

Brussels, 7 July 2010

**For the attention of Mr. Michel Barnier
Commissioner for Internal Market and Services**

Dear Mr Commissioner,

As a confederation grouping around 50 000 enterprises employing 1.4 million employees across Europe¹, part of which are involved in concessions (both works concessions and service concessions), we wish to take the opportunity of the ongoing "*public consultation on an initiative on concessions*" to share our views on this important issue with you.

In our opinion, the existing situation in which works concessions are regulated at the EU level but service concessions are not (only a EU definition exists), while being submitted to different national regulations, goes counter to the full implementation of the EU internal market. The continued absence of any type of UE regulation for service concessions will necessarily cause a reinforcement of case law, which would never generate a satisfactory level of legal certainty and thus would remain a constant obstacle to the full implementation of the internal market, especially for the smaller economic actors such as SMEs, including cooperative SMEs.

At the same time, we should underline that service concessions have been under constant increase over the last few years across the EU, and have a very strong development potential over the next few years, especially at a time when many European countries are coming to grips with increasing public deficits and thus increasing pressure to carry out budget cuts. The resulting gap between the public budget availability on the one hand, and, on the other, the huge development and competitiveness needs of the EU under the globalised economy, especially under the ongoing financial-economic crisis but also beyond, will probably deepen. Service concessions, like works concessions, could partly contribute to bridging the gap by pooling a certain level of complementary private investment, even though the major effort to lift the European economy out of recession needs to be carried out by the EU and the EU member states.

While advocating EU regulation for service concessions, we are not calling for a complex one, but only a minimum one, namely on the same level as what is already in force for works concession, in particular concerning the obligation of publicity and the obligation to sub-contract part of the concession to third parties that are not companies controlled by the contracting party. Such minimum EU regulation would provide the enterprises that are in a position to compete for concession public contracts, including cooperatives, with the necessary legal certainty to bring into full play their economic contribution to the EU's development.

¹ CECOP – CICOPA Europe (European Confederation of Worker Cooperatives, Social Cooperatives and Social and Participative Enterprises) is a European confederation grouping national organisations in 16 countries which in turn affiliate over 50.000 cooperative and participative enterprises in industry and services. The vast majority are SMEs, while some of them are second-degree enterprises of SMEs. They employ 1.4 million workers across Europe. Among the main sectors of activity, we find metal industries, mechanical industries, construction and public work, wood industry and furniture, white goods, textiles and garments, transport, media-related activities, social services, education and culture, environmental activities, etc. Finally, more than a thousand worker cooperatives in the CECOP network were born as business transfers to employees of conventional enterprises in crisis or without heirs.

With a minimum of EU regulation, cooperatives, and in particular cooperative SMEs, would feel more encouraged to take part in service concessions than is the case at present, especially if accompanying financial mechanisms were put in place at the EU and national level. As member-based economic organisations, industrial and service cooperatives, like cooperatives in general, are characterized by long-term business strategies and lay a strong emphasis on capital accumulation, dedicating a substantial percentage of their surpluses to this purpose. In addition, in a number of EU countries, cooperatives have put in place mutualised systems of inter-cooperation, such as peer groups, consortia, and non-banking financial institutions. Thence a number of cooperatives could co-invest in concession projects, provided they can benefit from sufficient levels of support in terms of co-financing and/or financial guarantees. In this respect, matching co-financings by the EIB and the conversion of part of the Structural Funds and national Funds to co-finance or guarantee private investments in concession projects should, in our view, be considered. This is in line with what the Monti report "*A New Strategy for the Single Market - at the service of Europe's economy and society*" (9 May 2010) proposes in its key recommendations on p. 66. But, even before considering such accompanying measures, the above-mentioned minimum level of regulation is a basic requirement, at least from the point of view of our enterprises, as it is necessary to provide the legal security which the above-mentioned Monti report itself underlines (still on p. 66).

We trust that you will consider our proposals and are available at any moment to exchange on this issue in more depth with Commission officials. You may wish to evoke the issue when CECOP president Felice Scalvini, who is also co-president of the European inter-sectoral cooperative organisation Cooperatives Europe (of which CECOP is a sectoral member), go and meet you within a few days together with Cooperatives Europe co-president Etienne Pflimlin.

Yours sincerely,



Bruno Roelants
General secretary