

DR. CAROLINE LUCAS

Green Party
for the South East of England

Commissioner Kroes
DG Competition
The European Commission
200 Rue de la Loi
B1049 Brussels
Belgium

May 8th 2008

Dear Commissioner,

I understand that complaints have been lodged with the Commission by the private sector about alleged state aid made available to co-operatives in France, Italy and Spain. I would like to take this opportunity to highlight the distinctive nature of co-operatives and ask the Commission to ensure that any rulings do not undermine the unique legislative and financial structure of all co-operative enterprise.

The complaints lodged appear to focus on whether or not 'privileged tax status' and 'preferential tax regimes' are classed as state aid. The suggestion that they do, ignores co-operative characteristics such as indivisible reserves, the co-operative dividend and limited interest on member financial contributions. It also takes no account of the fact that co-operatives have multiple bottom lines and are not driven solely by shareholder values as in a listed company, they cannot go to the stock market to raise development capital, and members are both users and owners.

The value and benefits of co-operatives are recognised the world over. Former UN Secretary General Kofi Annan estimates that 'half the world's population is served in one way or another by a co-operative'. The values and principles upon which this global movement has been built are the same as those first articulated by the Rochdale Pioneers back in 1844, here in the UK. Co-operatives are written into the EU's founding Treaties as one of the entrepreneurial forms and have the support of the European Parliament and the European Economic and Social Committee. 25 member states have national legislation that supports co-operatives and they are recognised through the Commission's 'Regulation on the European Co-operative Society' (2003) and 'Communication on the Promotion of Co-operatives' (2004). Furthermore, co-operatives play an important role in helping the European Union to meet its goals of employment, social cohesion and wealth generation, whilst also offering an alternative to the listed profit distributing model or the private company. The sector brings strength and diversity to the European economy.

All of this is in jeopardy, if the Commission upholds the complaints before it. A decision that marks out co-operatives as the beneficiaries of state aid will have grave implications for the health of the sector. It risks damaging the legal and financial structures of the co-operative model of business by applying private sector fiscal treatment to co-operatives without taking full account of the co-operative difference.

I would urge the Commission to express its commitment to co-operatives and ensure that this model of combining social objectives with economic efficiency is protected by rejecting the allegations about state aid.

Yours sincerely,



Caroline Lucas - Green Party MEP for South East England.