

## • COUNTRY INFORMATION FACT SHEET • PERÚ

### GENERAL COUNTRY DATA

 **Surface Area:** 1.285.216 km<sup>2</sup>

 **Population (2017 census):** 31.237.385 inhabitants

 **Projected population to June 2020:** 33.177.000 inhabitants

 **Life Expectancy:** 76,29 years (2017)

 **Composition of the population:** 49.2% men, 50.8% women <sup>1</sup>

 **Economically active population (PEA) (quarter April, May, June):** 11,266,600 <sup>2</sup>

 **Gross Domestic Product (GDP) 2019:** U\$S 210.881,6 million <sup>3</sup>

 **GDP first quarter 2020:** the GDP decreased 3.4% in the first quarter of 2020 <sup>4</sup>

### Brief Overview of the Socioeconomic Situation

#### Employment.

In the moving year July 2019 to June 2020, of the **11,980,100** employed in urban areas, **32.3%** (**3,872,900** workers) were formally employed (with a labor relationship subject to labor, tax and social security legislation or who worked in the so-called formal sector of the economy). This percentage decreased **13.4%** (**596,900** people) compared to the same period last year.

**35.3%** of employed men have formal employment, **6.7** percentage points more than women (**28.6%**). Per age group, formal employment is higher in the **25** to **44** age group, with **35.4%**, followed by the group **45** years and more with **34.7%**, while **16.6%** of employed young people under **25** years of age have formal employment.

In the moving year of analysis, formal employment decreased for both men and women. Thus, men with formal employment decreased by **11.6%** (**309,600**) and women by **16.0%** (**287,300**). Of the formal jobs, men have **60.9%** and women **39.1%**. <sup>5</sup>

## Unemployment.

The unemployment rate in the April-May-June quarter of 2020 was **8.8%**, **5.2** percentage points higher than in the same quarter of the previous year (**3.6%**). The percentage in urban areas was **12.4%** and **1.1%** in the rural areas. The unemployment rate for men was **9.7%**, **2.2** percentage points higher than that of women (**7.5%**). When comparing with the same moving quarter of the previous year, we note that the unemployment rate for men increased by **6.4** percentage points and by **3.5** percentage points for women.

## Inactive Population.

There are **13,583,600** people (**54.7%**) in the economically inactive population, which includes all people of working age who do not participate in the production of goods and services because they do not need to, cannot or are not interested in paid activity. This group is made up of students, housewives, pensioners, retirees, rentiers or permanently disabled to work. <sup>6</sup>

## Informality.

In the moving year of analysis, employed informal workers in urban areas, i.e. those employed without social benefits or who work in unregistered production units, reached **8,107,300**, meaning **67.7%** of the total employed in urban areas. Compared with the similar moving period of the previous year, the population with informal employment declined by **7.0%** (**607,100**).

Informal employment declined by **8.8%** (**366,000**) for women, and by **5.3%** for men (**241,000**). Per age group, informal employment declined by **12.5%** in the employed population under **25** years of age; by **5.7%** among those between **25** and **44** years of age; and by **5.5%** in the group aged **45** and more.

## Poverty.

Estimations indicate that around 3.3 million Peruvians will become poor in 2020 due to

the impact of **COVID-19**. The most affected population will be those living in the rural sierra and the rural jungle. Poverty in Peru will increase from **20.2%** in 2019 to **30.3%** in 2020, which means that **3,300,329** people will become poor and the country will regress to the levels of ten years ago, according to a UNICEF study. These figures are estimates of the Executive Branch. <sup>7</sup>

## Main Violations of Workers' Rights

### Regressive measures to the working class:

Activation of a *“legal mechanism”* to automatically suspend workers without pay for up to **180** days; issuance of a legal norm to replace the days of leave for workers in the risk group for **90** days with vacations, with the State assuming the partial subsidy of the salary of this age group of workers; establishing a rule for the collective bargaining or arbitrations underway to be subjected to a new economic-financial opinion that takes into account the impact of the health emergency; compensation of **35%** of the salary of workers who earn up to USD **435** at the expense of the State, however, there is no certainty regarding the payment of the remaining **65%**; unilateral compensation of hours by the company; postponement of the payment of compensation for seniority; temporary suspension of the income tax; reduction of payment of leaves entitled to **75%** of the minimum living remuneration; reduction of wages and work hours during the health emergency. <sup>8</sup>

### Violation of the right to collective bargaining.

In January 2020, prior to the **COVID-19** pandemic, the national government enacted Emergency Decree No. 014-2020 that created much conflict in labor relations in the public sector for attacking the collective bargaining underway of public sector workers. Some of the reasons of its unconstitutionality are:

- It prohibits collective bargaining in all entities that have collectively negotiated economic conditions during 2016, 2017, 2018 and 2019 (**Third Complementary Provision**).

