

Retailers and wholesalers aiding consumers with inflation, but need help to do so

Eurostat has issued its latest figures on Eurozone inflation today. These show headline annual inflation in the Eurozone in October at 10.6%, up from 9.9% in September and 4.1% in October 2021. For the EU as a whole, annual inflation in October was 11.5% up from 10.9% in September and 4.4% this time last year.

EuroCommerce Director General Christel Delberghe commented on the impact of high inflation on the retail and wholesale sector and its efforts to help consumers weather the worst of the crisis:

“Retailers and wholesalers provide an essential service. They are working hard to cushion the impact of inflation on consumers, but with low margins (of typically 1-3% in foods), their capacity to do so is limited. Our sector is facing a triple squeeze: consumers trading down and buying less as they struggle with an unprecedented cost of living crisis driven by energy costs. This makes a dangerous combination with demands from large brand multinational suppliers for often unjustified price rises and having to meet skyrocketing energy bills. Retailers and wholesalers need governments to help with the cost of energy, and refrain from taking measures such as imposing arbitrary prices, additional taxes or seeking to limit margins. This would put the existence of a number of companies at risk”.

High turnover should not be confused with our sector’s (very low) profits and retailer margins are falling as a result of current market conditions. Ill-conceived measures addressing retail prices with no regard to the cost of sourcing the products affected will be counterproductive and could in some cases be putting retailers’ existence at risk. They are causing shortages, panic-buying and driving up inflation by artificially raising the prices of non-capped goods.

We are asking national governments:

- To refrain from **ill-conceived measures addressing the price of products and imposing additional taxes** which only add to inflationary pressures and put many companies’ operations at risk. Executive Vice-President Vestager ¹recently warned that ‘the history of the Single Market should teach us that market outcomes and the price signals they create are our best guide towards prosperity and innovation.’
- For urgent help under the revised EU Temporary Crisis Framework with **massive rises in costs** resulting from the Ukraine war and energy crisis to avoid a wave of bankruptcies across the sector and reduce pressure to put up prices for consumers and the impact of this on inflation
- To support our sector’s continued efforts to help **reduce its energy consumption**, and to switch to alternatives, and treat our sector as an essential service when implementing energy consumption reduction measures

For more information, see our two papers²³ setting out the impact of inflation on the sector and the 250 million Europeans it serves every day, and the counterproductive impact of arbitrary action by some governments intervention in the market.

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¹ https://ec.europa.eu/commission/presscorner/detail/en/SPEECH_22_5727.

² <https://www.eurocommerce.eu/2022/11/cost-of-living-key-messages-on-inflation-and-taxation/>

³ <https://www.eurocommerce.eu/2022/11/price-control-mechanisms-at-food-retail-level/>

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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.