

## Information sheet 1

6 May 2008

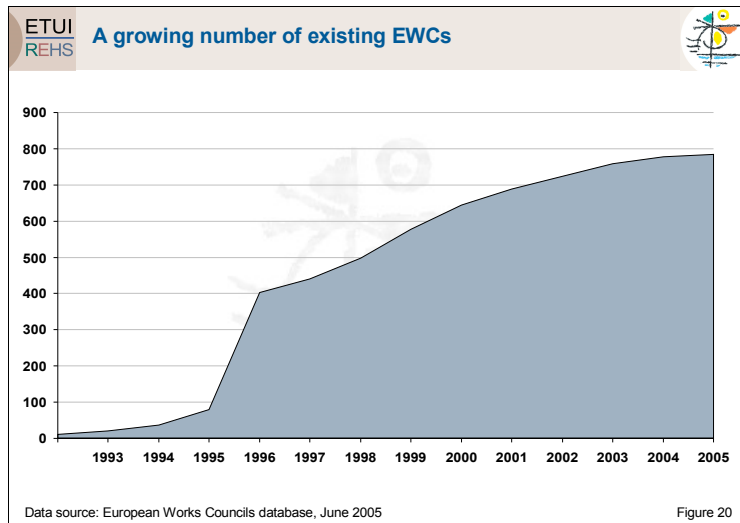
### What are European Works Councils?

The development of the European Union has led many big multinational companies to operate more and more on a Europe-wide basis. Reducing trade barriers and harmonising standards has meant that everything, including jobs and money, can be moved around more easily within the EU, and big companies naturally take advantage of this. This has led to an increasing number of major decisions in multinational corporations being taken at European level. So key aspects of the working lives (and indeed the futures) of the growing number of people who work for such companies are more often decided by top management located outside the country where they are employed.

Until European Works Councils came along, most of the workers in this situation had no real opportunity to get their voices heard by these top managers. They would tend to have decisions presented to them by their local management as something that had already been decided by headquarters. Nor was there any mechanism for them to confer with the workers in other countries affected by such decisions. Management could and sometimes did tell different stories to employees in different countries. So, while companies were developing new European policies and methods to benefit from the EU, the workers affected by those innovations did not have the tools they needed to keep up.

### A balance of interests

This was a problem, because if unchecked it meant the EU would be failing to balance the interests of big companies and the interests of the ordinary European working people they employed. In the late 1980s, top managements in some companies also started to see that the lack of any proper channels of information and consultation at European level was causing them problems. Without trusted and shared communication channels and rules of disclosure in place, fears and

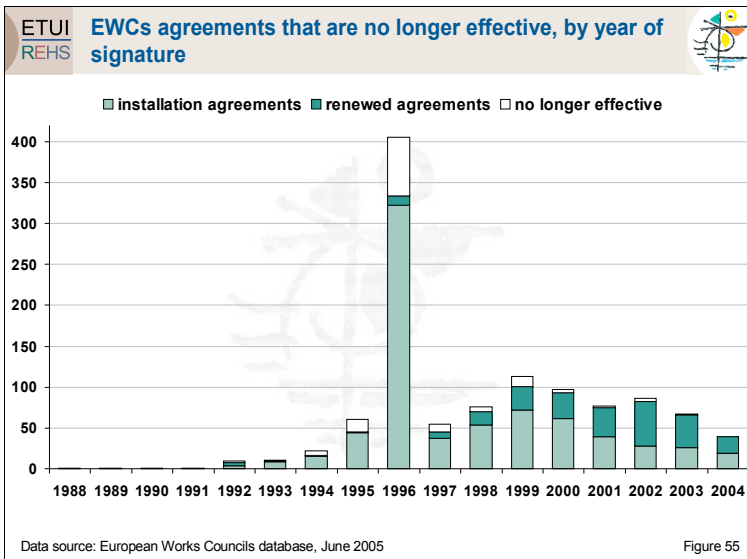


rumours about restructuring were causing problems among their widely spread workforces.

### What are EWCs for?

European Works Councils (EWCs) were set up to address these problems. They were designed

- to give representatives of all European workers a direct line of communication to the top managers no matter what country they were from;
- to make sure that workers in different countries were all told the same thing at the same time about transnational policies and plans;
- to give workers' representatives in unions and national works councils the opportunity to consult with each other and to develop a common European response to their employers' European plans, which they could then present to management before those plans were implemented.



many cases where EWCs are not working as they should, it is due to shortcomings in the directive.

### What workers say

*"Over the past years, European Works Councils have become vital institutions of the so-called European social model. There is a good chance to further enhance the effectiveness of EWCs by a revision of the Directive 94/45/EC. In view of the ongoing process of globalisation such strengthening of workers' participation is urgently required in order to prevent workers from becoming the losers in this process"*

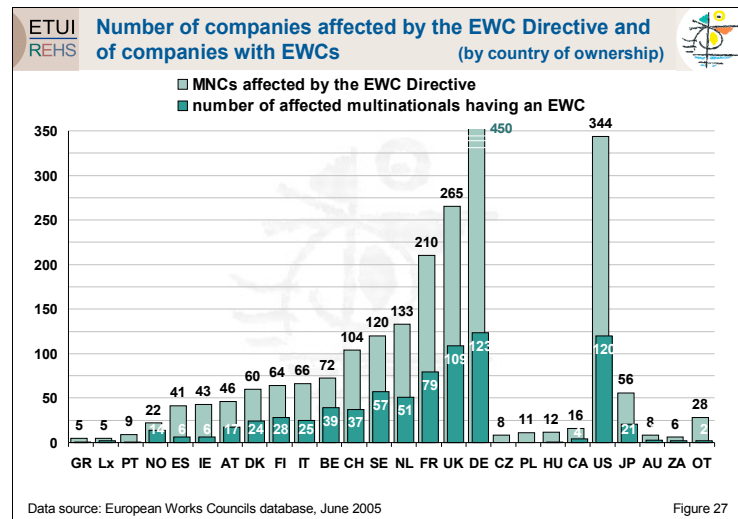
**Bob Welham, EWC chair, Akzo Nobel**, in his letter to European Commissioner Vladimir Spidla, November 2007.

### What is the European Works Council Directive?

The [EWC Directive \(94/45/EC\)](#) is a European law which obliges all governments of EU Member States to enact national laws giving workers the right to set up European Works Councils in multinational companies. The directive, dating from 1994, says that these EWCs have to be established on the basis of negotiations between worker representatives and top management. It sets out which companies are covered, how negotiations should be conducted, the minimum standards for negotiated agreements and the fall-back rules (subsidiary requirements) on what sort of EWC must be set up if workers' representatives and management cannot reach an agreement (after three years).

### Progress so far

In many ways the EWC Directive can be judged as a success. There are now more than 800 multinational companies with EWCs and they cover more than 14 million European workers. Almost all these EWCs are based on negotiated agreements and so they are all a bit different from each other. Some of them work well and provide for real and effective information and consultation at the European level, just as they are supposed to. However, others have never really got off the ground. In



#### Useful links:

ETUC website: <http://www.etuc.org/>

ETUI EWC database: <http://www.ewcdb.org>

Social Development Agency (SDA) database: <http://www.sda-asbl.org/>

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