



SOCIAL ECONOMY EUROPE

ANSWER TO THE EUROPEAN COMMISSION'S CONSULTATION ON THE SINGLE MARKET ACT

Overall assessment of the Single Market Act

SOCIAL ECONOMY EUROPE welcomes the European Commission's Single Market Act as it:

- Identifies social economy enterprises as essential stakeholders for the full realisation of the social market economy;
- States that "*the social economy is structured around a variety of different types of legal statutes (foundations, cooperatives, mutual societies, etc.)*" "Associations", as a specific form of enterprise, are also part of the social economy. SOCIAL ECONOMY EUROPE regrets that the plurality of forms of doing business in general is not mentioned. This model of enterprise has shown resilience to the crisis, have proved stable and sustainable. It needs to be recognised and promoted (cf Art 54 of the EU Treaty);
- Proposes actions (proposal 37) with regard to the legal structures of social economy enterprises, namely:
 - presentation of a regulation on a European Foundation Statute;
 - launch of a study on the situation of mutual societies in all Member States;
 - proposal to a public consultation (Green Paper) on the implementation of the Regulation on the Statute for a European Cooperative Society and evaluation report.

SOCIAL ECONOMY EUROPE regrets that the statute for the European Association and of the European Mutual Society is not mentioned.

- Recognises the "*huge innovative potential*" of social economy actors;
- Puts CSR high on its agenda;

On the Social Business Initiative, social economy actors are expecting more details on the content of this initiative and on the definition of "*socially innovative corporate projects*".

An additional European enterprise legal form would not be an adequate answer, as it would apply only to enterprises with transnational activities. The European Commission should encourage Member States to adopt legal forms for enterprises producing services and goods of general interest, when not done it yet. The European Commission could, together with the concerned and representative stakeholders, draft a number of characteristics and values for this type of enterprises and spread it among member states thanks to the open method of coordination. In all cases, the experience of some social economy enterprises needs to be taken into account.



Choices and reasons for the choices

4. Internal market for services

Need of a clear definition of "*Social Services of General Interest*" (as some of these services are currently excluded from the Services Directive). A regulatory framework that would clarify the rules that should be applied to them, as proposed in Protocol 9 of the Lisbon Treaty, is needed. Clarification is particularly necessary in terms of the rules regarding accessibility, quality, sustainability, financing and implementation of the rules regulating public procurement and state aid. Without it, the general interest missions cannot be effectively achieved.

12. SME access to finance

Some social economy enterprises have developed strong and reliable financial tools in order to provide easier access to finance to SMEs. This should be acknowledged and supported at European level. SMEs from the social economy have proven to be more able to resist to the economical and financial crisis. So, for the sake of European SME, it is essential to learn from the positive experiences generated by our business model and integrate them in a new action plan for SMEs (Cf cooperative federations' non-banking instruments, etc). A rapid implementation of the new Directive on combating late payment in commercial transactions is essential for the viability of the European SMEs.

13. Small Business Act review

The Small Business Act recognises the difference in "*the nature of SMEs themselves (including crafts, micro-enterprises, family owned or social economy enterprises)*". The recognition that: "*Policies addressing the needs of SMEs therefore need to fully recognise this diversity and fully respect the principle of subsidiarity*" is of the utmost importance.

14. Accounting rules

A review of the accounting Directives should take into account the diversity of existing forms of enterprises.

17. Public procurement

The European Commission should set incentives to actively promote socially-responsible procurement including the social considerations stipulated in the Directive 2004/18. Simplification of public procurement procedures aiming at alleviating administrative burden would be welcomed, especially in order to support the development of cross-border public procurements.

The conditions for involvement of social economy enterprises in public contracts should take into account their long-term and structural general interest mission and outcomes, impacting on the quality of the services, their affordability, geographical accessibility and long term



duration. Those characteristics are guaranteed by the social economy specific mode of operation and governance (democracy and participation).

18. Services concessions

SOCIAL ECONOMY EUROPE supports an European regulation for service concessions (i.e. obligation of publicity, 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 public concession contracts, including social economy enterprises, with the necessary legal certainty, to bring into full play their economic contribution to the EU's development.

In this way, the European Commission should transform existing case law and Commission's interpretative communications in regulations AND adopt a new definition for:

- concessions, with particular clarification of elements such as: notion of risk, duration of the concessions, "modifiability" in time of the concession clauses and contents of the concessions extension/modification
- contractual Public-Private Partnerships, with a clear distinction between concessions and public procurements.

