Employment Guide

A – Z for Belgium (per September 2012)

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Introduction
1. Anti-discrimination regulations
2. Business transfers
3. Compromise agreements
4. Employment contracts
5. Employee benefits
6. Handbook for employees
7. Health and safety
8. Illness regulations
9. Immigration and work permits
10. Industrial action (strike)
11. Non competition clause / other restrictive stipulations
12. Restructuring and redundancy
13. Secondment of employees and expatriates
14. Social security
15. Specifics of Belgian employment law
16. Tax matters
17. Termination of employment
18. Trade Unions
19. Works Council

Introduction – Belgian Labour Law in General Terms

Employment law is one of the most complicated branches in the entire Belgian legal system.

Therefore it is important to understand the basic structures and principles of Belgian employment law.

Belgium has its own particular political structure, mostly due to the fact that there are three sections of the population that speak a different language: Dutch, French or German.

Consequently, the competence for making laws has been spread over different levels and different governments.

So employment law can be found in a law issued by one of those governments (then it is called 'wet', 'decreet' or 'ordonnantie') or it can be found in a decision signed by the King ('Koninklijk besluit') or a Minister ('ministerieel besluit').

When there is a dispute between an employer and an employee, it is possible that every party grounds their claim on a different source or document.

That is why, in Belgian employment law, there is an article that explicitly states which source takes precedence over another.

Article 51 of the Law of December 5th 1968 imposes the following hierarchy:

1. Provisions of a law (meaning ‘wet’, ‘decreet’, ‘ordonnantie’, ‘Koninklijk besluit’ or ‘Ministerieel besluit’) from which one can not deviate;
2. A so-called ‘collective labour agreement’ or ‘C.L.A.’ (in Dutch: ‘collectieve arbeidsovereenkomst’ or ‘C.A.O.’) that has been declared binding to everyone and upon which agreement has been reached in
    a. the ‘Nationale Arbeidsraad’;
    b. the ‘Paritair Comité’;
    c. the ‘Paritair Subcomité’.
3. A ‘C.L.A.’ that has not been declared binding to everybody, but that has been signed by the employer himself or by an organisation of which the employer is a member, and the agreement has been reached in
    a. the ‘Nationale Arbeidsraad’;
    b. the ‘Paritair Comité’;
    c. the ‘Paritair Subcomité’;
    d. another type of committee.
4. The written employment contract of an individual employee.
5. A ‘C.L.A.’ that has not been declared binding to everybody and that does not fulfil the conditions as mentioned in 3.
6. Corporate directives for employees.
7. Provisions of a law that one can deviate from.
8. An employment contract of an individual employee that has been contracted verbally.
9. A custom.

A ‘collective labour agreement’ is an agreement on certain points that has been reached by the (representatives) of the employers and the representatives of the employees.

The ‘Nationale Arbeidsraad’ is the consultative body on the federal level.
It is composed of an equal number of representatives of organisations of employers and unions.

A ‘Paritair Comité’ is a committee of employers and trade-unionists who are equally represented.

Every industrial branch has its own committee.

1. <u>Anti-discrimination regulations</u>.

In Belgian employment law, there are three relevant laws on this subject: a law against discrimination, a law against racism and a law that imposes equality between men and women.

The law against discrimination states that a direct distinction made between employees that is based on age, sexual orientation, religion or handicap is only allowed when the difference is justified by the essential and determining requirements of the job.

A direct distinction based on marital status, birth, wealth, political conviction, language, current or future state of health or physical quality is only justified when that distinction serves a legitimate purpose.
Any indirect distinction that is made, has to be objectively justified by a legitimate purpose and the means used to reach that purpose have to be appropriate and necessary.

According to the law against racism, any distinction based on race, colour, origin or nationality is only allowed when it is justified by an essential and determining requirement of the job.

The law that imposes equality between men and women also stipulates that the abovementioned criterion is the only justification for any distinction made between men and women.

