

Energy crisis – alarm bells ringing for European retail and wholesale

Ahead of the Energy Council on 30 September, EuroCommerce Director General Christel Delberghe highlighted the impact of high and rising energy costs on the retail and wholesale sector and the need for urgent support for the sector. 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 comprises over 5 million companies and 26 million employees, spread across Europe with an extensive and diverse network of stores. These operate with very low margins of typically 1-3%. With companies facing a quadrupling of their energy bills, the cost of energy now accounts for over 40% of EBIDTA. Even for larger operators, this means that their narrow profit margin disappears entirely. This is not sustainable, and its effect is already being felt, with many shops, large and small, facing bankruptcy in the near future, or already closing due to the cost of energy.

EuroCommerce welcomes the European Commission’s initiative to help households and businesses reduce the cost of energy, but calls on the EU and member states to recognise some hard facts which the sector is already facing, and act now to address the:

- **Systemic risk:** we need the EU and national governments to act 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.
- **Need for prices to come down now:** we need 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 an 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 taxes on electricity to the minimum (0.5%) allowed under EU law.
- **Urgent need for help:** the retail and wholesale sector needs to fully benefit – and now - from schemes reducing the impact of high energy prices – governments have ignored and are still ignoring our sector in favour of the manufacturing industry, and this needs to change.

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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.

The retail and wholesale sector is a major user of energy – in Germany as much as 35 TW/hrs annually – more than some industries that are usually considered 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 generate a lot more alternative energy. 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 access to financial support. This is a message this important sector hopes that policymakers will take to heart and act upon urgently.

EuroCommerce today [issued a paper covering in more detail](#) the reasons behind its call for urgent action.

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