

Resolution

No to Deregulation by the Back Door: CETUN Rejects the EU Inc. / 28th Regime Proposal

Brussels, 25 June 2026 CETUN firmly rejects the European Commission's proposal for a 28th company regime - EU Inc. - in its current form. The proposal rests on a false premise, misidentifies the obstacles to innovation in our region, and creates serious new risks for workers across Central and Eastern Europe. Rather than closing the gap in wages, workers' rights and investment that defines our region's relationship with the rest of Europe, it opens new pathways for large corporations to circumvent national labour law, hollow out co-determination rights, and escape accountability to workers and creditors alike. What the region needs is upwards convergence of social and labour standards, not a new instrument for regulatory evasion. CETUN calls for the proposal to be fundamentally revised or withdrawn.

Background on the 28th Regime

The European Commission's proposal seeks to create an optional, pan-European company form, EU Inc., sitting alongside the 27 existing national company law systems. It provides for fully digital registration within 48 hours, no minimum capital, a cross-border stock option framework, and a fast-track insolvency procedure. Similar proposals were advanced and ultimately abandoned in 2008 (*Societas Privata Europaea*) and 2014 (*Societas Unius Personae*), largely due to concerns about their impact on workers' rights, fraud and money laundering. The current proposal revives these ambitions without addressing the fundamental objections raised then, and without the meaningful social safeguards that trade unions and the European Parliament have repeatedly called for.

The central justification for the proposal, that it will support start-ups and drive innovation, does not withstand scrutiny. Companies in Central and Eastern Europe do not fail because national company law is too complex. They fail because of a lack of venture capital, underfunded public research and education, inadequate investment in research and development, brain drain, and domestic economic policies that fail to strengthen workers' purchasing power. An optional company form available to any business of any size does nothing to change these realities. It simply gives established corporations a lighter regime to opt into. The region needs upwards convergence: closing the gap in wages, rights and investment levels with the rest of Europe. The EU Inc. proposal moves in precisely the opposite direction, opening the door to social dumping that will adversely affect the region.

Central concerns from Central- and Eastern Europe

CETUN shares the concerns raised by the ETUC and wishes to highlight the specific consequences for workers in Central and Eastern Europe, including in EU candidate countries and the EFTA region.

A Flawed Legal Basis

The Commission relies on Article 114 TFEU as the legal basis, a provision designed to harmonise existing national laws, not to create an entirely new company form. Introducing EU Inc. would simply add a 28th parallel system, not harmonise anything. The correct basis, Article

352 TFEU, requires unanimous Council agreement, and Article 114(2) explicitly prohibits its use for acts relating to the rights of employed persons. Using a Regulation rather than a Directive removes any possibility for member states to reinforce worker protections during implementation. CETUN calls for a legal check of the legal base of this proposal.

Social Dumping and Regulatory Arbitrage

The proposal deliberately decouples corporate seat from economic activity: a company can be legally domiciled in one member state while its workforce and production are concentrated in another. For workers in Central and Eastern Europe, this is not a theoretical risk. The region, including third countries like Switzerland, already faces significant cross-border social dumping, with workers and trade unions struggling to enforce rights against employers anchored in distant jurisdictions. EU Inc. would entrench this dynamic by design, making it through the full digital founding cheaper and faster to exploit seat mobility, intensifying existing incentives for regulatory arbitrage at the expense of workers in operating states. This effectively reintroduces the “country of origin” principle that Europe rejected during the Bolkestein debates, and it does so without the safeguards that were demanded then. At a moment when our region needs stronger enforcement tools, this proposal weakens them further. Such a model would only further promote an economy based on low labour costs, which goes against a vision of providing high quality jobs and a high quality of life for EU citizens.

Dismantling Company Law Safeguards and Enabling Fraud

Company law has traditionally guaranteed minimum safeguards: a genuine corporate structure, real capital, and clear accountability. These protections give workers, creditors and public authorities a basis for enforcement. The EU Inc. framework partially removes them. There are no meaningful formation checks, no minimum share capital, and the proposed six-month debtor-led insolvency procedure can become a straightforward escape route from wage and social security obligations. The 48-hour digital registration, with identity verification only in exceptional cases, simultaneously opens the door to letterbox companies, social and tax fraud and money laundering. Workers in Central and Eastern Europe, where enforcement capacity is already stretched, would be among the most exposed.

Threats to Workers' Rights and Collective Bargaining

The proposal directly threatens co-determination and workers' participation rights. By tying board-level employee representation solely to the member state of registration rather than where the workforce is located, companies can strip workers of these rights by choosing a favourable registration jurisdiction. Fragmentation into EU Inc. subsidiaries can keep workforce numbers below the thresholds that trigger the formation of works councils and information rights and may hinder works councils in carrying out their day-to-day duties. The proposed Employee Stock Option Plans (ESOPs) may be used as wage substitutes, shift corporate risk onto workers, and undermine collective agreements. EU Inc. would allow companies to circumvent whichever standard applies and would remove the incentive to strengthen protections where they are weakest.

Conclusion

CETUN unequivocally rejects the Commission's proposal for EU Inc. and the 28th company regime in its current form. The region represented by CETUN does not need a new instrument for regulatory arbitrage. It needs upwards convergence: investment in people, stronger enforcement of existing labour standards, and a European industrial policy that closes the gap rather than widening it. The proposal as it stands moves in the wrong direction, and CETUN

calls on EU institutions and member state governments to reject it and redirect their efforts accordingly.

CETUN calls on the European Parliament, the Council of the EU, and all national governments to:

- Reject the proposal in its current form and demand a fundamental revision that incorporates binding and enforceable safeguards for workers' rights, labour law, and collective bargaining, before any further legislative progress.
- Ensure that any revised framework clearly guarantees that workers' rights and employers' obligations remain governed by the labour law and collective agreements of the member state in which the work is performed and cannot be circumvented through corporate structures or choice-of-law clauses.
- Correct the flawed legal basis: if a new supranational company form is to be considered at all, it must be based on Article 352 TFEU, not Article 114, and designed to fully protect national social standards.
- Abandon the deregulatory approach to insolvency and company formation, and ensure that EU Inc. companies are subject to robust formation checks, meaningful capital requirements, and full respect for national insolvency protections, including workers' priority as creditors.

European competitiveness must be built on strong social rights and investment in people, not on their erosion. CETUN stands in full solidarity with the ETUC's campaign against this proposal and calls on all affiliates to engage their governments and national parliaments to make the trade union voice heard in European institutions before the legislative process advances further.

About

The Central European Trade Union Network (CETUN) assembles trade unions from Czechia, Croatia, Liechtenstein, Hungary, Montenegro, Austria, Slovenia, Slovakia, Serbia, and Switzerland. As a regional grouping of ETUC members, the network's goal is to foster trade union structures and social dialogue in the region. Through greater cooperation and coordination, participants aspire to promote common themes at European level.

Contact

CETUN Liaison Office

A: Avenue de Cortenbergh/Kortenberglaan 30, 1040 Brussels

T: +32 2 2345-177 | +32 2 2345-110

W: www.cetun.eu

E: unions@cetun.eu

Social media: [Bluesky](#) | [LinkedIn](#)

EU Transparency Register: 168069692041-64