

# COOPERATIVES AND INTERNATIONAL ACCOUNTING STANDARDS: THE CASE OF IAS 32\*

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*This article recounts the cooperative movement's two years of campaigning and mobilization when its future was threatened by an international accounting standard. The proposed amendment to IAS 32 recommended that any financial instrument that could be refunded at the bearer's request be treated as debt regardless of its legal status. Shares in a cooperative, which can be sold back under certain conditions by virtue of the right to join or leave freely, were thus affected. According to the new accounting standard, they would no longer appear as part of the cooperative's capital but rather as part of its debts. The authors first show how this penalizes cooperatives and then develop the case that was made for changing the text. The process of drafting international accounting standards is complex and involves many different bodies. The article highlights the role the cooperative movement played in making the organizations involved in the process more aware of the reality and specificities of cooperatives as well as the educational value of the campaign.*

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\* Recma, no. 295, February 2005.

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The publication in June 2002 by the International Accounting Standards Board (IASB) of a proposal to amend the accounting standard IAS 32, "Financial instruments: disclosure and presentation," provoked a number of debates and reactions within the French and international cooperative movements.

The adoption of the amended standard would have presented serious problems for cooperatives. According to the terms of the proposal, shares in cooperatives would not be treated as part of the cooperative's equity but rather as debt. The consequences of such a ruling would have completely changed the financial ratios of cooperative banks and considerably complicated securing financing for all cooperative firms. Besides weakening the financial position and restricting the growth of cooperatives, the application of the amended standard would have seriously threatened their viability in France and in the rest of the European Union.

Faced with this threat, cooperatives in France, Europe and around the world joined together to express their reservations to the European Commission and requested its support in the discussions to be undertaken with the

IASB. Long and intense lobbying combining meetings and technical discussions with the IASB, the mobilization of national and international cooperative organizations, making national and European accounting bodies aware of their concerns, and addressing European institutions, etc. led to the adoption by the IASB, in November 2004, of an interpretative notice of IAS 32 devoted to members' shares in cooperatives. Although it may not satisfy all of the expectations of the cooperatives, this interpretation—which still has to be approved at the European level—will enable them to pursue their business activities without compromising their principles.

The case of IAS 32 is instructive for several reasons and reflects a completely changing world in which the centers of power are shifting from the national to the European or international level, and in which the decision-making process and the reaction time are accelerating.

## ● The organizations and process involved in drafting international accounting standards

In 1973, organizations representing accountants in ten countries (including France) set up the International Accounting Standards Committee (IASC), an independent private body whose purpose was *“to formulate and publish, in the public interest, accounting standards to be used in presenting financial statements and to promote their acceptance and application in the world; to work, in a general manner, towards the improvement and convergence of regulations, accounting standards and procedures relating to the presentation of financial statements.”*

Over the years, the IASC's role and objectives evolved in relation to international financial markets. In 2001, it changed its constitution to become a global foundation. Today it promotes the IAS standards as an alternative to the US standards.

The IAS structure is made up of:

- a group of nineteen trustees, responsible in particular for appointing the members of the board and ensuring the financing of the institution. These trustees represent all of the parties concerned with standardizing accounts (accounting professionals, financial directors, CEOs, financial analysts, academics, etc.) as well as reflect geographical diversity;
- a board (IASB) comprised of fourteen members who do this as an occupation (this has become a paid job with a fixed-term contract) and who are independent (the members of the board represent neither countries nor organizations). The purpose of the board is to prepare and vote on new standards, which are called International Financial Reporting Statement (IFRS) standards, while the existing body of standards have kept the name of International Accounting Standards (IAS). Seven of the board members are responsible for maintaining the liaison with seven national regulatory bodies (including the Conseil national de la comptabilité in France);

- an interpretation committee (International Financial Reporting Interpretations Committee, IFRIC). This committee issues “authoritative guidance” in cases where an IAS could be open to different interpretations or lead to the unacceptable treatment of a significant group of enterprises;
- an advisory committee on standards (Standards Advisory Council, SAC), which acts as a supervisory board. It checks, discusses and analyzes the ISAB’s work program.

The ISAB has little contact with national regulatory bodies and, being international in scope, sees itself above these considerations. In addition, the ISAB likes to think of itself as a theoretical organization and not a regulatory organization. These points, the ISAB’s concern for independence, verging on hermeticism, and the seeming indifference to the practical consequences of applying standards help explain the difficulties cooperatives have had in approaching the ISAB.