An employee that files a complaint for discrimination on any of these grounds, and the colleagues who witnessed this discrimination, can not simply be discharged because they are protected by law.

2. Business transfers.

A business transfer takes places when the employees get a new employer.

In principle, Belgian employment law stipulates that in case of a business transfer, all the employees that have been employed at that certain company without interruption, will retain their seniority and all of their rights.

C.A. n° 32bis is applicable in case of a business transfer after sale or after bankruptcy.
So it is not applicable in case of a restructuring or a business transfer following the death of the employer.

In case of a business transfer due to the sale of the company by the original employer, the employees will retain virtually all their rights.
It is obvious that only the rights and obligations resulting from the employment contracts that existed at the time of the sale, will pass on to the new employer. These rights and obligations are passed on automatically, without the possibility to make any kind of change to them.
When the new employer has bought the company, he is obliged to employ all the employees of the seller, without any exceptions.
An employee can only be fired based on economical, technical or organizational reasons that have an impact on the extent of the employment in the company.

In case of a business transfer after bankruptcy of the company, C.A. n° 32bis is only applicable if the transfer takes place within the first six months after the bankruptcy and if the new employer carries on or resumes an identical activity as the one that was exploited by the original employer.
This C.A. can only be invoked by the employees that were still working for the company at the time of bankruptcy and by the employees that were discharged within the month before the date of bankruptcy, but have not yet been paid a compensation.
Contrary to the business transfer due to sale, in this case the new employer is permitted to choose the employees he wants to keep.
These employees also retain virtually all their rights.

3. Compromise agreement.

The most simple way to end a contract is presented when both parties agree to the termination.

In that case, both parties can simply sign a new agreement to dissolve the previous employment contract.
It is obvious that this compromise agreement has to be clear and has to thoroughly describe the rights and obligations of both parties.

Usually both parties agree upon a severance pay that has to be paid by the employer.
In most cases this severance pay is identical to the amount the employer is obliged to pay, by law, in case the employee is given notice.

4. Employment contracts.

As mentioned in the introduction, Belgium is divided into a Dutch speaking, a French speaking and a German speaking area.

It is obvious that this partition has its consequences on the language an employment contract has to be drafted in.

The criterion that determines the language of the contract is the location of the operational seat of the company.

In Belgian employment law, three elements need to be present to qualify a contract as an employment contract: an employee has to perform labour for wages, paid by the employer, and the labour is performed under the authority of the employer.

An employment contract can be modified to suit almost any kind of work: it can be for a limited period of time, for an indefinite period of time, for a certain and concrete job or for the replacement of another employee; it can be for a specific kind of employee or it can be for full-time or part-time work.
The number of employment contracts for a limited period of time, that can be concluded between an employee and an employer without interruption, is limited by law.

The contract can be concluded verbally or in writing.

It has to be noted though, that some types of work and some special stipulations have to be concluded in writing.
An employment contract for a limited period of time, for a certain and concrete job and for the replacement of another employee as well as a clause about a probationary period and a non – competition clause have to be written down.

It is important to bear in mind that an employment contract only refers to the relation between an employer and an employee in the private sector.
The position of an employee employed by a government is set out a in specific regulation, called a ‘statuut’.

5. Employee benefits.

The wages paid by the employer are usually calculated based on the experience and the type of job that will be executed.

In Belgian employment law, there are stipulations about the minimum wages, the minimum holiday pay and the maximum amount of hours that an employee has to perform.
As mentioned under 1., there is also a law that imposes equality between men and women. Before this law came into force the difference in wages between men and women, executing the same job, was on the average 15%.

A C.A. or the employment contract of an individual employee can always stipulate that an employee will also receive extra's, on top of his wages in money.

These extras can be a company car, a laptop, a cell phone, an insurance, …

In Belgium, one of the most popular extra's is a so-called 'meal certificate' (in Dutch: 'maaltijdcheque').
This certificate can only be used to buy food and other provisions and is excepted by stores and (some) restaurants.
Giving an employee 'meal certificates' instead of rising his wages with the same amount is a lot cheaper for both the employer and the employee because no social contributions have to be paid.

