

Recovery after COVID needs retail and wholesale as driver of economic revival

Speaking after President von der Leyen presented the Commission's Recovery Plan today, EuroCommerce Director-General Christian Verschueren said:

"We are encouraged by the Commission's positive and ambitious approach to getting the European economy moving again after the massive damage done by the COVID virus. Non-food retailers and many wholesalers have been hard hit during the lockdown. With shops, restaurants, or construction sites closed for many weeks, and consumer confidence at an all-time low, there will be major losses and a very slow recovery. In non-food retail only, for the EU, we expect losses of at least €300 billion for 2020. Many businesses will never reopen. In Germany alone, 50,000 retail businesses are likely to go bankrupt.

This will have detrimental effects in urban and rural areas equally. Town centres will lose their meaning as business and leisure locations if we allow retailers to go to the wall. We risk not only economical, but also social dislocation, which we cannot afford, especially in these difficult times.

They need help now and until the worst of the crisis has passed. Our sector is both directly dependent on, but also a driver of the rest of the economy. Stimulating consumption will, therefore, mean support for everyone in supply chains across Europe."

Retail and wholesale play a central role in making a complex European economy work – wholesalers provide vital services and expertise to professional clients and make sure that they have the materials, products and the services they need to run their business. Retailers are the crucial interface between manufacturers and consumers, and as we have seen during the crisis, their supply chains have worked to ensure consumers have the daily essentials they need. It is only when something goes wrong that people notice just how smoothly the process of sourcing millions of different products from thousands of suppliers usually works. Many, perhaps as much as 40% in some countries, of, particularly non-food shops and small retailers and wholesalers, are likely to go out of business. This will not only affect the communities in which they work and provide services, as employers of 29 million Europeans, but their closure will also make a significant impact on unemployment and thus the purchasing power of those affected. Private consumption makes up 50% EU GDP and will make a real difference. This is why retail and wholesale are essential: a closed shop cannot sell anything, and all its suppliers will notice the impact on their sales.

Apart from the need to inject liquidity into the economy and to make sure that the money gets to the companies that need it as fast as possible, EuroCommerce has set out to the Commission a number of priorities central to Europe's economic recovery, including :

- Ensuring that support goes to services, including retail and wholesale as a central sector; and steps are taken in all member states to stimulate consumption to allow consumers to help refloat the economy; this means putting money into their pockets to spend.
- A properly working single market would double the GDP effect of even the most generous aid package. and pursuing the Industrial Strategy aim of tackling the many barriers to providing goods and services seamlessly across Europe. A strong EU home market will help European companies compete globally as the large national markets in the US and China help theirs.

- Removing unnecessary legislation imposed during the crisis; deal with discriminatory legislation in some countries, and, as the Commission has intimated, link aid to countries to respect of European legislation, values and the rule of law.
- Investment support for companies to accelerate their digital and sustainability transition as a spur to new economic activity: helping business to go online, adopt digital technologies, and go green.
- Revive urban and rural communities, ensuring vital infrastructure of services, including retail, are available to everyone to avoid communities decaying and people being attracted to populism.
- A much harder, radical look at EU and national regulatory measures – giving new impetus and powers to REFIT to tackle ineffective legislation holding business back with no real societal benefit.
- A renewed push to keep international markets open and avoid pressure to close down ours; world trade may decline by 30% this year, and continued undermining of the global trading system will harm Europe as a major exporter as much as deprive industry and consumers of the products they need.

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EuroCommerce is the principal European organisation representing the retail and wholesale sector. It embraces national associations in 31 countries and 5.4 million companies, both leading global players such as Carrefour, Ikea, Metro and Tesco, and many small businesses. Retail and wholesale provide a link between producers and 500 million European consumers over a billion times a day. It generates 1 in 7 jobs, providing a varied career for 29 million Europeans, many of them young people. It also supports millions of further jobs throughout the supply chain, from small local suppliers to international businesses. EuroCommerce is the recognised European social partner for the retail and wholesale sector.