Parliamentary Assembly
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COUNCIL OF EUROPE
CONSEIL DE L'EUROPE

Recommendation 965 (1983)[1]

Information and consultation of workers in transnational and national companies with complex structures

Parliamentary Assembly

The Assembly,

1. Considering the growing number and economic strength of the transnational companies operating in Europe ;

2. Noting that certain national companies, although established in one country only, have complex structures that make them more comparable to transnational companies than to single-unit firms ;

3. Considering that the complexity of the structures of such firms, with their parent companies and their geographically remote decision-making centres, shows the need for a balance between the requirements of good management in firms and the legitimate interests of the employees ;

4. Believing that the right of employees to be informed and, in specific cases, to be consulted about their company's activities is an essential feature of industrial democracy ;

5. Believing also that information and consultation procedure represents no threat to the management's decision-making powers, but is, on the contrary, likely to improve industrial relations by placing them on a footing of mutual trust ;

6. Considering that, owing to the complex structure of multinational companies, it has not always proved possible for all employees in the various establishments of such companies to enjoy the same rights in regard to information and consultation ;

7. Considering, accordingly, that it would be desirable to introduce a set of regulations in member states for the twofold purpose of protecting workers' interests better and reducing disparities that could affect free competition and the free market economy at European level ;

8. Taking note, in this context, of the draft directive on procedures for informing and consulting the employees of undertakings with complex structures, in particular transnational undertakings, submitted by the Commission to the Council of the European Communities on 24 October 1980, and the deliberations in the European Parliament ;

9. Emphasising the importance of extending this Community achievement to all the Council of Europe member states ;

10. Aware, however, that any regulations in European countries must take account of the special situation of companies with their headquarters outside Europe, obliging their European subsidiaries to comply fully with the requirements of legislation concerning the supply of information to workers and their consultation ;

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1. *Assembly debate* on 28 January 1983 (28th Sitting of the 34th Session) and on 26 April 1983 (3rd Sitting of the 35th Session) (see Doc. 4918, report of the Committee on Social and Health Questions, and Doc. 5005, opinion of the Committee on Economic Affairs and Development). *Text adopted by the Assembly* on 26 April 1983 (3rd Sitting).

11. Recalling its Resolution 639 (1976) launching an appeal to multinational enterprises to observe the guidelines for multinational enterprises adopted by the Council of OECD in 1976, and also the "Tripartite declaration of principles concerning multinational enterprises and social policy" adopted by the Governing Body of ILO in 1977,

12. Recommends that the Committee of Ministers prepare an appropriate legal instrument addressed to member states, aimed at giving workers in transnational or national companies with complex structures the right to be informed and consulted, bearing in mind the following principles and the draft directive as it will be submitted to the Council of the European Communities :

12.1. The information must be supplied regularly and whenever special circumstances warrant it. It must be detailed and intelligible. Specifically, it must cover the following aspects :

a. General information

i. company structures and staffing, breakdown by geographical area (organisational structure, property structure, economic structure, etc.) ;

ii. economic and financial situation ;

iii. turnover, production and sales trends.

b. Specific information

i. working conditions (hours of work, pay, new manufacturing or working methods, holidays and leave, safety, protection of workers' health) ;

ii. employment (occupational training, advance notice, dismissals, staff transfers, change of place of production or business, rationalisation and automation measures, staff development or planning) ;

iii. social protection (social security, pensions) ;

iv. balance-sheet, receipts and expenditure ;

v. investment programmes ;

vi. rationalisation, introduction of new technologies, research programmes ;

vii. merger, sale, change of registration, total or partial closure of companies or branches of companies, change of the purpose of the company ;

viii. any other plans substantially affecting workers' interests.

12.2. Consultations must take place in good time, with the representatives of the company concerned and, if necessary, the parent company. Recourse must be had to consultations whenever a decision contemplated might have serious repercussions on employment or working conditions. They must not be a substitute for collective bargaining. Specifically they must cover :

i. the closure or transfer of plants or of major sections of plants ;

ii. restrictions, extensions and important changes of activity ;

iii. major changes in the organisation of work or management ;

iv. the establishment or cessation of long-term co-operation with other firms ;

v. the introduction of new technologies or of rationalisation or automation measures.

12.3. Member states should provide for appropriate penalties in the event of any failure by those in charge of transnational and national companies with complex structures to fulfil the obligation to inform and consult.

12.4. Both sides involved in information and consultation procedures must be bound by the obligation to respect the confidential character of any information whose disclosure might affect the firm's competitiveness or reputation. Provisions should be made for disputes concerning the confidentiality of information as well as the infringement of the secrecy to be referred in each country to an independent arbitration body.

12.5. The capacity of companies to compete must be safeguarded.