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EC Commission Approves Amended Version of Worker Right's Proposal

The Commission of the European Communities yesterday approved an amended version of proposed EC-wide legislation to require European subsidiaries of multinational corporations to inform and/or consult their workers on company plans likely to affect worker interests. The new version of the proposed Directive on Employee Information and Consultation--also known as the "Vredeling Proposal", after the EC Social Affairs Commissioner who first introduced it--was drafted in light of recommendations made last year by the European Parliament and after extensive consultations with labor and industry, including US interests. The proposal now goes to the EC's Council of Ministers, whose unanimous approval would be needed before it could become law.

The Vredeling proposal is designed to make multinational corporations more accountable to their local employees, since workers are increasingly affected by business decisions made beyond the local level. The proposal would apply to corporations and corporate groups employing at least 1,000 workers in the EC. If the management of the parent company is located outside the Community, the subsidiary, or a designated agent in the Community, would be responsible for the obligations imposed by the directive.

Speaking to the press today in Brussels, EC Social Affairs Commissioner Ivor Richard called the new draft "a step forward in the essential process of developing Europe's labor protection legislation." He said that company decision-making procedures in the present industrial climate, if anything, are being centralized and internationalized at a faster rate than they were three years ago when the directive was first proposed. He said employee information and consultations in companies was "an idea whose time has come."

The proposal would require the parent company at least once

a year to give its subsidiaries information on the company's business activities, financial situation and prospects. This information would have to be passed on by the subsidiary to worker representatives. Updated information of this type supplied to stockholders would also have to be relayed through the subsidiary to the representatives.

Should the management of the subsidiary fail to meet these obligations, the worker representatives would be able to contact the parent company in writing. The parent company would be required to communicate the relevant information to the subsidiary without delay.

The proposal would also entitle workers to receive oral explanations from management of the information furnished under the proposal. However, it would permit management to withhold information from employees if the information were considered secret or to require employee representatives to treat certain types of information as secret. Information would be considered "secret" under the proposal if its disclosure could substantially damage the company's interests or lead to the failure of its plans. A panel or tribunal would be set up to settle disputes between workers and management as to the secrecy or confidentiality of a given piece of information.

Should the parent company propose to make a decision having a major impact on those employed in an EC-based subsidiary, it would have to inform the subsidiary's management before making a final decision. The parent firm would be required to give the grounds of the proposed decision and the legal, economic and social consequences of the decision for the employees concerned and to say what actions were planned with respect to those employees. Examples would include plans to close or transfer plants, measures related to worker health or safety and changes in working practices such as the adoption of new technologies. Management would be required to consult with employees on these initiatives, in principal before the final decision is made. Worker representatives would have legal recourse if management failed to meet these consultation requirements.
