

# The six main characters of the labor reform



The labor reform approved through [Royal Decree-Law 32/2021, 28 December, on urgent measures for labor reform, the guarantee of employment stability and the transformation of the labor market](#), has not completely derogated the 2012 reform but represents a change of course in labor relations. Do you want to know what the most noteworthy issues are? Below we identify what, in our opinion, are the 6 essential points to learn about the new labor framework.

## 1 Temporary contracts



One of the workhorses of the labor reform. The contract for project or service disappears and the contract for circumstances of production and the contract for substitution of the employee are redefined. Penalties for fraudulent temporary hiring to be imposed for each employee are stiffened.

## 2 Training contracts



Training contracts are redefined. The training contract in alternation (to make work activity compatible with training processes) and the contract for acquiring an appropriate professional practice to the levels of studies (with a maximum duration of one year) are regulated.

## 3 Discontinuous permanent contract



This type of contract is strengthened as opposed to temporary ones. It may be entered into for the performance of seasonal work or work linked to seasonal activities, for the performance of work that is not seasonal in nature but which, being intermittent, has certain, determined or undetermined periods of execution. They can be used for the execution of contracts that, being foreseeable, are part of the ordinary activity of the company.

## 4 ERTE and RED Mechanism



Inspired by the recent COVID-19 regulations, the regulation of ERTes (especially those of force majeure) is modified, and the so-called Red Mechanism for Employment Flexibility and Stabilization is created with two modalities, cyclical and industry-related, which must be activated by the Council of Ministers to allow the reduction of working hours or suspension of contracts, including a fund for the financing of benefits and exemptions from social security contributions and training costs.

## 5 Collective bargaining and collective agreements



The priority of application of the company's collective bargaining agreement is maintained with respect to collective bargaining agreements for the industry, except with respect to the salary amount. The indefinite ultra-activity of the agreement is restored: once the duration of the collective bargaining agreement elapses when the negotiation of a new one is promoted by one of the parties, it will remain in force until a new agreement or solution for a new agreement exists.

## 6 Outsourcing of services



The possible limitation of the outsourcing of services was one of the main issues in the negotiation stages of the labor reform. Finally, the fundamentals of the previous regulations are maintained, notwithstanding the clarification that the collective bargaining agreement applicable to the contracting companies will be that of the sector of the activity carried out in the contract.