## The introduction of international accounting standards in the European Union

In the early 1980s, the European Union began working on European solutions for harmonizing the basic principles and rules of presenting company financial statements out of a concern for protecting third parties and investors and for developing a European financial market. After years of discussions on the choice between mutual recognition of financial statements established according to the national standards of Member States and greater harmonization and state intervention, the European Union gradually turned to the work of the IASC.

Following the agenda defined in March 2000 by the Lisbon European Council, the European Commission published in June of the same year an action plan about financial reporting in which they proposed that all listed companies in the European Union should prepare consolidated financial accounts in accordance with the IAS accounting standards by 2005.<sup>(1)</sup>

The incorporation of IAS standards into the European regulatory framework was stipulated by regulation 1606/2002 of the European Parliament and the Council on the application of international accounting standards, adopted on 19 July 2002.<sup>(2)</sup> This decision had three main objectives: to make it easier to compare the accounts of listed European companies, to give these companies greater transparency, and to make them more acceptable on European and international markets.

The regulation requires using IAS standards for establishing the consolidated accounts of publicly traded companies in the European Union (article 4) from the financial year starting 1 January 2005. This deadline can be extended to January 2007 for the consolidated accounts of listed companies that issue securities.

The regulation specifies (article 3.1) that the European Commission “*decides the applicability, within the European Union, of the international*

(1) Commission Communication of 13 June 2000, “EU financial reporting strategy: the way forward.”

(2) *Official Journal*, L243, 11 September 2002.

*accounting standards.*” The Commission has the help of two committees to accomplish this task—the “screening” procedure. The Accounting Regulatory Committee (ARC), which was created by the regulation (article 6), is responsible for legally approving IAS standards. Made up of representatives of the Member States, this committee does not have a technical role. Its purpose is political as it has the ability to reject all or part of a standard. The technical aspect and the liaison with the IASB are the responsibility of a private European committee, which was created in July 2001 and called the European Financial Reporting Advisory Group (EFRAG). Its members are representatives of all the parties concerned with standardizing financial accounts (accounting professionals, financial directors, CEOs, financial analysts, academics, etc.). Through this procedure, the Commission thus has the legal possibility of not accepting all or part of an IASB standard. Such a decision would cause a potentially serious conflict as the IAS framework is only applicable if all of its standards and interpretations are adopted. Furthermore, as Europe does not have the means to develop common European standards, there is currently no global alternative to the IASB.

## ● The publication of IAS 32

As Europe had become the first IAS standards “client,” accounting and professional bodies were increasingly interested in the IAS process, particularly as they were being consulted for opinions on proposed standards. In June 2002, a proposal to amend IAS 32 and IAS 39 was published for consultation. The cooperative movement thus became alerted during the examination of this text by the national accounting regulatory body in France—the Conseil national de la comptabilité (CNC)—and the heated debates that arose from the proposal to change IAS 39, the application of which partly referred to IAS 32.

According to the text of the proposed standard (paragraph 22B), any financial instrument (“puttable instrument”) that the holder has the right to put to the issuer for cash or another financial asset should be treated as a liability. The standard also established that the issuer of a financial instrument should from the start classify it as a liability or equity in accordance with the arrangements of the contract and not with its legal nature. Thus, according to the IASB, certain instruments, while clearly considered as equity on the legal level, are in substance debt.

The first difficulty for cooperatives was gauging the exact impact and scope of this text. The IAS standards was a new subject, and few European experts were familiar with the organizations and complex process involved in drafting IAS standards. In France in early 2003, under the impetus of the cooperative banks, which were the first affected, the cooperative movements that make up the Groupement national de la coopération (GNC), concluded that, although members’ shares can be retired in certain limited

conditions and can thus appear as debt, other factors (specific cooperative law, redemption subject to certain restrictions, etc.) lead in substance to treating them not as debt and should therefore be, within the IAS framework, treated as equity.

The issue acquired new urgency when French cooperatives saw their fears and their position confirmed by their European counterparts, whose own analysis verified the existence of a serious threat. Members' shares did not meet the criteria for equity as defined by the IASB because shares can be redeemed on the shareholder's request and the shareholder has no claim to the reserves.

Once again, cooperatives, without being directly targeted, saw their specific nature and way of operating challenged by a text that showed no understanding of their reality. The obstacles posed by the IAS standard did not concern the cooperative firm because of its statute but applied to any company with a variable capital base, the form adopted by the large majority of cooperatives in application of the right to join or leave the cooperative freely.

