

Europe 2020:

**Competitive
Sustainable
Digital**

Unleash the Potential of Commerce

**Contribution to the Public Consultation on the Europe 2020 Strategy
for Smart, Sustainable and Inclusive Growth**

POSITION PAPER

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1) TAKING STOCK: THE EUROPE 2020 STRATEGY OVER 2010-2014

Content and implementation

For you, what does the Europe 2020 strategy mean? What are the main elements that you associate with the strategy?

The commerce sector has long been striving for the goals of increased competitiveness, sustainability, innovation, environmental protection and a skilled, mobile labour market. EuroCommerce has therefore welcomed the EU 2020 strategy right from the outset.

In its response to the EU 2020 consultation in 2010, EuroCommerce has identified the following main elements for the strategy to deal with:

- Implementation and enforcement of existing legislation
- Creating value by basing growth on knowledge
 - Strengthening education & skills deployment
- Research, innovation and the digital economy
- Empowering people, promoting SMEs and flexicurity
 - Promoting entrepreneurship & SME development
 - Promoting employability & adaptability
 - Flexicurity: a win-win for all
- Creating a competitive greener economy
 - Towards a greener economy
 - Future transport policy
- Fully exploiting the Single Market
- Competitiveness in the global market

Overall, do you think that the Europe 2020 strategy has made a difference? Please explain.

When the Europe 2020 strategy was launched in 2010, Europe strongly suffered from the worst economic crisis since decades. After the first four years of the strategy the need for more growth and jobs remains undiminished. EuroCommerce remains strongly committed to the successful implementation of Europe 2020.

However, according to the Europe 2020 Competitiveness Report published by the World Economic Forum (WEF), the EU - compared with other economies in the developed world - continues to underperform in terms of building a smart, innovation-based, knowledge-driven economy. It trails other advanced economies in all four "smart" areas identified by the Europe 2020 strategy, as less competitive markets, more regulatory requirements and fewer available sources of finance make the European operating environment for businesses comparatively less conducive for entrepreneurship. More starkly, the EU is increasingly falling behind globally in building the digital infrastructure and innovative capacity that would allow its economies to unlock new sources of growth.

While welcoming the efforts undertaken by the various actors in the EU since 2010, EuroCommerce acknowledges that the points raised by the WEF are well-founded and more work remains to be done in order to achieve on the EU 2020 goals.

Has the knowledge of what other EU countries are doing in Europe 2020 areas impacted on the approach followed in your country? Please give examples.

As the voice of retail and wholesale across Europe, EuroCommerce regrets the lack of cohesion and enforcement in the Internal Market.

Whilst public investment might be needed to stimulate economic growth, the political will to tear down the remaining barriers to the European Single Market would also have a positive and significant effect on growth.

We are long-standing proponents of a truly Single Market in products and services, for the benefit of consumers and long-term economic health. A vibrant and open Single Market is the best way to create jobs and continue moving Europe out of crisis. There are still too many limitations on the free movement of goods and services throughout Europe. Some Member States are even erecting new barriers or discriminatory measures, limiting the capacity of businesses from elsewhere in Europe to establish in a given country or to grow their operations. This is a fundamental breach of the principles of the Single Market.

EuroCommerce has listed a number of Single Market Barriers in a [dedicated document](#) listing selected cases, mainly trade laws, in individual Member States hindering or complicating merchants' business.

It is essential that the Single Market is developed in areas where it does not yet function properly. To this end, EuroCommerce highlights the benefits of benchmarking and open coordination methods. In addition, a firmer enforcement policy is needed to address the threat of protectionism in some Member States.

Has there been sufficient involvement of stakeholders in the Europe 2020 strategy? Are you involved in the Europe 2020 strategy? Would you like to be more involved? If yes, how?

EuroCommerce has delivered its substantial contribution to the EU 2020 strategy, starting with its [position paper "Future EU 2020 Strategy: EuroCommerce response"](#) published in January 2010.

Our contribution was well received by the European Commission. As work on EU 2020 progresses, continued stakeholder involvement remains necessary. In this respect, EuroCommerce is committed to continue playing an active role; we stand ready to be more involved in close dialogue with the European Commission. Transparency & stakeholder involvement are drivers to ensure that all players adhere to the plan and contribute to delivery.

