

Cooperatives: Characteristics, activities, status, challenges

SUMMARY

Cooperatives are autonomous associations of people aspiring to achieve their objectives through a jointly owned and democratically controlled enterprise. International organisations, such as the United Nations and the European Union (EU), value the role cooperatives play for society, the economy and (international) development.

There are 3 million cooperatives worldwide; together, they provide employment for 280 million people, equating to 10 % of the world's employed population. The 300 largest cooperatives and mutuals in the world had a total turnover of US\$2.018 trillion in 2016. In the EU there are some 131 000 cooperatives, with more than 4.3 million employees and an annual turnover of €992 billion.

While cooperatives have grown in importance for the (social) economy over the past four decades, they face both long-standing and new challenges, resulting from globalisation or the presence of myriad national laws, but also from organisational and governance issues. Cooperatives have become more product-based and less region-based (in terms of member representation). In addition, cross-border-oriented cooperatives and producer organisations often experience legal uncertainty because of the absence or inconsistent application of international legislation.

Policy- and law-makers are currently discussing a number of initiatives aimed at creating a level playing field for cooperatives, both in the EU and globally, that would allow them to compete with investor-oriented firms without giving up their social and cultural orientation. An enabling European legal framework could provide transversal recognition of the cooperative business model across the different sectors of the economy. While small and emerging cooperatives need more targeted funding, and assistance with capacity-building and organisational aspects, larger cooperatives require more EU and national-level support in order to achieve their aims in terms of professionalisation.



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Introduction

Cooperatives are a multi-faceted phenomenon. The International Cooperative Alliance (ICA) [defines](#) them as follows: 'A cooperative is an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly owned and democratically controlled enterprise'.¹

Over the past four decades, the importance of cooperatives for the economy has grown. According to popular [social \(capital\) and economic theories](#), the added value of cooperatives is manifold: they realise economies of scale, create markets and give access to (long-distance) markets, manage risks (e.g. for farmers via pooling), increase market efficiency (e.g. through competition with traders with a high mark-up), reduce transaction costs (e.g. by standardising contracts and organising quality controls) and promote innovation (e.g. in niche products). In addition, a large market share for regional cooperatives can decrease price volatility (in the agricultural sector, with regard to dairy products in particular). In comparison with profit-maximising investor-owned firms, cooperatives are considered better at: coping with economic crises; driving economic development in low- to middle-income countries; reinvesting surpluses; promoting local communities and social inclusion; and ensuring their members' (democratic) participation.² As a token of the international community's appreciation for the contribution cooperatives make to society and the economy, the UN declared 2012 the [International Year of Cooperatives](#).

However, cooperatives face some challenges in their interaction with law-makers in the EU and abroad. Recent EU initiatives, such as those focused on the collaborative economy or on unfair trading practices (UTPs) in the food-supply chain, have triggered a public debate about cooperatives, in which they themselves also take part.

Characteristics and identity

According to the Commission, cooperatives have several [defining characteristics](#): 1) they are open and voluntary associations; 2) they have a democratic structure, with each member having one vote; and 3) they have an equitable and fair distribution of economic results based on the volume of operations made through them. In this regard, cooperatives are enterprises that serve the needs of their members, who, in turn, contribute to the cooperatives' capital.

The Commission's characteristics are based mainly on the 1995 International Cooperative Alliance's revised [mission statement](#) on cooperative identity. The mission statement contains the definition of a cooperative, the values that cooperatives should espouse, and the seven principles that they should abide by, namely: (1) voluntary and open membership; (2) democratic member control; (3) economic participation of members; (4) autonomy and independence; (5) education, training and information; (6) cooperation among cooperatives; and (7) concern for community. Although these principles are not binding, some experts insist that they have a legal nature, as they were adopted by the International Labour Organization (ILO) in its [Recommendation 193/2002](#). According to those experts, the ILO recommendation should be considered a source of public international law.

Regarding the ICA principles, there is a diverging perception and implementation record. Some countries refer explicitly to the ICA norms in their national laws (e.g. Spanish Cooperative Act 27/1999, Portuguese Cooperative Code 51/1996 or Romanian Cooperative Act 1/2005), others do not mention them (e.g. Luxembourg).

On the other hand, some [experts](#) argue that many ICA norms are too vague, one such example being the membership issue. According to the ICA principles, a cooperative has the purpose of engaging in transactions with its members, but it does not set itself the aim of providing a return on the capital provided by members, as is the case, for instance, in investor-owned firms. While the capital-based remuneration of members is limited, the surpluses are distributed to members, often in proportion to transactions with the cooperative.

Most EU Member States' national laws on cooperatives – such as the Bulgarian, Cypriot, Danish, Maltese and Norwegian law – have no provisions regarding investor-members (such members do not use the services of the cooperative and their voting rights are limited), which might be interpreted as a denial of their admissibility. Other Member States, e.g. Austria or Germany, allow cooperative statutes to provide for the admissibility of investor-members. In yet other Member States, such as Finland, the definition of cooperative included in the cooperative laws not only refers to the relationship between cooperatives and their members but also permits the carrying out of activities with non-members, should the cooperative statutes so provide. This model was also adopted for the SCE Regulation (see 'Legal status at national and EU level' below).

