



RESPONSE OF THE ICA ON THE PUBLIC CONSULTATION ON THE DRAFT LAW ON RURAL COOPERATIVES OF THE MINISTRY
OF RURAL DEVELOPMENT AND FOOD, GOVERNMENT OF GREECE

0. International Cooperative Alliance (ICA), established in 1895, currently headquartered in Brussels (Belgium), is the global representative body that unites, promotes and serves cooperatives worldwide. As of January 1, 2020, the ICA represented **309** member organizations from **110** countries worldwide with a diverse array of membership hailing from different business sectors, international cooperative umbrella bodies and government departments.
1. At the behest of the New PASEGES, the ICA respectfully submits the following response to the online public consultation launched by the Greek Ministry of Agricultural Development and Food (MADF) concerning reforms in the legislation on Agricultural Cooperatives in force in Greece (Law 4384/2016)
 - At the outset, it is submitted to extend the ongoing public consultation to allow adequate notice and reasonable time for cooperatives in Greece to present their considered feedback after extensive mutual consultations and consultations with the experts from the internationally integrated cooperative movement.
 - This is not necessarily a plea to advocate for an articulation of the 7 Cooperative Principles in the Draft Law, but a call to the government in Greece to recognize the need to espouse the spirit of the cooperative identity in the proposed legislative reform, in order to pragmatically help the translation of cooperative principles and values into legal rules.
 - The response below is reflective of the Paragraph 10 (1) and (2) of the 2002 ILO Recommendation No. 193 concerning the promotion of cooperatives, that calls on Member States to adopt specific legislation on cooperatives, which are guided by cooperative values and principles, as well as call on the Governments to consult cooperative organizations, in the formulation and revision of legislation, policies and regulation applicable to cooperatives. It is imperative to note that Greece, as a Member State of the ILO, was represented by the national representatives of the ILO constituents, such as worker organizations, at the negotiations on the aforementioned Recommendation, that initiated an era of codified international standard on widespread promotion of cooperatives, including in Greece that endorsed the Recommendation.
 - This response puts forward questions concerning Paragraph 6 (d) of the 2002 ILO Recommendation No. 193, that while embodying the 6th Cooperative Principle on cooperation among cooperatives and manifesting functional solidarity among cooperatives, calls on governments to facilitate the membership of cooperatives in cooperative organizations, such as unions and federations that could respond to the needs of cooperative members. The Draft Law, by its omission of Articles 34 of the existing law, in its text, restricts the movement's right to associate and express solidarity among each other, and is therefore not in line with the Cooperative Identity as well as the ILO Recommendation.
 - Furthermore, the 2001 UN Guidelines aimed at creating a Supportive Environment for the Development of Cooperatives, in its paragraph 11 provides that laws should recognize the unique nature of the values and principles of cooperation, and that neither the unique nature nor their separate and distinct treatment in law and practice should be the cause of discrimination, and as enshrined in Paragraph 8.1 (f) of the ILO Recommendation and in the 5th Cooperative Principle, lays emphasis on the need to promote education and training in cooperative principles and practices at all appropriate levels. The Draft Law does not give effect to this Principle in its text, which will potentially and irreparably damage



the sustainability of the cooperative movement, especially because the application of the 5th Principle also creates conditions for the general public – particularly, young people and opinion leaders – about the nature and benefit of cooperation.

- The following response which is based on recognized international standard on promoting cooperatives, is submitted to share with the Greek government, a Member State of the ILO and the UN, the issues in the Draft Law that appear unmaintainable in light of internationally accepted norms on managing and promoting cooperatives, and is aimed to assert and uphold the International Statement on the Cooperative Identity (Hereinafter referred to as 'cooperative identity') within the imminent efforts of the MADF.
 - In this regard and aside the text below, the ICA also supports the submission of the Greek Social Entrepreneurship Forum to the online public consultation.
2. Specific issues of concern with the Draft Law have been raised below as questions with the expectation that the MADF would as along with a response, open bilateral dialogue with cooperatives in Greece, to ensure the proposed law does not suffer infirmities of inadequate application of the international norm on promoting cooperatives.
- Whether the minimum number of members required as per the Draft Law be an obstacle in the formation of small size cooperatives? [Article 4.1 and Article 4.2]
 - Whether the Draft Law takes into account Paragraph 6 (c) of the 2002 ILO Recommendation that provides for adoption of oversight measures that are in consonance with cooperatives' nature and functions, respectful of cooperative autonomy and are not negatively differential to other forms of enterprises? Further, whether the Draft Law unjustly restricts the autonomous and independent character of cooperatives and the democratic nature of their governance by reinstating the traditional model of State supervision, especially in the context of continuing with sectorally fragmented cooperative organizations that ineffectively empower only the corresponding supervisory authorities and registers, instead of reforming the overt presence of the number of such authorities in place and encouraging harmonized positions on cooperative law for all sectors, with the aim to allow a cohesive and concerted promotion of cooperatives through evidence based policies. [Article 21]
 - Whether the Draft Law has considered relevant parts of the Cooperative Identity while allowing legal persons, including for-profit companies & firms, to establish cooperatives under the Draft Law, and whether it disproportionately disregards the fundamental objective behind the invention of cooperatives i.e. is to solve citizen's socio-economic and cultural collective needs? [Article 6.2]
 - Whether the obligation to submit 75% of the annual produce to the agricultural cooperative is maintainable in view of the autonomy of cooperatives on one hand and the international norms of monopolistic restrictions of trade practices and competition law? [Article 8.1 f]
 - Whether the obligatory provision on the minimum share capital under the Draft Law restrictive in enabling cooperative business, especially for micro and small cooperatives? [Article 9.1]
 - Whether the Draft Law considers extending the use of new technologies to the general assemblies of primary cooperatives, in its stipulation for organizing meetings of board members and supervisory council through teleconferencing? [Article 16.12]



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- Whether the Draft Law takes into account the need for special auditors trained in cooperatives to ensure audits are done effectively and in line with cooperative way of business, and whether the Draft Law ignores Paragraph 6 (c) on appropriate measures for cooperative oversight? [Article 24]
- Whether the Draft Law seriously infringes Cooperative Principle 3 on Member Economic Participation with its provisions concerning the lack of prescription for indivisible reserves? [Article 26.10]
- Whether the Draft Law is clear and in consonance with other subject-matter laws in force in the country, on the configuration of indivisible reserves and the taxation and/or special charges levied on transfers of profits to such reserves?
- Whether tax deduction at source for individual “gains” arising out of surplus in line with the established legal norms of surplus-taxation?
- Whether the omission of provisions for the creation of cooperative unions and federations from the Draft Law, would potentially vitiate the Cooperative Principle 6 on Cooperation among cooperatives which is reflected in Paragraph 6 (d) of the 2002 ILO Recommendation, and therefore unlawfully restricts cooperative self-reliance and growth?

Thank you!

Yours sincerely,

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