

## CECOP's contribution to the European Commission's call for evidence on the Single Market Strategy 2025

CECOP, the European Confederation of Industrial and Service Cooperatives, welcomes the opportunity to provide feedback to the European Commission in developing its 2025 Single Market Strategy. CECOP represents approximately 43,000 cooperatives across Europe, 92% of which are SMEs. While the Single Market offers many opportunities, barriers still exist and possibilities to improve it remain untapped. This makes it particularly challenging for small and medium cooperatives to unlock the full potential of the Single Market. Therefore, the upcoming Single Market Strategy should consider the recommendations elaborated below.

### 1. Review and adapt State Aid rules and the General Block Exemption Regulation (GBER) to recognise social economy enterprises

Amongst the key issues (small and medium) cooperatives face is access to financial support. For instance, **state aid** for social economy enterprises, including cooperatives, that provide services of general interest (SGI), is crucial, especially for small and medium cooperatives. Cooperatives are important providers of SGI, including social and (health) care services, transport, culture, energy, etc, and they also play a significant role in both the work integration of those furthest from the labour market and in the provision of services to vulnerable groups. Due to the local dimension of these cooperatives, they do not interfere with competition in the internal market, but they still face significant challenges, especially due to the twin digital and green transitions, the ageing population of Europe, and underinvestment. To ensure the continuity and the development of these services across Europe, state aid processes must be adapted to strengthen access for social economy enterprises, including cooperatives. Furthermore, and based on Enrico Letta's discussion of it in his 2024 report on the Single Market, the **General Block Exemption Regulation (GBER)** should be adapted to recognize social economy enterprises.

### 2. Revise the Directives on public procurement to ensure access for social economy enterprises, including cooperatives

**Public procurement** is another fundamental instrument in supporting cooperatives and the wider social economy. However, the current rules of public procurement fail to ensure proper access for these enterprises, and in fact, they often *de facto* exclude them: primarily due to the selection criteria continuing to place emphasis on the lowest price instead of qualitative aspects, cooperatives are often excluded from public procurement, as they face higher upfront costs or social standards (work quality, investment in training, etc) compared to profit-oriented businesses. While public spending should play an important role in promoting social values, aligned with the twin green and digital transitions, all the while being aligned with the EU strategic goals, such as the 'Made in EU' principle, the current rules do not facilitate these. To this end, it is vital to revise the current Directives on public procurement to better guarantee access for social economy enterprises, including cooperatives.

### 3. Promote and support workers buyouts as a tool against deindustrialisation

**Deindustrialisation** is a key challenge the EU faces, and in order to prevent the further loss of manufacturing jobs and raise the competitiveness of European industries on the global market, the Single Market Strategy must address it. Besides providing specific support for cooperatives in traditional sectors, manufacturing and energy-intensive sectors, developing a favourable environment for **workers buyouts** (WBOs) would be instrumental in preserving European manufacturing leadership and keeping economic value inside the EU. WBOs are a type of business transfer where, e.g., in the event of a business crisis, the ownership of the business is transferred to the employees under the cooperative model. Thus, workers buyouts result in preserving the enterprise while also maintaining the knowledge and skills of the employees within the European territories.

As a powerful tool against deindustrialisation, the European Commission should promote and incentivise WBOs, e.g., by:

- Making financial support available for advisory services and technical assistance for WBOs
- Supporting direct financial mechanisms to aid workers investing in enterprises in crisis for a WBO
- Maintaining the Social Investments and Skills Window of the InvestEU funding programme for the support of WBOs
- Supporting awareness raising campaigns about WBOs
- Providing tax incentives for WBOs
- Granting preferential rights to workers to give them the best conditions for a takeover bid for an enterprise facing closure
- Encouraging financial intervention from regional authorities thereby completing workers' capital contribution and cooperative financial interventions
- Supporting cooperative organisations' capacity to increase interventions in equity and quasi-equity and create specific guarantee to support WBO

### 4. Invest in research, development and innovation

We support Enrico Letta's recommendation to complement the existing four freedoms of the Single Market with a fifth freedom on enhancing **research, innovation and education**. As his proposal signals, it is indispensable to give prominence to and increase public investment in research, development and innovation in order for Europe to face the challenges of the 21<sup>st</sup> century. Simultaneously, these investments are crucial to increase the **industrial competitiveness** of Europe. Additionally, Mario Draghi identified it in his report on competitiveness, there is a strong correlation between industrial competitiveness and the sustainability of the European social model. It is therefore vital to invest in technological innovation to be able to finance, develop, and, ultimately, preserve a strong social Europe.

Research, development and innovation are key areas for cooperatives, which foster technological and social innovation for the benefit of all. A common practice among cooperatives is **clustering**,

demonstrated by longstanding cooperative groups, networks and consortia. However, cooperatives, particularly small and medium ones, require support to gain better access to wider innovation ecosystems. **Clusters of social and ecological innovation (CSEI)** are uniquely suited to facilitate this. With social economy entities at their core, CSEI can successfully respond to the transition challenges the EU faces through promoting social and ecological innovation and a sustainable local economy. They are also well-positioned to reinforce the competitiveness of Europe.

## 5. Support skills development

In order to unlock the full potential of the Single Market, it is necessary to address existing skills gaps and anticipate the need for developing skills in light of the twin digital and green transitions. Cooperatives play an important role in the development of skills: one of the principles guiding cooperatives is education and training. As such, they engage in life-long learning, and provide in-work education and training, upskilling and re-skilling opportunities. However, **support and funding for skills training**, is essential, especially for small and medium cooperatives and those located in rural or remote areas.

## 6. Reduce administrative burden

To facilitate the realisation of these measures and thus enable a better functioning single market, while increasing the competitiveness of Europe, the **simplification** of bureaucratic processes is necessary, especially for small and medium cooperatives. The reduction of administrative burden would in turn support entrepreneurship, the creation of quality jobs with improved working conditions, and provide a boost for cross-border activities.

Finally, in order to ensure that the EU is equipped to tackle the challenges of the 21<sup>st</sup> century, it is essential for the Single Market Strategy to recognise the importance of and mainstream **environmental sustainability, economic prosperity, and social and territorial cohesion**.