



Consultation

State aid - exemptions for small amounts of aid (de minimis aid) (update)

Reference HT.5647

CEPES (Spanish Confederation of social economy enterprises – www.cepes.es) is the highest representative organisation of 43,000 social economy enterprises that employ 2.2 million people in Spain and represent 10% of the national GDP.

As representative social partner of the Spanish social economy, CEPES makes the following contributions which are consistent with its response¹ to the Commission's initiative on "State aid - exemptions for small amounts of aid (de minimis aid) (update)" and with the European Social Economy Action Plan (hereinafter SEAP)².

PROPOSAL

CEPES considers that the Commission Regulation on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to *de minimis* aid should establish a specific threshold aimed at undertakings that are obliged by law to reinvest their results in accordance with the social purpose they pursue.

Considering the definition of social economy enterprises laid down by the European Commission in the SEAP, **CEPES proposes to set a higher threshold for social economy enterprises** - that meet the criteria set of articles 1 & 2 of the draft de minimis Regulation – **up to €500,000 over three fiscal years** instead the general ceiling (€275,000 over three fiscal years according to the Commission proposal).

Justification

All EU Institutions are working together to create a favourable ecosystem for the social economy in the EU. The European Parliament³ and the European Economic and Social Committee⁴ fully support the SEAP adopted by the Commission (2021) which aims to boost the transformative power of the social economy as a key driver of economic and social development (Council of the EU, 2015⁵).

¹ https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/13458-State-aid-exemptions-for-small-amounts-of-aid-de-minimis-aid-update-/F3328660_en

² Communication "Building an economy that works for people: an action plan for the social economy". COM (2021) 778 final

³ Resolution 2021/2179(INI)

⁴ Opinion INT/972

⁵ "The promotion of the social economy as a key driver of economic and social development in Europe". Council Conclusions (7 December 2015).

The social economy has a strong socio-economic presence across the EU. Social economy represents more than 13.6 million jobs and 2.8 million enterprises and entities of all sizes that are active in all economic sectors.

The European Commission states that social economy enterprises must reinvest "most of the profits and surpluses to carry out activities in the interest of members/users ("collective interest") or society at large ("general interest"), as provided by the SEAP. Research studies (OECD, 2021⁶) confirm that the common principles and features of social economy bring a greater social impact in terms of quality jobs, territorial development and social cohesion at local level than other business actors. On the other hand, the need to adapt legal frameworks to strengthen the recognition of the operational features of social economy and to boost its social, economic and environmental added value has also been highlighted (OECD - LEED, 2022⁷).

Given the characteristics of social economy enterprises, as well as their unique capacity to generate value for society, CEPES considers that undertakings that seek to maximise their profits cannot be treated in the same way as the social economy enterprises which, according to the regulations that govern them, are required either to reinvest their profits completely in the entity itself (e.g. in the case of Spain: mutual benefit societies, social initiative special employment centres for disabled people or fishermen's guilds) or to set up reserved funds that cannot be distributed among the members of the company since these reserves are intended for the consolidation, development and guarantee of the enterprise, as in the case of cooperatives.

CEPES' proposal is in line with the SEAP⁸ which - among other measures - states that the regulations governing the Internal Market, including state aid regulations, should be adapted to social economy enterprise model. This approach is consistent with the jurisprudence of the Court of Justice of the EU concerning the social economy enterprises such as cooperatives⁹ and social initiative special employment centres¹⁰ as regards the need of the rules governing the market to take into account the operational methods of social economy and the social objective they pursue.

It should be recalled that the identification of social economy enterprises eligible for a ceiling up to €500,000 under the *de minimis* aid is possible since public accreditation systems and registries of the social economy entities at national and regional levels are available for public authorities in charge of state aid management.

⁶ Case study "Beyond the traditional strategies in the assessment of SSE Impact: Monetary assessment of the social value created by SSE entities linked to their principles and values".

⁷ OECD Local Economic and Employment Development (LEED) Papers. "Legal frameworks for the social and solidarity economy".

⁸ Communication "Building an economy that works for people: an action plan for the social economy". COM(2021) 778 final

⁹ Cases C-78/08, C-79/08 and C-80/08

¹⁰ Case C-598/19, 2021