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Onderwerp: New Proposal on the European Private Company a cause of concern

New Proposal on the European Private Company a cause of concern

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**The European Trade Union
Confederation (ETUC) is calling on
the Hungarian presidency to
ensure that the negotiations over**

**the European Private Company Statute (SPE) will lead to effective participation
rights and prevent the registration and location of the seat of companies solely or
mainly with the intention of avoiding worker participation.**

The European Private Company was first proposed by the European Commission in a draft Council Regulation on a Statute in 2008 as a measure designed to make it easier for small and medium-sized enterprises to do business in the Single Market.

This proposal, however, quickly ran into major opposition because of concerns that it could be used by companies to avoid national legislation on worker participation. Furthermore, the proposal did not allow for worker participation if a company was set up from scratch and registered in a country that did not have such rules.

The possible negative impact on tax revenues through the exploitation of different tax rates has also been a cause of concern as well as the low level of minimum capital requirement (1 Euro).

Although subsequent efforts by the Swedish and Belgian Presidencies failed to achieve consensus through compromises, the Hungarian Presidency has tried to break this impasse by issuing a new proposal addressing the most controversial aspects of previous initiatives.

The new proposal however would still allow these companies to register in a different Member State than their central administration is located after a period of three years and would have excessively high thresholds for the application of national legislation on worker participation. The ETUC therefore calls for the reinstatement of the principle that the registered office and its central administration or principle place of business are situated in the same Member State. Furthermore, negotiations over worker involvement should be completed as a condition of registering the SPE. The proposed thresholds for triggering negotiations over worker participation should also be significantly reduced. Finally, there should be no limits imposed on the number of board seats that can be allocated to worker representatives.

"European legislation should support workers' rights and Social Europe, not undermine it by helping companies escape their national industrial relations systems", said John Monks, General Secretary of the ETUC. "The new proposal by the Hungarian Presidency would allow companies to register in other Member States in order to avoid worker participation. This is unacceptable."

The ETUC exists to speak with a single voice, on behalf of the common interests of workers, at European level. Founded in 1973, it now represents 83 trade union organisations in 36 European countries, plus 12 industry-based federations.

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