



***Co-operatives in the New Europe***

***Interacting with governments  
and the European Union's institutions***

*ICA Europe Seminar  
Brussels, 1-2 February 2001*

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*Co-operatives in the New Europe: Interacting with governments and the EU's institutions*

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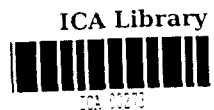
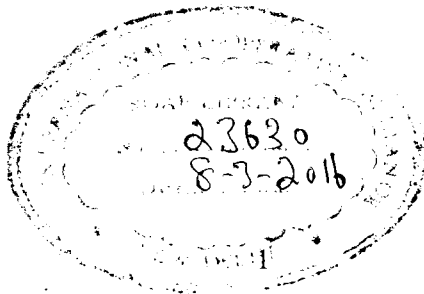
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## Welcome

Mary HONEYBALL, MEP, UK

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A very warm welcome to all of you. I am very pleased to be opening this co-operative conference, because as your chair has eluded, I have a long background myself in the co-operative movement. I was a member of the London CRS Political Committee for many years (about 15 in fact) and before that, I actually worked full time for the co-operative movement in the UK, so I am particularly pleased to welcome you.

Just to talk a little bit about the importance of co-operatives in Europe. It is not often talked about or recognized that co-operatives are a very important part of the European economy. Just a couple of statistics: there are 300 000 or so co-operative enterprises throughout Europe which provide 5 million jobs. In fact there are 140 million co-operative members throughout Europe, which is a significant presence. I hope, by inviting, talking to and bringing together the members from the countries that will be joining the EU, we can extend that tradition and build on what already exists, all of you can get together and sort out, talk about and discuss the issues which concern you. I am particularly interested in enlargement, because I already have dealings with Cyprus as part of my role as a Member of the European Parliament (MEP). I am on the Joint Parliamentary Committee between the European Parliament and the Cyprus Parliament, so again I have a particular interest, and wish you well for this conference.

Once again, a very warm welcome, I hope you find your two days useful, exciting and interesting; and that you enjoy it. I have great pleasure in opening this event.

## Opening Remarks

Lars HILLBOM, President, ICA Europe

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It is a very important seminar that we will have here in Brussels these two days. We have representatives here from co-operative movements of present European Union countries, of candidate countries and from countries that are still not on the list as candidates, but important parts of Europe. In the European Commission's report about progress in the candidate countries published last November, the Commission is also underlining the importance of the relations with countries neighbouring candidate countries. So you are all very warmly welcomed to this seminar.

We are at a very important time right now in European history. The European Union is to grow eastwards and for candidate countries it has been and still is hard to change the economy. There is pressure in the present European Union countries but we are all committed to the enlargement process. We have talked about the situation of co-operatives in the period of transition at several ICA European meetings, in Paris in 1998, in Bratislava in 2000. I have travelled a lot in Central Europe and in Eastern Europe. I know all the efforts that co-operative organisations in these countries are making to get ready for membership in the European Union.

Of course, the future for co-operatives in the candidate countries means both threats and possibilities. To overcome these threats, and to take advantage of the opportunities for co-operatives, it is of course very important for co-operatives to prepare for this situation when your countries will become members of the EU. As you know, for ICA Europe, the relationship with members, and the assistance to members in Central and Eastern Europe is a top priority. Coming from Western European countries, we feel it is a very important responsibility to assist member organisations in Central and Eastern Europe. Hopefully, these two days, this seminar will give you some good knowledge and some good advice to make your walking on this path towards the EU a little bit easier.

## Message from Karl-Johan Fogelström

Director-General, ICA

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The International Co-operative Alliance is an international non-governmental organisation which unites, represents and serves co-operatives worldwide. ICA represents a movement with some 760 million individual members.

The guiding ideas for ICA are based upon its set of values, vision and mission. The values are: self-help, self-responsibility, democracy, equality, equity and solidarity, honesty, openness, social responsibility and caring for others. ICA's vision is that the co-operative method is globally recognised as a powerful means for groups of people to improve their living conditions through their own efforts, economically and socially. In brief "**co-ops – for a better life**".

### **ICA's mission is to:**

- Promote the world co-operative movement, based on mutual self-help and democracy.
- Promote and protect co-operative values and principles.
- Facilitate the development of economic and mutually beneficial relations between its member organisations.
- Promote sustainable human development and further economic and social progress of people, thereby contributing to international peace and security.
- Promote equality between men and women in all the decision-making and activities within the co-operative movement.

### **Are co-operatives different from other types of business organisations?**

Co-operatives have to be as efficient in their business and use their capital at least as efficiently as other players on the market. In this respect co-operatives are no different from other players on the market.

The co-operative difference – the social dimension – which is also the "co-operative advantage" is found in the values and in the mission. Co-operatives are member/user-led as opposed to investment-led organisations. Support to co-operative development in developing countries and to countries in economic transition contributes to economic growth shared by many. The co-operative method is socially inclusive – not exclusive as is the case with purely investment/profit-led organisations. Co-operative

development promotes and defends democracy. Economic growth shared by many and democracy are the two most important factors for peace in the world. Co-operatives contribute to peace by being democratic, socially inclusive and efficient in their business operations.

#### **The ICA Agenda**

##### **Providing an internationally recognised identity**

There is a great need to enhance the co-operative identity and image globally, regionally and nationally. The reason for this is basically lack of knowledge and understanding of the co-operative mode of operation.

##### **Representing co-operatives internationally**

The co-operative sector must be visible globally, regionally and nationally, for the co-operative mode of operation to be known, recognised and appreciated at all these levels. After all, there are some 760 million individual co-operative members worldwide in virtually all sectors.

##### **Providing development support**

Economic and social co-operation in democratic forms – the very essence of the co-operative idea – is a powerful and efficient way for poor and disadvantaged groups of people to improve their living conditions, to get a voice and speak up for themselves.

##### **Networking**

- to provide for members to meet, interact, exchange experiences, etc.
- to provide access for new members to ICA's Specialised Bodies;
- To bring the ICA family together.

Important thematic issues are poverty alleviation, democracy, gender equality, environment, youth and legislation which are present in the four priorities listed above.

##### **The relevance of co-operatives**

My belief is that the co-operative way of working together for a common cause is as relevant today as it was in the early days, probably even more so. People today not only ask: "What do you sell? What sort of services do you offer?" but "Who are you? What do you stand for?" Co-operatives being inherently value-based organisations are well placed to live up to people's expectations, provided they "walk their talk" and live up to their values and their mission.



## Introductory Address

### Co-operatives in the New Europe

Gary TITLEY, MEP, UK

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I have been asked to speak about co-operatives in the New Europe. The only problem about that is that nobody told me what they meant by New Europe. "New Europe" could mean anything. We do have a habit of putting new before things. I am a member of the British Labour Party and we now call ourselves "New" Labour to distinguish ourselves from the old party. A "new Europe" could mean a Europe of twenty or more states. It could refer to the new economy, which we talk so much about.

I want to start off by taking Europe to mean a new economy and by looking at how that affects co-operatives. The starting point really for any debate about what is happening in Europe has to be the summit that took place last year in Lisbon under the Portuguese Presidency. The latter looked at how Europe is responding to changes in the global economy. It ended with a conclusion that sounds extremely ambitious and very unlike the normal cautious language of the European Union. It set itself the objective of ensuring that the European Union became the most competitive and dynamic knowledge-driven economy in the world, capable of sustained economic growth accompanied by quantitative and qualitative improvement of employment; and thus social cohesion. This is an objective which the European Union is very serious about and is keen to move very quickly on. In addition, the current Swedish Presidency of the EU is particularly determined to move quickly on this agenda and we will shortly be having a summit in Stockholm to cover many of these areas.

A combination of employment and social cohesion is particularly relevant to the co-operative movement. How do co-operatives fit in with this pattern? Well, firstly and clearly, co-operatives are enterprises like any other. They are therefore an important part of this drive for jobs and economic expansion.

One of the issues of Lisbon was the provision of proper support for SMEs. Many co-operatives find themselves in that category and clearly would benefit from that drive to cut red tape, and to encourage the starting-up of businesses, easier access to finance and innovation. In addition, when we

had the follow up to Lisbon, during the final summit of the Portuguese Presidency, there was a commitment to establish a charter for small enterprises. The idea was to provide enterprises with training, support for technological innovation and with improved legislative procedures to help SMEs get more out of the single market. So clearly, all of these elements are relevant to co-operatives and co-operatives should be looking to take advantage of them. But there is something more with co-operatives, they contribute something more than being simply ordinary enterprises. Let us look at the social economy as a whole, which includes worker co-operatives and mutual society associations. I once made the mistake of asking my researcher here: "What is the definition of the social economy?". When she came back with five kilos of paper, I decided I did not really want to know after all, so I will not give any further definition of it. Look at employment figures, there are something like nine million full-time jobs in the social economy. That is nearly 7 per cent of European Union employment; 20 per cent of these jobs are found in straightforward co-operatives, 3 per cent in mutual organisations and 71 per cent in associations. That figure is in no way uniform across the European Union. If you look at Denmark, Ireland and the Netherlands for example, you find that the social economy accounts for 10 per cent and more of the economy. In fact, in Belgium as well, the figures are similar when you take into account the health sector. On the other hand, if you look at Greece, Luxembourg or Portugal, you will find that the social economy accounts for less than 5 per cent. So you have quite a mixed picture already within the EU. But, of course, co-operatives are more important than those simple figures suggest because they have special characteristics which are beneficial to the objectives of Lisbon.

Because co-operatives are particularly good at innovating, they are able to contribute to the efficient operation of a market; they often respond to specific social needs. We have in the United Kingdom, for example, a number of co-operatives which are shops in areas where other shops have closed down. People have come together to provide a co-op for their own services. Because they meet new needs and favour participation, not only of their own workers but of society as a whole, they enhance solidarity and cohesion. Furthermore, they create jobs, and this is a big theme of Lisbon, a different sort of entrepreneurship. Anybody who has worked with the co-operative movement will see that many people who work in these co-operatives are very good entrepreneurs who have identified particular needs in the market. Therefore they meet all those requirements that we were

looking for in Lisbon. Now it should not come as a surprise to us because co-operatives have existed for one hundred and fifty years.

We started in the town of Rochdale, in the United Kingdom, where there was a need for safe and wholesome food to be provided. At that time, the factory-owners provided the food. They often cheated on their workers so the workers set themselves up in their own co-operative responding to their needs. Now we have co-operatives in all the sectors of the economy: in banking, agriculture, consumer service provision and even in sport and culture. So co-operatives have shown that they are both flexible and resilient within the economy and they are very good at meeting people's unsatisfied needs. The added advantage for a new Europe is of course the fact that they are democratic, transparent, and they encourage participation from every member of society; therefore giving them that drive for innovation. I think these principles apply not only in terms of what we define as a new economy but also clearly in the European terms of enlargement. Co-operatives already are and will continue to be important agents in the development of economies of Central and Eastern European countries, particularly in relation to the transfer of knowledge which I think is so important.

Let us have a look at where the trends lie in the European Union. There is great growth in the associative sectors, in leisure and in tourism. Those are the growth areas in the co-operative movement. In the straightforward co-op sector, education, health and social services are areas where we are seeing considerable development throughout Europe. There has been a drop in the number of retail co-operatives, but that is partly because there have been a few failures in Austria, rather than because of a general issue. So if, for example, we look at Spain, you will find a lot of co-operative schools and universities. You will also find the more famous consumer and production co-operatives. Lots of countries have housing co-operatives and there is a growing social co-operative movement in Italy. I just want to make some observations about what has happened in Italy. Social enterprises in Italy are mainly engaged in the provision of health and social care services to the population and in integration into the workforce of disadvantaged people. Now, social co-operatives in Italy number about four thousand five hundred. 70 per cent of those provide social services in particular to disabled people, the elderly as well as to drug addicts and young people with family difficulties. They employ up to eighty thousand workers and

their main contribution however is being in this fight against social exclusion; where they have been able to demonstrate that social needs are better matched by production of services than through monetary transfers. Now many of us would argue that is the case: dealing with social disadvantage is not a question of money; it is a question of services. In Italy they have actually proved this to be the case and I think the Italian example is a particularly good one of showing how co-operative principles can enable society to develop and evolve to meet particular needs. I hope we get to hear much more about that during the course of this conference.

Now, this conference is very opportune: At the moment, the European Commission is preparing a White Paper on the issue of co-operatives and we should be looking to take advantage of the opportunities that will come when that White Paper is produced, hopefully in the spring of this year. It is going to be a short document, very low on rhetoric (we are told), and very high on recommendations. It will state that regional, national and European policies must take into account particular features of co-operatives, so that they are able to develop on an equal footing with conventional, capital-based businesses. It will be argued that there will be no discrimination either positive or negative in relation to co-operatives; unless of course we are talking about responding to a perceived social need. It will make recommendations in two parts.

Firstly, it will look at Community policy and how that can be developed to be more friendly towards co-operatives. Secondly, it will look at national policies. In terms of Community policy in favour of co-operatives, what the White Paper will be arguing, is that we should be integrating co-operatives into the European Enterprise Policy; in particular when we talk about access to finance, promoting entrepreneurship, business support services, e-commerce. It will argue that co-operatives should be included in that process, not only receiving those services but also actually contributing to the debate about how those services are provided. We also need to mainstream co-operative enterprises into other areas of Community policy, state aid, social employment, and competition policy. All those areas have to take into consideration the needs and requirements of the co-operative sector. We will also be looking, once again, towards trying to set up a European Community Co-operative Statute which would look specifically at support for co-operatives. There will also be, we hope, a section looking at how we can provide a regulatory environment for co-operatives in the

applicant states, in the light of new enlargements. We also want to look at how we can improve access to Community finance programmes, through regional funds, social funds, other programmes for support of businesses and co-operatives because far too often they miss out on those.

The second part is to look at how member states can develop their policies. This will be in the form of recommendations rather than setting out hard and fast policies. These recommendations, however, will cover how member states can achieve equal opportunities and fair treatment for all forms of businesses. We want to find out what areas discriminate against co-operatives in national legislation. In addition, we want to identify good practices in member states and then try to spread those good practices to other countries.

We have also looked specifically at whether or not there needs to be national regulations in terms of fiscal and legal treatment of co-operatives to get rid of some of these disadvantages. We will be looking at how we can develop policies to encourage entrepreneurship in what you might call the non-traditional sectors, particularly in relation to health, education and housing which are very much the growth sectors in co-operatives.

We also want to get Member States to do much more work in advocating the suitability of the co-operative form for enabling micro and small businesses to get off the ground and then be able to achieve economies of scale. They may, for instance, provide common services: The sort of agency that I helped to set up in my own region almost twenty years ago in order to provide those support services for co-operative businesses. Financial arrangements also have to be looked at: Some countries have very good financial arrangements for supporting co-operatives, others less so. The United Kingdom is particularly bad at providing financial support for co-operatives. We are looking to encourage the use of mutual guarantee societies for providing finance and again I think the Italian example is particularly good and one we should be looking at in greater detail. There is also the question of setting standards about how co-operatives should be run, perhaps setting international standards saying that these are the sort of things that if you are going to run a good co-operative enterprise you ought to be looking at in terms of management, training and so on. So what we are seeing then, is an opportunity for the co-operative movement, an opportunity created by the development of the new economy within Europe,

with the emphasis particularly on entrepreneurship and enterprise and on SMEs. We see an opportunity created by enlargement to spread best practices, to use the co-operative structure as a way of encouraging both job creation and also social cohesion, not only in Member States but in applicant states. We see an opportunity in that the Commission is now bringing forward this White Paper, and we should be ready when this White Paper comes out to put forward our own ideas either in support of the Commission paper or to amend it. It is an opportunity to press our national governments into taking the co-operative movement more seriously; because, I say, the picture is very patchy. In some areas they do and other areas they do not. Not only national governments but also local and regional governments who have a major role to play.

The experiences of Brussels-based co-operative representations in lobbying European institutions

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COGECA – General Committee for Agricultural Co-operation

Mario CAMPLI, President

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I would like to share some of my thoughts with you, and raise some of the questions I have been asking myself and which the agricultural world faces. I have friends here from agriculture from Poland and the Czech Republic. I have also seen other familiar faces. It is delightful for me to be able to wish you all a warm welcome.

