



Country Fiche

BELGIUM

Author: Jens Cassiers
(ABVV-BTB / Belgian Transport Federation)

February 2023



**Co-funded by
the European Union**

The TeamHub! Project is Funded by the European Union. Views and opinions expressed are however those of the author(s) only and do not necessarily reflect those of the European Union or the Directorate-General for Employment, Social Affairs, and Inclusion. Neither the European Union nor the granting authority can be held responsible for them.

Introduction

The *Team Hub!* project is a two-year project supported by the European Commission, Directorate-General for Employment, Social Affairs, and Inclusion, receiving funding under the call for proposals SOCPL-2021-IND-REL aimed at improving expertise in the field of industrial relations. Running for 24 months (August 2022 – July 2024), *Team Hub!* combines desk and empirical research, as well as mutual learning and networking activities, in order to analyse features and challenges of the e-commerce supply chain in a set of selected countries, namely Belgium, Estonia, France, Finland, Germany, Greece, Italy, Poland, Spain.

The *Team Hub!* project brings together a consortium of universities, research institutes and trade unions from nine EU countries to jointly address the complexities and challenges of e-commerce supply chains, especially with regard to storage and delivery activities. The aim of *Team Hub!* is to analyse the implications of the e-commerce boom, following the COVID-19 pandemic, and to equip trade unions with the knowledge and skills necessary to propose a sustainable reshaping of business models and work organization in the supply chain, also in view of the digital revolution and environmental sustainability objectives.

The first phase (Study) of the *Team Hub!* project consists of a preliminary literature review aimed at producing country-level analysis of the e-commerce and logistics national panorama. The goal is to identify and assess existing information and data about key trends and features in the e-commerce supply chains at national level, with a particular focus on key market players and dominant business models, working and employment conditions, social partners activities, and the geography of the supply chains in the covered countries.

The present Country Fiche, part of a series of nine similar papers, contains the results of the national-level analysis. The Country Fiches are aimed at feeding an EU-level comparative analysis to be included in the Background Report, which will equip the consortium with adequate background information for the following phases of the project.

Country Fiches are based on a common methodology agreed and shared in advance with the project's consortium. The research was realised by national experts appointed by the project partners. Experts developed their research on the basis of a common template, whose structure shapes the Country Fiche below. With a view to guaranteeing homogeneity and comparability of results, guidelines were shared with regard to sources and references to be used for the completion of the country fiches' template. In particular, the following categories were designated: scientific literature, administrative data, surveys, general press, interviews with relevant stakeholders.

Macro-analysis on trends and developments in the e-commerce sector

Sales, use of online channels by consumers and shops, market shares and presence of dominant players, employment and wage trends in the supply chain

For the analysis, the focus is on the B2C (Business To Consumer) part of E-commerce is currently undergoing the most developmental changes. The other parts, i.e. B2B (Business to Business), B2G (Business to Government) and C2C (Consumer to consumer), are smaller or have a different stage of development. This market is also less developed in Belgium than the B2B market.

In 2021, the turnover of Belgian e-commerce companies was 3% of total Belgian turnover (all sectors except financial) based on Eurostat data.

In terms of B2C, Belgium (compared to its neighbours) is not at the same level. The estimated B2C **turnover** in Belgium for 2020 is €8.81 billion or 1.96% of GDP. On the **consumer side**, E-commerce is by now well known: 75% of Belgians between 15 and 75 years of age made an online purchase in 2021, 86% made an online purchase from a Belgian shop, in addition, no less than 69% also made at least 1 purchase abroad.

A clear increase in online purchases is noticeable. In 2013, Belgian consumers spent about €5.4 billion on online purchases, in 2019 it stands at €11.5 billion. After a dip in 2020 due to the COVID19 pandemic, this reached €12.1 billion in 2021.

The **main players** in the Belgian E-commerce market are foreign websites. Ranked by turnover the Top 10 (for 2018) are: Coolblue, Bol.com, Amazon.fr, Zalando, Apple, Vanden Borre, Amazon.com, Amazon.de, Vente-exclusive and H&M. The Belgian Amazon website was only launched in October 2022. There is no major homegrown online platform in Belgium. Some of the foreign players do have physical shops in Belgium. There are also Belgian companies that offer their products on platforms of international players. Especially for online purchases, price is an important argument; the larger platforms have an advantage over smaller competitors with economies of scale. Moreover, Belgium is multilingual (Dutch-speaking, French-speaking and German-speaking). This makes the cost for a Belgian platform higher as it needs to exist in several languages to be active across the territory. Foreign platforms are especially popular in the language zone corresponding to the Language of the foreign platform.

