



EC Commission Adopts Amended Proposal on Employee Information and Consultation Rights.

Social Affairs Commissioner, Ivor Richard, outlined at a press conference on June 16 in Brussels, the main points of the amended proposal for a directive on employee information and consultation rights in undertakings of complex structure (particularly multinationals), the text of which was approved by the EC Commission at its weekly meeting in Brussels on June 15. The proposal often referred to as the "Vredeling" directive, was in fact first made in October 1980, and has now been amended after extensive consultations with both sides of industry and takes account of the opinion voted by the European Parliament on December 14, 1982.

Mr. Richard situated the newly amended proposal firmly in the context of the developing body of Community labour law. The directive, he said, should be seen "as a step forward in the essential process of developing Europe's labour protection legislation." The Commission's purpose, in approving this draft directive, said Mr. Richard, was to see "how best to protect the rights of the workforce to information and consultation in an industrial climate where, if possible, the process of decision-taking is being centralized and internationalized at a faster rate than when the Commission first made its proposal."

The twin purpose of the draft directive, which would break new ground by being the first piece of labour legislation specifically geared to respond to the problem of ensuring worker rights in multinational companies, is to guarantee that workforce representatives are regularly informed on company activities and prospects and, secondly, consulted on an obligatory basis on management decisions directly affecting them, and ahead of such company decisions being taken.

For Mr. Richard, employee information and consultation in companies was "an idea whose time has come." The method of applying it was the issue to which the proposal addressed itself—the procedures for information



Social Affairs Commissioner, Ivor Richard

and consultation—not the idea itself which, he indicated was now widely accepted. He personally believed—as did the Commission—that this idea needed to be enshrined as a right with the full force of the law.

The starting point of the proposal, and its major rationale, is that information and consultation rights of workers are by and large limited to the local level, and thus no longer correspond to the reality of corporate decision-making, which now often takes place at a higher, or group level—and in the case of transnational operations often in a country other than the one where workers are seeking information or consultation.

As regards its scope, the draft directive is addressed to corporate groups employing in their various entities in the Community at least 1,000 workers. This applies whether or not the parent company is located in the Community or outside. As to the definition of what a parent/subsidiary relationship is, the criteria selected are two-fold: for a corporate group headquartered in the Community, the parent/subsidiary relationship is defined by the national law governing the parent company; for

a corporate group headquartered outside Community territory, the parent/subsidiary relationship is defined by the national law governing the subsidiary within the Community.

On information, the proposal provides that management of the parent company should transmit to the management of its subsidiaries in the Community information both of a general and sectorally specific nature on: company structure; the economic and financial situation; the probable development of the business, production and sales; the employment situation and probable trends; investment prospects. This should be provided at least once a year, and any updates of this information supplied to the shareholders or creditors should also be supplied to workers' representatives. Failure by local management to meet these information obligations to the workforce can lead to worker representatives approaching the central management in writing. In addition, failure by companies to apply the directive will be sanctioned in Member State Law.

On consultation, the proposal enjoins central management to forward precise information to the management of each subsidiary concerned by decisions liable to have serious consequences for the interests of its employees in the Community. The Commission believes that in principle this consultation should take place before the final decision is taken and that it should take place between parties empowered to take decisions. Legal recourse will be available to worker representatives in cases where the directive's consultation requirements have not been met. Meanwhile, as for the information provisions, the consultation provisions are to be backed up by Member State sanctions.

On secrecy and confidentiality, the proposal permits management to withhold information from the above procedures if it is secret, and to require employees' representatives to treat certain information which is given them as confidential. However, a tribunal or other authority must be provided to settle disputes about the secrecy provisions.

Stuttgart European Council – June 18-20

The Ten EC Heads of Government or State, and their Foreign Ministers together with the Commission's President and Vice President met for their second European Council of the year in Stuttgart on June 18-20. The following are extracts from the several documents issued at the conclusion of the European Council meeting:

Declarations on Foreign Policy Affairs

1) Poland. At the moment when the important visit of Pope John Paul II is taking place in Poland, the Heads of State and Government reviewed the situation in that country, to which their peoples are linked by strong ties of solidarity.