I have been called upon to address the subject of lobbying. I have never really liked that term “lobbying”. I looked up the word “lobby” in a dictionary and found some explanations regarding this word. I would like to share two of these. According to the first definition, a lobby is a place where Members of Parliament often meet together and discuss matters with citizens from their constituencies. The Italian dictionary defines it as a “pressure group” as well. So I am speaking on behalf of the world in which I live, in which I work. That is the world of farmers and agricultural co-operatives. Of course, representing the latter is little more than the quest for a new social order.

It is not so much a question of trying to market a certain tangible result using well-delineated, very well set out, very well financed campaigns with consultants drafting a lot of strategies. It should be possible to reach a consensus with the population. We are not talking about something that complex. We are talking about a search for a new legitimacy to instil our profession with. There has to be a project based on something for that. This project will be put to society as a whole for approval. This way I will be able to have discussions with my counterparts on the other side of the institutional framework.

I realise that in approaching things in this way I have perhaps made matters a little difficult for myself. Remember, I mentioned pressure groups. There is a lot of pressure on the structures for the representation of agricultural co-operatives. Like all of us, I live in an economic space and I am surrounded

by this type of pressure. I am responsible for coordinating communication regarding the project and for processing feedback. There are a lot of messages in the pressure we encounter, usually similar in content. I am talking about a group of co-operatives in the EU. We have this far-reaching strategy for the enlargement of the EU. As I see it, it is the way the Union is going, the Union which in fact is also negotiating with the various states that will be joining the EU I play only a small part in this negotiation process.

So this pressure I mentioned earlier occurs in many fields. Where it occurs most is over and above all in the market for goods and services. There is a growing competitive market for all sorts of things. These include goods, services, leisure-time activities, tourism, all sorts of things. There is very stiff competition between those who defend various interests. Enterprises of different types, including co-operatives, have to rise to the challenge.

Of course, we have larger structures – we will soon have the Statute for European Co-operatives that Gary Titley mentioned. We have also addressed this subject with Etienne Pflimlin and Rainer Schlüter. This future Statute will be discussed here. Competition will be discussed here as well.

To be able to better represent its members, COGECA has for several years now been working very hard to increase their knowledge. It has not been easy. We have the single European market and the various forces at play. On the single European market, things are quite complex. All too often people do not have in-depth knowledge of what is out there on the market. What we are talking about here is not a committee that sits down to draft a document but a partnership. The most recent snapshot that we have taken of ourselves shows a different structure. There has been a certain weakness in our representation, but progress has been made. The top twenty five agricultural co-operatives, along with COGECA, build alliances with different groups of companies and employer organisations. We had a meeting in July 2000, which focused on globalisation. We looked at good governance in enterprises because now we see there is a wider and deeper Europe, as was stated in Agenda 2000 – it has been necessary to go deeper into these questions of governance.



This brings me back to the question I asked earlier: How do we represent our co-operatives? What sort of project is eloquent? We all know that Europe is not static, Europe is something that is in the making, it is changing, unfolding. Europe is a Union which brings together Member States. Europe is something that must be nurtured. It is growing and widening and being enlarged. It means different types of associations, agreements, and stability pacts with candidate countries for Union membership. It is important to ask ourselves: Who is actually championing this unfolding project? What are the driving forces behind it? Representing this unfolding project will require responses of a political and institutional nature. From a political viewpoint, we have to have a high profile. We have to be perceived as representing only one European strategy. From an institutional viewpoint, we have to be perceived as “the” authority in agricultural matters within the EU. As you will understand, these various projects fit well together.

I would like to spend a few minutes looking at food security specifically, which is perhaps different in nature. There are major changes in our profession. Observing friends who are engaged in the same profession as we are in Europe and beyond, there are major demands in the area of food security. Citizens have to take account of this. The company is no longer the only champion or owner of its project. The consumer has gained a foothold in the co-operatives (this is understandable), and consumers are expressing their right to food sovereignty. The consumer wants to take part in the definition of the project to ensure that there is food security. When you look, for example, at the Common Agricultural Policy, there are friends from co-operatives in the agricultural sector from the candidate countries who are very interested. Here we see that things have changed: To a certain extent we have broken with the past. This is clearly demonstrated by the international trade agreements that request that there be no direct link between the subsidy and the price of the product. Before, the consumer would just go out on the market and buy a product. We had the market value plus a subsidy on top, but the consumer was not aware of that. The prices perhaps are higher there than on other markets. The price included a subsidy but now the two are separate. Citizens and consumers are the same people, paying taxes, so that the subsidy can be made available to the agricultural sector.

Let me go back to the initial issue. It is very important to draft your project properly to receive the backing of society. Institutions, political people are there as mediators, go-betweens, so in fact the definition that I found in the dictionary no longer holds today because this lobbying work is engaged in elsewhere. It occurs in the street, out in the countryside, in supermarkets so citizens have now moved into the scheme of things. The citizen as a consumer has an influence on what the producers do and on what decisions are made.

This holds true for co-operatives as well. They must change their cultural profile to a certain extent when it comes to representing their own endeavours and undertakings. They must change their cultural profile and their policy. Very clearly, this means re-focusing.

If I want to be understood I have to see who are the listening audiences and what are their needs and requirements. Otherwise it is not possible to put across a clear message. I have spoken very freely here, I moved a little bit into some political considerations bordering upon lobbying.

I would like to finish with a little bit about the history of COGECA. There are three basic profiles. In some countries, agriculture co-operatives came into being at the same time as other types of co-operatives. These co-operatives were grouped together into federations: Insurance co-operatives, agriculture co-operatives, and consumer co-operatives. I am talking about the case of Italy. Italy is quite typical of this type of development but nonetheless it is a bit of a minority example. A major example of that are the Nordic countries where co-operatives came into being as a type of representation to protect the interests of the people (e.g. in the agricultural sector). Another example is Spain where co-operatives were structured in an autonomous, independent way. There is co-ordination between the various types of representation, but if you look at institutional representation, it is totally different from what you see in Italy.

In COGECA, there is a rotating chairmanship and I am the current chairman. COGECA has a joint secretariat with COPA<sup>1</sup>. The themes dealt with may be common but the decision-making process is separate. In the documents you can see that the actual outcome of the decisions is virtually the same. The decision-making procedure includes members. These are

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<sup>1</sup> EU Professional Agricultural Organisations' Committee

often the people in charge of the various co-operatives, people in the agricultural field. The Secretary General backs the decision-makers as well. This is the way we can develop, come to decisions regarding various questions such as high technology, perhaps cattle breeding, livestock and also milk and dairy products. COGECA is heavily engaged in these various endeavours.

CECOP – European Committee of Workers Co-operatives  
Rainer SCHLÜTER, General Secretary, CECOP

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This event is happening at the right time. On 16 November 2000 at the ECOSOC, there was another conference on enlargement. There were joint committees like here today, Parliament and ten countries that will be joining the EU. The committees from those ten countries were to work with ECOSOC and with experts from the EU. In each of these joint committees, three groups were represented: employers, trade unions and then what we call the miscellaneous group in which we find co-operatives as well.

There are three representatives for each group, three possibilities for the co-operatives to find representation. There were only two representatives of co-operatives in these joint committees, however, imagine that! Perhaps this is the strength of COGECA, but the two were from agriculture. Co-operators, people from the world of farming and agriculture are appointed by the Member States. These are representatives of various trade associations, people from SMEs, from the constellation, from this universe. So when I look at that figure, that co-performance, I see that it is high time that we get together, mobilise and join forces for co-operatives to have truly fully-fledged representation in these movements. Otherwise it is going to be extremely difficult to pass on the concept of co-operatives in your countries.

The time has come for this debate to be opened. It is up to us to bring this pressure to bear. COGECA is doing a great job in the candidate countries and this has been the case for a number of years. COGECA is doing a brilliant job as well for the agricultural sector more broadly speaking.

I am proud to be involved in lobbying. If I were lobbying for nuclear energy or certain types of animal feed, or for cows for example then perhaps I would not be so proud. I am proud to be in the position I am in now. I think we need to converge our forces as specialists in lobbying and in different professional walks of life. What COGECA is doing is fundamentally right but we should be doing the same thing, working every bit as hard in favour of the recognition of co-operatives in all of your respective countries.

I represent CECOP. We changed our identity two or three years ago. We were a committee, now we are a confederation. When you talk about

confederation, you can see the role we have of representation. We represent some 70,000 enterprises. We have production co-operatives, social co-operatives... Gary Titley, our MEP, mentioned that this sector is growing in all the countries. Of these 70,000 co-operative enterprises, 65,000 are in the EU and a further 5,000 are in the candidate countries. We are present in five countries where we have to build a network: For a number of historical reasons, worker co-operatives, tradesmen, craftsmen were often eliminated under the former system, before the fall of the Berlin wall. More than 1.356 million members are in worker co-operatives in the candidate countries.

I would like to focus on the three levels where we are engaged in lobbying: Firstly there is general lobbying in which I am very proud to be involved. First and foremost we lobby with all of the various sectors in order to obtain recognition of the co-operative sector. We have all spoken about the White Paper and various Community measures as well. It is hoped that before too long we will see this European Co-operative Statute become a reality. Ever since 1979, the first time a Parliamentary report dealt with co-operation, we have been called upon to draft a European Co-operative Statute. In 1989, the Commission decided to create the European Company Statute. This is very similar to what is going on in your countries, the countries that are preparing for membership. The only Statute they wanted to look at was the Statute of limited companies, corporations. That is the reason why there was a political debate. Now all of the co-operative sectors, associations, confederations had to join forces, and work very hard for three years to put forward a proposal for European co-operative companies. So, there has been a proposal on the Commission's table on co-operatives since 1992.

With this White Paper we are coming back to the same idea that is about ten years old. It has taken a lot of work, you cannot do this quickly, it takes time, and the sweat of your brow. This idea of directives for European limited liability companies looks as if it is coming along very nicely. Decisions have been made and we are very hopeful. This is very important for the candidate countries and we hope that under the Swedish Presidency (or, if not, then under the Belgian one) to arrive at the European Co-operative Statute. This would be a very important symbol. This would be a co-operative achievement that you and your countries of Central and Eastern Europe can talk about to underline the importance of the existence of co-operatives. We have nothing else. The White Paper is a wonderful

opportunity for us. On 17 January 2001, there was a meeting of the Coordinating Committee of the European Co-operative Associations (CCACE). Lars Hillbom and others were there. They looked at the question of enlargement, in one of the articles and they looked at the situation for company policy and co-operatives. They looked at the concept of enlargement and they saw that here co-operatives have a very important role to play, so this is unavoidable. The lady from Yugoslavia also made an important point, the same thing you said for Poland. The problem is recognition by your countries' government, and co-operative sectors. We were in Poland a week ago with our working organisation. These are the problems we have to deal with. It is a problem of recognition by governments – institutionally, there is not enough visibility or understanding of co-operatives.

I would like to say that we must help you in your contacts with governments. We must back you up there and this is where this White Paper can play a very strong role.

I would just like to give you some general ideas that you can take back. At the 7th Conference on the Social Economy under the Swedish Presidency, a very important proposal was made for various ministers in Belgium, Sweden, Portugal, France and Italy to call upon their governments, their opposite numbers, their correspondents to go to Sweden to break ground to have full-fledged recognition of the candidate countries. It is our work as lobbyists to bring this about.

What was done in fifteen years is hard to boil down into 15 minutes. COGECA is doing a great job. This is the job of professional lobbyists. At CECOP we are working very hard trying to see to it that SMEs are recognised. We have been monitoring legislative activities for the last 15 years. All too often there are efforts in the EU to say no, it must be open to everybody. Get rid of those specific achievements, but we must fight very hard to keep these accomplishments that we are entitled to.

## KOOPI – The Swedish Co-operative Institute

Lisa JONSSON, Head of the European Office

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I am lucky enough to have the best job in the world. Working for the Swedish Co-operative Institute – KOOPI for short – at our European Office gives me a very broad perspective of what the European Union is all about. I learn something new every day and this is absolutely great.

### **What do we do?**

I will describe this in three steps: Firstly, I will talk about how KOOPI ended up in Brussels, secondly, about the lessons we learned along the way and thirdly about where we are today.

### **Establishment in Brussels**

Sweden became a member of the EU in 1995. KOOPI established its office in Brussels in 1992. It was by no means a unanimous decision of the KOOPI Board of the time. On the contrary, the Board decision was rather vague which made it possible for the former Director to go ahead with his plan of establishing the Brussels office. Two months later, we were able to nail the KOOPI sign outside the front door in Brussels.

Why did KOOPI set up an office? KOOPI is a national institute owned by consumer co-operatives in Sweden. Firstly, traditionally speaking, we had not worked with other nationalities. We had contacts of course, and we took part in seminars etc, but we did not work together as such. Secondly we wanted to learn more about the European Union. It was being discussed extensively in Sweden whether or not Sweden would join. Opinions were split 50/50. Thirdly – lobbying. For lobbying purposes we were supposed to establish an office in Brussels.

### **The lessons we learned**

First of all, I wish to emphasise that one of the most important things to have is a very strong home office. You must have a very close link to this office vis-à-vis the Brussels branch or to the establishing office which is in the European Union. Down here in Brussels and working with the European Union, you need your friends, you have to find partners and allies and to do

so you have to know what you want to achieve here. You have to be very clear because there are many players in the game. I agree with the picture that Bruno Roelants CECOP, painted. He is absolutely right when he talks about the different steps involved in lobbying.

Another very important point, which we may have overlooked in the beginning, is credibility here. Certainly KOOPI is well known in Sweden, we can easily work there. But coming to Brussels as a new organisation, trying to get our slice of the cake, was not that easy. More concretely, you have to take part in transnational projects, you have to show what you want to do, you have to show initiative to work with new countries. For us these were Spain, Italy, France etc. Frankly, in the beginning, this was not an easy task from a cultural point of view.

Mainly through enormous help from Italians, we listened and learnt how they did it. And step-by-step we managed to cut a piece of the cake. Then we came back to the question of lobbying. Nowadays, we run the lobbying part of our work using the people at home. The KOOPI office in Brussels consists of my colleague Jan Olsson and myself. Of course we cannot run everyone's business, or in fact even know the different tasks that owners in Sweden want us to fulfil. Instead, our point of view is that we should use the people who are working in this field on a daily basis, those who have the real facts and figures – the statistics. We work with those who know best. For arguments sake, these people can also produce examples of good practice, that Jan or I would not be able to do.

It is very easy for an office here in Brussels to end up working as an island. This can be very dangerous. We have to find links to the people who open the doors; we have to find the right desk, the right soul in order to put forward our issue. When we have done all this, we open the door and the troops file in. Today, KOOPI in Brussels also represents a Swedish region, consisting of two counties in the northern part of the country. They have joined together as a platform here. For us this is a great way of broadening the platform from where we work and also to be able to show and promote the development of new co-operatives at a local and regional level. Lately, co-operation has been strengthened with two of our neighbouring countries. This will be an interesting challenge for us.



I will mention just another point which is rather a milestone for us, that is the 7th Conference on Social Economy, which will be held in June in Sweden, where I hope to see most of you again.

## CONFCOOPERATIVE

Enzo PEZZINI, Head of the European Office

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I would like to share with you my Southern European experience. This is the experience of a movement that is highly decentralised. In addition, the Italian Confederation of Co-operatives – that is 700 co-operatives and 2.5 million members – is quite complex. One of the shared characteristics of the Italian movement, as Mario said earlier, is that we have intersectoral participation, intersectoral movement. The reason for this is historical. If you look at the organisation of a co-operative, there are different federations for each sector: housing, agriculture, fisheries, banks, production co-operatives, workers co-operatives, mutuals, sports co-operatives, etc. So in fact we are talking about a very broad spectrum of categories of co-operatives. I am pointing this out because this will enable me to better explain what I do here in Brussels.

In fact, if you look at the EU, it is very different to what you see in Italy, so I have to be the interface between the two. In Europe, we focus more on the sectoral dimension: What I mean by this is the various sectoral committees we set up for the sake of worker co-operatives, COGECA for agriculture, consumer co-operatives. Brussels does not have the same intersectoral structure as is the case in Italy, but we have wanted to put these in place a little in recent years. We want to provide more visibility in force to the co-operative movement in Europe. This was made possible thanks to the present CCACE Chairman. The goal is to increase the visibility and to define a policy on the European wide scale for co-operatives. We are all convinced that co-operative policies are not something that could be forged outside the European sectoral, intersectoral organisations. If you look at what I do, and also what my colleagues are doing as we want to keep a watch on all the possibilities, look at all the interfaces that exist between the sectoral organisations and the possibilities to put in place other such connections as well. These organisations are members of different European committees. There is a direct link with the CCACE, so common action initiatives, political undertakings/initiatives engaged in by the various committees of the European Confederation and more directly also, this is stimulated thanks to the backing of CCACE. What we are trying to do is to carry out three different types of activities. First of all, European Union

institutions, activities with input from the European sectoral organisations and then also we have assistance for the project.