This was the beginning of a large-scale campaign led by the European cooperative movements. This mobilization in the movements was indispensable. Cooperatives entered a battle with little chance of winning, hoping to influence the position of the ISAB, which maintained strict independence, and to obtain a redraft of IAS 32, which presented a serious challenge. Another not insignificant factor that added to the complexity of the issue was that all of the texts and discussions were in English using technical terms, which was difficult for outsiders to understand.

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## The mobilization of cooperative networks

(3) The CCACE, which is an informal organization created in 1982, is made up of the sectoral organizations of cooperatives present on the European level (cooperative banks, consumer cooperatives, agricultural cooperatives, etc.) and national cross-sectoral organizations. The EACB and the GNC are members of the CCACE.

Working together on the European level, the cooperatives formed the Consultation Committee of the Association of European Cooperatives (CCACE).<sup>(3)</sup> The national and European federations appointed the European Association of Cooperative Banks (EACB) to coordinate the work on the IAS standards and to represent them. This decision was guided by the cooperative banks' extensive involvement in the issue and by the recognition of the EACB's greater expertise in legal, financial and accounting matters. The choice of the EACB to lead the campaign did not exclude the participation of other European organizations which, throughout the discussions, brought expertise, supervision and support to the work of the banking association.

On both the national and European levels, the most involved cooperative groups were given the task of making the rest of the cooperative movement and the national and European regulatory authorities aware of the threat posed by IAS 32. Many cooperatives actually did not feel concerned about the future application of the IAS standards, and this feeling was very widely shared by the national regulatory authorities, governmental departments,

parliamentary bodies, etc. involved with setting standards. As EC regulations concerned the application of IAS standards to listed companies for their consolidated accounts, few cooperatives saw themselves covered by the scope of the regulations.

In reality, the adoption of the IAS standards do not only concern listed companies. There is a risk of “infection” for other enterprises, since the Member States can opt to extend the IAS standards to unlisted companies. In a context of harmonizing and unifying regulations and procedures, it is hard to imagine the long-term co-existence of two different accounting standards, one applied to listed companies and another to unlisted companies. The “small” cooperatives will have to realize that they will be as affected as the “big” ones, even if the urgency is different. Actually, the IASB is already preparing an amendment to the standards or a “simplified” version intended for SMEs.

While the problem seemed clearly important for cooperative banks which, although unlisted, issue publicly traded stocks and consequently saw a threat to their financial ratios, many other cooperatives saw themselves only marginally affected by IAS 32. However, what would happen to a cooperative whose capital would be partly slashed from one year to the next? How could the cooperative explain to its bank that, although the company’s accounts showed a small amount of equity, the accounts should in reality be interpreted differently as it was cooperative? How could a new cooperative be set up if the capital invested by members was not treated as an asset but rather as a debt? Lastly, whatever the impact, real or foreseeable, of IAS 32 on cooperatives, faced with a system of standards constructed on the model of a publicly traded capitalist company, the cooperative movement had to assert its right to be recognized and have its values respected. Thus, from the beginning, the discussions on IAS 32 were carried out in the name of, and for the benefit of, the whole cooperative movement (which presented a problem for the commissioner, Frits Bolkestein, who was responsible for the internal market and not cooperatives). The urgency of mobilizing as many organizations as possible grew as the first deadline approached. In July 2003, the Accounting Regulatory Committee (ARC) of the European Commission had to provide an opinion on the Commission’s proposals to adopt IAS 32 and IAS 39. The latter standard also presented serious problems for banks and insurance companies which, along with the cooperative sector, were strongly lobbying the European Commission as well as the national authorities and accounting bodies that were members of the ARC. The strongest reactions were in France, leading the French president, Jacques Chirac, to approach the president of the European Commission on the issue.

As a result, on 16 July 2003, the ARC approved all of the IAS standards and interpretations that were currently in force, except for IAS 32 and IAS 39, whose adoption was temporarily halted to enable work on new proposals.

## Members' shares in cooperatives are equity

The first work carried out in the GNC on drafting a detailed position had two main parts:

- members' shares do not fit the criteria of capital as defined by IAS 32, nor do they fit, except in certain cases, the definition of debt according to the criteria of IAS 32, and should therefore be treated as equity;
- the cooperative status naturally entails variable capital.

In support of the cooperatives' position, these two points were developed and widely circulated on the national and European levels.

