



EGYPT

A Brief Look into Egyptian Labor Law

Egypt has the biggest population in the Middle East and is the second most populous country in Africa. It has long been in the leading position in the economy and technology in Africa. It is also the third largest economy in Africa. Key industries such as tourism, agriculture, industry and services have developed to the same level. As involved in China's Belt and Road Initiative, Egypt is trading more frequently with China. However, its political situation and economy are not stable while the wage is far from enough for workers. The productivity is low and more skilled and semi-skilled workers and administrative staff are needed, resulting in high costs for the training of these employees. Meanwhile, Egypt's Labor Law is one of the most stringent regulations in the world, guaranteeing workers' lifelong jobs and resulting in a lack of competition and low working enthusiasm.

Salary

Salary receivable of an employee, whether fixed or variable, includes as,

- 1) commissions within the labor contract;
- 2) salary for manufacturing, selling or collecting certain items in the job in accordance with the agreed proportions;
- 3) incentives in-kind benefits given for any reason;
- 4) in-kind benefits unnecessary for work;

In Egypt, the annual increase in one's salary must not be less than 7% of his fixed income.

Annual leave

Article 47 of the Egyptian Labor Law stipulates that an employee's annual leave is 21 days, provided that the employee has worked for one year in the company. Employees who have worked for more than 10 years, or who serve one or more employers, have an annual leave of 30 days. Employees over the age of 50 are entitled to 30 days of annual leave. For employees who have been employed for less than one year but not less than six months, annual leave is calculated on a pro-rata basis according to his time on duty. If the annual leave is not taken before the employee leaves office, it should be converted into salary.

Maternity leave

If female employees, covered by social insurance, have paid social security for 10 consecutive months, they are entitled to three months of paid maternity leave for each children born. They won't be entitled to more maternity leaves if they have three children. Maternity benefits are paid at 75% of wages. In addition, women employed in companies with more than 50 employees are entitled to two years of unpaid maternity

leave in accordance with the Labour Law. Within the 24 months after the child is born, women are entitled to two 0.5-hour care breaks per day, or a combination of one-hour long breaks. Women should retain all her rights and benefits when returning to work from maternity leave. The Labor Law does not contain provisions on paternity leave. For companies with 100 or more employees, the employer is obliged to provide a kindergarten in the company or help find nursery for the child until his or her age is ready for education.

Legal requirements for foreign employees

According to Egyptian Corporate Law, only 10% of the employees of a company can be foreign employees whose wages do not exceed 20% of the total. Under the Investment Law, companies established in any free zone can employ foreign employees not exceeding 25% of the company's employees, and foreign employees working in Egypt must obtain a residence permit and work permit, or they are not allowed to live and work in Egypt. Foreign technical experts must have two Egyptian employees as assistants. Employees employed in certain areas such as tourism and education are required to submit additional documents and obtain specific approval before getting a work permit. After submitting all documents required, the Department of Labour issues a temporary receipt attached to the employee's passport, allowing the employee to start work in Egypt. Once the procedures for documents are completed which lasts for 2 to 3 months, a work permit and a residence permit will be issued. The work permit is a temporary document and the department does not issue permanent work permits. Work permits are renewed annually or every six months, depending on the duration of the work. The law also stipulates that foreigners are prohibited from engaging in the following occupations in Egypt including tour guides, belly dancing, export and customs clearance. Any person who violates the law on the employment of foreign employees may be fined not less than 500 Egyptian pounds and no more than 5000 Egyptian pounds.

Employment contract

Employers have the right to collect personal information regarding employment, compensation and benefits as well as make other requirements. The employer shall provide each employee with a document that includes employee's qualifications, certificates, social status, a copy of the identity card or passport, and a certificate from his former company. The contract between the employer and the employee must be in triplicate, one for the employer, one for the employee, and one for the social security office. The contract must include:

- 1) employer's name and place of work;
- 2) the employee's name, qualifications, occupation and address, social security number and other documents required to prove his or her identity;
- 3) the nature and type of work;
- 4) agreed wages, payment methods and time, and other agreed monetary or in-kind benefits.

The employer should give the worker a receipt to prove that the documents or certificates have been taken care of by the employer. Employment contracts for foreign or Egyptian employees must be written in Arabic.

Termination of labor relations

If female emplo When the employer terminates an employment contract with a fixed period of employment at any time during the contract period, the employer should pay the full salary for the whole contract period if there is no probable cause. The notice period shall be stipulated according to the period stated in the employment contract. If the employer terminates the indefinite employment contract without a probable cause, the employer shall compensate the employee, in addition to the accrued leave, bonus and other entitlements, the full-year salary for each year is not less than two months. If the employee has worked for the employer for less than 10 years, he or she should be given a two-month notice period; if the employee has worked for the employer for more than 10 years, a three-month notice period should be given.

The employer has no right to terminate the employment contract without reason, unless the employee breaches the contract due to "serious negligence" (Article 69 of the Labor Law). "Serious Negligence" includes the following actions:

- 1) falsifying identity or submitting forged identity;
- 2) continued violation of safety instructions;
- 3) absence of 20 consecutive days or 10 consecutive days in a year;
- 4) disclosure of employer secrets that cause significant losses;
- 5) competing with employers in the same field of work;
- 6) drunkenness during working hours;
- 7) attacking on employers, general managers or any superiors.

Some personnel are prohibited from dismissal by the employer during the contract period. The following types of persons are restricted from dismissal:

- 1) Employers are prohibited from dismissing employees during maternity leave.
- 2) Employers are not allowed to dismiss employees who are absent from work during the sick leave granted by the social security and during the remaining annual leave.
- 3) The following reasons are not considered legitimate and sufficient grounds for dismissal:
 - a) skin color, gender, social identity, family obligations, pregnancy, religion, political views;
 - b) The employee belongs to trade unions or participates in legal trade union activities;
 - c) The employee is or was involved in work as employee representatives, or is candidate of employee representatives.
 - d) The employee submits or is involved in the submission of a complaint against the employer in violation of laws and regulations or labor contracts.
 - e) The employee asks the employer to deduct his trade union fee.
 - f) The employee exercises his right to take leaves.

If either party terminates the contract without lawful reasons, he shall compensate the other party for the loss caused by the dismissal.

Employees may request assistance from the Committee in accordance with Article 71 of the Labor Law and the compensation will be determined

by the Committee. Service periods in each year can be converted into at least two months' salary. The compensation does not affect the employee's other benefits. If there is a clear term agreement, the compensation will be the remainder of salary in the contract period.

Social Insurance

Social Insurance	Exempted persons	Base number of social insurance	Lower limit per month	Upper limit per month	Employee	Employer
Endowment insurance, disability insurance and death insurance	Foreign employees not covered by the bilateral mutual social security agreement	Fixed salary	550	1500	13%	17%
		Floating salary		2795	10%	15%
Fixed salary		550	1500	1%	4%	
Floating salary			2795			
Unemployment insurance		Fixed salary	550	1500	0%	2%
				Floating salary		
Injury insurance	Applicable to all	550	1500	0%	3%	
			Floating salary			2795
Adjustments of upper and lower limits	The lower limit of the full salary is the minimum salary for civil servants, and there is a 10% increase every July 1st. The upper limit of the basic salary is increased by 10% every July 1st; The upper limit of the floating salary is increased by 15% every January 1st.					
Definition of salary	Fixed salary=basic salary+fixed benefits; Floating salary=overtime pay, bonuses and commissions					

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