- It allows the revision of collective agreements or arbitration awards that have already concluded to make them totally or partially inapplicable, through a request to the Ministry of Economy & Finance (**MEF**) (**First Complementary Provision**).

- It stipulates that collective agreements and arbitration awards will not be cumulative, thus returning to their automatic expiration. This means starting from scratch every time. All previous agreements and awards in force will be void (**Art. 5.4**).

- It prohibits claims to be filed in the year prior to general, municipal or local elections, meaning that negotiations can only take place twice every five years (**Art. 5.2**).

- The government, which is one of the parties to the negotiation, decides on the content of the collective agreement or arbitration award in a report to be issued by the **MEF** on each negotiation, whereby anything other than what the government decides is grounds for invalidation (**Art. 6.4**).

- Arbitrators failing to comply with the **MEF** report will be excluded from the National Registry of Arbitrators, thereby violating their independence as stipulated in the Constitution (**Art. 139, Section 1. Political Constitution**).

- When no agreement has been reached on the appointment of the president of the Arbitration Court, **SERVIR** will proceed to make that appointment. The simple refusal of the government entity **SERVIR** to appoint the president is grounds enough for the government to appoint said president (**Second Complementary Provision**).

- All negotiations underway, initiated under other rules, shall be immediately adjusted to

**Decree 014-2020 (Second Complementary Provision)**, thereby violating the principle of non-retroactivity of laws established in **Article 103 of the Political Constitution**.<sup>9</sup>

### **Positive measures for the working class.**

Health measures as of March 11; suspension of activities except for the essential ones; quarantine and compulsory lockdown; suspension of school activities and plans to prepare virtual schooling; purchase of hygiene kits for public schools and universities; remote work in the public and private sectors without affecting the employment relationship, remuneration or other economic conditions; Supreme Decree (**DU 026-2020**) regulating remote work as an exceptional measure to avoid infection; workers at risk prioritized for remote work and, if not possible, there shall be leave with possible compensation but no layoffs; the National Labor Inspection Superintendency will audit and penalize the violation of workers' rights; employers to implement measures to prevent the infection of workers; SME funding: approval of the Business Support Fund for MSEs and other complementary measures; measures in favor of tax debtors; postponement of deadlines for the payment of income tax and financial transactions; supplementary credit in favor of the Ministry of Economy & Finance of USD **29** million for investment in health; reduced tariffs on the import of hygiene and health goods.

## Significant Issues of the Context

The **Confederación General de Trabajadores del Perú (CGTP)** denounced the government's **“compensatory measures in favor of workers”** as false because they use social security contributions without consultation, while large companies receive direct subsidies from public funds. For its part, the **Central Unitaria de Trabajadores of Peru (CUT)** filed complaints against logistics companies such as Bridgestone; telecommunications line repair and maintenance companies such as Ezentis, Cobra and Lari; administrative telecommunications companies such as T-Gestiona; and content company Media Networks. They pointed out that these companies have forced their workers to work without any kind of protection. Federations have also denounced that employers' proposals use the collective and individual right to work with more flexibility, than that established in the labor legislation, always to the detriment of workers' rights. <sup>10</sup>

Recently, in November 2020, the **CGTP** questioned various aspects of Emergency Decree No. 127-2020, published on Sunday, November 1, through which the government ordered subsidies to promote, as indicated in the norm, **“the recovery of formal employment, encouraging the hiring of labor and the preservation of jobs”** and **“encouraging the return of workers under perfect suspension of work and leave without pay, as per qualifying and regulated conditions”**. The government has publicly stated that policies to encourage the recovery of employment cannot, in any way, limit the exercise of constitutional rights, or disregard or undermine the dignity of workers, as stipulated in Article 23 of the Constitution. These policies must adjust to criteria of reasonableness and proportionality so as not to affect fundamental rights.

