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EMPLOYMENT LAW OVERVIEW 2017

Egypt

SHARKAWY & SARHAN

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I. GENERAL

1. Introductory Paragraph

In general, the legal regime governing labour relations is very protective of employees. Detailed and comprehensive rules provide minimum guarantees, rights, and benefits for the interest of the employee.
The rules governing relations comprise "Egyptian social public policy". It means that the rules prescribed by labour laws and regulations are primarily mandatory rules constituting public policy for the benefit of the employee. Accordingly, they may not be deviated from to the detriment of the employee, but they may be changed only if they will become more favourable for the employee.

If the employer chooses to be more generous, it may be obligated by those benefits, if certain conditions are satisfied. The law recognizes the concept of "acquired rights", where the employer becomes obligated by any additional benefit, even if it is not prescribed by law or contract, if the benefit is (i) general; (ii) continuous; and (iii) consistent. If these three conditions are fulfilled, the benefit hardens into a right and becomes obligatory on the employer.

For issues relating to employment law, the mandatory rules of law take precedence. The contract is binding only in so far as it exceeds the benefits and guarantees secured by law, but it is the primary reference for determination of the employee's salary.

2. Key Points

- A probation period does not exist unless clearly stipulated in the employee's contract.
- A work and a residency permits are required for a foreigner to work in Egypt.
- Egyptian law applies a ratio between foreign workers and Egyptian employees.
- There are no transfer regulations applicable in Egypt similar to the European acquired rights directive.
- Limited duration contracts are easier to terminate.
- Under Egyptian law, there is no severance payment.

3. Legal Framework

- Egyptian Labour Law no. 12 for the year 2003, with numerous ministerial decrees acting as its executive regulations.
- The Child Law no. 12 for the year 1996.
- Law Regarding the Rehabilitation of the Disabled no. 39 for the year 1975.
- Some Sections of the Civil Code (Arts. 674-698), primarily covering competition in the employment context and work for hire.
- Social Insurance Law no. 79 for the year 1975, with numerous ministerial decrees acting as its executive regulations.
- Law no. 108 for the year 1976 concerning Social Insurance of Employers and Their Likes.
- Law no. 127 for the year 1980 regarding Military and Patriotic Service.
- Law no. 89 for the year 1960 concerning the Entry, Residence and Exit of Aliens from the Territories of the Arabic Republic of Egypt.
- Decree of the Minister of Manpower and Immigration no. 292 for the year 2010 and Decree of the Minister of Manpower and Immigration no. 485 for the year 2010 concerning work permits for foreigners.
- Trade Unions Law no. 35 for the year 1976.

II. EMPLOYMENT CONTRACTS

1. Minimum Requirements

An employment contract is a contract by which an employee undertakes to work for an employer and under his administration or supervision for a salary.

The law requires that the employers conclude employment contract in writing in Arabic. However, in the absence of a written contract, and in case of dispute, the employee can prove the existence of an employment relationship as well as the content of the employment contract by any mean of evidence. On the other hand, the employer can evidence the employment relationship only by virtue of written means.

The contract must include the employer's name and address; job title, job description and nature (full or part time); employee's qualifications, profession or craft; his social security number and place of residence; and the salary and benefits.

In addition to this, it is recommended to include other items, such as the contract duration, confidentiality clause, non-compete and non-solicitation provisions, employee data management, especially for senior staff.

A person is considered an employee for an employer if the latter exercises supervision or administration over that person. Accordingly, the contract title is irrelevant (employment contract or contract for service; contractor or employee). The determination of the nature of the contract is a question of fact that courts shall review. In this respect, they adopt a substance over form approach.

2. Fixed-term/Open-ended Contracts

Three types of contracts may govern an employment relationship: fixed term, unlimited period contract and contract for performance of specific tasks. Deciding the type of the contract depends on employer's policy as well as the relevant work market. However, the practice is to sign a one year fixed term contract with a new contract signed every year.