6. Corporate directives for employees.

The corporate directives for employees (in Dutch: 'arbeidsreglement') set out the general conditions of employment and/or inform the employees about the way their job is organised and about the way the company is operated.

The content, the scope and the procedure to draw up and alter these directives is fixed by law.

Every employer that falls within the scope of this law is obliged to draw up these corporate directives for his employees, regardless of the number of employees of the company.

The corporate directives apply to both the employer and (almost) all of his employees.

An employer always has the opportunity to draft up different versions of these directives for different groups of employees or for different departments within the company.

The corporate directives have to contain stipulations about, among others, the duration of the holidays, the timetables, the payment of the wages, which collective agreements are applicable, the term of notice and the reasons that justify the immediate termination of the employment contract, the location of the first-aid kit,…

Furthermore, there is a special procedure that has to be followed when one wants to draw up or alter the corporate directives.

Finally it is important that, when an employee starts to work for a company, he is presented with a copy of the corporate directives.

If he is not, he is not legally bound by the stipulations of these directives.

7. Health and safety.

Any company that employs 50 people or over is obliged, by law, to form a committee that is responsible for the health and safety of the employees (in Dutch: 'Comité voor Preventie en Bescherming op het Werk').

The committee is composed of representatives of the employees and (representatives of) the employer.

The representatives of the employees are elected during the social elections in the company.

This committee is informed by the employer about everything that might have an effect on the execution of the job and it can give advice to the employer on these matters.
In certain matters the employer has to get approval from the committee, e.g. on the appointment of the so-called 'P.A.' or 'preventie-adviseur'.

A P.A. is the direct link between the committee itself and the employees.
He or she can be addressed by the employees that want to file a complaint.

A complaint can be made when the legal stipulations regarding health and safety are not met.
These stipulations are numerous: the employer has to take measures to insure the health and safety of his employees and to prevent accidents from happening; the employees have to see to their own safety and that of their colleagues; any form of violence, teasing and misplaced sexual conduct is legally forbidden,…

The P.A. will guide the employee through the proper procedures for filing a complaint.

Both the members of the committee and the P.A. can only be discharged by the employer for reasons that are not related to their position as trusted representative of the employees.

8. Illness regulations.

When an employee is not able to perform his duties due to an illness, the execution of the employment contract is suspended.

However, in this case the employer is still obliged by law to pay his employee for a certain period of time.

In Belgium, a distinction is made between two kinds of employees: those that perform manual labour (in Dutch: 'arbeider') and those that only have to use their brains for their job (in Dutch: 'bediende').
Both categories will receive (a part of) their wages from the employer during the first month of illness, though the amounts that have to paid by the employer are calculated in a different way.

In case the employee is an 'arbeider' the employer will have to pay him 100% of his wages during the first 7 days of illness and 85,88% during the next 7 days.

When this employee has been ill for a total period of less than 14 days, the employer will not be obliged to pay him for the first day of the first seven-day period.
When the total period of illness exceeds 14 days, the employee will receive his wages for the 15th until the 30th day of illness, partly from the employer en and partly from the National Health Service.
After the 30th day of illness, the employer is no longer obliged to pay his employee, and therefore the employee will only receive (a certain percentage of) his wages from the National Health Service.

In case the employee is a 'bediende' the employer is obliged to pay his wages for the first 30 days of illness.
After that period, this type of employee too will only receive (a certain percentage of) his wages from the National Health Service.
It has to be highlighted that this latter procedure is applicable to the largest part of the 'bedienden', but for a small percentage of these employees (e.g. those that are still working in their probationary period) the payment procedure is the same as that applicable to 'arbeiders'.