Economic activities

According to a 2018 report on [Exploring the Cooperative Economy](#), produced by the ICA and the European Research Institute on Cooperative and Social Enterprises (EURICSE), cooperatives play an important role in the global economy. For the purposes of the report, economic and social data were collected from 2 575 cooperative enterprises and mutual organisations³ around the world. As regards the financial aspects, the report established that in the reference year 2016, the 300 largest cooperatives and mutuals had a total turnover of US\$2 018 trillion (compared to US\$2 164 trillion in 2015).⁴ According to the report, there are 3 million cooperatives worldwide, which together provide jobs for some [280 million persons](#), or 10 % of the world's employed population.

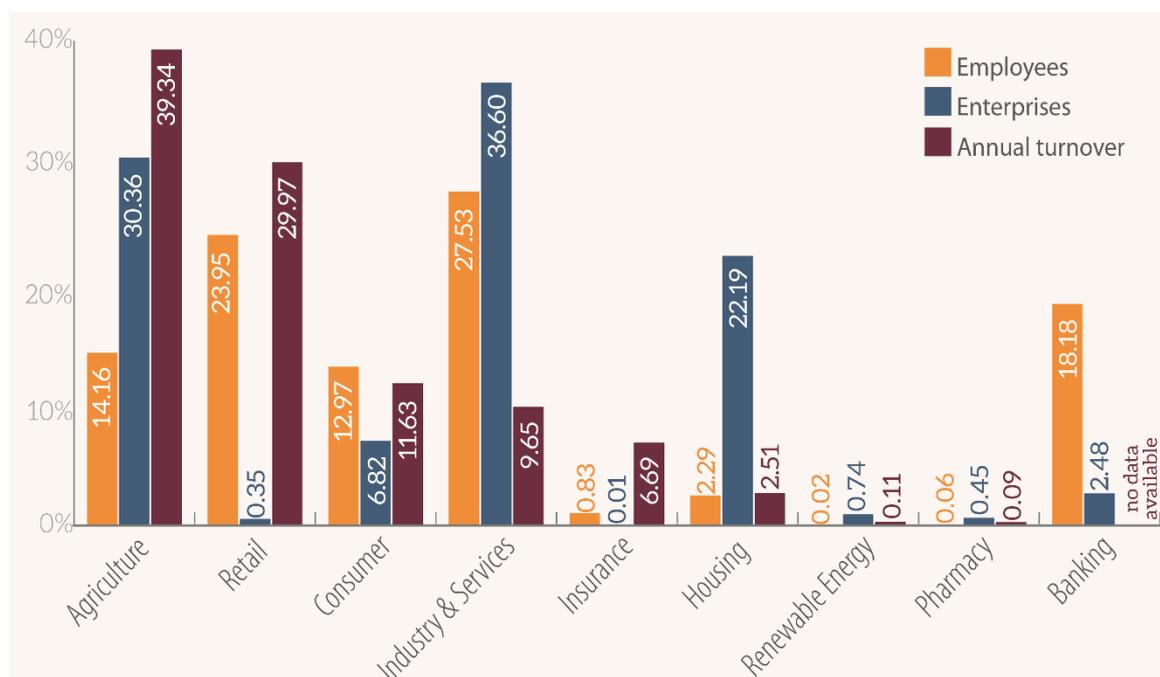
The economic activities of cooperatives are diverse. In 2016, for instance, 33 % of all cooperatives (participating in the survey) operated in the agriculture and food industry; 19 % dealt with banking and financial services; 16 % were in other services (e.g. business services, transport, communications); 7 % were in industry and utilities; 6 % were insurance cooperatives and mutuals; and 4 % operated in the health, education and social care sectors.⁵ Some 50 % of the 2 575 cooperatives surveyed come under the European Commission's definition of small and medium-sized enterprises (SMEs) in terms of their yearly turnover (up to €50 million).⁶

In 2016, the world's five largest cooperatives (in terms of turnover) came from Europe and Japan: Groupe Cr dit Agricole (France, banking and financial services), with a turnover of US\$90.16 billion; Groupe BPCE (France, banking and financial services), with US\$67.78 billion; BVR (Germany, banking and financial services) with US\$55.36 billion; Zenkyoren (Japan, insurance), with US\$54.62 billion; and REWE Group (Germany, wholesale and retail trade) with US\$54.57 billion.⁷

