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THE "VREDELING" PROPOSAL

Commissioner Ivor Richard addressed a U.S. Chamber of Commerce audience on March 31, 1982 in Washington, D.C. Speaking about the "Vredeling" proposal on employee information and consultation procedures\* Commissioner Richard made the following remarks.

"Ever since I became responsible for the Vredeling directive a year ago, I have been surprised at the enormous amount of controversy it has attracted. I am particularly concerned about the degree of hostility it has generated amongst the multinational companies. It seems to be the view of some multinational companies, particularly American ones, that the prime purpose of this directive is: if not to destroy, then to badly damage them. Nothing could be further from the truth.

The EC is not in a witch hunt against multinationals. Nor, I hope, are multinationals in a witch hunt against the EC. Those holding either belief fundamentally misread the interface between the EC and multinational companies, and the Commission's perception of and policy towards multinational companies.

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\* Proposal for a Council directive on procedures for informing and consulting the employees of undertakings with complex structures, in particular transnational undertakings

(Presented to the Council by the Commission on 24 October 1980)

The multinational company is a focal vehicle for economic change in our western societies, and the EC is no exception to this. The factors influencing the nature and the speed of such change - be it shifts in international trade, in investment or technological knowhow - are now essentially international in character. Indeed, in early recognition of that, one of the initial and lasting purposes of the EC has precisely been the creation of a common cross-frontier market encouraging corporations to operate transnationally, and American multinational corporations have been prime beneficiaries of this process. The maintenance and furtherance of transnational trade and investment remains a key EC priority, reflecting the belief that corporations should be encouraged to adopt an international framework to respond to international challenges and exploit international opportunities.

But at the same time, exploitation of new opportunities - and few in the international business community contest the benefits accruing to multinational companies from the creation of the Common Market - must be paralleled by the assumption of new responsibilities, notably to local work forces who, like the companies that employ them, are also caught up willy-nilly in this process of change. We are not simply a Common Market of goods and services, but also a Community of peoples. Strategic decisions made by large enterprises which directly affect the welfare of large number of citizens cannot simply be announced after the event. This is particularly true in times of great structural changes instanced by rapid technological innovation and rising and massive unemployment. I feel that we in the EC must ensure that, in seeking to foster an effective business response to such structural change, in which the multinationals have an undoubted role to play, we must not lose sight of the involvement in that change of employees of such companies. This I think you will agree, is an even-handed approach .....

"....That is not to say that I necessarily believe that the provisions of the directive as it stands at present are the best way of dealing with this matter. I appreciate the anxiety of the employers over the possibility that they might have to disclose confidential information to their commercial detriment. I also understand their worry over the cost of implementing these proposals. My own view is that there is need for a directive on these matters, but that we need to reduce, or at least simplify, the procedures proposed, and that we ought if possible to lighten the burden in administrative and financial terms which it places on employers....."

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".....I am, however, convinced that, if the Vredeling directive, whatever its final shape might be, is to be effective, it must be statutory and open to judicial enforcement. Both, on the basis of my experience as a politician and as a lawyer, seem to me to be essential features....."

".....In summary, this directive aims to give workers in companies with subsidiaries the rights to information on company policy which is likely to affect the workers' livelihood or well-being. That seems to me to be a quite admirable objective. No one would deny that workers have at least the right to be informed about matters which are often literally a matter of economic life or death to them. This is particularly true in a period of recession with mass redundancies, plant closures and an increasing anxiety on the part of workers over their future employment....."

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