Public Hearing
Towards a Statute of the European Association
28 April 2011, European Economic and Social Committee, Brussels

Report

Summary
For over twenty years, European associations call for the creation of a European statute allowing them to develop transnational activities. The European Parliament recently adopted a written declaration calling on the European Commission to submit three proposals for the creation of European statutes for associations, foundations and mutual societies. The successful passing of the written declaration, as well as the current debate on the Single Market Act confirm the importance of creating a level playing field and a proper legal framework for associations, foundations and mutual societies to develop transnational activities.

The European Civic Forum (ECF) has been in the front line of a wide civil society campaign, coordinating the European Alliance for the Statute of the European Association – EASEA. Together with the colleagues within the EASEA Alliance, the European Foundation Center and the International Association of Mutual societies, the European Civic Forum was actively advocating towards MEPs and managed to bring the European statutes issue back on the agenda.

With the intention of celebrating the success of the campaign and the strong political support given by the European Parliament towards the institutional recognition of the European associations across Europe, the European Civic Forum organized a public hearing on 28th April 2011 within the European Economic and Social Committee (EESC) in Brussels. This public hearing was aimed at discussing the implications of a European Statute for European Associations in the Single Market and in the European Civil Dialogue.

The meeting was chaired by Jean-Marc Roirant, President of European Civic Forum. The welcome words on behalf of EESC by Patrick Fève, Head of Unit “Relations with civil society organizations, constitutional affairs” were followed by the presentation of the European Alliance for the Statute of the European Association (EASEA) campaign to support the collection of MEP signatures for the adoption of the written declaration 84/2010, by Alexandrina Najmowicz, ECF Coordinator. The first round table on the “Purpose of the Statute on the Single Market” was chaired by Patrick de Bucquois, President of CEDAG and included the interventions of Mark Tarabella, MEP (S&D) and Francesco Martucci, European economic law professor at the University of Strasbourg. The second round table focused on “The purpose of the Statute in the

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1 Written Declaration 84/2010 on establishing European Statutes for mutual societies, foundations and associations, 10 March 2011.
European Civic Dialogue”. The session was chaired by Cristian Pîrvulescu, Vice-President of European Civic Forum and Vice-President of the EESC Group III and included the interventions of Maria-Christine Vergiat, MEP (GUE/NGL), Giovanni Moro, sociologist, President of FONDACA and member of the Active Citizenship Network and Meike Rodekamp, Research Assistant, University of Bremen. Both round tables subsequently were followed by exchange of views with the audience. The public hearing was concluded by the session on the follow-up to the European Parliament mobilization and closed by Jean-Marc Roiirant.

**Full report**

Jean-Marc Roiirant (ECF President) opened the Public hearing by welcoming speakers and participants, and he apologised to the European Foundation Center and the International Association of Mutual societies for narrowing the debate today upon the Statute for the European Association. Indeed, during these last months, associations joined forces and had been working together with the foundations and mutual societies to bring the issue of adopting European statutes for social economy actors back on the European agenda. Mr Roiirant mentioned the need to speak out about the European statute for European associations, in the context of the public debate around the Single Market and the role of social economy actors, as the cooperatives already have a European statute, mutual societies are mentioned in the Single Market Act proposals, and there is an ongoing impact study on foundations that will conclude with a draft statute. It has been stressed that Commissioner Michel Barnier mentioned foundations and mutual societies among the 50 proposals for a Single Market Act, however there is no word on the “poor relative”, the associations, so there is a need for drawing more attention to this cause.

Patrick Fève (EESC) welcomed the audience on behalf of the European Economic Social Committee and Cristian Pîrvulescu, Vice-President of Group III - representing group of various interests. Mr Fève said that the hearing marks the significant progress in having the statute being adopted, and the first milestone – getting the support from European Parliament - has been reached. The next awaiting challenge is to push the European Commission to use their legislative power to take up the initiative, particularly when there is no reference to the statute for European associations among the final 12 projects for 2012 Single Market Act that the Commission calls “Twelve levers to boost growth and strengthen confidence”. Mr Fève presented a short overview of the history of political developments towards the European statute for associations lasting more than 20 years. Back in 1984, the European Parliament adopted a resolution asking the Commission to propose a regulation regarding the statute for the European association. In 1991, the work on the statutes started and the Commission presented three texts relating to the European Cooperatives, Mutual Societies and Associations. In 2003 the work was suspended and in 2005 the European statute proposal was withdrawn from the Commission work plan. The European Parliament was against this withdrawal, within a resolution adopted in 2006 regarding the work programme of the Commission, as well as the EESC within an opinion on the “Representativeness of European civil society organizations in civil dialogue” drafted in 2006. The Committee has been constantly in favour of the European statute for associations, as in 2009 the EESC issued an opinion on the “Diverse forms of enterprise” requiring that the Commission tackles this issue of European statute, a position repeated in an opinion of March this year regarding the Single Market Act.

