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REPORT

on the contribution of cooperatives to overcoming the crisis
(2012/2321(INI))

Committee on Industry, Research and Energy

Rapporteur: Patrizia Toia

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United in diversity

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MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

on the contribution of cooperatives to overcoming the crisis

(2012/2321(INI))

The European Parliament,

- having regard to the Treaty on the Functioning of the European Union (TFEU), and in particular Article 54 thereof,
- having regard to the Treaty on European Union (TEU), and in particular Article 3(3) thereof,
- having regard to its resolution of 19 February 2009 on Social Economy¹,
- having regard to its resolution of 13 February 2012 on the Statute for a European Cooperative Society with regard to the involvement of employees²,
- having regard to its resolution of 15 January 2013 with recommendations to the Commission on information and consultation of workers, anticipation and management of restructuring³,
- having regard to Council Regulation (EC) No 1435/2003 of 22 July 2003 on the Statute for a European Cooperative Society (SCE)⁴,
- having regard to Commission Recommendation 94/1069/EC of 7 December 1994 on the transfer of small and medium-sized enterprises⁵,
- having regard to the Commission communication on the transfer of small and medium-sized enterprises⁶,
- having regard to the Commission communication on the promotion of co-operative societies in Europe (COM(2004)0018),
- having regard to the Commission communication on the Social Business Initiative (COM(2011)0682),
- having regard to the opinion of the European Economic and Social Committee on Cooperatives and Restructuring⁷,
- having regard to ILO Recommendation 193 on the Promotion of Cooperatives, which was

¹ Texts adopted, P6_TA(2009)0062.

² Texts adopted, P7_TA(2012)0071.

³ Texts adopted, P7_TA(2013)0005.

⁴ OJ L 207, 18.8.2003, p. 1.

⁵ OJ L 385, 31.12.1994, p. 14.

⁶ OJ C 93, 28.3.1998, p. 2.

⁷ CCMI/093.

approved by the governments of all 27 current Member States, to the UN General Assembly Resolution of 2001 ‘Cooperatives in Human Development’ and to the fact that the United Nations proclaimed 2012 the International Year of Cooperatives,

- having regard to Rule 48 of its Rules of Procedure,
- having regard to the report of the Committee on Industry, Research and Energy (A7-0222/2013),

Introduction

1. Points out that cooperatives, along with other social economy enterprises, play an essential role in the European economy, especially in time of crisis, by combining profitability with solidarity, creating high-quality jobs, strengthening social, economic and regional cohesion and generating social capital; recognises, furthermore, that social economy enterprises should benefit from a clearer and more coherent legislative framework, taking due account of the wealth of diversity among social economy institutions and the specific features thereof;
2. Notes that, in the EU, cooperatives are becoming increasingly important and that there are about 160 000 cooperative enterprises owned by 123 million members and providing jobs for 5.4 million people – including around 50 000 cooperative enterprises in industry and services providing jobs for 1.4 million persons – and that cooperatives contribute, on average, around 5 % to the GDP of each Member State; notes that, over the past few years, several hundred industrial and service cooperative enterprises have been established as the result of the restructuring of businesses in crisis or without successors, thereby saving and re-developing local economic activities and jobs; notes that industrial and service cooperative groups have had a key impact on regional development in some of the most industrialised regions of the EU; notes that “social” cooperatives specialised in labour integration provide jobs to over 30 000 disabled and disadvantaged persons in the industrial and service sectors; points out that cooperatives have become a model for the self-employed and the liberal professions, and that this model has grown significantly in new sectors, such as social and health care services, digital and business support services and services of general interest previously provided by the public sector (e.g. environmental services and management of natural spaces, education and culture, and production of energy from renewable sources); notes that cooperatives therefore play a very important role in the EU in economic, social, sustainable development, and employment terms, in addition to being a springboard for social innovation, which is a very important topic in both the EU 2020 strategy and Horizon 2020, and help to serve the objective of the sustainable economic and social development of regional and local communities;
3. Reiterates that the cooperative business model contributes to real economic pluralism, is a vital part of the ‘social market economy’ and is fully in keeping with the values of the EU Treaty and the objectives of the Europe 2020 strategy;
4. Points out that many cooperatives have proved themselves to be even more resilient in times of crisis than many conventional enterprises, both in terms of employment rates and business closures; notes that despite the crisis, cooperatives have been created in new and

innovative sectors and that there is considerable evidence of this resilience, particularly in relation to cooperative banks and industrial and service cooperatives (worker cooperatives, social cooperatives and cooperatives formed by SMEs); points out that, as a model, the development of cooperatives has proven to be able to respond to new needs and to stimulate job creation better than other models owing to the great ability of cooperatives to adapt to change, and to keep their businesses going, when at risk, by continuing to pursue their mission; highlights, furthermore, the strategic role of cooperatives formed by SMEs, which can provide collective solutions to shared problems and allow economies of scale to be developed; notes, moreover, the growing importance of ‘community cooperatives’, which enable – especially in remote and disadvantaged areas – the direct participation of citizens in order to meet various needs, such as health and social services, school services, commercial services, communications, etc.;

