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INTRODUCTION

A few hundred giant multinational firms control major shares of the international economy, such that they are in a position to influence and derive benefit from European economic integration and globalisation. Indeed, economies are becoming increasingly international. Almost every day we hear news of mergers which result in restructuring. The decisions taken by central management of these multinational companies affect workers in all their European subsidiaries. The European Directive on European Works Councils (EWCs), requires multinational companies to build a bridge between their decision-making centre and European workers’ representatives.

Although EWCs had been a trade union demand for several decades, adoption of the EWC Directive was not achieved until 1994. Pioneering agreements establishing the first EWCs in the 1980s helped to overcome fear and opposition to such bodies for transnational information and consultation of European workers’ representatives. These pioneering EWCs are described in the first chapter on the legal framework, in which an overview of the provisions of the EWC Directive is also given and data on the national transpositions of the EWC Directive is presented. Even though the process of revising the EWC Directive has made little headway, plenty of developments are recorded in the upgrading of the practical functioning as well as in the numbers of existing EWCs.

Based on the EWC database developed by the European Trade Union Institute, in the second chapter a clear overview is presented of the companies that fall within the scope of the EWC Directive. Up-to-date lists of these companies, and those that have established EWCs, are available on-line under www.etui-rehs.org/workers_participation/projects/european_works_councils_database#toc. The second chapter of this publication also presents the countries of ownership of the affected companies. This analysis considers the countries in which they have operations, the numbers of employees, the degree of internationalisation, the extent to which the companies have complied with the EWC Directive, and how many have been involved in transnational mergers.

In close cooperation with the European Industry Federations (EIFs), a collection of 1,141 EWC agreements has been recorded in the database. According to this source of information, 909 EWCs have been created, 784 of which still exist. A further 125 EWCs were established but no longer exist as a result of company mergers, de-mergers, takeovers or bankruptcies. After presentation of these figures, the third chapter illustrates quantitative data from an analysis of the EWC agreements. This overview examines the operational structures of EWCs and, at the end of the third chapter, some examples of optional provisions are presented.

There are currently 1,432 companies covered by the Directive that do not yet have an EWC. EIFs play an important coordinating role in organising the demands to launch negotiations to set up these missing EWCs. Furthermore, EIFs organise coordination structures and guidelines to enhance the development of the existing EWCs and to promote good practice. The fourth chapter, accordingly, focuses on a sector analysis, illustrating the important role played by EIFs for most EWCs.

This work is the result of nine years of committed research in the ETUI on the EWC database and on a qualitative research project investigating EWC cases in a longitudinal and comparative manner. Special thanks go to Reiner Hoffmann and Jeremy Waddington who encouraged and supported me in this mission. I am also grateful to Irmgard Pas for her support in developing the EWC database, and to Kate Holman and Rosalind Hunter for English
language corrections. Credit is also due to colleagues at the EIFs and the EWC members who supplied information on companies and agreements, directly or through our internet site www.ewcdb.org.

From now on I will be working on the challenges identified in this publication, as coordinator for EWC activities in the European Mine, Chemical and Energy Workers’ Federation (EMCEF). My position in the ETUI will be taken over by Romuald Jagodzinski who has already collaborated in the previous version of *EWC Facts and Figures*. The further development of the EWC database is thus in good hands.

For the reader of this 2006 edition of *EWC Facts and Figures*, I hope the information supplied will provide an overview to inspire and motivate you to take up the challenges and opportunities offered by EWCs.

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Brussels, February 2006

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This first chapter examines pioneering EWCs and their impact on the content and the adoption of the legal framework for EWCs as regarded from a historical perspective. The Directive on EWCs was implemented in about 400 multinational companies before its provisions entered into force through national transpositions in September 1996. The 323 EWCs set up in 1996 are particularly illustrative of the incentive effect of Article 13 on the number of multinational companies creating EWCs.

From 1996 to the present, the number of existing EWCs has doubled. This has been a gradual development, however. Never again has the number of EWCs newly established in any one year been as high as in 1996. Accordingly, EWC progress was largely underestimated, in terms both of the numbers of newly established EWCs as well as of improving the effectiveness of the existing ones. Unfulfilled expectations and problems have been the focus in publications on EWCs. Weaknesses did indeed appear in the form of unclear provisions of the Directive, along with their implementation in actual practice. In the absence of a revision of the EWC Directive, the reader is invited to consider its provisions in combination with trends and standards emerging from the data presented in the other chapters of this publication.

This chapter contains six parts. The first presents the pioneering EWCs; the second, the provisions of the EWC Directive; the third, the use of its national transpositions. The later sections discuss the state of play of the revision of the EWC Directive. Reflection on the events that have taken place in this process does not reveal much progress. Nevertheless the quality of the functioning of EWCs, as well as the number of existing EWCs, is gradually increasing, year after year.

1.1. Pioneering EWCs
1.2. The EWC Directive
1.3. National transpositions of the EWC Directive
1.4. The process of revising the EWC Directive
1.5. By 2005, 909 EWCs had been established of which 784 still exist
1.6. EWC experiences accumulated
Governments are rather powerless in transnational restructuring and in decisions concerning the location of parts of the global and national production chains. However, the history of EWCs belies the claim that the nation state is being defeated by the powers of global and European economic integration, for a French law introducing group works councils was an important factor in contributing to the creation of the pioneering EWCs. The promotion of this pioneering EWC practice helped the trade unions in Europe to mobilise the political willingness to achieve the adoption of the draft EWC directive in 1994.

The French Socialist government that came to power in 1981 believed in the importance of improving company-level worker representation and devised, to this end, a series of laws called the “lois Auroux”, the objective of which was to adapt the existing French legislation on works councils to the increasing complexity of company structures. The second law in this series, adopted on 28 October 1982, introduced the French group works councils (*comité de groupe*), that represent employees and employers of all French establishments of a group of companies.

In 1983, the French glass-manufacturing company Saint Gobain enlarged its group works council, based on an informal agreement, to include employee representatives from foreign subsidiaries. In the second half of the 1980s other purely informal EWC arrangements were introduced at Bull, Allianz, BSN food and drinks (now Danone) and BSN glass. The first formal EWC agreements were signed on 7 October 1985 between the European Metalworkers’ Federation and the central management of the French multinational, Thomson. These agreements created two-branch level EWCs, one for Thomson’s activities in the defence sector and another for its consumer electronics production. Other formal EWC agreements were signed for Scansped in 1989, along lines similar to the Thomson agreements of 1985.

1.1.1. Not all pioneering EWCs were agreement-based

1.1.2. Country of ownership of companies with pioneering EWCs

1.1.3. Sector of activity of pioneering EWCs
1.1.1. Not all pioneering EWCs were agreement based

Not all the European works councils created before adoption of the EWC Directive on 22 September 1994 were established on the basis of a written agreement, as later became common practice. The first example of an informal arrangement establishing an EWC is the Saint-Gobain case in 1983, while in 1985 the two branch-level EWCs for Thomson were the first formal agreements reached.

The first *de facto* EWC was the French central works council of Saint-Gobain, established in accordance with French legislation (the second of the so-called “Auroux” laws). It was informally extended by an invitation to foreign employee representatives. Other informally created EWCs, were based on a simple exchange of letters, or were unilateral initiatives on the part of either the employee or the management side.

This first formal EWC agreement at Thomson proved exemplary and acquired symbolic value as its approach and conception is reflected in the proposal for a European Directive presented five years later, in December 1990.

Figure 1 shows the effect achieved by the draft EWC Directive presented in December 1990. From 1992 onwards more EWCs began to be created on the basis, in most cases, of formal agreements. The interval between the presentation of the draft Directive and its effect can be explained by the delay in distribution and understanding of the text, and by the time needed to negotiate such agreements.
1.1.2. Country of ownership of companies with pioneering EWCs

A total of 46 companies had established 49 EWCs before the Directive was adopted. Three companies – namely, Thomson, Danone and BP – established two branch-level EWCs.

It can be seen from Figure 2 that most of the pioneering EWCs were to be found in multinationals with their headquarters in France and Germany. With the single exception of the EWC in the Italian MNC Merloni, the remaining (pre-Directive) agreement-based EWCs were to be found in Scandinavian companies.
1.1.3. Sector of activity of pioneering EWCs

The pioneering EWCs were evidence of the important role played by the relevant EIF. This applies in the case of both the agreement-based pioneering EWCs (in Figure 3) and the informally established ones (in Figure 4).

The first EWC agreement was signed between the central management of Thomson and a delegation from the European Metalworkers’ Federation (EMF). Like other EIFs, the EMF was already active in organising working group meetings for employee representatives from several companies, for example Philips, Volkswagen, Bull, Pechiney, Volvo and others.

A sector breakdown of the pioneering EWCs created by agreement shows the important role of EIFs, especially the European Metalworkers’ Federation (EMF) and the European Mining, Chemical and Energy Workers’ Federation (EMCEF).

Figure 3 presents a sector breakdown of the EWCs created by agreement before the adoption of the Directive in September 1994. Especially in the years 1992 and 1993 most agreement-based EWCs were in the metal sector, while most of those created in 1994 were in the chemicals sector.

The chemicals sector also has the largest proportion of the more informal or unilateral arrangements setting up EWCs, as can be seen from Figure 4.
1.2. THE EWC DIRECTIVE

Building further upon the pioneering practice of agreement-based EWCs in the 1980s, the European Commission launched a first proposal for the EWC Directive on 5 December 1990. The unanimity required in the pre-Maastricht era made adoption of this draft impossible. Thanks to the European social partner agreement of 31 October 1991, that subsequently found its way into the Treaty (Article 139) via the Maastricht social protocol, it became possible to adopt the EWC Directive by qualified majority among 11 countries. These were Belgium, Denmark, France, Germany, Greece, Ireland, Italy Luxembourg, the Netherlands, Portugal and Spain. The UK was excluded because it had opted out of the Maastricht Social Protocol that formed the basis for the adoption of the directive. Directive 97/74/EC of 15 December 1997, and its UK transposition of 15 January 2000, reversed this situation. The geographical scope of the directive was enlarged with the accession to the European Union, in 1995, of Austria, Finland and Sweden and, in 2004, of Cyprus, the Czech Republic, Estonia, Hungary, Lithuania, Latvia, Malta, Poland, Slovenia and Slovakia. Furthermore, a decision of the European Economic Area joint committee of 22 June 1995 enlarged the scope of the Directive to the European Economic Area (EEA), thereby adding Iceland, Liechtenstein and Norway to the scope of the EWC Directive.

Using company employment figures in the EEA as its defining criteria, the EWC Directive requires multinational companies to build a bridge between their decision-making centre and workers’ representatives from other locations affected by international strategy decisions.

The purpose of the EWC Directive, as stated in its first Article, is to improve the right to information and consultation of employees in Community-scale undertakings by the establishment of an EWC or an alternative procedure for informing and consulting employees. The second Article contains some important definitions such as what is to be understood as information and consultation rights of EWCs. In the Directive, consultation means the exchange of views and the establishment of dialogue between employees’ representatives and central management or any more appropriate level of management.

1.2.1. Applicability of the EWC directive
1.2.2. The establishment of EWCs by way of negotiation
1.2.3. Required content of (Article 6) EWC agreements
1.2.4. When negotiations fail, the subsidiary requirements come into force
1.2.1. Applicability of the EWC directive

The second Article of the Directive defines the thresholds for determining which companies fall within the scope of the EWC Directive and which do not. A “Community-scale undertaking” means any undertaking with at least 1,000 employees within the member states and at least 150 employees in each of at least two EEA member states. For the purposes of this calculation, the 150 employees may be working in more than one plant or location in the country in question. The prescribed thresholds for the size of the workforce are based on the average number of employees during the previous two years. Part-time employees are included, often on a pro rata basis.

Individual establishments and subsidiaries are regarded as belonging to an undertaking if the parent company is a “controlling undertaking”. Article 3 of the EWC Directive defines a “controlling undertaking” as an undertaking that exercises a dominant influence over another by virtue of, for example, financial participation or the rules which govern it. A dominant influence is presumed to exist in cases of direct or indirect possession of a majority of the undertaking’s capital, votes or executive positions.

The “central management” is the management of the controlling undertaking. The central management is the counterpart of the employees’ representatives in talks regarding the establishment of an EWC and is required to provide the requisite conditions and resources for the negotiations designed to lead to the creation of an EWC. If the central management is located outside the EU, its representative within the EU is responsible for taking the requisite measures. Should there be no such representative, the management of the establishment with the largest number of employees in one member state is responsible for these arrangements.
1.2.2. The establishment of EWCs by way of negotiation

Negotiations can start on the initiative of management or at the written request of at least 100 employees or their representatives from two countries.

For this purpose, a Special Negotiation Body (SNB) has to be created. An SNB is a group of 3 to 17 workers’ representatives which negotiates with central management on the creation of an EWC. Within six months of the written request, central management is required to embark on negotiations with this SNB.

The national transpositions of this Directive must stipulate the method to be used for the election or appointment of the members of the SNB who are to be elected or appointed in their territories.

The role of trade union officers and EWC coordinators mandated by EIFs in special negotiating bodies should not be underestimated. Although, in strictly legal terms, the Directive makes no mention of trade unions, referring only to “employee representatives”, in practice most of the SNB members tend to be trade unionists. Since the SNB can be assisted by an expert of its choice, the trade unionists in the SNB can appoint a trade union officer to the position of expert.

The SNB has three years to reach agreement on setting up an EWC. Any expenses relating to the negotiations are to be borne by the central management, so as to enable the SNB to carry out its task in an appropriate manner.

The SNB may decide, by at least two thirds of the votes, not to open negotiations in accordance with paragraph 4, or to terminate the negotiations already opened. Such a decision brings to a halt the procedure to conclude the agreement referred to in Article 6. Where such a decision has been taken, the provisions in the Annex do not apply. A new request to convene the SNB may be made, at the earliest, two years after the above-mentioned decision, unless the parties concerned stipulate a shorter period. No situation of this type has yet arisen in practice.
1.2.3. Required content of (Article 6) EWC agreements

The negotiations of the SNB (Article 5) are aimed at the conclusion of an agreement that should determine the procedure whereby the EWC is informed and consulted. To this end, Article 6 of the Directive requires the agreement to settle details concerning the following six matters:

- the subsidiaries of the Community-scale group of undertakings or the establishments of the Community-scale undertaking which are covered by the agreement;
- the composition of the EWC, the number of members, the allocation of seats and the term of office;
- the functions and the procedure for information and consultation of the EWC;
- the venue for, the frequency and the duration of, meetings of the EWC;
- the financial and material resources to be allocated to the EWC;
- the duration of the agreement and the procedure for its renegotiation.