EuroCommerce has been involved in a large number of policies, programmes and initiatives on specific issues and policy areas covered by Europe 2020 and stands ready for more specific involvement in areas like the following:

- **Digital agenda**
The commerce sector is in the midst of a global digital revolution bringing fundamental changes to the way consumers shop. Many retailers, small and large, are embracing digital technology and multi-channel retailing, combining traditional bricks-and-mortar shops with online services, and offering new delivery solutions, such as click-and-collect. Wholesalers are also adapting to the digital age.
- **Employment**
Commerce contributes significantly to social inclusion by bringing opportunities to those with limited qualifications who often find it difficult to find employment. The sector invests heavily each year in training programmes to develop employees' skills and competences.

- **Skills**

More still needs to be done to ensure that further education qualifications produce skills that employers value. Without undermining official recognitions of skills and diplomas, necessary measures should be taken to allow initiatives led by employers, to be recognised by Member States as being of equivalent status. This is even more important given the lengthening of working lives and the need to keep skills relevant via training.

We welcome the increasing recognition by EU politicians of the important role of commerce as an economic driver.

- In January 2013 the European Commission published its [European Retail Action Plan](#). It sets out a strategy to improve further the competitiveness of the retail sector and to enhance the sector's economic, environmental and social performance. This policy ambition now must be firmly embedded in policy-making.
- [Wholesale](#) is a major job engine, covering almost all goods and services. Though not always visible to the general public, it plays a pivotal role as the interface between producers, importers, manufacturers, retail and service providers. Companies in many sectors benefit greatly from the know-how and the product diversity offered daily by wholesalers across the EU. Their contribution to jobs and growth in Europe needs to be recognised more than so far by EU policy-makers.

The EU institutions should ensure retail and wholesale are at the heart of their thinking. With the right policy and legislative environment, our sector will respond, supporting growth and creating jobs in the European economy.

Tools

Do the current targets for 2020 respond to the strategy's objectives of fostering growth and jobs? [Targets:

- to have at least 75% of people aged 20-64 in employment;
- to invest 3% of GDP in research and development;
- to cut greenhouse gas emissions by at least 20%, increase the share of renewables to 20% and improve energy efficiency by 20%;
- to reduce school drop-out rates to below 10% and increase the share of young people with a third-level degree or diploma to at least 40%;
- to ensure at least 20 million fewer people are at risk of poverty or social exclusion].

Yes, as far as they reach. However, the strategy still lacks concrete targets in the following areas:

- reducing red tape
 - REFIT (Regulatory Fitness and Performance) should be applied first to the most burdensome regulations for small businesses in line with the results of the "top 10 consultation". With regard to areas under consideration for future REFIT initiatives, EuroCommerce encourages the European Commission to table concrete and ambitious proposals in areas where the reduction of unnecessary administrative burden can be felt on the ground by all businesses.
- completing the EU Internal Market, especially in services, and foster mutual recognition
- achieving the Digital Single Market

Once identified and approved, these targets need to be pursued with the appropriate implementation strategies and the necessary level of involvement by all actors concerned.

Among current targets, do you consider that some are more important than others? Please explain.

While highlighting a number of important priorities for a more competitive Europe, the current EU 2020 targets still lack sufficient focus.

As highlighted in the [EuroCommerce manifesto "Shopping for Growth"](#), from a retail and wholesale point of view, the following three areas need particular attention in the coming years:

- a digital policy that helps merchants and consumers in the digital age
- a plan for European retail and wholesale competitiveness and more open markets in the EU and worldwide
- a voluntary approach to fair relations with suppliers and to sustainability

In addition, creating jobs and promoting consumers' purchasing power must remain top priorities on the policy agenda.

Do you find it useful that EU-level targets are broken down into national targets? If so, what is, in your view, the best way to set national targets? So far, have the national targets been set appropriately/too ambitiously/not ambitiously enough?

In principle, EuroCommerce agrees with the WEF that addressing the competitiveness divide will require differentiated strategies that take national and regional characteristics into account. Innovation strategies for countries higher on the knowledge ladder will differ from strategies appropriate for countries lower down. However, for all European economies, investments in knowledge-generating assets will translate into important drivers for future productivity growth – those drivers being a common focus on education, information and communication technologies, the digital agenda and reforms to improve the overall enterprise environment.