5. Takes the view that cooperatives can effectively promote entrepreneurship on a micro-economic scale, at times of recession, as they allow small business owners – often groups of citizens – to take on business responsibilities; supports, in this regard, the development of cooperatives in the social and welfare sectors to ensure greater social participation for vulnerable groups;
6. Argues that, thanks to its decentralised nature, the cooperative model contributes significantly to the implementation of the priorities for 2020 set out in the Renewable Energy Sources Directive (2009/28/EC) and to the transition from fossil/nuclear energy towards renewable energy; points, in this connection, to the fact that more than 1000 renewable energy cooperatives have been created by citizens; believes that cooperatives active in the field of renewable energy allow citizens to become cooperative members of local projects, and encourage investment in renewable energy projects, which in turn enhances the social acceptance of new renewable energy installations; considers that citizens’ participation in energy production can increase both their awareness of the need for sustainable and efficient energy consumption and their control over energy prices; asks the Commission to pay special attention to the role energy cooperatives can play in increasing the use of renewable energy sources and improving energy efficiency;
7. Expresses the view that this greater resilience is in large part due to the cooperative model of governance, which is based on joint ownership, democratic economic participation and control, organisation and management by member-stakeholders, and commitment to the community; stresses that the resilience of cooperatives is also due to their characteristic method of capital accumulation, which is less dependent on the development of financial markets and is linked both to the allocation of surpluses to reserve funds, if possible partly indivisible (in particular in the form of assets that reinforce the cooperative movement in general, after payment of any outstanding debts in liquidation cases), and to the implementation of the enterprise’s objectives, demonstrating balanced social and economic objectives and the goal of improving their operation and activity; considers that this model helps to ensure that cooperatives take a long-term approach across generations and anchors them in the local economy, contributing to local sustainable development and ensuring that they do not delocalise, even when they internationalise;
8. Notes that cooperative enterprises are able to meet existing and new needs effectively and efficiently, in areas such as the management of cultural resources and creativity, and

environmental sustainability relating to new lifestyles and modes of consumption; stresses that cooperatives have also cultivated values such as the protection of legality – one example of this is Italy, where cooperatives are entrusted with the management of assets confiscated from the mafia;

9. Takes the view that cooperatives should be fully included in the objectives pursued by the EU's industrial policy and in the measures taken by the EU, also in view of their fundamental contribution to industrial restructuring, a key chapter of the new EU industrial policy;
10. Notes also that, by cooperating, cooperatives can take advantage of economies of scale and share experience and best practice, as well as pool or transfer human and financial resources, where necessary; contends that this inherent flexibility allows cooperatives to sustain themselves even in the most trying times;
11. Notes that numerous good practices can be found in the various Member States, demonstrating the excellent results achieved by cooperative enterprises in terms of growth, employment, survival rates and business start-ups, such as the single payment system ('pago único') in Spain and the Marcora Law in Italy – which help finance the establishment of new cooperatives through unemployment benefits – and the 'employment and business cooperatives' created in France, Sweden and Belgium; points, moreover, to groups of individual cooperatives that can voluntarily form large business groups covering sectors such as industry, agriculture, distribution, finance, R & D and high-level education; observes that the cooperative society, modelled, for example, on the British trust company, can also be an efficient model for good governance of professional or semi-professional sports organisations, which at the same time facilitates close involvement of the principal stakeholders – the supporters – in the management of a club (whether professional or not); calls on the Commission to look at these good practices in depth and consider including them in the framing of business-friendly EU policies;
12. Considers the contribution of cooperatives to the EU economy and to employment stability to be significant, especially in times of crisis; urges the Commission to reassess the role of the SCE, by encouraging the establishment of new EU-wide cooperatives and facilitating the grouping together of national cooperatives from different Member States;
13. Emphasises the need to develop, inter alia, the business and employment cooperative (BEC) model, allowing enterprises to build up gradually to meet the needs of their entrepreneurs and evolve as their business activities develop;
14. Notes, however, that cooperatives are not immune to failure;
15. Notes that in the various Member States a diversity of situations can be found, reflecting legal and conceptual differences; calls on the Commission, therefore, to conduct a review of existing legislation in order to find common ground and to harmonise, in compliance with the subsidiarity principle, the key elements with a view to lifting the barriers to the development of cooperatives;
16. Stresses that employees incur a substantial financial risk when setting up a cooperative or when ownership of a business is transferred to its employees; observes that good

governance, particularly in a workers' cooperative, is heavily dependent on support for and supervision of the employees' business management;