Belgian employment law also contains stipulations about the way an employee has to inform his employer about his illness: the employee has to inform his employer as soon as possible and in some cases the employee even has to prove his illness by forwarding a medical certificate (drawn up by a physician) to his employer.

An employer can always commission a physician of his own choice to examine the employee in order to determine if that employee really is ill.

After a period of six months of illness of an employee, an employer is allowed to discharge that employee on the condition that the compensation, as stipulated by law, is paid.

Finally it is important to keep in mind that there are specific laws concerning occupational diseases and accidents that happen to an employee during work.

9. Immigration and work permits

If a Belgian employer wants to employ a foreigner, he has to apply for a work permit and a work card type B for this employee.
However, (most) subjects of a member state of the European Union, Iceland, Norway, Liechtenstein and Switzerland are not obliged to have such a card.

Afterwards the foreign employee can apply for a visa based on that work permit.

All subjects of countries outside the European Union, as well as subjects of Iceland, Monaco, Norway, Liechtenstein en Switzerland that want to reside in Belgium for more than three months, need to have a visa.

Before coming to Belgium the foreign employee has to apply for a visa for Belgium at the Belgian embassy or consulate in their homeland.
In order to obtain a visa the foreign employee has to submit a passport that is valid for at least a year, a document that proves his good conduct for the last five years, a clean bill of health and a work permit.

When a visa has been granted and the foreign employee arrives in Belgium, he has to report to the municipality in order to regularize his stay in Belgium.

There are three different types of work cards:

- Work card type A is valid for an indefinite period of time and is granted to a foreign employee that has been in Belgium for maximum ten years and has had a work card type B for at least four years.
  It is the foreign employee himself that needs to apply for this type of card by filling out the appropriate forms.
- Work card type B is limited to the employment under authorisation of only one specific employer and is valid for twelve months. When an employer applies for a work permit for a foreign employee and this permit is granted to him, a work card type B will automatically be issued to that employee.
- Work card type C is valid for a limited period of time.
  It is the foreign employee himself that needs to apply for this type of card by filling out the appropriate forms.

Given the fact that work cards type B and C are only valid for a certain period of time, they can be renewed. The application for renewal has to be submitted before the last month of the period of validity.

For subjects of most new members states of the European Union, namely Estonia, Hungary, Latvia, Lithuania, Poland, the Czech Republic, Slovakia and Slovenia, there is currently a specific and simplified procedure employers can follow to obtain a work permit.

10. <u>Industrial action (strike) and lock - out</u>.

In Belgium, the views on the right to strike have evolved through time.

Currently, although there is no specific Belgian law on the subject, the right to strike is based on the European Social Charter that was ratified in 1990.

An employer can never be obliged to pay an employee that is on strike. This employee will be reimbursed by his union. Even a non-striker does not have to be paid by his employer when he was not able to work due to the strike.

On the opposite side of the right to strike, the Belgian courts have also acknowledged the right of an employer to declare a lock – out.

A lock – out is the temporary shutdown of a company, not for economic reasons, but as a means to lend force to the demands of the employer in a social conflict.

However, a lock – down of a company has only rarely been seen in Belgium.

11. <u>Non competition clause / other restrictive stipulations</u>

Protecting vital insider information is critical for companies which rely on specific knowledge and know-how to manufacture their products or provide their services to customers. In

Belgium, this need for protection caused the legislator to take up its responsibilities, and protection was crystallised in two different manners.

As a general rule, the Law on Labour Agreements (in Dutch: Arbeidsovereenkomstenwet) provides that unfair competition is prohibited. A more prophylactic measure is the so-called '*competition clause'* or *'non-compete clause'*: when signing his employment contract, the employee is prohibited to carry out certain activities when leaving the company, either by starting up his own business in a similar branch of the market, or by starting to work for a competing employer.

In order for a competition clause to be valid and thus applicable, certain requirements are to be met: the clause has to be introduced in writing, it has to concern similar activities as the ones the employee exercised in his former company, a limitation of the geographic radius has to be taken into account, and the lifespan of a competition clause may not exceed 12 months starting from the termination of the employment contract.

