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**Situation of Egypt's Workers  
on Labor Day Occasion**

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## Situation of Egypt's Workers on Labor Day Occasion

Abdel-Hafez Al-Sawi

In light of the political tyranny that Egypt has experienced since the military coup of July 3, 2013, it is difficult to talk about a role for the labor movement, either in defending labor issues such as the right to a fair pay, proper work environment, etc., or in participation in the Egyptian public action.

The labor movement in Egypt has been domesticated for decades, although it has been active under economic and social pressures during the last years of the Mubarak era. Although the labor movement maintained its activities after the revolution of January 25, 2011, however it has been subjected to excessive government abuse after the military coup of July 2013; as various military coup governments did not tolerate any form of labor mobilization, whether in the public or the private sectors. It is noteworthy that Egyptian workers always announced that their demands have been limited to improvement of their economic and social conditions, away from any political aspirations.

On the occasion of the Labor Day celebrations this year (May 1<sup>st</sup> 2018), it is necessary to shed light on the situation of workers in Egypt, so that they should be considered an important figure in the country's economic and social life. The number of workers is estimated at about 29.4 million, representing about 30.6% of the total Egyptian population; and the majority of them have families, which gives their influence a community weight that must be taken into account.

### First: Trials and blacklisting

Workers in Egypt have staged several strikes in both government and private sector institutions since the military coup, calling for their financial rights. However, a

significant number of these workers were subjected to pre-trial detention or dismissal from job. Workers in military-owned factories faced additional risks as they could be subject to unfair trials at military courts. For example, twenty five workers from the military-run Alexandria Shipyard Company are currently on trial before a military court. They have been charged with “inciting workers to strike”, and could face up to two years in prison. According to their lawyer, a military officer from the company told families of detainees that they would be released if they resigned. As a result, 11 workers at least resigned as a condition for their release. Another six workers who were tried in absentia also resigned fearing conviction. However, their case is still considered by the military courts.

Amnesty International condemned the Egyptian government's negative practices against workers in its report in April 2017. “Dozens of workers and trade unionists in Egypt have faced arrest, detention, dismissal from work or trials in military courts, merely for exercising their freedom of expression, association and assembly, Amnesty said in a statement on April 30, 2017. The most prominent examples on the government violations included: the Zagazig University Hospital nurses (At the state-run Zagazig University Hospital, 12 nurses were suspended after participating in a week-long strike in February 2017 during which the hospital provided only emergency services) and the military-run Alexandria Shipyard Company (where twenty five workers were referred to trial before a military court).

Since the military coup in July 2013, various groups of workers have organized demonstrations to express their economic demands: such as imams and preachers, who called for improving their living conditions; or holders of master's and PhD, who complained of unemployment and called for jobs.

The post-coup governments also clamped down on independent trade unions, and have almost frozen them, due to acts like harassment, prosecution, and intimidation

of workers. This led the International Labor Organization (ILO) to re-blacklist Egypt in June 2017, for violations of workers' freedom standards and for failing to protect independent labour unions. Egypt was on the ILO's blacklist between 2008 and 2010, which was lifted in June 2011. The removal came after the draft law of Trade Union Liberties was finalized in 2011. Having experienced a political and economic turmoil since 2011, the new law hasn't passed, leaving Egypt with the outdated Trade Union Law that doesn't comply with the new conventions. An ILO delegation had warned Egypt during its visit in May, 2017 and issued a statement pertaining to the 2011 Trade Union draft law that hasn't been passed into law yet. The new law should protect the rights of independent unions in line with the new labor conventions.

However, the successive Egyptian governments after the military coup have never cared for any international organizations reports condemning them for violations of human rights in general, and labor rights in particular.

## Second: Unemployment

According to the Central Agency for Public Mobilization and Statistics (CAPMAS), the unemployment rate reached 11.8% by the end of 2017, compared with 12.5% at the end of 2016. However, the same bulletin on labor force reported that the unemployment rate among young people aged 25-29 rose up to 18.6%. But the detailed data of those who found jobs do not lead to concluding that there was improvement in Egypt's economic situation. The agricultural sector still absorbs 25% of the labor force, a sector that suffers from a low value added, and it is not sustainable in providing employment, as most of those work in agriculture can be classified as "seasonal workers".

Also, the unorganized (informal) sector still absorbs a large number of workers in Egypt; statistics indicate that about 40% of workers are in the informal sector, which

absorbs about 70% of the new entrants to the labor market, according to some studies. This affected the nature of economic and social rights obtained by workers in Egypt. The CAPMAS figures show that 50% of workers in the labor market in Egypt do not enjoy social security, and that about 57 of them do not enjoy health insurance.