When the agreement is reached the work is not finished. The agreement has then to be put into practice. Achieving as much as possible via the negotiations is extremely important, but good cooperation and information exchange among EWC representatives are equally vital. In some cases difficulties have to be overcome in establishing the composition of the EWC and obtaining the required information and consultation from management. It can also happen that, even where central management has signed the agreement on the creation of the EWC, local managements in some plants hinder the involvement of certain employee representatives in the EWC. To avoid such tensions, Article 10 provides for protection of EWC representatives, while Article 9 stipulates that EWCs must work in a spirit of cooperation, respecting reciprocal rights and obligations.
1.2.4. When negotiations fail, the subsidiary requirements come into force

The EWC Directive requires the social partners to set up EWCs on the basis of company agreements. In cases where negotiations break down, or if the company refuses to open negotiations, the subsidiary requirements – laid down in the Annex – take effect.

Article 7 of the Directive makes these subsidiary requirements applicable in three circumstances:

- where the central management and the SNB so decide, or
- where the central management refuses to commence negotiations within six months of the written request, or
- where, after three years have elapsed since the submission of the written request, no agreement has been concluded on setting up an EWC.

The subsidiary requirements are minimum standards for the establishment of EWCs and constitute guaranteed rights in companies which are unwilling to negotiate or in which no agreement has been reached. The subsidiary requirements do not apply where company agreements are in force. In other words, once an EWC agreement has been concluded, recourse to the subsidiary requirements is no longer possible. These subsidiary requirements, however, offer the SNB an advantage in its attempts to obtain additional or better tailored provisions in the agreement to establish the EWC.

The essence of the subsidiary requirements can be summarised under two headings. Firstly, they lay down important rules for the organization and structure of the EWC. Secondly, they enumerate the issues about which the company must – as a minimum requirement – inform and consult the EWC.
1.2.4. When negotiations fail, the subsidiary requirements come into force

The subsidiary requirements in the Annex offer the following framework conditions for EWCs that could not be created on the basis of agreement resulting from negotiations:

- a minimum EWC membership of three and a maximum of 30. A select committee of a maximum of three members may be elected, if the size so warrants,
- the members of the EWC must be employees of the company or group concerned and elected or appointed by the employees’ representatives or, in the absence thereof, by the entire workforce,
- the EWC has the right to be informed and consulted by central management once a year, on the issues presented on the next page,
- in exceptional circumstances, such as closure, relocation or collective redundancy, the select committee, or in its absence the whole EWC, may, in addition, hold extraordinary meetings with management. In all such cases, the employees’ representatives of the workforce directly affected must be able to participate in the meeting,
- the EWC and select committee are entitled to hold preparatory meetings before their meeting with central management,
- both the EWC and the select committee may be assisted by experts of their choice.

The financial and material resources enabling the EWC to perform its duties, including travel expenses, meeting and translation costs, are to be provided by central management.
If no company agreement is reached, the subsidiary requirements provide for information and consultation on matters that affect the whole company or group, or establishments in at least two member states. At the annual EWC meeting, the central management must report on – at least – the following issues:

- the structure of the undertaking
- its economic and financial situation and trends
- the probable development of the business and of production and sales
- the situation and probable trend of employment
- investment plans
- substantial organizational changes
- the introduction of new working methods or production processes
- production transfers
- cut-backs or closures of undertakings, production sites or important parts of these units
- collective redundancies.
The EWC Directive is a collective decision made by the member states, acting through their national Government ministers in the Council of Ministers. The final decision was taken on 22 September 1994 in the Council of Ministers, after which the member states were given two years to transpose the provisions of this Directive into national law, or through legally binding social partner agreements. As such, those national transpositions had to come to force on 22 September 1996.

By this means, the provisions of the EWC Directive were adapted to national circumstances and incorporated into the national legislation of each EEA member state. Insofar as the Directive lays down only minimum requirements for the creation of EWCs, this transposition offers an opportunity for creating more favourable framework provisions at national level. In fact, the differences from one country to another are very limited.

UK workers were initially not included in the calculation of these thresholds because the UK had opted out of the social protocol of the Maastricht Treaty and, consequently, had not adopted the Directive. Directive 97/74/EC of 15 December 1997 reversed this situation. From 15 January 2000, when the transpositions of this Directive came into force, UK workforces were included in the calculation of the thresholds.

The EWC Directive applies to the whole EEA which, in addition to the EU member States, includes Norway, Liechtenstein and Iceland.

1.3.1. Until the transposition date Article 13 agreements could be concluded
1.3.2. National transpositions of Directive 94/45/EC and 97/74/EC
1.3.3. Which transposition is applicable to which EWC
1.3.4. Chosen transpositions of non-European multinationals
1.3.1. Until the transposition date Article 13 agreements could be concluded

The Directive, insofar as it was based on the practice of the pioneering EWCs, had to respect existing agreement-based EWCs. The aim of the subsidiary requirements contained in the Annex of the EWC Directive is to guide and encourage the creation, by agreement, of EWCs. For this reason Article 13 stipulates that the Directive is not applicable to companies having, before 22 September 1996, an agreement covering the entire workforce and providing for transnational information and consultation of employees. The time limit for Article 13 EWC agreements was 22 September 1996, because that was the date by which the national transpositions of the EWC Directive were to come into force.

When such “Article 13” Agreements expire, the parties to those agreements may decide jointly to renew them. Otherwise, the provisions of the Directive come into effect, including the establishment of a SNB and the conclusion of an agreement containing the issues mentioned in Article 6 of the Directive. Indeed, for the new EWCs established after September 1996, the Article 6 route to establish an EWC involves the establishment of a SNB that concludes, within 3 years, an agreement fulfilling the content criteria provided for in Article 6 of the EWC Directive. Only if such negotiations fail to deliver such an Article 6 agreement do the subsidiary requirements in the Annex of the EWC Directive impose a standard EWC.

As such, the three alternative ways to establish an EWC are: Article 13; Article 6; or based upon the subsidiary requirements. After September 1996, no new Article 13 agreements could be concluded; only the existing ones may be renewed or renegotiated. All the new EWCs established after September 1996 were based upon Article 6 agreements or, alternatively, the subsidiary requirements. In reality only very few (less than half of one per cent) of the existing EWCs refer to the subsidiary requirements and, even here, agreements on the rules of procedure were concluded. The growing number of EWCs established after 1996 ensures that a proportion of the EWCs are based on Article 6.

Nonetheless, 56% of the EWCs in operation in 2005 were established on “Article 13” agreements, while 44% were Article 6 based.
### 1.3.2. National transpositions of Directive 94/45/EC and 97/74/EC

<table>
<thead>
<tr>
<th>Country</th>
<th>Transposition</th>
<th>Date</th>
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<tr>
<td>Austria</td>
<td>Law N° 601&lt;br&gt;UK extension legislation</td>
<td>17-10-1996&lt;br&gt;15-12-1999</td>
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<td>Cyprus</td>
<td>Law 68 (1) / 2002</td>
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<td>Czech Republic</td>
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<td>2004</td>
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<td>Denmark</td>
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<td>22-05-1996</td>
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<td>Estonia</td>
<td>Law of 12-January 2005</td>
<td>11-02-2005</td>
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<td>Law 614&lt;br&gt;Law N° 1138/199</td>
<td>09-08-1996&lt;br&gt;09-12-1999</td>
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<td>Legislation&lt;br&gt;UK extension legislation</td>
<td>26-10-1996&lt;br&gt;22-12-1999</td>
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<td>2003</td>
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<td>15-01-2000</td>
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The transposition deadline of 22 September 1996 was not respected by all member states. When the UK extension Directive of 15 December 1997 was transposed in the UK in December 1999, almost all EEA member states had fully incorporated its provisions into their national legislation. In Belgium, Italy and Norway this was done through social partner agreements.
1.3.3. Which transposition is applicable to which EWC

The transposition of the country where the company has its headquarters and the transposition of the country where the workers are employed are both valid. The national transposition of the country of employment applies for the individual rights regarding the election, appointment and protection of SNB and EWC members, while the transposition of the member state where the company has its headquarters applies in matters concerning the responsibilities and rights of the central management, the SNB and the EWC.

Taking the situation as a whole, including the national transpositions applicable for the non-European companies, the majority of EWCs are governed by the German, British, French, and Belgian transpositions.

The German transposition applies to 23% of the EWCs, and the French and the UK transposition to 14% each. While the Belgian transposition governs 12%, the Dutch and Swedish apply to 7% each. The remainder consists of 5% for the Irish transposition and 4% for both the Italian and Finnish transposition, while the Danish (2%) and all the other national transpositions (8%) together apply to only 10% of the existing EWCs.

The Irish, Belgian, French and German transpositions cover more EWCs than there are MNCs headquartered in these countries with EWCs. This can be concluded from comparing the dark and the light bars for those countries in Figure 14. The explanation for this will be given in the next graphs which show that the EWCs of non-European companies are mostly covered by the German, Belgian, UK, French and Irish transpositions.

41 of the EWCs of UK-based companies refer to national transpositions other than the UK one, because they were established before the UK transposition was adopted. Then again, 37 of the EWCs in non-European companies are covered by the UK transposition. Consequently, there are only slightly less EWCs governed by the British legislation than there are EWCs in UK-based companies.
1.3.4. Chosen transpositions of non-European multinationals

Non-European multinational companies which meet the employment criteria of the Directive in the EEA are also required to set up EWCs. This applies to 344 US, 104 Swiss, 56 Japanese, 16 Canadian and 8 Australian companies.

Figure 15 illustrates that of the non-European multinationals with EWCs the Belgian transposition covers 22%, the German 20%, the UK 14%, the Irish 13%, the French 10% and the Dutch 8%. For the other EWCs of non-European multinationals 3% are governed by the Swedish transposition and 10% by the other national transpositions.

On the next page the governing national transpositions for four different groups of non-European multinational companies are presented separately.

The largest group of non-European companies with EWCs are found in the US, Canadian and Australian multinationals. Among them the Belgian (24%) and German transposition (18%) govern the highest number of EWCs. The UK and French transpositions govern respectively 17 and 13% of them, as can be seen in Figure 16.

The 41 EWCs not covered by the UK transposition, because this was not yet available when they were established, are presented in Figure 17, along with the 52% of the EWCs in UK-based companies that are governed by the UK transposition. The Irish transposition is by far the most important here.

For the 44 EWCs of Swiss multinationals, meanwhile, 38% are governed by the German transposition, and 23% by the Belgian.

Finally, the 22 EWCs in Japanese multinationals are governed most often by the UK (41%) and the Belgian (23%) transpositions.
1.3.4. Chosen transpositions of non-European multinationals

National transpositions applicable to the 131 EWCs of 125 US, 4 Canadian and 3 Australian companies

- BE 24%
- DE 18%
- UK 17%
- FR 13%
- IE 9%
- NL 7%
- IT 3%
- LU 4%
- other 5%

Data source: European Works Councils database, June 2005
Figure 16

National transpositions applicable to the 125 EWCs of 118 UK multinationals

- UK 52%
- IE 14%
- FR 4%
- NL 3%
- SE 2%
- BE 2%
- other or data not available 21%

Data source: European Works Councils database, June 2005
Figure 17

National transpositions applicable to the 44 EWCs of 43 Swiss multinationals

- DE 38%
- BE 23%
- NL 5%
- UK 5%
- other or data not available 29%

Data source: European Works Councils database, June 2005
Figure 18

National transpositions applicable to the 22 EWCs of 21 Japanese multinationals

- UK 41%
- BE 23%
- DE 9%
- IE 9%
- other or data not available 18%

Data source: European Works Councils database, June 2005
Figure 19
1.4. The Process of Revising the EWC Directive

Article 15 of the EWC Directive is entitled “Review by the Commission”. This Article states that; “not later than 22 September 1999, the Commission shall, in consultation with the member states and the European social partners, review its operation and, in particular, examine whether the workforce size thresholds are appropriate with a view to proposing suitable amendments to the Council, where necessary”. For this purpose, a hearing was held in the European Parliament on 26 January 1999, and on 28-30 April 1999 a social partners’ conference was held, at which the Commission presented a draft report. The final version of this report was issued by the Commission on 4 April 2000 as Com(2000)188final. It is available at the following internet address: http://www.europa.eu.int/eur-lex/en/com/rpt/2000/com2000_0188en01.pdf

Before this report was released, an informal consultation of the European social partners had taken place on 7 December 1999. In issue 27 of the European Works Council Bulletin (EWCB 2000), EU Commissioner for Employment and Social Affairs, Anna Diamantopoulou, justified the decision not to propose any revision at that moment. Unhappy with the lack of progress, the ETUC organised a demonstration in Brussels on 31 October 2000, while the European Parliament held another hearing on 25 April 2001. The Commission wanted to postpone further steps towards revising the EWC Directive, until two other proposed Directives were adopted. Both of these Directives have now been adopted, as Directive 2001/86/EC of 8 October 2001 on workers’ involvement in the SE (Societas Europea – European Company Statute) and Directive 2002/14/EC of 11 March 2002 establishing a general framework for national regulations on information and consultation of employees.

On 24 September 2003, the European Economic and Social Committee issued opinion SOC/139 on the “practical application of the EWC Directive and on any aspects of the Directive that might need to be revised”. This opinion had been adopted by 122 votes to one, with six abstentions. It encouraged the Commission to take well-founded decisions concerning the revision of the EWC Directive, while it provided the social partners with commonly agreed facts from which they could draw support. Indeed five arguments were included in favour of a revision of the EWC Directive. First, that enough is known about the practice of EWCs and their problems; second, that the revision was included in the social policy agenda adopted at the Nice Council in 2000; third, that EU enlargement has an impact on existing EWCs and the EWCs to be created; fourth, mergers, takeovers and restructuring are extra challenges for EWCs; and, lastly, that the legal context had changed after the adoption of Directives 2001/86/EC and 2002/14/EC.

In April 2004, the Commission presented a consultation document, opening a first phase of consultation of the European social partners on the revision of the EWC Directive. While the ETUC repeated its demands for revision, UNICE did not see the need for it, suggesting instead that the Commission focus on the transposition of the EWC Directive in the new member states and the exchange of EWC experiences, especially in the context of EU enlargement. Consequently, European social partners held two seminars in the Autumn of 2004, where 9 EWC cases were presented, each time by an EWC member and a representative from central management. The joint conclusions of these two seminars, issued on 18 February 2005, include eight lessons learned on EWCs. A first lesson is that EWCs can be a useful tool to organise transnational information and consultation, easing the management of change and preventing or limiting negative social consequences of restructuring. Second, a climate of mutual trust is important for the good functioning of EWCs. Third, ability to understand complex issues discussed in the EWC depends on the provision of training and expert assistance, and it determines the quality of communication. Fourth, reconciling different national industrial relations practices is a constant challenge for EWCs. The fifth lesson is that another considerable challenge lies in ensuring a sense of ownership of the EWC by the whole workforce. The difficulty of identifying worker representatives in new member states is the sixth lesson and the complexity in managing multiple layers of information and consultation the seventh. Finally, the good functioning of EWCs was found to be a learning and evolving process.