Taking a closer look at Europe and the EU, we could say that cooperative enterprises make a huge contribution to the European social economy. According to the 2016 report entitled [The power of cooperation](#) (with 2015 as its reference year), published by Cooperatives Europe, the ICA's regional office, there were some 176 500 cooperative enterprises in Europe as a whole, with more than 4.7 million employees; of these, 131 000 cooperatives with more than 4.3 million employees were located in the EU Member States.⁸ The total turnover of European cooperatives was €1 004 trillion; more than €992 billion of this amount was generated in the EU Member States. In Europe as a whole, more than 141 million – 17 % of the continent's population – were members of a cooperative (in the EU: more than 127 million). Between 2009 and 2015, the number of cooperative enterprises in Europe increased by 12 %, and of members by 14 %.⁹

A comparison by sector, number of employees and turnover reveals interesting facts. For instance, the retail sector, with less than 1 % of enterprises, accounts for a turnover of almost 30 %, whereas the industry and services sector, with most employees and enterprises, accounts for less than 10 % of the total turnover of cooperatives – probably, because it numbers more SMEs (see Figure 1).

Figure 1 – European cooperatives by sector/number of employees/turnover, 2015 (%)



Data source: [Cooperatives Europe, The power of cooperation – Cooperatives Europe key figures 2015.](#)

A comparison of countries shows that, in 2015, Italy (39 600), Turkey (33 857), France (22 517) and Spain (20 050) had the largest numbers of cooperatives in Europe.

France (26 106 829), Germany (22 200 000), the Netherlands (16 912 900), the United Kingdom (14 919 093) and Italy (12 620 000) had the largest numbers of members of cooperatives in Europe.

France (1 217 466), Italy (1 150 200), Germany (860 000), Poland (300 000) and Spain (290 221) had the highest numbers of cooperative employees in Europe.

Cooperatives in France (€307 billion), Germany (€195 billion), Italy (€150 billion) and the Netherlands (€81 billion) had the highest annual turnover in Europe.

According to Commission research, cooperatives hold substantial [market shares](#) in several industries:

- agriculture – 83 % in the Netherlands, 79 % in Finland, 55 % in Italy and 50 % in France;
- forestry – 60 % in Sweden and 31 % in Finland;
- banking – 50 % in France, 37 % in Cyprus, 35 % in Finland, 31 % in Austria and 21 % in Germany;
- retail – 36 % in Finland and 20 % in Sweden;
- pharmaceuticals and health care – 21 % in Spain and 18 % in Belgium.

Since agriculture is an important sector for cooperatives, it deserves a closer look. Cooperatives have a strong market presence in the European food supply chain. According to a 2014 report entitled [Development of Agricultural Cooperatives in the EU](#) and published by COGECA (General Confederation of Agricultural Cooperatives in the European Union), in 2013 the total turnover of all agricultural cooperatives added up to €347 billion. In the same year, there were roughly 22 000 cooperatives with some 6.2 million members. The 100 largest agricultural cooperatives demonstrated a significant growth trend: from 2011 to 2013, total turnover had grown by 18 %.

Legal status at national and EU level

While national laws on cooperatives provide for a wide range of potential activities that cooperatives can engage in, they also place limitations on them. These depend on the relationship between the [different types of cooperatives](#) (producers', consumers'/users', workers', or multi-stakeholders') and their members; on the type of business (banking, agriculture, retail, housing, etc.) or its specific targets (e.g. health issues); on the characteristics of the membership (e.g. primary or secondary cooperative) and on the size of the cooperative.¹⁰

Most countries have specific rules applicable to cooperatives, whereas the legislation on cooperatives (and their business and social activities) derives mainly from national civil law, namely the respective sections of commercial law (see Annex). In Japan, for instance, banking cooperatives are strong performers in the financial sector. In Switzerland, cooperatives are focused mainly on pursuing economic interests. Norway's different understanding of cooperatives is reflected in the fact that they are expressly excluded from financial activities such as banking or stock exchange operations.¹¹

Within the EU, there is a huge variety of national laws on cooperatives, which correspond to at least six formally different models of legislation:¹²

- no cooperative law (e.g. Ireland);
- cooperative regulation in a formally independent act (e.g. Austria, Germany);
- cooperative regulation in the commercial code (e.g. Czech Republic, Slovakia);
- cooperative regulation in the company law (e.g. Luxembourg) or in the companies code (e.g. Belgium);
- cooperative regulation in the civil code (e.g. Italy, the Netherlands);
- cooperative regulation in the code of cooperatives (e.g. Portugal).

A few countries, such as Japan, even have separate cooperative laws for each sector. The United States, on the other hand, do not have a specific federal law on the establishment of cooperatives, but federal law does apply to cooperatives' tax exemptions. With each of the 50 states having its own statutes on cooperatives, these add up to approximately 85 in total.¹³

In many countries, cooperatives can have a legal status either as a cooperative society with limited or unlimited liability, as an economic interest grouping or as a joint-stock company.

