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Factsheet for case LU-2020-12/435

New agreement on partial unemployment establishes minimum social wage for unskilled worker as new compensation floor

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Country	Luxembourg, applies nationwide
Time period	Temporary, 15 March 2020 - 15 August 2020
Type	Bipartite collective agreement
Category	Employment protection and retention – Income support for people in employment (e.g. short-time work)
Case created	09 April 2020 (updated 03 May 2020)

Background information

The bi-partite agreement between the Ministry of Work, Employment, Social and Solidarity Economy and the two representative national trade unions OGBL and LCGB signed on March 26 2020 implies a change in the law of 15 September 1975 defining the compensation rate for part-time unemployment/Règlement grand-ducal du 15 septembre 1975 portant fixation du taux d'indemnisation des chômeurs partiels (Mémorial A, Number 59, 22 September 1975) in the context of the current crisis. As the number of companies applying for partial unemployment has increased significantly since the outbreak of the crisis, the government decided to change the legal framework concerning compensation allowances as far as partial unemployment is concerned.

The agreement also underlines that the national employers' association UEL did not oppose to the bipartite agreement.

Content of measure

The bipartite agreement between the government and the two national trade unions provides that, if employers mobilise partial unemployment schemes with the objective to combat the economic and social consequences during the defined COVID-19 period, the compensation allowance which in principle corresponds to 80% of the normal reference salary capped at 250% the minimum social wage for unskilled workers must not be less than the amount of the minimum social wage for unskilled workers.

If there is a difference between the amount of the compensation allowance and the unqualified minimum social wage, the difference will be paid by the Employment Fund (Fonds pour l'Emploi).

Use of measure

No data has been disclosed at the moment of writing on how many employees are concerned by the agreement.

Actors, target groups and funding

Actors	Target groups	Funding
National government Trade unions	Employees All companies	National funds

Social partners

Role of social partners	Agreed (outcome)
Form of involvement	Direct consultation

The bi-partite agreement was negotiated and signed between the government and the two national representative trade unions OGBL and LCGB.

Sectors and occupations

This case is not sector-specific.

This case is not occupation-specific.

Sources

- 26 March 2020: Government of Luxembourg (gouvernement.lu)