

LEX MUNDI
PUBLICATION



LABOR AND EMPLOYMENT DESK BOOK

EGYPT

Shalakany Law Office

CONTACT INFORMATION

Mona Salah Zulficar
Shalakany Law Office
20227288888
msz@shalakany.com

- 1. Do you have a plant closing law in your jurisdiction and if so, what does it require? (For U.S. jurisdictions, please answer: Is there a Baby WARN Act in your state and if so, what does it require?)**

As this questionnaire is relating to labor law issues, we will answer the questionnaire from the Labor Law perspective.

The Egyptian Labor Law No. 12 for the year 2003 (the “Labor Law”) regulates the full or partial closing of an establishment for economical reasons under the Articles from 196 to 201 of the Labor Law. The Prime Minister issued decree no. 984 / 2003 for the purpose of formatting committees that are responsible of reviewing the establishments closing requests. According to these regulations, the employer is entitled to request a full or partial closing for economical reasons subject to certain conditions and procedures. The employer must submit a request to a specific committee indicating the reasons for such request and the number and categories of the employees that will be excluded from the company. Such committee has to issue its decision within 30 days from the date of submitting the request. In case the committee decided to approve the request this decision has to include the date of execution. However, a petition can be submitted by any party claiming to have suffered from such decision to another committee. Such committee has to reply to the petition within 15 days. The employer who terminates the employment contract for economical reasons as mentioned above is obliged to pay the employee a remuneration equivalent to one month gross salary for each year of service of the first five years of service and one month and half gross salary for each year of service after the five years.

Moreover, Article (9) of the Labor Law stating that closing the establishment due to the dissolution, liquidation, closure or bankruptcy will not prevent the obligations arising from the Labor Law from being fulfilled.

2. Are there special rules on releases/waivers in your jurisdiction?

There are no special rules on releases / waivers resulting from an employment contract. However, Article 5 of the Labor Law states a general rule that any condition or agreement which includes reduction or waiver of the employee's rights under the Labor Law is considered null and void.

3. What are the equal employment opportunity/ non-discrimination categories in your jurisdiction (For U.S. jurisdictions, please answer: Are there protected categories beyond Title VII in your state?)

Articles (35) and (120) of the Labor Law prohibit discrimination based on sex, origin, language, religion or creed either in wages or the termination of the Employment Contract.

4. What are the minimum wage and overtime rules (and exemptions) in your jurisdiction?

In this case we have to differentiate between the minimum wage rules and the overtime rules as they are regulated by different Articles:

- a) According to Article (34) of the Labor Law, the National Council for Wages undertakes to set minimum wage levels taking into consideration the cost of living and to striking a balance between wages and prices. Such Council also sets the minimum annual increase which must be not less than 7% of the basic salary which is used to calculate the social insurance.
- b) As for the overtime hours, it is stated in Article (85) of the Labor Law that those hours shall be agreed upon in the Employment Contract. The compensation for the overtime hours may not be less than the original compensation that the employee is entitled to plus 35% for the day working hours and 70% for the night working hours and in case those overtime hours are on one of the employee's holidays then the employer will pay him double salary for that day, but in all cases the actual working hours shall not exceed ten hours per day.

5. Is there employment-at-will, or some other rule, in your jurisdiction? What are the exceptions?

According to Article 32 of the Labor Law, an employer is obliged to sign an employment contract with an employee. Moreover, if there is no signed employment contract, an employee is entitled to evidence the employment contract by any mean of evidence.

6. What are the legal obligations upon terminating an employee in your jurisdiction?

An employer may not terminate indefinite period employment contracts for reasons other than mentioned in Article 69 of the Labor Law (grave default) or in case of the incompetence of the employee according to the internal regulations of the employer.

A notice of termination shall be given by the employer to the employee two months in advance if the employee has been working for the employer for not more than ten consecutive years and three months in advance if the period of service exceeds ten years.

If the employer terminates the employment contract without a legitimate reason then the employee is entitled to claim for compensation which may not be less than two months gross salary for each year of service,

Finally and upon termination of the employment relationship, the employer is obliged upon the employee's request to issue a certificate stating the employee's experience, employment duration, amount of wage, the kind of work practiced, benefits obtained and/ or the reasons of terminating his contract. Moreover, the employer is also committed to return back to the employee all his personal documents.

7. Are there any family and/or medical leave laws in your jurisdiction, and if so, what do they require? (For U.S. jurisdictions, please answer: Are there family and/or medical leave laws in your state beyond FMLA and if so, what do they require?)

According to Article (54) of the Labor Law, if an employee is sick, he/she has the right for a sickness leave that is determined by the concerned medical authority, during which he/she shall be entitled to compensation to his salary which is stipulated in the Social Insurance Law.

As for the family leave, it is known in our jurisdiction for women only as the maternity leave which is regulated by Articles (91) and (94) of the Labor Law as follows:

If the employee has spent more than 10 months in service then she has the right for a maternity leave that does not exceed 90 days with a compensation equivalent to her original gross salary including the period before and after delivery, provided that she submits a medical certificate that indicates the date of delivery. The employee may not enjoy such leave more than two times during her service. In case the employer has 50 employees or more then each female has the right for a leave that is not paid for a period not exceeding two years in order to take care of her child. In all cases this leave is not obtained more than two times throughout her service period.

8. Please list any miscellaneous, interesting or oddball laws in your jurisdiction, and state under what circumstances they pertain.

Not applicable

9. Does your jurisdiction have a law requiring employers to give employees access to, or a copy of, their personnel records?

No, however, upon termination of an employment contract, the employer is committed to return back to the employee all his personal documents.

10. Does your jurisdiction outlaw or restrict drug tests, alcohol tests, genetic tests or any other kind of testing?

No

11. Does your jurisdiction have any special rules on the payment of sales commissions?

No

12. What are the basic rules on enforcing non-competes and related agreements in your jurisdiction?

The Labor Law only covers the non-compete during the term of the employment contract. Article 57 of the Labor Law prohibits the employee to conduct or participate as a partner or as an employee in an activity similar to the employer's activity. Moreover, the employee is prohibited to work for any other employer either with or without salary if such work would affect his duties or would allow others to compete with the employer. However, in practice a standard non-competition clause is usually added to the employment contracts of the senior management to cover certain period and territory after the termination of the employment contract.