Jean-Marc Roiirant (ECF President) presented the two round tables which were supposed to refine some useful arguments to continue the work and convince the Commission to take an initiative. He also outlined the social role of associations in building inclusive communities, their civic role in bridging the gap between citizens and institutions and, finally, their economic role in creating jobs and contributing to the GDP. Mr Roiirant gave an overview of the institutional and political context and some opportunities to take advantage of in pushing forward the European statute issue. By making participatory democracy a major instrument of good governance, the Lisbon Treaty opens up new prospects for public participation in EU policy-shaping and decision-making processes. Along with its article 11, the EU institutions are required to conduct “an open, transparent and regular dialogue with representative associations and civil society”. President Barroso, within its political guidelines, undertook to put citizens in the heart of the agenda by
reinforcing EU citizenship and participation and by “empowering citizens to be involved in decisions affecting their lives”. Moreover, during her participation in the “Civil Society Day” organised by the European networks members of the Liaison Group on 22nd March 2010 in partnership with the EESC, Commissioner Viviane Reding offered an insight in her understanding of citizenship and declared that the long-standing request for a statute for European associations, which was strongly backed by the audience, could be re-examined. Then, within the current debate on the Single Market Act, it is worth mentioning the recent European parliament report, “A Single Market for Europeans” calling for “measures to create an appropriate legal framework for foundations, mutual societies and associations so as to give them European status, to prevent legal uncertainty and to promote other social economy enterprises and other social projects”. And finally, the current European Year of Volunteering should be a good opportunity to launch the process towards an official recognition of the legitimacy and the relevance of European associations’ collective voice in a more participatory European democracy.

Alexandrina Najmowicz (ECF Coordinator) presented the highlights of the EASEA campaign that mobilized a huge number of associations, foundations and mutual societies both on European and national level. Ms Najmowicz outlined that it’s been over 20 years now that the associations with a strong European and transnational dimension are calling for a European statute which would give institutional recognition to the engagement and the activism of millions of European citizens freely and voluntarily getting together in associations across Europe. The debate over the European statute has been led for the last years especially after the Commission withdrew from its work programme in 2005 the draft provision on the statute, motivating some reluctance coming from some Member States like Germany, Austria and Finland. Coming back to the eventful history of the statute issue, the report of Genewefa Grabowska MEP on the perspectives for developing civic dialogue under the Treaty of Lisbon adopted in 2009 was also an important step towards drawing back attention to this issue. However, after the European Parliament elections in 2009 the topic has not been followed up. In 2010, civil society organisations members of the EESC Liaison Group reached a common position towards “A structured framework for a European civil dialogue”, defining European civil society organizations and civil dialogue as provides along the treaties and established within current practices of European institutions. This document, publically presented within the above mentioned “Civil Society Day”, drew some key recommendations to institutionalize the dialogue with European civil society organisations and give it a more permanent and structured framework. The creation of a European statute for European associations was among the recommendations of this position paper and public conference. In this context, these organizations naturally gathered together once again and created an informal Alliance in order to raise awareness and collect as much signatures as possible to support the Written Declaration launched in November 2010 by 5 MEPs: Regina Bastos (EPP), Marc Tarabella (S&D), Pascal Canfin (Greens/EFA), Marie-Christine Vergiat (GUE/NGL) and Renate Weber (ALDE). An intense campaign had been running for four months on national and European level. Thanks to the active involvement of numerous associations, foundations and mutual societies, the campaign resulted with 386 MEP signatures collected and the official support2 given by the European Parliament on 10 March 2011. Ms Najmowicz concluded her presentation with some figures showing the situation of MEPs support per country and political groups:

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2 According to the European Commission report prepared on the occasion of the European Year of Volunteering 2011, it has been presented that ¼ of citizens are getting involved within associations and NGOs.

