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CECOP's position on the 28th regime

CECOP, the European Confederation of Industrial and Service Cooperatives, welcomes the European Commission's consultation on the 28th regime. As the EU strives for increasing the competitiveness of Europe and creating an enabling environment for innovation, the 28th regime has the opportunity to contribute to these goals.

The cooperative model is often associated with social enterprises or businesses focused on local communities and some people may not perceive cooperatives as suitable for high-growth industries. This traditional business mindset leads to a lack of understanding about how cooperatives can be innovative and profitable, especially in industries dominated by more traditional business structures. However, cooperatives are not only active in traditional sectors, where they continuously strive for innovation, but they also work in innovative sectors, such as the digital and technology sectors.

Furthermore, in addition to successfully operating in innovative sectors and implementing and proactively pursuing technological innovation in the production and distribution of their goods and services, innovation also lies in their governance model. The cooperative model is a highly adaptable one; its main strength lies in its flexible nature and resilience, demonstrated by new cooperative forms that have been established as a reaction to socioeconomic changes and societal challenges. These include:

- **platform cooperatives**, a cooperative response to the rising prominence of platform work
- **multistakeholder cooperatives**, where a cooperative is owned by various stakeholders, such as workers, customers, beneficiaries, and local authorities (e.g., the French *Société coopérative d'intérêt collectif*, or SCIC; or the Italian *Cooperative di Comunità*)
- **energy community cooperatives**, guaranteeing ownership of the energy supply by the people using it
- **cooperatives of autonomous workers or freelancers**, offering mutualised services (administrative, financial, accounting, etc) and social protection while maintaining autonomy

Nevertheless, innovative cooperatives face many challenges specifically in the startup and scaleup phases, such as lack of access to finance due to many financial tools not being adapted to the characteristics of cooperatives, lack of visibility, and small and medium cooperatives also face the same challenges that all SMEs face. The 28th regime may be able to provide some relief for them and address these challenges, however, it is essential that the European Commission takes into account the following points as it develops this new initiative:

1. **Recognise cooperatives.** It is imperative that the Commission takes into account the diversity of business models across the EU and allows cooperatives – together with their innovative governance structure and the values and principles they are built upon – to access the 28th regime on equal footing with other business models, without prejudice towards the characteristics intrinsic to the cooperative model.

2. Promote cooperatives' business model and especially:

➤ Worker cooperatives:

In a worker cooperative, worker-members raise capital via their shares, which automatically give the employees the status of co-owners of the enterprise, giving them full rights to be involved in the management and control over the main entrepreneurial decisions. As in all cooperatives, generated profits are mainly reinvested inside the enterprise. Unlike conventional companies, cooperatives are not bound to deliver short-term returns to external shareholders. This allows them to channel surpluses back into the enterprise, encourages long-term investment and fostering innovation, R&D and sustainable development. In addition, the cooperative model allows for the pooling of investments, offering greater financial capacity and better solidity in the face of economic difficulties, compared to traditional businesses. This specific ownership structure also enhances job quality and workers satisfaction.

➤ Multistakeholder cooperatives:

Multistakeholder cooperatives are characterised by shared ownership and governance among different stakeholders (e.g. workers, users, local authorities, partners, etc). This model has proven to be particularly effective for the provision of innovative services of general interest (mobility, renewable energies, care, etc) since it allows to raise capital from the community and the public authorities through public-private partnerships, for instance:

- In Sweden, around 10% of child care is provided by cooperatives, many of which are multistakeholder cooperatives (data: [Coompanion Sweden](#))
- [Enercoop](#), is a social cooperative that was created in 2005 to provide a citizens' alternative when the French electricity market was open to competition. It is a multistakeholder cooperative gathering actors who have a role to play in the provision and consumption of renewable energy, such as consumers, producers, workers, communities and partners. Today, Enercoop is 350 producers strong, 100% renewable, non-profit oriented energy network, that is composed of 50,000 members from all around France.
- Filonido nursery (Italy): Due to high demand for flexible and affordable childcare, the nursery was established together with the municipality of Bologna, the Emilia-Romagna region, and three local companies, where the municipality provided the land, the region contributed with EUR 2 million to the project, and the companies pay part of the fees. The project is managed by Karabak, a consortium of five cooperatives: two social cooperatives, a catering cooperative, a

construction cooperative, and a cooperative providing maintenance.¹

In general, the cooperative model is an adaptable, flexible model that provides innovative solutions to various socioeconomic challenges. Unfortunately, it is still little-known in some Member States and suffers from legal obstacles hampering its growth and development. Thus, we call this model to be better promoted within the 28th regime.

3. **Expand the definition of ‘innovation’.** While many cooperatives operate also in innovative technological/digital sectors, innovation also lies in their governance model, which should be duly taken into account when the European Commission discusses innovation. Based on characteristics and principles defined before, the cooperative model gave rise recently to platform cooperatives, multistakeholder cooperatives, energy community cooperatives, cooperatives of autonomous workers or freelancers, etc. Therefore, when defining ‘innovative’, the definition should include also innovative business models and governance structures, such as cooperatives, that are reacting to emerging socioeconomic changes and societal challenges in providing resilient, sustainable, democratically owned and long-term oriented, often community-driven, solutions.
4. **Diversify the types of available financial support.** While venture capital may be available to some innovative cooperatives, it is often hard for them to access due to their specific characteristics. Indeed, their ownership and governance model, based on one-member-one-vote, does not allow external investors to acquire controlling stakes (or very limited), which reduces the attractiveness of such enterprises for conventional equity financing. In addition, cooperatives prioritise reinvestment of surpluses and long-term resilience over short-term profit maximisation, limiting the scope for high financial returns sought by venture capital funds. These features, while reinforcing cooperatives’ stability, create a misalignment with the expectations of traditional venture capital, underscoring the need for alternative financing instruments better adapted to the cooperative model. Therefore, enterprises established under the 28th regime should have access to other financing options, e.g., equity investment or social impact investment which takes into account the cooperative business model.
5. **The 28th regime must work towards upwards convergence** and ensure that it does not weaken workers’ rights and protection.
6. To prevent killer acquisitions or the relocation of European innovation, Member States should promote **business transfers to the employees under the cooperative form, also known as Workers Buyouts (WBOs)**. WBOs are a powerful tool against

¹ CECOP. 2022. Cooperatives Care. Available at:
<https://cecop.coop/uploads/file/Care%20publication%201%20page.pdf> p 17

deindustrialization and succession crises; it keeps ownership, knowledge, know-how and jobs within the European territories. WBOs should be available as an option to employees that face business closure or relocation. Workers should be given preferential rights to grant them the best conditions for a takeover bid for an enterprise facing closure².

CECOP is the European Confederation of Industrial and Service Cooperatives, representing approximately 43,000 cooperatives, employing over 1.3 million workers, across 15 EU countries and the UK. The majority of cooperatives affiliated to CECOP's members are worker cooperatives (72%), which are democratically managed and owned by the workers, and social cooperatives (27%), which, in addition to workers, often include other types of members, such as service beneficiaries or public authorities. Social cooperatives primarily provide services of general interest and many of them contribute to the work integration of disadvantaged and marginalised people. The remaining cooperatives represented by CECOP (1%) are composed of self-employed workers.

² More policy recommendations on how to promote WBO across Europe can be found:

- in this report published by CECOP in 2023: https://cecop.coop/uploads/file/CECOP_WBO_report.pdf

- in this report published by "fi compass" (DG EMPL & EIB) in 2025: <https://www.fi-compass.eu/esfplus/workers-buyout>