25. Services of General economic Interest (SGEI)

SOCIAL ECONOMY EUROPE supports the European Commission's willingness to further work on the issue of Services of General Interest (SIG) and Social Services of General Interest (SSIG). It is paramount to ensure legal clarity and universal access to SSIG and to respect the subsidiarity principle. A satisfactory balance between the application of European rules on competition and on the internal market should be guaranteed, without endangering the implementation of the 'general social interest' remit.

The recognition of a common approach to 'social and health services of general interest' is needed. In practice, social and health services are very often connected (i.e. long-term care, rehabilitation or care for the disabled).

32. Industrial restructuring

SOCIAL ECONOMY EUROPE will support this measure only if the consultation allows stakeholders such as cooperative organisations who are not formally counted among the European-level social partners, take part in it as successful experiences have been developed by cooperatives in term of business restructuring (Cf. economically sustainable business transfers to employees). I.e. in the CECOP network (EU Federation of cooperatives active in industry and services), a considerable amount of condemned enterprises (industrial and service sectors) have been saved and have developed with higher turnover and higher employment rates through employment buy-outs. This type of business restructuring should have an important place in this European framework for the advance planning of industrial restructuring.



36. Social business

See "Overall assessment of the Single Market Act".

37. Social innovation

Social economy enterprises are rooted in the economic and social history of the EU since the 19th century. Financial actors and other stakeholders have supported innovative projects and social economy enterprises are themselves the realisation of these projects, of a collective nature for their great majority.

SOCIAL ECONOMY EUROPE welcomes the Single Market Act's recognition that social economy enterprises - of all size and active in all domains of activity - have had the capacity to develop projects economically, socially and technically innovative. In time of crisis, social economy enterprises' internal solidarity mechanisms and their lack of speculative profit-making have had an impact on the sustainability of these projects: social economy enterprises have shown greater resilience to the crisis than other forms of enterprises. The "*different approach to entrepreneurship*" represented by the social economy lies also on its capacity to have developed managerial innovation expressed by the democratic control by members as well as management autonomy and independence with regards to the authorities.

Finally, over the past 150 years, social economy enterprises have accumulated a wealth of significant experience and practice in the area of social responsibility as it is at the centre of their concerns and practices.

38. Corporate governance

48. Consultation and dialogue with civil society

Does the SMA propose appropriate measures to address the issues / challenges that are identified?

The SMA should also provide an adequate framework for social economy enterprises and more specifically ensure a level playing field with the development European statutes for association and mutual societies.

Any other issues on "Strong, sustainable and equitable growth for business"

The Single Market should allow for the promotion of social economy enterprises (cooperatives, associations, mutual societies and foundations) in order to make the most of their economic and social potential.



The OECD and the LEED program, has also long developed interest and expertise in this area. Furthermore, for 90 years now, the ILO has been paying attention to cooperatives, with a specific department dedicated to this issue. Recently the ILO expended its interest to social economy enterprises. Greater coordination with other international bodies should be promoted.

Concrete measures aiming at creating, developing and maintaining employment are absent in the list of proposals. Employment policies should be one of the major pillars when it comes to boost the internal market, growth, competitiveness and social progress in the EU. Only a few proposals are linked to employment in the Single Market Act, but only linked to the qualification aspects of it. Measures in favour of economically sustainable employment should be put on the European agenda for a sustainable and competitive economy. The issue of job durability should not be seen only from the point of view of employment and social policies, but also from the point of view of the enterprise's long-term economic development: indeed, enterprise development without any continuity in jobs is difficult to achieve.

Any other issues on “Restoring confidence by putting Europeans at the heart of the single Market”

Most social economy enterprises are locally rooted. Therefore, they do not tend to delocalise and participate actively in the development of the social cohesion, keeping together a strong social fabric. Greater promotion of this aspect of the social economy enterprises is expected.

SOCIAL ECONOMY EUROPE welcomes the European Commission's will to propose a Council Recommendation to promote and validate training outside the classroom (non-formal and informal learning). Social economy enterprises take into account the non-formal and informal skills. Since a long time, the cooperative sector has organized Life Long Learning trainings, which in addition to technical and practical dimension, take into account the specificity of the cooperative business model, this in various sector and in the different Member States. Another example would be found in the ENSIE European network (ENSIE is the European Network for Social Integration Enterprises), in which a number of social economy enterprises develop innovative and alternative training programmes for the professionalization of their own participants, for the training of low-skilled target groups and/or for retraining purposes.

Any other issues on “Dialogue, partnership, evaluation: the keys to good governance of the Single Market”

NO