Let us take a look at the main constituency of the Parliament, the Commission, the Council of Ministers, ECOSOC and the Committee of Regions. At the Council of Ministers and the Parliament, the regional dimension cannot be all that effective. But here, we call upon the various sectoral committees for backing. The regional dimension is very important, if you look at the activity of the intersectoral committees. They play a very important role in the Council of Ministers, too. The Council of Ministers is called upon to approve the various proposals emanating from the Commission. One such proposal is the European Statute for Co-operatives, which has been put forward but which has not been voted yet. So it is the role of the organisation in Brussels to play a role with the permanent representation of each of the countries, in our case, of course, the Italian Permanent Representation. We have one of course for each member country of the EU. So this permanent representation is a bit like a laboratory, they prepare various viewpoints to be put forward to the meetings of the Council. We have the backing of other European organisations that filter through to Parliament and the Commission as well.

Two points of criticism regarding European experience in recent years: As Lisa said, every day we learn something new, every day brings with it new understanding. We have these permanent representations in Europe, but they should not in any way weaken the European concerns for occupation. People say: 'We've got somebody in Brussels, they will take care of everything'. No, it is not that simple. People should not simply wash their hands of the responsibilities. There is a danger in fact that responsibilities be shifted, put on the shoulders of the permanent representation, but I think it is the national authorities office who should do that. Now, if my chairman was to ask me, 'do you want more colleagues'? I would say 'Yes, I would like to have one or two more colleagues in Brussels, but I prefer to have ten back in Rome, each of which would be specialised in a particular area. That would be more effective.'

## The European Commission

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### Policy of the European Commission's DG Enterprise vis-à-vis co-operatives

Lorimer MACKENZIE, Director for the Promotion of  
Entrepreneurship and SMEs

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I would like to refer to what I said at the ICA European Regional Assembly in Bratislava in October 2000 and bring you up to date on some of the progress that has been made by the Commission since then.

One of them, of considerable interest to you, is a surprising development: Heads of state in the Council meeting in Nice agreed on the content of the European Company Statute and the accompanying legislation on workers' rights.

It was a surprising development: Looking yesterday at the assessment of when various pieces of internal market regulation would actually be adopted, the services concerned with this legislation, had marked "adoption improbable" in November 2000. That was just before the Nice Council! Two weeks later it had been adopted. That releases from its block the Co-operative Statute and we will be working with the Swedish Presidency to see if we can have the Co-operative Statute adopted during the Swedish Presidency. If we cannot have it adopted during the Swedish Presidency, it should be possible to have it adopted during the Belgian Presidency.

So we look forward to the Statute with optimism. It will have been kicked around by the Council of Ministers for the last nine years by the time it will be adopted. This means we will probably be consulting you again just to make sure that the different amendments which have been accumulated in these last years of discussion will meet your requirements. You will remember at Bratislava I said that, perhaps because this had taken so long, we should reflect on the content of the statute. Now that we have the go-ahead, the reflection period is over. We shall go ahead on the basis of the existing draft and have it adopted as quickly as possible. This is the message that we are getting from the co-operative associations and I assume it is the message the ICA will give us, but you have some time to get your position

together. There are some problems with certain Member States but I think we can rely on the good work of the co-operative movements in these Member States to overcome some of these last remaining obstacles. So, optimism on the Co-operative Statute front! We may finally have a European model of a co-operative statute before the end of this year, so that co-operatives can operate across Europe without having all the internal national barriers to registration etc.

So that is one aspect. The second aspect is the White Paper. People keep talking about a White Paper. We keep talking about a Communication. As I said in Bratislava, we have no intention of producing a Communication, because it says nothing, except what good and beautiful people the co-operative movement represents. That adds nothing to your status and it certainly does not add anything to the Commission's credibility. It only makes sense to have a Communication if there is something substantive to say. We believe that we will have something substantive to say, but the form in which this Communication will come out, has not been formally decided by the Commission: So it might be a simple Communication, it might be a White Paper. Normally a White Paper precedes legislation and at the moment there is no intention of having any further legislation in the co-operative sector, apart from the Co-operative Statute. So naming a Communication a White Paper, which makes it look more important, does not, in fact make it come out a White Paper. What is important, however is that the Communication comes out with certain important recommendations, that these are agreed with the co-operative movement and followed by the Member States.

I make that clear, for us it is a little technical point, but when you talk to Commissioner Liikanen or to your own members you must not oversell, carrying the implication that we were going to do more than we will actually do. A White Paper normally precedes legislation and I cannot think at the moment of any particular piece of legislation that the co-operative movement would really welcome apart from the Statute of course, so please keep this in perspective.

Now, that is the second thing I wanted to make clear. We now have our multi-annual programme for promoting entrepreneurship, especially SMEs. The co-operative sector will be able to participate in programmes and we will try and take into account, the specific aspects of co-operatives when

working in this area. This multi-annual programme will be open to candidate countries. So if the governments in candidate countries wish to put actions in this programme into their co-operation agreements with the Commission then it is possible for us to finance actions in candidate countries. There is a chance there for the co-operative movement working in the candidate countries, to avail themselves of this opportunity. However, it is the government of the candidate country which decides the priorities of co-operation agreements, not the Commission, so to be involved in that multi-annual programme, you have to persuade your political masters to include co-operatives in their agreements. We have quite a good information network already in the candidate countries financed from the budget of this multi-annual programme. The Euro Info Centres in candidate countries (I believe there are about thirty) are financed from this programme, and that has met with considerable success. Therefore the candidate-country governments are well aware that this is an opportunity from which they can benefit.

The other thing I wanted to raise is that I am very pleased to see that the ICA is here in Brussels, that it has been meeting with the Brussels-based organisations and that it now has an effective representation here. This is a very important step forward.

Next, we must build on that. We must know who is working for and representing you. Who is responsible in the Commission? I will tell you who. Myself of course, I am the Director in charge of the policy on co-operatives. William Neale, who is a fairly recent recruit but a longstanding member of European co-operative organisations. He has worked in the co-operative movement for several years. He is now a member of my team, mainly in charge of co-operatives. In addition, we are just about to recruit a national expert from Finland.<sup>2</sup>

I fail to understand why the Finns have suddenly become so dominant in the European co-operative movement. The Commissioner, your new Director-General and our new expert are all coming from Finland to make sure that this particular co-operative tradition is well represented inside the Commission. So, from zero staff working on co-operatives, the case this

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<sup>2</sup> Pekka Pättiniemi was recruited to DG Enterprise on 1<sup>st</sup> March 2001 from the University of Helsinki Institute of Co-operative Studies.

time last year, there are now two people with a big experience of the co-operative movement.

Your first point of contact, apart from myself, will be William Neale. It is important to develop a dialogue with the co-operative movement, in the same way that there is a dialogue, with for example UNICE<sup>3</sup>, with the representative of private enterprises, or shall I say, the traditional enterprises, as there is a dialogue with the organisation UEAPME, which represents the craft, the skilled-trade sector. A dialogue is necessary, which permits us to get to you rapidly and for you to respond to us rapidly. I was surprised to learn, for example, that despite the fairly well structured organisation of co-operative movements, questions like the labelling of goods in retail stores, completely passed the co-operative movement by. Our discussions were with the big supermarkets and the representative organisations of smaller shopkeepers. The co-operative movement was completely passed by. Yet, it is one of the biggest members of the retail trade in Europe. Now, that should not be permitted to happen. You have to be present, by building a dialogue directly with the Commission. Now, my team will help you make your voice heard, either through them or by linking you directly to the people who are preparing legislation and policy orientations. We cannot obviously do everything ourselves, we are not experts in everything but we are in a position to develop this co-operation.

That is the next step which will take some time to discuss. How do we structure this dialogue? And while I am on the question of dialogue, how many of you are aware, that we are setting up this new Enterprise Policy Group? Several of you have submitted suggestions for members of this Enterprise Policy Group and we have identified some from the co-operative movement. There are some 400 applications altogether for a maximum of thirty places – so a lot of you are going to be disappointed. This will not be a way of saying that the co-operative movement is unimportant. Someone from the co-operative movement must be included, but who it will be and what kind of association it will be, I cannot say at the moment. The intention in this case is not to have a traditional representation from each Member State and representation from each sector, (which is the way that traditional committees have been set up) but to have people who will have a wider knowledge than simply the part of the economy they are representing. For example, the possibility of appointing trade unionists for the first time

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<sup>3</sup> The European Confederation of Business

to a group which is going to talk about enterprise policy will be taken into consideration. So this is a shift from the normal way of identifying people to help us determine our policy. The final decision will not depend on me. I do not even know the names of the 400 people who have applied, except those who have informed me in advance before they applied. There are seventeen members of the co-operative movement whose names are there, but this is not a complete list. So, we think you will be involved in this group, but in what manner, I cannot tell you at the moment.

The other optimistic news at the moment, which came as a surprise to us, and may even have come as a surprise to you, is that the American co-operative associations were prime movers in registering the top level domain name. So you no longer have to put "dot com" in your electronic address, you can now put "dot coop" or you will be able to do so. This came to us from our information society colleagues who said "What do you have to say about this?" and we said "yes, hooray"!! And we informed ICA. I'm glad to say that, at the meetings to discuss whether or not this "dot coop" would be accepted – the co-operative movement was represented. In fact, it was the new domain name "dot coop" which had the biggest support around the world. The principle of having a "dot coop", to distinguish you from the "dot coms" has been accepted, certainly by ourselves, and I think by the international community. So congratulations and thank you to our American cousins for getting this on the agenda.

These are the optimistic aspects. I will not go into the themes that will be discussed with Commissioner Liikanen<sup>4</sup>, nor what was discussed at your seminar yesterday. I would only like to remind you that, when it comes to lobbying, the best thing you can do is not to stand outside and shout but to stand inside and inform. That is why I would like you to consider developing your links with the services who are there to help you. We cannot always deliver your aspirations but we can at least keep you informed and you will be able to keep us informed of what you require from the services of the Commission. As I have to say, on some occasions, to the more traditional co-operative societies: Bureaucrats in Brussels are the least able to tell other people how to run their lives and will almost always get it wrong, if you do not tell us what your problems are. If you tell us what your problems are, we may be able to work together to find solutions. We are not here to promote you, we are here to assist you, and that I hope over the next

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<sup>4</sup> The ICA Europe delegation met Commissioner Liikanen later that day.



few months with the newly developing relationships will be easier for us to achieve and I hope will be more successful from your point of view.

## Enterprise aspects of enlargement

Peter WRAGG, Head of Unit, DG Enterprise

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I will give you a little flavour of enterprise policy within the European Union. I know you have had it from Lorimer Mackenzie earlier but it is just to set the context in which we do our enlargement work. You will find that, as I do this, I actually do not in the beginning at least say very much about co-operatives. The reason for this is that enterprise policy, as we understand it at European level, is designed for all enterprises regardless of size, shape, sector or ownership form. So please bear with me when I keep on talking about enterprises or SMEs. We will perhaps come back to a discussion of co-operatives towards the end.

Enterprise policy at the European level has been developing for quite a number of years. This process actually culminated in an important summit meeting with heads of governments in March 2000 at the European Council meeting in Lisbon, which was devoted to a major discussion on enterprise policy in Europe. The heads of state and government concluded that Europe should become the most competitive and dynamic knowledge-driven economy in the world; capable of sustainable economic growth; with more and better jobs, and social cohesion. They set the target of creating Enterprise Europe by the year 2005. I think you will all agree that this is a rather ambitious goal.

The main goals of enterprise policy after Lisbon are to encourage risk-taking and the spirit of enterprise in the economy, to build a dynamic business environment in which companies can be created, can grow and can innovate to ensure an effective access to markets to sell their products and services. We understand that the state sector and large enterprises are still important in any economy but the engine of future growth and of future employment possibilities, according to enterprise policy, will lie in entrepreneurship and the growth of smaller enterprises.

In order to achieve these goals, the European Union is looking at specific targets for its activities. I just want to take you through a list of these targets that have been developed over the last twelve months or so. These key targets are as follows:

- promoting entrepreneurial activities in their broadest sense;

- rewarding risk-taking;
- creating the right conditions for businesses to start up;
- improving access to finance;
- creating a much better business environment for all enterprises in the economy;
- fostering innovation.

The other targets are aimed at public administration, that is cutting red tape, getting rid of unnecessary administrative burdens, and adopting within public administration a philosophy of “think small first”, so that policy should be designed with small businesses in mind rather than large ones.

Of course for us in the European Union, it is important that we complete the single market and take steps to ensure that smaller businesses can exploit the opportunities that it offers. It means exploiting the business-to-business revolution and all the opportunities offered by e-commerce and the Internet. SMEs must be encouraged and successful business models promoted. The impact of the information society and e-commerce on the whole supply chain in the economy must be examined.

In short, this is about creating the right conditions in which enterprises can flourish and make the most of the opportunities of e-commerce. Within this new policy, a number of things have to be understood, and the first one is the actual role of the European Union. You will see that EU enterprise policy is the salt and not the soup. What we mean by this is that most policy-for-enterprise actually takes place at either national, regional, or local level: The EU cannot substitute itself for local action or indeed for the work of enterprises themselves. What we are trying to do is to use our knowledge and competence to help others do their jobs better.

The policy that we have evolved in the last twelve months is focusing very strongly on new methods of co-ordination between our member states and the organisations at sub-national level in particular using benchmarking as a tool to spread best practice and identify weaknesses for enterprises throughout the whole European Union. The idea is to identify where the differences are, look for where the better performances are and spread them around. We call this the BEST procedure. BEST stands for Business Environment Simplification Task Force and this procedure is all about

identifying these issues and putting forward targets for the exchange of good practices. The result will obviously be progress for all of the countries in the Union.

In order to do this, the Council of Ministers agreed in December 2000, a new programme for enterprises and entrepreneurship which will last for the period 2001-2005 and for which there is a 450 million Euro budget. Following on the priorities set by Lisbon, the content of this programme will be, as you can see:

- promoting entrepreneurship as a valuable and productive life-skill based on customer orientation and a stronger culture of service;
- improving the regulatory and business environment in which research, innovation and entrepreneurship can actually flourish;
- improving access to finance for small companies;
- strengthening competitiveness in knowledge-based economy; and
- providing better business support networks and services.

Some of you might be familiar with this last one because it is delivered principally through our network of Euro Info Centres for business. The methods that will be employed in this programme, as I have said, are the:

- benchmarking and exchange of best practices;
- setting-up of specific business support services;
- development of particular financial instruments; and
- co-ordination of policy.

Now that is the policy framework. I will now move on to say a little bit about the enlargement aspects of it. As you know, we have thirteen candidates for membership of the European Union and in order to join, they have to fulfil a number of political and economic criteria. I will focus on the economic ones here. The three main ones are the:

- existence of a functioning market economy;
- capacity to withstand competitive pressure inside the single European market;
- ability to assume the obligations of membership.

Suffice it to say that those of us working in enterprise policy do want all the candidates to meet these criteria. It is in our interest to have membership of

new countries as quickly as possible and we are devoting all our efforts to achieving that. I talked about a functioning market economy. I do not want to say any more except that most of the countries already fulfil that requirement. I just want to focus on the second requirement and that is the capacity to withstand competitive pressure. We look at a number of indicators for this which includes the existence of enough human and physical capital, the degree of trade integration with the European Union and the number of small firms which exist in an economy. But we also take a particular look at the extent to which government policy and legislation influence competitiveness and the ability of enterprises and small firms to emerge.

In our work with candidate countries, we cover quite a large range of issues. Some of them are issues dealing with the transition from former state-managed economies towards a market economy and others are issues which deal with preparing countries for membership of the EU.

Obviously we start with issues around privatisation and industrial restructuring. In parallel with that, we look at operations to encourage SME development and the emergence of small businesses which will take the place of large state enterprises. The other responsibility we have in the EU is to make sure that countries adopt the legislation necessary for the single market to work and not only that the laws are adopted but also the methods of implementing them are in place. Because if the single market cannot be said to work properly, then the benefits to be derived from it will be undermined. We do devote a lot of attention to this rather boring work, but it is essential if the accession is going to succeed.