With the communication from the Commission COM(2005) 120 final, dated 31 March 2005 on restructuring and employment, the second phase of consultation of the social partners was opened on both company restructuring and on EWCs. In point 2.4 of this communication, the Commission only commits to “follow the work of the social partners” and to “look at the progress made between now and the 2006 tripartite social summit”. At the end of 2005, no further developments in the revision of the legal framework for EWCs were reported. Nevertheless, both the numbers as well as practical EWC standards have developed significantly over the years.
1.5. By 2005, 909 EWCs had been established of which 784 still exist

In September 1994 when the EWC Directive was adopted, 46 companies had already established 49 EWCs. Of these 49 EWCs there are 37 that still exist in 2005. The other established EWCs no longer exist because of company mergers or takeovers. By 2005, 909 EWCs had been created of which 784 still exist.

The Directive aimed to encourage the conclusion of voluntary social partner agreements as a method of creating EWCs. Article 13 of the Directive exempted all companies that had set up an EWC based on an agreement before 22 September 1996, the date on which the national transpositions of the Directive came into force. This possibility proved to be a strong incentive for setting up EWCs.

In the year 1995 alone, the number of existing EWCs doubled from 37 to 80. The 323 EWCs set up in 1996 illustrate the incentive effect of Article 13 of the EWC Directive on the number of companies with EWCs.

From 1996 to 2005, the number of EWCs has doubled. This progress has however been gradual and, as such, it happened almost unnoticed. This publication aims to visualise developments out of the data available in the EWC database of the European Trade Union Institute. On top of these quantitative developments presented, there are qualitative developments, in terms of improvements of the practical functioning of EWCs, that have to be considered in the assessment of EWCs.

In the following ten years the number of companies having established EWCs doubled again, but much more gradually compared to 1996. Consequently, the progress made in establishing new EWCs was for many years underestimated.

Through the data presented in the following chapters of this publication the reader is invited to consider the progress made, both in the numbers of EWCs and in the quality aspects illustrating the effectiveness of EWCs.
1.6. EWC EXPERIENCES ACCUMULATED

Figure 21 illustrates that half of the existing EWCs have built up 10 years or more of practical experience. In 2006, 41% of the EWCs will have existed for 10 years, while another 10% will have existed for more than 10 years.

Important experiences have also been accumulated among 31% of the EWCs that have existed from 6 to 9 years. Special attention may be needed in terms of training and trade union support for the 18% of the EWCs that have existed for 5 years or less. There are, nonetheless, opportunities for development in practically all of the established EWCs.

A valuable resource lies in the accumulated experience of the members of the existing EWCs and the trade union officers involved in providing support, training and expertise for them. All these EWC learning processes and experiences can be pooled through coordinating actions of the aforementioned EIFs.

Figure 22 shows that, in 2006, there will be 323 existing EWCs having existed for 10 years, going back to 1996 when a large number of EWCs were established. By taking the 402 EWCs that have 10 or more years of experience, this provides a group of EWC players who have developed valuable expertise. The recently established EWCs and the employee representatives in the companies where EWCs still have to be set up can particularly benefit from a spillover of the learning experiences of those EWCs in action for 10 years or more in order to develop a practice as effective as possible. This underlines the importance of training activities for EWC actors. Such exchanges and spillover effects have to be organised by the trade unions involved in the companies concerned and coordinated by the respective EIFs.
2. MULTINATIONALS IN THE SCOPE OF THE EWC DIRECTIVE

In this chapter, an overview is given of the characteristics of the companies affected by the EWC Directive. It is shown that most of the companies concerned have their headquarters in Germany, the USA, the UK and France. In addition to the country of ownership of the multinationals, information is given on the countries in which these companies have operations, their sector of activities, their degree of internationalisation and their involvement in transnational mergers and acquisitions.

The data presented in this and the following chapters is drawn from the EWC database developed in the ETUI by Peter Kerckhofs, with assistance from Irmgard Pas. Over the years, the number of companies identified that fall within the scope of the Directive has almost doubled. To date, the EWC database contains 2204 companies that come within the scope of the Directive, of which 772 have established EWCs. The resulting coverage rate is 35% of companies that comply with the rights on transnational information and consultation in the EWC Directive. The size of companies and their degree of internationalisation are important factors for the compliance of companies. Larger and more internationalised companies have more often complied with the Directive than smaller and less internationalised companies.

Special attention is given to the new member states. With the 2004 EU enlargement about 300 additional companies come within the scope of the Directive. Among them are 31 companies headquartered in the new member states. More important, however, is the possibility, for the existing EWCs of companies with operations in the new member states to involve representatives from these states. Indeed, 69% of the companies with EWCs have operations in the new member states.

2.1. EWC database
2.2. Countries of ownership of affected companies
2.3. Compliance of affected companies by country of ownership
2.4. Workforce size of affected companies
2.5. Degree of internationalisation of affected companies
2.6. Countries of operation of affected companies
2.7. Affected companies operating in the new member states
2.8. Involvement of employee representatives from new member states in EWCs
2.9. Mergers and takeovers
This chapter presents facts and figures on the numbers of companies affected by the Directive and those that comply with the Directive. The numbers build upon a database that was first established in 1995. Further updates were published in 1998, 2000, 2002, 2004 and 2005. The complete 2006 version of the database is available on CD. A list of the companies falling within the scope of the EWC Directive, as well as a list of companies that have EWCs, is available on the internet (www.etui-rehs.org/workers_participation/projects/european_works_councils_database#toc).

Jean-Jacques Danis coordinated the ETUI project establishing the first version of the database and consisting of a collection of data from seven institutes compiled into a database by Lionel Fulton and Tessa Wright of the Labour Research Department. From 1997 on, this data collection was centralised in the ETUI, under the coordination of Peter Kerckhofs, who from 2000 was supported by Irmgard Pas. In the meanwhile, 21 research institutes, 8 EIFs, and SDA-InfoPoint have cooperated in the collection and correction of the data presented here. Since 2005, online consultation of the data, including feedback functions, form new methods for keeping the EWC data up to date and delivering data-service to actors involved in EWCs.

During the ten years of this research project the number of companies falling within the scope of the EWC Directive has almost doubled, from 1,152 in 1995, to 2,204 in 2005. Year after year the research methods used to identify companies falling within the scope of the Directive have been improved. The enlargement of the EU and the growing internationalisation of companies through transnational mergers and takeovers have also contributed to the increase from 1,152 to 2,204. The increase in companies falling within the scope of the directive from 1,205 in 1998 to 1,835 in 2000 is due, most of all, to the inclusion of UK workers for the counting of the thresholds, because of the entry into force of the UK transposition of the Directive in December 1999. Secondly, the EU enlargement effect is shown in Figure 24, following the accession of ten new member states in 2004, bringing nearly 300 additional companies within the scope of the Directive.
## 2.1. EWC DATABASE

<table>
<thead>
<tr>
<th>Country</th>
<th>Number of companies affected by the EWC Directive headquartered in this country</th>
<th>Number of companies headquartered in this country that still have to set up EWCs</th>
<th>Number of companies headquartered in this country that have established EWCs</th>
<th>Number of affected companies operating in this country</th>
<th>Number of affected companies that have established EWCs and are operating in this country</th>
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<td><strong>EEA TOTAL</strong></td>
<td><strong>1,642</strong></td>
<td><strong>1,059</strong></td>
<td><strong>583</strong></td>
<td></td>
<td></td>
</tr>
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</table>
### 2.1. EWC DATABASE

<table>
<thead>
<tr>
<th>Country</th>
<th>Number of companies affected by the EWC Directive headquartered in this country</th>
<th>Number of companies headquartered in this country that still have to set up EWCs</th>
<th>Number of companies headquartered in this country that have established EWCs</th>
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<td>TOTAL</td>
<td>2,204</td>
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2.2. COUNTRIES OF OWNERSHIP OF AFFECTED COMPANIES

Of the 2,204 companies covered by the EWC Directive, 20% are headquartered in Germany, 16% in the USA, 12% in the UK and 10% in France. Another 6% are headquartered in the Netherlands, 5% in Sweden and 5% in Switzerland. Within these seven countries three quarters of the affected companies are headquartered.

Figure 26 illustrates that 74% of all companies covered by the Directive are based in a EEA member state, while 26% of the companies are headquartered outside the EEA.

On the right of Figure 26, the countries of ownership are grouped by type of industrial relations system. On top there is a group of 29% of the affected companies headquartered in Germany, the Netherlands and Austria, countries that have systems of company board-level workers participation. Another 29% of the affected companies is headquartered in Anglo-Saxon industrial relations systems in the UK, USA and Ireland. A further 19% is headquartered in southern European countries, and 12% in Scandinavia. Almost 2% of the affected multinationals is headquartered in the new EU member states.
2.3. **Compliance of Affected Companies by Country of Ownership**

The numbers of affected companies headquartered within the different countries of origin are presented in Figure 27. The proportion of affected companies that have established EWCs forms the rate of compliance. The overall compliance rate is 35%, since 772 of the 2,204 affected companies have established EWCs.

The compliance rates per country of ownership, presented in Figure 28, fall mostly between 35 and 40%. Figure 29, meanwhile, illustrates that for the multinationals headquartered in the EEA the compliance rate is hardly different from that of the companies from outside the EEA.
More than country of ownership, size is a factor in the variation of compliance rates. Among the companies affected by the Directive that have less than 5,000 employees in the EEA only 23% have EWCs, while 61.3% of the affected companies with an EEA workforce larger than 10,000 employees have EWCs. The group of companies having between 5,000 and 10,000 show a compliance rate of 43.3%, which is still higher than the overall average of 35%.

The consequence of higher compliance among larger companies is that, even though only 35% of affected companies have EWCs, they represent a much larger proportion of the overall workforce (61%).

The 2,204 affected companies employ a total of 23.6 million workers. For the 772 with EWCs the workforce is 14.45 million employees or 61%, while the 1,432 affected companies without EWCs employ 9.15 million persons.
2.4. **Workforce Size of Affected Companies**

Figure 32 shows the proportion of companies with more than 10,000 employees among the affected companies headquartered in each country.

Proportionally more of the larger companies have their headquarters in the UK and France than in Germany for example, which explains the lower German compliance rate. Other factors, such as the presence of trade unions and management attitudes towards the idea of establishing EWCs, may be factors that impede the workforce size of multinationals.

![Figure 32: Proportion of large companies by country of ownership](image)
Before May 2004 there were 18 EEA member states and subsequently 28. With EU enlargement, the affected companies are becoming increasingly international, in terms of the number of EEA countries in which they have operations.

In 2002, only 12% of the companies falling within the scope of the Directive had operations in 10 or more EEA member states. In 2005, this was true of a third of them. Currently, 12% have operations in 15 or more EEA countries.

Figure 33 shows the degree of internationalisation, in terms of countries of operation, of the companies falling within the scope of the Directive, on the left, while on the right the same information is shown for those companies that have established EWCs.

There is a direct relationship between the degree of internationalisation attained by a company and the likelihood of an EWC being established.

Of the 319 multinationals active in 15 or more EEA countries, 208 or 65.2% have EWCs. For those present in 9 or 10 EEA countries the figure is still is around 50%, while Figure 34 indicates a lower compliance rate for the other companies that have operations in fewer countries.
2.6. **Countries of Operation of Affected Companies**

Figure 35 shows that 79.5% of the 2,204 companies falling within the scope of the EWC Directive have operations in Germany. In the UK and in France about 70% of the affected companies are present.

In each of the Netherlands, Spain, Italy and Belgium about half of the affected companies have operations, while Poland, Austria and Sweden host about 35% of the 2,204 companies.

Except for Slovenia, Estonia, Lithuania, Latvia, Cyprus, Malta, Iceland and Liechtenstein, which host less than 10% of the 2,204 companies, all the other EEA countries host a proportion of between 10% and 30%.

Data source: European Works Councils database, June 2005
2.6. COUNTRIES OF OPERATION OF AFFECTED COMPANIES

In all EEA member states the number of foreign subsidiaries of multinational companies having their headquarters elsewhere is higher than the number of home-based parent companies. For each affected parent company having its headquarters in an EEA member state, there are more than three foreign-owned multinationals with subsidiaries in the same EEA member state.

In Germany for example, 450 affected companies are headquartered, while in the same country, 1,753 of the 2,204 affected companies have operations. Of these 1,753, a total of 697 have already established an EWC, while the other 1,056 have still to do so.

This difference in numbers of headquarters and foreign companies operating in the same country is even larger in Italy and Denmark. Italy hosts 66 headquarters of the 2,204 affected companies, while 1,118 companies that fall within the scope of the Directive have operations there. Denmark headquarters 60 of the affected companies, while 666 of them have operations there and 357 of them have EWCs.

In total, 1,062 of the affected companies operate in at least one new member state. How many affected companies have operations in each of the new member states is shown in Figure 37. Of the affected companies, 819 operate in Poland, 662 in Hungary and 636 in the Czech Republic. Furthermore, 340 of the affected companies have subsidiaries in Slovakia and 108 in Slovenia.

The dark bar in Figure 37 represents the companies with EWCs operating in the new member states. Among the 772 companies with EWCs, 425 operate in Poland, 334 in Hungary and 333 in the Czech Republic. Slovakian employee representatives have been incorporated into 199 EWCs and representatives from Estonia into 108. The number of companies with EWCs operating in Lithuania is 87 and in Latvia it is 84. For Cyprus the figure is 33 and for Malta 29.
2.7. **Affected Companies Operating in the New Member States**

In 2005, there were a total of 31 companies identified as covered by the EWC Directive that have their headquarters in a new member state. These break down into 12 Hungarian companies, 11 Polish and 8 Czech companies. Furthermore, one company in the scope of the EWC Directive is headquartered in Croatia, a candidate country.

In addition to these companies, illustrated on the left in Figure 38, there are 1,142 companies in the scope of the EWC Directive that have subsidiaries in new member states. This is 51.8% of the total. For the affected companies with EWCs this percentage is even higher, and for those without it is lower.

Among the 1,432 companies without EWCs, 42% have operations in the new member states, while the percentage for the 772 companies with EWCs is 69%. 