Under the directions of the current government and its efforts to implement the full economic reform program signed with the IMF in November 2016, the number of employees in the government sector has been reduced according to CAPMAS figures, by about 670 thousand jobs during the period from 2014 to 2016: as the number of employees declined from 5.59 million in 2014 to 6.26 million in 2016.

The figures published in the financial statement of the 2018/2019 budget compared between the targets and projections of the public investment allocations for the current year 2017/2018, reflecting a decline in the volume of these investments up to 111 billion Egyptian pounds, compared with 135 billion pounds in the current year's budget. Undoubtedly, the decline of targeted investments by about LE 24 billion has a negative impact on the labor market, including the reduction of employment opportunities that were targeted by Egypt economic and social development plan that year.

### Third: Difficult living burdens

In light of the economic measures taken by the government to reduce subsidy allocations in sectors that affect the lives of citizens, such as fuel and electricity, workers along with all Egyptian citizens will suffer a new inflationary wave that will increase their living costs, amid limited pay increases that do not meet the hiking inflation rates.

According to the draft fiscal year 2018/2019, fuel subsidies will be reduced to 89 billion pounds, compared to 110 billion pounds in the 2017/2018 budget. Also, electricity

subsidies will be reduced to 16 billion pounds compared to 30 billion pounds in 2017/2018. Reducing subsidies in these two important sectors will hit Egypt with a new inflationary wave that will affect prices of all goods and services.

Regular organized employees are among the most affected sectors by the subsidy-cut policy, given their dependence on stable income, which is largely subject to a decline in their purchasing power, unlike craftsmen or service providers who have greater flexibility in increasing their incomes by raising the prices of their services, or the goods they produce. However, everyone will be affected by the expected recession due to the fact that incomes do not keep up with prices.

#### Fourth: Fragile labor market

Egypt's ranking on the labor market efficiency index, - listed in the Davos Forum Competitiveness Index in its annual report - is still significantly declining, as Egypt ranks 134 out of 138 countries covered by the report.

This low position is due to the general economic atmosphere, as the government is not concerned with a real development project, and focuses on reforms in the monetary and financial sectors without having any return on the productive sector, which is the main source of employment creation. Also, successive Egyptian governments paid no attention to the decline in the productivity of the Egyptian worker although all studies on the labor market over the past decades concluded that the outputs of the educational institutions were not commensurate with the needs of the labor market. However, the government took no step to develop the educational system to avoid this weakness. "What can education do in a lost nation?" This is what Abdel-Fattah Al-Sisi once said, which shows that he seems to be unconvinced with the usefulness of education in Egypt.

## Fifth: Absence of social justice

One of the most troubling problems for Egyptian society in general and for the labor movement in particular is that there is an almost complete absence of social justice after the coup of July 3, 2013, due to the government's practices, especially with regard to joining certain posts in sectors which provide a high financial or power return such as banking, electricity, petroleum, military, police or judicial sectors - which heavily depend on mediation, nepotism or bribery. Otherwise, qualifications, competencies or experience do not help in obtaining such jobs.

The problem of workers in this concern is the inequality in access to job opportunities. One of the most striking manifestations of social injustice among workers in Egypt is the lack of equality in the functional benefits that workers receive within the same sector. In the governmental sector, for example, the financial benefits of local administration workers are less than those working in oil, electricity, or banks, which exposes local government workers to bribery because government incomes do not meet their basic requirements of life.

## Sixth: Problem of early retirement

The Egyptian government announced that it is seeking to privatize some 18 companies over the next two to three years. The privatization of these institutions will undoubtedly lead to the transfer of many workers to early retirement. The media has recently reported that the 2018/2019 budget of the National Cement Company (NCC), which provides jobs for 2,300 employees, included an early retirement program. In fact, the NCC will not be the only company to adopt this trend. However, the problem is that the government does not have a specific vision for those who are referred to early retirement, as its role is limited to providing the required financial requirements of service leave, without providing pensioners with any training or qualification to

enter into small projects. Often, those who are referred to early retirement tend to use their retirement bonuses in meeting the necessary and urgent social needs, not for investment.

Due to the fact that the Egyptian economy is in a state of recession, it is difficult for the existing institutions to accept the employees transferred to early pensions, which will help to raise unemployment rates. If early retirement employees attempt to re-enter the labor market, they will crowd out new entrants to the labor market, affecting wages rates; and employers could exploit this opportunity and impose extra conditions on workers who will accept the terms of the contracts of acquiescence.

On July 1, 2019, Egypt's economic reform program with the International Monetary Fund (IMF) will be concluded. This means that Egypt's workers will suffer for another year. If the current reform program with the IMF did not lead Egypt out of its economic crisis, the government would enter a new reform program, increasing the suffering of workers.