At a time when the depth of aspirations of the Polish people is more than ever apparent, they expressed their conviction that only a national reconciliation, which takes full account of these aspirations, can lead Poland out of its grave crisis.

2) CSCE. The Heads of State and Government reviewed the progress of the CSCE follow-up meeting in Madrid, noting with interest the timely and important initiative taken on 17 June by Señor Felipe Gonzalez as the Prime Minister of the host country. Their governments will examine this proposal with due care and in a positive spirit. They appeal to the governments of other participating States to do likewise. They reiterated their view that the adoption of a substantial and balanced concluding document at Madrid would register progress in the human dimension, open the way to a Conference on disarmament in Europe, give fresh impetus to the CSCE process and make a useful contribution to the improvement of East/West relations as a whole.

3) Middle East. The Heads of State and Government consider that the turn of full sovereignty and final peace in Lebanon requires the complete and prompt withdrawal of foreign forces

from its territory, except for those whose presence may be requested by the Lebanese Government.

They confirmed their full support for President Gemayel and his Government in their determined action to re-establish their authority over the entire territory of Lebanon. In this respect, they consider that the signing of the Israel-Lebanon agreement constitutes a step which must be followed by others. They consider, however, that peace will not be able to become a reality unless the security and legitimate interests of the other States and peoples of the region are taken into account.

They stated their readiness to use all the means at their disposal to support the efforts undertaken by the parties in question so as to find a broader area of agreement.

They remain convinced that a just, lasting and comprehensive peace in the Middle East can only be secured on the basis of the principles which they have stated many times in the past.

They again voiced their very serious concern at the distress of the Palestinian civilian population. They hope that the relevant international organizations will be allowed to assist this population without hindrance.

4) Central America. The Heads of State and Government confirmed their close interest in developments in Central America. They are deeply concerned at the economic and social conditions in many parts of the region, at the tensions which these create and at the widespread misery and bloodshed.

They are convinced that the problems of Central America cannot be solved by military means, but only by a political solution springing from the region itself and respecting the principles of non-interference and inviolability of frontiers. They, therefore, fully support the current initiative of the Contadora Group. They underlined the need for the establishment of democratic conditions and for the strict observance of human rights throughout the region.

They are ready to continue contributing to the further development in the area, in order to promote progress towards stability.

Conclusions of the Presidency on the Proceedings of the European Council

Economic recovery. The European Council considers that the prospects for sustained and non-inflationary economic recovery should be reinforced by developing and defining more precisely the action initiated Community-wide, and thus providing the Community's contribution to the implementation of guidelines adopted by the OECD Council of Ministers.

In this context the need to sustain the effort to promote the level of employment and productive investment was emphasized.

The European Council therefore requests the Commission, within the coming months:

- to prepare a detailed analysis of the nature and extent of the recovery and what the authorities are already doing to support, consolidate and accelerate it;
- to make full use of Community financial instruments in a coordinated manner to sustain and consolidate the economic recovery;
- on this basis, to indicate what new factors the Member States and the Community can bring forward to underpin the recovery, as and when necessary.

Youth employment. The European Council expresses its profound anxiety in the face of a situation where more than 4.5 million young people in the Community are without jobs, including more than one and a half million who have been unemployed for more than a year.

It takes note of the importance of the Member States embarking upon sustained action in this area forthwith.

It welcomes with satisfaction the decisions of the Council on the reform of the European Social Fund, which will allow a high degree of priority to be given to the fight against youth unemployment.

The resources of the Fund will be directed to those countries and regions where unemployment, and in particular youth unemployment, is at its highest.

It further welcomes the resolutions on vocational training in the Eighties and on vocational training measures

in relation to the introduction of new information technologies.

The European Council expects of these Community measures as speedy and lasting an effect as possible and stresses how important it is that the Member States should, as a concomitant measure, persevere in the efforts that they themselves have undertaken.

It calls upon the competent Community bodies actively to pursue consideration of the Commission's communication on the promotion of youth employment together with the memorandum on the reduction and readjustment of working time.

Internal market. The European Council notes that progress has been made in the strengthening of the internal market since the mandate given at Copenhagen, particularly on information procedures for standards, which has been identified as a key question, and on company law (with the adoption of the 7th directive on consolidated accounts).

