



MANIFESTO OF EUROPEAN COMMERCE

COMMERCE AT THE HEART OF SOCIETY

SEPTEMBER 2009

The role of commerce is to deliver the products its customers want at the right time, at the right place and at the best price.

Did you know that ...

- Commerce is the pivotal link between producers and 500 million European consumers.
- Over 31 million Europeans work in commerce, making us one of the main job providers and one of the few remaining job creators in Europe.
- Europe's 6 million commerce companies generate 11% of the EU GDP. Over 95% are small and medium-sized enterprises.
- We adapt fast to changing circumstances and compete hard to meet changing consumer expectations in terms of innovation, service, format, health, ethical, social and environmental concerns and technology.
- We thrive on fierce competition, keeping prices low and boosting innovation in the supply chain.
- We source products from local, national and international suppliers, distributing safe, quality goods and services to businesses and to all our customers at the best prices.
- We adapt to consumer demands with on-site sales, internet sales and home delivery.

“Since the Single Market was created (...), EuroCommerce and its member companies have been a driver of further integration (...) Thus, EuroCommerce is a natural ally and pillar of the single market.”

José Manuel Barroso, President of the European Commission, EuroCommerce annual event, October 2008



Commerce, a responsible partner in the community

At the heart of our communities, the commerce sector has long been aware of the broad role it plays in society. Commerce exists in mutual dependence with the communities which it serves. Responding to consumer demands and expectations, companies in commerce recognise that they can make a difference and they take their role and responsibilities very seriously.

At home

Commerce has deep roots in local communities and countless retailers have taken the initiative to help improve the towns and regions in which they are based. More and more, they follow corporate social responsibility strategies (CSR), which often work faster and go further than legislation. Companies are the best placed to identify and develop their own initiatives, depending on their values, activities, location and consumer demands.

Worldwide

Commerce also operates on the global stage, trading goods and services worldwide. Relying on global supply chains, companies source products in developing countries, thus

improving production and social standards in that country and aiding overall development prospects. As responsible players, companies give great importance to social and environmental issues and have developed sophisticated audit procedures in these areas.

Putting customers first

Commerce listens to the needs and wants of customers, translating their demands into improved standards further up the supply chain. From the energy requirements of electronic goods to the nutritional profile of foodstuffs, commerce has long achieved high standards well in advance of regulation. While commerce will continue to inform consumers, a real shift in consumer behaviour towards healthy diet, safe alcohol use and sustainable life-styles can only be accomplished through public education programmes. In turn, a well educated consumer will perpetuate such change.

*Over a billion times a day,
consumers vote with their feet
for their favourite stores*

"Retailers are focusing more and more on sustainability not only because it is the right thing to do, but also because our customers – and our stakeholders – demand it. There is no alternative."

Pierre-Olivier Beckers, President and CEO, Delhaize Group, launch of REAP Forum, March 2009



Our sector needs that business-friendly environment. To achieve this, we need:

Better regulation – releasing additional potential

To grow, Europe must 'think small first'. SMEs deserve special attention: they are key players in economic growth and employment. Red tape cost us all 3.5% of EU GDP in 2005 – a cost that could be avoided in the future. Reducing administrative burdens and ensuring consistency should be the starting point for all EU policies. Another priority is to avoid legislation where there is no evidence of need or which could create unnecessary extra burdens on business. When considering legislation, we ask regulators and politicians for:

- comprehensive impact assessments at Commission and Parliament level, which systematically cover SMEs. In 2008, only 0.3% of all current EU legislation contained SME-specific measures;
- balanced consumer rights legislation - full targeted harmonisation means standardised consumer rights in a carefully defined number of areas with no Member State opt-outs, plus mechanisms to control compliance costs for cross-border trade;
- efficient enforcement of consumer legislation to boost consumer confidence; there is so far no justification for the introduction of European-wide collective redress mechanisms;
- legal certainty and predictability for both consumers and businesses;
- appropriate limits on the responsibilities of economic operators consistent with their sphere of activity.

Caring for the environment

Over many years, our companies have realised that they can make a difference, directly or indirectly. As a result, they have developed many initiatives to help save energy, optimise logistics, meet the challenges of climate change and protect the environment. In March 2009, EuroCommerce launched a voluntary initiative, the Retailers' Environmental Action Programme (REAP), establishing a retailers' forum to foster a wider debate with stakeholders and develop sustainability programmes for the future.

"I very much welcome the environmental commitments already made by a number of retailers who have joined the Forum."

EU Commissioner Stavros Dimas,
launch REAP Forum, March 2009

An agenda for growth and employment; promoting sustainable consumption

Rekindling consumer purchasing power is vital to ease Europe out of the deepest economic crisis we have faced in over 80 years. Every day companies in commerce compete hard to deliver customers a wide ranging choice of products at the best price. To continue to deliver, companies must be able to grow; entrepreneurship needs a boost and citizens need confidence in their purchasing power. Ensuring efficient access to finance for businesses is a promise that legislators must match with quick action.

More competitive and efficient supply chains, better prices and choice for consumers

In order to deliver value to consumers and foster innovation and efficiency, companies in commerce rely on complex supply chains, with retail as the most visible link in the chain. Farmers seldom deal directly with retailers but through suppliers. Price developments are the result of complex interactions between the various players in the production and distribution chain. Therefore, only a holistic approach to the supply chain and its various components can deliver results.

“BEUC recognises that traders are but one cog in a complex supply chain: many players intervene to set final prices. Our politicians must be alive to the realities of the whole supply chain if consumers are to get the best goods at the best prices.”

