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for Economic Affairs  
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Mister  
Nicolas Schmit  
Commissioner for Jobs and Social Rights  
Rue de la Loi/Wetstraat 200  
1049 Brussels  
Belgium

Berlin/Madrid, 5 October 2022

Dear Commissioner Schmit, dear Nicolas,

We very much welcome the Action Plan presented by the European Commission to boost the social economy. It coincides with the increasing focus of Spain and Germany on this matter and, in this sense, Spain will focus on this subject during its Presidency of the European Council in 2023.

In this context, the recent adoption in Spain of a specific PERTE (Strategic Project for Recovery and Transformation) on Social Economy and Care is fully consistent with the objectives set by the Action Plan. The PERTE will also create the conditions needed to promote the social economy, to reinforce cooperation mechanisms and to implement legal reforms that will dynamize this sector towards intelligent, fair and sustainable development and competitiveness.

On the other hand, given the current challenges, the German Federal Government aims to transform its economy to create a socio-ecological market economy. In its coalition agreement, the government therefore included the objective of strengthening and supporting social economic activity, such as for cooperatives, social enterprises and social integration companies, by improving the legal environment and also by creating specific legal structures.

The social economy not only plays a central role in the fundamental transformation of the entire economy of the EU area towards creating social and ecological sustainability, it is also crucial in order to be able to react to the current crisis which was triggered by Russia's war

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of aggression on Ukraine in violation of international law. We therefore eagerly await the design of the more than 60 planned initiatives on such a broad variety of topics as common standards for measuring the impact of companies focusing on the social economy, the creation of labels and greater social recognition of the importance of the social economy.

Platforms such as the planned Social Economy Gateway will certainly help companies and other actors that act for the common good to obtain information on support and networking opportunities. The Recommendation planned by the Council will provide useful ways for the Member States to take action. However, we will need more concrete initiatives at EU level if the social economy is to fully unfold its potential for the transformation of our economies and in order to address major societal challenges:

- Most major societal challenges do not end at borders and must be addressed multinationally. It is therefore key that social economy actors can act together across borders. We will need uniform legal structures for non-profit actors such as registered associations and foundations across the EU in order to facilitate necessary cooperation and the flow of donations in accordance with the requirements of the ECJ. In addition, we need to make it much easier to examine and recognise non-profit decisions made by actors from other Member States. We therefore call on the EU Commission to submit proposals for a European legal form for registered associations and foundations
- Companies that focus on the common good still have difficulties to access funding; the result is that their growth and therefore the expansion of their impact is massively impaired. We would therefore welcome it if the State aid framework could be adjusted such that it would enable a simplified injection of funding by the public sector in companies that serve the interests of society.

As expressed, Spain will hold the Presidency of the EU Council in the second half of 2023. One of its main objectives will be to promote the approval of a Council Recommendation on social economy, which should be the basis of a much-needed common legal EU framework for the entities of the social economy that will enhance their potential as agents of change and contribute to preserve the European social model.

On the other hand, the organization during the Spanish Presidency of a high-level meeting on social economy will allow Member States to share good practices in the implementation of the Action Plan.

We think that against this background, a swift implementation of the initiatives announced by the European Commission to remove these legal obstacles and barriers to financing would be very welcome. In addition, we call on the Commission to present proposals for a European legal structure for registered associations and foundations.

We would greatly welcome an opportunity to discuss this in detail.

Sincerely yours

Sven Giegold

Joaquín Pérez Rey