In case a competition clause is drawn up failing to take into consideration one of the conditions mentioned above, the sanction will consist of a *relative nullity*. This means that only the employee is in a position to invoke a failure by the employer to consider the relevant provisions on a competition clause.

As a sort of compensation for the sometimes far going and intense prohibitions a competition clause can entail, the employer is obliged to provide for the payment of a single, compensatory forfeit which is based on the gross salary of the employee, which is then in turn limited to half of that amount.

In addition to the competition clause and also worth mentioning, is the so-called *'deviation clause'* Belgian law provides for. This legal principle allows for a much more pliable and adaptable clause to be introduced in an employment contract, and has specific value for companies with an international field of activity, having important economic, technical or financial interests on international markets. Abolishing the geographic radius and time limitations a competition clause is subject to, the deviation clause is an alternative for multinationals to protect their cross-border interests in a solid manner.

12. Restructuring and redundancy

Globalisation has, inter alia, caused drastic economic and social changes worldwide. Restructuring and redundancy are both products of this evolution, which can no longer be hushed up by governments. In case a company decides (or is forced) to undergo restructuring and/or redundancy, a certain number of national provisions and rules are to be taken into consideration.

When dismissing an employee for economic or financial reasons, also described as *"company necessity*", the causal link between the dismissal on the one hand and the economic reasons or financial difficulties the company is faced with, needs to be proven. The absence of an arbitrary dismissal is of utmost importance for the employer, seeing that he has the burden of proof; he needs to convince the labour court that the functioning of his company necessitates the dismissal of employee X and/or Y.

The labour court had a limited competence as regards controlling the dismissal. The court may never take stance as regards the policy of a company, but it should rather assess the

existence of a valid motive for the dismissal at hand (f.e. consistent turnover drops, decreased purchase orders,…)

In restructuring a company, the employer is considered to have absolute liberty in indicating the employees he feels should be dismissed. Not only the economic situation of a company may necessitate redundancy measures, also the ineffective functioning of certain components in the distribution chain is a solid argument to turn to dismissals as such.

In case it is obvious that restructuring will not suffice, and the company is forced to close, a so-called '*collective discharge'* will come into play. Belgian legislation provides that the employer has to inform his employees about the irreparable situation the company is faced with in a clear and sufficient manner, a situation which forces the company to discharge a group of employees.

The duty to inform, and the way in which the information needs to be communicated, is the subject-matter of the Law of February 13th 1998, the so-called 'Renault-Law'. The conditions of this law only apply to companies who employed at least 20 employees in a time span of 4 trimesters prior to the trimester during which the main activity of the company involved has irreversibly ended.

13. Secondment of employees and Expatriates

Secondment refers to the situation where an employee is temporarily assigned to work for another employer, mostly a different segment of the same overarching organisation. The original labour relations between the employer and the seconded employee will remain in place during the entire length of the secondment.

An employer with its registered office outside Belgian territory who wishes to second employees to Belgium, will have to abide by the Belgian labour conditions. Most of these secondments will have to be notified electronically; exceptions are made for diplomats, artists, employees in the international transport sector or participants to a scientific congress who do not have to notify their presence in Belgium.

The EU Secondment Directive was transposed into the Belgian legal system by law of March 5th 2002. In essence, Belgian labour rules need to be applied to these employees. It is extremely important to emphasise that only secondment of *employees* falls within the ambit of the EU Secondment Directive and thus of the Law of March 5th 2002. Seconded self-employed persons will not be considered as falling under the provisions of the above-mentioned legal provisions.

Another important element to be taken into consideration by employers who wish to second employees, is the employment time: this may not exceed 8 hours per day and 40 hours per week. Also, protective measures for pregnant women are to be respected. Needless to stress the importance of equal treatment and the requirement for safeguarding the well-being of the employees, these elements inter alia come to show the importance of an overarching, general framework for interaction between companies through the exchange of employees.

