More efficient and fairer retail market

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The Committee on the Internal Market and Consumer Protection adopted the own-initiative report drafted by Anna Maria CORRAZA BILDT (EPP, SE) on a more efficient and fairer retail market.

The report notes that the retail market is a crucial component of our commitment to relaunch the Single Market. The retail market, as a major energy user and waste producer, can make a key contribution to sustainability. It notes however that the business potential for cross-border online trade is failing to materialise sufficiently because of various obstacles.

Members call on the EU institutions to give the **highest political prominence** to the retail sector as a pillar of the Single Market Act and a vehicle for restoring public confidence in the single market.The Commission is called upon to reinforce cross-policy coordination and to take a holistic, long-term approach to the retail sector.

(1) Removing obstacles to free movement of goods and services: the committee is concerned that restrictive national rules, divergent interpretations and inadequate enforcement impede free movement of goods and services in the EU. Requirements for extra tests and registrations, non-recognition of certificates and standards, territorial supply constraints and similar measures create extra costs for consumers and retailers, in particular SMEs, thus limiting the potential usefulness of the single market to European citizens and the business world.

The report recognises the need for the Commission to further analyse the reasons for price differences in the EU, based on adequate statistical tools, in order to ensure greater price transparency and comparability for consumers.

Members urge Member States to **fully and correctly implement the internal market rules and legislation**, notably the Goods Package, the Services Directive, the Late Payments Directive, the E-Commerce Directive, the Small Business Act and the Unfair Commercial Practices Directive. They also ask the Member States to remove overlaps and reduce administrative burdens and regulatory barriers that may limit growth and job creation.

(2) Opening up market access for business and consumers:the report drawsattention to the concern expressed by parts of civil society and SMEs about the increase in shopping centres and the decrease in local shops and markets in remote areas and town centres.

It stresses that retail planning should provide a structural framework for companies to compete, enhance consumers' freedom of choice and allow access to goods and services, especially in less accessible and sparsely populated regions or when consumers' mobility is reduced. Members insist furthermore on the social, cultural and environmental role played by local shops and markets in the revitalisation of rural and urban areas. Therefore, Member States are urged to encourage sustainable local communities by fostering innovation and growth of SMEs.

The report emphasises that e-commerce is an important complement to offline trade and that appropriate action must be taken to develop its full potential, including improving access to the Internet in the European Union's most remote areas.

(3) Addressing contractual and commercial practices in business-to-business relations: the report stresses that there is widespread concern about **market dominance by bigger actors**, who are often perceived to impose unfair terms on weaker suppliers and retailers, thereby distorting competition.

Members **denounce practices that misuse power imbalance between economic actors** and affect true freedom of contract. They stress that raising all actors' awareness of their contractual rights, especially SMEs, would contribute to preventing these practices.

The report stresses the need to **move from confrontation to dialogue based on facts**, in order to restore confidence and enable fairer negotiations and a level playing field for all, thus enabling all economic actors in supply chains to benefit from the added-value of their products and reap the full benefits from the Single Market. It urges the Commission and Member States to **fully and coherently enforce competition law** and, where applicable at national level, unfair competition and anti-trust law.

Members strongly support, at the same time, the intense work underway by retailers' and suppliers' federations to set up informal dialogue and regular consultation mechanisms in respect of competition law. They welcome their voluntary initiative to agree on a declaration on common principles of good trading practices across the retail supply chain.

The Commission is asked to publish, by the end of 2011, a **communication mapping national laws and tools in place to deal with commercial practices and contractual relations**, and to assess thoroughly if these rules are being properly enforced and if further action is needed.

(4) Enhancing efficiency and sustainable consumption innovative practices: whilst welcoming the retail sector's commitments towards sustainable consumption, Members consider that further efforts are necessary and that corporate responsibility should pay greater attention to **social and environmental issues**.

They also stress that the whole sector needs to continue **driving up the level of investment in innovative technologies** and practices to further improve competitiveness throughout the supply chain, covering logistics and transport, energy efficiency, packaging, waste disposal and product recycling, and to exchange best practices.

The Commission is called upon to **develop a common assessment and labelling system** based on the product's whole life cycle, particularly in order to simplify, harmonise and overcome the cost of fragmentation for business and consumers.

The report recalls the importance of **proper implementation of existing social and labour legislation**. It regrets the existence of a high degree of undeclared employment, which involves a high level of tax evasion and prevents a level playing field among traders in the internal market.

(5) Way ahead: Members ask the Commission to prepare, in consultation with the retail sector, a comprehensive European Action Plan for Retail in order to set out a strategy, building on achievements and addressing outstanding issues, with sector-specific recommendations. They welcome the fact that Parliament has supported this initiative in its resolution on a single market for enterprises and growth.

This Action Plan should take into account initiatives already developed by the Commission, such as the High Level Forum on the Better Functioning of the Food Supply Chain, initiatives on sustainability and climate change, and relevant proposals of the Single Market Act.

Members propose that follow-up to the recommended actions in the Action Plan, including progress made in the dialogue among stakeholders, be presented and debated at the first Retail Market Roundtable. They

encourage retailers and suppliers to actively engage in an open, constructive and continued dialogue to reach pragmatic solutions; invites Member States and EU institutions to actively support this process.