### Members' shares have characteristics that preclude treating them as debt

Members' shares issued when a cooperative is created are financial contributions to the formation of the company and are not advances from the members, who consequently acquire shareholders' rights in the company. In addition, the risk attached to enterprise creation makes it highly likely that losses will be imputed on the share capital, which would make the possibility of full redemption rather hypothetical as the shares are being paid back by the variable capital company status.

As part of the way a cooperative operates, members' shares can only be remunerated out of the year's profit or previously constituted reserves. The level of possible remuneration for the shares is decided after the fact by the general assembly that approves the accounts and does not constitute a contractual obligation. The remuneration of members' shares constitutes distributed profit and not a deductible cost as would result from a contractual obligation.<sup>(4)</sup>

In a trading cooperative, the redemption of members' shares does not depend solely on the decision of the member but is also dependent on the company.

In the case of France:

- the general law on cooperatives<sup>(5)</sup> sets limits to the possible reduction of capital through redeeming members' shares in relation to the highest level of capital attained (this proportion is greater for cooperative banks than for other cooperatives);
- in addition, the law on variable capital companies and the legislation specific to each category of cooperatives set a five-year period in which ex-members remain legally bound by their commitments. This enables adopting statutory measures that give the board the power to defer retiring members' shares during this period subject to approval by the general assembly;
- in most cooperatives, the variability of capital follows logically from the "dual status" of user and member. A member's investment is related to how much the member uses the cooperative. The volume of capital is thus proportional to the cooperative's business and therefore to the needs for equity in both senses;

(4) For example, according to French tax law, dividends paid on members' shares are granted the same tax credit as company stocks. This tax treatment is totally different from that concerning interest on bonds or other debt instruments.

(5) Law no. 47-1775 of 10 September 1947 on the cooperative statute.

- generally, retiring members' shares only happens when a member's leaving is accepted, which gives enough time for ensuring that the cooperative's equity allows redemption without jeopardizing the cooperative's finances. This is comparable to the repurchasing of stock practiced by a conventional company when it feels that its level of equity and situation authorizes such operations;
- the variability of capital, which is subject to conditions that do not lead to treating members' shares as debts, is related to a legal obligation to plow back a part of profit into reserves (French cooperative law stipulates 15%) and to the indivisibility of reserves which, even if it is not absolute in every country, is one of the principles of the International Cooperative Alliance. Of course, this restriction on the right to distribute net assets in case of winding up should not be interpreted as fundamentally different from ordinary equity instruments but as a behavior stipulated by law or the bylaws freely adhered to by those who create a cooperative or later become members. In contrast, in a conventional company, the reserves can be distributed and disappear from the balance sheet.

### **The capital of a cooperative is intrinsically variable**

In a cooperative firm, a member not only provides capital like a stockholder in a conventional company, a member is also a cooperator, i.e., a user of the cooperative's services. In other words, someone can only be a cooperator if they are simultaneously a member. This is a basic cooperative principle, that of the "dual status," which started in Great Britain in the mid-nineteenth century (with the "Equitable Rochdale Pioneers") and which has been reasserted at every fundamental stage in the history of the worldwide cooperative movement, in particular during the meeting in Liège in 1966 and more recently during the Manchester conference.

All cooperative firms have adopted the variable capital rule because of the "dual status" principle. This principle would not work well with a fixed capital system, which would prevent users from freely joining the cooperative at any moment and would thus undermine the *raison d'être* of cooperatives. In reality, the redeemable nature of a member's share is intrinsic to the variable nature of the cooperative's capital, which is intrinsic to the cooperative status. Treating a cooperative's capital as a debt solely because of its variability would not only be a serious legal contradiction but would in effect mean that accounting (an accounting standard) determines the law, yet it can only reflect the law. The Member States and experts of the European Union have all agreed on the importance of the variability of capital for the operation of a cooperative, and the European Cooperative Society (SCE) regulation adopted in July 2003<sup>(6)</sup> specifies that the capital of a SCE is statutorily variable (article 1, paragraph 2).

The first contacts with the IASB showed that a strong case would not be sufficient for changing their view. The IASB did not seem to take into

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(6) EC Regulation 1435/2003 of 22 July 2003, *Official Journal*, L207 of 18 August 2003.



account in their approach either the existing legislation or practical and operational considerations. Besides presenting a technical argument, obtaining the political backing of the European Commission was thus indispensable. In the end, the Commission were the ones who would have to put the standards into European law. Meanwhile, as the cooperatives' work on the issue progressed, its international dimension became increasingly apparent. Consequently, it was becoming urgent to make the International Cooperative Alliance<sup>(7)</sup> aware of the matter and to get them involved.

