

Strengthening the competitiveness of the European retail sector

The retail sector is one of the biggest sectors in the EU economy, with almost one in ten people working in over 3.6 million retail companies. The sector is changing rapidly with the development of e-commerce and multi-channel retailing, and has the potential to perform better. This is why the Commission is helping Member States and operators to overcome the current challenges by addressing an accumulation of restrictions in the retail sector.

Jyrki **Katainen**, Vice-President for Jobs, Growth, Investment and Competitiveness, said *“The Commission has identified very concrete and effective best practices to guide Member States’ efforts in increasing the innovation, productivity and competitiveness of our retail sector. This will allow European retailers to strengthen their global presence and help our many SME retailers – often family businesses – in their efforts to embrace technological change. All of this will help create jobs and boost economic growth.”*

Elżbieta **Bieńkowska**, Commissioner for Internal Market, Industry, Entrepreneurship and SMEs, said: *“The future of the European retail sector – and our economy at large – depends on its ability to develop innovative business models and maximise new opportunities such as e-commerce. This requires a favourable business environment. That is why we are offering advice to Member States on how best to apply EU rules and follow the example of tried-and-tested reforms in other EU countries.”*

What are the main areas where Member States can make further progress?

- **Facilitating retail establishment:** The rapid setting up of a new shop is crucial for retailers to access the market, thereby fostering productivity and innovation. By improving compliance with the [Services Directive](#), Member States can make establishment easier without putting at risk public policy interests, such as town and country planning, protection of the environment and consumers. National, regional and local authorities are encouraged to reduce undue or disproportionate burdens, making retail establishment procedures simpler, shorter and more transparent.
- **Reducing restrictions to daily operations of shops:** These may become a significant burden for businesses and affect their productivity, which is why the Commission has identified best practices on sales promotions and discounts, specific sales channels, shop opening hours, retail specific taxes, purchasing of products in other Member States and contractual practices of modern retail. The aim is to ensure a level playing field in retail as well as fair and efficient supply chains,

while not restricting the freedom to pursue justified public policy objectives.

- **Adopting new approaches to promote vitality of city centres:** The Commission has also published today a [guide](#) on fostering the revitalisation and modernisation of the small retail sector. The guide gives public authorities practical suggestions on how to help small retailers embrace technological change and meet the challenges of the future. Each solution is underpinned by practical real-life examples, gathered from best practices across the EU, which can be transferred to the local setting. The guide identifies success stories from which Member States can draw inspiration for example, on how to build retail communities to help bring consumers to city-centres.

Additionally, the **Retail Restrictiveness Indicator (RRI)** provides a useful snapshot of the state of play of retail in Member States. It helps to identify best practices as well as areas for possible reforms. The RRI is also a dynamic monitoring tool to measure Member States' efforts in reducing retail restrictions and the impact of such reforms on market performance including productivity, prices and innovation, as well as spill-over effects on other sectors.

In addition to today's guidance for Member States' reforms and priority-setting for enforcement policy in the retail sector, the Commission will continue to monitor the evolution of the relevant regulatory frameworks and economic trends.

Background

Retail is the second largest EU service sector after financial services, generating 4.5% of the value added in the EU economy and providing 8.6% of all jobs in the EU. EU households spend up to one-third of their budgets in retail shops. Retail is also a major driver for innovation and productivity. Through its interactions with other economic sectors, a better performing retail sector can trigger positive spill-over effects for the entire economy. Fewer restrictions in retail mean higher productivity in manufacturing. A more efficient retail sector can offer consumers lower prices which creates more demand and steers producers towards more innovative goods.

In the 2015 [Single Market Strategy](#), the Commission committed to address excessive restrictions on establishment of shops and day-to day shop operations. Today's Communication on retail is the last deliverable of the Single Market Strategy. It complements other initiatives such as [proposals to make it easier for companies to sell products across the EU](#), a [Start-up and Scale-up Initiative](#), [measures to give a fresh boost to the services sector](#), measures for an [efficient and professional procurement](#) and the [protection of Europe's know-how and innovation leadership](#), steps to [enhance compliance and practical functioning of the EU Single Market](#) and the [trading of safe products across Europe](#). It also goes hand in hand with Commission's efforts to create an [EU Digital Single Market](#), in particular with initiatives on [geo-](#)

[blocking](#), [cross-border parcel delivery](#), [modernisation of the VAT](#) and [digital contracts rules](#).

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