

April 16, 2020

COVID-19 Employment – Latin America: Economic Measures

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Different Latin American regions have been forced to take economic measures to buffer the impact of the coronavirus in the labor sector. Venezuela has not been the exception, although the measures taken by the government do not seem to be sufficient.



State of Emergency in Venezuela

At the end of the fourth week of quarantine, the National Executive extended the Decree of State of Emergency in Venezuela, which does not include new economic measures in the labor area to help surpass the crisis caused by the pandemic.

It is undeniable that the application of prevention measures on a larger scale is a positive fact; but there is something else to consider, the policies will be contingent on the results that are obtained.

Employment Stay

To this date, Venezuelans only have an employment stay that was already in place, and the payment of a "Stay at Home bonus", which has not yet been collected by some workers, and which is not enough to buy more than 4 products from the basic basket.

These decisions cause even more concern, when our labor legal system states that a work suspension that cannot exceed 60 days, then the question that arises is what will happen to the work suspension established in the Labor Law (LOTTT), after said period?

Other Economic Measures in Latin America

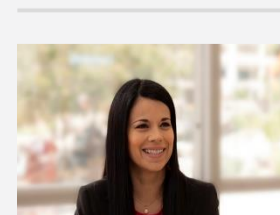
On this occasion, we take the liberty of summarizing the economic measures implemented by some Latin American countries, in relation to the labor issue, being as it is a critical issue and one of priority in the entire world; since if the worker and its family have no way of surviving, other socio-economic problems will arise.

