

The CECOP answer to the European Commission consultation on General block exemption Regulation

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CECOP – CICOPA Europe (European Confederation of Worker Cooperatives, Social Cooperatives and Social and Participative Enterprises) is a European confederation, grouping national organisations in 16 countries, which in turn affiliate over 50.000 cooperative and participative enterprises in industry and services. The vast majority are SMEs and they employ 1.4 million workers across Europe. Among the main sectors of activity, we find metal and mechanical industries, construction and public work, social services, environmental activities, white goods, transport, education and culture, etc. Most of them are characterised by the fact that the employees in their majority are member-owners. Furthermore, several thousands of those enterprises are specialised in the reintegration of disadvantaged and marginalised workers (disabled, long-term unemployed, ex-prisoners, addicts, etc.). More than a thousand worker cooperatives in the CECOP network were created as business transfers to employees of conventional enterprises in crisis or without heirs.

Effectiveness and evaluation of block exempted aid

The General block exemption Regulation is an important instrument in order to promote SME creation and development in Europe, especially in the current crisis situation. According to CECOP members, the most appropriate types of State aid instruments to be block exempted are grants, loans, repayable advances, fiscal measures, and guarantee schemes. They also have expressed the need for State guarantees enlarged to all the financial interventions provided by cooperative federations.

Common provisions

- Definitions

“Disadvantaged worker” - Article 2 (18)

Several thousands of cooperative enterprises from the CECOP network are specialised in the reintegration of disadvantaged workers (disabled, long-term unemployed, ex-prisoners, addicts, etc.). In fact, cooperatives have a long tradition and sound expertise in sustainable reintegration of those who are usually excluded from the labour market.

In order to better adapt the definition foreseen by the Regulation (CE) N° 800/2008 to the current situation we suggest the following elements:

- a person that "has not been in regular paid employment for the previous 6 months" is too restrictive according to us. One of the consequences of this crisis is the prolongation of unemployed periods, the increase in the unemployment rate and the categories of unemployed persons, (young people, qualified workers, etc.). In addition, we have seen a new category of disadvantaged workers, those who are employed but within poor working conditions (precarious short-term contracts, etc.). Thus we suggest to enlarge the "not been in regular paid employment for the previous 6 months" category to "unemployed persons/workers suffering from economic crises". This could allow Member States to adapt this category to the situation they are facing and to adapt it to their needs.

- other persons in a situation of serious social exclusion as defined by the public authorities of the various Member States and according to their legislation should be added to the definition (e.g. homeless persons, ex-prisoners, drug addicts etc.);

"Sheltered employment" - Article 2 (21)

Two elements of the "sheltered employment" definition should be modified:

- the percentage: the threshold of 50% of workers should be replaced by 30% for several reasons:

- This proposal goes in line with the European Commission's proposal for a Directive on public procurement¹ (reserved contracts) and creates less confusion between "sheltered employment" and "sheltered workshop".
- Several EU countries have set the percentage of 30% in their legal frameworks regulating the work of disabled and disadvantaged persons (e.g. Italy, Finland, and Romania). The Italian experience is very interesting in this respect, as it has allowed the development over the last 20 years of numerous social cooperatives whose core mission is the reintegration of vulnerable persons. The 30% percentage has another advantage: it increases the economic performance of the enterprises, thereby contributing to the long-term dimension of reintegration.

- the beneficiaries: the category of disabled workers should be extended to disadvantaged workers

- This proposal goes also in line with the European Commission's proposal for a Directive on public procurement, (reserved contracts), and creates less confusion between "sheltered employment" and "sheltered workshop".

Specific provisions

Aid for the recruitment of disadvantaged workers in the form of wage subsidies – Art.40

CECOP supports specific exemptions for enterprises having the employment and inclusion of disadvantaged and disabled workers as their core mission. Due to the particular situation of their employees, those enterprises have to manage the reduced productivity of their workers, the need for technical assistance staff and the training of the workers. Having to face substantial additional costs compared with mainstream companies due to their social dimension, they need aid from public authorities in order to survive in the market and therefore to comply with their social mission.

¹ COM(2011) 896 final

It is also important that the duration of compatible aid for employment of disadvantaged workers, limited to one year for ordinary enterprises in Art.40 (3) be extended to the whole period of employment in the case that enterprises have the employment and inclusion of disadvantaged and disabled workers as their mission. Indeed, disadvantaged workers normally stay longer than a year in such enterprises before they are able to find a job elsewhere.