There are also diverging national requirements regarding members and capital stock. A minimum number of members is not always required by law. Some countries have no mandatory provisions in this regard (e.g. Bulgaria, Denmark, Luxembourg), while others require the presence of at least three members (e.g. Germany, Sweden, USA), and yet others require even more. For instance, Poland requires 10 natural persons or three legal entities to set up and run an agricultural cooperative, while Japan requires a minimum of 15 members.¹⁴

Most countries have no mandatory provision regarding the minimum capital stock for setting up a cooperative. Whenever the statutes require a certain amount of capital stock, it is often less than €1 000. In certain countries, however, the minimum capital stock requirement is much higher. In Malta, for instance, it amounts to €100 000 for producer organisations in the agricultural sector.

Cooperatives in the EU Member States and the [European Economic Area \(EEA\)](#) are subject to the provisions of the SCE Regulation, namely [Council Regulation \(EC\) 1435/2003](#) of 22 July 2003 on the Statute for a European Cooperative Society. The SCE is a legal form of business organisation that does not replace national cooperative laws, nor is its application required when conducting (or reorganising) a business on a Community-wide scale. The SCE can be considered the 29th cooperative legal model in the EU. Its main objective is to improve the legal environment for cross-border cooperative operations. The SCE set a legal precedent at EU level and has become an important reference point for cooperatives engaged in cross-border activities.

Governance aspects

In many countries, such as Bulgaria, Luxembourg, Hungary and the United Kingdom, national legislation does not set rules for the [organisational structure](#) of cooperatives. These aspects are often linked to market requirements. In general, there is either a one-tier or a two-tier-system. The one-tier-system is used by many smaller or traditional cooperatives, where elected members assume executive roles in everyday management, and the decision-making is less complicated.

More professionalised and larger cooperatives with a higher level of capital intensity, however, apply the two-tier system by making use of an elected management board with a president and a director. The two-tier system is the most widespread organisational structure for larger cooperatives worldwide, and it is used in about 80 % of the EU's Member States (see Annex).

In general, cooperatives have two decision-making bodies (provided for by law or by their statutes) that deal with governance issues: the general assembly and the board of directors. In many cases, an additional board of supervisors or auditors is envisaged for control purposes. In some countries, such as Finland, a business inspector is appointed if the cooperative does not employ an independent auditor. In certain other countries, such as Germany, an advisory board is not required if the cooperative has no more than 20 members. Different requirements also exist with regard to the general assembly: in Switzerland, for instance, cooperatives with at least 300 members elect delegates to represent them.¹⁵

Most cooperatives apply the 'one member, one vote' principle in order to maintain equality among members and respect for democratic governance rules – both being key elements of a cooperative's identity. However, certain countries, such as Sweden, Germany, Finland and, to some extent, Norway, provide for proportional representation. In other countries, such as the United States, patronage-based voting applies. In a patronage-weighted voting system, voting power is based on the proportion of business done with the cooperative.¹⁶

Nevertheless, the concrete implementation of the 'one member, one vote' norm diverges from country to country.¹⁷ In the Bulgarian and Cypriot cooperative laws, for instance, the 'one member, one vote' principle is a mandatory rule, and no exceptions are allowed. Some countries, such as Belgium and the Netherlands, do not set limits on cooperative statutes in their cooperative laws, thereby allowing a certain degree of derogation. Other countries, such as Finland, France, Italy, Norway, Greece, Spain and Germany, permit derogations based on different criteria, such as the nature of the cooperative (e.g. housing cooperatives), the membership/ownership aspect (e.g. cooperatives among entrepreneurs), or the voting criteria (e.g. proportional vote model).

Challenges faced by cooperatives

Cooperatives are facing challenges, in particular from globalisation, market pressure and non-binding international rules. International rules are becoming more relevant, but the legal dimension of cooperatives has yet to be sufficiently explored from a comparative perspective.¹⁸

European Cooperative Society (SCE)

A European Cooperative Society (in Latin *societas cooperativa Europaea*) can be created, a) from scratch by five or more natural persons, by two or more legal entities, or by a combination of five or more natural persons and legal entities; b) by a merger of two or more existing cooperatives; or c) by the conversion of an existing cooperative that has, for at least two years, been established or been a subsidiary in another EU country. The minimum capital requirement is €30 000. An SCE can have a limited proportion of 'investor members'. An SCE must be registered in the EU country where it has its head office. Voting in an SCE is generally conducted in accordance with the cooperative principle of 'one member, one vote'. However, weighted voting may be allowed in certain circumstances to reflect the amount of business done with the SCE. An SCE must call a general meeting at least once a year. Decisions are taken by simple majority of members present or represented; changes to the internal statutes require a two-thirds majority. However, the SCE model has not been as successful as expected, given that at present, only two dozen cooperatives have SCE status.

Source: [EUR-Lex, summaries of EU legislation](#).

The organisational form of cooperatives is changing in the direction of increasingly hybrid structures. In order to be more competitive and international, many cooperatives are introducing managerial entrepreneurship. In addition, they are becoming more product-based and less region-based (which has an impact on member representation). They are also tending to change their ownership structures in order to attract more equity capital. In the agricultural sector, for instance, federated cooperatives are tending to disappear or to become farmer-owned as opposed to user-owned.

