

Coronavirus: Non-food retailers face major crisis

Speaking today, EuroCommerce Director-General called for non-food retailers to be added to the EU list of hardest-hit sectors:

“We fully support national governments’ decisions to take urgent measures to protect all Europe’s citizens as far as possible from the spread of COVID-19. Rightly so, the focus hitherto has been to protect health and ensure access to food and other daily essentials. But we need to start looking at the economic fallout of the pandemic as well.”

In anticipating the economic consequences of the pandemic, the European Commission has produced helpful guidance and proposed measures – in their communication last week (COM (2020) 112) on the response to COVID-19 – to help the EU economy overcome the substantial disruption and damage. The communication was, however, written before a large number of member states imposed severe restrictions on the opening of shops selling non-food items, and therefore did not include it in those sectors it identified as being hard hit.

Shops selling clothes, furniture, electronics, cosmetics, home improvement or many other items are in many member states already losing half of their daily turnover. If, as is now planned or implemented in some countries, these shops are obliged to close completely, we expect a massive wave of bankruptcies, job losses, and disappearance of shops from town and village centres. This is a pattern across all European countries who have taken the necessary strict measures.

“The Commission has identified a number of sectors as worst-hit by the pandemic. However, it drew up this list before a large number of countries decided to close other shops fully. Non-food retailers, already facing major challenges from online competition, now face a major crisis, and many, particularly but not only, SMEs risk never opening again. In Germany alone, non-food retailers are reporting losses of more than €1bn a day. Extrapolated to the whole EU and the days since national restrictions have been imposed, the loss is in many billions of €.

We therefore ask that non-food retailers are included in any EU and national initiatives aimed at helping them over this difficult period. These financial stimulus measures, whether at EU or national level, are essential to maintaining a healthy EU economy during and after the crisis.

We also ask the Commission and member states to consider the impact of implementing new EU or national legislation that is not related to the pandemic. At a time when all company resources have to focus on dealing with the coronavirus epidemic and put in places new emergency measures every day, a delay in the application of other new legislation would be helpful.

We are also asking governments that have mandated the full and continuous closure of some of types of non-food retailers, such as those selling petfood or DIY material, to consider opening those stores, albeit with some restrictions. For some families, these and other non-food retailers sell essential goods as well.” Verschueren continued.

Finally, we hear reports of retail property owners demanding that closed stores keep strictly to their rent payment deadlines, whilst others seem to be more helpful and understanding towards retail tenants. We are asking that the commercial property industry shares the burden of rental costs carried by retail companies whose shops have to remain closed.

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