

European retail action plan for the benefit of all actors

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PURPOSE: to set up a European Retail Action Plan.

BACKGROUND: Retail and wholesale services, also known as distributive trades, represent **11% of the EU's GDP and account for almost 15% of the EU's total employment**. More than 6 million companies, i.e., 29% of all EU undertakings, are active in this sector. The retail sector is characterised by a very high share of SMEs, particularly micro companies (more than 95%).

The retail and wholesale sectors have an essential role to play in stimulating growth and job creation under the Europe 2020 strategy: they are among the key sectors that can drive the transition to both a more sustainable economy and consumption patterns. Efficiency in this sector has implications for competition, innovation, price trends and competitiveness. However, certain obstacles still prevent the achievement of an efficient and competitive single retail market.

The bottlenecks identified in the retail sector, which often cut across various policy areas, need to be addressed through a coherent plan to enhance the sector's economic, social and environmental performance, and to ensure that it fully contributes to the goals of the Europe 2020 Strategy.

Two major challenges exist in the EU retail sector:

1. restrictions on establishment and, more generally, lack of competitiveness in the retail sector, in particular in some Member States, and
2. a need to lower barriers and reduce operational restrictions.

This Action Plan aims at addressing these key obstacles by setting out a strategy to improve the competitiveness of the retail sector and enhance the sector's economic, environmental and social performance.

CONTENT: the main aim of the Action Plan is to propose a strategy for **achieving a well-functioning Single Market in Retail**, thereby contributing to the EU's territorial and social cohesion - through improved access to more sustainable and competitive retail services.

Addressing the key bottlenecks in achieving the Single Market in Retail has the potential to bring benefits to all the actors concerned, and to the environment:

- **Consumers:** improved access to quality retail services and products, more competitive prices and better information on quality and prices, as well as on the environmental characteristics of products, would enhance consumer choice within both 'bricks and mortar' and e-commerce retail formats.
- **Businesses:** retailers and their suppliers, especially SMEs, would benefit tangibly from the Single Market through the development of a more predictable legal environment, enabling them to deliver even greater value throughout the supply chain. Similarly, by addressing unfairness in the supply chain, upstream and downstream players would enjoy more sustainable relationships and would be encouraged to increase both innovation and investment. Further development of e-commerce will benefit retailers by providing them with more opportunities to find new markets.

- **Employees:** the retail sector should benefit from more qualified staff and improved working conditions, leading to higher job satisfaction. Improving employee training would also help provide better job opportunities, especially for the young and less qualified.

The Action Plan comprises **11 concrete actions**, forming a coherent, holistic European strategy:

- **consumer empowerment:** the Commission intends to give consumers more of a voice by:

1. developing, through dialogue with stakeholders, good-practice guidelines and/or codes of conduct to facilitate consumer access to transparent and reliable information, making it easier to compare prices, quality and sustainability of goods and services. In particular, the inclusion of cross-border offers by comparison websites is important for consumers to be able to take full advantage of the Single Market;
2. proposing European methodologies for measuring and communicating the overall environmental footprint of products and organisations.

- **access to more competitive retail services:** the aim is to strengthen freedom of establishment in the retail sector and encourage e-commerce as a means of underpinning the retail sector. In this context:

3. Member States must remove all remaining instances of non-compliance with unequivocal obligations under the Services Directive concerning access to, and exercise of, retail activities, including **eliminating economic needs tests** within the meaning of Article 14(5) of the Services Directive. The Commission will apply its zero-tolerance policy through infringement procedures, where appropriate;
4. the Commission will: (a) launch a performance check in the retail sector to explore how commercial and spatial planning rules and plans are applied on the ground by the competent authorities where a potential service provider wishes to set up a small, medium or large retail outlet; (b) through exchange of best practices, provide for greater clarity regarding the proper balance between freedom of establishment, spatial/commercial planning, and environmental and social protection.

- **developing a more balanced business-to-business food and non-food supply chain:** the aim is to encourage distribution channels and to combat **unfair trading practices** (UTPs):

5. the Commission will adopt a Green Paper detailing the common features of UTPs in the B2B food and non-food supply chain and open a consultation the results of which will be available by late spring 2013. The results of the consultation will feed into an impact assessment of the different options identified to address the issue at EU level.

- **developing a more sustainable retail supply chain:** by reducing food and packaging waste and making the supply chains more sustainable:

6. the Commission will support retailers to implement actions to **reduce food waste** without compromising food safety (awareness raising, communication, facilitating of redistribution to food banks, etc.) e.g., through the Retail Agreement on Waste; and work on developing a long-term policy on food waste, including a Communication on Sustainable Food to be adopted in 2013;
7. through dialogue with stakeholders, the Commission will define best practices to make supply chains more environmentally-friendly and sustainable and **minimise the energy consumption of retail outlets**. The Commission will encourage retailers in the context of existing fora to apply these best practices.

- **developing more innovative solutions**, in particular with regard to product labelling and electronic payments:

8. the Commission will launch a retail innovation initiative in 2013 whereby the Commission, with the help of high-level experts, will explore how to ensure that the retail sector can contribute to, and benefit from, innovative products, services and technologies. On that basis, the Commission will design concrete actions focused on boosting retail competitiveness, such as bringing research results to the market faster, integrating the e-commerce and brick-and-mortar environments, new ways of informing consumers about products, the **development of innovation-friendly regulations and standards**, etc.;
9. the Commission will examine the feasibility of setting up a dedicated database containing all EU and domestic food labelling rules and providing a simple way to identify labelling requirements per product;
10. the Commission will take measures to ensure better market integration for card, internet and mobile payments through: (a) revision of the Payment Services Directive; (b) an enhanced governance model for retail payment services; and, (c) a legislative proposal on multi-lateral interchange fees for payment cards.

- **creating a better working environment:** the proposed measures aim at the improved utilisation of available skills, in particular in SMEs, given the high share of self-employed in the retail sector:

11. the Commission will strengthen cooperation with social partners to create conditions that make it possible to match skills with labour market needs in the retail sector, particularly by identifying and anticipating skills needs through an EU Sectoral Skills Council, and by **improving retailers' training and reskilling policies**.

Conclusion: the 11 concrete actions set out in this Action Plan should be implemented **by 2014** in order to achieve a Single Market in Retail. It is essential that this Action Plan be executed in parallel with other initiatives, in particular those concerning the full implementation of the Services Directive, the E-Commerce Action Plan, and the on-going initiatives in the payments field.

The Commission will monitor developments and report on the progress in implementing this Action Plan by issuing a report in 2015. This monitoring will be done on the basis of the ongoing discussions within the EU institutions, with Member States, and with representatives of the retail sector and other relevant stakeholders through the Group on Retail Competitiveness.