Regulatory framework

17. Takes the view that this in-built capacity for resilience should be strengthened by paying proper attention to cooperatives in all relevant EU policies designed to contribute to smart, sustainable and inclusive growth, also through a different model of economic development which respects the European social model, and by streamlining existing EU legislation concerning cooperatives; considers, in particular, that a reference to the important role of cooperatives should be made in the Entrepreneurship 2020 Action Plan; believes that the necessary steps should be taken to ensure a level playing field between cooperatives and other forms of enterprises, whilst preserving cooperatives' aims and working methods as well as their social character;
18. Recalls the need for the European Union to recognise and treat equally, through legislation, the various forms of entrepreneurship in order to ensure that the principle of entrepreneurial freedom is respected, whatever the status of the enterprise; regrets the fact that the Commission, in its Entrepreneurship 2020 Action Plan, fails to focus on the role of social-economy enterprises and merely recalls their contribution to job creation and social innovation, and the greater funding difficulties they face as compared to SMEs;
19. Calls, therefore, on the Commission to bolster its services, creating a unit responsible for cooperatives and other social-economy organisations (such as mutuals, foundations and associations engaged in economic and financial activities), aiming at paying greater attention to measures geared to ensure an adequate level of resources and to monitoring and addressing policy development on social-economy organisations; urges the Commission to focus proper attention to the restructuring of industrial and service enterprises that are in crisis, or without a successor, into cooperatives through the creation of services dedicated to this task;
20. Calls on the Commission to provide more flexibility on the public procurement rules for employee-led enterprises, for example by including a time-limited reservation;
21. Calls also on the Commission to ensure that measures under the Social Business Initiative are coordinated and that administrative barriers between the two initiatives are reduced;
22. Urges the Member States, in keeping with ILO Recommendation 193/2002, to review their legislation applying to cooperatives in general and, in particular, to specific cooperative typologies such as worker cooperatives, social cooperatives, artisans' cooperatives and cooperative banks, with a view to adopting a comprehensive policy to support the cooperative business model and creating a regulatory environment favourable to the recognition of the role of cooperatives and their management organisations and to the development of cooperatives, especially in fields and sectors where this model has proven to have a social, economic and environmental added-value; calls on the Member States, acting in cooperation with the social partners and other stakeholders at regional and local level, to identify strategic sectors suitable for cooperative projects; stresses that this should include the introduction of appropriate financial instruments and the recognition of cooperatives' role in the national social dialogue, in addition to the role of

cooperative credit banks, which have always attached particular importance to sustainable and socially responsible financing and are well-established locally; calls for this recommendation to be borne in mind in the context of the review of the Regulation on the Statute for a European Cooperative Society (SCE);

23. Emphasises the importance of drawing up regulatory measures, within a robust legal framework and in line with international standards, in order to avoid disparate national interpretations and any risk of competitive advantages or disadvantages emerging at regional, national or macro-regional level;
24. Stresses the importance of including the cooperatives at all stages of the process in future initiatives and undertakings by the Union relating to cooperatives;

Business transfers and restructuring

25. Considers that the transfer of a business to the employees through the creation of a cooperative and other forms of employee ownership could be the best way of ensuring the continuity of an enterprise; stresses that this kind of transfer of businesses to employees, in particular with regard to worker cooperatives and worker buy-outs, should be supported by a specific EU budget line that also includes financial instruments; calls urgently for the creation, with the participation of the European Investment Bank (EIB) and the social partners, and with stakeholders from the cooperative movement, of a European mechanism designed to promote the development of cooperatives and, in particular, business transfers under the cooperative form, also through, for example, the instrument of mutualisation funds;
26. Points out that the use of worker buy-outs is becoming an increasingly common practice in the Member States in response to the economic crisis; calls on the Commission, therefore, to identify financial instruments or to extend existing ones to encourage this practice;
27. Emphasises the active role of social cooperatives in the restructuring of SMEs, in particular through ‘social spin-offs’, which promote the integration of workers who can be defined as disadvantaged and who are in a critical employment situation, by strengthening – through solidarity – a growing capacity to meet social demand;
28. Notes that, very often, the problem encountered in business transfers to employees is not only a question of the length of the relevant procedures but also, and even more importantly, of lack of knowledge about this business scenario amongst relevant professionals (e.g. lawyers and accountants) and within the legal and education system; stresses that the training and awareness-raising of all players involved in the creation or transfer of ownership of enterprises would greatly contribute to promoting this practice; recommends, therefore, that the cooperative form of enterprise be assigned a permanent place in the relevant curricula of universities and management schools; believes, furthermore, that better knowledge about cooperatives should also be promoted and business transfers to employees under the cooperative form should be supported financially, also through a targeted, intelligent use of the Structural Funds, amongst trade unions and bodies tasked with providing information on the creation or transfer of businesses; underlines the expertise acquired in creating and transferring enterprises in the

