

Brussels, 20 April, 2020

Position paper

## Cooperatives Europe's position on COVID-19 crisis response and looking forward

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**Cooperatives Europe** is the European cross-sectoral organisation representing cooperative enterprises. On behalf of its 86 member organisations from 34 European countries across all business sectors it promotes the cooperative business model in Europe. Its members represent 140 million individual member cooperators owning 176,000 cooperative enterprises and providing jobs to 4,7 million European citizens.

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### Outbreak of crisis and outburst of solidarity

The outbreak of COVID-19 creates an unprecedented crisis for citizens, business and society in Europe and around the world.

Though positive signals are evident thanks to everybody's efforts, most of the European countries are still under lockdown without a clear indication of when a return to our regular lives will be possible.

The situation we are currently facing is worrisome. But this period also reveals an outburst of solidarity where cooperatives are very active, taking action on both local and wider level, even in sectors that are clearly very challenged.

Cooperatives Europe is collecting [examples of cooperative actions](#) across Europe. These solidarity actions go from blocking the price of products in consumer cooperatives, helping parents working for the health care system by paying for the nurseries, to placing investments of new bonds to finance public health actions....

## Impact on cooperative enterprises

Though it is clear that COVID-19 has an impact on cooperatives, it is too soon to present data and properly assess the social and economic impact within the cooperative movement. A significant number of cooperatives, mostly SME's and micro-enterprises, are fighting for the continuation of their activities.

We must remind that cooperatives are not like any other business, but go beyond, ensuring social cohesion. They are an economic tool to respond to the needs of the European citizens that own them.

They are facing cashflow issues, significant reduction of activities through the restrictions on movement and contact put in place under the lockdown, loss of incomes in line with these restrictions, especially within specific sectors such as tourism, transport and culture. Even when incomes are limited or where there are none at all, certain expenses must still be paid, such as professional taxes and insurance. There are also some human resource issues with workers at risk, especially those providing care services or working within consumer and agri-cooperatives to guarantee uninterrupted flow of goods for their members and citizens. Not to mention the number of workers that are on temporary lay-off and are facing uncertainty regarding the future of their employment.

Most of these difficulties are not specific to cooperatives, yet some cooperatives that offer services to fragile populations or isolated regions do not have the organisational and the financial strength to face the lockdown for an extensive period. This in turn impacts directly the members of these cooperatives and the citizens who benefit from their services.

## European response: A necessity

Cooperatives Europe welcomes the measures taken by the European Commission at the political level through the coordinating response team.

During this specific time, the Commission's role is mainly to support Member States in addressing the crisis, providing recommendations on a common course of action. In this regard, the Commission has adopted a comprehensive economic response to the outbreak, applied the full flexibility of the EU fiscal rules, revised its' State Aid rules and set up a 37 billions euro Coronavirus Response Investment Initiative to provide liquidity to small businesses - like cooperatives - and the health care sector.

The recent decision following the meeting of the Eurogroup on Thursday 9<sup>th</sup> of April to ensure €500 billion in support, including a guarantee fund set to support €200 billion of financing for

companies with focus on Small and Medium Enterprises, is also welcomed, not only for the support given but also as response to some questions regarding European solidarity.

In this regard, the criteria of respect and solidarity between Member States stressed within the communication on a European Roadmap towards lifting COVID-19 containment measures is essential to overcome this crisis.

Touching on solidarity, we particularly welcome the launch of €20 billion for the partner countries with €962 million for the Eastern Partner countries and €800 million for the Western Balkans and Turkey.

## Acting together

In this context, we must ensure two types of action: persisting during this pandemic and preparing recovery actions to ensure a sustainable economic and social future for European citizens.

Cooperatives Europe would like to share some **general considerations**

- The first objective is to limit the spread of the virus, preserve and ensure a good health care system, while maintaining an economic activity as active as possible in order to continue to provide basic needs to citizens. Cooperatives, owned by their members, are natural tools to do so since they combine a response to people's social needs with an active economic activity.
- There is a strong need for coordination between EU Members States that should be ensured by a real EU leadership from the EC, endorsed by the EP, and based on regular concertation and necessary involvement of all Member States.
- The institutional level is not the only one to be involved; all partners from the civil society to social partners should also be concerted. As the representative of people-centred enterprises, Cooperatives Europe should also be concerted, and was pleased to be requested information on the impact of the COVID-19 by different services of the Commission.
- Immediate actions and recovery period should concern all types of businesses, from innovative to traditional sectors, from family business to micro-businesses and from cooperatives to social enterprises and social economy. Cooperatives Europe was pleased to see, in different webinars with high level speakers from the Commission, that all business models will be beneficiaries.

More specifically, **at short term Cooperatives Europe calls for:**

- A quick implementation of the different measures approved to face the crisis, more specifically financial tools and social support to help the fragilized population.
- An easy and coordinated access to information related to these actions
- This implementation should guarantee that at the level of Members States it will not be delayed by administrative burden. In that regard, the specific structure of cooperatives should not be an obstacle to benefit from the different means put in place.
- In the same perspective, the implementation of these support measure should ensure a clear access for SME cooperatives and other types of SME's and micro-business in general.

**Support measures should in particular:**

- Guarantee higher liquidity to enterprises, and from various types (no exclusion of cooperatives).
- Ensure adequate liquidity to the financial system, particularly to ensure that adequate lending remains in place for businesses.
- Protect workers with an extension of social safety nets to enterprises in all sectors of different types and sizes.
- Facilitate flexible and supportive fiscal policy: Member States must be temporarily allowed to use the maximum flexibility built into the Stability and Growth Pact, including through considering its possible temporary suspension by use of the general escape clause.
- EU funding must lead to genuine additional support reaching directly EU businesses and workers, and not only through Member States
- Mitigate the impact of the COVID-19 on young entrepreneurs, not only the individuals projects but the collective projects built up to support communities.
- Regarding development policy, in line with Agenda 2030, Cooperatives Europe recommends focusing EU's support on civil society actors, local private sector and inclusive business models, including cooperatives, which have a track record in contributing to sustainable development.

## Looking to the future

- Cooperation between the EIB Group and cooperatives and social economy financial institutions should be further promoted.
- Cooperatives Europe calls for a European recovery plan, supported by an agreement on a new Multiannual Financial Framework (MFF). The MFF will enable the EU to invest in strategic objectives in line with SDG's regarding digital and green transition, an economy that works for people.
- The future European action plan for social economy to enhance social innovation announced for 2021 should be approached as a tool to enable social economy actors to develop their potential responding to the challenges ahead of us.

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