Most favorable countries:
1. Cyprus – 100% signatures;
2. Greece and Slovenia – 86% signatures;
3. Estonia, Portugal and Spain – more than 80% signatures;
4. Romania and France – more than 70% signatures.

Less favorable countries:
1. Sweden – 6% signatures;
2. Netherlands – 24% signatures;
3. UK – 29% signatures.

Former “opposed countries”:
1. Germany – 33% signatures;
2. Austria – 35% signatures;
3. Finland – 46% signatures.

The support of political groups:
1. GUE/NGL – 89% signatures;
2. S&D – 78% signatures;
3. Greens/EFA – 73% signatures;
4. ALDE – 51% signatures;
5. EPP – 40% signatures;
6. EFD – 27% signatures;
7. ECR – 13% signatures;
8. NI – 19% signatures.

In her final words Ms Najmowicz thanked the MEPs for their efforts in mobilizing their peers, and also the colleagues from associations, foundations and mutual societies who directly contributed to the success of this joint campaign. She nevertheless pointed out that this is just a first step that has been taken, the most challenging is ahead of us and the following round tables would help us better understand the complexity of this issue and identify best ways to follow-up.

Round table: The purpose of the Statute on the Single Market

Patrick de Bucquois (CEDAG President) chaired the first round table of the public hearing on the purpose of the Statute on the Single Market. As an introduction he mentioned the importance of associations as part of the diversity of social economy and as a form of expression of citizenship. He then brought some clarifications on the misconceptions around the European statute issue, which is deemed to lack agreement from the Member States, whereas, when we look at the troublesome progression of this dossier, the lack of agreement was striking another issue on the agenda at the very same moment: the directive on workers’ participation.

Marc Tarabella MEP (S&D) and former Minister for Adult Education in Belgium, in his first words said that the Europe 2020 strategy is going to fail due to lack of correct implementation of this strategy and lack of available funding to support it. One of the problems nowadays is the increasing level of euro skepticism and the fact that more and more citizens are questioning Europe itself. He mentioned that with the Lisbon Treaty the influence of European Parliament has been strengthened among the European institutions and got a genuine power in the co-decision process with the Council, with the understanding that the initiative always lays with the European Commission. Mr Tarabella evoked a meeting with Commissioner Barnier, as the member of the Social Economy Intergroup, and his feidly attitude towards the European statute issue. The proposal 47 of the Single Market Act aiming to improve the legal structure of such entities as associations and their functioning within the Single Market, unfortunately it has not been included in the final 12 proposals. The social entrepreneurship has been mentioned and within this proposal the statute for European cooperatives is planned to be reviewed, however the associations have not been mentioned, therefore there is no possibility to amend anything. Following what Ms Grabowska MEP said, there is a need to work step by step and evolve ideas gradually, and hope that some of the Commissioners are open for dialogue. MEPs can have an influence in this process, one should not overestimate our role, but MEPs can ask direct questions to the Commission, what has happened so far is just a beginning. If the Commission does not take an initiative, the European Parliament and the political parties can organize hearings within the parliamentary committees i.e. Internal Market and Consumer Protection (IMCO) or the
Social Economy Intergroup, so they can table the issue again to promote the idea. A lot has been already achieved, because own initiative reports and written declarations quite rarely, only one out of 6, reach the majority among MEPs. But there is still a lot to be done. Commissioner Barnier seems quite positive for this issue, but he is quite isolated within the Commission to hold this position. The social economy is very diverse from one country to another, i.e. in Spain there are the industrial groups who are members of the social economy. In some countries the social economy is wrongly perceived as the charity work when in another it is a quite buoyant and extremely profitable. In conclusion, Mr Tarabella mentioned that the European citizens’ initiative needs to be clearly implemented, but it gives a lot of possibilities to the European citizens to use this instrument in future to express themselves.

