

EU Agenda for Cities – EuroCommerce views

Retail and wholesale is a vital part of the EU's social tissue by providing local jobs, from capital cities to rural areas. For many people, we offer their first job as a launch pad for career progression, not only within our sector but also moving to other sectors. We are the largest private employer, offering over 26 million jobs across the EU. Over 99% of our companies are SMEs, employing two-thirds of our workforce.

Our added value cannot be fully expressed as a contribution to GDP, as we are part of the social infrastructure and form a strong bond with citizens, providing what they need to express their character, organise fun activities and support local communities, schools and neighbourhood events.¹ Where our presence fades, quality of life tends to decrease. Areas where we can no longer have an economically viable presence risk getting left behind as populations move to vibrant communities with more job opportunities. If our sector keeps shrinking, as it did in previous years, it will be forced to recede from smaller towns, rural areas or inner cities, increasing polarisation and reducing opportunities and quality of life in these areas. It can be said that there is retail and wholesale without cities, but there are no cities without them and their services.

We therefore, call for the EU Agenda for Cities to:

1. Prioritise work with cities and municipalities to develop an EU programme for the revitalisation of town centres, villages and rural areas, building on the #RevitaliseRetail initiative, and which places retail and wholesale at its heart. Recalling the essential role retail and wholesale plays in providing essential services to consumers during disruptions.
2. Call on Member States to provide the infrastructure and adapt their town and country planning frameworks and procedures to be more agile so it is easier and quicker to grant permits, to enable new business models to develop.
3. Improve liaison with cities ahead of legislative proposals so that a better balance between regulation and innovation gives more legal certainty and predictability to EU retailers and

¹ [2-smes.pdf](#)

wholesalers to innovate, globally, nationally and locally in a business environment that enables decisions balanced with business risk.

1. Prioritise work with cities and municipalities to develop an EU programme for the revitalisation of town centres, villages and rural areas, which places retail and wholesale at its heart.

The promotion of the role of retailers and wholesalers (large and small) could be achieved if the Commission's #RevitaliseRetail was further developed or a programme developed focusing on the revitalisation of the town centres, villages and rural area as part of the EU Agenda for cities.

This could include:

- The Commission developing, together with the Member States, an **ambitious programme for the revitalisation of town centres**, in particular smaller towns, villages and rural areas, placing the retail and wholesale sector at the heart of those plans as a keystone of local community life.
- Running a **joint EuroCommerce/EU communication campaign to encourage action in revitalising economies and communities**, for example, by sharing stories, and providing practical guidance to enable local authorities to push for support at national level for local revitalisation and support for the sector.
- **Building on the experience of the 'Facing the Future' guide²** creating further guidance for local authorities, for example:
 - **Examining how local authorities could support the sustainability transformation** of retailers and wholesalers (e.g. examining *inter alia* best practices to enable energy efficiency in historic town centres, recycling and sorting infrastructure, mobility policies).
 - **Facilitating the sharing of best practices to engage local actors³ involved with town and country planning procedures and decisions** to understand and facilitate the changes needed by retailers and wholesalers (e.g. to enable them to adapt stores to take on new functions, allow new warehouses and fulfilment centres).
 - **Facilitating the sharing of best practices to encourage new retail concepts** in town centres. For example, through experimentation, and liaison with incubators, to encourage footfall.
 - **Examining how funding for local revitalisation initiatives could be improved**, for example updating the Commission's guide on crowdfunding by local authorities to enable sustainable finance for revitalisation initiatives or encourage other alternative finance initiatives in conjunction with EU funds to develop initiatives with retail and wholesale at the heart.

² [DocsRoom - European Commission](#)

³ Key local actors could include local authorities, residents, property owners, banks and local businesses engaged in tourism, leisure activities and HoReCa, alongside retailers and wholesalers, and representative associations.

- The **organisation of further workshops** along themes selected by retailers and wholesalers, to encourage best practice exchange.
- The **development of projects together with URBACT or a knowledge hub** on retail and wholesale.
- **Seizing the opportunity of the European Capital of Local Trade and Retail** to raise awareness of the contribution of retail and wholesale and ensure it is effective, by ensuring engagement from Member States, including at the city level, to promote the exchange of best practices for example, through conferences and events.

2. Call on Member States to provide the infrastructure and adapt their town and country planning frameworks and procedures to be more agile so it is easier and quicker to grant permits, to enable new business models to develop.

Supporting the growth of new business models

Retailers and wholesalers are developing new business models based around repair, refurbishment, re-manufacturing, and re-use. In a similar way to supporting extended producer responsibility, infrastructure is needed.

