

# LABOUR CODE ADAPTING TO THE TIMES

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**January will see the introduction in Portugal of a new Labour Code, which will improve the ability of employers to adapt to the changing economic situation and demand for their services and products, but without having to take dramatic steps such as collective dismissals, says Benjamin Mendes, partner at ABBC.**

Benjamin Mendes, socio en ABBC, comenta que los cambios inminentes que va a experimentar la ley laboral portuguesa, permitirá a los empleadores tener más potestad a la hora de flexibilizar los patrones de

trabajo y de responder a la fluctuación de la demanda de producción. Al evitar el uso de medidas tan contundentes, como son los despidos, brinda la oportunidad de reaccionar a las condiciones temporales sin tener que adoptar soluciones permanentes.

"The new law offers employers the ability to find alternative ways to manage changing demand, including offering greater flexibility in terms of working time and conditions, in order to help avoid the immediate use of blunt tools such as redundancies or lay off measures."

The ability of employers to seek agreement with employees on such issues as reduced working hours and pay is of importance, he says, as a number of Portugal's most significant industrial sectors, such as the automotive industry, see reduced or fluctuating demand for their products.

His firm is also therefore helping companies to explore additional flexible working patterns including the ability of employees and employers to "bank" working days.

"With the agreement of the employee, an employer can suspend the production with pay for days when the demands are lower with such time off compensated for at a later date, for example through reduced vacation time or by working on bank holidays or rest days. It again offers a degree of extra flexibility and the ability to reduce a workforce temporarily, but without having to resort to dismissals."

If such measures are not sufficient or feasible, the employers may take more drastic measures, such as implementing lay offs, when the employer suspends production without pay. These measures may be in force for up to six months, renewable for another six months provided the employees' representatives agree.

Ultimately, companies may of course have to resort to closing production lines and plants but the impending legislative changes, believes Mendes, will better enable employers to measure the type and scale of response needed, and to react to temporary conditions without having to enact permanent solutions.