

*January 2008***SMALL BUSINESS ACT (SBA): COOPERATIVES EUROPE' PROPOSALS**

Co-operative enterprises are established with the dual aims of realising economic success and that of answering social objectives. They follow co-operative principles that are guidelines by which co-operatives put their values into practice. These principles are Voluntary and Open Membership, Democratic Member Control, Member Economic Participation, Autonomy and Independence, Co-operation among Co-operatives, Concern for Community.

"Cooperatives Europe" represents 267 000 co-operative enterprises operating with 5,4 millions employees and 163 million members through Europe.

"Cooperatives Europe" objectives are to support and develop co-operative enterprises across Europe by:

- *enhancing co-operative identity, visibility and recognition of their difference and added value,*
- *recognition of co-operatives as main economic and social partners at EU institutional level,*
- *developing a strong co-operative system in the enlarged EU and Europe region.*

→ The SBA should include all type of enterprises and should differentiate between different categories regarding the size (eg: micro enterprise), the activities (eg: social integration enterprises) or the legal form (eg: cooperative societies).

→ In the future SBA, priorities and actions will have to be defined coherently and in relation with the other Commission initiatives such as the communication on the "promotion of co-operative societies in Europe".

→ SBA must be set up on the same structure as the Commission legislative and work programme with strategic and priorities initiatives. It should be legally binding.

→ The SBA should stipulate SME development policies at national, regional and local level.

→ There should be complete impacts assessments of the projects undertaken under the SBA, including impact on cooperatives enterprises.

→ Cooperatives Europe supports the possibility of pilot projects on specific issues. When such projects do not specify any specific category of SME such as those mentioned above, any form of enterprises should have access to them. (An emblematic counterexample is the recent business start up procedures programme for which cooperatives organisations were first contacted but from which co-operatives enterprises were excluded)

→ The Commission should set up a joint monitoring committee on the implementation of the SBA, involving representative of SME including representatives of cooperatives SMEs.

→ Cooperatives Europe supports actions on innovation, but innovation must not be restricted to the methods of production or of technology, as mentioned in the communication on the CIP (Com(2005) 121 final). It also has to do with corporate governance, sustainable development or finding an economic answer to social issues... Therefore there must be a broad conception of innovation in the future SBA.

→ In the field of the establishment and the development of SMEs in general and co-operative SME' in particular two key elements, advisory services and financing, must be duly taken into account in the SBA.

- Enterprise support services should be promoted and should integrate the specificities of co-operative societies and employee-owned enterprise forms.

- Among the various business support services, a key one is management advisory services and training.

- Policies that aim to facilitate the financing of SMEs should not only concentrate on the start-up stage but also on the development stage of the business, as well as on the business transfers to employees (worker by out). Due to their structure, cooperatives SMEs depend of their own capital or credit financing and on this last issue they are facing the general lack of knowledge of the characteristics of cooperatives by credit institutions. SBA should promote innovating experiences between relevant stakeholders (including national administration) to facilitate cooperatives SME financing. The European Investment Bank' list of financial intermediaries could also be enlarged to intermediaries specialized in the financing of co-operatives and participative enterprises.

→ SBA must improve and coordinate the statistics on SMEs with Eurostat, with a sectoral classification based on NACE 0,3 and include data on cooperatives. (cf. programme on satellite accounts for cooperatives)

→ A legal instrument to enable SMEs to act at European level is necessary but must be flexible, simple, respect workers' rights and cooperatives principles.

→ SBA should focus on public procurement and particularly to access of SMEs public procurements and with the consideration of some social clauses which SME' would introduce in tenders. Like its US counterpart, the SBA should encourage the participation of SMEs to public procurement¹.

¹ *“the Government should aid, counsel, assist, and protect, insofar as is possible, the interests of small-business concerns in order to preserve free competitive enterprise, to insure that a fair*

→ SBA should examine the potential role of a part of the SME' - and a part of co-operative SME' in particular – in the Services of General Interest and in the restructuring of some public services: the cooperatives rooting in the local dimension and member-based character are particularly important features in this regard. SMEs working in this field should be fully integrated in the internal market while the specificities of SGI in terms of accessibility, quality, universality and long term sustainability should also be taken into account.

→ The SBA should promote educational programme on entrepreneurship and take in account the different form of SMEs including cooperative SMEs.

→ The transfer of business is a key issue for the SME'. It must be facilitated and fostered in order to secure the economic sustainability of the projects. SBA should promote different models such as workers' buy-outs after submission of the projects to strict viability studies.

End

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proportion of the total purchases and contracts or subcontracts for property and services for the Government (including but not limited to contracts or subcontracts for maintenance, repair, and construction) be placed with small business enterprises, to insure that a fair proportion of the total sales of Government property be made to such enterprises, and to maintain and strengthen the overall economy of the Nation”: US Small Business Act, § 1 a)