The EU Agenda for Cities could address the challenges retailers and wholesalers practically face. Some retailers and wholesalers want to develop their own infrastructure, for example, to collect, sort, reuse and recycle plastic waste or products at the end of their use, to achieve higher rates of closed-loop recycling. This could require the Commission to **encourage Member States to adapt their town and country planning frameworks and procedures to be more agile, including in (historic) town centres, so that it is easier and quicker to grant permits** (e.g. to repurpose real estate, to adapt stores to allow experimentation with new business models or install such infrastructure). Similarly, to **enable new warehouses and fulfilment centres**, including dark stores, in a manner that takes into account the interest of all stakeholders so that there can be ‘peaceful co-existence’ of such business models that may serve local populations. As well as **engaging all actors**⁴ involved with town and country planning procedures and decisions **to understand and facilitate the changes needed. Taking a Single Market approach in supporting measures**, would also support new business models, for example, to stop the disparity in sorting and recycling across Member States.

The scale of investment needed to move to circularity is huge. It requires **massive investments to scale up the flow from a retailer to final customers and from final customers to the retailer** (e.g. in terms of repair, buy-back, second-hand sales, recycling, renting), **to make products repairable** (e.g. in workshops, or by customers) and **to dedicate space to second-hand items** in stores. It requires the **technicians to have the skills as well as the space to repair products**. Despite these hurdles, there are examples of retailers developing such initiatives.⁵

⁴ For example, through roundtables that enable exchanges between all key local actors such as local authorities, residents, property owners, banks and local businesses engaged in tourism, leisure activities, HoReCa, etc.

⁵ [Transition Plan 2020-2026 \(decathlon.com\)](https://decathlon.com/transition-plan-2020-2026)

We will also **need policies that encourage the circular economy, reducing waste and reusing materials**. For example, in relation to recycling, product re-use and reduction of single-use plastics **taking on board what retailers and wholesalers are already doing to work in support, rather than against what is already developed**. Any proposed initiative should be coherent and consistent with the objective to create a Single Market for waste, as announced in the Single Market Strategy⁶.

Digitalisation and the availability of high speed internet and connectivity will also be key to enabling transformation and the development of new business models. The EU Agenda for Cities should therefore, be closely linked to current and planned EU digital initiatives, such as those relating to smart cities⁷, as well as efforts to improve digital skills⁸, notably for SMEs.

Retailers and wholesalers also are **crucial for urban and rural local communities** by bringing life, local employment, local revenues, proximity, personalised services, choice and availability, and the future potential to play a role in more sustainable practices, for example, as new business models develop or shops develop their own facilities to collect, sort and recycle products.

Modernising stores and warehouses and retail's role in town centres

Retailers and wholesalers are expected to need to adapt stores to take on new functions as consumer demands change and they transform digitally and sustainability.

The role of the store is expected to change as consumers are demanding **better service, a seamless omnichannel experience and faster deliveries**. The **shift to digital channels** could **require companies to repurpose close to 10 million square metres** of real estate by 2030, about 2% of the total. In apparel alone, retail floor space (and thus the number of shops) may shrink by 4 to 5 million square metres by 2030. On the other hand, **the number of warehouses and fulfilment centres needed is expected to grow**, to meet the growing demands of e-commerce and for fast delivery.⁹ This will have an impact on the role of retail and wholesale in European cities. Its contribution to a good quality of life and a counterbalance to the adverse effects of demographic change is well recognised in the Leipzig Charter of 2020¹⁰, that inspires public policy in Europe and beyond, as well as in rural areas.¹¹

Member States should be discouraged from imposing restrictions on freedom of establishment, and if they do, **take the least restrictive approach possible limiting restrictions to those that are proportionate**.¹² Once a rule is in place, it can take many years to resolve infringement procedures.¹³

As part of the EU Agenda for Cities, to accommodate the changing role of the store and the impact that could have on the real estate needs of retail and wholesale across the EU, it could contain a **call on**

⁶https://single-market-economy.ec.europa.eu/document/download/d92c78d0-7d47-4a16-b53f-1cead54bcb49_en?filename=Communication%20-%20Single%20Market%20Strategy.pdf

⁷ [Smart Cities and Communities | Shaping Europe's digital future](#)

⁸ Initiatives that have their framework in Europe's Digital Decade 2030 targets: [Europe's digital decade: 2030 targets | European Commission](#)

⁹ EuroCommerce/McKinsey [Transforming the EU Retail & Wholesale Sector](#) October 2022.

¹⁰ https://ec.europa.eu/regional_policy/sources/brochure/new_leipzig_charter/new_leipzig_charter_en.pdf.

¹¹ https://rural-vision.europa.eu/index_en.

¹² See above 'proportionality'.

¹³ See for example, [Preliminary findings of the European Ombudsman on how the European Commission handled two infringement complaints about planning laws and retail space in Germany, submitted by IKEA and Decathlon \(2008/4946 and 2015/4207\) | Correspondence | European Ombudsman \(europa.eu\)](#)

Member States to adopt a holistic approach to revitalising town centres, including flexibility and adaptability to allow new business models to develop or experimentation. This approach is in line with the Commission's Single Market Strategy, which recognises the complexity, slowness and fragmentation of authorisation procedures across the EU. It also recognises that legislation targeting objectives such as town and country planning and maintaining the vitality of city centres needs to be proportionate, to avoid market entry barriers that negatively affect competition, productivity and innovation. The EU Agenda for Cities should ensure a link is made to the planned guidance to Member States on the proportionality of their retail regulation in Q4 2026 and renewed efforts to remove barriers.¹⁴

3. Improve liaison with cities ahead of legislative proposals so that a better balance between regulation and innovation gives more legal certainty and predictability to EU retailers and wholesalers to innovate, globally, nationally and locally in a business environment that enables decisions balanced with business risk.