A fixed term contract terminates with the expiry of its term. There is no minimum term provided under the law. Therefore, the parties can agree on the desired contract duration. There is also no obligation to convert the temporary staff into permanent staff at any time nor legal restrictions on the maximum number of times that a contract may be renewed by the parties for limited period terms or on the maximum total duration of successive contracts combined.

However, if the duration of the fixed term contract expires but both parties continue to perform the contract, this will be deemed as an automatic renewal of the contract for an indefinite period.

3. Trial Period

A probation period does not exist unless clearly stipulated in the employee's contract. It must not exceed three months.

The employer can only appoint the employee under probation once, even if he contracts for a probation period of less than three months. In such case, the employer cannot conclude a new contract for the remaining period.

However, the employer may hire the employee with a second contract subject to probation, if the job is different. The period is suspended during the illness of the employee. Probation is also considered successfully finished if the employee is called to military service during such period.

During the three-month probation period, the employer can terminate the employment without any liability. No statutory notice is required in this case.

4. Notice Period

It is extremely difficult for the employer to terminate a limited period employment contract before the expiry of its term without being viewed as wrongful termination and consequently be held liable for compensation, usually in the value of the gross salary for the remaining duration. In this case, notice periods are those stipulated in the contract.

In case either party wishes to terminate an indefinite period contract, he must give not less than:

- Two months' notice, if the employee's period of service is less than ten years; and
- Three months' notice, if the employee's period of service is 10 or more years.

However, the employer cannot terminate indefinite period contracts, unless the employee has committed a fundamental breach such as those listed in the Labour Law. Traditionally, Egyptian courts used the causes stipulated in the law as an exhaustive list. However, recent court judgments show Egyptian courts approving the dismissal of employees for causes that are not mentioned in the Labour Law. However, the reasons of dismissal must show a flagrant breach on the part of the employee backed up with evidence. These grounds in practice are very difficult for the employer to establish, except in the most clear-cut cases.

The Labour Law stipulates that the decision of dismissal is to be taken exclusively by the Labour Court (not by the employer). Therefore, even if the employee committed one of the grounds for termination, the employer must report this to court to issue the dismissal decision.

While the failure to refer to the Labour Court before dismissal incurs a penalty of a fine up to EGP 500 for each dismissed employee. However, as per the general rules of law and several judicial decisions, the failure to follow the disciplinary procedures set out by law, including the failure to refer to the Labour Court does not in itself mean that the decision to dismiss is unlawful or abusive. The dismissal decision is deemed null by courts, but it does not prevent the court from reviewing whether the employer's termination of the contract is based on legitimate cause or not and, hence, whether it was abusive or not. If the court finds the reasons claimed by the employer to be true and legitimate, then the court will deny the employee's claim. (Verdict in the Civil Cassation Court Case 8356/83j, dated 18 May 2014.)

III. WORKING CONDITIONS

1. Minimum Working Conditions

Egyptian Law provides various detailed rules on employees' rights and guarantees; including minimum wages; mandatory social insurance obligations; maximum working hours and limitations on overtime work; special leaves and rights for pregnant women and for childcare; job retention obligations in these cases and in cases of illness, accidents, and military service; quotas for disabled employees; limitations on dismissing employees; and statutory minimum compensation in cases of abusive dismissal.

2. Salary

The law defines "salary" as "everything the employee receives from the employer in consideration of his work, whether it is basic or variable, cash or in kind". The employment contract determines the way the salary is communicated (gross or not). There are no legal requirements.

Generally, the employer cannot unilaterally reduce the salary agreed between the employer and the employee in the employment contract. Reducing a limited portion of the salary is allowed in case the employer is facing financial crisis and the alternative to making the employees redundant or closing down the establishment is to reduce employees' salaries. This is provided that the employer obtains an approval from the relevant ministerial committee.

3. Maximum Working Week

Employees must not work more than eight hours per day or 48 hours per week, rest hours are not included. The period from the start of work to its end, and the employee's presence at work, must not exceed 10 hours, including breaks.

