



Commission proposes to improve European Works Councils to strengthen transnational social dialogue

Brussels, 24 January 2024

Today, the Commission proposes to revise the European Works Councils (EWCs) Directive to further improve **social dialogue in the EU**. EWCs are information and consultation bodies that ensure that employees are involved in decisions related to **transnational issues**. They concern companies with more than 1,000 employees operating in at least two EU or European Economic Area (EEA) countries.

Meaningful **information and consultation of employees** in key company decisions can help anticipate and manage changes, such as those linked to the green and digital transitions, like addressing labour shortages or introducing new technologies. In transnational settings, European Works Councils can play a key role in these respects.

The current [Directive](#) outlines the processes for creating EWCs and for informing and consulting them on transnational matters. The **proposed revision** aims to strengthen the role of EWCs by facilitating their creation, fostering more meaningful information and consultation, and ensuring they have the necessary capacity to carry out their work. It also aims to strengthen gender balance of EWCs.

In 2023, the European Parliament adopted a legislative own-initiative resolution calling on the Commission to strengthen the role and capacity of EWCs. Today's proposed revision delivers on the political commitment by President **von der Leyen** to respond to such resolutions with a legislative proposal, in full respect of proportionality, subsidiarity and better law-making principles.

More effective and efficient European Works Councils

The Commission's main proposed changes include:

- **Giving equal rights to workers of multinational companies operating in the EU/EEA to request the creation of a new EWC:** exemptions from the current Directive will be removed, allowing 5.4 million workers in 320 multinational companies with pre-existing agreements to request the establishment of an EWC.
- **Clarifying the definition of transnational matters:** ensuring that EWCs complement and do not overlap with the work of national information and consultation bodies. A clear definition is crucial for determining when EWCs must be consulted and informed.
- **Ensuring that workers in multinational companies are consulted in a timely and meaningful way on issues concerning them:**
 - EWC members should receive a reasoned response to their opinion before company management adopts a decision on transnational matters.
 - Company management must provide justifications whenever confidentiality is given as a reason for restricting the further sharing of information or not disclosing information on transnational matters.
- **Making sure EWCs have the necessary capacity to do their work:** EWC agreements must specify the financial and material resources allocated, for instance as regards experts, legal costs, and training.
- **Strengthening gender balance:** whenever an EWC agreement is (re)negotiated, provisions will have to be put in place for attaining, as far as possible, a gender-balanced composition. This includes a requirement to actively pursue gender balance in special negotiating bodies, which are temporary groups of employee representatives negotiating an EWC agreement with the company.
- **Improving access to legal remedies:** Member States must notify the Commission of how EWCs can bring judicial and, where applicable, administrative proceedings. Member States are also obliged to put in place effective, dissuasive and proportionate sanctions to enforce the Directive.

Next steps

The Commission's proposal amending the European Works Council Directive will be discussed by the European Parliament and the Member States. Once adopted, Member States will have one year to incorporate the Directive into national law. The new rules will then start to apply two years later. During the two-year period, parties can adapt their EWC agreements to the revised requirements.

Background

Principle 8 of the [European Pillar of Social Rights](#) emphasises the importance of social dialogue and the involvement of workers. EWCs represent European workers in multinational companies and are created either upon employees' or central management's initiative.

EWCs are consulted on transnational matters, meaning issues that affect workers in the entire company or in at least two EU/EEA countries, as for instance issues related to restructurings. EWCs therefore complement the work of national employee representative bodies.

There are currently around 1,000 transnational information and consultation bodies, most of which are EWCs. About 20 new EWCs are created each year. Representing more than 11.3 million European workers, EWCs contribute to protecting employment and industries in Europe and ensuring the EU's competitiveness. While EWCs represent more than half of the eligible workforce, this is still less than a third of the estimated almost 4,000 eligible companies.

In 2018, the Commission carried out an [evaluation](#) which highlighted that EWCs continue to play a key role in ensuring and organising transnational social dialogue in multinational companies, while providing Member States with flexibility to adapt to their own national systems. However, the evaluation also identified shortcomings in the consultation process of EWCs and the means for employees' representatives to enforce their rights.

In February 2023, the European Parliament called on the Commission to revise the Directive and strengthen the role of EWCs. The Commission decided in the light of that Resolution, of its 2018 evaluation, and of the 2023 two-stage [social partners consultations](#), as well as insights from interested parties, including national administrations, businesses, employees representatives, and legal and academic experts, that there is scope for improvement of the current Directive, to support the creation and operation of European Works Councils.

For More Information

[Proposal amending the European Works Council Directive](#)

[Impact assessment](#)

[Commission's 2018 evaluation of the Directive](#)

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Quotes:

"Social dialogue is a key element underpinning the EU's competitiveness and ensuring the fairness of the green and digital transitions. European Works Councils provide an essential platform between employers and employees in companies established in several EU countries. This proposal aims to enhance workers' information and consultation rights, and preserve companies' ability to take quick and effective decisions."

Valdis Dombrovskis, Executive Vice-President for an Economy that Works for People - 24/01/2024

"European Works Councils ensure that workers are consulted on big decisions that will affect them – like introducing new working methods or restructuring. Change can often feel disruptive, but the existence of European Works Councils offers the possibility for workers to be included in the process. Our proposal will address some shortcomings in the existing Directive so that Works Councils can be utilised more often and to even greater effect."

Nicolas Schmit, Commissioner for Jobs and Social Rights - 24/01/2024

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