

Input to the consultation on the proposal for a Council recommendation on developing framework conditions for the social economy

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Cooperatives Europe, the European cross-sectoral organisation representing cooperative enterprises, welcomes the initiative and believes legal framework issues could be tackled in the following areas:

Recognition of cooperatives

We call for a recognition of the cooperative model in all Member States and all EU policies based on the cooperative principles and common features of the social economy (SE) (primacy of the people, mutuality, democratic governance, community...). As Member States have heterogeneous traditions and use different terminologies, improving the convergence of their legal frameworks is most welcome but must consider national cooperatives laws and the various economic, political, and cultural contexts.

Cooperatives in competition and taxation law

Current State-aid regulations often question cooperatives' fiscal regimes in different member states. National rules on cooperatives are linked to their specific operating principles and management logic, which are different from other types of businesses. The tax treatment granted is not an exception nor a comparative advantage but a compensation for the restrictions imposed on coops by the law and therefore *shouldn't* be considered under State-aid. For instance, this is the case for the reserves or benefits to members in proportion to their transactions with the cooperatives. We call for a dialogue with the European Commission to establish guidelines for interpretations of the place of cooperatives in EU competition laws.

Tax policies must also be adapted to foster SE by allowing specific tax treatment for social economy organisations, including coops. EU coordination inspired by best practices in Member States (tax exemptions on coops' retained earnings or reduced VAT) would be desirable. The cases of energy coops or worker buyouts show the obstacles they may face on tax regimes, grants access, and market regulations.



Access to finance

Member States and the EU should encourage socially responsible public procurement and their use as tools to reach ambitious social and environmental goals. The tendering procedures should prioritize quality over price and include governance criteria, thus putting on equal footing environmental concerns with democratic and social practices. An analysis of opportunities and obstacles with stakeholders' consultation and benchmarks would be welcome. In addition, authorities often unnecessarily restrict the state aid de minimis threshold (€ 200,000) and should consider other options in line with state aid rules with higher amounts (regional aid, risk financing aid, aid for hiring disadvantaged workers).

Finally, access to finance for coops must be addressed as they still face difficulties in accessing private capital. Adjusting investment support tools to coops' needs and ensuring their full eligibility in funding programmes is a necessity. Regarding financial instruments for SMEs, the conditions for cooperatives must be at least not discriminatory in terms of objectives, implementation, measurement, and monitoring indicators.

Specific support measures for cooperatives in key sectors would also be welcome: coops in energy-intensive sectors particularly hit by the energy crisis or platform/digital cooperatives affected by the lack of a level playing field.

Education on cooperative entrepreneurship

Given the benefits they bring to their community (decent employment, social cohesion, democracy), all Member States should include cooperative entrepreneurship in business education as part of their national curricula for schools and tertiary education, with the help of the European Commission's coordination and stakeholders' involvement. Studies to identify national programmes and good examples of cooperative learning and practice at all educational levels should be carried out at the EU level, including a benchmarking of schools offering management training for coops members and managers. Resources can also be allocated to develop training tools and promote partnerships between higher education institutions and the coop movement. Finally, the Youth Entrepreneurship Policy Academy must be tailored and promoted to coops for them to fully benefit from it.

End.

