

THE DRAFT LABOR LAW

RESPONSIBLE ENTITIES:

- » The House of Representatives
- » The Ministry of Manpower and Migration



CHALLENGE	RECOMMENDATION	STATUS/NOTES
<p><i>The draft law places excessive financial burdens on business owners, for example:</i></p> <ul style="list-style-type: none"> - It calls for the creation of multiple funds such as the Penalties Fund, the Vocational Training Fund, the Irregular Employment Fund, which represents significant financial burdens for industries. - It is overly permissive regarding vacation leave—the number and types of leave entitlements are way exaggerated; time-off can reach over 190 days a year, including the weekly day of rest. - It obligates bankrupt employers to compensate workers in case of a total or partial shutdown, in addition to obligating employers to pay bonuses to workers if a fixed-term employment contract is not renewed on expiry. 	<p>Ensure that the foundational goal of the draft law is the fair balancing of employer and worker interests. In other words, the law should serve the interest of workers, however, without causing material damage to business owners. An efficient and profitable business ultimately benefits workers as it ensures employment security and increased incomes associated with higher productivity.</p> <p>The law should align with the National Development Plan, namely the objective of increasing the productivity of Egyptian labor, which is essential for enhancing competitiveness; it should also give adequate considerations to the rights and responsibilities of workers.</p> <p>A worker should not be entitled to bonus compensation if the employment contract is not renewed.</p>	<p>The Manpower Committee of the House of Representatives approved the draft new labor law.</p>
<p>The Vocational Training Fund is not economically feasible, and it does not serve its intended purpose.</p>	<p>Reconsider the management mechanism of the Vocational Training Fund; the private sector, the main financier, should be adequately represented on the board of directors, and decisions should be made by vote. Additionally, the board of directors should create sectoral councils, each to be allocated a budget, the percent of which should be commensurate with the sector's contribution to the fund's overall budget. This will ensure that benefits are shared fairly among sectors.</p>	
<p>The draft law does not establish a careful balance between workers' and employers' rights. It revives the concept of open-ended employment contracts, under which an employer has no choice but to resort to the courts to dismiss a worker who has committed a serious infraction.</p>	<p>Discard the concept of open-ended employment contracts and ensure that employers and employees comply with the terms and conditions of the employment agreement.</p>	
<p>The absence of a fair mechanism to regulate the right to strike.</p>	<p>The right to strike should be regulated in a manner that does not undermine the interests of the business enterprise, and at the same time, be in line with international labor standards. The power of the authorized labor representative to organize strikes must be well-defined.</p>	