

Energy crisis – alarm bells ringing for European retail and wholesale

Ahead of the Energy Council on 30 September, EuroCommerce Director General Christel Delberghe today [launched an important paper](#) ‘Retail and wholesale and the energy crisis – an urgent need for support’, highlighting the impact of high and rising energy costs on the retail and wholesale sector and the need for urgent action and for the sector to receive EU and national support. She said:

“Alarm bells are ringing across Europe over the massive impact of energy costs on the retail and wholesale sector, threatening the future of many businesses. We call upon ministers meeting on 30 September and when implementing the regulation to recognise that our sector needs urgent help. Without such aid, circumstances will put into question our sector’s ability to effectively provide the essential service on which not only consumers, but the many ecosystems in our supply chains rely daily.”

Retail and wholesale operates with very low margins of typically 1-3%. And with companies facing a quadrupling of their energy bills, the cost of energy is in some member states now accounting for 40% of EBIDTA. Tis sees that narrow margin disappearing entirely even with larger operators. This situation is not sustainable, and its effect is already being felt, with many, particularly smaller shops, facing bankruptcy or already closing due to the cost of energy.

[In the paper issued today](#), EuroCommerce welcomes the European Commission’s initiative to help households and businesses reduce the cost of energy, but asks the EU and member states to recognise the hard truth the sector is already facing.

Retail and wholesale needs policymakers to act now:

- Avert the risk of systemic impact: React urgently to the real threat the present situation poses to the essential service that our sector provides to consumers and the rest of the EU economy. Some 20-50% of retailers are warning that they will go out of business in the near future without support to reduce the cumulative impact of energy costs.
- Ensure energy prices go down! Adopt urgent action to bring down the cost of energy for final customers, – this should include as a temporary and exceptional measure during this extraordinary crisis, adjustment of the merit order principle to bring about a reduction in the price of electricity. This should also be accompanied by member states reducing national electricity taxes to the minimum (0.5%) allowed under EU law.

Contact:

Daniela Haiduc – +32 473 56 29 36 – haiduc@eurocommerce.eu

Neil McMillan – +32 479 40 22 41 – mcmillan@eurocommerce.eu

www.eurocommerce.eu

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EuroCommerce is the principal European organisation representing the retail and wholesale sector. It embraces national associations in 27 countries and 5 million companies, including leading global players and many small businesses. Over a billion times a day, retailers and wholesalers distribute goods and provide an essential service to millions of business and individual customers. The sector generates 1 in 7 jobs, offering a varied career to 26 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.

- Help a sector in need: Ensure that the retail and wholesale sector can fully benefit from schemes reducing the impact of high energy prices –governments have ignored our sector in favour of the manufacturing industry, and this needs to change.

The retail and wholesale sector is a major user of energy – in Germany as much as 35 TW/hrs annually – more than some industries usually considered as large energy users. The sector is already investing significantly in saving energy, and it can be a game-changer in reducing Europe’s dependence on imported fossil fuels. It can accelerate energy-saving measures and itself generate a lot more alternative energy. But with major pressures from the cost of energy, the rising cost of the products it sells, and consumers reacting to the cost of living crisis by cutting their expenditure, it can only do so with the help of national and EU initiatives. This is a message EuroCommerce hopes that policymakers will take to heart and act upon urgently.

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