

Global People Solutions

Egypt to implement major labor law reform

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The government of Egypt has introduced a new labor law providing greater job security and employment rights protections for private sector and nongovernmental organization employees. The proposed law amends several labor laws, including the current labor code (Law No.12 of 2003) as well as trade union organizations regulations. The new labor law draft is currently pending final discussion and approval.

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Key changes

The proposed law includes 276 articles that were drafted with input from multiple stakeholder parties: members of trade unions, the labor committee of the Egyptian Parliament, employers' organizations, the Federation of Egyptian Industries, the Federation of Egyptian Chambers of Commerce and the Ministry of Manpower. The draft law maintains the existing employee rights already guaranteed in other laws, and, if passed, will introduce the following key changes:

- Abolition of "Form 6" used to notify the social insurance authority of a termination of employment. Form 6 is often misused by employers who force new employees to preemptively sign an undated copy of the form as a condition of employment so that it can be used at any time as evidence of voluntary termination. The new draft law would put an end to this abusive practice by mandating that terminations be approved by the competent administrative authority, which should reduce the problem of arbitrary dismissals.

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- The duration of the employment contract will be extended from the current minimum of one year to a minimum duration of six years to ensure job security. In addition, employers will be required to make four instead of three copies of the employment contract: one for each

signatory party, one for the social insurance authority and a new additional copy for the competent administrative labor authority.

- Expectant employees' work day will be reduced by an hour starting from the sixth month of their pregnancy, and overtime will not be allowed during pregnancy and the six months following childbirth.
- Establishment of specialized labor law courts and a Supreme Council for Social Dialogue with branches in the various governorates to streamline the labor justice system and to ensure a fair application of labor regulations.

Next Steps

Employers are encouraged to monitor the implementation timeline of the draft law and review their employment practices and procedures to evaluate the potential impact of the proposed changes on their business activities in Egypt.

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