Cooperatives and producer organisations often experience legal uncertainty in the context of competition law and rulings. Some countries, such as the United States, have more exemptions for cooperatives in competition law (in order to rebalance market power), than others.

Diverging national legislation complicates matters. Therefore an additional challenge is the absence of a European legal framework enabling the transversal recognition of the cooperative business model across the different sectors of the economy.

While many policy- and lawmakers in the EU (and abroad) praise the role of the social economy (for instance in catalysing social cohesion), it has not yet secured recognition for its important share in the economy. National and EU policies on entrepreneurship, for instance, often do not take into account the specifics of the cooperative business model (e.g. in terms of financing or education).

At global level, cooperatives are recognised as important players in international development cooperation. The EU, for instance, appreciates their role in strengthening the local private sector and contributing to the United Nations [sustainable development goals](#) (see below). However, there is no explicit recognition for cooperatives in the [EU's External Investment Plan](#).

Commission and Parliament stance on cooperatives

On its website, the Commission points to its 2004 [communication on the promotion of cooperative societies in Europe](#) as the reference document on the subject. The communication focuses on three main issues that need to be addressed: (1) promoting the greater use of cooperatives across Europe by improving the visibility, characteristics and public understanding of the sector; (2) further improving cooperative legislation in Europe; and (3) maintaining and improving cooperatives' place in the economy and society, and their contribution to community objectives.

The website also presents the [Working Group on Cooperatives](#), which was established in 2013. The working group aims to assess the specific needs of cooperative enterprises with regard to a wide variety of issues, such as the appropriate EU regulatory framework, the identification of barriers at national level and the internationalisation of cooperatives.

In March 2016, the Commission signed a [partnership agreement](#) with the ICA for the 2016 to 2020 period. This agreement refers, inter alia, to the activities of the [Cooperatives Europe Development Platform \(CEDP\)](#). It recognises cooperatives as relevant [development actors](#) and sets itself the goal of further strengthening the cooperative movement worldwide. The EU's [New European Consensus on Development](#) also emphasises the relevance of cooperatives for international development, poverty eradication and food security.

In November 2016, the Commission published a communication on [Europe's next leaders: the start-up and scale-up initiative](#). In line with the stance adopted in this document, the Commission started implementing various projects aimed at boosting the social economy, where cooperatives are key players, in order to stimulate growth. In this context, in September 2018, Elżbieta Bieńkowska, Commissioner for the internal market, industry, entrepreneurship and SMEs, [stated](#): 'We focus on the following areas: access to funding, access to markets, improving framework conditions, fostering social innovation, technologies and new business models and working on the international dimension'. In 2018, the Commission implemented a pilot project aimed at reducing youth unemployment by promoting cooperatives in secondary schools and universities as a way to start a business.

In July 2018, the Commission [adopted](#) the EU multiannual indicative programme for the 'Civil society organisations and local authorities' thematic programme for the 2018 to 2020 period. The document recognises cooperatives as relevant players in civil society, capable of implementing EU development projects in partner countries.

The European Parliament has also participated in initiatives focusing on cooperatives. For instance, in 2012, the International Year of Cooperatives, Parliament representatives took part in a [high-level conference](#) alongside representatives of the Commission. The conference focused in part on actions to ensure wider recognition and integration of the cooperative business model.

Since 2012, Parliament has also adopted several resolutions on the social economy, in which it emphasises the importance of cooperatives and mutual societies. These include:

- European Parliament [resolution](#) of 13 March 2012 on the Statute for a European Cooperative Society with regard to the involvement of employees, 2011/2116(INI);
- European Parliament [resolution](#) of 2 July 2013 on the contribution of cooperatives to overcoming the crisis, 2012/2321(INI); and
- European Parliament [resolution](#) of 10 September 2015 on social entrepreneurship and social innovation in combating unemployment, 2014/2236(INI).¹⁹

Furthermore, in May 2017 the Parliament adopted its [report](#) on a European agenda for the collaborative economy (2017/2003(INI); rapporteur: Nicola Danti, Italy, S&D), in which it highlighted, among other things, the relevance of cooperatives for the collaborative economy. In November 2017, the Parliament hosted a [conference on the collaborative economy](#) with the participation of a number of cooperatives as well as rapporteur Nicola Danti. At the event, several MEPs confirmed their interest in strengthening the cooperative-based collaborative economy in order to bridge the gap between social and economic innovation more effectively.

In July 2018, the Parliament adopted an [own-initiative resolution](#) on a Statute for social and solidarity-based enterprises (rapporteur: Jiří Maštálka, Czech Republic, GUE/NGL).²⁰ On the one hand, the resolution stresses that the cooperative sector has proved particularly resilient to the economic and financial crisis, also pointing out that the sector holds potential for social and technological innovation, inclusive job creation, and strengthened social, economic and regional cohesion. On the other hand, the resolution criticises the diversity in the sector, reflected in the fact that most Member States have different rules regarding the organisational and legal form of social and solidarity-based enterprises. According to the resolution, 'this diversity and the innovative character of certain of these legal forms indicate that it will be difficult to find consensus in Europe as to whether it is convenient or necessary at the present moment to set up at EU level a specific legal form of social enterprise'.