form of cooperatives by cooperative federations in some Member States and calls on the Commission to put in place mechanisms to facilitate cooperation and exchanges of best practices and methods in this field between enterprises and to report to the Council and Parliament on the outcome;

29. Urges the Member States to develop a framework to facilitate business transfers to employees, including financial mechanisms designed to help employees invest in enterprises in crisis or without a successor, as well as preferential rights for employees, in order to create the best conditions for a takeover bid for an enterprise facing closure;
30. Believes also that the Member States should adopt policies to facilitate action by employees to take part in the capital and results of their enterprises, through concrete fiscal mechanisms in other forms of industrial and service enterprises as well, and with the necessary legal protection, and corresponding ratio of participation, in the governance, oversight, decision-making and responsibility of the enterprise; recalls that such activities might increase the competitiveness of the respective sector as a whole;
31. Emphasises the positive aspects of mechanisms that are typical of the cooperative model, such as the indivisibility of reserves, i.e. reserves that cannot be distributed among members even in the event of liquidation, but which must be used for the development of the cooperative movement, and legal provisions to allow third parties to provide cooperatives with venture capital, with or without voting rights, such as mutualisation funds and Cooperazione Finanza Impresa (CFI) in Italy, the Institut de Développement de l'Economie Sociale (ESFIN-IDES) in France and the investment structure of the Mondragon Corporation in Spain;
32. Calls on the Commission to promote policies and measures in favour of maintaining existing jobs and not only the creation of new jobs in start-ups; asks the Commission to create new start-up services to support the cooperative form of enterprise through raising awareness and training initiatives;
33. Stresses that the conversion of enterprises in crisis into economically sustainable cooperatives requires a precise and early diagnosis; calls on the authorities at all levels to cooperate with the social partners and the cooperative movement in making such early diagnoses, and in assessing the feasibility and worthwhileness of transforming the enterprises into cooperatives; believes that trade unions and cooperative federations should also be associated in this process;
34. Calls on the Commission to draw up a comprehensive survey comparing the best practices implemented in the Member States and the national laws which promote the conversion of businesses into cooperatives, in particular provisions concerning takeovers, bankruptcies, financing arrangements, business support bodies and the setting up of clusters of cooperatives; stresses the importance of involving cooperatives in such a survey in order to set the priorities; calls, to that end, on the Commission to consider developing a database that systematically collects cases and information on restructuring into cooperatives, with a view to circulating good practices and collecting consistent data;
35. Calls on the Commission and the Member States to facilitate and promote the emergence of clusters of cooperatives and social enterprises in order to help them find the resources

they need to occupy a more prominent role in the production and distribution chain and support the economies of scale necessary to fund research, development and innovation;