Prof. Francesco Martucci (University of Strasbourg) is teaching economic law and in his papers he presents the non-profit enterprises, perfectly fitting within the social economy. He presented how, legally speaking, the status for association can be drawn and successfully implemented in the “highly competitive social economy”. Despite the fact that the European Commission did not mention the associations in the 12 final proposals for the Single Market Act, we can find the arguments that would apply to the European association once we replace few words with “European association”. Prof. Martucci made a difference between not-for-profit association and association-enterprise. While stating that they are not in contradiction, this distinction, however, has a consequence form a legal point of view. If we take the association-enterprise, it is covered by competition and enterprise European law any type of entity (it can be also an association) carrying an economic activity – i.e. offering goods and services on the market. The relation to the market defines if it is covered by the competition law or not. So, associations could be covered by competition law. It is not a problem if we look at what competition law is about: competition law covers the anticompetitive behaviours - i.e. abuse of the dominant position - and the Commission is very keen on defending the rules of fair competition in the single market. Usually associations do not have such a power on the market, so there are low chances that they would fail under the competition law. However, state aids and subsidies could pose a problem in the case of associtations acting also like enterprises, according to the decision of the European Court of Justice in 2006 in a case regarding Bank and Foundations. Since 2005 the situation is being party solved: for general interest services, there is no need to notify the European Commission about receiving subsidies up to 30,000 000 euro for a turnover of 100 000 000 euro, thus under such conditions, the competition law should not be an obstacle for associations. Secondly, we are essentially speaking about the freedom of movement of services and capital. The European Court of Justice has handed down two important decisions: the Stauffer judgement4 and the Persche Judgement5 explaining what is at stake when speaking about the European associations, and setting up the principle of mutual recognition of establishments across Member States if they pursue the same purposes. The Persche case concerns a German donor, Hein Persche, making a donation to a Portuguese carehouse. As donations to charities, including in-kind donations, are tax deductible for individual donations in Germany, Mr Persche deducted the donation on his income tax return in Germany in 2003. However, his deduction was rejected on the grounds that only donations to German resident public benefit organisations may benefit from tax incentives. A donation to a German public benefit organisation with similar activities as the Portuguese one would have been tax deductible. In the judgment, the Court first notes that donations to public-benefit organisations based in other EU Member States come within the free movement of capital guaranteed by the EC Treaty. The Court also notes that as the possibility of obtaining a tax deduction can have a significant influence on the donors’ attitude to giving, the inability of German donors to deduct donations made to public-benefit organisations in other Member States is likely to reduce such cross-border gifts. Therefore such legislation constitutes a restriction on the free movement of capital and is against Article 56 of the EC Treaty. Based on this jurisprudence we find ourselves in a mutual recognition of the association of a member state that is given the same treatment as the national establishment if they pursue the same purposes, so the logic of mutual recognition will be a catalyst in favour of harmonizing and approximating legal instruments. When speaking about the European

foundation we can refer to the above mentioned case. There would be a need for such jurisprudence for the associations to have it as an argument in favour of European statute. However the mutual recognition has its own limitations – there are a lot of formalities that have to be fulfilled, therefore we can see the interest of having a single statute, applicable to the union as a whole. A single statute does not mean a unifying statute, because the statute will coexist with the national statute, as an additional one. Mr Martucci considers it is a constitutional requirement, the Union has to respect the national identity within the meaning of the constitutional law and what follows the constitutional identity, which means that associations are part of this constitutional identity in a number of member states – what makes it a quite strong argument to maintain the diversity of associations. To adopt a European statute, there is need for a legal basis and there must be a provision in the treaty that entitles the institutions to act. The first relevant provisions are Article 11 of the Lisbon traety and Article 12 of the Charter of Fundamental Rights, however they do not amount in themselves to the legal basis for adopting the European statute. To this end, there is a need to find other relevant provisions. First of them is article 352 of the Treaty on the functioning of the European Union (TFEU), providing with a measure of flexibility with regard to the Union’s areas of competence. It thus allows Unions’s powers to be adjusted to the objectives laid down by the Treaty when the latter has not provided the powers of action necessary to attain them, in the accomplishment of the Single Market. Another provision is article 114 TFEU which allows to approximate national legislations with the view to implement the internal market. Article 352 provides for the unanimity of the Member States and the consultation of the Parliament, while article 114 provides for a qualified majority at the level of the Council and co-decision of the Parliament. Institutionally, these differences are essential, since there are some Member States more “reluctant” to the issue, whereas the Parliament has shown a great support. It has been mentioned that in 2005 the European Court of Justice expressed itself being in favour of Article 352 when speaking about the statute for cooperatives. The reasoning of the Court is important, saying that article 352 comes only into play as a last resort, provided not other provisions can be used in the Treaty. And for the statute of the European association, it is going to be the case, since the article 114 is appropriate for harmonization of something what already exists. Another important issue is that several things will need to be defined, such as: what is a European association, decide on the minimum number of member states represented, define general interest at European level, as well as some organizational issues – legal capacity, registration, governance, accounting, name etc. European law can settle down all those issues, but at first an agreement has to be reached. The suggestion is to check the already existing different national models and draw the European model taking inspiration from them in order not to repeat the mistake of the case of European company that has reached the minimum compromise. The situation gets complicated when it comes to monitoring these European associations: would a European agency be set up or would it be settled at national levels? And regarding a last aspect, related to the legal liability, all the litigation aspects, social and tax law, the regulation will not be able to respond to all these aspects. Other legal instruments, maybe a directive, should cover these issues.