To strike the balance between regulation and innovation, the EU Agenda for Cities should consider how liaison with cities ahead of legislative proposals can help assess the impacts of rules and their practicality ahead. In particular, this means:

- Focussing more on implementation and giving more room for non-regulatory approaches.
- Focussing on stability and giving room for businesses to make decisions that fit with businesses that work with strategic plans over a longer term, not short-term vision.
- Consulting with stakeholders throughout the full development of initiatives, increasing the number of milestones where input is systematically collected, and fully test all options before implementation to spot unintended consequences in advance.
- Developing initiatives that are proximate (i.e. local) that help all businesses particularly SMEs manage the regulatory obligations more efficiently, by streamlining compliance processes, providing financial support, offering expert guidance, implementing training programmes and developing digital tools to automate compliance tasks, to significantly reduce administrative burden.
- Taking into account the Single Market, including consistency of application and enforcement and ensuring legal certainty, to enable businesses to have the confidence to invest.

We have produced a better regulation checklist that aims to encourage learning from experience (incl. previous mandates)¹⁵. This encourages impact assessments to consider the practicability, workability,

¹⁴See pages 18-20, https://single-market-economy.ec.europa.eu/document/download/d92c78d0-7d47-4a16-b53f-1cead54bcb49_en?filename=Communication%20-%20Single%20Market%20Strategy.pdf

¹⁵ [annex-better-regulation-checklist.pdf](#)

capability, indirect effect, effect on competitiveness, the proper allocation of responsibilities and flexibility in implementation.

Some of the examples highlight where input from cities gathered ahead of the proposals for the following initiatives could have avoided practical problems in implementation, such as:

- The Energy Performance of Buildings Directive¹⁶ introduces requirements for charging stations, pre-cabling and solar on buildings that also need to match with local conditions, including planning, mobility plans and structural and technical feasibility when introduced to existing buildings (e.g. underground car parks depending on load bearing capacity). One country has extended the obligation to install solar panels on car parks. These investments remove the flexibility of retailers and ignores the fact that there can be a business case in investing in charging stations or solar panels, which before it became law could also be supported by public finances or incentives. Where Member States choose to accelerate compliance with earlier deadlines, this causes logistical, infrastructure and cost problems.
- The ongoing revision of the Waste Framework Directive introduces an extended producer responsibility (EPR) scheme. Being a Directive, companies will face the rules being phased in through 27 different EPR schemes with different reporting obligations, requirements, scope. To be able to develop the needed European secondary raw materials market and to avoid distorting the Single Market, more harmonisation and interoperability are urgently needed once the new rules are being implemented.
- The mandatory acceptance of cash¹⁷ is not future proof nor offers flexibility for Member States to cater for local circumstances or preferences. It means that payments that are already digital or automatic will need to accept cash in the future. This also will come at a time when banks are reducing access to cash and the number of ATMs are in decline.
- The Urban Waste Water Treatment Directive¹⁸ introduces extended producer responsibility. The producers of pharmaceuticals and cosmetics are required to contribute to the cost of treatment, and extended producer responsibility applies to pharmaceutical distributors if they place products on the market of a Member State for the first time, even if the product had already been placed on the market in another Member State. In smaller Member States (e.g. Estonia) the burden of producer responsibility falls onto a few actors in the market, creating an unreasonable financial burden, and gives no flexibility to Member States to consider national specificities that could share the burden with other downstream actors. Such discretion would meet the objectives of the polluter pays principle but without unintended consequences for the availability, affordability and accessibility of critical medicines.

¹⁶https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=OJ:L_202401275&pk_keyword=Energy&pk_content=Directive

¹⁷https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=OJ:L_202401275&pk_keyword=Energy&pk_content=Directive

¹⁸ [Carriages preview | Legislative Train Schedule](#)

As the power outages in Spain and Portugal on 28 April demonstrate, cities and retail are on the ‘frontline’, with retailers having to work closely with local authorities to manage the impact of such events, especially where they may result in panic buying or when measures need to be taken, for example, to ensure EU citizens can still find and pay for food, fuel and medicine. This is an example of where cities should be specifically consulted when developing initiatives under the EU Preparedness Union Strategy¹⁹ are developed, learning from how payment systems and shop operations were disrupted, and disinformation spread, as a result.²⁰

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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 businesses 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.

¹⁹ [Preparedness - European Commission](#)

²⁰ [Critical importance of the retail and wholesale sector – Learnings from the electricity blackout in Spain and Portugal - EuroCommerce](#)