Access to funding and business support

36. Emphasises that cooperative enterprises in industry and services, and particularly SMEs, cannot – for a variety of reasons, including the nature of their entrepreneurship – gain access to venture capital and credit on the capital markets; notes also that workers’ cooperatives in capital-intensive sectors normally find it difficult to obtain large quantities of capital from their members, and that appropriate financial instruments should therefore be created to ensure that their forms of entrepreneurship are respected;
37. Points out that the issue of access to credit for cooperatives is of particular importance given the specific nature of their structure; calls, therefore, on the Commission, the Basel Committee and the EIB to develop and use quality parameters, also in terms of providing credit and financing, in order to differentiate the role of cooperatives, including social cooperatives, from other types of business;
38. Considers it necessary to strengthen the capitalisation of cooperatives by making better use of the resources that can be provided by their social structure; calls on the Commission to promote measures in support of capitalisation, including tax benefits – even if they are limited in time – once buy-outs have been established or implemented, without them being regarded as state aid;
39. Points out that in some Member States, outside parties may provide venture capital to cooperatives while gaining only limited or no voting rights – in order that member-ownership and control structures are respected – and that this has enabled cooperatives to improve their dialogue with other financial institutions; expresses its approval of such policies and encourages all Member States to facilitate cooperatives’ access to credit;
40. Considers that the Commission, together with the EIB and the European Investment Fund (EIF), should ensure that cooperatives have access to EU-level financial mechanisms – including, where appropriate, the SME financing action plan suggested in the Single Market Act – and that they should make a special effort, together with the cooperative banking sector, to ensure that this happens; stresses that such actions could improve the functioning of the Single Market;
41. Considers that the specific characteristics of cooperative banks must be taken into account in the regulation of financial markets and in the implementing laws that follow;
42. Emphasises that the programmes and funds being established under the Multi-annual Financial Framework (2014-2020) should be important instruments for supporting cooperatives; contends that, when operational programmes are established, there should be a focus on facilitating the establishment of new cooperatives, providing support for sustainable business development and responsible restructuring, including measures concerning, in particular, business transfers to employees and social cooperatives, in local development and social, technological and process innovation, using global grants and other financial instruments, including the Globalisation Adjustment Fund;

43. Takes the view that, in EU and national financial programming, particular attention should be paid to (or a certain percentage set aside for) cooperatives that aim to facilitate access to employment for disadvantaged people, as also defined in Regulation (EC) No 2204/2002, in order to consolidate and develop more and better levels of social protection;
44. Calls on the Commission to support, in the next financial year, a pilot project to assist in the transfer of enterprises in crisis to workers, so they can continue working, thereby creating new cooperatives that can revive enterprises that are in crisis or bankrupt;
45. Calls on the Commission to develop measures to support youth employment in the cooperative sector; calls as well on the Commission to encourage the dissemination in the Member States of the cooperative model as a key instrument for creating fresh employment;
46. Believes that the Member States should also take steps to make it easier for cooperatives to gain access to the whole range of business support services, as this will help them contribute further to a sustainable development of their activities; urges, in this regard, the Member States to introduce measures to facilitate the access of cooperatives to credit, particularly with regards to worker cooperatives, social cooperatives, artisans' cooperatives and cooperatives formed of micro-enterprises;
47. Considers that the Member States should adopt appropriate measures for the removal of any legal, administrative or bureaucratic obstacles preventing or restricting the growth of cooperatives;
48. Believes that small cooperative credit associations' access to markets should be facilitated throughout Europe;
49. Considers, furthermore, that inter-SME collaborative networks, such as those that already exist in the EU under the cooperative form (artisans' cooperatives, SME cooperatives, activity and employment cooperatives, etc.), should be encouraged, since such networks reinforce considerably the establishment and sustainability of micro and small enterprises, through shared marketing, purchases or other services, and help them become sources of innovation;
50. Believes that in order to support the creation of new cooperatives, services for start-up cooperatives should be developed; believes, moreover, that initiatives promoting the cooperative model among new potential entrepreneurs (i.e. in university curricula) should be encouraged, both at national and European level;
51. Instructs its President to forward this resolution to the Council, the Commission and the governments and parliaments of the Member States.

RESULT OF FINAL VOTE IN COMMITTEE

Date adopted	30.5.2013
Result of final vote	+: 35 -: 4 0: 4
Members present for the final vote	Amelia Andersdotter, Josefa Andrés Barea, Zigmantas Balčytis, Ivo Belet, Bendt Bendtsen, Fabrizio Bertot, Reinhard Bütikofer, Giles Chichester, Pilar del Castillo Vera, Christian Ehler, Vicky Ford, Adam Gierek, Norbert Glante, Jacky Hénin, Kent Johansson, Romana Jordan, Krišjānis Kariņš, Lena Kolarska-Bobińska, Judith A. Merkies, Jaroslav Paška, Vittorio Prodi, Miloslav Ransdorf, Herbert Reul, Teresa Riera Madurell, Jens Rohde, Paul Rübig, Amalia Sartori, Salvador Sedó i Alabart, Patrizia Toia, Catherine Trautmann, Ioannis A. Tsoukalas, Claude Turmes, Vladimir Urutchev, Adina-Ioana Vălean, Kathleen Van Brempt, Alejo Vidal-Quadras
Substitute(s) present for the final vote	Ioan Enciu, Elisabetta Gardini, Roger Helmer, Jolanta Emilia Hibner, Yannick Jadot, Seán Kelly, Vladimír Remek