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THE (DI)PROTECTION OF EMPLOYMENT DURING THE COVID-19 PANDEMIC IN BRAZIL

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Individual Dismissals

- ▶ Brazil adopts the employment at will system;
- ▶ The cost of dismissal in Brazil, which is proportional to the duration of the employment contract, is considered low and, for this reason, incapable of discouraging layoffs;
- ▶ High informality rate;
- ▶ For informal workers - Emergency Assistance¹⁴, within the scope of Social Assistance, in amounts below the minimum wage in force in the country, and dependent on the proof of requirements, including low family income.

Individual Dismissals

MP
927/2020

- Remote work
- Early individual and collective vacations
- Anticipation of holidays
- Compensatory time off
- Among others

MP
936/2020

- Emergency Program for the Maintenance of Employment and Income
- Suspension of contracts
- Reduction of working hours and salaries
- Provisional guarantee of employment ou indemnity

MP
944/2020

- Emergency Program to Support Jobs
- Subsidized with public resources and destined to carry out credit operations with companies for the purpose of paying their employees payroll

Collective Dismissals

- None of the rules issued during the pandemic addressed protection against collective dismissal;
- The jurisprudence has established that prior collective bargaining with union organizations would be essential for its validity since 2009;
- Article 477-A of the CLT (Labor Code), introduced in 2017 by a deep Labor Reforma (Law No. 13.467/2017), which determines that collective dismissals are equal to individual dismissals for all purposes;
- Cases questioning the legality of collective layoffs during the pandemic have proliferated in Brazilian Labor Courts;

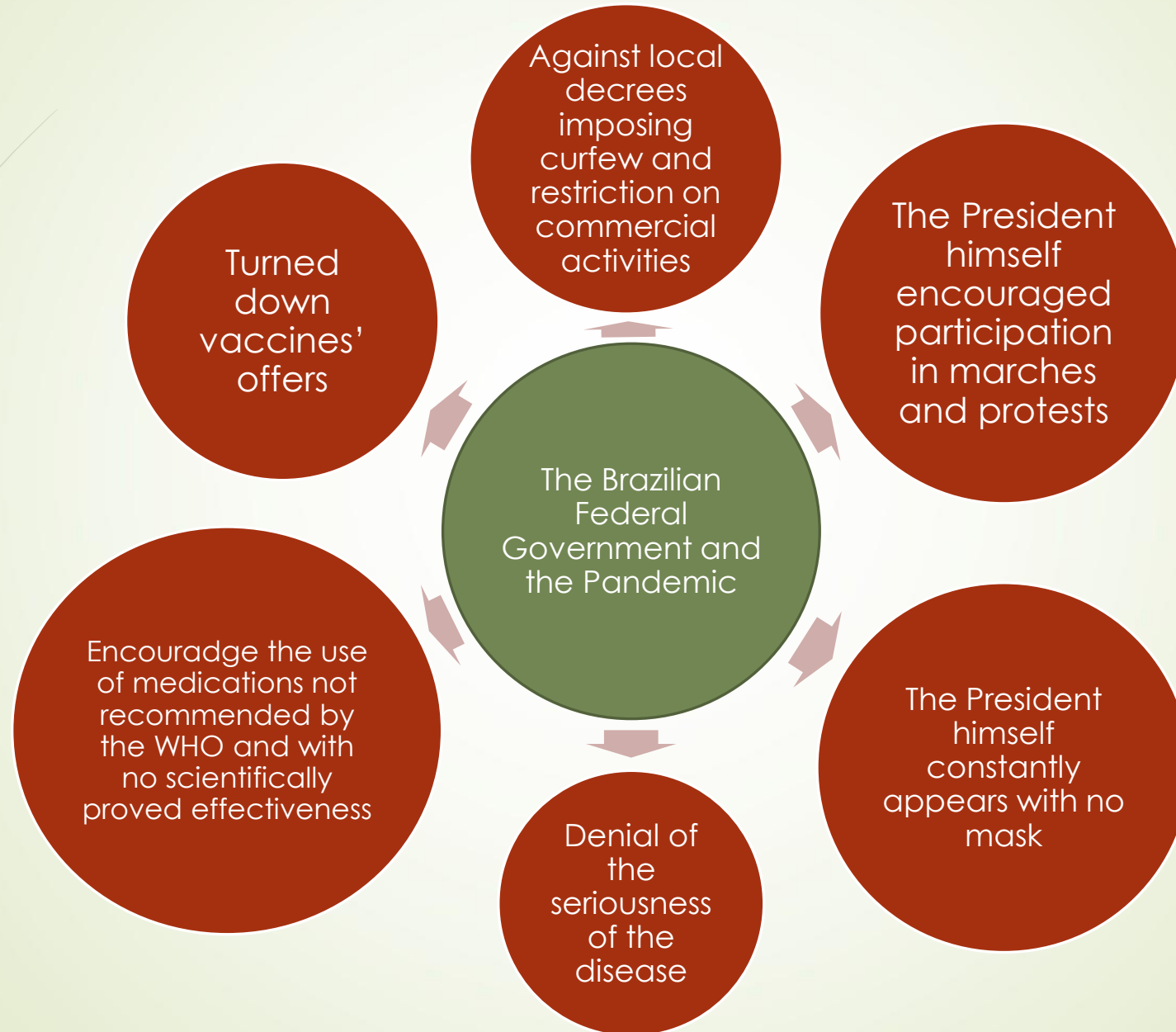
Collective Dismissals

- There are no parameters to define collective dismissals;
- In Brazil, companies with between 1 to 5 workers employ more than half (50.1% in 2016) of the country's active force;
- 8.1% of companies in operation in Brazil reduced the number of employees.



Ford Factory in São Bernardo do Campo, SP |
Werther Santana/Estadão Conteúdo

Conclusions and findings



Conclusions and findings

➤ **Hunger and poverty:**

- 19 million Brazilians faced hunger;
- Over 100 million are in a state of nutrition insecurity;
- Social inequality worsened with the Gini Index reaching 0.674;
- The national average income, for the first time, dropped to below BRL 1,000 monthly;
- In the poorest half of the population, income decreased by 20.8%;
- Unemployment rate of 14.7% (1st quarter of 2021).

Picture by EPA. BBC.com. “Não é só efeito da pandemia: por que 19 milhões de brasileiros passam fome”. Laís Alegretti.



Conclusions and findings

➤ **Formal Jobs protection:**

- 21.4% of companies had adopted at least one of the available measures with government support;
- By September 2020, 17.5 million agreements had been signed involving approximately 9.7 million workers;
- Of the BRL 51.55 billion reserved in 2020 for expenses with the Emergency Employment and Income Maintenance Benefit, only BRL 33.50 billion were effectively paid;
- In 2020, 6,784,102 workers filed for Unemployment Insurance; In 2021, 2,117,677 did;
- Brazil did not provide any employment guarantee during the pandemic;
- The measures adopted were merely persuasive.



Thank you!