Labour and taxation policies are national, not EU competences. Some Member States have not yet carried out the necessary reforms, others have started those too late. EuroCommerce supports the European Semester which analyses the fiscal and structural reform policies of every Member State, provides recommendations, and monitors their implementation, followed by the National Semester, i.e. the implementation of the agreed policies by the Member States.

What has been the added value of the seven action programmes for growth? Do you have concrete examples of the impact of such programmes? ["Flagship initiatives"]:

- "Digital agenda for Europe"
- "Innovation Union"
- "Youth on the move"
- "Resource efficient Europe"
- "An industrial policy for the globalisation era",
- "Agenda for new skills and jobs",
- "European platform against poverty"].

Europe needs to accelerate its work on the [completion of the Digital Single Market](#), ensuring world class ICT infrastructure throughout Europe, including broadband and mobile networks, to support multi-channel operations. Furthermore, all EU citizens need the necessary information to become digitally savvy; this is crucial getting jobs and for living a convenient life in the digital age.

A single digital portal for retail and wholesale would help traders to establish cross-border e-commerce businesses or to adapt to this new landscape. An online one-stop-shop providing user-friendly information on legislative requirements in every Member State (e.g. VAT regimes, product requirements and establishment rules) could also showcase best practice case studies of traditional retailers or wholesalers reinventing themselves and city centres adapting to the new competitive landscape.

Matching skills and business needs: skills mismatch has been identified as an obstacle for the competitiveness of commerce and is one of the priorities addressed in the European social dialogue for commerce. The Commission should continue to support the sector skills councils in commerce.

Flexibility of labour markets: The dynamic and rapidly changing nature of the sector, responds to consumers' changing shopping habits and professional clients' needs. The EU needs to encourage Member States to reform their labour markets towards more flexibility so that retail and wholesale can create jobs and offer career development.

One in five young workers have an experience in retail or wholesale. EuroCommerce supports the aim to improve young people's education and employability, to reduce high youth unemployment and to increase the youth-employment rate, as pursued by the "Youth on the Move" initiative.

The EU must implement even better than so far the "Think Small First" principle in its decision-making process and introduce more coherence in the gathering of data about the impacts on SMEs which are often underestimated or not even assessed with regard to the commerce sector, including on the different distribution channels.

EuroCommerce supports the goal of an industrial policy for the globalisation era. However, the contribution by Europe's services sectors to the 2020 goals needs to be adequately recognised and built upon, too. All European services sectors combined hold a share of more than 70% of Europe's GDP. This is even slightly higher than the average share of 65% in developed countries. Services in the EU stand for 150 million jobs, € 65 billion trade surplus and € 9 trillion GDP (source: www.esf.be).

A considerable part of this contribution is generated by European commerce. To boost competitiveness and develop new opportunities, we need both the EU and the Member States to apply an impact test for commerce when considering measures, especially on employment, the Single Market and international trade: A "think-of-commerce reflex" in policy making when considering new legislation or changes to existing legislation, echoing the "retail reflex" included by the Commission in their European Retail Action Plan; it should include a proper assessment of the impacts – deliberate and unintended – of policies on different distribution channels and formats of commerce.

In a globalised economy, open markets and a predictable trade policy are pivotal in furthering Europe's competitiveness and job creation. It is essential that we further dismantle market access barriers, freeing up the trade in goods and services in both directions. Key measures to enhance predictability, legal certainty and transparency, together with the removal of red tape and technical barriers, are essential to increase our competitive strength.

2) ADAPTING THE EUROPE 2020 STRATEGY: THE GROWTH STRATEGY FOR A POST-CRISIS EUROPE

Content and implementation

Does the EU need a comprehensive and overarching medium-term strategy for growth and jobs for the coming years?

Yes, we need a plan. The next five years will be critical in returning the European economy to growth and job creation. Retail and wholesale can contribute, given the right economic and policy conditions.

The three priority areas mentioned above with regard to the EU 2020 targets should also be at the centre of the jobs and growth strategy:

- a digital policy that helps merchants and consumers in the digital age
- a plan for European retail and wholesale competitiveness and more open markets in the EU and worldwide
- a voluntary approach to fair relations with suppliers and to sustainability

What are the most important and relevant areas to be addressed in order to achieve smart, sustainable and inclusive growth?