**Round table: The purpose of the Statute for the European Civil Dialogue**

**Cristian Pîrvulescu (ECF Vice-President)** representing EESC Group III chaired the second panel of the public hearing. He mentioned the EESC’s efforts to lead a structured dialogue with organized civil society across Europe, by setting up the **Liaison Group** in 2004 to interact with European organisations and networks and be both a liaison body and a structure for political dialogue. The Liaison Group is composed of 15 representatives of the EESC (the President, as co-chair of the Liaison Group, the three Group presidents, the six section presidents, together with the presidents of the CCMI, the three observatories (single market, sustainable development, labour market and the Europe 2020 Steering Committee) and 20 European thematic networks and platforms. The EESC is fully supportive of the idea to establish a European Statute for European Association.

**Prof. Giovanni Moro (FONDACA President)** presented the case of representation and representativeness of citizens’ organizations with reference to national situations, based on data coming from some researches that FONDACA and Active Citizenship Network have been developing since 2004. In his presentation he outlined the policy framework for citizens’ representation and the institutional practices for interaction
with citizens’ organisations active in policy making on the national level. The study aimed at analyzing the identification criteria used by institutions in 27 EU countries and Turkey to involve civic NGOs in policy making. These criteria can be grouped into two categories: objective (size, territory, resources, accountability…) and evaluative (expertise, independence, reputation …). There is a difference in the relevance of these criteria according to the phase of policy making: in the formation phase tend to prevail criteria linked to the connection of the organizations with the target of the policy or to the membership of the organizations in quantitative terms, whereas in the implementation phase tend to prevail criteria linked to operational abilities or financial accountability. There is a tendency for governments to use representativeness criteria to involve civic NGOs mainly in the policy formation phase, as they consider the policy implementation is not really a citizens’ participation and participation in policy is not considered as a right of citizens, but rather a prerogative of institutions. As regards citizens’ organizations involved in the survey, they show deep distrust in the reliability and effectiveness of the criteria, especially because of the implementation gaps. They strongly believe that criteria are directed to make the strong stronger and the weak weaker. Paradoxically, criteria aimed at assuring equity and equal opportunities ended by generating distrust and further inequality in the access to policy making process of citizens’ organizations. The main findings of this research and dialogue project involving citizens’ organizations and policy makers is the shift from representativeness to relevance: representativeness is a sort of absolute, definitive concept, whereas relevance is a pragmatic and contextual concept depending on specific needs and situations. No citizens’ organization is in itself representative. It can be relevant in certain situations and not relevant in other situations (see the full presentation enclosed).

