

## Industrial Strategy: don't forget services, competition in the EU – and consumers

Commenting today on the Commission package of the Industrial Strategy, strengthening the single market and on SMEs, EuroCommerce Director-General welcomed the concrete steps proposed, but added some thoughts on how to ensure that the Commission ideas were successful in making the whole EU economy globally competitive:

*“We strongly support the objectives of Commissioner Breton’s proactive approach in all of the Commission communications released today. We would counsel implementing them in a way which ensures that the whole EU economy and society benefits. Services represent over 70% of EU’s GDP, and services and manufacturing are increasingly difficult to distinguish. The EU needs the ‘two sides’ of industry to be competitive, and being competitive internationally means being competitive at home, and not forgetting that it is consumers who ultimately determine the success of any industry. This can also only work by focussing, as the separate Commission communication does, on helping SMEs, who make up 99% of our sector, thrive.”*

We look forward to seeing the strategy **work for a competitive retail and wholesale sector**: digitalisation has fundamentally transformed retail and wholesale, and further raised competitive pressure on an already very competitive market. Digitalisation allows manufacturers and third-country merchants to sell direct to European consumers online. Retailers and wholesalers need an industrial strategy that ensures strong competition in the Single Market and avoids concentration, for example in consumer goods, where manufacturers are already strong. Strong competition at home is the best way of achieving global competitiveness and ensuring that both business customers and consumers continue to have a wide choice of innovative and affordable products and services.

We support the new commitment to removing internal barriers, **making the single market work**. Chinese and US companies can use a large, single home market as a springboard to compete globally. The EU market remains fragmented, and member states are constantly introducing new national rules on products and services, nibbling away at the single market. This needs to change. Every year, 700 new national rules are notified<sup>1</sup> to the Commission; we need the Commission to step up enforcement, and member states remove unnecessary or discriminatory national rules as soon as possible.

There is also a need to ensure a **level playing field for all, online and offline**. Unfair competition from online players in third countries is undermining the competitiveness of European retail businesses. These third-country merchants often sell non-compliant and unsafe products to European consumers, ignoring EU standards, tax obligations, safety and consumer protection rules. This allows them to sell products much more cheaply than EU retailers and puts consumers

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<sup>1</sup> TRIS database

at risk. European consumer organisations recently published a study giving graphic examples of these problems. The Single Market Enforcement Action Plan proposes some measures to address this issue but to make it work, Member States need the resources to enforce the rules. A coordinated EU approach is desperately needed.

The Commission's **renewed commitment to support SMEs** is very important. SMEs are a major driver of innovation and growth, and Europe's largest employers. Hence their competitiveness and ability to embrace the latest technology will be as important to the EU's global competitiveness as the performance of large companies. 99% of businesses in retail and wholesale are SMEs and 90% micro enterprises. They play a key role in local communities and the livelihood of cities and villages. We therefore very much welcome the Commission's emphasis on dedicating new resources to make sure the SME dimension is properly understood and acted on across all EU institutions. We very much support the proposed strengthening of the SME Envoy Network and the proposal for it to work more closely with the regulatory scrutiny board on better regulation, and a strategic sounding board of SME entrepreneurs to complement the Commission's work. It will now be critical that policymakers take concrete action to underpin these measures with a strong and coherent process to make sure that SMEs are in the centre of EU and national policy-making, that "think small first" is systematically applied.

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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.*