Beyond that, we are interested in looking at other important areas. One of these is regional development which is, in a number of cases, quite new to many countries. Where you have a culture of central approach to economies it is quite difficult sometimes to let go both in terms of policy-making and in terms of budgets. The lesson we have learned in the EU is that regionalisation is extremely important and we devote a lot of attention, with the candidate countries, to developing regional strategies for small businesses and economic development. The other thing we are interested in is capacity building; by which we mean, not only the capacity of ministries and public administration, but also of representative organisations. We devote quite a lot of energy to supporting and encouraging organisations

that represent small businesses and in this case, of course, co-operatives, so that they have a better capacity to represent their members.

Finally, of course, even before accession takes place, we are very keen to integrate countries into the EU enterprise policy so that a lot of things that can be done will actually be achieved before accession takes place.

My team has two main goals for 2001. Firstly, to open the programme for enterprise and entrepreneurship to the candidate countries. This is legally possible and we hope to do this within six months. This is particularly important because even before accession takes place, it will be possible for countries to benefit from some of the actions we are undertaking with our own member states. This includes the continued development of the Euro Info Centre network which is a network of centres aimed at supporting businesses on the ground. We have already opened fifty one of these centres within Central and Eastern Europe. They have become part of a European-wide network which contains something like two hundred and seventy or two hundred and eighty centres which are mutually reinforcing and whose objective is to provide information about markets and business co-operation opportunities to anyone who asks for the information. This is something that co-operatives can also exploit.

The other thing that we are trying to do this year is to have a great deal more policy co-operation between countries. The main objective of this policy co-ordination is aimed at improving the overall business environment, because it is one thing to have a set of laws and another thing to have mechanisms to create companies; but if the actual business environment is not helpful, then companies do not survive. It is as simple as that.

We have been working on an exercise with our own member states for the past two or three years to improve the business environment and they have learned a great number of lessons from it. We are very keen to extend this exercise to candidate countries as quickly as possible, so that they can become part of the same best-practice mechanism. These are the priorities for this year. It is for us to make an inventory and to make recommendations on each of these areas in candidate countries. This does not require legislation, it requires changes in culture, changes in administrative practice, policy and so on.

To run through them quickly:

- education and training for entrepreneurs;
- access to finance;
- access to research and innovation;
- business support services;
- better public administration; and
- work on improving employment and working conditions.

The idea is to align all candidate countries with member states. We are going to produce our report and our recommendations hopefully before summer 2001. This is done with a view of integrating candidate countries into this process at the beginning of next year.

Basically, to summarize what I have been saying:

- We are very keen on having candidate countries integrated into our policy as quickly as possible.
- What is absolutely clear is that the business environment for enterprises needs further improvement. This is a priority for our work, at the same time ensuring that the single market preparations are completed, otherwise the whole thing will be undermined.
- We regard co-operatives as a very specific form of enterprise. The best way for co-operatives to get involved in this process is to become a demanding customer in the whole operation.

In the Commission, we want a very strong enterprise sector in candidate countries, whatever the ownership system. We want undertakings, business enterprises and co-operatives that grow and can take advantage of the opportunities. This we believe, will enhance Europe as a whole so that we all benefit.

One of the ways that co-operatives can find their voice is through some of the initiatives that we are going to undertake this year. We will be visiting each of the candidate countries in turn, and one of the things that we will actually be saying to the national authorities is that in our inventory and recommendations on the business environment, not only do we want to talk to traditional representatives of industry and small businesses, but we also want to see representatives of co-operative organisations around the table.

## Access to funding

Heinrich WOLLNY, EU PHARE-TACIS Information Officer

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The European Commission set up PHARE-TACIS three or four years ago because of the public's enormous need for information. What we can do in the information centre is provide you with general information on PHARE and TACIS as well as on possible business opportunities in almost all the languages of member and accession state languages. If we cannot answer your questions in the information centre we still know who you can ask or where you can find the answers you are looking for.

Firstly I am going to present the PHARE programme rather extensively. Then, I will present the TACIS programme. I will touch upon how to get funds under the PHARE-TACIS programme and then I will mention how the PHARE programme supports the development of SMEs.

The PHARE programme is the European Union's main instrument for financial and technical assistance to candidate countries for European Union membership. I do not have to tell you who the candidate countries are. The aim of the PHARE programme is to assist the accession countries in their preparations to fulfil all the admission criteria. These are called accession criteria and there are of three kinds:

- Political criteria: they must be established democracies, respect human rights and the rule of law.
- Economic criteria: they must have established market economies and their market economies must be able to withstand the competition in a single market.
- Administrative and institutional criteria: the administration of the candidate countries must be able to implement the "acquis communautaire", that is basically the whole body of the European Union's legislation.

In the 90s, PHARE has provided some €10 billion to the PHARE countries. The budget until 2006 is somewhat more than €10 billion just for the PHARE programme, which means approximately €1.5 billion per year more or less.



PHARE aid comes mostly in the form of non-refundable grants to the accession countries. With these grants, accession countries finance projects that are publicly tendered and businesses are able to win these grant-financed contracts. Before I tell you about PHARE in detail, I would like to mention the other pre-accession instruments that are now established alongside PHARE. They are four in number:

The first one is the ISPA project. ISPA is an instrument which finances major investment and infrastructure in the environmental and transport sectors. It is a precursor of the structural funds that currently work inside the European Union. It is managed by the General Directorate for Regional Policy. All the projects have to be worth at least €5 million. In addition, they are mostly co-financed by other financial institutions. The accession countries now have to establish an institution to implement the ISPA programme.

The second instrument is SAPARD, which finances projects for rural and agricultural development. It has an annual budget of €0.5 billion and it is again a precursor for the Common Agricultural Policy of the European Union. It is managed by the Director-General of Agriculture.

The third instrument is co-financing in collaboration with international financial institutions. The idea behind it is that PHARE funds themselves are not that big to make a difference. Indeed they are much smaller than the needs for investment in the accession countries. They can make a difference, however, if they are able to mobilise finance from international financial institutions. Therefore, in 1998, the European Union signed a memorandum of understanding with the European Bank for Reconstruction and Development, the World Bank, the Nordic Bank for Development and several others to better co-ordinate projects and ensure co-financing with them.

Fourthly, the European Union has now opened up its internal Community programmes to the accession countries east of the European Union. These Community programmes facilitate co-operation between Member States in specific areas like public health, energy, environment, equal opportunities for men and women as well as the exchange of students and vocational training.

The PHARE programme essentially has two priorities. The first priority is institution building. The idea behind this being that, in order to prepare for accession, the candidate countries have to adapt their enterprises and their basic infrastructure to the standards and norms of the European Union. Therefore, there has to be training and equipment for public officials, civil servants, as well as for the private sector actors who are involved in the implementation of European Union legislation. The main instrument of institution building is the twinning instrument: National experts from European Union Member States are seconded for one year or more to an administration or an agency in the accession countries. There they help their colleagues to introduce new structures, new procedures in accordance with EU rules.

The second priority of the PHARE programme is investment support. The idea behind investment support is, on the one hand, to adapt a country's basic infrastructure and its enterprises to new rules and on the other hand to enable economies to withstand competition in a single market. There are two kinds of investment support. One is investment in infrastructure, in roads and in environmental projects to fulfil community norms and standards. This investment largely goes into areas of environmental protection, nuclear safety, transport, and health and safety at work. In addition, under the new guidelines for PHARE 2000-2006, there will also be support for social and economic cohesion measures. These measures might include things like restructuring major industries such as the coal and steel sector, drawing up technical studies about possible developments or for example helping redundant workers start up their own business.

I must say that the PHARE programme is fairly complex because it has three types of programmes. The first and most important type are the national programmes which make up for approximately 70 to 80 per cent of the PHARE budget. The programmes are designed to really cater for the specific needs of the single countries in light of the accession criteria and in light of their specific shortcomings. A second type of programme is the multi-beneficiary or multi-country programme. They are chosen when you have economies of scale as, for example in the SME financing facility of which I will talk later. They are also chosen if you want to have regional co-operation as it was in the business support programme which brought together business associations from East and West, agricultural organisations like COPA/COGECA, and all the other agricultural

organisations in the accession countries. Or you choose to implement it when you need a joint implementation structure: I am personally part of a multi-beneficial programme defined within the enlargement information project.

Finally there are cross-border co-operation programmes promoting co-operation across borders between Member States and accession countries as well as amongst accession countries. In two years we will see cross-border co-operation programmes between Eastern European countries i.e. Belarus, Moldova and the Ukraine and the accession countries. They provide assistance in areas like building bridges over border rivers, environment infrastructure as well as providing small project funds to finance exchanges between people, small projects like making workshops, exchange of students across borders etc.

Now you know what the PHARE Programme is, or at least I hope you do. Now I will tell you how projects come into existence under the PHARE Programme.

To ensure that PHARE projects really support the accession process, the EU has developed a framework. The main documents are the accession partnerships between each candidate state and the EU. In these partnerships, the accession countries' shortcomings are identified. However, it is also a mutual engagement: The accession country says where it wants to invest, what it wants to do and the EU says how it will support these efforts. On these accession partnerships, national governments draw up their plan in which they outline more specifically which project should be financed and where the funding should come from. Every year, the Commission checks the progress the countries have made and shows the results to the European heads of states in their regular reports at the December summit. This document will tell you in which country and in which sector activities will be launched in the next few years.

It must be stressed that responsibility for projects (identification and management) lies with the accession countries' authorities. So the PHARE programme is decentralised: The accession countries' authorities develop, tender and implement the projects and own the project results. The first step of a project is a financial proposal by the accession countries' authorities, the implementing authorities and the national so-called aid co-ordinator of

the EU. This financial proposal is then studied by a PHARE management committee in Brussels. On the committee, you find representatives of EU Member States, and they have the final say. Any decision they make is then called a financing decision, and when this financing decision is signed with the accession country, it becomes a financing memorandum. This financial memorandum lists the single projects that should be tendered within the next six months to two years. If after two years the projects are not contracted, the money goes back to the PHARE budget. This is done in order to force accession countries authorities to proceed quickly with the implementation of the single projects. In the past we had problems with PHARE funds that were committed, but which were not contracted over three, four or five years and we had a big backlog in the payment of funds. However, with the new structure which has been running for two or three years now, this backlog has been reduced. When the project is accepted, it is tendered by the so-called central financing and contracting unit which draws up the tenders, prepares the evaluation committee which looks at the single bids, chooses a contractor, grants the contract to the successful bidder. Then it becomes the responsibility of the implementing authority, which manages the projects on a day-to-day basis.

Now we know how the projects come into existence, you will now want to know how you can win business funding from PHARE.

There are three different kinds of contracts. There are service contracts (like drawing out technical studies), supply contracts (supplying computers to the customs authority) or work contracts (like building a wastewater treatment plant). They are tendered according to different procedures that are important. You will learn about them when you actually tender for a project.

It is important to know that all the PHARE project tenders are published on the Europe Aid Co-operation Office web site. The EACO was known as the SCR until 1 February 2001 and has now changed its name, structure and to some extent its aims. The problem with announcing the tenders on the SCR website is that sometimes these tenders occur at very short notice. So you may only have a few weeks after a tender announcement to submit your bid to the CFCU. The PHARE web site can be found from the DG Enlargement web site. It is quite useful to know about the programme search facility on the PHARE web site. With this programme search facility, you can search the financing memoranda that are signed between the EU and the accession

country. You can search them by country, by sector and by keyword: you will find a financing memorandum, a financing decision from 2000 and you know that these projects described here will be tendered from the beginning of 2001 into 2002.

I will now briefly mention the TACIS project, which is the assistance programme to thirteen countries in Central Asia and Eastern Europe. It is mostly about grant-financed technical assistance to those countries. The aim of the TACIS programme is to enhance the transition to democracy, to a market economy, and to the rule of law. The programme has been running since the early 90s and since then it has committed something like 4 billion Euros to all these countries. The budget for 2000-2006 is 3.1 billion Euros, a lot less than the PHARE programme.

In addition to the technical assistance, in the future 20 per cent of the budget will go into investment support. TACIS projects are programmed on a multi-annual basis. You need two documents, the indicative programme which sets out the priority areas of co-operation and funding in the next four years. You can find them on the web site of the General Directorate for External Relations.

Every country has to choose, together with the EU, three out of the six priority areas and for every country which has a nuclear energy installation, nuclear safety is always chosen. The idea is to focus TACIS funds more and increase the impact of fewer but bigger projects. So the minimum threshold of the TACIS project is now 1 million Euros.

Based on this indicative programme, there are annual action programmes in which TACIS countries together with the EU list the programmes that will be tendered within the next one or two years. Again, we have different programmes. National projects, regional programmes, cross-border co-operation programmes. There are additional programmes, which are more flexible and short-term. What they do is for example to provide expert advice to governments to promote the exchange of scientists and students; or they finance business support centres that give counselling to new businesses such as SMEs.

How did it come into existence?

It is neither accession driven nor demand driven but dialogue driven. Therefore the national co-ordinating units have a say in which projects they would like to reserve authorities from the TACIS countries and the Commission External Relations DG and the EuropeAid Office. They can also propose projects and say “we want to do this project in your country”. Once they are accepted by the Commission they are tendered publicly and you can find them on the same web site as the Europe Aid Office which publishes basically every external assistance tender that is made by the EU all around the world.

Let me finally mention the SME finance facility which directly supports SMEs. What is it exactly? The PHARE programme, the European Bank for Reconstruction and Development and the German Credit Bank give loan funds, technical assistance and guarantees to banks in order to participate in banks in the accession countries. They provide these funds to SMEs in the accession countries as loans. They give loans to SMEs because they have guarantees from international financial institutions. The idea behind the whole facility is that it is quite difficult for micro-enterprises to get loans in these countries. Here they have the opportunity to go to these participating banks in their country and ask them for loans and these banks will be more willing to give them loans. You can find the addresses of these participating banks in the enlargement address book. Copies can be obtained from our Information Centre or can be downloaded from our web site.

Lobbying with National Governments – case studies presented by  
Western European co-operative organisations

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UK

The Co-operative Union

Pauline GREEN, General Secretary

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It is a very great pleasure to be here and to be asked to chair this session. I must say that I think Lorimer Mackenzie has given us a good lead for this session. He mentioned William Neale's credentials in the co-operative movement. It is important to us to have someone in the Commission with those credentials, but it is important also to know that Lorimer Mackenzie is a long-time co-operator well known in the British co-operative movement, active in the Brussels Co-operative Party, for many years. So we actually have two people who are not just responsible for co-operatives in the Commission, but are committed co-operators, and I think that if we do not use that in the next few years, then we will have failed in one of our best opportunities to influence the European Commission's policy on co-operatives. So I thought that Lorimer Mackenzie, in making the argument about some of the problems co-operatives face, is actually very helpful in opening up this discussion.

And perhaps one of the things we need to look at in the question session is how we deal with some of the issues he raised. For instance, if there are seriously 400 candidates for the Enterprise Policy Group - and if we know that there are only thirty places and that there are seventeen co-operative candidates, what are we going to do about that? Because we want at least one co-operator on, we would like two, maybe three. How do we decide who those three should be? Now this is a terribly sensitive and difficult issue, in personality terms and in national terms. But unless we learn how to do it, we will simply minimise rather than maximise our influence. I think that is proven by the dot coop experience. All of us in this room, I guess, will have been sending letters in support of the application of the dot coop domain name on the Internet. I know the British movement did, I did on behalf of the Co-operative Union and other major players in the UK did.

As Lorimer said, it was the case with the biggest lobby across the world, and what's more, it was a united lobby. There was not a dozen requests for

dot coop. Dot coop France, dot coop UK, dot coop Italy it was just dot coop. On that we all agreed. When you know that some of the big players, like Sony, and other car dealers, were wanting their dot Sony, and that they did not get it; and that we got dot coop, I think it demonstrates the influence we have when we can make a common decision and all support it. So I think our challenge, if you like, if we are going to influence the European Commission in the coming years, is to try and find consensus around individuals we would like to have on this committee, or that committee, and it shouldn't always be the same individuals, but the most appropriate, the best qualified from across our movement, across Europe. It is terribly difficult, but I think this is probably our major challenge in facing the European Commission in the years ahead and probably one that only the ICA can actually deal with. Some of the discussions that we will have to go on are sensitive and frankly quite hard. The time is gone when we could all say we are jolly nice co-operatives. We should have seventeen of your thirty places, we are simply not going to get it. In fact, worse, we might end up with none. So I think that has set the context for the next session.

