

WRITTEN QUESTION E-0641/07
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to the Council

Subject: Conflict of interests among cooperatives

The situation of Italian cooperatives is a complex and increasingly tangled web involving cooperatives, parties (PCI-PDS-DS) and government, in which interests, strategies and individuals overlap and become mixed up. In this situation the cooperatives fund parties before the elections, the party then forms the local authority or the national government and one of its first actions is to finance the cooperatives with public money, and involve them in major public contracts and sometimes even in large-scale projects arranged in international agreements.

A typical example is Hera SpA, a firm belonging to the municipality of Bologna and the Region of Emilia-Romagna, which has cooperatives on its board of directors and which Prodi promptly included as a major shareholder, alongside ENI, in the recent fifteen-year agreement with Algeria for the importation of gas. A non-fortuitous coincidence of interests was also at the origin of the controversial Bersani decree on liberalisations. With regard to over-the-counter pharmaceutical products sold in supermarkets it merely copied a draft law launched by the cooperatives a few months earlier. The existence of this enormous conflict of interests is detrimental to the members above all. It is they who lose out since, unlike the shareholders in private companies, they have little or no actual control over management once a company has become large. One should not be surprised at the fact that an uncontrolled management forms an 'alliance' with political power, or even identifies itself with political power, and blocks the market, preventing the entry of new entities and controlling contracts. It is the governance of the cooperatives that must be improved, with power of control being handed back to the members and management being made more accountable.

Without wishing to blame the cooperative movement as a whole, but taking account of the enormous conflict of interests, can the Council say:

- how it intends to act - even using sanctions - to defend cooperative society members against the lack of transparency and accountability of cooperative societies;
- since the social function of cooperatives has disappeared (in Italy Legacoop has an annual turnover of EUR 45.7 billion, more than 3% of Italy's GDP), how it intends to act in response to the disparity in treatment between cooperatives and private companies;
- with regard to the inadequate power of control of members, the mingling of interests with public administration and 'allied' public companies, what steps it will take to ensure compliance with the principles of Community law?