

CECOP's position on the European Commission's "Renewed EU Industrial Policy Strategy"

Brussels, September 2017

COOPERATIVES, A FUTURE-PROOFING BUSINESS MODEL MAINTAINING AND MODERNIZING INDUSTRY IN EUROPE

CECOP welcomes the European Commission's Communication for the renewed EU Industrial Policy Strategy but calls for a more **ambitious, integrated and long-term approach**, combining **economic performance, competitiveness and benefits for all European citizens**.

Out of the 50,000 cooperative enterprises inside CECOP's network, above 20% are active in industry, covering a wide range of activities from wood manufacturing to car industry, civil engineering to pharmaceutical industry, from traditional to emerging industries.

While constantly adjusting to new challenges, such as environmental and technological transformations, cooperatives are also an efficient tool to maintain traditional industrial activities and skills in European territories. In fact, the cooperative enterprise model has proven its constant ability to adapt to major transformations in the industrial era, from the worker-owned cooperatives that have appeared with the industrial revolution to cooperative horizontal groups, clusters or multi-stakeholder cooperatives, particularly adapted to emerging industries requiring high investment in innovation, R&D and value chain. Recent development of cooperative start-ups demonstrate that there are a suitable and attractive model also for digital activities.

In other words, cooperatives are a "**future-proofing business model**", combining sustainability – through their core principle of capital accumulation - and adaptability to new societal challenges – through their innovative governance model.

In order to "make Europe's industry stronger", CECOP recommends the European Commission to not only to focus on emerging industry but also to intensify efforts, in collaboration with Member States, to **preserve its traditional industry**, which is often subject to closure and relocation, despite its profitability. Thousands of cooperatives across Europe are the result of employee's buyouts of enterprises. These are still viable and, by not closing down, they contribute to preserving jobs but also the European industrial heritage and skills, that are at the risk of being lost. Knowing their resilience and adaptability, **cooperatives should be promoted as one of the key tools in case of business transfers or buyouts**, and adequate legal and support measures should be adopted by Member States in order to facilitate them.

CECOP agrees with the European Commission that **high quality legislation is needed** in order to make Europe's industry stronger, and consequently requests the Commission to urge Member States to adopt **proper legislation for cooperatives active in industry**, more specifically legislation for **worker cooperatives** which have demonstrated being the most appropriate form of cooperative in this economic sector. CECOP also calls for adequate legal framework for the establishment of **cooperative groups and clusters**, which can mutualize advisory, financial, innovation and internationalization services among cooperative SMEs. In certain Member States cooperatives are not even recognized as enterprises, which prevents them to properly operate on the market and to benefit from funds and measures dedicated to enterprise development. In addition, the establishment of groups among cooperatives it is still not allowed in certain Member States.

CECOP welcomes measures to boost large infrastructure projects but **calls for more attention towards SMEs**. The majority of cooperatives active in industry being of small and medium size, they require specific support to innovate or access external markets. Because of their specific business model, cooperatives require specific forms of financing. Cooperative federations have put in place specific financial instruments in order to support the creation and development of cooperatives in industry, either through business transfer to employees and workers buyouts of closing enterprises (like Cooperazione Finanza Impresa CFI¹ or Coopfond²) or the development of cooperative startups (Coopstartup³). Nevertheless, cooperative financial instruments need **strong matching combinations with financial actors with a leveraging effect at the European level**.

Related documents:

Read [CECOP's position on European Commission Start Up Initiative](#) (July 2016)

CECOP – CICOPA Europe (European Confederation of Worker Cooperatives, Social Cooperatives and Social and Participative Enterprises) groups national organisations in 15 countries, which in turn affiliate over 50,000 cooperative and participative enterprises in industry and services, the vast majority being SMEs, and employing 1.4 million workers across Europe. Most of them are characterised by the fact that the majority of their employees are member-owners, while some of them are second-degree enterprises for SMEs.

¹ www.cfi.it

² www.coopfond.it

³ www.coopstartup.it/en