In certain jobs defined by law, employees are given an extra break or more that are not less in total than one hour and which are deducted from the employees working hours. In certain other jobs defined by law that are intermittent by their nature, employees may be required to be present at work up to 12 hours. A food break or more is obligatory in most industries. Breaks must not be less than one hour in total per day and the employee must not work for more than five continuous hours.

Each employee must have a weekly paid holiday of not less than 24 hours, every six continuous days. In workplaces far from urban areas and in jobs that possess a nature that requires continuance of work without interruption, the weekly holidays may be collected together for a period not exceeding eight weeks.

Senior management, personnel working in preparatory and complimentary jobs, as well as cleaning and security personnel are not governed by the above limitations on working hours. However, they are entitled to overtime, if they work in excess of their contractual working hours.

The working hours of a pregnant employee shall be reduced at least one hour starting from the sixth month of pregnancy.

The female employee, who nurses her child, is entitled to two additional daily breaks, each at least half an hour and she is entitled to join the two breaks into one, during the 24 calendar months following the birth date. These two breaks are counted as working hours and do not lead to a decrease in her salary.

4. Overtime

In cases of emergency, where the employer wishes to make the employees work overtime, the law requires that the employer request the written approval of the competent administrative authority to increase working hours. In practice, employers do not obtain such approval without incurring protests from the authorities provided the employer pays the overtime to the employees.

In any case, the employee is paid for the overtime according to what is agreed upon in the employment contract. Such overtime payment must not be less than

his original salary plus 35% for the daytime working hours and 70% for night working hours (any hours worked between sunset and sunrise). If work is conducted on the weekly leave/weekend, the employee is entitled to double the normal salary for that day and the employer must give him another day off in the following week. However, if the work is conducted on a public holiday, the employee will be entitled to three times the normal salary for that day, without an obligation to give him any day off in lieu.

It is prohibited to make the female employee work overtime during pregnancy and during the six months following delivery.

5. Holidays

Employees receive up to 14 public holidays a year. These holidays are fully paid.

In all events, the employee may be required to work on these public holidays, if the work conditions require so. In such case, the worker shall be given extra pay equal to two times his salary for that day, in addition to his original salary for the day.

IV. AUTHORIZATIONS FOR FOREIGN EMPLOYEES

Egyptian Law stipulates that foreigners may not carry out any "work" in Egypt without a permit. The law defines work as "any vicarious work (meaning employment) or profession or craft, including domestic service."

As such, a work permit and a residency permit are required for a foreigner to work as an employee in an Egyptian company or in an Egyptian branch of a foreign company or as a consultant or professional, even if independently. A permit is required whether the employee will work in the private or public sector (usually as a consultant). If the consultancy work will take a short period of time to carry out (less than three months), a business visa will be a sufficient authorization for such purpose.

Few categories of persons, such as interns, foreign correspondents, and diplomatic missions, are exempt from the duty to obtain a work permit. However, hiring them must still be reported to the authorities.

Foreigners are prohibited from working as tour guides or in importation, exportation, or customs clearance.

Egyptian Law applies a ratio between foreign workers and Egyptian employees. The law obliges employers to ensure that 90% of their employees are Egyptian nationals. Other additional ratios apply in relation to the value of the salary and the nature of the job if the employer is an Egyptian joint stock company, or a limited liability company or commandites limited by shares with a capital exceeding EGP50'000, or an Egyptian branch of a foreign company.

Specific categories of employees do not trigger the need to meet the 9:1 Egyptian to foreigner employee ratio. These include employees in representative offices; board members in joint stock companies and commandites limited by shares, as well as general managers in limited liability companies and branches, if these companies are incorporated under Law 159/1981 or Law 8/1996.

The Minister of Manpower is authorized to grant exemptions to the ratio requirements in individual cases where it can be shown that it is in the nation's best interest to fill the position with a foreigner and there are no suitable Egyptian candidates. In practice, this is difficult to obtain.

The foreigner must not compete with Egyptians for work opportunities, and there must not be a suitable Egyptian substitute. Exceptions apply.

