

EUROPEAN PARLIAMENT VOTE ON CROSS-BORDER MERGERS SUPPORTS THE OBLIGATORY RIGHT OF WORKERS TO BE INVOLVED, SAYS ETUC

Brussels, 10 May 2005

The European Parliament today adopted the European directive on the cross-border merger of companies with share capital.

Although it represents some reduction in workers' potential involvement, the ETUC recognises that the standards achieved by the EU directive on workers' participation in the European company (SE) have been maintained. Negotiations on the degree of workers' board-level representation must be started in every case where different levels under national law are concerned or workers from one of the merging companies enjoyed this right before. Thus, no workers will lose their participation rights in a cross-border European merger.

The ETUC predicts that this directive will also extend workers' participation outside SEs, based on a minimum standard of one third workers' representatives on supervisory or administrative company boards. This will come as a surprise only to observers who are unaware that workers' participation is already common in a majority of European Member States.

The ETUC welcomes the political will across Europe to treat workers' information, consultation and participation as essential when facilitating cross-border business operations, and not merely as a technical detail. Although the resulting merged company will be governed by national law, shareholders are obliged to take into account the existing rights of workers in each of the companies concerned before the merger took place and to apply European legislation. The legal procedure provided to meet this objective appears to be basically in line with the SE legislation on workers' participation. The ETUC welcomed the SE directive as a historical achievement in obliging cross-border European companies to take account of workers' views when making decisions.

Our disappointment is that the EU directive as adopted starts to cut legal standards, mainly concerning the potential application of general rules on workers' participation. Moreover, inadequate safeguards for workers' participation in cases of subsequent – domestic – mergers of only three years could encourage managers to plan a mid-termed strategy to circumvent strong workers' influence.

The ETUC will reject these attempts to water down workers' rights at European level in further legal acts, i.e. in the forthcoming so-called 14th European directive on cross-border transferral of seats.

However, the votes of a large majority in the European Parliament showed their commitment to securing a European framework that underlines the objectives of the EU Constitution, to make people the focus of European democracy, rather than regarding them only as cost factors hindering economic competitiveness.

Further information on workers' participation at European level see www.seeurope-network.org

More information:

Patricia Grillo

Head of Communications

Tel : + 32 (0)2 224 04 30 – GSM : + 32 (0)477 77 01 64

E-mail : Pgrillo@etuc.org