Let me begin to give you a briefing on the UK position, which is really quite exciting at the moment. We have something of a co-operative renaissance going on in the UK. It is going on because after three and a half or four years, the Labour government has finally woken up to the fact that co-operatives and mutual organisations can deliver on the ground and in the community, some of the key objectives of their policies for government: Job creation, community development, self-help, active citizenship, responsibility in the community, democratisation; all these areas where frankly the new Labour government has struggled to deliver some of those things on the ground. They have done very well, and they would hate me for saying this and I am committed to that Labour government but they have had difficulty in some of those areas and now there is an awakening to what co-operatives and mutuals can offer on the ground.

So, they see co-operatives, and we see in the UK co-operatives as being the bridge between the global market, which leads people to have an enormous sense of dislocation and a sense of not knowing their own self-worth and where they fit in the world. Co-operatives can bridge that gap between local activity and a global market, and if we want the co-operative renaissance and this is how we feel about it in the UK, if we want this renaissance to happen, we have got to make it happen. In the UK, this means we have got



to maximise our influence through our collective strength. And colleagues, we have spent one hundred and sixty years in the UK, maximising our sectoral differences and now there is a massive understanding that we have to maximise our collective strength. When I was appointed as General Secretary of the Co-operative Union, at the beginning of last year, I was given two remits, the first was to take hold of the Co-operative Union, and give it a good shake and see what fell out of the bottom, which of its services were traditional but no longer necessary, were no longer valued by our member societies, were old-fashioned, outdated and which of our services were valued, needed modernising, needed reforming and what were the new services I could bring in, that our trading environment in Britain required now, not what we required twenty years ago, fifty years ago, or a hundred and sixty years ago.

So that was the first part of my remit, look at the internal services, and we have begun that process in a very vigorous way by trying to place co-operatives in terms of their commercial success as powerfully as the private sector is. That is not to say we will operate simply on the price of baked beans: we will not compete just on that equation, we want to be successful co-operative businesses. That means we have to understand, firstly, we must be successful businesses, but, secondly, we must trade on our co-operative difference. And we have begun to develop that theme very powerfully. That is happening.

The second part of my remit, which is a very interesting one, and which is the one that has developed most quickly, was to reach out to the other sectors, in the co-op movement throughout Britain, the housing co-operatives, the workers co-operatives, the agriculture co-operatives, the credit union movement. To reach out and try to develop some creative new partnerships which would allow us to develop a single, strategic voice for the co-op movement in Britain. Because what we were faced with, when we lobbied government, even a government that should have been sympathetic to us, we were being told, you are saying this, the housing co-operatives are saying something different, the workers co-operatives say something different, go away and sort yourselves out and when you have done that you will have a powerful lobby, so why did we want to do it, to maximise our political and lobbying strength and we had to recognise that the government we have in the UK is no longer interested in ideology, it is interested in innovation. It is no longer interested in theorising and political acts of faith.

It is interested in delivery of services, of products, of success for communities. So if we wanted to maximise our influence on that government, we had to deliver. We had to deliver co-operative success. And to do that, first we had to have that success, but secondly we had to develop a national strategic voice for our movement.

And that is what we have started to do. On 1 January 2001, several co-operative organisations have merged their professional and administrative services with those of the Co-operative Union. So what we are developing is a very interesting new model. I, in the Co-operative Union, have resources, not much, but the co-operative movement, the consumer movement, provides some resources for me to run certain services, services of good governance, services of constitutional and legal rights, all sorts of representative services with government, with the players in the economy, running the Annual Congress, these are the services I provide, and others of course, political services, educational services. What we are now doing, is offering those services to the other sectors, where they need help and support. It is a very hard-nosed relationship, it is not a relationship of dependency, it is one where we say to them, if you want the services, we will provide them on a not-for-profit basis. We will not charge you and make money on it, but any new costs to the Co-operative Union – you will have to meet. We will absorb what we can, and any other costs, you will have to meet. And they are paying, so it is a clear, hard-nosed business arrangement, they are paying on a not-for-profit basis, so there is no dependency and my present members are not having to pay for the services we are providing to others. But, what it means is they retain their policy integrity, their own identity as a counsel, as a body, but they allow us, or they contract us to provide the policy delivery for them. And what that means, then, is that we are clearly able together to discuss policy direction, strategic direction and we are beginning to develop that strategic alliance which will allow us to impact and punch above our weight with government, rather than below which we have been doing for so many years.

We are still enormously powerful as we all are across Europe. In the U.K. my consumer members, the retail members are worth eight billion pounds a year to the British economy. But together with the other sectors we are worth sixteen billion pounds. And what is clear is that government is now seeing what we are doing. Government is now waking up as I said to what

we can do for them on the ground and they are beginning to show considerable interest. And you will know, some of you, that one year ago, the government set up with the trade unions and co-operatives, a Co-operative Commission, of which I have been a member for the last twelve months, and which will report its findings publicly next week. Very important moment for the co-op movement, in bringing the government, the labour party and the trade union movement, together with the co-operative movement, in the way that has not been seen for maybe half a century in the United Kingdom. It is not revealing any great secrets to tell you that what they will do, and what will come out next week, firstly is an attempt as far as the retail sector is concerned, to give impetus and drive to the modernisation in the retail co-operative sector and one of the most important things it will do is seeking to update co-operative legislation.

The Government was clear to us: You will not get a Co-operative Act of Parliament which is simply about an act of faith between a labour government and a co-operative movement. What you will get, is where you need real action, to support co-operative trading in a way that does not ask for favours but gives the co-operative movement a level playing field with the rest of the economic players in Britain, and you will have it, because at the moment there are ways in which the co-operative movement is disadvantaged by current legislation, so they are promising to support, to update legislation to look at the industrial and provident law in Britain and update it. It will be important, (and I have already discussed this briefly with William and Lorimer Mackenzie), to allow us to drive forward the co-operative statute at European level because one of the obstacles to that is the outdated UK Industrial and Provident Law, so we will be seeking to support that in the British movement for all of us in Europe. They are looking to modernise our structures in the retail movement in Britain, they are seeking to insist that co-operatives are in the vanguard and leading in terms of ethical standards, good governance for business enterprises, accounting practices, management structures – that we should be the best, not being pulled and dragged screaming into the 21st century but ahead of the private sector in Britain.

They are seeking to establish structures which maximise the common strengths across the co-op movement whilst retaining regional and local independence. In other words, they're not saying you need a national co-operative society in Britain, it would not be acceptable to the co-operative

movement anyway. They are saying “you must maximise the strengths of your national profile, while at the same time keeping those very strong, local and regional and community links which the co-operative movement has” and they are seeking to put government structures in place to allow that to happen.

There are sixty recommendations in full from the Commission, a good half of them will be about how we will handle the retail sector and update it to give it the place in British society it should have and deserves and in fact needs. The rest of the recommendations are about the wider movement and creating synergy between the traditional sector, the retail sector, and the wider movement, making the case which we have begun working on as I explained, that you will only be really powerful if you bring the whole movement together in a strategic alliance, while preserving the speciality, the expertise and the different sectoral policy areas. They will recommend that we have a social economy summit in Britain at the end of the year which will be chaired at a very high level. It will deal with new funding for new co-operative ventures, and how you deal with, amongst other things, funding for internet providers who are co-operative. For instance, we have Poptel, a very important internet provider in the UK, which needs venture capital desperately, but which is struggling to preserve its co-operative nature in the search for venture capital.

The social economy summit will be just about funding for existing and new ventures. The Co-operative Union will be tasked with setting up a new task force to develop new co-operative ventures across the United Kingdom in the wake of that summit. In all of these recommendations, the retail movement is to lead. Because what is clear is that the consumer movement is the most powerful, the most established, still the most financially successful part of the co-operative movement in Britain. The other sectors can benefit from the retail movement by what, I hope you will understand the expression, is a colloquial term called piggy-backing on the back of the retail movement’s success, by sitting with the retail movement and allowing the movement to lead, whilst not smothering the voice of those other sectors. Using its financial and economic muscle to open the doors for the whole of the movement, to governments, to economic players and to the media and in that way, we hope to develop a strategic alliance which is about a new creative partnership. It is not about merger, it is not about take-over, it is not about smothering. It is about the retail movement offering its

support, in a very new and positive way, in a creative way to the other sectors of the movement. So far, by very careful work, by demonstrating that this is genuinely meant by putting our money where our mouth is, if you like. We have had a very significant impact and the other sectors are coming to understand that this is a genuine attempt to extend and develop the profile and power of the co-operative movement rather than, as just traditionally they have felt about the consumer movement, that they are there to kill-off the other co-operative development, and be the only bit that speaks for co-operatives. So, it is a very exciting moment, we believe that we have the ability for a very genuine, considerable renaissance, there is development in several areas, which do not have the time to explain to you, but there is no question at the moment – there is a considerable coming together of the co-operative movement in the UK and obviously we will try and keep you informed of what we are up to so you know in the coming months and years how it is working, because hopefully it can help in similar discussions, which I know take place in other countries and you can learn from the mistakes we make for a start, as we go through the next few months.

FRANCE      GNC – The National Co-operative Association  
Michèle TIXADOR-LEBRUN, General Secretary

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I wish to tell you about the French experience of lobbying. Our target is the French Parliament. I will start by explaining what the GNC is all about and what our objectives are, who the various players are, who our partners are. Then I will give you an example of practical lobbying.

**Presentation of GNC (Le Groupement National de la Coopération)**

The GNC is a liaison committee between national federations of French co-operatives. Beyond their diversity, what we do is deal with the common interest of the members. I will present the fifteen networks of co-operatives. Briefly, Lorimer Mackenzie has already referred to five networks of co-operative banks, and that is the thrust of the French co-operative movement. We also have five federations of producer co-operatives (among which agricultural co-operatives) which form a very important sector in the French co-operative movement. We have four user co-operatives (including consumer co-operatives and housing co-operatives). We also have the General Confederation of Salaried Employees (CGSCOP). The GNC is chaired by Jean-Claude Detilleux, who also chairs the banking network Crédit Coopératif.

**GNC objectives towards Parliament**

I would like to give you a brief outline of lobbying in France. Our effectiveness, our success depends upon the ability of the various organisations to work together, to concert their efforts on a number of different themes. In addition, I would like to make reference to other things that were said this morning by both Lorimer Mackenzie and Pauline Green. We want to arrive at different laws, rules, that meet the requirements of co-operatives. We also want to bring about a greater awareness of co-operatives, so that co-operatives are perceived as modern organisations able to meet the social and economic needs of citizens and society at large.

To achieve our general objectives, it is very important to see that the lobbying activities of the 15 confederations and that of the GNC actually fit together. They must work collectively and also separately. These confederations are very important players engaged in lobbying in their own respective areas. However, the GNC intervenes if the overall status of co-

operatives is concerned. In addition, the GNC can intervene in favour of a demand from one or several co-operative families. An action taken in relation to one sector may have consequences for another sector. Therefore it is important for the GNC to manifest a common interest on behalf of the whole of the co-operative movement. Indeed, the concerns of different confederations can have an impact later on other confederations. So there can be requests filed by one family of co-operative that later on can be taken over by other ones as well. The action of the GNC is a political action intended to demonstrate the cohesion of the various families of co-operatives.

### **The players**

These actions are engaged by the GNC, and, more precisely, by the Board of Directors and other specific groups working on legislative themes. Within the larger confederations, there are various groups of experts dealing with Parliament. Not all the confederations are able to have a specific person in charge of dealing with Parliament, in which case the GNC helps to provide links with Members of Parliament (MPs).

The GNC General Secretary works as a valid representative with different study groups that generate different surveys and also with the people within the confederation members of the GNC in charge of the links with Parliament.

### **The partners**

If we now focus more on Parliament, we have two chambers: the Senate and the National Assembly. In each of the chambers, there is a study group concerned with social economy. The study group in the National Assembly has been in existence for 25 years now. It is composed of Members of Parliament, from all different shades of the political spectrum, who are interested in promoting co-operatives, mutual organisations and associations. This group has traditionally been chaired by a member of the current political majority. In that respect, we are rather fortunate, as the current chairman is also the chairman of a housing co-operative federation.

In the Senate, the situation is almost identical. Although the chairman of the group belongs to the opposition and comes from the banking sector, he has a background in agricultural credit.

## **A recent example**

As was said earlier, and this has come across quite clearly in the various discussions, it is difficult for us to make our voice heard. This is a very difficult endeavour because the Members of Parliament are working in conditions that are not making it easy for us. There are many lobby groups defending different causes. Allow me to be very practical regarding the way we carry out this specific action. Quite recently, starting late 1998 and until June 1999, we had to do with a very important Bill, which had a major impact on our co-operatives. This Bill, related to “savings and financial security”, was submitted by the government and had two major parts:

- a chapter relating to the reform of the savings banks which were to be converted to co-operatives, as defined by the government
- another chapter with measures aiming at strengthening the security of the deposits and the general deposit guarantee scheme. Without going into details, it must be stressed that these measures were not taking into account the guarantee schemes existing within the co-operative banking networks.

For different reasons which would be too long to explain here, the French government also took the initiative, within the framework of this draft Bill, to modify the General Co-operative Law of 1947, uncapping interest rates on co-operative shares. This had a major negative impact on the operations of co-operatives in all sectors and was brought about by the government without any discussion with co-operative organisations. We mobilised the GNC to lobby for preventing the enactment of the law. It took us about a year to mobilise our forces and the GNC provided support for lobbying actions that were undertaken locally and nationally. You have to keep your eyes open all the time and be very attentive to what is going on in Parliament, as well as to initiatives being taken by the government before they are submitted to Parliament.

Before the Bill was submitted to Parliament, co-operative banks, which would have been the hardest hit by the uncapping of interest rates, were the first to take action. In addition, contacts were established with the Prime Minister by the GNC regarding the measures that were being envisaged that could call into question one of the basic rules of our co-operatives in terms of funding. The chairman and the Board of Directors of the GNC took actions very quickly to inform officially of their position and brought the



issue to the French Supreme Council of Cooperation (a national consultative body), asking them to provide their opinion on the draft bill. The Minister of Agriculture was also called upon by the agricultural co-operative sector, but the latter was backed by other sectors as well.

After the Bill was presented to Parliament, we worked with MPs who were familiar with co-operatives. And all the various co-operative movements made sure that they maintained communication with their MPs to bring pressures so that the uncapping of interest rates would not be voted. Our action was a two-fold undertaking: we not only had to convince Members of Parliament but also the government, as, in the legislative process, the government has the last word. These pressures were successful and on 1 June 1999, at the National Assembly second reading, after a very tiring and strenuous debate, the decision was finally made by the government to withdraw this Bill.

As for the other provisions of the law, savings banks have become co-operatives, but their statute is a bit different from other co-operative banks, due to their history. Furthermore, a single banking guarantee scheme for all French banks has been created.

I must say that we were quite happy with the outcome of this particular debate: we were able to keep the general rules of operation that govern the functioning of co-operatives in France. I would also like to stress the fact that this result has only been reached thanks to strong cohesion on the part of co-operatives.

## **Conclusions**

If you want your lobbying to be effective, it is really important to be very much present locally, and to stress the fact that co-operatives are able to address true needs.

Members of Parliament or elected officials of course belong to individual constituencies, so the work they engage on a national level must also have a link with what is going on locally in their constituency. They provide a vital link between their constituency and the national level, putting co-operatives in a very strong position, something which must be understood and highlighted. Co-operative organisations have a strong local footing, so the first thing to do, and which is done in most cases, is to make sure that we

have good local relations with MPs in local constituencies. In Paris, at the national level, if we have a strong local footing, then we can count on specialists in the smaller groups who believe in the concept of co-operatives.

This is not to suggest that we should in any way neglect the people responsible for drafting the documents, the secretaries and the administrative staff. They play a very important role in parliamentary procedure as well, and we have to provide these parliamentary assistants with all of the detailed technical information. Likewise for very high-level staff in the two Houses of Parliament working on the various Bills. Very often, they are the ones going into the technical ins and outs of the new Bills in great depth.

There is something else I would like to highlight in so far as this is a practice quite common in France: You have to be in ongoing relations all the time, and not only when you are in need, because when you find yourself in a situation of danger or threat, things can move very quickly and you can be caught off guard. For that reason we have to maintain contacts at all times using different tools. The GNC has a monthly newsletter that is sent to a certain number of MPs. Other federations that provide Members of Parliament with information do the same and answer any queries they may have as well. In the example I have chosen here there have been some cases of fledgling solutions. Some solutions are proposed but it is important they come up with alternatives as well and should not provide the Members of Parliament with the feeling that it is "all or nothing", sometimes you have to accept a compromise.