The company must undertake that in the cases where a work permit is granted to an expert or a technician, two Egyptian adequately qualified assistants will be hired to be trained by such foreigner. The requirement is that there should be a steady program of "Egyptianisation" – in other words, foreigners should be working themselves out of a job. In practice, this means no more than three years of annual renewals. Renewals for a fourth year and subsequent needs a special approval.

V. TERMINATION OF EMPLOYMENT CONTRACTS

1. Grounds for Termination

It is extremely difficult under the law to terminate an employment contract before the expiry of its term without being viewed as wrongful termination and consequently be held liable for compensation. An employer cannot dismiss an employee unless the employee has committed a fundamental breach among those listed in Article 69 of the Labour Law. These are:

- Assuming a false identity or submitting forged documents.
- Committing a mistake that causes gross damage to the employer.
- If employee repeatedly disobeys the safety regulations designed for the safety of employees and the establishment, provided that such safety regulations are hung in an obvious place and the employee was warned in writing.
- If the employee was repeatedly absent without an acceptable reason for 20 non-consecutive days in one year or 10 consecutive days, provided he was notified in writing within 10 days in the first situation and 5 days in the second situation. (The one-year period is any rolling 12 months.)
- If the employee discloses the establishment's confidential information and such disclosure causes gross damages to the establishment. (If this issue is raised before the Labour Court then the employer must prove the loss.)
- If the employee competes with the employer in the same business field.
- If the employee was found during working hours drunk or under the influence of drugs.
- If the employee attacks the employer or the general manager; or grossly attacks any of the managers during working hours or due to work related reasons. (The law does not define what constitutes an attack, but Egyptian jurisprudence agrees that both physical and verbal attacks are grounds for dismissal.)
- If an employee breaches the provisions of Articles 192-194 of the Labour Law relating to strikes.

The following will also deem the termination by the employer to be legitimate:

- The employee has been convicted of a felony or sentenced with imprisonment for a crime related to honour, trust or public morality, unless the court suspends the penalty;
- A sick employee has used up all of his sick leave and his annual leave and has not returned to work (provided he has been issued a written notice of warning 15 days prior to the expiry of his leave); and
- An employee suffers from a permanent and complete disability that prevents him from performing his job. If the disability is only partial, the employer has the right to transfer the employee to another position that is suited to the employee's abilities (this is an obligation on the employer only if this position is available within the company). If such position is not available, then the employer has the right to dismiss the employee.

2. Collective Dismissals

Collective dismissals do not have special regulations per se, unless they relate to full or partial closure of business. However, if a dispute arises between the employer and the employees in relation to any of their rights, including those relating to collective dismissals, either party may resort to collective bargaining procedures. There is no statutory trigger to the procedures. However, if one party initiates the process, the other party must participate.

If the employer wants to completely or partially shut down the establishment or a particular business thereof, for economic reasons, he may not do so unilaterally. He must first refer his request to a committee established as per a decree of the Prime Minister. Relatively recent judicial decisions are breaking away with this requirement. Egyptian courts now agree that the procedures prescribed by law are merely organizational procedures and the failure to follow them does not in itself render the termination of the employees' contracts to be abusive. (Verdict in the Civil Cassation Court Case 840/63j, dated 14 Oct 2010.)

The request to the committee must provide the reasons on which the decision is based as well as the numbers and categories of employees to be released. If the committee decides in favour of the request, the employer has to notify the relevant syndicate and the employees.

Any interested persons (for example, the employees, the labour union, or the relevant syndicate) may object to the committee's decision. The objection is raised to a national committee established by law. The objection will suspend the procedures decided by the first committee. The national committee will decide whether dismissal is reasonable or not.

In any case, the employer is obligated to pay compensation to the employees in a value equivalent to one month for every year of service for the first five years of service, then one and a half-months for each subsequent year of service.

In practice, an employer negotiates with the employees in return for the latter's resignation rather than go through the long bureaucratic and uncertain route of the government committee and still pay compensation almost the same as that which the employer would have paid in case of wrongful dismissal.

