

## LABOR MARKET REFORM

Overhauling employment law is a major priority for the French government, which is seeking to give businesses greater flexibility, and thereby provide a boost to employment.

Thirty-six measures contained in five separate decrees were approved by the French Council of Ministers on September 22, 2017.

In addition to this first raft of labor market reforms initiated by the French government to employer federations and trade unions, a further six reforms will be pursued in the next 18 months to complement these decrees, with a view to:

- *Restoring purchasing power to employees by abolishing a number of their health and unemployment insurance payroll contributions.*
  - *Providing a major boost to professional development and vocational training.*
  - *Opening unemployment insurance schemes to employees who resign and the self-employed.*
  - *Reforming pensions.*
  - *Relaunching apprenticeship schemes.*
  - *Simplifying schemes providing compensation to employees with arduous jobs.*
-

# REFORMS REFLECTING THE EXPECTATIONS OF EMPLOYEES AND BUSINESSES

## 1 FAST-TRACK LEGISLATIVE PROCEDURE

The French government has been given the power to overhaul employment law by issuing decrees, enabling it to **present reforms in September 2017** seeking to:

- Clarify the scope of sector-specific and company agreements.
- Simplify and enhance social dialogue.
- Provide greater legal security to businesses.

## 2 FAR-REACHING CONSULTATION

**Forty-eight meetings held** since June 2017 with employer federations and trade unions to set the approach and timetable for these reforms and to discuss the fundamental issues.

## 3 PRIORITY GIVEN TO COMPANY AGREEMENTS

Sector-specific agreements will remain essential in determining minimum wages, employee classifications, collective guarantees, conditions under which fixed-term contracts may be concluded, and certain working time provisions (night work). Otherwise, companies will now be where negotiations are most often held, so as to reach outcomes closer to their individual needs.

## 4 STREAMLINED SOCIAL DIALOGUE

- **Creation of a single employee briefing/consultation body – the Social and Economic Committee** – by bringing together employee and trade union representatives and the works council, along with the health, safety, and working conditions committee.
- **In SMEs** with no trade union delegate (96% of cases), it is now possible to negotiate directly with an employee representative, if one exists, and if not with the employees themselves. **Agreements can be ratified with a two-thirds majority.**

## 5 SIMPLIFIED DISMISSAL PROCEDURES

- For multinational groups, **dismissals on economic grounds will now be judged based on the performance of group companies located in France** (and no longer internationally), in accordance with European standards.
- Similarly, the obligation to redeploy an employee will be restricted to within France.

## 6 MAKING EMPLOYMENT CONTRACT TERMINATIONS MORE SECURE

- **A mandatory sliding scale for damages** awarded by judges in cases of unfair dismissal: capped at three months' salary after two years of service, and 20 months' salary after 30 years of service. Previously, judges were free to set any level of damages, with no statutory limit.
- **Appeals timeframe** in disputes over terminated employment contracts reduced to **12 months** (from an average of 24 months).
- Provision of a **standard template notification letter for contract terminations** on personal or economic grounds.
- A new standardized form detailing the rights and obligations of each party when dismissing employees.

## 7 NEW COLLECTIVE TERMINATION AGREEMENTS

Making mass voluntary redundancies easier – without having to go through dismissal procedures or subordinate economic difficulties – through a majority-backed collective agreement approved by the employment authorities. Previously, a voluntary redundancy plan could only be introduced as part of a job preservation plan (PSE), requiring economic grounds to be provided.

## DECREES: RAPID REFORM PATH CHOSEN

*The French government can be given the power to adopt measures normally subject to statute law through an Enabling Act approved by parliament. The Enabling Act clearly defines the government's power to intervene and change the law through decrees approved by the Council of Ministers (after the Council of State has handed down its opinion).*

**June 28, 2017**

*Draft Enabling Act presented to the French Council of Ministers.*

**August 2, 2017**

*Enabling Act approved by parliament.*

**August 31, 2017**

*Draft decrees published.*

**September 22, 2017**

*Decrees adopted by the French Council of Ministers (reforms take effect upon publication of legal acts in the Official Journal of the French Republic).*

September 2017

For further information, please visit: [www.businessfrance.fr](http://www.businessfrance.fr)

### DISCLAIMER

Business France shall in no way be held liable for the use and interpretation of the contents herein for any other purpose than that of providing information of a general nature, rather than customized advice. While every care has been taken in preparing contact details (names of organizations, addresses, phone/fax numbers, and e-mail addresses) and other information and data contained herein, Business France shall in no way be held liable for any possible changes.