To deliver growth and create jobs, European commerce needs the right policy framework. Barriers remain to flexible trading:

- a Single Market in goods and services is not yet a full reality and governance is not sufficiently strong yet;
- the Digital Single Market needs to be completed, ensuring world class ICT infrastructure throughout Europe;
- labour markets in some Member States are inflexible, preventing retail and wholesale from adapting to customers' needs;
- protectionist trade barriers impede the functioning of global value chains.

What new challenges should be taken into account in the future?

The European commerce sector is undergoing a major transformation, driven primarily by the rapid expansion of the digital economy. Retail and wholesale are adapting at pace, anticipating customers' changing needs and preferences. This e-commerce revolution has coincided with continuing recession in many Member States. Consumer spending is down and competition is fierce, putting a premium on innovation and efficiency, while making it harder to earn a return on investment.

More generally, there is a need for more and better coordination among the various policies and Directorates-General in the European Commission, in order to ensure a greater level of coherence.

How could the strategy best be linked to other EU policies?

The main challenge for the EU 2020 Strategy to succeed is its effective implementation. To this end, the working programme in the relevant vertical policy areas need to be checked continuously against the 2020 goals.

A strong focus on innovation in EU and national policies will act as a major catalyst to the EU 2020 agenda. Innovation is also at the heart of retail and wholesale: a striking particularity is that retail and wholesale companies are more likely to engage in open, collaborative innovation than many other sectors, incrementally adapting their services and value propositions through a process of continual innovation. Examples include innovative technology systems, the development of successful private label brands, new processes and technologies related to more efficient supply chain management, product tracking and tracing, pricing devices on shelves, and electronic commerce.

In the field of energy policy, an additional contribution to EU 2020 could be made by having policies that help bring energy prices down to more competitive levels. EuroCommerce asks the European Institutions to:

- Ensure that the EU 2030 greenhouse gas target is adaptable to other major economies' commitments and that the goal to increase industry's share of EU GDP to at least 20% by 2020 can be fulfilled.
- Ensure further reduction of energy prices by continuing the liberalisation and integration of energy markets and by eliminating policy driven surcharges, in particular stemming from distortive national support schemes for renewables.
- Improve the security of energy supply, by working for the diversification of both domestic and external energy sources.
- Encourage energy efficiency through the promotion of voluntary practical support initiatives towards businesses, in particular SMEs, to accelerate the uptake of effective measures and to tap the potential of resource efficiency for new commercial opportunities.

Trade policy must enhance competitiveness as part of the global market, which is increasingly characterised by global value chains. To govern this, a stable multilateral framework is needed. Implementing the WTO Trade Facilitation Agreement will speed up cross-border trade, allowing trade and industry operate better and at lower costs. Effective bilateral and plurilateral trade agreements with the EU's key trading partners, including TTIP and TiSA, will additionally boost global competitiveness. Enhanced regulatory cooperation and mutual recognition are increasingly important for companies operating in an international context. Tariffs (including antidumping) and non-tariff measures need to be sufficiently predictable for economic operators.

The EU's customs policy needs to focus less on controls and revenue collection and more on partnership approaches with economic operators and a competitiveness-friendly customs environment for trading companies.

Sustainability is not only a necessity for responsible decision-makers but also an opportunity for green growth and jobs. It must remain a strong component of the EU policies. Retailers and wholesalers are working with manufacturers and producers to improve the environmental sustainability of the value chain, demonstrating how well functioning supply chains can innovate and deliver greater benefits to society while extending choice to consumers. Retailers have worked both on reducing the environmental footprint and increasing the resource efficiency of their own operations, and with suppliers to address impacts in manufacturing and production. Under the Retail Environmental Action Programme, they have committed to initiatives aimed at reducing energy consumption, CO2 emissions and the carbon footprint of products. These voluntary initiatives by the sector are widely recognised as effective contributions to sustainable growth.

Bringing down the costs of credit and debit cards to reasonable levels across Europe while allowing member states to set even lower caps will be a crucial step towards savings for merchants and therefore better prices for consumers across Europe.