14. Social security

Social security as such is based on solidarity between the employed and non-employed, the healthy and the sick, persons with an income and without an income, etc.

Taking into account the complex Belgian hierarchical, political and geographical structure, even a brief summary of the social security network would not be possible within the limits of this summary. From the outset, it should be stressed that social security as such is still considered to be a federal competence, although some political parties are lobbying for the transfer of these competences to the communities and regions of Flanders and Wallonia. Social assistance (*infra*) is already considered to be a community competence, as is family aid, youth protection, etc.

In general, one should observe the traditional social security system as follows: there's a social security scheme for employees, for self-employed persons and for civil servants.

Social security entails compensation in case of retirement, invalidity, occupational accidents, occupational diseases, child benefits, sickness- and invalidity insurance and annual leave.

In addition to these segments of social security, Belgian law provides for additional assistance, better known as '*social relief'* or '*social assistance'*. This notion refers to the additional, residuary systems for persons who do not fall within the ambit of one of the sectors mentioned above. Examples are a minimal subsistence income, a guaranteed income for the elderly, a guaranteed family benefit and social security for disabled persons.

In practice, both the employee and the employer contribute to the social security system. The employee's contributions are withheld from his wage at the source by the employer, and the employer is also obliged to hand over a certain percentage of the employee's wage to the competent social security institutions.

15. Specifics of Belgian Employment Law

The most specific element in Belgian Employment Law, is the far-going distinction between labourers on the one hand (*'manual labour'*), and servants on the other ('*intellectual labour'*). As opposed to many neighbouring countries, this distinction is still maintained within Belgian Labour Law.

In 1993, the Belgian Constitutional Court declared this different statute to be problematic to say the least, because of the lack of objective and reasonable grounds to make this statutory diversity. In a judgment dated July 24th, 2011, the same Constitutional Court decided that the Belgian government needed to end this discriminatory distinction between labourers and servants within a time span of 24 months. With 9 months to go (today's almost October 2012), it seems that there's still a lot of work to do…

Seeing that the concepts of freedom of goods, workers, services and capital are increasingly important in the European and Belgian legal and judicial landscape , a rising number of problems necessitates a strong answer by the Belgian legislator on these issues. Otherwise, labourers are allowed to go to the competent labour courts to contest the unjust discrimination they are faced with.

16. Tax matters

There are four different types of income taxes, namely personal income taxes (PIT), corporation taxes, income taxes on non-residents and income taxes on Belgian legal persons other than corporations. Like in other countries, there is certain level of income beneath which no tax is to be paid, the so-called tax-free sum. In order to avoid defaulters, a system of advance levying is in place.

The calculation of personal income taxes takes into account the wage, benefits of all type, substituting income, pensions income, real estate incomes, movable property incomes, and support payments for determining the taxable income. Tax matters are considered to be a federal competence, although the Regions also have some tax competences. In principle, the federal tax authorities will then redistribute tax incomes to the regions and communities.

Advance payments can be made in order to benefit from a tax deduction. The higher the amount that is paid in advance, the higher your bonus will be and the less taxes you will be obliged to pay at the end of the fiscal year.

The *'Special Tax-Inspection'* or STI in short, is designed to combat large-scale, organised and possibly cross-border fiscal fraud. As such, this body forms part of the fiscal administration in Belgium, and has an outstanding reputation of independence and perseverance.

Like in other countries, double taxation treaties ('*dubbelbelastingsverdragen*') are closed in order to avoid one person having to pay taxes both under Belgian tax law and under foreign tax law. Belgium has entered into such agreements with over 90 countries, and about 10 such agreements are signed and pending but have not yet entered into force.

17. Termination of employment

Besides ending a contract of employment by mutual agreement, Belgian Labour Law provides for specific grounds for termination of the contract at hand.

