

France Legal Framework Analysis: Key Highlights

The French Constitution makes no explicit reference to cooperatives under its provisions.

Regarding ordinary legislation, the basis for cooperative legislation is the general cooperative law on cooperatives: n. 47-1975 of 10 September 1947 (*loi portant statut de la coopération*), (hereinafter, 'the General Law'). There are also around thirty different cooperative legal forms regulated by special laws or special provisions on general codes. Further, there are provisions for companies with a variable capital in the Commercial Code, which are only applied to cooperatives.

Most of the ICA principles are included in the French cooperative legislation, under art. 1 of the General Law. However, the seventh cooperative principle of concern for the community, apart from the collective interest cooperative for which social and community interest is the main objective, is not mentioned.

Cooperative Friendliness: French cooperative legislation is considered as significantly cooperative friendly, with best practices including the acknowledgement of cooperatives undertaking any kind of economic activity, limitations on voting rights and capital contributions of the investor members and the indivisibility of reserves as a general rule during the cooperative's life and in case of dissolution. However, areas for improvement are also identified, including an excessive number of special cooperative laws, a general lack of recognition for the seventh ICA principle on concern for the community, and the lack of legal research and knowledge.

Key recommendations for improvement: To address any shortcomings, as well as strengthen and further expand the already existing good practices of the French cooperative legislation, a non-exhaustive list of recommendations is submitted. This list includes, among other recommendations, clarifying the relationship between company law and cooperative law, revising the General Law to make it more comprehensive, and promotion of legal research and study, potentially by incorporating cooperative law into the main curricula of law schools and universities.

Conclusions: The richness and pluralism of the good practices of French cooperative legislation outweigh its shortcomings and, thus, leads to its consideration as a significantly friendly legal environment for cooperative development, while acknowledging significant room for improvement.