Data source: European Works Councils database, June 2005

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**New member states’ companies affected by the EWC Directive**

- **companies in the scope of the EWC directive headquartered in new EU member states**
  - Hungary: 12
  - Poland: 11
  - Czech Republic: 8
  - Croatia: 1

- **subsidiaries in new EU member states**
  - 1142
  - 1062

- **no subsidiaries in new EU member states**
  - 48.2%

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**Affected companies without and with EWCs, operating in new EU member states**

- **multinationals affected by the Directive without an EWC**
  - subsidiaries in new EU member states: 42%
  - no subsidiaries in new EU member states: 58%

- **multinationals affected by the Directive with an EWC**
  - subsidiaries in new EU member states: 69%
  - no subsidiaries in new EU member states: 31%

Data source: European Works Councils database, June 2005
2.7. **Affected Companies Operating in the New Member States**

Figure 40 shows that among the affected companies operating in the new member states there are proportionally more companies with a large workforce size of over 10,000 employees. Among all the 2,204 affected companies this group with more than 10,000 EEA employees stands for 24%, while among the companies operating in the new EU member states this group represents a third of them.

The countries of ownership of those companies operating in the new member states are presented in Figure 41. It can be seen that, among the US companies affected by the Directive, 177 operate in the new member states and of these 82 have EWCs.
2.7. AFFECTED COMPANIES OPERATING IN THE NEW MEMBER STATES

Figure 42 shows that of the 1,753 affected companies with operations in Germany, 996 or 57% also have operations in the new member states. For most of the other countries, a proportion of between 60 and 80% of the hosted multinationals is also operating in the new member states.

Figure 43 shows that, similarly to the overall results, the compliance rates of companies with operations in new member states are higher when they are in the larger workforce size group.

As shown in Figure 44, the likelihood that companies with subsidiaries in new member states have established EWCs increases in line with the increase in the number of countries in which they are operating.
2.8. INVOLVEMENT OF EMPLOYEE REPRESENTATIVES FROM NEW MEMBER STATES IN EWCS

Figure 45 illustrates that among the 1,142 affected companies that operate in new member states, 608 or 53% do not yet have an EWC, while 32% do have one, but without employee representatives from the new member states. Only 166 companies that have EWCS and that operate in new member states are effectively integrating employee representatives from these countries. This is 15% of the companies operating in the new member states.

Figure 46 shows that most of the employee representatives come from Poland, the Czech Republic and Hungary. The possibility that more than one employee representative from the same new member state is a member of an EWC occurs most frequently in those three countries.
2.8. INVOLVEMENT OF EMPLOYEE REPRESENTATIVES FROM NEW MEMBER STATES IN EWCS

Both the size of the operations in the new member states and the overall EEA workforce size of companies prove to be factors for EWC involvement of new member state employee representatives.

Figure 47 shows that affected companies that have over 1,000 employees in new member states have integrated employee representatives from these countries in 45.6% of cases, while for the new member states subsidiaries with less than 500 employees, a seat on the EWC is reserved in only 25% of cases or less.

Figure 48 presents the proportion of companies with a large workforce of over 10,000 employees, in the dark on top of each bar. The proportion of companies with less than 5,000 employees in the EEA is placed in light below.

While the left bar includes all the 2,204 companies affected by the EWC Directive, the bar in the middle represents the 772 companies that have established EWCs. The right bar features the 166 companies that have incorporated one or more members from new member states into the EWC. As such, Figure 48 shows that the companies that have already achieved this integration of new member state employee representative account for a much larger proportion of the larger workforce group than average.
2.9. **Mergers and Takeovers**

Figure 49 indicates the proportion of companies that, between 2002 and 2004, were engaged in transnational mergers and acquisitions that were announced to DG competition. Of the 1,432 affected companies without an EWC, 175 or 12.2% were involved in mergers or acquisitions, while for the 772 companies with EWCs, this proved to be the case for 217 or 28.1%.

This incidence of transnational mergers and acquisitions is broken down below by workforce size group, on the left in Figure 50 for the affected companies without EWCs and on the right below in Figure 51 for the companies with EWCs.
The analysis in this third chapter is based on the EWC database of the ETUI-REHS that contains 975 full-text EWC agreements out of the 1,141 notified agreements recorded in the database. Some of the Figures in this chapter present data from the SDA database, as indicated in the bottom of the Figure. This SDA database contains a standard analysis of 703 EWC agreements. This exchange of data is well appreciated. In addition, the cooperation with the EIFs is crucial for the collection of EWC agreements. A sector analysis of the EWC data is included in chapter four.

Chapter three looks at the proportions of EWCs that are composed of employees only and those on which management also serve. Because the majority of EWCs are jointly composed of management and workers’ representatives, the proportion of EWCs chaired by each side is also examined. Further characteristics of EWC agreements that are looked upon are: the authoritative language, the year of signature, and the occurrence of signatures of EIFs. Finally, EWC agreements are also examined in relation to their provisions concerning the size of the EWC and its select committee, as well as the number of meetings they are entitled to hold.

Since 1997, the texts of agreements have been collected by Peter Kerckhofs and were issued on a CD-ROM in 1999 and 2001. The 1999 version contained 470 EWC agreements and the 2001 version 650. Since 2004 this full-text database has been included in the EWC database together with data from a standardised analysis of these EWC agreements undertaken by SDA.

In 2006, the transpositions of the EWC Directive will have been in force for ten years, while about half of the EWCs can also build upon a history of ten years of existence. The practice of EWCs has developed, as has the knowledge about them. This study presents strictly quantitative aspects of the 2005 EWC state of play.

3.1. Numbers of EWC agreements

3.2. Operational structure of EWCs

3.3. Optional provisions in EWC agreements

3.4. Format characteristics of EWC agreements
This first chapter section presents the overall numbers of EWCs and agreements and is divided into three subsections. The first subsection explains the difference in numbers of companies, EWCs and agreements, while the second focuses on the year of signature of EWC agreements, and the third focuses on the renegotiation of EWC agreements.

The first aspect to be presented is the number of EWC agreements signed each year. It should be noted that there are more EWC agreements than there are EWCs, because certain EWCs are based on successive agreements. Furthermore some companies have established more than one EWC. As a result, the number of EWCs is higher than the number of companies that have complied with the Directive by establishing one or more EWCs.

A second aspect illustrated here is the years in which existing EWCs were created. This shows that in the year 1996 an upsurge of EWC agreements occurred, because of Article 13. Even though the number of new agreements was less spectacular during the following years, their cumulative impact is just as important as the impressive number of agreements concluded in 1996. Indeed, about half of the existing EWCs were created after 1996.

The third subsection deals with the renegotiation of EWC agreements. Many of the EWC agreements allow for their renegotiation after 4 years. As such, an increasing number of agreements have been renegotiated in recent years.

3.1. Numbers of EWC agreements, EWCs and companies with EWCs
3.1.1. Numbers of EWC agreements, EWCs and companies with EWCs
3.1.2. Half of the existing EWCs were created after 1996
3.1.3. More and more EWC agreements renegotiated
3.1.1. Numbers of EWC agreements, EWCs and companies with EWCs

Of the 2,204 companies falling within the scope of the EWC Directive, 772 have established EWCs. The left chart in Figure 52 illustrates that most of them, 763 or 98.8% established a single EWC. Seven other companies established two EWCs for separate divisions in the company. One company established three EWCs and another four. In the past there were more companies that had established several division-level EWCs, but a split of these divisions of the company has often followed. Consequently they are now considered in the EWC database as separate companies. For 2005, we have thus 784 EWCs that operate in 772 different companies.

These 784 existing EWCs are established on the basis of 1,004 agreements. The number of agreements on which the existing EWCs are based is presented in the right chart on Figure 52. A total of 614 EWCs, 78% of those currently in existence, are based on a single agreement, while 132 build upon 2 successive agreements, 28 on 3 agreements, 8 on 4 agreements and 2 on five agreements.

Figure 53 presents from left to right: the 772 companies with 784 existing EWCs, based upon 1,004 agreements.

In addition to existing EWCs, 102 companies are illustrated that have established 125 EWCs that no longer exist. These no longer existing EWCs were built upon 137 agreements that are therefore no longer valid. All together, there are 1,141 such EWC agreements of which only 1,004 are linked to EWCs still in existence. Indeed, a total of 125 of the EWCs established since 1988, in 102 companies, no longer exist, as a result of mergers, de-mergers, takeovers or bankruptcy. When these 125 established but no longer existing EWCs are added to the 784 existing ones, this gives a total of 909 EWCs that have been established in 874 different companies.
3.1.2. Half of the existing EWCs were created after 1996

Attention to the year of signature of the EWC agreements, in Figure 54, reveals the effect of the deadline for the conclusion of Article 13 agreements, namely 22 September 1996. This deadline evidently prompted many partners to start negotiations, hastening their progress in order to conclude agreements for the setting up of EWCs under Article 13 of the Directive. Once the deadline had passed, special negotiating bodies had to be created for the purpose of embarking on negotiations. Constraints of time, procedure and content are thus placed on the negotiations designed to lead to agreements under Article 6 of the Directive. This practice seems to bring into existence around 60 new EWCs each year, a figure similar to the number of EWCs created in 1995. After 2000, the average number of new EWCs is between 30 and 40 per year.

At this pace of 30 to 40 new EWCs each year, however, it would take more than 35 years, to get an EWC installed in all companies that are affected. Even though this leaves plenty of missing EWCs, the yearly progress in new established EWCs should not be minimised.

While actors are investing efforts in making the existing EWCs function as effectively as possible, they have few resources left to mobilise for the creation of new EWCs. Nevertheless, progress is still visible in the numbers of newly established EWCs, albeit less spectacular than in the year 1996. With the newly established EWCs from 1997 to 2005, almost half of the currently existing EWCs have been created after 1996.

In total, 909 EWCs have been created, 784 of which are still in existence. Most of the EWCs that ceased to exist were integrated into other EWCs following mergers or takeovers. Figure 55 presents the establishment and renegotiation of agreements of the existing EWCs in green, with, on top, the concluded agreements relating to EWCs no longer in existence today.
3.1.3. More and more EWC agreements renegotiated

Not all EWC agreements contain provisions for renegotiation of the agreement. Fifty-nine per cent of agreements stipulate a fixed moment in time when the agreement becomes open for renegotiation. Figure 56 illustrates that, in most cases, this is four years after the signature of the initial agreement. Therefore, several of the agreements signed in 1996 or before, have been opened for renegotiation after 2000. Indeed, in the last few years, an increasing number of agreements are being renegotiated. Mergers and takeovers also contributed to this development. Insofar as they alter the scope of companies with existing EWCs, mergers and takeovers frequently trigger renegotiations to adjust the agreement to the changes in the company workforce.

The collection of renegotiated EWC agreements is one of the new challenges in keeping the EWC database up to date. Special attention has been paid to this recently. Nevertheless, some agreements are collected and entered into the EWC database years after they were concluded. Despite this delay in the collection of both new agreements and in renegotiation agreements, the trend towards more renegotiated agreements is clear. Figure 57 illustrates the growing proportion of renegotiated agreements.
After having looked in the first section at the number of EWCs, the year of signature and the renegotiation of the agreements, this second section of chapter 3 examines the structure of EWCs. This will be portrayed by focussing on their composition, size and internal structure. By internal structure is meant the establishment within the EWC of a select committee, and the chair of the EWC.

First of all, a distinction is made between two basic models of EWC. The ‘German’ model stands for works councils composed exclusively of workers’ representatives, while the ‘French’ model is jointly composed of management and workers’ representatives and is chaired, in most cases, by management. A third model, including not only central management, but also local or national management participants as members in the EWC, is called ‘platform model’ EWC (Lamers 1998). Because this variant of the French model of EWC is exceptional, it will not be discussed separately here.

The number of EWC members is usually between 10 and 20. The size of EWCs clearly is influenced by the size of the company and the number of countries in which it operates. Beyond the size of EWCs, their internal structure is examined in terms of the establishment of select committees and the type of chair of the EWC.

A large majority of EWCs have select committees responsible for day-to-day functioning between plenary meetings. Most of these select committees are composed of 3 to 5 EWC members. Even though the size and the degree of internationalisation of the company influence the size of the select committee, the effect is not as strong as that on the size of the whole EWC.

Finally, the chairing of the EWC is discussed. This issue is related to the French and German alternative models of EWCs. Most French-type EWCs will have management chairing the joint session, making this the most frequent option.

3.2.1. Composition of EWCs
3.2.2. Size of EWCs
3.2.3. Select committees
3.2.4. Size of select committees
3.2.5. The chair of EWCs
3.2.1. Composition of EWCs

As regards different workplace representation practices in Europe, two basic models for the composition of EWCs are to be distinguished: the ‘German’ model stands for an EWC composed exclusively of workers’ representatives, while the ‘French’ model is jointly composed of management and workers’ representatives, and is chaired, in most cases, by management. Of the 784 EWCs existing in 2005, 494 or 63% are jointly composed, following the French model. The 290 others, accounting for 37%, are employee-only EWCs. This is represented in Figure 58.

The distinction between employee-only EWCs and the joint bodies makes little difference in practice. All employee-only EWCs set aside a part of the programme of their annual meeting(s) for meeting central management representative(s). Similarly, the jointly composed EWCs practically all foresee a preparatory session at which the employee-side EWC members meet without management to prepare questions for the joint session.

Even if it does not make much difference to the practical functioning of the EWC, the type of composition should not be regarded as irrelevant. The choice in favour of a German- or a French-model EWC is an indicator of the influence of the home country industrial relations practices on the functioning of the EWC.

A breakdown of the German-model EWCs by country of ownership of the company leads to a clear finding, presented in Figure 59. The countries with German-model workplace representation systems have also taken this model in most cases for the EWCs in the companies headquartered there. Alternatively, almost all French multinationals opted for the French model. The non-European multinationals that have already set up EWCs, in most cases also opted for the French model.
3.2.2. Size of EWCs

Figure 60 offers a breakdown of the existing EWCs by number of employee representatives’ members to the EWC. It appears that many EWCs have a size of between 10 and 20 members. In proportional terms this is shown in Figure 61, below.

About half of the EWCs foresee in their agreement 10 to 20 representatives. Taken together with the EWCs with up to 30 representatives, they account for 74% of the existing EWCs, while 16% of EWCs have less than 10 members. At the other extreme, 10% of EWCs have more than 30 members, as illustrated in Figure 61.
3.2.2. Size of EWCs

Both the size and the number of countries where a company has operations clearly influence the number of members in EWCs.

Of the companies with less than 5,000 workers, a quarter have less than 10 members in their EWC. For the companies with a workforce from 5,000 to 10,000, only 15% of the EWCs have less than 10 members, and for the companies with over 10,000 employees this percentage is less than 5%. Among large companies with more than 10,000 employees a quarter of the EWCs have more than 30 members. Among companies with less than 10,000 employees, less than 4% of the EWCs have more than 30 members. In this size category, more than half the EWCs have 10 to 20 members.