It regrets, however, that further progress on the other key questions, (certification for third country products and frontier formalities), has not yet been forthcoming.

It in particular calls on the Council at its session of 21 June to make every effort to settle as many of the outstanding internal market matters as possible, as well as the equally relevant question of the reinforcement of the trade policy instruments. Appropriately constructive national positions will be worked out so that this aim is achieved.

Completion of the internal market must remain a priority aim; the measures decided at Copenhagen constitute only a first step in this direction: work must therefore continue *inter alia* on the removal of the various forms of distortion of competition in the form of differences between national standards, as well as in the services sector.

Steel policy. Given the urgency of reaching agreement on the Community's steel policy for the time after 30 June 1983 the European Council expressed the hope that the Council will arrive at an agreement on this question.

Environment. The European Council underlined the urgent necessity of accelerating and reinforcing action at national, Community and international level aimed at combating the pollution of the environment. It underlines in particular the acute danger threatening the European forest areas, which calls for immediate action.

The European Council welcomes in this connection the memorandum from the Federal German Government and the Commission communication which illustrates the urgency of the question and the necessity to take coordinated and effective initiatives both within the Community and internationally, particularly within the ECE, if an irreversible situation is to be avoided. It calls on the Environment Council to pursue its work on the different specific dossiers relevant to this problem and examine relevant initiatives proposed by the Commission, with a view to rapid significant progress.

The European Council also welcomed the conclusions of the Environment Council on the special case of lead in petrol. It emphasized the importance of reducing the amount of lead in the environment and called for progress which may lead to the use of leadless petrol.

UNCTAD VI. The European Council regards the Sixth United Nations Trade and Development Conference (UNCTAD VI) in Belgrade as a very important event in the North-South Dialogue in 1983. The Conference is being held against the background of a difficult economic situation, particularly in many developing countries. The Community is participating in the Belgrade negotiations in a spirit of cooperation and readiness to discuss. The European Council agrees that it has special responsibility for maintaining and improving the marketing opportunities of the developing countries. This will be given concrete shape by means of a policy directed at growth and at maintaining and reinforcing the open nature of the Community. The European Council expects the Conference to contribute to strengthening confidence in the world economic recovery and to the pro-

motion of development in the Third World. The Community will make a constructive contribution to that end.

Declaration adopted by the European Council in Stuttgart on 18 June 1983 (Future financing, new policies, enlargement)

At a time when the European Community is faced with enormous social and economic challenges and is in the process of negotiating a third enlargement ten years after the first accession, the European Council has decided to take broad action to ensure the relaunch of the European Community.

In the course of the coming six months a major negotiation will take place to tackle the most pressing problems facing the Community so as to provide a solid basis for the further dynamic development of the Community over the remainder of the present decade.

With regard to the importance, complexity and linkage of the problems, negotiations will be started on a special emergency procedure. For this purpose special Council sessions will take place at the level of Foreign Ministers and Finance Ministers; where necessary, other Ministers will also participate, especially Ministers of Agriculture. State Secretaries may assist the Ministers.

The result of the negotiation will be submitted to the European Council meeting in Athens on 6 December 1983.

The negotiation will cover the subjects mentioned in the conclusions of the European Council of 21-22 March 1983: the future financing of the Community, the development of Community policies, the issues relating to enlargement, particular problems of certain Member States in the budget field and in other fields and the need for greater budgetary discipline.

Decisions will be taken in common on all these questions at the end.

The negotiation will aim at examining all the existing policies with particular attention to the common agricultural policy. The examination of policies will take place with the purpose on the one hand of modernizing and making more effective the existing policies and to determine the

priority areas for new Community action, and on the other hand to ensure that policies are cost effective and that economies are made wherever possible.

The negotiation will be based on the following guidelines:

1) The Common Agricultural Policy. The basic principles of the Common Agricultural Policy will be observed in keeping with the objectives set forth in Article 39 of the Treaty establishing the EEC. The Common Agricultural Policy must be adapted to the situation facing the Community in the foreseeable future, in order that it can fulfill its aims in a more coherent manner.