The free movement of goods remains a major issue for EuroCommerce. Retail and wholesale provide non-food products throughout the EU using various sales channels, b2b and b2c, which are subject to several practical barriers with a strong impact on merchants. Additional costs result from re-labelling, changing the composition of a product, additional administrative procedures imposed by national requirements, etc.

Although language, culture and tradition continue to require adjusting products to local markets to a certain level, a number of national requirements/barriers have clearly no added value for consumers or businesses. To improve the free flow of products in the internal market, retailers and wholesalers need the following:

- Speedy removal of remaining unnecessary or disproportionate barriers, in particular of superfluous national requirements for non-harmonised products, supported by the European Commission's analysis of the application of the mutual recognition principle as requested by the Competitiveness Council in December 2013.
- An analysis of specific non-food product categories in order to identify gold-plating of EU law by the Member States, allowing the European Commission to investigate and address any undue national divergences acting barriers to the free movement of goods.
- Assessment of cases of diverging EU law interpretation by Member States concerning specific non-food product categories or aspects. The Commission should provide the necessary guidance to settle diverging interpretation.

EuroCommerce strongly supports efforts to cut red tape, improve legal certainty for businesses and reduce unnecessary costs. It is important that the European Commission's actions focus where businesses can concretely feel the difference on the ground. The collection of facts & figures by Commission and Member States remains a necessity, as well as the exchange and dissemination of best practices in the area of administrative burden reduction.

Governance of the Single Market continues to be a major issue on the agenda. Many tools that can help businesses to find information to become active in another Member State do not function fully or lack visibility and resources. The same goes for problem-solving mechanisms like SOLVIT. For businesses, it is a huge step to start a case against a Member State in alleged infringement of EU law due to political motivations. This undermines businesses' trust in the Single Market. The European Commission should act more forcefully, applying a zero-tolerance policy against infringements and using the European Semester process to solve issues informally.

Access to finance is essential when starting up a business or when developing an existing business. The most widely used external sources of financing are bank overdrafts, leasing/hire, purchase/factoring, trade credit and bank loans. The financial crisis and globalisation have limited the supply of finance for SMEs. In 2011, about one-third of SMEs did not obtain the financial means that they had applied for.

Therefore, SMEs in retail or wholesale need easier access to diversified forms of finance at a reasonable cost. Improvement of the financing environment for SMEs could be achieved through the simplification of EU funding for SMEs and a better borrowing environment for equity funding, credit and loans. EuroCommerce encourages the European Union to:

- Stabilise the financial system with a balanced mix of financing instruments. Most important for SMEs in commerce is that they get easy access to diversified forms of finance at reasonable costs.
- Increase the availability of credit and loan guarantee schemes.
- Simplify accessibility and administrative procedures for the new European funding programmes for SMEs, i.e. COSME and Horizon 2020.

What would improve stakeholder involvement in a post-crisis growth strategy for Europe? What could be done to increase awareness, support and better implementation of this strategy in your country?

Transparency is key for stakeholder involvement. Information made available to stakeholders needs to be easily accessible and as easy as possible to read. The Commission has often demonstrated its ability to carry out state-of-the-art stakeholder consultations; existing examples of good practice could inspire other services still lagging behind.

Evidence-based impact assessments are greatly important to inform legislative decisions. EuroCommerce welcomes the specific consultation on this assessment process.

Also dialogues among stakeholders should be encouraged wherever relevant. The sectoral social dialogue in commerce works well and deserves continued support.

EuroCommerce has provided detailed comments on [impact assessment](#) and [stakeholder consultation](#) in two recent position papers.

Tools

What type of instruments do you think would be more appropriate to use to achieve smart, sustainable and inclusive growth?