Another EU initiative with an effect on cooperatives was the adoption in 2018 of the [directive on unfair trading practices](#) (UTPs) in the food supply chain, which seeks to improve the role of farmers in the wider food supply chain, by banning some of the most common UTPs. In a similar vein, in December 2018 the Parliament and the Council reached a [political agreement](#) (rapporteur: Paolo De Castro, Italy, S&D) on a proposal laying out a new set of rules aimed at ensuring the protection of EU farmers and a large majority of EU agri-food companies against UTPs.²¹

Outlook

Cooperatives and mutual societies are important players in the social economy and in (international) development. On several occasions, the EU has [underlined](#) their increasing importance for sustainable development, local communities, and social inclusion.

Cooperatives seek wider recognition and better integration of their business model. However, uncertainty remains, created by the impact of globalisation, diverging national competition laws and the unpredictable future of binding international rules. While many EU laws seem to be poorly adapted to the specific needs of cooperatives and to favour capital-based enterprises, the

collaborative economy would benefit from an enabling European legal framework targeted at preserving and stimulating the emergence of innovative cooperative models. In doing so, the social economy would be better recognised as a key segment of the economy.

Cooperatives would benefit from the promotion of better targeted funding and from an entrepreneurship policy that takes into account the diversity of business models. Here again, an appropriate regulatory framework would help to ensure a level playing field. Creating a [level playing field](#) would put cooperatives in a better position to compete with investor-oriented firms without giving up their social and cultural orientation. Furthermore, small and emerging cooperatives expect more targeted help for capacity-building and organisational assistance, whereas larger cooperatives could use more EU- and national-level support for their professionalisation aims. In this context, the SCE statute needs to be made more effective and applicable. Some experts, for instance, [criticise](#) cross border issues and the minimum capital requirement of €30 000 for SCEs (which seems to be an obstacle) as well as the complex bureaucratic procedures to be followed and the numerous references to national law.

Finally, Parliament has asked the Commission to submit a legislative proposal on the creation of a standardised European social economy label to help to strengthen the solidarity-based economy further. Transversal recognition of the cooperative business model across all EU policies, in particular in entrepreneurship and youth, as well as a better translation of legal principles into international or European law (whilst acknowledging the multiplicity of the cooperative business model and the specific national contexts) might also be useful.

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ENDNOTES

- ¹ The European Commission's [definition](#) of cooperatives is quite similar.
- ² For a theoretical overview, see also T. Mazzarol et al., [A conceptual framework for research into co-operative enterprise](#), Centre for Entrepreneurial Management and Innovation (CEMI), Discussion Paper 1102.
- ³ In a mutual, generally speaking, members do not contribute to the capital of the company through direct investment, as in a cooperative, but derive their participation rights and profits through the customer relationship.
- ⁴ ICA and EURICSE, World Cooperative Monitor, [Exploring the Cooperative Economy](#), Report 2018, p. 8.
- ⁵ Ibid., p. 6.
- ⁶ This is an estimation since the figures of the World Cooperative Monitor [Exploring the Cooperative Economy](#) are depicted in US\$.
- ⁷ ICA and EURICSE, World Cooperative Monitor, [Exploring the Cooperative Economy](#), Report 2018, p. 72.
- ⁸ However, the figures of the European Commission diverge significantly from the Cooperatives Europe report. According to the Commission's [website on cooperatives](#), there are 250 000 cooperatives in the EU, owned by 163 million people and employing 5.4 million people.
- ⁹ Cooperatives Europe, [The power of cooperation – Cooperatives Europe key figures 2015](#), pp. 2-3.
- ¹⁰ See A. Fici, [Cooperative identity and the law](#), EURICSE Working Paper, N. 023 | 12, p. 5.
- ¹¹ See articles by T. Fjørtoft and O. Gjems-Onstad (Norway); D. Jakob et al. (Switzerland); and A. Kurimoto (Japan), listed under 'Main references'.
- ¹² See A. Fici, [Cooperative identity and the law](#), EURICSE Working Paper, N. 023 | 12, p. 6.
- ¹³ See B Czachorska-Jones et al., 'United States', p. 760; A. Kurimoto, 'Japan', p. 506.
- ¹⁴ See A. Kurimoto, 'Japan', p. 506.
- ¹⁵ D. Jakob, R. Huber and K. Rauber, [Nonprofit Law in Switzerland](#), The Johns Hopkins Comparative Nonprofit Sector Project, Working Paper No 47, March 2009, p. 15.
- ¹⁶ See B. Czachorska-Jones et al., 'United States', p. 764.
- ¹⁷ On this topic, see Chapters 3 and 4 in A. Fici, [Cooperative identity and the law](#), EURICSE Working Paper, No 023 | 12.
- ¹⁸ The [ICA-EU partnership](#) aims in part to tackle the shortcomings in comparative legal research.
- ¹⁹ See also European Parliament [resolution](#) of 14 March 2013 with recommendations to the Commission on the Statute for a European mutual society, 2012/2039(INL); and European Parliament [resolution](#) of 2 July 2013 on the proposal for a Council regulation on the Statute for a European Foundation (FE), 2012/0022(APP).
- ²⁰ An own-initiative legislative report is an official request by the European Parliament to the Commission to put forward a legislative proposal. It is based on the Treaty on the Functioning of the European Union and requires a special majority (Rule 46 of the Parliament's Rules of Procedure).
- ²¹ The agreement will apply to anyone involved in the food supply chain with a turnover of €350 million, with differentiated levels of protection provided below that threshold. The new rules cover retailers, food processing entities (e.g. manufacturers of prepared food products), wholesalers, cooperatives, producers' organisations and single producers engaging in UTPs. The UTPs to be banned include: late payments for perishable food products; last-minute order cancellations; unilateral or retroactive changes to contracts; forcing the supplier to pay for wasted products; and refusing written contracts. The Parliament is due to vote on these rules during its plenary session in March 2019.