In Figure 63, companies with EWCs are broken down according to the number of countries in which they have operations. It is apparent that the larger EWCs are proportionally more likely to be found among companies that operate in more countries.
3.2.3. Select committees

Select committees of EWCs are a small group of EWC members that sustain the EWC between plenary meetings. The responsibilities of select committees tend to include: agenda setting, inter-meeting communication and liaison, preparation and debriefing for the full EWC meeting, and the drawing up of minutes.

Of 806 EWC agreements analysed, 532 or 66% included the creation of a select committee. Such select committees enable greater continuity to the activities of EWCs, which in the majority of cases meet only once per year. Select committee meetings are normally more frequent. Furthermore, select committees function as a go-between among management and the diverse group of EWC members.

Workforce size is a relevant factor with regard to the existence and size of select committees, although not to the same extent as for compliance rates. Figure 65 illustrates that, among EWC agreements for companies with more than 10,000 workers, a select committee is provided for in 73% of cases. For the companies with less than 10,000 employees, about 60% of the EWCs have select committees provided for in their agreement.
3.2.3. Select committees

Figure 66 presents data concerning the presence of a select committee in relation to the degree of internationalisation. The greater the number of countries in which a company has operations, the more likely it is that it will have a select committee for its EWC. Comparable to Figure 65 on the previous page, the effect here is much softer than that for the compliance rates of the workforce size groups.

Figure 67 presents the EWC agreements providing for select committees by country of ownership of the companies. In Dutch and Swedish companies, 90% and 87% of the EWCs have select committees. In the EWCs of Belgian and Austrian companies half have a select committee, while among Spanish companies with EWCs, only 40% allow for select committees in the EWC agreement.
3.2.4. Size of select committees

For 465 EWCs, the agreement stipulates the number of select committee members. This is 91% of all EWCs with select committees.

Select committees are most commonly composed of 3 to 5 members. Among the select committees, 42% have 3 members, 19% 4 members and another 14% 5 members. 16% of EWCs have select committees consisting of 6 or more members, while 8% have only 2 members.

Figure 69 indicates that the number of select committee members may increase with the number of countries in which a company has operations. For example, after a merger or takeover, a higher degree of internationalisation of the company may lead to an enlargement of the EWC or of its select committee.

Another key question about the composition of select committees of EWCs relates to their ease of communication, in the absence of translation and interpretation facilities, depending upon the language skills of the members.
3.2.4. Size of select committees

For 465 EWCs, data is available on the size of the select committee and on the EEA workforce size of the companies. The numbers of EWCs with select committees consisting of 2, 3, 4, 5 and 6 or more members are represented in the columns in Figure 70. These numbers are broken down into EWCs of companies with a workforce of less than 5,000 employees, between 5,000 and 10,000, and finally over 10,000.

EWCs with select committees of 2 or 3 members occur just as much in smaller multinational companies with less than 5000 employees as in the larger ones with more than 10,000 employees, while the select committees with 4 or more than 4 members are more frequently found in the companies with a workforce of over 10,000 employees. This information is also presented below in Figure 71.

Figure 71 shows for each of the three workforce size groups of companies the proportion of their select committees that have 2, 3, 4, 5 and 6 or more members. The darkest part of the column represents for the proportion of the EWCs with the largest select committees of 6 or more members. This proportion is clearly largest among the companies with a workforce of over 10,000 employees represented in the right column, while the proportion of EWCs with select committees of 3 members is smallest there. The 3-member select committee size is most frequent among the EWCs in companies with less than 5,000 employees, represented in the left column of Figure 71.
3.2.5. The chair of EWCs

Figure 58 (in sub-section 3.2.1), showed that 63% of the EWC agreements opted for the French model. The choice of chair follows a similar pattern as shown in Figure 72. In one third of agreements there is an employee-side chair. The most frequent arrangement among agreements is, however, for the chair to be taken by management (47% of cases).

Out of 713 EWCs for which data are available from their agreements, 90 – or 13% – fail to specify who is to chair the EWC. For the remainder that do so specify 3% are chaired in rotation, and 4% jointly by management and employee representatives.

The choice of chairing of the meeting concerns the moment where employee representatives meet with management. The employee-only preparation meeting is, of course, always chaired by an employee representative elected from among the EWC members.

In Figure 73, the choice of chair is set against the country of ownership of the companies with EWCs. This shows that the home country’s employee representation practice exerts a strong influence here too. Most of the worker-chaired EWCs are found in Germany and the Nordic countries, while the largest proportion of management-chaired EWCs is found among French-based multinationals.
3.3. **OPTIONAL PROVISIONS IN EWC AGREEMENTS**

The effectiveness of EWCs can be measured in many different ways. Regarding the information and consultation function, Waddington (2005) illustrates that not all EWCs are informed on the issues foreseen in the EWC Directive. Furthermore, he concluded from survey results that the quality of the information and the consultation leaves plenty of room for improvement. In this third chapter, we look at EWCs on the basis of the provisions foreseen in the agreements that prescribe their structure and functioning. Our data shows that some EWCs are entitled to receive information and be consulted on matters additional to those listed in the EWC Directive. Training is an example here. In 22% of the EWC agreements, the EWC is given the right to information and consultation on vocational training matters.

Five factors determine the effectiveness of EWCs: the capacity of the EWC member to represent all the EEA workforce; the link between trade unions and EWCs; the continuity of EWCs; EWC competences; and the expertise of the members developed through training.

This section examines the training provisions for EWC members in the EWC agreements and the numbers of EWC plenary meetings. The EWC Directive does not stipulate that EWC members be trained; nor does it require more than one meeting of EWCs per year. As such, both possibilities are optional for contracting parties of EWC agreements.

3.3.1. Number of meetings per year allowed by EWC agreements

3.3.2. Training provisions in EWC agreements
3.3.1. Number of meetings per year allowed by EWC agreements

The continuity of EWCs depends on the number of meetings per year, the turnover of EWC members, the role of the select committee in the EWC and the interaction of EWC members between meetings. The provision of select committees has been dealt with in the second section on structural aspects of EWCs. The data presented here concern the number of EWC agreements providing for more than one meeting per year.

Figure 53 showed that there currently exist 1,004 agreements linked to 784 existing EWCs and 137 EWC agreements that are no longer valid. All 1,141 agreements have been analysed on the number of meetings provided for per year and the results of this analysis are presented in Figure 74.

Of these 1,141 EWC agreements, 782, or 69%, provide for a single annual plenary meeting, while 160 or 14% allow two meetings per year. Furthermore, 16 agreements provide for three or more meetings per year, and 183 agreements (16%) fail to specify the number of meetings per year.

Figure 75 shows that there has been a growing tendency over recent years to include provision for two or more ordinary meetings in the EWC agreements.

In addition to the ordinary annual meetings, extraordinary meetings may, in some cases, be held. More than 80% of EWC agreements contain provisions to this effect. Among the agreements scheduling two ordinary meetings per year, the possibility of holding extraordinary meetings is included in 87% of cases (Kerckhofs 2002).
3.3.1. Number of meetings per year allowed by EWC agreements

There is no obvious correlation between the number of meetings allowed per year and the workforce size of companies. This is shown in Figure 76.

Nor is there any correlation between the number of meetings allowed per year and the degree of internationalisation of companies, as is shown in Figure 77.
3.3.2. Training provisions in EWC agreements

Figure 78 shows that 28% of EWC agreements provide EWC members with a right to training. Training can raise the competences required by EWC members if the effectiveness of EWCs is to be raised. Though it is likely that training will be also offered to ECW members in other cases, even where no such provision is explicitly specified in the EWC agreement, the analysis here is based only upon provisions contained in the text of the EWC agreements.

Training is, in any case, an underestimated aspect, both in the EWC Directive and in many EWC agreements. The skills and competences required by EWC members to develop successful EWC practice have to be acquired, in most cases, in the course of experience and frequently by a process of trial and error. Actors often express the need for training by searching for best practice. EWC practice cannot, however, be copied from one company to the other, since each company has specific characteristics in relation to which the EWC needs to find the best way of operating. Training is the means whereby EWC members may be enabled to adapt their functioning and expectations to the potential offered by their specific case.

Figure 79 illustrates the types of training provided for in EWC agreements. It shows that language training occurs most often.

The development of language skills enforces the possibilities for informal communication outside meetings, thereby improving the internal cohesion of EWCs. It also enhances the possibilities for EWC members to communicate autonomously in between meetings. In this way, the continuity and the effective functioning of the EWC are fostered by opportunities to develop language skills.
3.3.2. Training provisions in EWC agreements

Over the years, an increasing proportion of agreements have provided for language training for EWC members. Figure 80 illustrates that language training occurred in only 10% of agreements signed before 1996 and in 13% of those concluded in 1996, while in over 20% of EWC agreements reached after 1996 there is provision for language training.

Figure 81 presents a country-of-ownership breakdown of the agreements prescribing language training for the members of the EWC.

US-, Swedish- and French-based companies have most often foreseen language training for EWC members in EWC agreements.
The format of most EWC agreements resembles the structure of the EWC Directive. After introducing objectives, definitions are given and the scope of the EWC is determined. The operational structure of the EWC is prescribed in terms of its composition, size, the select committee, the chair of the EWC, and the ordinary and exceptional meetings foreseen. Additional optional provisions may also be included. Finally the status of the Agreement is set down in terms of its duration and revision mechanism, the settlement of disputes over its implementation, the authoritative language and the institutions to which the agreement is notified.

In analysing EWC agreements in this third chapter, we have focussed, in the first section, on the numbers of agreements, the years they were signed, and their renegotiation. In the second section the operational provisions were specified and in the third section examples of optional provisions were observed. Without examining in greater detail the content of the agreements, the EWC database provides information on two format specifications: the length of agreements (number of words) and their authoritative language.

3.4.1. Authoritative languages of EWC agreements

3.4.2. Length of EWC agreements
3.4.1. Authoritative languages of EWC agreements

EWCs are multilingual institutions. Almost all EWC agreements provide simultaneous interpretation of meetings in all relevant languages. The previous section also showed that many agreements also contain provision for language training.

EWC agreements are translated into many languages. Of the agreements studied, 850 stipulate which is the original or authoritative language version. Figure 82 shows that in most cases this is the English, German or French version.
3.4.2. Length of EWC agreements

Based on word counts of the English version of 852 new EWC agreements, a rise in average length of the texts is apparent, as shown in Figure 83, for the EWC agreements reached after the adoption of the Directive in 1994.

This upward trend over the years may indicate greater formalism or more detailed provisions within the constitutional arrangements of EWCs. As EWC negotiators gain experience over the years, it can be assumed that the trend results from learning effects, from other EWC agreements and practices.

From 1997 to 2000 the average length of new EWC agreements was at its highest. Since 2001 EWC agreements have again become shorter. Further research is needed to determine whether this is because of further learning effects or because of more difficult negotiation settings in companies that still had to establish EWCs.

Figure 84 shows the average word count of 227 renegotiated agreements. A decline in length is also recorded from 2001 on.
Chapter four comprises a sector breakdown of EWCs. The sector breakdown is based upon the allocation of NACE codes to sector groups. The way this is done is explained in section one. The second section presents the EIFs, which coordinate EWCs in each sector.

To undertake this coordination, EIFs develop guidelines to produce a streamlined approach among the trade union officers who are appointed as EIF expert to EWCs. To follow up and monitor developments, databases or lists are made indicating which companies have, and which have not, complied by setting up EWCs. Indeed, making companies comply with the Directive is the first challenge for EIFs. The demand to open negotiations is coordinated by EIFs. In 27% of the EWC agreements the role of the respective EIF is recognised by their signatory of the text of the agreement. This recognition is important as the EWC Directive does not mention trade unions. The third section of this chapter considers the recognition of the role of EIFs in the signing of EWC agreements, while the fourth section analyses compliance rates. The challenge of making companies comply with the Directive goes further than establishing an EWC by agreement. The members need to be informed and consulted appropriately and the development of practice in this respect is in some cases rather difficult. To this end, and in order to help the EWC members to cooperate flawlessly across language and cultural differences, assistance from trade union experts coordinated by EIFs is an important factor of success. Another factor affecting the success of EWCs lies in the capacity of their members to represent all European workers in the company. Section five presents the companies that have operations in new member states. The integration of appropriate representatives of the workforce in these countries is an important challenge for EWCs and the EIFs supporting them in this. Two other challenges are presented later on in this fourth chapter, in section six the challenge of responding to transnational mergers and acquisitions, and in section seven the question of upgrading renegotiated EWC agreements.

Finally in section eight, each of the sector groups are presented separately in more detail.

4.1. NACE codes and sector of activity groups

4.2. EIFs coordinating EWC activities

4.3. EIFs signing EWC agreements

4.4. Compliance rates

4.5. Companies that operate in new EU member states

4.6. The challenge of company mergers

4.7. Upgrading of EWC agreements and of EWC functioning

4.8. Overview by sector
NACE codes form a common basis for statistical classification of economic activities within the European Union. NACE stands for “Nomenclature générale des Activités économiques dans les Communautés européennes” (General Industrial Classification of Economic Activities within the European Communities). More information can be found in Council Regulation 2027/90 of 9/10/90, published in the OJEC L293 of 24/10/90 or on http://epp.eurostat.cec.eu.int.