3. Individual Dismissals

An employer may not terminate a limited duration contract before its term. If he does, he will be liable for damages. However, the employer is entitled not to renew the contract after the expiry of the contract's duration without any obligation to pay compensation.
In an unlimited duration contract, an employee cannot be dismissed unless the employee is proven incompetent for the job or if he has committed a fundamental breach among those listed above. The decision of dismissal of an employee is taken exclusively by the Labour Court (not by the employer).

a. IS SEVERANCE PAY REQUIRED?

Under Egyptian Law, there is no end of employment gratuity. The employer is obligated to pay only any amount he owes to the employee (example: any unpaid salary or consideration for accrued but unused leaves).
There are only two exceptions to this principle:

- if the employer has agreed contractually to pay the gratuity; or
- if the employee continues working for the employer after reaching the age of sixty for the period that he spent after reaching this age. In such case he should be entitled to an indemnity at the rate of a ½ month wage for each of the first five years and one month for each following year for the years worked after attaining the age of 60.

4. Remedies for employees seeking to challenge wrongful termination

If the employer terminates an employment contract before the expiry of its term without the employee committing a fundamental breach among those listed above, the termination will most likely be viewed as wrongful termination and consequently the employer will be held liable for compensation.

The law provides a minimum compensation to be paid for abusive termination of unlimited period contracts, which is two months' gross salary for each year of service. Although this is the minimum threshold set by the law, courts rarely order higher amounts except in cases of gross injustice.

In addition, if the employer terminates the contract without notification or before the end of the notification period, the employer must pay the employee a sum equivalent to his salary during the notification period or what is left from it.

In limited period contracts, the compensation awarded by courts is usually a sum equal to the gross salary for the remaining period of the contract (unless the employee is still under probation).

VI. RIGHTS OF EMPLOYEES IN CASE OF A TRANSFER OF UNDERTAKING

1. Employees' Rights

There are no transfer regulations applicable in Egypt similar to the European Acquired Rights Directive.
In addition, employment contracts cannot be automatically transferrable between employers by contractual agreement. This conclusion remains the same even if both employers belong to the same group of companies.

Article 9 of the Labour Law guarantees that the employees' contracts continue and the employees' rights are preserved in case of sale, lease or assignment of business. It states that the transfer of the ownership of "an establishment" (essentially a line of business) does not terminate the employment contract of the employees in such business. Article 9 also states that the new owner of the line of business will be jointly liable with the old owner in fulfilling all the obligations arising under the employment contracts (which have been completely created during the period preceding the transfer).

For those employees who object to the transfer, the transferring employer will not be able to force their transfer to the receiving entity. Accordingly, the two possible options are as follows:

- such employees will remain employed by the transferring entity, which may be commercially unacceptable if the relevant business unit will effectively be taken-over by the receiving entity; or
- the transferring entity will have to terminate such employees' current employment.

2. Requirements for Predecessor and Successor Parties

There are three possible options to transfer the relevant employees from one entity to another as follows:

- **Sale of business as per Article 9 of the Labour Law**, which states that the transfer of the ownership of "an establishment" (essentially a line of business) does not terminate the employment contract of the employees in such business. In practice, the Social Solidarity Authority does not transfer the social insurance files of the employees except after such employees sign a termination of employment form ("Form 6"), which the employees are usually reluctant to do.
- **Concluding a collective labour agreement** between the transferring entity, the receiving entity, the employees, and the union or professional syndicate to which the employees belong, under the supervision of the Ministry of Manpower to cover the details of the transfer of employees as per Article 9 of the Labour Law and preserve their benefits and job levels. The Ministry of Manpower may be able to assist in transferring the employees' social insurance files.
- **Transfer through consensual termination/rehire method** whereby the employees will resign from their respective posts at the transferring company and sign new employment contracts with the receiving company. Under this option, the transferring entity may offer a settlement to the employees who shall resign and sign Form 6 in front of the Social Insurance Authority. Alternatively, it may offer side letters to the employees acknowledging their seniority, years of service and accrued rights under the old contract, undertaking to take such rights forward to the new employment relationship with the receiving entity. After the employment of the employees is completely terminated with the transferring entity, the receiving entity will hire the employees under new employment contracts.