Country	Labor Laws	Economic Measures
Venezuela	Labor Law (LOTTT). Suspension of employment contracts by fortuitous events or force majeure, may not exceed 60 days; by virtue of this suspension, the worker is exempt from providing their services and the employer from paying wages. The remaining social security obligations subsist.	<ol style="list-style-type: none"> 1. Ratification of Employment Stay by Executive Decree. 2. "Stay at Home" bonus in the amount of Bs.450.000.00 granted to workers.
Colombia	Substantive Labor Code. Suspension of employment contracts due to force majeure or fortuitous events. Under the suspension, the worker is exempt from providing services and the employer from paying wages. The remaining obligations that arise from the employment contract subsist.	<ol style="list-style-type: none"> 1. Government's Micro, Small and Medium Industry program (Mipymes) to satisfy payrolls, for three months and covers salaries of up to 5 minimum wages for Mipymes payroll and to be able to cover wages of up to 5 minimum wages. 2. Suspension of the obligation to contribute to pensions for workers and employers. 3. The Ministry of Labor will be the only one authorized to review employers' applications for suspension of contracts or collective dismissals of companies and protect employment in Colombia.
Peru	Law of Productivity and Labor Competitiveness: In fortuitous and force majeure events, grants the employer the right to temporarily suspend the worker for up to a maximum of ninety days.	<ol style="list-style-type: none"> 1. Companies can opt for the work suspension. 2. Financial benefit for micro-companies up to a maximum amount of 760.00 soles. 3. Workers may withdraw up to 2,000 soles from their pension fund administered by the Pension Fund Administrators (AFP), in addition to accessing part of their Compensation for Time of Services (CTS)
Argentina	<ol style="list-style-type: none"> 1. Labor Contract Law: suspension of the employment relationship 2. Decree of Necessity and Urgency No. 34 dated 12-13-2019: dismissal without fair cause during the validity of the decree, the affected worker will have the right to receive double the corresponding compensation in accordance with current legislation (effective 180 days) 	<ol style="list-style-type: none"> 1. Prohibition of dismissals and suspensions for 60 days from March 31, 2020. 2. Postponement or reduction of up to 95% of the payment of employer contributions to the Argentine Integrated Social Security System. 3. Compensatory Allocation to Salary. 4. Integral unemployment benefits system.
Chile	Labor Code: Suspension of the labor relationship. Employers must continue to pay social security and pension contributions. Workers receive remuneration from the Unemployment Insurance. Reduction of the working day, wages are paid according to the hours worked.	<p>Law No. 21.227: 1. Suspension of the employment contract by an act of authority.</p> <ol style="list-style-type: none"> 2. Pact for temporary reduction of working hours. 3. It is forbidden to terminate an employment contract due to an act of God or cause of force majeure.
Bolivia	General Labor Law: Prohibits unfair dismissals.	<ol style="list-style-type: none"> 1. Credits will be granted for an amount equivalent to two (2) national minimum wages, per worker, per month, for a maximum of two (2) months. 2. Companies must guarantee payment of wages.
Uruguay	<ol style="list-style-type: none"> 1. Law No. 15.180, Decree No. 14/82 and Law No. 18.399: Unemployment Insurance 	<ol style="list-style-type: none"> 1. Advancement of holidays is authorized. 2. A special unemployment subsidy system is created, 25% of the monthly average of what was received in the 6 immediate previous months 3. Extended the term for the special unemployment insurance regime.
Costa Rica	Labor Code: Suspension of the employment relationship.	<ol style="list-style-type: none"> 1. Protection Bonus: temporary grant of 62.500 Colones or 125.000.00 Colones 2. Reduction of working hours.
Cuba	Labor Code: Suspension of the employment relationship.	<ol style="list-style-type: none"> 1. It encourages remote work or telework in all activities that allow for such, in which case the worker earns 100% of the salary. 2. Avoids keep older workers or workers in a fragile condition performing their duties. In these cases the worker earns a salary guarantee equivalent to 100% of his basic salary the first month, after which he receives 60% while in isolation. 3. Workers who, by order of the health authority, are in preventive isolation, receive 100% of the basic salary during this period. 4. The mother, father or family member, who has the status of worker and is in charge of the care of the minor whose classes were suspended in primary and special education, receive during the first month a salary guarantee equivalent to 100% of the basic salary and if the suspension is maintained, the guarantee is 60% 5. In case of eventual paralización of work, when it is not possible to relocate the worker, he receives a salary guarantee equivalent to 100% of his basic salary the first month, after which he receives 60% for the duration of the paralización. If the worker does not accept the job relocation without justification, he maintains the relationship with the entity and no salary guarantee is paid during the period of the interruption. 6. Maintain payment for results in the business sector by suppressing the condition referring to the growth of profits before tax, which will take effect in the month of April with the payment of March, as long as conditions allow it. Pay the basic salary when it is not possible to pay for results. 7. Extending the unpaid leave to the mother who is enjoying the complementary maternity leave and when it expires, its incorporation is impossible because she has no other family member who can take care of her child and the granting of the children's circle was postponed. 8. Ratify that sick workers with medical certificate, receive a subsidy equivalent to: (a) 50% of the average salary if they are hospitalized; (b) 60% of the average salary if they are not hospitalized. 9. Ratify the power of the administrations to justify the absence of workers prevented from attending or staying at work when there is no medical certificate or specific measure approved, in which case there is no payment of salary or social security benefit. 10. Extend the duration of the unpaid leave until the return of the worker who is abroad for personal reasons and the period of authorized unpaid leave expires, and cannot return due to the travel restrictions established, in which case worker's request is required. 11. Whenever the insufficiency of income for the payment of basic salaries is verified, the temporary monetary benefit of social assistance is granted, according to the composition of the family in the amounts currently in force. 12. In cases of self employment, which activity decreases, but continue to provide services, the employer guarantees sub-contractors, a remuneration in proportion to the actual time worked, which cannot be less than the country's minimum wage. 13. Incorporate as a cause of temporary suspension of self employment, the temporary paralización of the service. 14. The mothers who decide not to take the child to the infant circle or private care to comply with social isolation and who were not declared by the administrations where they work interrupted or are working remotely, including telework, receive during the first month, a salary guarantee equivalent to 100% of the basic salary and until the epidemiological situation is maintained 60%.
Dominican Republic	<ol style="list-style-type: none"> 1. Suspension without pay. The worker and the labor authority must be notified electronically or in writing. Suspension for 30 days. 2. Grant vacations to maintain salary. 	<ol style="list-style-type: none"> 1. The Government proposed to subsidize salaries in the amount of 8.500.00 pesos and urges the employer to complete the salary. For small and micro companies.
Panama	<ol style="list-style-type: none"> 1. Work code. 1. Reduction or modification of the working day due to unforeseen circumstances or force majeure. 2. Suspension of the effects of employment contracts due to acts of God or force majeure. 	<ol style="list-style-type: none"> 1. The effects of employment contracts are understood to be suspended in those companies whose operations have been closed. 2. Workers over 65 years of age and pregnant women may avail of expired or advanced vacations for a minimum of 15 days. 3. The functional or horizontal transfer of the workers is allowed. 4. The validity of work permits for foreign workers is extended.

If you have any questions, please do not hesitate to contact us.

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