Indeed, we do not consider reasonable or proportional that the Emergency Decree does not require that, in order to be eligible for the subsidy, employers should not have records of violation of socio-labor and safety and health standards.

Regarding the table of percentages of subsidies that establish the criteria for temporary and indefinite-term time contracts, the Emergency Decree states a percentage of subsidies for indefinite-term contracts of barely 10 percentage points above temporary contracts, in a country where temporary employment is prevalent and employers oppose indefinite-term contracts under the guise of the alleged **“rigidity”** of the labor market. The **CGTP** has vehemently indicated that the subsidy for temporary employment should be avoided and, in any case, should aim at promoting indefinite-term contracts. The **CGTP** has also denounced the gravity of the regulation that does not prohibit dismissed indefinite-term workers to be hired using the temporary work modalities established in Article 121 of Legislative Decree 728. In other words, the violation of job stability is encouraged, promoting temporary hiring to the detriment of indefinite-term contracts.

The decree also provides for an extension of remote work, with validity extended to July 31, 2021, without employers being obliged to provide the equipment and media for remote work, which are covered by workers, as well as the connection costs. <sup>11</sup>

In April 2020, the four main trade union federations (**CGTP, CUT, CATP and CTP**) issued a joint statement rejecting the anti-labor measures proposed by the **Confederación Nacional de Instituciones (CONFIEP)**. They stated that these measures demanded **“... a package of anti-labor measures as if we workers were to blame for this health crisis”** and denounced **CONFIEP's** controversial position to address the **COVID-19** health crisis. <sup>12</sup>

## Trade Union Proposals and Initiatives

The main federations have urged the Peruvian government to institutionalize and consolidate an ongoing dialogue to address the economic crisis caused by COVID-19.

Increasing economic benefits and providing aid to those who earn their livelihood on a daily basis (informal and self-employed workers).

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<sup>1</sup> "In the national censuses carried out by the National Institute of Statistics and Informatics, the Peruvian State does not record any type of ethnic identity other than the language learned in childhood. The sources referring to Peruvian ethnography generally affirm the existence of an Amerindian majority - around 40% of the population is indigenous. According to the Truth & Reconciliation Commission, if we take into consideration the subjects' mother tongue, 30% of Peruvians are indigenous in the strictest sense of the word."

<sup>2</sup> [https://www.inei.gob.pe/media/MenuRecursivo/boletines/03-informe-tecnico-n03\\_empleo-nacional-abr-may-jun-2020.pdf](https://www.inei.gob.pe/media/MenuRecursivo/boletines/03-informe-tecnico-n03_empleo-nacional-abr-may-jun-2020.pdf)

<sup>3</sup> <https://cepalstat-prod.cepal.org/cepalstat/>

<sup>4</sup> The information for this section was collected mainly from <https://www.inei.gob.pe/> Consultada entre el 6 y el 8 de noviembre de 2020.

<sup>5</sup> [https://www.inei.gob.pe/media/MenuRecursivo/boletines/03-informe-tecnico-n03\\_empleo-nacional-abr-may-jun-2020.pdf](https://www.inei.gob.pe/media/MenuRecursivo/boletines/03-informe-tecnico-n03_empleo-nacional-abr-may-jun-2020.pdf)

<sup>6</sup> Ibid.

<sup>7</sup> <https://www.unicef.org/peru/media/8866/file/Impacto%20COVID19%20pobreza%20y%20desigualdad.pdf>

<sup>8</sup> Information extracted from the systematization performed by the TUCA.

<sup>9</sup> <https://diariouno.pe/d-u-014-2020-ataque-a-la-negociacion-colectiva/>

<sup>10</sup> Ibid.

<sup>11</sup> <https://diariouno.pe/cgtp-considera-que-d-u-127-2020-vulnera-derechos-de-los-trabajadores/>

<sup>12</sup> <https://larepublica.pe/economia/2020/04/10/centrales-sindicales-califican-de-antilaborales-propuestas-de-confiep/>



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