There are some 580 Members of Parliament, so they are quite numerous and they cannot of course all be well versed in all sectors. Some of the Members of Parliament are more specialised in certain areas. That is the reason why we have to be aware of their knowledge, their specific responsibilities and target them, inform them accordingly.

We also have to be very watchful and aware of what is going on in all the various bodies and institutions co-operatives have to deal with on the economic scene where things are changing very quickly. So you have to be aware of any changes to the economy as they will have an impact on co-operatives. That is the reason why we have to act as an observatory. In the

last three to four months, we have had to keep a close watch on two Bills of Law. First of all one on “New economic regulations” and another regarding “Savings for salaried employees” in France. Co-operatives cannot simply turn a blind eye to these tendencies, as co-operatives are employers and also because such measures will have an impact – be it a direct or an indirect one – on the financial operation of the co-operatives.

ITALY

CONFCOOPERATIVE

Alessio RIGIDO, Member of the General Secretariat

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I am going to talk about the Italian co-operative movement and give some details about its efforts to maintain and extend its influence.

I would like to build on what Bruno Roelants said, because I do think that as he was indicating, critical mass is an important factor for us in our efforts. In Italy the co-operative movement accounts for 6.3 per cent of the Gross National Product. It means we are a significant actor on the scene, an important aspect of generating growth in the Italian economy.

So, that is something which we should take account of, but it did not just happen overnight. Our roots go back at least 50 years, if not more. We have built upon our traditions and our successes over a long period of time through the efforts of a great many different people. On the basis of the efforts made we have become a very well known organisation, a very well known movement and a part of the Italian constitution. There is a specific article in the Italian Constitution, dedicated to and giving recognition to the co-operative movement. This article emphasises our importance in socio-economic terms in Italian society and the benefit that we contribute to life in Italy. Our social and economic benefits are highly valued. This is very important to us. The Italian co-operative movement must comply with these values and characteristics, which it has become known for. The co-operative movement in Italy is a movement of dignity and deserves protection.

Within this role, there are quite stringent controls of our activities on an annual basis. We are subject to strict controls because we are seen as democratic, dignified organisations and it is therefore important that we distinguish ourselves from private-based capitalist companies. We are different, and that is why the stringent and strict annual controls are so important. Those controls prove the ongoing nature of our commitment.

The legislative framework in Italy is essential to our existence and our activities. The legislation goes back a long time. We can draw on legislation from the post second world war period, where a lot of new efforts were made to rebuild society after the war. Co-operation between co-operatives became very important.

The second important law was enacted in 1947. Under that law, the control activities are the responsibility, partially, of the co-operative associations working with the Ministry of Labour. The Ministry of Labour is the control body for the work and activities of Italian co-operatives.

Our movement consists of a membership. Our members have the possibility, and in fact the duty, to carry out control activities. It is a possibility and a duty because it has beneficial effects for all concerned. On the basis of this ongoing statute we are able to provide the set of services that we have heard about from Pauline Green. She was talking about the characteristics of good governance and the broad role that co-operatives play in society. Entrepreneurship in the co-operative movement is not a forbidden word.

In Italy there are 160,000 co-operative organisations affiliated to four umbrella organisations, which represent the Italian co-operative movement as a whole. These have been attributed institutional recognition, so that they can fulfil their role. In our united efforts, we employ 80 per cent of the labour of the co-operative movement.

I was very interested and would agree with a lot of what Pauline Green said. She talked about the strengths and the ambitions of the co-operative movement in the United Kingdom, which may be the way to go for the future. I think that over the last decade the same can be said about Italy. We must resist the attacks that have been made recently on the co-operative movement. A model based on uniformity where co-operatives lose their specific characteristics is really unacceptable to us. A number of bodies have attacked the co-operative movement merely because of our success and the critical mass which we have achieved, and because of the support we received from public bodies.

Indeed, co-operatives do work at different levels: regional, local and national. Despite these attacks, which are quite vociferous in some circles in Italy, at least against the specificity of the co-operative movement and the fact that we are different from certainly the mercantile sector of the economy; we have succeeded in growing over the last decade. We have a turnover of 132 billion Lira, a big figure in anybody's business and language.

An income of 274 million Euro, plus the 61 billion Lira from the other surpluses we have achieved, I think shows the success of our economic activities.

Of course, putting the figures in Italian Lira makes it all sound inflated, but these are important figures because they give you an idea of the scale involved in the co-operative movement, the extent of its activities. We use this income to develop our economic activities, to develop new co-operatives and new co-operative initiatives. These resources which we generate have to be sufficient for our purposes of developing new co-operative initiatives.

If we can increase the so-called social capital of the co-operative movement, a very important benefit can be achieved through our activities.

I would like to move on and tell you more about the lobbying work that we have been involved in Italy.

Earlier Lorimer Mackenzie talked about lobbying. I think he was saying that you should contact your political representatives, communicate with your parliamentarians and governmental representatives, and that the channels of communication were very important. I think we try to do the same thing in Italy. Not only are the figures involved highly significant but also if you look at the employment level – 620 000 people employed – plus another 130 000 from other sectors, all adding up to three quarters of a million people employed in consumer co-operatives and housing associations; all types of organisations which cover the socio-economic spectrum in Italy. 750 000 working people represents a large body of working people. I mention this because it is part of our lobbying work with the government.

The reason why we wish to establish bridges of communication with Italy is amongst other things because we have achieved a critical mass with a 28 per cent increase of our job-level over the past three years. In any sector of the economy, that can be seen as a significant increase over the past three-year period. We believe that it strengthens our role as a negotiating partner with public bodies, governments and the people we wish to talk to in order to establish dialogue. I mentioned this so that you understand the dimension and the scale of the Italian co-operative movement.

Having shown you those figures, I will now talk about our lobbying work. I will start by mentioning the two basic aspects of legislation which underpin our work. Firstly, the constitutional clause and secondly the 1947 law, which is a bit more detailed than the constitutional clause. It has certainly served our purpose because it underpinned what I can correctly describe as the success of the co-operative movement. Within our lobbying work, the co-operative movement receives a number of advantages where for example subsidies or premiums or bonuses are paid for start-up co-operatives. There are also tax reductions which also benefit new co-operatives and various types of co-operative organisations in Italy. Many competing organisations criticise these provisions because, they say, they are unfair benefits to the co-operative movement; but, as you will see, we have managed to survive and those provisions certainly still exist to our benefit, and we hope to the broad socio-economic context in our society.

We are represented throughout Italy by a widespread network. This makes our representation on a regional level in Italy very important. We would certainly say that our lobbying efforts probably correspond to what we heard from Michèle Tixador-Lebrun. Our success in lobbying is based on the new model of decentralisation in our country. Because of this decentralisation, the regional and local provisions which are now enacted, and which are important for socio-economic policy, now benefit and actually tie in very well with the efforts which are being made with the co-operative movement. It was easier to attack the co-operative movement in the past but now, the network of co-operatives is seen as being an important part of the country. We are certainly therefore in a much better position to resist the attacks which have taken place in Italy against the law. The new decentralised policies favour the co-operative movement and benefit us even where at the local or regional level you have right wing or centre-right governments. Because of our network which stretches not just in geographical terms through the various levels of Italian society, I feel that we have a visibility, a profile which is very important in the Italian context. It means that we are familiar with people in our society. For example, at the rural level, the role of agricultural co-operatives is recognised.

We feel that we have an important base there for the future and we hope that we can continue to build on this. We have similar lobbying ambitions and structures to those we have already heard from previous speakers. The Italian model for lobbying certainly is parallel to what we heard about from

Michèle Tixador-Lebrun. We talk to heads of government and of departmental units in public administration.

In addition, it is very important that the co-operative movement be mentioned in the public domain. If we get the word co-operative in newspapers and in the basic channels of communication and media, then that is very important for us. We wish to be a part of the vocabulary of media and communication and that would also extend to new channels such as the Internet. I further suggest that the ICA think over the next few years about organising a conference on communication about this particular subject. The Internet would play a very important part in such a conference, as a place where we could talk about our presence. Becoming part of the vocabulary, having a high profile and coverage in the spoken and pictorial media is very important, as is a part of our lobbying in broad terms. We are also involved in e-commerce and our first e-commerce project is well under way. It should be ready in April 2001. This is maybe a part of the future for the co-operative movement. New channels of communication will be a bridge between the international co-operative movement and organisations in different countries; and maybe it will be easier to knock on each other's doors in the future to exchange information to help each other. If we can communicate on such things, share good ideas, a good governance, a code of conduct, the reality of Europe, the continent as a whole, will become closer and something of greater proximity to us all. I hope we can achieve this.

I wish to finish by talking about one or two further points. I am not saying that the Italian co-operative movement is without blemish. I am not saying that we have had complete success. We were slow in framing legislation, in the new way of thinking. We have these two pieces of legislation, one being the 1947 legislation and the other a Constitutional clause. However we do need to develop the context and framework due to the big changes which have taken place in the last 5 to 15 years. There have been moments of crisis during these recent years in some sectors of our movement. The building sector for example has been subject to all sorts of strains and tensions, affecting the co-operatives which have to do with that sector. The benefits, the subsidies that go into wages in the sector are an important part of the economic and social activities of that particular sector. The funding paid for periods of unemployment, which are well known in this particular economic sector, is a very important thing to consider. Furthermore, the



relationship between the co-operative movement and these considerations in this sector has not been easy over the past years. There is a new draft law now which has looked at these particular questions. According to this law, co-operative organisations are now on an equal footing with other organisations. This is another achievement, strengthening our position and hopefully helping us to overcome some of the problems I mentioned we had experienced over the last 5 to 15 years. The question of funding and subsidies is of course something which can cause friction. I think, all too often, the co-operative movement is seen in a broad context. Its diversity is not fully appreciated and that is why I think it is important that the draft law, the understanding of the role of the co-operative movement takes full account of our diversity in order that the framework for our activities is appropriate. We have been in contact with trade union organisations, especially over recent years, and we have reached an agreement with them which actually recognises our diversity as a movement and which also promotes the co-operation and understanding between ourselves as co-operating partners. Indeed there have been a number of other agreements with other sectors of the Italian economy which are very important. We attach much importance to this communication and treat it, as a part of our lobbying work.

Actually, Romano Prodi has played a very important role in some of these positive developments when he was a member of the Italian government. In fact, it was his signature on a number of important laws and provisions which I refer to here on workers associations. For example where the trade unions' signature was very important to the legislative provision put forward by Prodi on workers' associations.

Communication with government representatives in Italy has been rather successful. People like Romano Prodi have had an ear for the co-operative movement and we have not been left out in the cold. The way it works in Italy with our procedures and our administration, is that legislation is drafted and submitted to the government who examine it before it goes to Parliament, which then of course debates and votes on it in the normal way. I am hoping also that in the near future, there will be new legislation which will promote and underpin the role of the co-operative associations in Italy. It is a new world, perhaps a new economy but we still want to build on solidarity and co-operation and this developing legislation which we look

forward to achieving through our lobbying efforts will continue to be important in promoting further stages of our development.

Lobbying with National Governments – case studies presented by  
Central and Eastern European co-operative organisations

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HUNGARY      CO-OP Hungary – National Federation of  
Consumer Co-operatives  
Zoltán SZÖKE, Vice-President

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I am going to talk about social dialogue and lobbying at this meeting. On behalf of representatives from Central and Eastern European countries, who are preparing to join the European Union, I would like to say how important this gathering is. It was only ten years ago that our countries began moving towards a market economy. At that time, economic competition began in our countries, including in Hungary, and we have had to face up to very stiff competition. There is a further challenge for Hungary, linked to its future entry into the European Union. Our administration is going to have to adapt to the very complex European Union system. That is the reason why I would like to congratulate ICA Europe for having organised and taken the responsibility for this meeting.

Since 1989, there has been a forum in Hungary within which there are ongoing tripartite negotiations. When I say tripartite, I mean the government, trade unions and employers' organisations. This is what is referred to as the Council for the Reconciliation of Interests. The government, six trade union organisations and nine employers' organisations are all represented in this structure. Of these nine employers' organisations three have to do with co-operatives and one with consumer co-operatives. The latter is the organisation which I represent. Since 1999, this structure has been re-organised. Originally it was a centralized structure which has now been de-centralized, broken down into different territorial bodies. It has been placed under the responsibility of the National Labour Council: The National Labour Council deals with questions concerning labour, especially with determining the minimum wage for salaried workers and proposals for wage increases on a yearly basis. In some cases, it also deals with questions arising from any modifications made to labour legislation. Other questions dealt with are changes in taxation and any changes in the level of subsidies.

Along with the input from all the organisations mentioned above, there is input from the European Integration Council. The Hungarian Government contributes through the Prime Minister and the Foreign Minister. They provide us with general information regarding the progress of negotiations for entering the European Union on the one hand and with information on specific items on the other.

In addition, there is a National ILO Committee. Through this Committee, it is possible to work in a very co-ordinated way with the ILO.

Working in these various forums has enabled us to forge close ties with trade union leaders and government members. Thanks to these close ties, we have been better able to defend the interests of co-operative members. I would like to point out that co-operatives in Hungary are all SMEs. As SMEs, they constitute a very specific group of companies characterized by limited capital and low efficiency. I would say that they are at the mercy of multinational companies that are gaining more and more economic ground in Hungary. Without exception, co-operatives function exclusively with Hungarian capital and they are active in niches of the economy that other companies are not really interested in.

The Hungarian government has introduced specific policies regarding credit availability and support for SMEs in Hungary to ensure their survival. There are four different federations. There is one federation for merchants, one for craftsmen, one for small industries and one for consumer co-operatives. They all work together. They have set up a confederation for the reconciliation of interests of SMEs and they work hand in hand with the Hungarian government. For a long time, we have had co-operation of the various co-operative sectors. This is a long-standing tradition within the framework of the National Co-operative Council. This brings together some six different organisations. They work together with the government, playing an advisory role and expressing their opinion to the latter on a number of matters concerning co-operatives.

In early 1999, nine Hungarian employers' organisations set up the Confederation of Hungarian Employers' Organisations for International Relations. Its role is to give us an opportunity to act in a co-ordinated way in international forums. Through this co-operative confederation, the retail

business that I represent is able to take part in gatherings like this one organised by ICA Europe and in other EU forums as well.

Our organisation has become an associate member of UNICE which is responsible for representing industries and employers organisations in the EU. Working together with them helps us a lot in preparing to become a member of the European Union. Last autumn, UNICE held its Presidium meeting in Budapest. Our organisation is also a member of the IOE, an international organisation for labour questions. We regularly take part in the work of the ILO. The Hungarian government backs our effective work in this area by financial support.

Employers' organisations and trade unions have set up a joint consultative committee. This co-operation has made it possible for us over the past 5 years to pass on our observations to the European Commission.

I hope that you have found this brief overview of our institutional framework in Hungary instructive. Working with these various organisations has enabled us to get acquainted with the workings of the EU so that we can get ready for our entry into the European Union. There is one more thing I wish to mention: an effective defence of interest can only be possible if you have a strong economy. This is the basis for everything. Without that, the work that we perform would not be successful.

POLAND                      National Co-operative Council  
   Alfred DOMAGALSKI, Chairman

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Lobbying, I think, is very important today. In our country, however, it is given much less importance. Indeed, lobbying in Poland has not yet reached the level of lobbying in the European Union.

We have paid little attention to the question of lobbying since our political system changed and the transition of our economy started. We thought that the meaning and the importance of co-operatives were so well known that we would not need to lobby this kind of business. Nowadays, co-operatives are losing ground and private limited companies are taking the place of co-operatives in Poland. We are now trying to remedy this situation.

So, what are the problems? And how do we aim to increase lobbying for co-operatives? First of all, lobbying only governments is not enough. The most important thing is that we must lobby the mass media. There are three aims to lobbying in Poland. First, to improve the image of co-operatives in Poland. Secondly, to emphasise the role of co-operatives in society. And thirdly, to co-operate with the government to increase the standard of living in our society.

So how do we go about changing the bad reputation co-operatives have inherited from the old system?

We are active at national, regional and local levels and in the different sectors of the economy. On the national level, lobbying is done by the National Council of Co-operatives which represents all the co-operative movements in Poland. Our National Council of Co-operatives has thirteen different national co-operative movements. On the local level, lobbying is done by each co-operative.

