EU acts to improve legal framework for co-operatives: Agreement on the European Co-operative Society

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After ten years of negotiations, EU Member States adopted, in today's Council of Agriculture and Fisheries, the Commission's proposal for a Statute for a European Co-operative Society. The European Co-operative Society (known by its Latin name of 'societas cooperativa europaea' or 'SCE') will give co-operative businesses operating in more than one Member State the option of being established as a single entity under EU law. Co-operatives will thus be able to operate throughout the internal market with a single legal identity, set of rules and structure. They will be able to expand and restructure their cross-border operations without the costly and time-consuming exercise of setting up of a network of subsidiaries. This new legal form is a practical step to encourage more co-operatives to exploit cross-border opportunities and to boost Europe's competitiveness.

Welcoming the agreement, European Enterprise Commissioner Erkki Liikanen stated: “Europe's 300,000 co-operatives play an important part in the economy, employing 2.3 million and providing services to 83.5 million members. The Commission is committed to providing appropriate tools for them to benefit fully from the internal market. We have worked closely with co-operative organisations to ensure that the European Co-operative Statute reflects the specific characteristics and needs of co-operative enterprises”.

But the statute will not only be of interest to co-operatives. It will also provide an ideal legal instrument for companies of all types wishing to group together for their common benefit, for example in order to access markets, achieve economies of scale or undertake research or development activities. It will even enable 5 or more European citizens from more than one Member State to create a European Co-operative Society. As such it will be the first and only European company form which can be established from scratch and with limited liability.

The new Statute parallels the European Company Statute, adopted in 2001, but has been tailored to the specific characteristics of co-operative societies. It is an optional instrument and will not replace existing national or regional co-operative laws. Unlike with the European Company (SE) it will be possible to create an SCE from scratch (as well as by merger or conversion of an existing company) by individual citizens as well as by legal entities.

The minimum capital requirement of € 30,000 is one-quarter of the amount required to establish an SE and will encourage its wider use. As with the SE, workers' acquired rights to information, consultation and participation will be protected under the provisions of an attached Directive.

Member States will have 3 years to transpose the provisions of the Directive into national legislation; the Statute will therefore become operational in 2006. The Commission has submitted similar proposals for a European Association and a European Mutual Society.