(7) The International Cooperative Alliance (ICA) was created in 1895 and today has 230 member cooperative organizations in over 100 countries. Its mission is to bring together, unite and represent cooperatives on the international level.

## The discussion phase with the IASB

There are two existing accounting standards on the international level: the US standards set by the Financial Accounting Standards Board (FASB) and the international standards of the IASB, which are supposed to converge eventually in accordance with the Norwalk Agreement of October 2002.<sup>(8)</sup> The IAS 32 issue could therefore transcend European borders and concern cooperatives throughout the whole world. This assumption was confirmed when the National Cooperative Business Association (NCBA), which is the national federation of cooperatives in the United States, alerted its European counterparts in October 2002 about a consultation begun in the United States by the FASB on the proposal of FAS 150, which had very similar features to IAS 32.

(8) The Norwalk Agreement between the FASB and the IASB was reached on 29 October 2002.

The combined pressure from the national and European cooperative federations and the ICA—in particular, the ICA's president, who maintained a very close relationship with the president of the European Commission, Romano Prodi—enabled convincing the Commission to support the cooperatives. The European Commission thus asked the IASB to find a solution to the problem of cooperatives before deciding to adopt IAS 32. However, the Commission made it clear to the cooperatives that it did not want to get further involved in the issue and asked the cooperatives to discuss the matter with the IASB directly.

A long period of discussions and meetings between the IASB and cooperative representatives thus followed. The first contacts revealed the IASB members' complete lack of familiarity with the cooperative model and reality. Before the technical arguments could be discussed, work on presenting cooperatives and their way of operating had to be done.

The IASB was not prepared to revise the text of IAS 32. It therefore appointed the IFRIC (the interpretation committee of the IAS standards) to work on finding a solution to the problem of cooperatives. As the IFRIC's recommendations were authoritative guidance, the cooperatives, having understood the risks of demanding the continuation of discussions with the IASB over the text of the standard, decided to enter into discussions with the IFRIC.

## The interpretation of IAS 32 concerning members' shares in cooperatives

This work, which began in the spring of 2002, led in fall 2004 to the publication, for consultation, of a proposed interpretation of IAS 32 concerning members' shares in cooperatives—IFRIC D8, "Members' shares in cooperative entities." After consultation within the CCACE, the cooperatives massively responded to this consultation and were virtually unanimous in supporting the proposed solution and asking for it to be quickly adopted. The final draft,<sup>(9)</sup> which was adopted in November 2004 and accepted by the IASB, confirmed that members' shares in cooperatives can be treated as capital under certain conditions (IFRIC D8, paragraphs 7-9):

- a cooperative has the unconditional right to refuse redemption of members' shares;
- a cooperative's constitution, or law, specifies the level below which capital cannot fall. This minimum amount will be considered as capital. While not totally satisfactory from the cooperatives' point of view, this solution seemed the best possible compromise given the following circumstances:
- the Commission's support in seeking a solution to the problem of cooperatives was strong, but it probably would not have continued if an impasse threatened the application of all of the IAS standards in Europe and accomplishing one of the priorities in its action plan;
- the re-formed European Commission and the appointment of new European commissioners in fall 2004 no longer guaranteed the Commission's support;
- the newly elected European Parliament, which had not been involved in the previous parliamentary discussions on IAS standards, would have been harder to lobby on this issue.

The IFRIC Interpretation D8 adopted by the IASB allowed cooperatives, after revising their constitutions, to pursue their activities without fundamentally altering their specific characteristics. A simple reference, for example, to requiring the board's authorization for redemption (which in practice was already the case) would allow the cooperative to classify members' shares as equity.

French cooperatives, who had worked more on this issue than cooperatives elsewhere, started to revise their constitutions slightly, which in any case would have no bearing on the unconditional right of cooperatives to refuse redemption of members' shares.

This issue of paying back members' shares has sometimes been misunderstood and thus caused the rejection of the IFRIC Interpretation D8 by some cooperative movements in France and abroad, who saw it as something that would prohibit them from redeeming members' shares, which would be diametrically opposed to cooperative values. It was nothing of the sort. IFRIC D8 simply asked cooperatives to have a procedure for refusing redemption. It did not question the way cooperatives currently

(9) IFRIC Draft Interpretation D8 "Members' shares in co-operative entities."

operate. On the contrary, they could continue to retire members' shares on the request of the holder.