1. Termination by expiration of the established timeframe or completion of works.

2. Resignation by one of the parties involved: in this hypothesis, a certain term of notice will apply after which the labour agreement will end automatically.

3. Breaking an employment contract: there will be no term of notice to be respected, but instead, the party taking the initiative for the break of contract is held to pay a certain breaking indemnification.

4. Passing away of employee: automatic termination of the labour agreement.

5. Force majeure: a sudden and unforeseeable event that renders the execution of the labour agreement impossible beyond the will of the party which invokes force majeure.

6. Applying a dissolving condition which is included in the labour agreement and which is not contrary to legal provisions of whatever nature.

7. Dismissal on urgent grounds: this concept refers to a severe shortcoming which makes professional cooperation between employer and employee definitively impossible, f.e. theft and fraudulent behaviour, falsifying medical certificates, unlawful absence, etc.

In case an employee feels he has been unlawfully fired, that is to say his dismissal was arbitrary, he can decide to file proceedings against his employer before the national Labour Court. This court comprises the president of the Chamber, assisted by two lay judges or so-called '*judges in social matters*'. One of these two lay judges represents the employees, the other judge acts on behalf of the employers. In case this court finds the dismissal in fact to be arbitrary, the employee has the right to compensation amounting to 6 months of his gross wage.

Some categories of employees are protected in any case; if an employee is fired during pregnancy, breast feeding pauses, educational leave, sabbatical, parental leave, etc., he is entitled to an additional compensation.

Another scenario for an employment contract to come to an ending, is the previously mentioned *'collective discharge'*. This is only possible for companies which employ more than 20 employees. In these circumstances, a compensation will be paid in addition to the unemployment benefit already enjoyed.

18. Trade Unions

Since the Industrial Revolution, Belgium has played a prominent role in the development of trade unions as representatives of employees, both servants as labourers. With over 54% of all employees being member of trade unions of all sorts, Belgium has one of the highest participation levels of the world. However, the Law of May 24th, 1921 proclaims what they call *'liberty of union'*, which means that every single employee has the right not to be member of a trade union. However, this liberty is sometimes undermined in case strikes are taking place: in these situations, non-trade union employees are often forced to show solidarity by striking together with trade union members.

Among other competences, trade unions represent the interests of their members in negotiating with employer's organisations. Issues like wages, compensations, working conditions and health and safety issues. The tangible result of these negotiations are the previously mentioned *collective labour agreements (CLAs)*.

In addition to this bargaining role, trade unions are often consulted by the different governments (federal, communal and/or regional) when these political institutions are preparing new labour legislation. In case the trade unions are not consulted about intended legislative measures, history has shown that the unions have such powers as to paralyse the functioning of a country; crippling means of public conveyance, boycotting power supplies, refusing to provide public services by fire-brigades or police offices,…

19. Works Council

By law of September 20th, 1948, the Belgian legislator determined that every company employing more than 100 employees, is obliged to set up a Works Council. In case a company employs more than 50 but less than 100 employees, a Works Council needs to be renewed every year.

The Works Council is primarily a forum for discussion between the employer on the one hand, and employees (possibly through trade unions' representatives) on the other. It allows the employers to express their aspirations and concerns, while employers can sound the employees out about certain intended measures or decisions. The representatives of the employees are elected every 4 years, while the employer's side of the table consists of the head of the company and the representatives he himself appoints to assist him during negotiations.

Besides the competences conferred upon the Works Council in the founding law of September 20th, 1948, CLA nr. 9 states the competences of the Works Council, i.a.:

- Compulsory consultation of and far going information duties towards the Works Council previous to the hiring of new company employees, to certain radical changes in the organisation of labour,…
- Professional education and retraining can only take place after the company's head of office has consulted the Works Council.
- Staff policy can only be executed after Human Resources has tuned in with the Works Council.
- The company's head of office has a general information duty towards the Works Council concerning labour regulations, annual leave, receiving economic and financial company information, etc.

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