In Belgium, we see both pure-players (online sales only) and mixed players (both online and physical). The clear distinction is disappearing as more and more companies develop a hybrid form.

The following challenges have been identified for Belgium: a huge traffic jam on the Belgian road network, a shortage of locations to establish new logistics centres. Currently, there is also a labour shortage.

Qualitative analysis on the different types of existing business models

Overview of the existing types, in particular concerning the relationships with workers and in the supply chain

In Belgium, companies are split into small, medium and large businesses. Since the COVID19 pandemic, there has been a huge boom in companies offering online services and products because, due to the lockdown measures, they were forced to find alternative channels to continue offering sales. It is still unclear how steadfast these new online channels will remain. With online sales, economies of scale have a huge impact on costs and also price.

Both in-house transport services and logistics service providers are used. Once again, vast economies of scale are at play for the large actors.

The larger actors use both the major logistics players and in-house transport services, usually depending on the type of product and whether installation is required. Some of the logistics hubs are located outside Belgium's borders. This is partly due to the large platforms operating in Belgium, these are mainly platforms from surrounding countries that use their existing logistics hubs in the home country as much as possible.

The biggest logistics players in Belgium are B-Post (public company) and the international players (DPD, PostNL, DHL Express, GLS Belgium, UPS). For the logistics centres themselves, they use their own staff and/or temporary staff to cover peak periods. Today, the biggest bottleneck in terms of employees is in Last Mile delivery. [Last mile delivery is the final step of the delivery process where parcels are delivered to customers' homes, a pick-up point in a shop or pickup lockers. In the urban context, it is also sometimes used to deliver small quantities to merchants.] For this, several large players mainly use **subcontracting**. Due to the subcontracting chain, there is a problem with regard to the working conditions of the drivers performing these last mile trips. Besides subcontracting, we also see forms of **false self-employment** recurring here.

Political initiatives are currently underway to address this issue. Since these legislative initiatives are not yet final and discussions are still ongoing with both the industry and the various ministers and political parties, it is too early to elaborate and correctly assess the impact of these initiatives.

Clear legislation is always an improvement; however, practice also indicates that regulations are only useful if they are also properly and adequately enforced.

The Belgian inspection services are not helped here by, on the one hand, a division of powers between the different political levels in Belgium and, on the other hand, a lack of manpower to be sufficiently active in the field to have legislation applied efficiently. We still see this same problem in the larger transport used to supply the logistics centres/send their goods to other centres. Especially in international transport, we still regularly see cases of **social dumping** and transport companies that do not comply with European transport rules (such as cabotage, return home driver, return home vehicle, ban on taking weekend rest in the cabin, etc.).

Labour market and working conditions

Emerging issues in terms of employment, working conditions, and health and safety of workers involved in storage and delivery activities for e-commerce major players

Subcontracting: last-mile delivery in Belgium involves a lot of subcontracting. This creates an opaque tangle and increases risk. **Risks** include excessive work pressure, long hours and sometimes illegal practices such as undeclared work and even illegal child labour.

Driving and resting times -3.5 T: In road transport, there is an obligation for driving and resting times (verifiable by the tachograph) for the protection of both the driver and the general public on public roads. This obligation is only valid above 3.5 tonnes payload. As a result, transport is increasingly done with vehicles that are not tachograph-compliant but, combined with work pressure and long days, this also poses an additional danger on public roads.

Bogus self-employment: in addition to subcontracting, we also see forms of bogus self-employment emerging in e-commerce, where the so-called self-employed person bears all the risks but is managed like an worker in reality.

Evening and night work: increasingly, e-commerce with its 24/7 availability puts pressure on the logistics chain to keep up. However, evening and night work is bound by rules and (justified) allowances. This protection is under pressure.

In the longer term, there is the emerging **digitalisation and automation:** this will cause the content of existing jobs to change, and the need for training and retraining programmes for existing staff to be able to perform these new tasks.

Status of platform workers: in Belgium, there are 2 official working status: employee or self-employed. However, there is a favourable tax regime created for the sharing economy. This regulation, originally intended to create a legal framework for neighbours and friends who want to help each other with small chores, is actively used by the platforms that are (mainly) active in-home delivery of food through bicycle couriers. In Belgium, these are Uber(eats) and Deliveroo (Takeaway.com does not use this particular legal framework). This is not a full employment status, and the restrictions also make it impossible to collect a full income through this status.