Monique Goyens, Director General, BEUC,
the European consumers' organisation,
September 2009

It is crucial to take into account the following factors:

- Competition is the driver of innovation in the market and the push for market power is a normal and healthy part of competition, whatever the sector of activity.
- Competition means that companies fight to deliver the right product at the right location at the right time at the best price.
- Companies in commerce should be protected from anti-competitive practices by other operators.
- Competition in commerce keeps profit margins lower than in other sectors.
- Own-brand products play an important role by fostering SME growth, spurring innovation, encouraging competition and responding to consumer demand.

“(...) competitive pressures in the food retail sector in the euro area absorbed some of the increases in producer prices.”

Commission communication on food prices in Europe, December 2008

Goods, services and payments – a real internal market

Europe needs a fully functioning internal market for both goods and services if it is to maximise competition and bring optimal benefits to consumers in terms of price and choice. Both consumers and businesses should benefit from the internal market.

“The completion of the retail internal market is an essential feature to meet Europe's economic challenges and deliver tangible benefits for citizens.”

Consumer markets scoreboard,
January 2009

For commerce to grow in the single market, we need:

- the current Internal Market Review to provide further market efficiencies;
- proper and consistent implementation of the Services Directive at national and regional level;
- efficient and impartial infringement procedures against Member States for non-compliance;
- a Single Euro Payments Area (SEPA), based on principles of transparency, competition and efficiency which benefits payment service providers and users alike. Stakeholders should only have to pay for services from which they benefit.

“If there's anywhere that can do with an overhaul of tired practices, it's the area of payment cards.”

EU Commissioner Neelie Kroes, May 2009

Free and fluid worldwide trade

Forty years ago, many Europeans had never eaten a mango: now we can buy tropical fruit all year round – thanks to commerce, which sources products from all over the world. An overly protective approach to trade policy would block us from doing this and make products more expensive. Trade defence instruments penalize consumers and traders, especially SMEs. All too often, antidumping measures severely interfere with contracts concluded long ago. Help us create growth and jobs and help us to foster the diversity of goods on our shelves with:



- predictable and transparent trade defence instruments;
- a successful conclusion to the ongoing WTO negotiations and additional bilateral trade agreements;
- workable customs procedures and rules of origin that take into account traders' needs;
- better access to retail and wholesale services markets worldwide.

"Protectionism which is akin to populism is not the answer. It is a recipe for recession."

José Manuel Barroso, President of the European Commission, EuroCommerce annual event, October 2008

More flexibility and security on the labour market

Millions of European citizens work in and around commerce. Ours is a dynamic and innovative sector, offering exciting opportunities for skilled workers as well as those with fewer qualifications or difficulties in entering the labour market. Our companies work hard to design new skills and education programmes which keep pace with technological changes and consumer expectations. Increasingly, employers offer staff the flexibility they need to balance work and home life, opening commerce up to a more inclusive labour market. We can make further progress with:

- greater labour market flexibility;
- the right balance between employment and social security laws (flexicurity);
- improved workers' adaptability and employability through training opportunities;
- reduced non wage costs.

Efficient logistics

Carrying goods from producer to the high street, commerce is always on the move. Transport is the oil that keeps these cogs turning. Flexible and efficient means of transport allow us to optimise the flow of goods, cut costs and reduce environmental impact. Today, transport and logistics account for 10-15% of total product cost and changes in transport policy have a direct impact on commerce and on consumers. Commerce needs the EU's transport policy to provide:



- accessibility to cities, which is adapted to the distinct needs of both freight and consumer traffic;
- recognition of that crucial last mile: doorstep delivery to shops by trucks and vans must be maintained to prevent the closure of vital local shops;
- no additional charges on road transport as long as no viable alternatives are in place;
- the possibility of using all transport means singly and in combination (co-modality);
- incentives for clean and efficient solutions for vehicles (e.g. tax advantages) and initiatives to stimulate new technologies.

Towards more sustainable lifestyles

Commerce has long integrated the concept of sustainable development in its daily activities by constantly adapting production and consumption patterns to minimise environmental impact and directing innovation to put environmentally-friendly products on shelves. When designing new environmental legislation policy makers need to:

- focus their efforts on the areas of food and drink, housing and mobility as these three sectors account for two-thirds of the environmental impact of private consumption;
- encourage small improvements in the majority of products purchased by the majority of consumers rather than large improvements in a limited number of products purchased by few consumers;
- take into account all players in the supply chain, clarify the responsibility of each economic operator and avoid any unwarranted shift of responsibility;
- recognise that retail can inform consumers but that education is the role of governments and that the final purchasing decision lies with the consumer.

Shopping list for the future

- ✓ A fully functioning internal market
- ✓ A better legislative and business environment, especially for SMEs
- ✓ A predictable and transparent regulatory environment for businesses
- ✓ More flexibility, security and skills development in the labour market
- ✓ Consistent and specifically targeted obligations: commerce cannot be liable for third party activity
- ✓ Efficient access to finance for companies and citizens
- ✓ Open markets at home and abroad
- ✓ A real Single Euro Payments Area
- ✓ Effective and efficient consumer protection
- ✓ Effective consumer education by public authorities to promote consumer demand for healthier, sustainable products and services
- ✓ Promotion of sustainable commerce, which respects the environment
- ✓ A regulatory environment that stimulates competitiveness and innovation to the benefit of consumers

EuroCommerce represents the retail, wholesale and international trade sectors in Europe. Its membership includes commerce federations in 31 European countries, international, European and national federations representing specific commerce sectors and 30 leading individual companies.

The role of commerce is to provide consumers with the right products, at the right time, at the right place and at the best price. Commerce responds to consumer demands on the environment, on sustainability, on the availability of quality goods and on price competitiveness. EuroCommerce, as the voice of the commerce sector in Europe, strives for a wider understanding of this role.



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