What do we do to promote co-operatives? It is vital to have good promotion: One of our activities is to organise co-operative fairs. At co-operative fairs, different co-operatives bring their products and show people what they can produce. Each year, on International Co-operative Day, we promote the co-operative movement. Our co-operatives have a long history, which we celebrate. Co-operatives are becoming more and more active and

we are getting a lot of press coverage in magazines and newspapers. In addition, we organise conferences and seminars.

What is also very important is that we support school co-operatives. We have over 800 school co-operatives. School co-operatives are mainly active at primary school level and in further education. The National Council of Co-operatives has created a special foundation to increase help for school co-operative activities. The effect of this is becoming more and more visible.

However we have problems being understood by our government. Unfortunately, lots of politicians still think that co-operatives are relics opposed to the government. In order to convince the government, we need more time. We work hard towards that, but without good relations with government authorities, it is hard to do anything. Therefore, we are looking forward to the European Co-operative Statute and the White Paper on Co-operatives of the EU. I think these two very important documents will be of great help to us in convincing the government about co-operatives.

CROATIA            Croatian Co-operative Alliance  
                                 Natasa GRBIN, Advisor

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I would like to greet all participants of this seminar. I also send you the best regards from Mr. Željko Mataga, President of Croatian Co-operative Alliance.

It is a great pleasure to attend this meeting, thanks to the fact that during last year the Croatian Co-operative Alliance became a member of the great co-operative family - ICA.

Today, lobbying is a theme of great importance, particularly for the activities of non-governmental organisations. I believe I am going to learn a lot about lobbies and lobbying, which I intend to share with co-operatives in my country.

Non-governmental organisations like co-operative federations cannot reach their basic goals without adequate lobbies towards government and parliamentary bodies.

Ari Fleischer, the spokesman for President Bush, declared on 7 January 2001 to the New York Times: "I believe deeply that many of the nation's answers can be found in the state's capital." How did we, in Zagreb, understand the message of this statement? We understood that the largest part of the problems could be solved in the capital, where the seats of government and Parliament are located. Therefore, we consider that, for the success of the Croatian Co-operative Alliance's mission, it is necessary to have good relations with particular ministries and Parliamentary committees.

On the occasion of the recent visit of the ICA President, Roberto Rodrigues and Gabriella Sozanski to Croatia, the Croatian Co-operative Alliance arranged for our guests to meet with the Minister of Agriculture and with the Minister of Small and Medium-sized Enterprises. They were received by the President of the Croatian Parliament. During their visit, Roberto Rodrigues and Gabriella Sozanski were able to witness the good relations the high level of mutual understanding and the appreciation that the Croatian Co-operative Alliance has with both government and Parliament.



Yet, those good relations have needed time to be developed. In 1989 and 1990, at the beginning of the transition process in the Croatian economy, many of the recently-elected government and MPs were strongly convinced that co-operatives were the result of socialism, the remains of communism that could not find their place in an economy based on private property and a free market.

It took a lot of skill and strong professional arguments to prove that the co-operative movement was a 150 year-old democratic achievement which certainly had its place in conditions of the new economic system. Trying to retain co-operatives, we concentrated on a few points:

- motivating lawmakers to support us;
- assessing and increasing political strength among newly-elected MPs;
- building an effective lobbying infrastructure that will give support to our campaign;
- drafting legislative proposals more likely to pass;
- negotiating with other interest groups of farmers, artisans and fishermen;
- avoiding the traps of legislative procedure;
- enabling co-operative experts in this job and
- succeeding in our mission.

Croatian Co-operative Alliance experts drafted the Co-operative Law based on the experiences of other European countries and the Croatian Commercial Code of 1875. The draft law was submitted to the government and to the competent ministry. Although the proposal was well received, it was rejected.

We turned to Members of Parliament. Then, the Parliamentary Board (with a majority of farmers' representatives) adopted the initiative to put this law to Parliament. The Co-operative Law was enacted in 1995.

In this case, the Parliamentary Committee on Agriculture was our lobby, without which we could not have realised our mission of adopting a Co-operative Law which is the legislative basis and the model for the development of a new Croatian co-operative movement similar to co-operative movements of the European Union.

Similarly to the previously mentioned model, we prepared the Credit Union Law. The banking lobby was against credit unions within the money market and financial transaction systems. However, using the experience and professional help of our friends from the German Co-operative Federation who helped us in preparing the draft law, the Croatian Parliament adopted the Credit Union Law in 1998.

The Croatian Co-operative Alliance still considers the co-operative legislation is not enough to stimulate faster development of the co-operative movement. For this reason, in the year 2000, we started lobbying again with the aim of making some modifications to current legislation. The result of those efforts is the new Draft on Amendments to the Co-operative Law and Credit Union Law which are just now being examined by Parliament.

The co-operative movement in Croatia did not have its own ministry until last year. It used to be divided, depending on activities, in the agricultural, financial, economic and industrial ministries. Since last year however, we have had a separate ministry – the Ministry of Crafts, Small and Medium-sized Enterprises, whose representative is also here today. This ministry has a special department for co-operatives headed by an assistant to the minister. This person was a co-operative member previously and is now a member of the Managing Board of the Croatian Co-operative Alliance.

We are still looking for better solutions, and we believe that your knowledge and experience will help us in creating a better future for the co-operative movement in Croatia.

BOSNIA AND  
HERZEGOVINA

Co-operative Federation of Bosnia and  
Herzegovina

Rajko BABIC, President

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It is very important for Bosnia and Herzegovina to take part in this seminar, the purpose of which is the promotion of the co-operative image as well as lobbying in Central and Eastern European transition countries. Among these countries, Bosnia and Herzegovina is in a highly specific and difficult situation. In addition to the shadow cast on the co-operative image by the previous political system, the country has experienced a four-year war crisis. The consequences of the latter are tremendous in rural areas, as over two million people have become refugees and a large part of the economy has been partially or completely destroyed. Transition from the war economy to the peace one, together with property ownership transformation has influenced the co-operative movement in a negative way.

The time period between the two world wars was a prosperous one for our co-operative movement which was developing according to the European co-operative model. However, the period from 1945 to 1990 can be said to have been really unsuccessful, because it became an instrument of the government and its policy. Co-operative principles and values were abandoned and co-operative property became state property. The period from 1949 to 1953 was especially harmful to the movement, as forced collectivisation was applied. This made a long-lasting negative impact on the image and respectability of the co-operative movement. The period from 1953 to 1966 could be regarded as the co-operative renaissance, which was unfortunately followed by a system where co-operative business was in the service of the state through legislation. The war crisis, long term political instability and the property transformation process in this region have had very negative consequences for the co-operative movement.

Over the last three years some serious efforts have been undertaken to revitalise and improve co-operatives. The Co-operative Union of the Federation of Bosnia and Herzegovina and the Co-operative Union of the Republic of Srpska were established. Finally, on 21 December 2000, the Co-operative Association of Bosnia and Herzegovina was established as an umbrella organisation collaborating with other similar institutions at national and international level.

Recently, Bosnia and Herzegovina has been given a great honour by the visit of leaders of the ICA Europe and the global ICA (Lars Hillbom, Gabriella Sozánski, Roberto Rodrigues). It was a great stimulation for our movement and it attracted many new members to all co-operative sectors.

On the other hand, co-operative and business experts from Sweden have given lectures at seminars on co-operative development in Bosnia and Herzegovina, and organised the training of co-operative managers. This project financed by the Olof Palme Centre will continue until the year 2005.

Many of our experts have attended seminars on co-operative development in Italy and Germany to improve their knowledge about; and exchange their experiences with modern developed co-operatives of Western Europe.

However, in spite of some improvement, the co-operative movement in Bosnia and Herzegovina still has a lot of problems to solve and obstacles to overcome for a faster revitalisation of the movement. Some of these are:

- the lack of adequate governmental support, which is reflected by the fact that there is not a single regulation stimulating co-operative development;
- inadequate economic and legal regulations in general, especially relating to co-operatives. Regulations need to be improved, particularly the Co-operative Property Law, in which the co-operative property status must be defined more clearly;
- the lost trust and security of the members is not easily regained;
- the lack of true and qualified co-operative staff is a special problem due to the existence of three generations:
  - the oldest generation, at the very end of its working life but with great experience and currently very useful,
  - the middle-aged generation, which was working during the co-operatives' devastation period and is still working now during the ownership transformation process, and who wants to privatise the co-operative property,
  - the new generation having no co-operative experience at all, but still worthy of our attention as a potential future power.

The situation is similar for co-operative members who have experienced great disappointment due to different events that have occurred within the movement.

New entrepreneurs, war-profiteers and the ownership transformation offsprings do not like to have business deals with or competition by co-operatives, so they influence state bodies, create economic relations and legal regulations according to their own interests in collaboration with governmental structures.

Recently, there have been some positive moves toward economic and social reforms in all aspects of life, aiming to provide a democratic society, a self-sustaining economy by national and international collaboration.

From this highly respected meeting in Brussels we expect to use political weight and professionalism to achieve the following:

- To influence our entities' and national governmental institutions to give adequate moral and material support to the co-operative movement. Support has never meant having a privileged status, but receiving equal treatment across the entire economy.
- We would appreciate getting more international support for co-operative staff training, in addition to support provided by already engaged institutions such as the KF Project Centre, Legacoop, GTZ etc.
- Investment in the further development of co-operatives by some international organisations and institutions, which would be particularly beneficial.
- To request some highly developed countries' co-operative associations to transfer know-how and experience, to establish multilateral economic relations, and to invest, especially in agriculture where our possibilities for development are the best.

The mass media play a very important role in the creation of a good co-operative image and in lobbying it among all political, social and economic structures. The economic situation of Bosnia and Herzegovina is unstable and very poor, so our co-operative movement is not able to develop its own communication and information network by itself. Clearly, support in that area is another necessity.

YUGOSLAVIA      Co-operative Union of Yugoslavia  
Filip OGNJENOVIC

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The co-operative movement in Yugoslavia has a long history. Co-operatives established here were amongst the first ones in the world. The first co-operative was established in 1846 in Backi Petrovac. They operated successfully and in compliance with the co-operative principles. The legal status was set out in the Law on Commercial Co-operatives, enacted in 1937, along other legislation prevailing in the Austro-Hungarian Empire.

In 1946, the Basic Law on Co-operatives was enacted. It promulgated not only the principle of voluntary co-operation but also obligatory co-operation, which resulted in the establishment of farm co-operatives. The so-called socialist transformation was a turning point for co-operatives. It took over co-operative property at the time, as the property of the People's Co-operative Organisation. In 1953, under the Constitutional Law, property was declared to be socially owned. That and other changes in Yugoslav legislation were targeted towards the socialisation of production on farms. Consequently, co-operatives and their members were deprived of their rights. The predominant part of their property was thus transformed into social ownership. That is why the property of most of the co-operatives remained in social ownership. The concept was a failure. Co-operation at the time suffered striking deformities: Firstly, a co-operative was state owned and run according to state policies. This is contrary to the fundamental principles. Secondly, the notion of a co-operative was changed. A co-operative came to mean a farm co-operative, and a socialist enterprise. These two distortions resulted in a sort of liquidation of the co-operative movement.

It was only in the late 1980s, when the Associated Labour Act was adopted, that some changes occurred in farm co-operatives.

At present, the new legislation has brought few overall improvements, especially with regard to co-operatives. That legislation gave many hope of a return of state credibility, since it has finally become possible to establish consumer co-operatives, savings and credit co-operatives offering intellectual services. The novelty in the Federal Law on Co-operatives of 1990 provided a considerable stimulus to co-operative members who, like

the employees, had had their say in deciding on the kind of co-operative to be set up. However, resistance to the establishment of co-operatives occurred at the very beginning of this attempt at liberalisation. Agricultural combinats came to the forefront, as institutions of the regime assisted by local authorities. Still, the resistance was not the only problem facing the revival of the co-operative movement in the 1990s. A great deal of local problems are rooted in globalisation, which characterises the whole of the 20<sup>th</sup> century. This is a harsh reality preventing man's free choice.

Crucial changes occurred in the 1980s in the environment here and abroad. Yugoslavia reached a decisive crossroad: It was necessary to find a road leading to a new society. Primarily, it was necessary to find a way out of the gravely ailing economy, and a way out of the political crisis caused by both the breakdown of the social and political system and the strong movement of ethnic minorities. Taking a new path became necessary in order to overcome the present highly unfavourable situation in economic, social and political aspects of development. Problems include the dependence of nutrition of the population on ever more costly food production technologies, destructive effects, threat of unemployment the active population faces, and the highly deformed relations between village and city.

Such a picture of the world we are living in, reflecting our own situation in the mirror of events dominating today's world could be both the speeding and the slowing factor in the revival of the co-operative movement. During the war and in its aftermath, a co-operative could have comparative advantages, when compared to any other organisational set up in restructuring the economy in Yugoslavia. The co-operative sector could thus find its place amid the public, state and private sectors in many fields of human activities. Currently, co-operatives face internal problems common to all in that environment. The difficulties faced by our co-operatives today which relates primarily to the nature of a co-operative are:

- a credibility crisis and a farce of co-operative management;
- a mistaken ideological notion and a distortion of day-to-day co-operative operations;
- and the most recent dilemma about the reinforcement of the role of co-operatives.

Furthermore, few truly believe in brighter prospects for this movement. Hence, the promotion of a new, more efficient co-operative system would

be conditioned upon the establishment of relations in two essential areas: Firstly, the attitude of the state towards co-operatives, and secondly the relationship between co-operatives and their members.

Given the fact that co-operatives were taken into state ownership in the past, it is crucial now to suppress the bureaucracy in present co-operatives by gradually transferring decision-making power to the membership. Improved legislation can help create a more stable co-operative sector. The effectiveness of such legislation greatly depends on the attitude of the state. Legislation must prevent the abuse of co-operatives for political, religious, nationalistic or other purposes. Via its legislation, the state must recognise co-operatives as equal to all other kinds of enterprises. Furthermore, a strategy of co-operative development supported by state policies must be put into place. This is the approach of the most recent Law on Co-operatives in the Federal Republic of Yugoslavia, enacted in 1996.

In the last twelve years, the co-operative movement has been struck by a number of unfavourable developments: Hyperinflation, which devalued their work; the absence of adequate credit support to an impoverished production, unstable agrarian policy, centralised decision making in all the spheres, internal constraints and the favouring of individual entities on the market, the transfer of the burden of welfare policy to the primary production sector, amongst other things. All of this contributed to the general impoverishment of co-operatives and of their members. Problems in the political sphere prior to the democratic changes in Yugoslavia and Serbia caused an impoverishment and a dramatic drop in the agriculture and craft sectors; a malfunction in whole sectors of the economy (for example the agricultural machinery industry, the fertilizer industry, etc.) and a general decline in the living standard and the economic power of farmers and artisans. That is why some co-operatives were unable to operate and existed on paper only. Coupled with an adequate taxation policy, it ruined housing co-operatives. Presently, only a few are still active.

Yugoslavia has about 2 million rural inhabitants. This represents 17.8 per cent of the total population. About 78.2 per cent of total agricultural land, or 84.6 per cent of arable land is held in smallholdings. They own some 410,000 tractors, 250,000 cultivators and 20,000 combines and almost 90 per cent of all the livestock. The high share of farm holdings in agriculture means a considerable share of market surpluses and accumulation of social



product and national income. However, agricultural production on farms is falling behind the possibilities. Higher production to meet local demand, to build buffer stock and to increase exports is only possible by the economic consolidation of existing co-operatives and the establishment of new ones where there are none or where they are non-functional. At the moment some 2,500 co-operatives are operating in Yugoslavia, of which 1,200 are agricultural. At present 15 per cent of co-operatives are inactive. The number of farm co-operatives is an important factor in the determination of the role of co-operatives in the overall economy, and their physical, human and financial resources and economic status. Farm co-operatives are unevenly distributed. Their number is very small in hilly and mountainous areas where one co-operative is found per dozen or so villages.

Quite apart from the positive trends in terms of quantity, it is more important to strengthen the co-operative movement in Yugoslavia in terms of quality. Several significant areas can be singled out: Firstly, the necessity to keep pace with current developments in the international co-operative sector, secondly, ownership transformation, thirdly the nomination of priorities of possible activities for the reaffirmation of co-operatives, and fourthly co-operative education (as the most important element in reviving this new type of co-operative movement).