We need a plan for European retail and wholesale competitiveness – to remove barriers to growth and jobs creation:

- A “think-of-commerce” reflex in policy-making when considering new legislation or changes to existing legislation. This should include a proper assessment of the impacts – deliberate and unintended – of policies on different distribution channels and formats of commerce.
- Encourage Member States to reform their labour markets towards more flexibility and continuous skills development, so that retail and wholesale can create jobs and offer career deployment.
- Strengthened enforcement of the Single Market principles and existing legislation, e.g. the Services Directive, and no tolerance of “gold-plating” at national level.
- Removal of territorial supply constraints that hinder the free movement of goods.
- Harmonisation or mutual recognition of technical standards and requirements for product information, authorisation, and testing.
- Completing the Digital Single Market, ensuring world class ICT infrastructure throughout Europe, including broadband and mobile networks, to support multi-channel operations; educating all citizens, so that they are digitally savvy - this is crucial for getting jobs and for living a convenient life in the digital age.
- International trade agreements should be advanced wherever possible – multilateral, plurilateral and bilateral, promoting open trade in goods and services, removing regulatory burden, easing customs procedures and providing enhanced legal certainty to economic operators.
- Mitigate the adverse impact of antidumping measures (trade defence instruments), making them more predictable and transparent for EU importers.
- Securing easier overseas establishment for EU retailers and wholesalers.

What would best be done at EU level to ensure that the strategy delivers results? What would best be done at Member State level?

Member States should be encouraged to reform their labour markets towards more flexibility and continuous skills development, so that retail and wholesale can create jobs and offer career deployment. EuroCommerce asks for support to promote exchange of good practice on how skills mismatch is addressed at Member State level.

How can the strategy encourage Member States to put a stronger policy focus on growth?

The necessary stronger focus on growth requires better political will at national level to strengthen the Single Market, in particular in the following areas:

- Implementation of the Single Market (Services Directive, removing remaining barriers on goods, completing the Digital Single Market)
- Better cooperation among Member States (e.g. like-minded initiative)
- Best practice in implementation (UK example); developed guidelines
- Labour reforms
- Tax simplification (VAT)

Are targets useful? Please explain.

Measurable targets are helpful; EuroCommerce supports them as they enable to show progress and have focus.

Would you recommend adding or removing certain targets, or the targets in general? Please explain.

The European Commission could learn from the Lisbon Strategy, which delivered below expectations, not least due to the lack of incentives for Member States to implement the agenda effectively.

Moreover, the targets need to be reviewed to find out whether they were realistic and are still accurate. For instance, 75% of the people aged 20-64 in employment seems a high target at first sight; de facto countries are still far below. Future targets identified need to be realistic and effective mechanisms need to be in place ensuring their implementation in the Member States.

What are the most fruitful areas for joint EU-Member State action? What would be the added value?

In the best case, the EU and the Member States would effectively exchange best practices among themselves.

3) DO YOU HAVE ANY OTHER COMMENT OR SUGGESTION ON THE EUROPE 2020 STRATEGY THAT YOU WOULD LIKE TO SHARE?

In its manifesto "[Shopping for Growth](#)" EuroCommerce has set out how retail and wholesale specifically can boost growth and create jobs in Europe.

To foster a better understanding of the role of retailing and wholesaling in the European Union, EuroCommerce recommends the report "[Retail & Wholesale: Two Key Sectors for the European Economy](#)" by the Oxford Institute of Retail Management.

More specifically on the wholesale sector, EuroCommerce invites the European Institutions to enhance their awareness of b2b trade in Europe. To this end, we have published our brochure "[Wholesale – Job Engine at the Centre of Europe's Economy](#)".

To help retail benefit from the Single Market, it is important to complete and pursue the European Retail Action Plan (ERAP) after 2015, ensuring due recognition of the sector and its contribution to jobs, growth and innovation.

In order to create growth and jobs, EuroCommerce insists that the competitive implications on retail and wholesale of all policy measures must be checked from their inception within the European Commission and throughout the EU decision-making process. This is what we call "think-of-commerce" reflex.

EuroCommerce and the commerce sector

EuroCommerce represents the retail, wholesale and international trade sectors in Europe. Its membership includes commerce federations and companies in 31 European countries.

Commerce plays a unique role in the European economy, acting as the link between manufacturers and the nearly 500 million consumers across Europe over a billion times a day. It is a dynamic and labour-intensive sector, generating 11% of the EU's GDP. One company out of three in Europe is active in the commerce sector. Over 99% of the 5.5 million companies in commerce are small and medium-sized enterprises. It also includes some of Europe's most successful companies. The sector is a major source of employment creation: 29 million Europeans work in commerce, which is one of the few remaining job-creating activities in Europe. It also supports millions of dependent jobs throughout the supply chain from small local suppliers to international businesses.