<table>
<thead>
<tr>
<th>code</th>
<th>description</th>
</tr>
</thead>
<tbody>
<tr>
<td>01</td>
<td>Agriculture, hunting &amp; related activities</td>
</tr>
<tr>
<td>02</td>
<td>Forestry, logging &amp; related service activities</td>
</tr>
<tr>
<td>05</td>
<td>Fishing, operation of fish hatcheries &amp; fish farms; service activities incidental to fishing</td>
</tr>
<tr>
<td>10</td>
<td>Mining of coal &amp; lignite; extraction of peat</td>
</tr>
<tr>
<td>11</td>
<td>Extraction of crude petroleum &amp; natural gas; service activities incidental to oil &amp; gas extraction</td>
</tr>
<tr>
<td>12</td>
<td>Mining of uranium &amp; thorium ores</td>
</tr>
<tr>
<td>13</td>
<td>Mining of metal ores</td>
</tr>
<tr>
<td>14</td>
<td>Other mining and quarrying</td>
</tr>
<tr>
<td>15</td>
<td>Manufacture of food products &amp; beverages</td>
</tr>
<tr>
<td>16</td>
<td>Manufacture of tobacco products</td>
</tr>
<tr>
<td>17</td>
<td>Manufacture of textiles</td>
</tr>
<tr>
<td>18</td>
<td>Manufacture of wearing apparel; dressing &amp; dyeing of fur</td>
</tr>
<tr>
<td>19</td>
<td>Tanning &amp; dressing of leather; manufacture of luggage, handbags, saddlery, harness &amp; footwear</td>
</tr>
<tr>
<td>20</td>
<td>Manufacture of wood &amp; products of wood &amp; cork, except furniture; manufacture of Articles of straw</td>
</tr>
<tr>
<td>21</td>
<td>Manufacture of pulp, paper &amp; paper products</td>
</tr>
<tr>
<td>22</td>
<td>Publishing, printing &amp; reproduction of recorded media</td>
</tr>
<tr>
<td>23</td>
<td>Manufacture of coke, refined petroleum products &amp; nuclear fuel</td>
</tr>
<tr>
<td>24</td>
<td>Manufacture of chemicals &amp; chemical products</td>
</tr>
<tr>
<td>25</td>
<td>Manufacture of rubber &amp; plastic products</td>
</tr>
<tr>
<td>26</td>
<td>Manufacture of other non-metallic mineral products</td>
</tr>
<tr>
<td>27</td>
<td>Manufacture of basic metals</td>
</tr>
<tr>
<td>28</td>
<td>Manufacture of fabricated metal products, except machinery &amp; equipment</td>
</tr>
<tr>
<td>29</td>
<td>Manufacture of machinery &amp; equipment not elsewhere classified</td>
</tr>
<tr>
<td>30</td>
<td>Manufacture of office machinery &amp; computers</td>
</tr>
<tr>
<td>31</td>
<td>Manufacture of electrical machinery &amp; apparatus not elsewhere classified</td>
</tr>
<tr>
<td>32</td>
<td>Manufacture of radio, television &amp; communication equipment &amp; apparatus</td>
</tr>
<tr>
<td>33</td>
<td>Manufacture of medical, precision &amp; optical instruments, watches &amp; clocks</td>
</tr>
<tr>
<td>34</td>
<td>Manufacture of motor vehicles, trailers &amp; semi-trailers</td>
</tr>
<tr>
<td>35</td>
<td>Manufacture of other transport equipment</td>
</tr>
<tr>
<td>36</td>
<td>Manufacture of furniture; manufacturing not elsewhere classified</td>
</tr>
<tr>
<td>37</td>
<td>Recycling</td>
</tr>
<tr>
<td>40</td>
<td>Electricity, gas, steam &amp; hot water supply</td>
</tr>
<tr>
<td>41</td>
<td>Collection, purification &amp; distribution of water</td>
</tr>
<tr>
<td>45</td>
<td>Construction</td>
</tr>
<tr>
<td>50</td>
<td>Sale, maintenance &amp; repair of motor vehicles &amp; motorcycles; retail sale of automotive fuel</td>
</tr>
<tr>
<td>51</td>
<td>Wholesale trade &amp; Commission trade, except of motor vehicles &amp; motorcycles</td>
</tr>
<tr>
<td>52</td>
<td>Retail trade, except of motor vehicles &amp; motorcycles; repair of personal &amp; household goods</td>
</tr>
<tr>
<td>55</td>
<td>Hotels &amp; restaurants</td>
</tr>
<tr>
<td>60</td>
<td>Land transport; transport via pipelines</td>
</tr>
<tr>
<td>61</td>
<td>Water transport</td>
</tr>
<tr>
<td>62</td>
<td>Air transport</td>
</tr>
<tr>
<td>63</td>
<td>Supporting &amp; auxiliary transport activities; activities of travel agents</td>
</tr>
<tr>
<td>64</td>
<td>Post &amp; telecommunications</td>
</tr>
<tr>
<td>65</td>
<td>Financial intermediation, except insurance &amp; pension funding</td>
</tr>
<tr>
<td>66</td>
<td>Insurance &amp; pension funding, except compulsory social security</td>
</tr>
<tr>
<td>67</td>
<td>Activities auxiliary to financial intermediation</td>
</tr>
<tr>
<td>70</td>
<td>Real estate activities</td>
</tr>
<tr>
<td>71</td>
<td>Renting of machinery &amp; equipment without operator and of personal &amp; household goods</td>
</tr>
<tr>
<td>72</td>
<td>Computer &amp; related activities</td>
</tr>
<tr>
<td>73</td>
<td>Research &amp; development</td>
</tr>
<tr>
<td>74</td>
<td>Other business activities</td>
</tr>
<tr>
<td>75</td>
<td>Public administration &amp; defence; compulsory social security</td>
</tr>
<tr>
<td>80</td>
<td>Education</td>
</tr>
<tr>
<td>85</td>
<td>Health &amp; social work</td>
</tr>
<tr>
<td>90</td>
<td>Sewage &amp; refuse disposal, sanitation &amp; similar activities</td>
</tr>
<tr>
<td>91</td>
<td>Activities of membership organizations not elsewhere classified</td>
</tr>
<tr>
<td>92</td>
<td>Recreational, cultural &amp; sporting activities</td>
</tr>
<tr>
<td>93</td>
<td>Other service activities</td>
</tr>
<tr>
<td>95</td>
<td>Private households with employed persons</td>
</tr>
<tr>
<td>99</td>
<td>Extra-territorial organizations &amp; bodies</td>
</tr>
<tr>
<td>91</td>
<td>Activities of membership organizations not elsewhere classified</td>
</tr>
<tr>
<td>92</td>
<td>Recreational, cultural &amp; sporting activities</td>
</tr>
</tbody>
</table>
4.1. **NACE Codes and Sector of Activity Groups**

The NACE codes presented on the previous page are grouped in the following way in specific sectors of economic activities.

<table>
<thead>
<tr>
<th>NACE codes distributed over the sector of activity groups</th>
</tr>
</thead>
<tbody>
<tr>
<td>Metal: 28, 29, 30, 31, 32, 33, 34, 35</td>
</tr>
<tr>
<td>Chemicals: 10, 11, 12, 13, 14, 21, 23, 24, 25, 26, 37</td>
</tr>
<tr>
<td>Services: 22, 50, 51, 52, 63, 64, 65, 66, 67, 70, 71, 72, 73, 74, 92, 93</td>
</tr>
<tr>
<td>Food, hotel catering: 1, 5, 15, 16, 55</td>
</tr>
<tr>
<td>Building and wood: 2, 20, 36, 40, 41, 45</td>
</tr>
<tr>
<td>Textile: 17, 18, 19</td>
</tr>
<tr>
<td>Transport: 60, 61, 62</td>
</tr>
<tr>
<td>Public services: 75, 80, 85</td>
</tr>
<tr>
<td>Other: 91, 95, 99</td>
</tr>
</tbody>
</table>

Since the affected companies are linked, according to their type of activities, to NACE codes, they have been distributed according to sector of activity groups as illustrated in the table above. The resulting lists of companies have been presented to the relevant EIFs, and the corrections suggested by them were integrated in the database. The need to correct the sector of activity breakdown is, however, a continuous process, as certain companies may shift over time and undertake less activities in one economic sector and more in another. Moreover, insofar as some companies are active in more than one sector, they appear in the table below also in more than one economic sector category. Because of these multi-sector companies the numbers in the table below do not add up to the overall 2,204 affected companies, simply because some companies appear in several sectors.

The table below offers an overview of the numbers of affected companies in each of the economic sectors and the number of them that have complied with the Directive by establishing EWCs. Also the number of EWCs and EWC agreements are given in the two last columns. These data will be presented in more detail on the following pages.

<table>
<thead>
<tr>
<th>Covered companies</th>
<th>Companies with EWC</th>
<th>Compliance rate</th>
<th>EWCs</th>
<th>Agreements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Metal</td>
<td>735</td>
<td>302</td>
<td>41.1%</td>
<td>312</td>
</tr>
<tr>
<td>Chemicals</td>
<td>437</td>
<td>177</td>
<td>40.5%</td>
<td>179</td>
</tr>
<tr>
<td>Services</td>
<td>595</td>
<td>143</td>
<td>24.0%</td>
<td>148</td>
</tr>
<tr>
<td>Food, hotel catering</td>
<td>241</td>
<td>92</td>
<td>38.2%</td>
<td>94</td>
</tr>
<tr>
<td>Building and wood</td>
<td>193</td>
<td>73</td>
<td>37.8%</td>
<td>75</td>
</tr>
<tr>
<td>Textile</td>
<td>96</td>
<td>25</td>
<td>26.0%</td>
<td>25</td>
</tr>
<tr>
<td>Transport</td>
<td>81</td>
<td>19</td>
<td>24.7%</td>
<td>22</td>
</tr>
</tbody>
</table>
4.2. EIFS Coordinating EWC Activities

As illustrated previously, the sector of activity is based upon NACE codes grouped into sectors, which provided lists that have been corrected in cooperation with the EIF. Even though further correction and cooperation is needed to obtain sector lists that perfectly match the scope in which the EIFs coordinate EWC activities, the data as it is available does offer a general overview of the particularities of the different sectors and clarity as to certain trends.

Considering the overall number of companies with EWCs, the EIFs in the metal, chemicals and service sectors coordinate most of them. Figure 85 shows that the European Metalworkers Federation (EMF) coordinates 36%, the European Mine, Chemical and Energy workers’ Federation (EMCEF) 21%, and UNI-Europa covering services, another 17%.

The European Federation of Food, Agriculture and Tourism Trade Unions (EFFAT) coordinates 11% of the EWCs and the European Federation of Building and Woodworkers (EFBWW) 9%, while ETUF-TCL in the textile sector and ETF in the transport sector coordinate respectively 3% and 2% of EWCs.

Within all these companies the members of the existing EWCs have accumulated experience over the years, just like the trade union officers involved in providing support, training and expertise for them. All these EWC learning processes and experiences can be pooled through coordinating actions of the aforementioned EIFs.

Figure 86 considers, for each of the sectors, the proportion of EWCs that have been in existence for 10 years or more. This proportion is largest in the chemicals sector, with 45% of the EWCs having existed for 10 years in 2006, and another 15% having been in existence for more than 10 years. Together this means that 60% of the chemical sector EWCs had, by 2006, been in existence for 10 years or more.

In services, 43% of the EWCs have existed for 10 years and another 10% have existed for more than 10 years. In the transport sector where this proportion is the smallest, it is nonetheless 43% since 38% of the EWCs have existed for 10 years and another 5% for more than 5 years.
4.3. EIFS SIGNING EWC AGREEMENTS

EWCs established by agreement after 22 September 1996 (on the basis of Article 6 of the Directive) have to be negotiated and signed by a SNB. Some Article 6 EWC agreements are, however, also signed by EIFs that supported or co-ordinated the SNB negotiations. In relation to Article 13 agreements, the Directive contained no stipulation concerning the negotiating and signatory parties.

In most EWCs, the EIFs played an important role in the coordination of negotiations that resulted in the agreement, even though the EWC Directive includes no reference to the role of trade union organizations in the negotiation and signature of EWC agreements.

For 806 EWC agreements we found a version of the agreement indicating the signatory parties. EIFs signed 218, or 27% of them. Companies with a larger workforce size are more likely to include EIFs as signatory parties to EWC agreements. Figure 87 illustrates that for the EWC agreements of companies with more than 10,000 employees, 30.8% were signed by EIFs, while for the others the corresponding percentage is 23% or 24%.

Figure 88 looks at the country of ownership of the companies where EWC agreements have been signed by EIFs. This was most frequently the case in French, UK and US-based multinational companies. In relation to the total of the analysed agreements on this perspective for each of the countries of ownership, the proportion of EIF-signed EWC agreements is highest among the companies headquartered in Belgium (58%), France (56%) and Italy (54%).

It is in companies headquartered in Germany that an EIF signatory is least often found on the EWC agreements. And yet most of the EIFs have a general secretary from Germany.
4.3. EIFS SIGNING EWC AGREEMENTS

Figure 89 presents the numbers of EWC agreements signed by each of the EIFs. Furthermore, each of the columns indicates the number of agreements that include companies with a workforce larger than 10,000, between 5,000 and 10,000 and smaller than 5,000.

The information presented in Figure 90 in absolute numbers is given in Figure 90 in relative terms. Here, for each of the sectors, the proportion of the agreements is given on which a signatory of the respective EIF was found.
4.4. **Compliance rates**

In the metal sector 735 affected companies have been identified, in services 595 and in chemicals 437. With 302 companies that have established EWCs out of the 735 affected, the rate of compliance among the companies in the metal sector is 41.1%, followed by a comparable rate of 41% for the chemical sector and a slightly lower rate of 39% in the food and in the building and woodworking sectors. For services, textiles and the transport sector, the proportion of affected companies that have complied with the Directive is significantly lower.

A striking feature of Figure 91 is the variation in compliance rates between the service and the chemical sector. Even though the chemical sector has far fewer affected companies than the services sector, its EIF is entitled to coordinate more companies with EWCs. Measured in terms of the workforce size, however, this is no longer the case, as can be seen in Figure 92 below.

A second way of expressing degrees of compliance with the Directive is to present the workforce of the companies that already have EWCs as a proportion of the overall workforce of the companies affected by the EWC Directive in each of the sectors.

The largest workforces are found in the metal and service sectors. Both in the metal and service sector, about 8 million persons work in companies affected by the Directive. The metal companies that have EWCs employ 5.7 million persons and in the service sector companies with EWCs there are 4.4 million workers.

For the chemical sector the EWC database suggests a workforce of 3.7 million employed by companies falling within the scope of the Directive. Among these 2.7 million or 72% are employed in companies that have EWCs. In workforce terms this is the highest compliance rate, followed by 71% for the workforce of the metal sector companies. The food, hotel, catering and agriculture companies covered by the Directive employ 2.7 million workers and, in the companies with EWCs, 1.76 million, giving a workforce compliance rate of 65%. For the building and woodworking sector we divide a workforce of 1.4 million represented by EWCs by the 2.25 million overall workforce of the affected multinationals in that sector, giving a rate of 63%.
4.4. Compliance Rates

On the previous page we compared the different compliance rates shown in Figures 91 and 92. The first compliance rate, in terms of numbers of companies having established EWCs, varies from 41% to 25%, while the compliance rates in terms of workforce proportion employed in companies having EWCs exhibit a greater range of between 72 and 27%.

The difference between the compliance rates is very striking. It can be explained in two different ways. First by looking at the average size of companies in each of the sectors, and secondly by looking at the higher compliance rate among the companies with a larger workforce. The difference in average workforce size is presented in Figures 93 and 94, while the compliance rates by different workforce size groups follow in Figures 95 to 98 on the following two pages.

Figure 93 presents the average workforce size of the companies affected in the respective economic sectors. This is highest in the transport and service sectors with an average of 13,833 and 13,678 employees respectively, while for building & wood, food and metal sectors the average workforce of the affected companies is between 12,000 and 10,500.

For the chemical sector the figures are much lower. Because the chemical sector is much more capital intensive, the average workforce size of the affected companies is 8,548 employees. This average does not, however, rule out the existence in the chemical sector of companies with workforces much larger than this average, just as there will be others smaller than this.