VII. TRADE UNIONS AND EMPLOYERS ASSOCIATIONS

1. Brief Description of Employees and Employers Organizations

Egypt has seen a lot of strife in employment relations post the 25 January 2011 Revolution. A lot of labour strikes and collective bargaining took place in its wake. The situation is gradually becoming more stable in this regard, with a noticeable decrease in labour conflict and public demonstrations. However, in general, labour unions are somewhat active in Egypt, and the employment law regime is still socialist in nature and distinctly favourable to employees, although recent trends in the judicial system are showing a departure from this position. In addition, the legal regime governing unions is archaic dating back to 1976. The law was proposed for change several times, but it still lacks the required consensus and accord to be modified. The labour syndicate committee (LSC) is the smallest atom in unionized activity. It is the committee that is established within each institution. General syndicates are the unions that are created at the industry or services level. Similar to LSCs and other labour syndicate organizations, the general syndicate aims to protect the legitimate rights of their members, defend their interests and improve work conditions. In practice, the main role of a general syndicate is that the in collective bargaining, any collective labour negotiation or agreement must be conducted and approved by the relevant general syndicate.

The Egyptian Trade Union Federation comprises all the general trade syndicates, which exceed 20 unions for various industries.

2. Rights and Importance of Trade Unions

Egyptian Law does not provide specific rights for the employer toward the LSC. Similarly, there are no legal obligations over the employer toward the LSC.

Specifically, there is no obligation over the employer to provide premises for the election/meetings. It is also not permitted for the LSC to have meetings during working hours as per the law, as the employees have to be fully dedicated during the working hours to performing the work of the employer.

The LSC may not oblige the employer to provide any information during the ordinary course of employment. However, during collective negotiations concluded between the employer and the LSC, the employer is obliged to submit the information and data related to the entity as may be requested by the LSC. Information here means the information related to the employees' rights and not any data or information. The law provides that the information must be material information that is necessary for the continuation of the negotiations.

3. Types of Representation

Under Egyptian Law, employees have the right to establish an LSC, regardless of the number of the employees in the entity (i.e. there is no minimum number of employees required in a legal entity in order to form the LSC).

Establishment of an LSC is done by notification, subject to the absence of subsequent objection by the relevant authorities.

The employer does not have the right to object to the formation of LSC.

4. Employees' Representation in Management

Generally, an LSC does not have the right to interfere in the employer's policies, budget, salary reviews, etc., except when it affects the employees' rights provided by law. There is no legal obligation on the employer to allow representatives of the LSC to participate in the meetings of the employer's board of directors as observers.

VIII. SOCIAL SECURITY / HEALTHCARE / OTHER REQUIRED BENEFITS

1. Legal Framework

Subscription in the public social and medical insurance scheme is obligatory, unless the employer receives an exemption from the system, if he establishes a private insurance fund under Law 64/1980 (which is nearly impossible to do).

The employer may also receive a partial exemption from part of the subscriptions relating to insurance against work injuries and/or illnesses, if he provides an alternative medical scheme. There is no obligation on the employer to introduce a private medical plan. This is strictly a policy decision by the employer.
The social solidarity regime regulates:

- insurance against old age, disability and death;
- insurance against work injuries;
- insurance against sickness;
- insurance against unemployment; and
- insurance of social care to pensioners.

2. Required Contributions

The employer's duty is discharged by paying statutory monthly subscriptions for each employee. In this case, the employer will not be directly liable for any sick pay or pensions to the employees.

The Social Solidarity Authority is responsible for making such payments to the employees, although this is not the practice in case of sick pay.

Both the employer and the employee are required to pay a monthly contribution to the competent social solidarity office, as part of a statutory scheme to cover sick pay, medical services, pension entitlements, and other benefits. The employer deducts the employee's share and delivers it to the Social Solidarity Authority.
The contributions are calculated as a percentage of each of the two components of the employee's salary (basic and variable). The amount of each component used to calculate the contributions is capped by law. This means that the employee may only be insured up to the cap set out by law, even if, in reality, he is paid a higher salary, which is usually the case. The cap is currently set out at (EGP1'120.00) for the basic salary and (EGP2'110) for the variable salary. It is marginally increased every year.

