Spain reverses controversial labour reform of 2012

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After more than 9 months of negotiations, on 22 December 2021, a tripartite social dialogue agreement[1] was reached which repeals central aspects of the 2012 labour reform implemented by the then conservative government. The 2012 reform had severe consequences as it devaluated labour rights and wages in Spain. Former Prime Minister Rajoy introduced a labour market reform which focused on the collective bargaining system and strongly impacted dismissal costs and procedures.

The current Spanish government, which is made up of the socialist party and the left-wing coalition UNIDAS Podemos, has decided to repeal the 2012 law after solving a bitter, internal row. The new agreement is part of the deal between the Spanish government and the European Commission. Spain has been allocated €140 billion over the next six years from the €750 billion EU recovery fund. The reform's main objective is to give more stability to the Spanish labour market and improve rules as of 2022.

The new reform will strengthen the central role that social dialogue must play and the connections to the EU Resilience Plan, as a fundamental tool for a fair economic and social recovery. In the current context of transformation, the trade union movement will have to promote all its capacities of cohesion and cooperation to achieve a radical reduction of inequalities as well as working and living conditions.

One of the most important elements for the trade unions who have signed this agreement is the recovery of the prevalence of sectoral collective agreements over company or smaller territorial agreements. This has been a priority trade union demand. Furthermore, some progress was made to reduce the country's high number of temporary workers. The government wants to end the abuse of temporary employment and to generalise a standard indefinite contract.

Spain's labour minister agreed to allow two exceptions:

1) If such short-term contracts are necessary to satisfy peaks in demand or production
2) For interim posts.

[1] The parties to the agreement are the government, the employers and UGT/CCOO.

The text defines training arrangements for both alternating work/training and internship contracts, with remuneration that can never be lower than the minimum wage. Furthermore, to limit employers' use of subcontracting and dubious outsourcing, service companies will be required to respect working conditions and salaries established in the sectors in which they operate.

There is still a discussion about sanctions to be imposed on companies that continue to abuse temporary contracts. The labour ministry has already proposed to raise the maximum fine from €7,500 to €10,000.

In the Basque Country, trade union forces are positioning themselves against the agreement and its submission to the Parliament. Trade union ELA, an organisation with 41% representation in the Basque Country, strives to influence the proposal and could resort to demonstrations to have its say.

Parliament is yet to discuss the new reform.

Edited by industriAll Europe