The average workforce for the textile companies affected by the EWC Directive is 3,536 employees.

In Figure 94, the average workforce size is presented separately for the companies that have and those that do not yet have EWCs. Apart from the textile sector, the average workforce size of companies with EWCs falls between 17,000 and 25,000. For the companies without EWCs, the average workforce of the affected companies is clearly much lower in all sectors.
4.4. **COMPLIANCE RATES**

Figure 95 shows a sector breakdown of the affected companies that have a workforce of more than 10,000 employees. The light bars represent all the companies, while the darker bars correspond to the number of companies that have established EWCs.

Figure 30 (in Chapter 2) showed that among the group of companies with more than 10,000 employees, 61.3% have established EWCs. In Figure 95 this compliance rate for affected companies with more than 10,000 employees is presented for each sector. It varies from 47.3% in the service sector to 75.3% in the chemical sector. For companies with more than 10,000 employees in the food sector a compliance rate of 71.2% is recorded and for the metal sector the corresponding percentage is 68.4%.

Figure 96 considers companies that have less than 5,000 employees where compliance rates per sector of activity vary from 10 to 30%. In the building and woodwork sector the compliance rate for such companies is 30% and in the metal sector 28%, followed by 24% in the food and in the chemical sectors.

For the middle workforce size group of affected companies from 5,000 to 10,000 employees, the compliance rates are for each of the sectors lies in between those of the large workforce group and those of the smaller workforce group.
4.4. **COMPLIANCE RATES**

Figure 97 presents all the companies affected by the EWC Directive for each of the sectors.

From left to right the proportion of companies with workforces over 10,000 employees increases. Even though there is a difference in the respective proportions, the fluctuation is not as great as in Figure 98 which represents only the companies that have established EWCs.

Figure 98 represents the companies that have established EWCs in each of the sectors. Again, the darkest part on top represents the largest companies with workforces larger than 10,000 employees.

Just as in Figure 97, the sectors are ordered from left to right according to the proportion of companies with more than 10,000 employees. As such the ranking of the chemical sector is different.

The results of Figure 97 and 98 are in line with the average workforce size data presented in Figures 93 and 94. There the largest average workforce was found among the companies in the transport and service sector, and the smallest in the textile sector.
4.5. **COMPANIES THAT OPERATE IN NEW EU MEMBER STATES**

Of the 2,204 affected companies, 1,142 or 52% have operations in new member states. In the food sector, 52% of the companies also have operations in new member states. In metal, chemicals and building and woodwork there is a larger proportion of companies that have operations in new member states, while in services, textile and transport, the proportion is lower.

Figure 39 showed that 69% of the companies with EWCs have operations in new member states. Figure 100 illustrates this percentage for each of the sectors.

Among both the textile sector and the building and wood sector companies with EWCs, 64% have operations in new member states. For the transport companies with EWCs the percentage is 66% and for the metal sector companies with EWCs 68%. For the food sector and services, the figures are respectively 71 and 72%, while 75% of chemical companies with EWCs operate in new member states.
4.6. **THE CHALLENGE OF COMPANY MERGERS**

Another challenge facing EWCs and their supporting EIFs is transnational mergers and acquisitions. Very often such concentrations are followed by transnational restructuring plans.

These events form an important test for the functioning of information and consultation mechanisms provided for in EWCs. Much too often, however, information is given too late or is too imprecise to allay anxiety among EWC members and the workforces they represent. Indeed transnational restructuring often implies collective redundancies or shedding of jobs through closures or selling of business parts. These events have, like mergers, an impact on the composition of the EWC, as well as on the networking and expertise developed in it. For these reasons, the support of EIFs in these processes is extremely important for EWC members.

Figure 101 presents the numbers of companies with EWCs that were faced, between 2002 and 2004, with transnational mergers and acquisitions announced to the EU Commission, DG competition.

In Figure 102, the same numbers are presented for the companies affected in each of the sectors that do not yet have EWCs.

The percentages measuring the occurrence of transnational mergers and acquisitions in the companies without EWCs are clearly lower than in those with EWCs. EWCs providing transnational information and consultation are, however, just as necessary here.
4.7. **Upgrading of EWC Agreements and of EWC Functioning**

EIFs play an important role in supporting EWCs. Because of their limited resources they need to work with coordinators appointed from affiliated trade unions. To streamline the approach of these coordinators, and to agree upon their role in the respective EWCs, guidelines are adopted. In the past such guidelines focused mainly on minimum standards for the negotiation of EWC agreements. The inclusion of trade union experts is an important point here, for which, unfortunately, no data is available.

Currently, the number of EWC meetings held per year is one of the standards for good EWC agreements. Figure 103, presents the proportions of EWC agreements for each of the sectors that are entitled to hold, one, two or three meetings.

To monitor the coordination and the functioning of EWCs, databases are established by each of the EIFs. The ETUI has always cooperated closely with the EIFs on this, respecting their specific role.

Indeed, many efforts are invested by the EIFs in solving problems in EWCs, and thus upgrading their functioning in terms of the quality of their information and consultation mechanisms and their internal cooperation. In the absence of available date to illustrate these efforts and the resulting achievements, we can draw no far-reaching conclusions from Figure 103. Furthermore, numbers for some sectors are so small that drawing percentages from them is not necessarily a helpful exercise.

Figures 104 to 107 illustrate, for four sectors, a trend of granting more continuity to EWCs by providing for more meetings per year.

Data source: European Works Councils database, June 2005

![Figure 103](image-url)
4.7. **Upgrading of EWC Agreements and of EWC Functioning**

**Figure 104**

Number of annual EWC meetings provided for in agreements of companies in the food sector

- One meeting: [Data source: European Works Councils database, June 2005]
- Two or more meetings: [Data source: European Works Councils database, June 2005]

**Figure 105**

Number of annual EWC meetings provided for in agreements of companies in the metal sector

- One meeting: [Data source: European Works Councils database, June 2005]
- Two or more meetings: [Data source: European Works Councils database, June 2005]

**Figure 106**

Number of annual EWC meetings provided for in agreements of companies in the services sector

- One meeting: [Data source: European Works Councils database, June 2005]
- Two or more meetings: [Data source: European Works Councils database, June 2005]

**Figure 107**

Number of annual EWC meetings provided for in agreements of companies in the chemicals sector

- One meeting: [Data source: European Works Councils database, June 2005]
- Two or more meetings: [Data source: European Works Councils database, June 2005]
After having presented the sector of activity breakdown, the EIFs coordinating each of the sectors, and the challenges facing EWCs and EIFs in the sectors, this section will give a separate overview of each of the sector groups. For each of the sector groups, four aspects will be looked at.

First the numbers are given: numbers of affected companies that complied by establishing EWCs, how many EWCs there are, and on how many agreements they are based. On the basis of the years of signature, an account will be given of the number of years of experience accumulated by the EWCs in these sectors. Secondly, a country of ownership overview of the companies concerned is given. Thirdly compliance rates are examined. Finally, the proportion of the companies operating in each specific country is outlined. Special attention is given here to the proportion of companies operating in the new member states.

4.8.1. Metal sector
4.8.2. Chemical sector
4.8.3. Service sector
4.8.4. Food sector
4.8.5. Building and woodwork sector
4.8.6. Textile sector
4.8.7. Transport sector
4.8.1. Metal sector - numbers and experience

Of the 2,204 companies affected by the EWC Directive, 735 are active in the sector of activity coordinated by the European Metalworkers’ Federation (EMF). Of these 735, 302 have established 312 EWCs on the basis of 403 agreements. This information is presented in Figure 108.

Some companies have established more than one EWC at branch level, so there are more EWCs than companies that have one or more EWCs. Furthermore, some EWCs have renegotiated their initial agreement. Consequently some EWCs refer to successive agreements. On the other hand, a certain number of EWCs that were set up in the past no longer exist because of companies merging.

Figure 109 shows the number of years for which the EWCs in the metal sector have been in existence. The same figures accordingly indicate the experience and expertise accumulated in developing effective EWC practice.

Figure 109 shows that 128, or 41%, of the 312 EWCs in the metal sector have been in existence for 10 years, while a further 32, or 10%, have more than 10 years of experience of developing EWC practice. This means that, in total, 160 or 51% of the EWCs in the metal sector have been in existence for 10 years or more.

The EMF plays an important role in pooling the EWC expertise of trade union members, as well as in coordinating the organization of training and support for EWC members and negotiations on setting up new EWCs.
4.8.1. Metal sector - country of ownership of the affected companies

Figure 110 presents the country of ownership of the affected companies in the metal sector, and of those that have established EWCs.

It shows, on the left, that 24% of the affected companies in the metal sector have their headquarters in Germany, 21% in the USA and 10% in the UK.

The pie chart on the right refers to the headquarters of the companies that have established EWCs. Among the companies with EWCs in the metal sector, 19% are headquartered in Germany, 22% in the US and 9% in the UK.

The numbers of affected metal sector companies headquartered within the different countries of origin are presented in Figure 111. The proportion of the companies that have complied with the EWC Directive by establishing EWCs is presented in the line that stands for the percentage or rate of compliance.
4.8.1. Metal sector - compliance rates

The 302 companies that have EWCs, divided by the number of the 735 affected companies in the metal sector, gives a compliance rate of 41.1%.

In Figure 112 this compliance rate is given for the companies in each of the three workforce categories. Among metal companies with a workforce larger than 10,000 employees, 117 or 68.4% have EWCs. Of the companies with a workforce of between 5,000 and 10,000 employees 54, or 55.7%, have set up EWCs. For the affected metal companies with a workforce smaller than 5,000 employees, 130 or 27.9% have set up EWCs and thereby complied with the EWC Directive.

In terms of degree of internationalisation, Figure 113 shows compliance rates for the affected metal companies according to the number of companies in which they have operations.
4.8.1. Metal sector - countries of operation of affected companies

Figure 114 illustrates the proportion of the metal companies with EWCs that have operations in each of the respective member states of the EEA. Figure 115 does the same for the new EU member states.

Of the metal companies with EWCs, 95% have operations in Germany, 92.7% in France and 89.1% in the UK.

Among the metal companies affected by the EWC Directive but that do not yet have EWCs, 44% have operations in the new EU member states, while 68% of those with EWCs have operations in the new member states.

Figure 115 shows that 53% of the metal companies with EWCs have operations in Poland, 43.7% in the Czech Republic and 41.7% in Hungary.
4.8.2. Chemical sector - numbers and experience

Of the 2,204 companies affected by the EWC Directive, 437 are active in the sector of activity coordinated by the European Mine, Chemical and Energy Workers’ Federation (EMCEF). Of these 437, 177 have established 179 EWCs on the basis of 221 agreements. This information is presented in Figure 116.

Some companies have established more than one EWC at branch level, so there are more EWCs than companies with one or more EWCs. Furthermore, as some EWCs have already renegotiated their initial agreement, they refer to successive agreements. Others, by contrast, were established some years ago but no longer exist because of companies merging.

Figure 117 shows the number of years the EWCs in the chemical sector have been in existence. The same figures accordingly indicate the experience and expertise accumulated in developing effective EWC practice.

Figure 117 shows that 80, or 44.7%, of the 179 EWCs have been in existence for 10 years, while another 28, or 15.6%, have more than 10 years of experience in developing EWC practice. This means that, in total, 108 or 59.3% of the 179 EWCs in the chemical sector have been in existence for 10 years or more.

EMCEF plays an important role in pooling the EWC expertise of trade union members, and in coordinating the organization of training and support for EWC members and negotiations on setting up new EWC
4.8.2. Chemical sector - country of ownership of the affected companies

Figure 118 represents the countries of ownership of the affected companies in the chemical sector, and of those that have established EWCs.

This figure shows, on the left, that 20% of the affected companies in the chemical sector have their headquarters in Germany, 19% in the USA and 13% in the UK.

The pie chart on the right in Figure 118 refers to the headquarters of the companies that have established EWCs. It can be seen that, among companies with EWCs in the chemical sector, 19% are headquartered in the US, 16% in Germany and 16% in the UK.

The numbers of affected chemical sector companies headquartered within the different countries of origin are presented in Figure 119. The proportion of the affected companies that has established EWCs forms the rate of compliance.

Data source: European Works Councils database, June 2005

Figure 118

Figure 119
The 177 companies that have EWCs, divided by the total number of 437 affected companies in the chemical sector, gives a compliance rate of 40.5%.

In Figure 120 this compliance rate is given for the companies in each of the three workforce categories. Among the chemical companies with a workforce larger than 10,000 employees, 73 or 75.3% have EWCs. Among companies with a workforce of between 5,000 and 10,000 employees, 43 or 58.1% have an EWC. For those with a workforce smaller than 5,000 employees, 61 or 23% of the affected chemical companies have established EWCs and therefore have complied with the EWC Directive.

In terms of degree of internationalisation, Figure 121 provides compliance rates for the affected chemical companies according to the number of countries in which they have operations.
4.8.2. Chemical sector - countries of operation of affected companies

Figure 122 illustrates the proportion of the chemical companies with EWCs that have operations in each of the respective member states of the EEA. Figure 123 does the same for the new EU member states.

Of the chemical companies with EWCs, 94.4% have operations in Germany, 89.4% in France and 88.8% in the UK.

Among the chemical companies that are affected by the EWC Directive but do not yet have EWCs, 43% have operations in the new EU member states, while 75% of the chemical companies with EWCs have operations in new member states.

It can be seen from Figure 123 that 64.2% of the chemical companies with EWCs have operations in Poland, 53.6% in Hungary and 49.2% in the Czech Republic.
4.8.3. Service sector - numbers and experience

Of the 2,204 companies covered by the EWC Directive, 595 are active in the sectors of activity coordinated by UNI-Europa. Of these 595, 143 have established 148 EWCs on the basis of 193 agreements. This information is presented in Figure 124.

Some companies have established more than one EWC at branch level, so that there are more EWCs than companies with one or more EWCs. Furthermore, some EWCs have renegotiated their initial agreement, which means that some EWCs now refer to successive agreements. On the other hand, a number of EWCs, established some years ago, no longer exist because of companies merging.

Figure 125 illustrates the numbers of years the EWCs in the service sector have been in existence. The figures therefore also indicate the accumulated experience and expertise in developing effective EWC practice.

Figure 125 shows that 43% of the EWCs have been in existence for 10 years, while a further 9.5% have more than 10 years of experience in developing EWC practice. This means that, in total, 78 or 52.5% of the EWCs in the service sector have been in existence for 10 years or more.

UNI-Europa, what is more, plays an important role in pooling the EWC expertise of trade union members, as well as in coordinating the organization of training and support for EWC members and negotiations on setting up new EWCs.
4.8.3. Service sector - country of ownership of the affected companies

Figure 126 represents the country of ownership of the affected companies in the service sector, and of those that have established EWCs.