2) Other policies: *Development of policies and new Community action.* The European Council is determined to develop and make more effective Community action in research, innovation and the new technologies with a view to facilitating cooperation between enterprises. On the basis of proposals by the Commission, decisions will be taken on new Community actions making use of the Community dimension to improve the international competitiveness of enterprises.

Negotiations on certain projects of an exemplary nature, e.g. the ESPRIT programme, should be concluded as soon as possible. Likewise concrete progress should be made toward uniform standards and norms.

The protection of the environment, employment policy, in particular concerning young people and social policy will be given equally high priority.

3) Budgetary discipline. Expenditure must also be controlled, in cooperation with the European Parliament, outside the agricultural sector. Policies are to be developed within the bounds of financial possibility and supplemented through new actions which must be incorporated in an economically suitable way into Community policies.

By 1st August 1983 the Commission will present a report with proposals for increasing the effectiveness of the Community structural funds (the Regional Fund, the Social Fund and the Guidance Sector of the EAGGF). It will concentrate on a more consistent co-ordination of policies to avoid duplication of effort and expenditure and to

achieve greater budgetary discipline.

On the basis of this report, the policies in question will be reviewed and priorities determined on the basis of urgency and importance.

4) Own resources and particular problems of certain Member States.

The objective is:

- to secure the financing of Community policies and actions and their future development over a longer period of time taking into account the additional financial requirements which would flow from the accession of Spain and Portugal; while exhausting all possibilities for savings;

- to agree measures which, taken as a whole, will avoid the constantly recurrent problems between the Member States over the financial consequences of the Community's budget and its financing.

Compensation to United Kingdom for 1983: Conclusions of the European Council.

The European Council, following the decision taken at its meeting on the 21-22 March 1983 regarding compensation to the United Kingdom for 1983, agreed on the amount of 750 million ECU net for this purpose. Consequential figures will be incorporated in the draft budget for 1984.



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EC Seventh Company Law Directive Adopted

On June 13 EC Finance Ministers formally adopted the Seventh Company Law directive which will require public companies, organized as groups, to produce consolidated accounts.

This directive represents the second stage in the creation of European Community-wide accountancy law; it supplements the Fourth Company Law directive adopted in 1978 on the annual accounts of in the approximately two million limited liability companies in the EC.

The Seventh Company Law directive concerns groups which are constituted by companies with share capital as defined by the Fourth Company Law directive and it sets out six definitions of a group, four compulsory and two optional, and therefore which companies must comply with the provisions for consolidated accounts.

The general approach of the directive is to require consolidation where there is a statutory power of control. However, Member States are given the option of requiring consolidation where subsidiaries are subject to *de facto* control.

A group's consolidated accounts must include all subsidiaries regardless of where their registered office is located, and a group will be considered a single entity although intra-group transactions will be omitted from the consolidated accounts.

The directive provides Member States the option of allowing certain small and medium-size firms an exemption from the consolidation rules.

Holding companies may be released from the obligation to consolidate provided they do not interfere in the management of their subsidiaries; their obligation to draw up individual accounts, nevertheless, remains unaffected and where they do not consolidate any majority holding must be identified in those individual accounts.

The directive requires Member States to enact the necessary national legislation which would require their undertakings to apply the directive from the financial year 1990, at the latest.

E.C.U. Denominated Travellers Cheques Under Consideration

A group of European Banks — Credit Lyonnais, Banque Nationale de Paris, Caisse Nationale de Credit Agricole, and Credit Commercial de France — and the Societe Francaise du Cheque de Voyage have agreed to form a company to study and develop a travellers' cheque denominated in E.C.U.

In addition American Express Company has agreed to extend close technical assistance for the new venture.

The E.C.U. -the European currency unit-is the principle element of the European Monetary System (EMS); it is a monetary unit created from a "basket" of currencies. It is provisionally backed by deposits, recycled every three months, from the participating European central banks which transfer 20% of their gold reserves and 20% of their dollar reserves to the European Monetary Cooperation Fund.

Launching such a travellers' cheque in ECU would contribute to a gradual extension of its use by individuals; international institutions have increasingly been favouring its use for loans since it offers more exchange and interest rate stability than most domestic currencies.