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ANNEX: Legal framework, formal requirements and structure of cooperatives in the EU-28, Japan, Norway, Switzerland and the US

Country	Legal basis	Membership and capital requirements	Governance principle	Organisational form
Austria	Commercial Code; Law on Cooperatives; Cooperative Auditing Law	None	One member, one vote (in general)	Variable (e.g. a supervisory board is mandatory for larger cooperatives)
Belgium	Economic interest grouping (law of 17 July 1989); Cooperative Society with Limited Liability Law of 20 July 1991; Cooperative Society with Unlimited Liability Law of 7 May 1999	Minimum number of members: 3 (for cooperatives with limited or unlimited liability); no minimum number for economic interest groupings. Minimum capital: None, but €18 850 for cooperatives with limited liability	One member, one vote principle is not mandatory, but accepted by most cooperatives	Two-tier system
Bulgaria	National Cooperative Law	No mandatory provisions	None	None
Croatia	Cooperatives Act (Official Gazette Nos 34/11, 125/13, 76/14)	Minimum number of members: 7. Minimum capital: 1 000 kunas	One member, one vote	Two-tier system with assembly, supervisory board, manager
Cyprus	Cooperative Societies Law (1985-2003)	No mandatory provisions	One member, one vote	General assembly and elected executive board
Czech Republic	Law 90/2012 on Commercial Companies and Cooperatives (Business Corporations Act)	Minimum number of members: 3. No other mandatory provisions	One member, one vote	Two-tier system
Denmark	None	No mandatory provisions	One member, one vote	Variable
Estonia	Commercial Associations Act (2002)	Minimum number of members: 5. Minimum capital: €2 556	One member, one vote	Board of directors is the main decision-making body
Finland	Cooperatives Act 1488/2001 (1 January 2014)	Minimum number of members: 1. No minimum capital required	One member, one vote or proportional representation	One- or two-tier system (often with business inspector)
France	Law on the Status of Cooperatives (10 September 1947). Specific laws for all the cooperative sectors: agriculture, artisan, banking, consumer, retail, housing, maritime, worker and transport	Agriculture cooperatives: <i>sui generis</i> statute. Limited liability company: minimum number of members is 2, maximum 100. There is no minimum capital except for artisan, maritime and transport cooperatives. Joint-stock company: the minimum number of members is 7. The minimum capital is half of the joint stock company's capital. Simplified joint-stock company: the minimum number of members is 2	One member, one vote	Most common: elected management board with president and director
Germany	Cooperative Law (1889, updated in 2006)	Minimum number of members: 3. No other provisions	One member, one vote or proportional representation	Board and supervisory board
Greece	Law 1667 (1986) on Civil Cooperatives; Law 2810 (2000) and Law 4015 (2011) on Agricultural Cooperatives; Law 4019 (2011) on Social Cooperatives	The minimum number of members is 10 in agricultural cooperatives, 15 in civil cooperatives, 100 in civil consumer cooperatives, 5 or 6 in social cooperatives. No minimum capital requirement	One member, one vote	Three mandatory bodies are required: general assembly, board of directors and supervisory board
Hungary	Civil Code, Law X/2006 on Cooperatives (November 2011), Law CXLI on the Agricultural Cooperative Business Shares (2000)	None	None	None
Ireland	Industrial and Provident Societies Act, which applies mainly to cooperative societies	Minimum number of members: 8. One ordinary, one euro share	No express provisions required by law	No express provisions required by law
Italy	Italian Civil Code	Minimum number of members: 9. Three members (natural persons) can fund a cooperative. No other mandatory provisions	One member, one vote	Three different systems (traditional, one-tier or two-tier system)
Latvia	Cooperative Societies Law	Minimum capital: €2 845. No other mandatory provisions	One member, one vote	Respecting provisions of Cooperative Societies Law
Lithuania	Law on Cooperative Companies; Law on Credit Unions	Minimum number of members: 5	One member, one vote	Meeting of members, board, head of administration
Luxembourg	Law on Commercial Companies (1915)	Minimum number of members: 5 (physical or legal persons)	One member, one vote, but associations may allow for multiple votes	The cooperative company is managed by one or more representatives. The rules concerning public limited companies (<i>société anonyme</i> - SA) apply if the articles of