Given that the reaffirmation of the values of co-operatives is the most topical matter in the world, the Yugoslav co-operative movement must not stay out of these trends. It particularly concerns the dimensions of co-operative transformation in the countries of Eastern and Central Europe where co-operatives developed along similar lines as co-operatives in Yugoslavia in the last decade. It is of paramount importance for our co-operatives to break through the isolation imposed on them against their will.

Agrarian policy in Yugoslavia over the last 10 years has been founded on providing ample resources for production and marketing of food on the small local market; a slowdown of non-profitable food production to the limit of biological exhaustion coupled with poor arrangements to confront the prices and payment terms for the products supplied imposed by the state as a "fait accompli" and thus exploitation of co-operative members by the state. Social policy problems have been shifted to the primary agricultural production sector.

Confusion, frequently coupled with a lack of willingness to implement relatively good solutions provided for in the basic federal laws (on enterprises, ownership transformation, social capital, administrative proceedings, etc.) characterised agricultural policy during this period. Changes and amendments to the laws aimed at discouraging economic initiatives.

Economic entities were favourites close to the ruling regime. They were granted special facilities like exclusive rights (allocation of quotas and contingents), or the so-called authorised supplier status (which most often had nothing to do with agriculture).

In the Republic of Serbia, the absence of legal regulations was compensated by government decrees, which ruled while the executive branch took over the powers of the legislative branch. The former regime has replaced most decrees with instructions. These usually consisted of conclusions around the so-called co-ordination teams, which by and large sanctioned any disagreement or operation out of line of the wishes of the executive branch. The period from 1992 to this day is the worst in development terms, of agricultural production results, and of handicraft products. This is mainly due to the lack of necessary economic policy measures, and to the disastrous drought last year.

The option of new democratic authorities towards agriculture as primary economic activity via co-operatives calls for stopping the further reduction of agricultural output. Complex measures such as credit financing and the implementation of pricing policies, credit, monetary and land policies are necessary. These measures, once in place, would help overcome the problems of the past. The Federal government will enact a Law on Changes and Amendments to the Law on Co-operatives. That law will help create a stable co-operative sector and prevent the abuse of co-operatives for political, religious, nationalistic and other purposes. These state regulations must recognise that co-operatives are as legitimate as other kinds of companies. Based on state policy, adequate strategies for the development of co-operatives must be devised.

Ownership will be transformed and a new, more efficient co-operative system, adapted to our times, will be promoted. Both processes must evolve simultaneously, firstly at the state level and with co-operatives by the

adequate implementation of legislation, secondly by the internal relations within a co-operative – regulated by the statute of the co-operatives. Generally speaking, legal and co-operative regulations should provide for the possibility of maintaining co-operative identity, namely the possibility of adapting co-operative organisations to the economic environment, while preserving co-operative identity.

In view of the complexity of our society in transition, the state is expected to actively engage in reaffirming the co-operative movement. The implementation of the Law on Co-operatives to the letter would result at least in: Firstly, the recognition that co-operatives are primarily private businesses which belong to their members, and via economic democracy and participation they are able to promote the welfare of their members. Simultaneously, through their social responsibility and their mobilisation of available resources, contribute to the development of their country in general. Secondly, they delineate the areas of exclusive scope of operation of co-operatives and those in the domain of government policy.

Development and reaffirmation of co-operatives must be assisted by the state indirectly as well. This can be done through research, planning and the promotion of facilities conducive to the breakthrough of co-operatives into the business world (possibly with the help of subsidies, tax relief, incentives to financial institutions to grant credit lines, technical services, information of the public for membership recruitment...). Next, co-operative development policy must aim at promoting self-help and togetherness on the basis of economic motivation, namely personal benefits. This is to avoid the impression that co-operatives, assisted by the state are para-statal institutions.

Experience gained at this workshop will contribute to these ends, along with the exchange of views about the progress of the co-operative movement with the national co-operative unions inside and outside the EU, with whom Yugoslavia will renew contacts in the sphere of co-operatives.

ROMANIA      UCECOM – National Association of Handicraft  
and Production Co-operatives

Gheorghe ZAMPHIR, Advisor to the President

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At present, Romanian society is in transition from a centralised to a market economy. This complex process has many unknowns and has left its mark on the development of Romanian co-operatives. There were difficulties such as decapitalisation, the impossibility of modernising production processes, bad management and finally an inadequate way of thinking.

Governmental circles paid little attention to the co-operative movement, owing to the bad image of co-operatives and a multitude of other problems. In February 1990 however, two new decrees were passed. One deals with the consumer and credit co-operatives, and the other deals with goods and services co-operatives. The sad fact that agricultural co-operatives were abolished is deeply felt in Romanian agriculture today, which is in decline.

In 1996, the Law for the Organisation and Function of Consumer and Credit Co-operatives was adopted. The Law for Goods and Services Co-operatives was adopted by the Senate and is currently being examined by the Chamber of Deputies.

The present social-democratic government, which came to power at the end of 2000, has shown itself willing to support co-operative development. Its manifesto is in favour of the UN recommendations regarding the role and place of the co-operative movement. In addition, it advocates the achievement of partnership forms that will ensure consultation and a permanent dialogue between co-operative movement representatives and the legal and decision-making authorities. This will stimulate development of new types of co-operative organisations (for instance, in health and social care, privatised public services, etc.) and development of the co-operative movement as a whole across Romanian society.

The new government's first concrete measure was to set up the Ministry for Small and Medium-sized Enterprises and Co-operatives. Its mandate is to draw up and implement the strategies and the programmes to develop SMEs and co-operatives.

With regard to commodity and service co-operatives, (which we represent here), the adoption of the Law for Commodity and Service Co-operatives is urgent. It will define our relationship with the free market. In short, commodity and service co-operatives in the urban sector account for:

- About 95,000 jobs currently held by co-operative staff.
- About 1,000 co-operative organisations all over the country.
- A network of 1,271 shops.
- 6,631 service units.
- Exports worth 71 million dollars at year 2000 prices.
- A turnover of about 175 million dollars for the year 2000.
- Duties, taxes and other obligations to the state worth 109 million dollars.

As part of their development strategy for the 2000-2005 period, commodity and service co-operatives have the following goals.

- The reorganisation and modernisation of economic activities to adapt them to market demands.
- The optimisation of the use of the financial and human resources available.
- The improvement of product promotion on the market.
- The improvement of management in co-operative organisations.
- Training and thus improvement of the workforce at the same time.
- The promotion of co-operative principles and values as a benefit to society.
- To increase the co-operative movement's contribution to reducing unemployment, increasing social cohesion and solidarity in communities.
- To get back either the assets taken from co-operatives during the communist era, or to obtain compensation instead. The proceeds can be used to set up a fund for the development and modernisation of co-operatives.

These goals can be achieved more easily with the promise that the co-operative movement will not suffer any discrimination, as well as by fair payment for all the direct and indirect services that co-operatives deliver to society. In addition, the provision of a legal framework promoting co-

operative development in Central and Eastern Europe must be given high priority. It must take into account the history and the beliefs of the movement. Furthermore, European co-operatives must be dissuaded of setting up structures on religious, ethnic, or political criteria.

The main domains in which the European Community can take action to support the co-operative movement of Romania are:

- government members, MPs, and public institutions are to collaborate on improving training and education about co-operative values and principles. That way the population will have a right to choose how to assume its own existence;
- it must guarantee that co-operatives will be treated equally in all fields and not be discriminated upon;
- it must adopt regulations concerning the legal regime of co-operative property, its protection and guarantee as private property with its specificities. These must be in accordance with the third principle stipulated in the Statement on Co-operative Identity adopted by the General Assembly of the International Co-operative Alliance at Manchester in 1995;
- organising the return of property taken from co-operatives over the 1950-1968 period or the payment of compensation instead.

To conclude, I wish to emphasise that the whole of Romanian society is drawn into the European Union integration process.

The commodity and service co-operatives of Romania, as members of civil society, contribute to the fulfilment of the European accession criteria.

We are currently busy applying European legislation. We maintain a regular dialogue on both bilateral and multinational levels with co-operative organisations from European countries, co-operative forums from Europe and the rest of the world.

**ANNEX 1 – Slides, CECOP Presentation, Bruno Roelants**

Slide 1

**Building lobbying in the East  
FOR A NEW EUROPE**

Bruno Roelants, CICOPA/CECOP

Presentation made at the ICA seminar:  
"Co-operatives in the New Europe --  
Interacting with governments and the European Union's  
institutions"  
Brussels, 1-3 February 2001

Slide 5

**It is an important socio economic  
group:**

15 000 enterprises (1/3 are worker coops)  
700 000 jobs (1/2 are in worker coops)

Slide 2

**The European priority  
for the next decade  
is**

**ENLARGEMENT**

**to the East**

Slide 6

**But it is also a vulnerable socio-  
economic group**

\* Economically vulnerable: transition to  
market economy and EU standards is a  
huge and painful transformation

\* Politically vulnerable: some political  
forces wish that they could disappear,  
and people in general tend not to find  
them attractive

Slide 3

**Each new EU priority entails**

↓

**the necessity to channel new socio-  
economic needs and interests :**

- In a regular way
- In a dynamic way
- In a strategic way
- In a representative way

*This is lobbying*

Slide 7

**Thus, lobbying for cooperatives  
in the run up to EU adhesion**

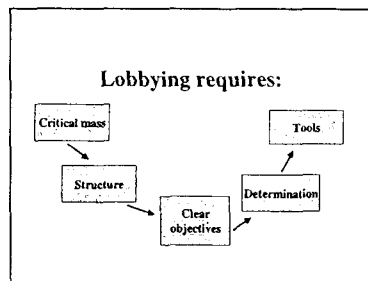
**is very important**

Slide 4

Among the socio-economic groups whose  
needs and interests linked to EU enlargement  
must be channelled, we find

**COOPERATIVES  
IN THE 10 EASTERN  
ACCESSION COUNTRIES**

Slide 8



Slide 9

In order to do lobbying successfully, cooperatives in the East do have

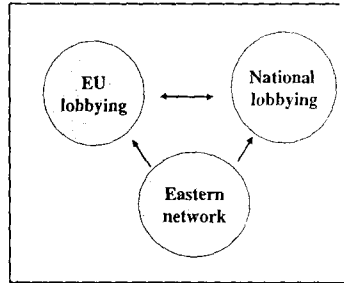
- \* the necessary critical mass
- \* which is structured in federations/unions

If they are faithful to their values, they can have:

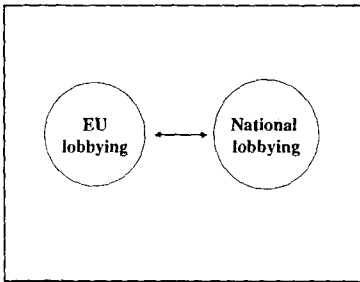
- \* the necessary clear objectives
- \* the necessary determination

Then they need the lobbying tools

Slide 13



Slide 10



Slide 14

**What has CECOP and its members been trying to do to enhance lobbying for cooperatives in relation with the EU enlargement process?**

Slide 11

**EU and national lobbying are two sides of the same coin:**

Lobbying with national governments is necessary so that EU standards are applied nationally

Lobbying with the EU institutions is necessary so that EU standards allow for integration, not destruction of the cooperative SMEs in the East

Slide 15

In 1997, CECOP formally became the European regional Committee of CICOPA, an ICA specialized body

↓

It thereby became the representative organisation for worker/social cooperatives for the whole of Europe, East and West

Slide 12

But lobbying for cooperatives in the East will be far more efficient if these are inter-connected into a functional Eastern network:

- \* It will help them discuss and formulate their priorities among themselves
- \* It will give them more voice and more respect with their national governments
- \* The EU institutions will have a clearly identifiable Eastern lobby group which they do hope to find

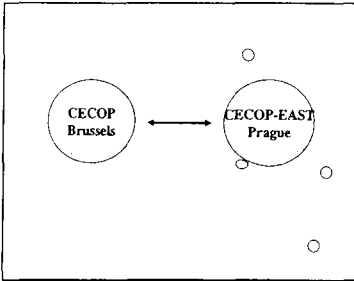
Slide 16

On this basis, CECOP's Eastern and Western members agreed in 1998 to open a second CECOP secretariat in Prague (« CECOP-East ») in order to coordinate regional lobbying and development initiatives

with a network of 4 national liaison units hosted by 4 national cooperative unions



Slide  
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Slide  
21

With the promotion of worker cooperatives and participative enterprises as their main agenda, these national units are also open to other cooperative sectors

Slide  
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Through this new Eastern secretariat + network for European worker cooperatives:

- \* Lobbying priorities have been delineated (national cooperative legislations and the European White Paper as the main ones)
- \* National legislation texts across Europe have been gathered, compared and discussed
- \* The White Paper for cooperatives has been widely discussed and a common position has been taken

Slide  
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And indeed, they have already initiated concrete cooperation with organisations of:

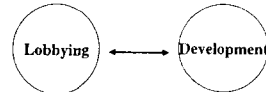
- \* Consumer cooperatives in Lithuania and Estonia
- \* Housing cooperatives in the 3 Baltic States
- \* Agricultural cooperatives in Slovenia

Slide  
19

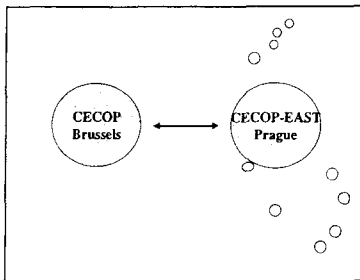
Through the recently launched SCOPE project, the number of national liaison units is now rising from 4 to 10

(one in each Eastern accession country)

Slide  
23



Slide  
20



Slide  
24

Lobbying and development in Eastern Europe are intrinsically linked to each other in at least three ways:

1. The best lobbying campaign will be useless if the cooperatives fail in their economic development
2. Development projects are *per se* a lobbying tool
3. By bringing in benchmarking of EU best practice models, development projects also bring in concrete models to back lobbying action

Slide  
25

2. The approval of a development project by the European Commission is an implicit recognition that the priorities contained in the project are important for Eastern Europe

Slide  
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Within the SCOPE project, the Mondragon Group is helping the Polish Worker Cooperative Federation to structure two production sectors (Pharmaceuticals and Mechatronics), with a view to creating a larger consortium-type structure

Slide  
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And the more important the project is, the clearer this recognition becomes

The following example will make it easier to understand:

Slide  
30

The Mondragon group's example in sectoral structuring and establishment of a corporation is particularly relevant to Poland:

it was one of the main measures the group undertook to withstand rising competition at the time Spain entered the EU in the mid-eighties

Slide  
27

Since 1996, CECOP coordinates a few small-scale PHARE projects

In 1998, the Phare project « CECOP-EAST » is approved: recognition of a regional East coop network by the Commission, but not yet recognition that coop organisations are business actors

In May 2000, CECOP obtains approval for its SCOPE project under the Business Support Programme, granted to just 10 organisations: CECOP and its network thus obtain recognition as a business actor

SCOPE's full name « Supporting capacity strengthening of national federations, assisting worker co-operatives and participative enterprises in central and eastern Europe, to prepare for activities in the European Union » thus inspired the wording itself of a next EU programme:

At the end of 2000, PHARE-access calls for proposal mentions: « Strengthening of Associations representing cooperatives and social enterprises » for the first time in the history of the PHARE programme.

Slide  
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Under the present wave of globalisation, concentration and liberalisation, the problem of facing competition in entering the EU will in fact be much more acute for Polish cooperatives in the mid 2000s than it was for Spanish cooperatives in the mid 1980s

Thus, Mondragon's corporate strategy could become one of several concrete lobbying models in the EU policy-making for cooperative SMEs within the enlargement process

Slide  
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3. Best practice models are lobbying in practice

An example:

One of the most well known cooperative best practice models is Mondragón Corporación Cooperativa, now ranking 6<sup>th</sup> among Spain's most important corporate groups

Slide  
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« The tidal wave of globalisation, liberalisation, competition, and concentration is a reality that cannot be stopped. Our challenge, as cooperatives, is to ensure that our own "second wave" of co-operative development grows into a tidal wave of its own--a force of progress, of inclusion, of development, and of equity which will meet the needs of the next millennium as it has met the needs of the last one hundred and fifty years. »

Roberto Rodriguez, ICA President  
Address to the ICA Congress, Quebec City  
30 August 1999

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*Co-operatives in the New Europe: Interacting with governments and the EU's institutions*

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