL two intersectoral agreements in late 2020 and 2021 concerning telework and the right to disconnect. The intersectoral agreement on telework has already been transposed into law and the agreement on the right to disconnect can also be expected to be transposed into law in the future.

# Labour disputes in the context of the pandemic

During the economic downturn triggered by the COVID-19 pandemic, two of Luxembourg's largest companies, the steel producer Arcelor-Mittal and the national air company Luxair, have cut many jobs. Luxembourg's tradition of finding negotiated solutions and of state involvement as a facilitator of collective bargaining and mediator in case of conflicts has come into play in both instances.

After the announcement of personnel reductions at the steel company Arcelor-Mittal, a sectoral steel tripartite meeting was convened in January 2021, bringing together Arcelor-Mittal, the OGBL, the LCGB and the state. The steel company argued that it had already been confronted with a difficult market situation, which had been made worse by the COVID-19 pandemic. As a result of the tripartite negotiations, 536 jobs will be cut at Arcelor-Mittal. Among them, approximately 300 workers will go into early retirement and a maximum of 280 workers will join a "cellule de reclassement" which is to facilitate their search for a new job (outplacement, reclassification, training). As a counterpart for this significative public aid, Arcelor-Mittal has taken the commitment to keep its production facilities in Luxembourg in activity and to invest at least 165 million in Luxembourg until 2025.

The national flight company Luxair was badly hit by the pandemic. Following the collapse of civil passenger flights during the first lockdown, Luxair encountered severe financial difficulties and had an excess workforce. Tripartite negotiations were conducted first in October 2020 and then in September 2021 between Luxair, the OGBL, the LCGB and the state to discuss measures to cushion the social effects of headcount reductions. The agreements reached in the aviation tripartite see 300 workers being placed into a "cellule de reclassement" and approximately 300 go in early retirement, while other workers are hired out to the state.

In addition, several work retention plans have been signed, in link with partial unemployment schemes, in particular in hospitality, taxi companies and in the auto garage and repair sector, which have all been heavily impacted by the COVID-19 pandemic. These work retention plans are destined to avoid dismissals. Instead, workers can work part time on a voluntary basis, go into early retirement, be loaned to other companies or follow internal or external trainings. Dismissals for economic reasons are not allowed in companies that have signed a work retention plan. These work retention plans have been negotiated between the trade unions OGBL and LCGB and the competent employer federations without much public debate or conflict.

It is noteworthy that two cycles of collective mobilization directly related to the COVID-19 pandemic's impact on the world of work were conducted by non-traditional actors, situated outside of the usual forums of interest representation.

In January and February 2021, employers and workers from the hospitality industry took several times to the street to protest COVID-19 related restrictions touching hospitality and the lack of financial support for independent workers. These demonstrations were mainly organized via Facebook by an ad hoc movement that called itself "Don't forget us". The movement's spokespeople repeatedly criticized the supposed lack of action and remoteness of the well-established Horesca federation (affiliated to the UEL), which had negotiated the public help regime with the government. While the government was careful not to engage directly with the "Don't forget us" movement or to recognize its spokespersons, the public aid regime for independent workers was adapted in February 2021, addressing one of the main demands of the movement.

Starting in late November 2021, health workers in hospitals gathered on several occasions on their workplaces to draw attention to the difficult situation that hospitals and health workers were facing because of the fourth wave of COVID-19 infections. They called for the general population to get vaccinated and to stick to social distancing rules. Acting under the slogan “Yes we care”, the movement was also conceived as a response to the so-called “White Marches” (“Marches blanches”) conducted by the small, but vocal and increasingly radical anti-vaccination movement in Luxembourg. Trade unions were not involved in the symbolic “Yes we care” movement.

# Commentary and outlook

The economic impact of the COVID-19 crisis has been less acute in Luxembourg than in the other EU member states. This is due to the structure of Luxembourg's national economy, strongly geared towards financial services which were less impacted by the pandemic and could switch to remote work. The ups and downs of the pandemic have strongly focused the attention of political decision-makers, with renewed debates during the recent period over how to achieve stronger vaccination levels.

In general, the COVID-19 pandemic did not lead to fundamental reshuffles within Luxembourg's industrial relations system. The pandemic has obviously accelerated several developments, such as the increasing digitalization of the world of work and the trend towards hybrid forms of working (part telework, part on site). It seems also to have accelerated the tendency towards company-level bargaining. The pandemic did not lead to a revival of the Tripartite coordination committee. As a crisis of the magnitude of the COVID-19 pandemic was not enough to rehabilitate this former key instrument of crisis management, the question arises under what circumstances a revival of the Tripartite coordination committee could take place. Bipartite negotiations between the government and trade unions or the government and employer organizations seem to take the place of the traditional top-level tripartite concertation forums. The COVID-19 pandemic has, however, led to intense consultations in lower-level tripartite bodies such as the Tripartite Economic Committee (Comité de conjoncture) in charge of partial unemployment and in industry-specific tripartite forums, such as in the “steel tripartite” or the “aviation tripartite”. Collective bargaining at company and industry level has also resumed after a period of disruption during the first lockdown in 2020.

Unions had been struggling with falling unionization levels already before the pandemic. Density decreased from 50% in 1980 to 43% in 1998 and stood at 28% in 2019. Employment creation has indeed been most vigorous in industries where the presence of unions is traditionally weak, such as business services and retail. It now remains to be seen to what degree the pandemic and the resultant spread of telework, which make it more difficult for unions to reach workers, have possibly further accelerated the trend towards deunionization.

Labour shortages and hiring difficulties can be expected to move more and more to the foreground over the next years. High immigration and cross-border workers have up to now been key to the growth of Luxembourg's economy. In the future, ever-rising housing prices in Luxembourg risk keeping migrants from moving to Luxembourg, while traffic congestion and long commuting hours stand in the way of a further extension of Luxembourg's cross-border labour market.

Luxembourg employers spelled out time and again, in particular since the economic and financial crisis of 2008, their opposition to the automatic indexation of wages, whereby wages are adjusted to consumer price increases. While the issue did not appear very relevant in the low-inflation environment of the last years (inflation was particularly low in 2015 and 2016, two years that did not see any wage raise triggered by the indexation mechanism), the renewed inflation will probably bring back to the foreground the issue of wage indexation. The general issue of elevated living costs in Luxembourg, mainly due to high housing costs, can also be expected to remain relevant, as the poverty risk in Luxembourg has been continuously increasing over the last two decades, growing from 11.9% in 2003 to 17.4% in 2021.

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**WPEF22020**