		Agricultural associations are not required to have any capital. The statutes must fix the par value of the shares. Third parties cannot have a financial contribution		association do not explicitly define the management procedures
Malta	Cooperative Societies Act XXX of 2001	Minimum number of members: 5. Minimum capital: €100 000 (for producers)	None	None
The Netherlands	National Cooperative Law (refers also to associations)	None	None	Two-tier system with general assembly and board of directors
Poland	The Cooperative Law (Act of 16 September 1982); Act of 14 December 1995 on Cooperative Saving and Credit Unions; Act of 7 December 2000 on the Functioning of Cooperative Banks, their Associations and Associating Banks; Act of 15 December 2000 on Housing Cooperatives	Minimum number of members: 10, or 3 legal entities. The minimum number of members is 5 for social cooperatives, agricultural production cooperatives and cooperative farmers' groups. The minimum capital to be paid by a member is one share, whose value is defined by the general assembly	One member, one vote (only in cooperatives whose members are natural persons)	Two-tier system of governance is mandatory (general assembly, supervisory council, board of directors)
Portugal	Cooperative Code (Law No 119/2015)	The minimum number members is 3. The minimum capital is €1 500	One member, one vote. Plural vote allowed in first-degree cooperatives (not all sectors and not linked with capital)	Management and supervision include a general assembly plus either: board of directors and supervisory board; or board of directors with audit committee and auditor; or executive board of directors, general and supervisory board and auditor
Romania	Law No 1/2005 on Cooperatives Applicable to Industry & Services Cooperatives and to Consumer & Retail Cooperatives; Law No 566/2004 on Agricultural Cooperatives; series of specific regulations for credit cooperatives, also valid for other credit institutions	Agriculture sector: the minimum of members is 5. The minimum capital for first-degree cooperatives is €114 and for second-degree cooperatives is €2 275. Industry and services sector: the minimum capital is €113	One member, one vote	Two-tier system with general assembly and administrative board
Slovakia	Economic Code	Minimum number of members: 5, or 2 legal entities. Minimum capital: €1 250	Proportional vote, depending on the amount of membership contribution	Mandatory bodies: general assembly; board of directors (if a coop has less than 50 members, it can have only one director); and control committee
Slovenia	Cooperatives Law (Official Journal, No 97/2009)	Minimum number of members: 3. No other mandatory provisions	One member, one vote	Two-tier system with managing board and supervisory board
Spain	Law 27/1999 on Cooperatives	Minimum number of members: 3 (first-degree coops) or 2 (second-degree coops). No minimum capital required	One member, one vote	Two-tier system, composed of the general assembly and board
Sweden	Swedish Cooperative Law; Cooperative society legal form	Minimum number of members: 3. Minimum capital: 1 SEK	One member, one vote or proportional representation	One-tier system
United Kingdom	The Cooperative and Community Benefit Societies Act 2014	No mandatory provisions	One member, one vote	None
Japan	Agricultural Cooperative Law No 132 of 19 November 1947, Consumer Cooperative Law No 200 of 30 July 1948, Law on Cooperative Banking No 183 of 1 June 1949	Minimum number of members: 15 (for agricultural coops) No minimum capital required (except for coops in the banking and insurance sectors)	One member, one vote	General assembly, board of directors and auditors
Norway	Cooperative Societies Act (29 June 2007, No 81)	Minimum number of members: 2. No minimum capital required	One member, one vote, but also additional votes possible	General assembly, board of directors, supervisory committee
Switzerland	Swiss Code of Obligations	Minimum number of members: 7. No minimum capital required	One member, one vote	General assembly, board of directors, audit division (coops with 300 member elect representatives)
United States	No federal law (except for tax exemption); the states have about 85 statutes for cooperatives	Variable (e.g. 3-12 minimum members, depending on state and sector, a coop may be formed with or without capital stock)	One member, one vote or patronage-based voting	Member representations, elected board of directors

Data source: Cooperatives Europe, [The power of cooperation](#), 2016; COGECA, [Development of Agricultural Cooperatives in the EU 2014](#), 2015; A. Fici, D. Cracogna, H. Henry (eds.), *International Handbook of Cooperative Law*, Berlin/Heidelberg (Springer), 2013.