

NEW SUBCONTRACTING LAW IN SPAIN

Mercedes Clavell
Associate. Business Law Department
J A U S A S

A new Law regarding subcontracting in the construction industry came into force in Spain on 19 April 2007.

The main purpose of this Law is to limit the number of subcontractors on a construction site. The Law acknowledges that subcontracting is necessary in order to achieve a good level of productivity, but using an excessive number of subcontractors, which has been common in Spain, does create some risks. These risks affect not only the quality of the works, but also the rights of the workers, particularly regarding health and safety.

The Law establishes a limit of three tiers of successive subcontracting for specialised activities, and only one tier for labour intensive jobs, with some very limited exceptions. Companies that breach these limits will be jointly liable for any damage caused.

Companies acting as contractors or subcontractors should progressively increase the number of their employees with an indefinite term employment contract up to a minimum of 30% by 19 October 2009. In addition they must provide the necessary health and safety education to the employees.

Companies that wish to subcontract or be subcontractors must be registered with a special registry of the labour authorities and they should keep a so-called "Subcontracting Book".

Trade Unions hope that this Law will reduce the high accident rate in Spanish labour market. The construction sector currently employs 2.6 million workers (13% of the Spanish working population).