

Parliament approves Labour Code

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In April 2003, the Portuguese parliament approved a Labour Code which will replace most current individual and collective labour legislation by bringing existing provisions together in a single text. At the same time, current provisions are amended in a variety of areas. Generally speaking, employers are in favour of the Code, which makes labour law and collective bargaining more flexible. Trade unions have serious reservations about the Code, claiming that some parts of it are unconstitutional and warning that it will have a negative impact on industrial relations. The Code is currently awaiting promulgation by the President of the Republic.

In April 2003, parliament approved the new Labour Code (Código do Trabalho), with the support of the governing parties, the centre-right Social Democrat Party (Partido Social Democrata, PPD/PSD) and the right-wing People's Party (Partido Popular, CDS/PP).

The proposed Labour Code was presented by the government in June 2002 ([PT0208101N](#)) and debated during the year. The Code brings together in one document a large number of aspects of labour law, while amending a number of them - Portugal previously had no such codified set of labour legislation. It contains changes in both the collective, ([PT0210102F](#)) and individual aspects of labour law ([PT0211104F](#)). The main changes include the following:

- an extension of the duration of fixed-term contracts to six years
- a reduction in the period of working time considered to be night work;
- enabling the introduction of geographical mobility clauses in employment contracts;
- a new possibility for individuals to sign up to a collective agreement;
- the introduction of expiry clauses in collective agreements;
- the possibility of compulsory arbitration being determined by the Minister of Social Security and Labour if a collective agreement expires without being replaced by another;
- allowing 'social peace' clauses, under which trade unions can renounce the right to strike over issues that have already been negotiated;
- a right for employers to oppose the reinstatement of workers in dismissal cases; and
- the possibility of researching workers' genetic history to determine whether they have a predisposition towards a certain disease.

The Code is currently awaiting promulgation by the President of the Republic, who may decide to send it to the Constitutional Court (Tribunal Constitucional) to determine its constitutionality.

The employers believe that the new Code, which makes labour law and collective bargaining more flexible, will increase productivity and make companies in Portugal more competitive. The main trade union confederations - the General Workers' Union (União Geral dos Trabalhadores, UGT) and General Confederation of Portuguese Workers (Confederação Geral dos Trabalhadores Portugueses, CGTP) - believe that the Code will have a negative impact on industrial relations and consider parts of it to be unconstitutional, insisting on the need to examine this issue [PT0212104F](#). Many experts on labour law and academics have also expressed considerable reservations over the Code, claiming that many of its clauses are unconstitutional.