Labour shortage:

In sectors important for the e-commerce sector, logistics, transport and IT, it is difficult to fill vacancies. The work is physical and several jobs in the sector require specific training (such as forklift drivers), these profiles which are scarce and sought-after in various sectors. Work hours also do not always fall within traditional working hours due to the use of work shifts, which means that not everyone can manage this particular regime.

Due to the use of interim contracts (both for starters and to cope with business peaks), turnover is high and experienced staff regularly opt for a different or more stable working environment.

In terms of wages, there is a sectoral minimum wage laid down in a binding collective labour agreement within Joint Committee 140.03. In Belgium, there is an automatic indexation of wages to living costs (for the transport and logistics sector this is annually on 1 January). Apart from this indexation, which (partly) compensates for the loss of purchasing power due to inflation, additional wage increases are negotiated 2-yearly. However, this negotiation is linked to the Federal Wage Standard Act, which determines the maximum increase. Due to the calculation mechanism in this law, there is currently a 0% margin.

Geography of the e-commerce supply chain and presence of nodal points

Belgium occupies a central position within Europe. With the Port of Antwerp-Zeebrugge and the logistics hub at Liège airport, Belgium is a major player in logistics in Europe. However, this translates less into logistics warehouses aimed directly at B2C e-commerce.

The dominance of foreign e-commerce platforms means that the logistics distribution points for these platforms are not entirely located in Belgium. The accessibility of a large proportion of customers from logistics centres in the home country is certainly part of this.

The growth of the e-commerce sector created a need for additional logistics hubs and so we see these being opened in Belgium additionally. The green objectives from Europe, the higher fuel costs, the lack of drivers and the (future) objectives of zero-emission deliveries in city centres can give new dynamics to a market in full change.

The traditional Logistics chain mainly developed around the big import and export hubs. Port of Antwerp and the wide region around, around Brussels (airport) and wide region, around the airport of Liege which developed itself mainly as a cargo hub. For the e-commerce sector it is also useful to have smaller hubs around the big city centres. Because the lack of available space (for logistic purposes) and the proximity and density of the Belgian population and transport infrastructure Logistics warehouses are implemented around all the bigger transport infrastructure with a small preference for the region of Flanders.

Because the lack of space there is also an ongoing conversion from old industrial sites to logistics hubs (for example the old Ford factory site in Limburg).

Social partners positions and main actions

For the transport (for third parties) and logistics sector, sector negotiations are conducted within **Joint Committee** 140.03. If collective agreements are concluded in the Joint Committee, they are valid (according to the provisions of the collective agreement) for the whole sector. Better conditions than the sector terms can always be negotiated within companies. A sector-wide job classification has been concluded at this level both for driving personnel and logistics personnel. Sector-wide minimum wages are linked to this.

Besides the joint committee, there is also a **social fund** for transport and logistics. Via the social fund, employers can (partly) get back investments in training, among other things. And for blue-collar workers, there is hospitalisation insurance, among other things.

If the sector has to give official advice on government proposals or legislative proposals, this goes through the joint committee. There is also regular consultation between the sector (both trade unions and employer representatives) with the cabinets responsible for the sector and the inspection services (SIOD).

The sector is involved in drafting the PEC (Plan Fair Competition), among other things.

In terms of sectoral wage and working conditions, negotiations take place in the Joint Committee. However, in recent months there have been actions (demonstrations and strike) to amend the wage standard law. These actions are not sectoral but general for the private sector in Belgium.

There is industry representation (both employees and employers) on national and regional advisory councils.

Employers are actively lobbying the government to relax the rules on evening and night work outside social consultation. This while companies can make agreements on this at company level in social consultation. Reference is often made to neighbouring countries (mainly the Netherlands) where these regulations are more flexible (cheaper for companies).

References

CCE/2022/ Rapport E-commerce B2C/unpublished

CCE/2022/ Rapport e-commerce: porters/unpublished

www.btb-abvv.be/ 6-1-2023

<https://www.ccecrb.fgov.be/home/nl/> 6-1-2023

<https://mobiliteitsraad.be/mora/> 6-1-2023



TEAM HUB!

*Delivering sustainability
to the e-commerce
supply chain*