3. Insurances

Subscription in the public medical insurance scheme is obligatory, unless the employer receives an exemption from the system, if he establishes a private fund (nearly impossible to do.).

If the employees are governed only by the state public insurance, the employee will have to go the competent medical insurance authority to determine that he/she is sick and to determine the number of days of leave entitled by the employee. The employee will submit the report to the employer in order to abstain from going to work. Under the state run insurance scheme, the employer does not have to pay any wages for the days of the sick leaves to the employee. The employer's liability in relation to sick pay is satisfied by paying the monthly installments for the social solidarity office, from which the employee may claim sick pay.

If the employees are medically insured through a private scheme, the rules of the private scheme shall apply. These rules must not be less favourable to the employee than the state scheme rules.

4. Required Maternity / Sickness / Disability / Annual Leaves

MATERNITY LEAVE

A female employee is entitled to 90 calendar days of maternity leave, in connection with child labour, with full compensation equal to her salary. The employee is not entitled to more than three maternity leaves during her entire service.

According to the law, the competent social solidarity office pays 75% of insured salary of the employee (basic + variable), currently capped at about EGP2'500. The employer is under the obligation to pay the remaining 25% in addition to the rest of her actual salary.

However, in practice, most employers do not make their employees get their payment from the social solidarity office. Most employers fully pay the 90 days to their employees.

If the number of employees in the establishment is 50 or more, the law gives the right to the female employee to take an unpaid leave for a period of not more than two years to care for her child. The female employee is not entitled to this unpaid leave except two times during her entire service. The working mother is entitled to receive the aforementioned leave to care of her child regardless of his age.

The employer cannot fire an employee or terminate her service during her maternity leave.

ANNUAL LEAVE

An employee who spent a year in service has an annual leave of 21 working days. It becomes 30 working days for employees who are over 50 years old or who spent 10 years or more in service for any employer. Employees working in difficult, dangerous jobs, in jobs that are detrimental to health (for example cement factory workers), or in remote areas defined by the law, are entitled to seven more days than the leave provided above.

The employee cannot give up his leave. The employee must take at least 15 days of leave every year, at least six of which must be continuous. The minimum required per year is a matter of public policy and neither the employee nor the employer can deviate from it by way of agreement. The employer has the right to decide when the employee can take his leave based on the work conditions and requirements and may force him to take it. In all events, the employer must settle the accrued vacations or give consideration for the unused portion thereof every three years.

PILGRIMAGE LEAVE

An employee, who has worked for one employer for five continuous years, has a right to one paid leave of one month for pilgrimage to Mecca or for the visit of the Jerusalem. The employee may take this leave only once during the employee's entire employment for any employer.

SICK LEAVE

There is no pre-determined allowance in the law for the number of days of sick leave. It is determined on a case-by-case basis by the competent medical authority.

The treatment of sick leaves will differ in two cases: (i) the case where the employees are medically insured only through the state public medical insurance and (ii) the case where employees are insured by a private scheme adopted by the employer.

5. Mandatory and Typically Provided Pensions

To be eligible for retirement pension on reaching the age of 60, an employee must be registered in the social solidarity system and has been paying social solidarity contributions for not less than 10 years. The employee is entitled to delay his/her retirement beyond the age of 60 until the said ten-year period is completed, unless the employer chooses to end the employee's contract and pay the employer's share in the remaining social insurance contributions that would make the employee eligible for pension.

As for early retirement: to be eligible for pension prior to reaching the age of 60, an employee must be registered in the social insurance system and has been paying social solidarity contributions for not less than 20 years. In certain cases where the employee has worked (and has been socially insured) for any duration but is not eligible for pension, the employee is eligible for a single lump sum compensation calculated based on the time the employee spent in service while being registered in the social insurance system.

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