It shows, on the left, that 18% of the affected companies in the service sector are headquartered in Germany, 15% in the UK and 14% in the US.

The pie chart on the right shows the headquarters of the companies that have established EWCs. Among companies with EWCs in the service sector, 18% are headquartered in the UK, 15% in Germany and 12% in France.

The numbers of affected service sector companies headquartered within the different countries of origin are presented in Figure 127.

The proportion of the companies that have complied with the EWC Directive by establishing EWCs is given in the line that stands for the percentage or rate of compliance.
4.8.3. Service sector - compliance rates

The 143 companies that have EWCs, divided by the total of 595 companies in the service sector covered by the Directive, gives a compliance rate of 24%.

In Figure 128 this compliance rate is broken down for the companies in each of the three workforce-size categories. Among the service companies with a workforce larger than 10,000 employees, 78 or 47.3% have EWCs. For the companies with a workforce of between 5,000 and 10,000 employees, 24 or 26.4% have set up EWCs. For those with a workforce smaller than 5,000 employees, 41 or 12.1% have established EWCs, thereby complying with the EWC Directive.

In terms of degree of internationalisation, Figure 131 indicates compliance rates of the affected service companies according to the number of countries in which they have operations.
4.8.3. Service sector - countries of operation of affected companies

Figure 130 illustrates the proportion of the service companies with EWCs that have operations in each of the respective member states of the EU. Figure 131 does the same for the new member states.

Of the service companies with EWCs, 88.5% have operations in France, 87.8% in Germany and 87.2% in the UK.

Among the service companies that are affected by the EWC Directive but do not yet have EWCs, 41% have operations in the new EU member states. Among those with EWCs, 72% have operations in new member states.

Figure 131 shows that 56.8% of the service companies with EWCs have operations in Poland, 47.3% in Hungary and 39.2% in the Czech Republic.
4.8.4. Food sector - numbers and experience

Of the 2,204 companies affected by the EWC Directive, 241 are active in the sector of activity coordinated by the European Federation of Food, Agriculture and Tourism (EFFAT). Of these 241 companies, 92 have established 94 EWCs on the basis of 119 agreements. This information is presented in Figure 132.

Some companies have established more than one EWC at branch level, so there are more EWCs than companies with one or more EWCs. Furthermore, some EWCs have renegotiated their initial agreement, resulting in a situation where EWCs refer to successive agreements. On the other hand, some EWCs were established some years ago but, on account of company mergers, no longer exist.

Figure 133 shows for how many years the EWCs in the food sector have been in existence. The figures accordingly also indicate their years of experience and expertise in developing effective EWC practice.

Figure 133 shows that 42 of the 94 EWCs in the food sector have been in existence for 10 years, while another 3 have more than 10 years of experience in developing EWC practice. This means that, in total, 45 (or 48%) of the EWCs in the food sector have been in existence for 10 years or more.

EFFAT plays an important role in pooling the EWC expertise of trade union members, as well as in coordinating the organization of training and support for EWC members and negotiations on setting up new EWCs.
4.8.4. Food sector - country of ownership of the affected companies

Figure 134 presents the country of ownership of the affected companies in the food sector, and those that have established EWCs.

Figure 134 shows, on the left, that 17% of the affected companies in the food sector have their headquarters in Germany, 13% in the UK and 12% in the UK.

The pie chart on the right in Figure 134, refers to the headquarters of the companies that have established EWCs. Among the companies with EWCs in the food sector, 19% are headquartered in the UK, 18% in the US and 9% in Germany and in France.

The numbers of affected food sector companies headquartered within the different countries of origin are presented in Figure 135.

The proportion of the companies that have complied with the EWC Directive by establishing EWCs is presented in the line that stands for the percentage or rate of compliance.

Data source: European Works Councils database, June 2005
4.8.4. Food sector - compliance rates

The 92 companies that have EWCs, divided by the number of the 241 affected companies in the food sector, gives a compliance rate of 38.2%.

In Figure 136 this compliance rate is given for the companies in each of the three workforce-size categories. Among the food companies with a workforce larger than 10,000 employees, 47 or 71.2% have EWCs. Of companies with a workforce of between 5,000 and 10,000 employees, 14 or 36.8% have set up an EWC. For those with a workforce smaller than 5,000 employees, 31 or 22.6% of the affected food companies have established EWCs and thereby complied with the EWC Directive.

In terms of degree of internationalisation, Figure 137 provides compliance rates for the affected food sector companies according to the number of countries in which they have operations.
4.8.4. Food sector - countries of operation of affected companies

Figure 138 illustrates the proportion of the food companies with EWCs that operate in each of the respective member states of the EEA. Figure 139 does the same for the new EU member states.

Of the food companies with EWCs, 85.1% have operations in Germany, also 85.1% in the UK and 81.9% in France.

Among the food companies that are affected by the EWC Directive but do not yet have EWCs, 39% operate in the new EU member states, while 71% of the metal companies with EWCs operate in the new member states.

Figure 139 shows that 59.6% of the food companies with EWCs are operating in Poland, 45.7% in Hungary and 39.4% in the Czech Republic.
4.8.5. Building and woodwork sector - numbers and experience

Of the 2,204 companies affected by the EWC Directive, 193 are active in the sector of activity coordinated by the European Federation of Building and Woodworkers’ Unions (EFBWW). Of these 193 companies, 73 have established 75 EWCs on the basis of 102 agreements. This information is presented in Figure 140.

Figure 141 shows for how many years the EWCs in the building and woodwork sector have been in existence. The figures therefore also indicate the experience and expertise accumulated in developing effective EWC practice.

Figure 141 shows that 25 of the 75 EWCs have been in existence for 10 years, while another 9 have more than 10 years of experience in developing EWC practice. This means that, in total, 34 or 45% of the 75 EWCs in the building and woodwork sector have existed for 10 years or more.

The EFBWW plays an important role in pooling the EWC expertise of trade union members, and in coordinating the organization of training and support for EWC members and negotiations on setting up new EWCs.
4.8.5. Building and woodwork sector - country of ownership of the affected companies

Figure 142 represents the country of ownership of the affected companies in the building and woodwork sector, and of those that have established EWCs.

It shows, on the left, that 21% of the affected companies in the building and woodwork sector have their headquarters in Germany, 13% in France and 8% in the Netherlands and in Sweden.

The pie chart on the right in Figure 142 refers to the headquarters of the companies that have established EWCs. Among the companies with EWCs in the building and woodworking sector, 22% are headquartered in Germany, 16% in France and 8% in the Netherlands.

The numbers of affected building and woodwork companies headquartered within the different countries of origin are presented in Figure 143. The proportion of the affected companies that have established EWCs forms the rate of compliance.
The 73 companies that have EWCs, divided by the total number of 193 affected companies in the building and woodwork sector, gives a compliance rate of 37.8%.

In Figure 144 this compliance rate is given for the companies in each of the three workforce categories. Among the building and woodwork companies with a workforce larger than 10,000 employees, 24 or 55.8% have EWCs. Of companies with a workforce of between 5,000 and 10,000 employees, 15 or 45.5% have set up EWCs. Among those with a workforce smaller than 5,000 employees, 34 or 29% of the affected building and woodwork companies have established EWCs and thereby complied with the EWC Directive.

In terms of degree of internationalisation, Figure 145 provides compliance rates for the affected building and woodwork companies according to the number of countries in which they have operations.
4.8.5. Building and woodwork sector - countries of operation of affected companies

Figure 146 illustrates the proportion of the building and woodwork companies with EWCs that have operations in each of the respective member states of the EEA. Figure 147 does the same for the new EU member states.

Of the chemical companies with EWCs, 87.8% have operations in Germany, 70.3% in France and also 70.3% in the UK.

Among the building and woodwork companies that are affected by the EWC Directive but do not yet have EWCs, 54% have operations in the new EU member states, while 64% of the building and woodwork companies with EWCs have operations in new member states.

Figure 147 shows that 52.7% of the building and woodwork companies with EWCs have operations in Poland, 41.9% in the Czech Republic and 36.5% in Hungary.
4.8.6. Textile sector - numbers and experience

Of the 2,204 companies covered by the EWC Directive, 96 are active in the sectors of activity coordinated by the European Trade Union Federation Textiles, Clothing and Leather (ETUF-TCL). Of these 96 companies, 25 have established EWCs on the basis of 29 agreements. This information is presented in Figure 148.

Figure 149 shows the numbers of years the EWCs in the textile sector have been in existence. These numbers of years also indicate the accumulated experience and expertise in developing effective EWC practice.

Figure 149 shows that 11 of the 25 EWCs have been in existence for 10 years, while another 3 have 11 years of experience in developing EWC practice. This means that, in total, 14 or 56% of the EWCs in the textile sector have been in existence for 10 years or more.

ETUF-TCL plays an important role in pooling the EWC expertise of trade union members, as well as in coordinating the organization of training and support for EWC members and negotiations on setting up new EWCs.
4.8.6. Textile sector - country of ownership and compliance rates

Figure 150 represents the country of ownership of the affected companies in the textile sector, and of those that have established EWCs.

Figure 150 shows, on the left, that 39% of the affected companies in the textile sector have their headquarters in Germany, 11% in the UK and 9% in France.

The pie chart on the right refers to the headquarters of the companies that have established EWCs. Among the companies with EWCs in the textile sector, 32% are headquartered in Germany and 12% in each of the US, Netherlands and Italy.

The numbers of affected textile sector companies headquartered within the different countries of origin are presented in Figure 151. The proportion of affected companies that have established EWCs forms the rate of compliance.
4.8.6. Textile sector - compliance rates

The 25 companies that have EWCs, divided by the total number of 96 affected companies in the textile sector, gives a compliance rate of 26%.

In Figure 152 this compliance rate is given for the companies in each of the three workforce categories. Among the textile companies with a workforce larger than 10,000 employees, 3 have EWCs. Among companies with a workforce of between 5,000 and 10,000 employees, 6 have set up EWCs. For those with a workforce smaller than 5,000 employees, 16 or 21.1% of the affected textile companies have established EWCs and thereby complied with the EWC Directive.

In terms of degree of internationalisation, Figure 153 provides compliance rates for the affected textile companies according to the number of countries in which they have operations.
4.8.6. Textile sector - countries of operation of affected companies

Figure 154 illustrates the proportion of textile companies with EWCs that have operations in each of the respective member states of the EEA. Figure 155 does the same for the new EU member states.

Of the textile companies with EWCs, 88% have operations in Germany, 84% in France and also 84% in the UK.

Among the textile companies that are affected by the EWC Directive but do not yet have EWCs, 41% have operations in the new EU member states, while 64% of the textile companies with EWCs have operations in the new member states.

Figure 155 shows that 48% of the textile companies with EWCs have operations in the Czech Republic. Also 48% have operations in Poland and 46% in Hungary.
4.8.7. Transport sector - numbers and experience

Of the 2,204 companies covered by the EWC Directive, 81 are active in the sectors of activity coordinated by the European Transport Workers’ Federation (ETF). Of these 81 companies, 19 have established 22 EWCs on the basis of 23 agreements. This information is presented in Figure 156.

Figure 157 illustrates the number of years the EWCs in the transport sector have been in existence. The same figures therefore indicate their accumulated experience and expertise in developing effective EWC practice.

Figure 157 shows that 8 of the EWCs have been in existence for 10 years, and that one has more than 10 years of experience in developing EWC practice. This means that, in total, 9 or 41% of the EWCs in the transport sector have been in existence for 10 years or more.

The ETF plays an important role in pooling the EWC expertise of trade union members, and in coordinating the organization of training and support for EWC members and negotiations on setting up new EWCs.
Figure 158 represents the country of ownership of the affected companies in the transport sector, and of those that have established EWCs.

Figure 158 shows, on the left, that 17% of the affected companies in the transport sector are headquartered in Germany and 16% in the UK.

The pie chart on the right represents the headquarters of the companies that have established EWCs. Of companies with EWCs in the transport sector, 36% are headquartered in the UK and 20% in Germany.

The 19 companies that have EWCs, divided by the total number of 81 affected companies in the transport sector, gives a compliance rate of 23.5%.

In Figure 159 this compliance rate is given for the companies in each of the three workforce categories. Among transport companies with a workforce larger than 10,000 employees, 12 or 50% have EWCs. For those with a workforce of between 5,000 and 10,000 employees, two have set up EWCs. For those with a workforce smaller than 5,000 employees, 5 or 10% have established EWCs and thereby complied with the EWC Directive.
4.8.7. Transport sector - countries of operation of affected companies

Figure 160 illustrates the proportion of the transport companies with EWCs that have operations in each of the respective member states of the EU. Figure 161 does the same for the new member states.

Of the transport companies with EWCs, 85% have operations in Germany, and also 85% in the UK.

Among the transport companies that are affected by the EWC Directive but do not yet have EWCs, 34% have operations in the new EU member states, while, among those with EWCs, 65% have operations in new member states.

Figure 161 shows that 40% of the transport companies with EWCs have operations in Hungary and 35% in each of Poland and the Czech Republic.
CONCLUSIONS

Not all the problems and challenges facing EWCs can be resolved through a revision of the EWC Directive. Nevertheless, further development of the legal framework for EWCs has been requested for years now. Progress made in improving the practical operation of EWCs needs to be strongly supported with the aim of mobilising political willingness on the part of European legislating actors to refine the legal setting.

A second conclusion to be drawn out of this data is that 784 of the 2,204 affected companies have already complied with the Directive, resulting in a compliance rate of 35.6%. On the other hand, we find 1,432, or 65%, of affected companies still have to set up EWCs. The way to start this is for trade unions to issue a written demand to start negotiations with the aim of signing an agreement determining the operational features of the EWC to be established. After some years this EWC agreement can be revised or renegotiated. This is an opportunity to formalise the practical improvements in the functioning of EWCs.

EIFs play an important role in the coordination of such written demands for the launch of negotiations, as well as in the upgrading of the practice of the EWC. Coordinators, appointed by EIFs, provide assistance as trade union experts. They organise training and support the renegotiation of EWC agreements. To coordinate these activities, guidelines are developed, and databases built to support networking and monitoring across the EWCs in a particular sector. Cooperation constructed in this way, overcoming the barriers arising from different languages, cultures and trade union traditions, is the strength EIFs offer. In each sector there are now experts, coordinators and EWC members with 10 years or more experience. The pooling of this expertise is an important resource that can help EIFs in meeting difficulties and challenges. Such problems include the integration into EWCs of appropriate representatives for the workforces in the new member states, and the development of strategies to handle transnational mergers and restructuring.
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Previous versions of the EWC Database


online version of the ETUI EWC database (www.ewcdb.org)
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