



TOGETHER FOR A FAIR DEAL FOR WORKERS

EL/LR/gv

Brussels, 24 February 2026

To: Commission President von der Leyen,
Executive Vice-Presidents,
Commissioner McGrath,
Commissioners

ETUC Letter in view of the upcoming orientation debate in the College of Commissioners on the proposed “28th company regime” (EU Inc.)

Dear President von der Leyen,
Dear Executive Vice-Presidents,
Dear Commissioner McGrath,
Dear Commissioners,

I am writing in view of the upcoming orientation debate in the College of Commissioners on the proposed “28th company regime” (EU Inc.). On behalf of the ETUC and our affiliated trade unions, we are calling for a rethink of the plan to progress the proposal and instead to address the real problems faced by innovative firms seeking to start up or scale up, namely the creation of a supportive ecosystem, backed up with investment tied to quality jobs within an EU industrial policy.

The 28th company regime raises profound questions about its necessity, its added value and its legal consequences. To date, no concrete proposal has been shared with the European social partners. Despite requests, the Commission has not clarified how the regime would operate in practice, how conflicts of law would be resolved, or how national labour and social protection systems would be safeguarded, at the same time reports in the press and headline messages in speeches are creating a lot of concern.

Given the potential scale and impact of this initiative, not only on company law but on employment rights, industrial relations systems, social security and taxation, this lack of transparency is damaging. It is also a matter of rights. Under the Treaties, social partners have the right to be informed and consulted on initiatives that have implications for employment and social policy. Respect for social dialogue is not optional; it is a constitutional obligation of the EU.

Growing fears about using EU Inc. to speed up company closures and restructuring

Recent statements that the objective of the 28th company regime is to make it easier and quicker to close a company are creating significant concern among workers and their representatives. In a context of economic uncertainty and restructuring across Europe, any suggestion that the rights of the workers in company closure procedures would be removed or reduced naturally raises fears about job security, information and consultation rights, and the protection of workers’ claims in cases of insolvency. Also considering the ongoing absence of a just transition framework to safeguard workers in the digital/AI and green transformations, a great deal of fear is being created.

These concerns are real and widespread. They should not be dismissed.

Risks to labour law, collective bargaining and enforcement

Without clarity and proper consultation, there is every likelihood that the proposal will undermine national labour-law systems, weaken collective bargaining structures and create legal uncertainty for workers and companies alike. It could open avenues for regulatory shopping, social dumping and make enforcement more complex, not less.

The European Parliament has already warned of “the risk that an automatically recognised S.EU [28th company regime] could lead to the circumvention of mandatory domestic rules that protect workers, their representatives and trade unions, and other vulnerable parties as well as other public interests.” It has insisted that any such regime must be without prejudice and must protect and ensure effective application of Union and national labour law and must include effective safeguards against abuse.



A company's legal form and place of registration are the cornerstone for determining applicable law. Introducing a parallel 28th regime will inevitably affect how workers' rights are applied and enforced. There is a real danger that it could destabilise well-functioning industrial relations systems, undermine sectoral agreements and **weaken board-level worker representation**, as past experience with the Societas Europaea has shown. Also, workers share ownership approaches must not be used to replace the employment contract or wages, creating new ways to avoid employers' responsibilities. Where loopholes exist, it is naïve to think that companies will not use them.

Social protection, taxation and employer registration

There is also every risk that the new regime will become a way to bypass national social protection systems, avoid social security contributions or create ambiguity regarding taxation. The obligation to register as an employer when hiring workers in another Member State where the workers carry out the work is fundamental to ensuring compliance with labour law, social security and tax rules. Weakening this requirement would directly undermine enforcement and fair competition.

The proposal risks to undermine trade union rights, including the rights to organise, bargain collectively and take collective action, including under the well-functioning Nordic model.

Our assessment is that the proposal is not new. A similar proposal was previously put forward by the Commission as part of the "country-of-origin" principle in the Bolkestein Directive. The 28th company regime risks to revive the same dangers. The proposal that EU rules would remove employment rights and undermine enforcement systems led to the broad and justified opposition to that proposal.

Rethink needed

Proceeding without full transparency, clear safeguards and meaningful engagement with social partners would not only risk weakening workers' rights, it would also undermine the Union's commitment to social dialogue.

We therefore call on the Commission to:

- Clarify in detail how national labour law, trade union rights, collective agreements, employer obligations, social dialogue systems, social security systems, taxation rules, board-level worker representation, wage protection in insolvency and the treatment of employee share options, equal pay and non discrimination, working time, protection in case of redundancy and dismissal to name a few, will be safeguarded and prevented from being circumvented, weakened or rendered unenforceable under the proposed 28th company regime;
- Guarantee that national labour inspectorates, equality authorities and national courts will retain their full powers and jurisdiction;
- Engage formally and meaningfully with European social partners, in line with the Treaties, before advancing any legislative proposal.

The EU cannot strengthen competitiveness by creating uncertainty around labour rights, social standards or by sidelining social dialogue.

I look forward to your positive reply.

Yours sincerely,

Esther Lynch,
General Secretary of the European Trade Union Confederation