

CECOP's answer to the "State aid – review of rules on exemptions for small amounts of aid to services of general economic interest" public consultation

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CECOP is the European confederation of industrial and service cooperatives, representing more than 40.000 cooperative enterprises across in 15 European States, employing more than 1 million workers.

CECOP welcomes the European Commission's proposal to increase the ceiling of the *de minimis* state aid that can be granted to enterprises providing services of general economic interest (SGEI) in order to adapt to the current inflation effects. However, we believe that the Regulation review should be taken as an opportunity to go beyond merely adjusting the ceiling and allow for more support to providers of SGEI, especially the ones belong to the social economy family, such as the cooperatives.

Cooperatives are indeed important providers of SGEI across the EU to all groups of the population, including to vulnerable groups. Indeed, they play a key role providing quality social, health and care services, social housing for disadvantaged people, waste management, transport, energy and other essential services. They bring solutions to overcome barriers in access to those services linked to income, age, territorial inequalities and spatial segregation. The cooperative model is oriented towards fulfilling its stakeholders' needs, as it offers the democratic participation of workers and beneficiaries in the governance. Moreover, it ensures that most of their profit is reinvested to guarantee the quality, affordability and longevity of the services. These services are by their nature local and do not have an impact on competition and trade in the internal market. Moreover, they serve an essential general interest role and guarantee social inclusion and cohesion. As it was demonstrated recently, they are the front-line actors during the economic, social and sanitary crisis.

It should also be considered that work integration social cooperatives, whose core mission is the professional integration of disadvantaged workers, in many cases provide work opportunities for people who would otherwise be dependent on public assistance. Their general interest purpose should be acknowledged and adequately supported with state aid.

With this review, the regulation should match the ambition of previous EU initiatives, such as the Social Economy Action Plan and the European Care Strategy and allow for more support to enterprises providing SGEI via *de minimis* state aid support. Following this, we call for the ceiling of *de minimis* state aids to be set at **800.000 €** over a period of three fiscal years.

Additionally, we call for the modification of the definition of "reasonable profit margin", in line with the opinion of the European Economic and Social Committee INT/1016 "Public

subsidies/health and social services of general economic interest". The definition should make a distinction in favour of social economy enterprises, which are bound to reinvest the economic margins generated into their own activities. Following this, we ask for **an even higher threshold** for entities which, in accordance with their statutes and the law, are required to reinvest the revenues obtained in adequacy with the social objective they pursue, as is the case for cooperatives.

CECOP supports the introduction of a mandatory register for stakeholders and Member States, as proposed in the general *de minimis* regulation. This would enhance transparency and introduce a uniformised monitoring system. We also would like to underline the complexity and difficulties encountered by local and regional public authorities in making full use of *de minimis* ceiling rule and the entire SGEI package. For this reason, we consider crucial to provide training and advisory services to public authorities in order to make the *de minimis* aid fully operational and applicable for social economy entities providing SGEI.

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