Cooperatives are aware of the limitations of this text. While, technically, the proposed interpretation allowed them to pursue their activities without seriously challenging their values, the request by cooperatives to be taken fully into account in the process of drafting standards had still not been addressed.

The IAS issue is not over yet. The European Commission still has to decide on its applicability in accordance with the procedure outlined by regulation 1606/2002, which should happen in early 2005, and publish the standards in the *Official Journal* in the twenty official languages of the European Union. Ironically, the latter requirement runs the risk of seriously delaying the procedure—translating the IAS standards from English into the other languages will not be easy.

The cooperative movement is still working to achieve greater recognition of cooperatives by European institutions and the IASB, a concern shared by the ICA. The role of Europe in the daily operations of our enterprises is widely recognized today, and the impact of decisions taken in Brussels is increasingly felt. These decisions should not be taken without cooperatives, and their presence in Brussels is crucial. French cooperatives and their European counterparts have been organized in this way for a long time and have over the past few years increased the resources devoted to following European affairs.

This work can be thankless and poorly understood. Because of the delays—which however are shortening—between the first draft of a text in Brussels and its implementation in the Member States, it is sometimes difficult to convey on the national level the feeling of urgency that prevails during the discussions in Brussels.

This work is indispensable. It enables being present during the drafting of European legislation and putting forward the cooperative position. Later, when the deadline comes for transposing the regulation into national law, these are the texts that will be implemented on the national level, and it will then be too late for changing the proposed measures or hoping to obtain an adjustment from the national authorities, whose powers seem increasingly limited. A strong presence in Brussels and the joint effort of the national and European cooperative federations have enabled cooperatives to put forward their position on IAS 32. No single federation or organization could have succeeded alone in changing the position of the European Commission or the IASB. It needed the combined pressure of all the cooperative sectors on the national and international levels to get the European authorities—politicians and regulators—interested in cooperatives and to overturn their conviction that the proposed texts were above practical considerations and did not require any changes. Although the EACB played a decisive role, it would not have achieved its goals without the help of the European and national cooperative federations and the ICA and its members, who brought expertise and supervision and pursued the

(10) Communication of the European Commission on the promotion of cooperatives in Europe, final COM (2004), 23 February 2004.

work of the cooperatives at the European level. Thus together in a united front strongly defending their position in relation to the European Commission and the IASB, the cooperative movement was also able to draw upon the latest advances in terms of the recognition obtained at the European level—which were also the result of a concerted and combined effort—through the statute for a European cooperative society, adopted in 2003, and the communication of the Commission on the promotion of cooperatives in Europe, published in February 2004,<sup>(10)</sup> by highlighting the contradiction that would have happened if accounting standards that were incompatible with these texts had been accepted.

The communication referred to a large range of different European policies that could have an effect on cooperatives (corporate law, competition policies, regional development, education and research, etc.). It perfectly illustrated the vigilance cooperatives need in relation to the regulatory process. Measures concerning, directly or indirectly, cooperatives are regularly discovered in texts seemingly unconnected with cooperative law or their activities. Who would have imagined that hidden in the formidable mass of accounting standards (over 2 500 pages) intended for listed companies and financial analysts were a few lines that would threaten the viability of cooperatives around the world? Besides IAS 32, many other examples can be mentioned in which clauses that are troublesome for cooperatives have been discovered in an article of a proposed regulation on matters as varied as reducing bureaucracy, economic regulations, competition, corporate governance, etc..

Most of the time, the problems posed for cooperatives by the drafting of texts are not deliberately intended by the legislature but rather result from the simple lack of familiarity with the cooperative reality and thus the complete absence of it being taken into account when the texts are drafted. This is exactly what happened in the case of the IAS. Luckily, after explaining what cooperatives are and how they function, the discussions on finding a solution often proceed very positively. Just as with the work of monitoring legislation, the work of making cooperatives better known and understood by the widest possible range of actors involved in the legislative and regulatory process has to be constant and done in a preventive manner.

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## Conclusion

The end result of two years of campaigning and intense work is positive and encouraging. Together, cooperatives can and know how to be heard. Cooperatives do not necessarily have to give up their specific features. Affirming the cooperative identity and cooperative values and demanding the right to operate differently are not demands from an obsolete era. On the contrary, the cooperative argument today finds a growing number of attentive ears, because cooperatives bring an experience and

solutions to many of the problems that face contemporary society. However, we will inevitably be confronted by ignorance in the best of cases and sometimes even hostility. Cooperatives are little and poorly understood and, while the federations and groups are determined to combat this reality, every cooperative also has the duty to help out. ●