

LABOR RELATIONS: PATHS FOR MAKING FURTHER PROGRESS

- *In the more than 70 years since the Consolidated Labor Laws (CLT) were passed, in 1943, forms of work and production have evolved, thus requiring a new legal framework for labor relations and processes.*
- *In 2017, Brazil promoted the modernization of key aspects provided for in the labor law. Collective bargaining was strengthened and outsourcing and other forms of employment contracts were regulated, which constituted major advancements.*
- *However, legal gaps remain that lead to legal uncertainty and excessive red tape. Brazil must continue to make progress in modernizing labor relations.*

The year 2017 showcased important advancements in modernizing labor relations in Brazil. Law 13,429 of March 31, 2017 (Outsourcing Law) and Law 13,467 of July 13, 2017 (Labor Reform Law) strengthened collective bargaining and regulated outsourcing, among other relevant measures.

There was a clear need for Brazil to modernize its labor law. Over the last decades, although forms of work and production have evolved, labor regulations remained linked to perspectives dating back to the adoption of the Consolidated Labor Laws (CLT) in 1943.

Companies have a positive expectation about the labor reform. Most industrial companies across all sectors and regions and of all sizes expect the changes to increase legal certainty and thus contribute to improving the business environment and to creating more favorable conditions for generating investment and creating employment.

However, further advances are required for the country to have a labor relations scenario that is better adjusted to the challenges of modern economy and society. The general review of labor relations undertaken in 2017 paves the way for continued institutional improvements.

The basis for further progress is the safe implementation of the reforms undertaken.

This is the fundamental recommendation, based on which new changes will be promoted and continue to contribute to a better development of labor relations.

Promoting further modernization involves, for example, enhancing professional inclusion and qualification mechanisms and improving the process of managing labor relations, besides other specific measures designed to reduce red tape and costs of formal employments.

These are some changes that give continuity to the construction of a more dynamic labor market structure and to the establishment of a business environment conducive to job creation and entrepreneurship.

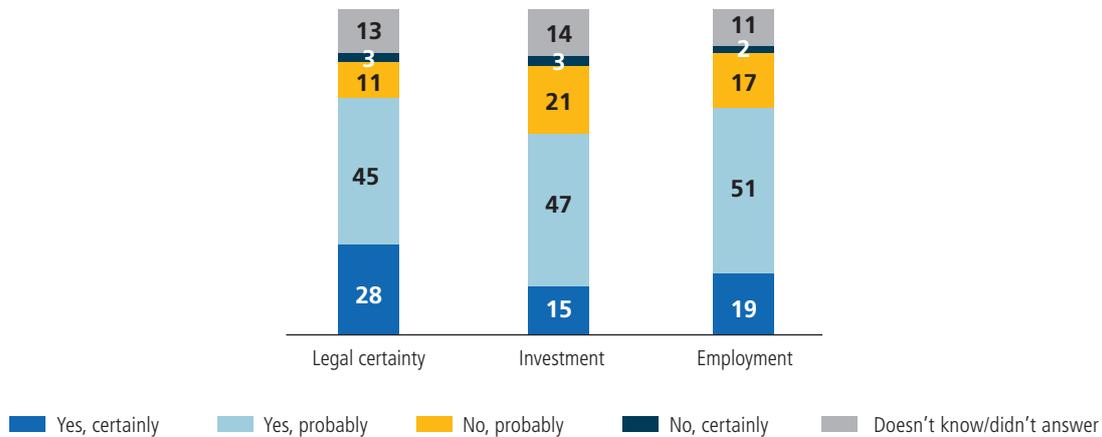
Main recommendations

1 The criteria that define the calculation basis for hiring apprentices should be reviewed to make it possible for the efforts and resources of companies and training organizations to be efficiently allocated.

2 The number of apprentices with disabilities should be taken into account in providing jobs for disabled people, with a view to encouraging the vocational training of these persons.

3 A bank of opportunities should be created to assist in filling job openings for people with

EXPECTED POSITIVE CONTRIBUTIONS OF THE LABOR REFORM TO LEGAL CERTAINTY, INVESTMENT AND EMPLOYMENT
PERCENTAGE OF ANSWERS AMONG THOSE WHO ARE FAMILIAR WITH THE REFORM ("HEARD ABOUT IT," "IS MORE OR LESS FAMILIAR WITH IT" OR "IS FAMILIAR WITH IT")



Note: The sum of the percentages may not add to 100% due to rounding.
Source: CNI, Special Survey - Labor Reform, Year 18, Number 3, December 2017.

disabilities who are qualified to fill compatible positions available.

4 A quota for hiring persons with disabilities commensurate with the degree of risk of the workplace should be established, in order to recognize the need for differentiated treatment among workplaces with different degrees of risk.

5 Double orientation visits should be stimulated to strengthen the educational role of labor inspection, thus increasing the level of commitment to and compliance with labor standards.

6 A tripartite Board of Administrative Appeals should be created within the Ministry of Labor to judge appeals against decisions imposing penalties for violation of the labor law.

7 Consideration of administrative appeals should be ensured irrespective of payment of an administrative fine with the aim of reinforcing the right of companies to full defense and due process of law.

8 The date on which the contribution paid by companies to the FGTS (Government Severance

Fund) is due should be moved up from the 7th to the 20th of each month with the aim of simplifying the management of the payments made by companies.

9 Pregnancy tests should be included in the list of employment termination exams not only to provide legal certainty but also to guarantee pregnant women the timely enjoyment of their employment protection.

10 Temporary stability for pregnant women employed for a fixed period of time should be ensured until the end of the contractual period with the aim of increasing legal certainty and removing barriers imposed on women in the labor market.

11 Permanent authorization for work on Sundays and public holidays should be granted to new sectors and economic activities with the aim of increasing productivity.

12 The additional fine of 10% on the FGTS in cases of dismissal without just cause should be eliminated, since the purpose for which it was created has been achieved.

The full version of the document can be accessed through the QR code on the side or at: <http://www.cni.com.br/eleicoes2018/downloads/> This summary is part of the series Proposals of Industry for the 2018 Elections comprising 43 documents. The series, which is based on the *2018-2022 Strategy Map for Industry* is a CNI contribution to the new federal administration and presents analyses and proposals of priorities to increase Brazil's competitiveness. Any part of this publication may be copied, provided that the source is acknowledged. Brasília-DF, July 2018.