Meike Rodekamp (Associate Researcher, University of Bremen) gave a presentation on the institutional perspective on civil society organizations representativeness, the concept in the academic debate and the possible implications of the Statute for European Associations. Ms Rodekamp reaffirmed what Professor Moro already said, that the Lisbon Treaty in its article 11 mentions twice, without giving any further definition, the concept of representativeness in relation with the associations. The concept of representativeness, which used to be reserved to the social partners, entitled to negotiate collectively binding decisions, has step by step been extended to all civil society actors that desire to participate in EU consultation mechanisms. The most precise definition of representativeness of civil society organizations has been given by the EESC in the already quoted opinion in 2006. According to this opinion, civil society organizations eligible for the European civil dialogue must, among others, “exist permanently at Community level, provide direct access to its members’ expertise and hence rapid and constructive consultation, represent general concerns that tally with the interests of European society, have member organisations in most of the EU Member States, etc. Out of this list of criteria, one can draw two different types of representativeness: the geographical representativeness (CSOs are supposed to be widely represented throughout the EU Member States) and the member representativeness (CSOs are supposed to speak for those for whom they claim to speak). According to the main findings of a research project on how “Brussels-based organizations” perform in terms of representativeness, and combining these two types of representativeness, two dimensions of CSOs representativeness have been outlined: the formal dimension, residing in the organizational form and structure, size and geographic outreach, and the relational dimension residing in member accountability, member participation and member satisfaction. Some preliminary results show that CSOs have democratic internal structures and are widely represented throughout EU and beyond, but have difficulties in adequately reflecting views of all members in a context of fast moving decision making process, due to disparities in member resources, too little member feedback, and large membership bases. As regards the implications of the Statute of the European association in the European Civil Dialogue, Ms Rodekamp thinks it would facilitate differentiation between civic associations and other lobbyists. Whether SEA would allow for assessment of representativeness depends on definition of the term, but according to the above mentioned research findings, the bigger a CSO becomes in terms of geographical outreach and membership, the more difficult is to represent the views of its members. Ultimately, by trying to use the statute as a quality framework for organizations entitled to participate in the civil dialogue, it promotes analogies with the political parties, which would threat the diversity of the sphere of civil society. Some CSOs act on the basis of representation, whereas some others act on the basis of solidarity with beneficiaries that cannot speak for themselves, or on the basis of their expertise (see the full presentation enclosed).
Maria-Christine Vergiat, MEP (GUE/NGL) has been following the process of statutes for association in the French administration for the last 10 years. As NGO activist, apart from holding the MEP mandate, she defined several obstacles that are on the way to have it adopted. In her opinion, the problem is on the level of Council of Ministers, the opposition between economic and non-economic associations. A major step was accomplished - more than half of MEPs signed the written declaration. The Lisbon Treaty provides with new tools, therefore there is a possibility to work towards European statute. She agreed with Prof. Martucci that in the heart of this proposal there is no economic issue. In the European law there is recognition of economic activities, whatever the statute of the actors. Ms Vergiat stressed that one should not copy the cooperatives statute that is almost a carbon copy of the commercial statutes, hence it calls for a revision. The Single Market Act shows the progress in the recognition of social economy. Within Mr Barnier’s proposal foundations and mutuas have been included, however the associations have never been mentioned. This clearly shows that the European Commission is not very sure of the competences that different services or DGs might have in dealing with the issue of European associations. Ms Vergiat concluded her speech with a strong hope that if there will not be any progress with the adoption of European statute in 2011 during the European Year of Volunteering, for sure it should happen in 2013, which will be a European Year of Citizenship, although it has not been publicly announced yet.

Conclusions

Jean-Marc Roirant draw the conclusions of the public hearing that has opened a new stage of campaign – collecting documents, data, information, organizing meetings and hearings. The conclusions of this very important hearing will be shared with the general public, as well as the work of the EASEA Alliance, as for the very first time so many organizations have been acting together for this cause. He suggested three further approaches: gather wider support within the European Parliament and Council and keep on convincing MEPs and governments in all Member states, have a legal support from a group of experts, and spread clear information on the subject of the European statute for associations, in order to avoid confusion or misunderstandings. One of the biggest misunderstanding around the Statute issue lies in that fact that it would replace the national legal frameworks for associations and NGOs, whereas in all our debates and proposals, we very clearly indicated that this statute would have an optional nature and would be complementary of the national ones. As for the institutionalization of the civil dialogue, there is a need for a framework in which the civil dialogue is organized. In terms of representativeness, one should avoid creating a situation of monopoly of representation, all relevant organizations regardless of their size, or number of members or geographical outreach should be involved in policy making and consultations. In the final words Mr Roirant congratulated everyone for the work done so far within the EASEA Alliance and campaign and invited all the present organizations to keep the momentum, advocate at European and national level to keep the issue on the agenda.