

## **Meeting of the High Level Group on Retail Competitiveness**

**Brussels, 25 June 2014**

### **Summary report**

Mr Pierre DELSAUX, Deputy Director General of DG Internal Market and Services chaired the meeting.

#### **1. Opening of the meeting**

- The Chair welcomed the Members to the second meeting of the High Level Group on Retail Competitiveness.
- The summary report of the meeting of 20 January 2014 was adopted.

#### **2. Internationalisation**

- Mr. Levie, Head of Unit responsible for trade policy with regard to North America in DG Trade, presented an overview of the existing EU free trade agreements and of the ongoing free trade negotiations, notably with the United States. He also commented on the Trade in Services Agreement (TISA).
- Mr. Levie stressed the importance of the dialogue between the retail sector and the Commission with respect to the barriers retailers face when trading in countries outside EU.
- Members noted in particular problems with India regarding high barriers to market entry for retail.
- Given the ongoing growth of online sales, Members pointed to the necessity to ensure that this aspect is not neglected in trade negotiations.
- Members recalled the importance of creating a level playing field for all market participants. European companies need often to comply with more stringent requirements than their foreign competitors (e.g. data protection).
- The consumer angle was also highlighted e.g. with respect to import duties linked to the delivery of goods ordered online from non-EU countries.
- Members underlined the necessity for the Commission to carefully consider food/product safety issues in free trade negotiations. The importance of social aspects was also mentioned.

#### **3. E-Commerce**

- Mr Bédier (Carrefour) updated the Members on the on-going work in the preparatory group on e-commerce and provided an overview of barriers and opportunities offered by e-commerce.

- Members underlined that there is a lack of detailed and updated information with respect to the impact of e-commerce on the European economy. The creation of an Observatory to provide an extensive database to policy makers and other stakeholders got wide support from the High Level Group.
- Members pointed to the need to see the opportunities offered by the e-commerce sector while also referring to the necessity of developing a level-playing field: the same rules should apply for all the actors in the sector, irrespective of their business model or location (EU vs. non-EU).
- Members discussed new business models that are developed in the e-commerce sector such as market places and platforms. A clearer framework for these business models was called for as well as the need to avoid abuse of monopolistic situations.
- Members also discussed the skills needed in the e-commerce sector and the quality of the jobs in this sector.
- Members stressed that any e-commerce development requires investment in a sufficient infrastructure.

#### **4. SMEs**

- Ms Leppälä-Nilsson (Kesko) updated the Members on the on-going work in the preparatory group on SMEs and provided an overview of barriers faced by SMEs and independent retailers.
- Members agreed that the lack of scale is a serious competitive disadvantage for SMEs but that different forms of cooperation between SMEs could facilitate facing these challenges. Such cooperation can take the form of e.g. joining a group of independent retailers or becoming a franchisee.
- Members agreed that access to finance remains an issue for SMEs in some Member States (MS).
- Members mentioned the lack that some SMEs have of basic skills on how to run a business: while in some MS training is offered by Chambers of Commerce this does not seem to be the case in all MS. This training could help SMEs to transform their detailed knowledge of their customers into a competitive advantage.
- It was mentioned that micro-companies experience similar issues as consumers e.g. in their relation with banks.

#### **5. Innovation**

- Mr Speer (Henkel) updated the Members on the on-going work in the preparatory group on innovation and provided an overview of the structure for the work of the preparatory group.
- The proposed structure received support with the request by one Member to include consumer empowerment/consumer confidence on the list of factors driving innovation in the sector.

- The Chair invited Members to identify the most important barriers to innovation that should be addressed or incentives that could be supported by the Commission.
- Members pointed to the need to be innovative in both business models and the offer of innovative products. Issues linked to intellectual property rights or selective distribution rules were also raised.
- The creation of a network of innovation labs that could cross-influence each other was mentioned as a measure that would support European innovation.
- Disruptive business models and the problems of rolling out the same business model in 28 MS were also mentioned. National domain names were mentioned as an example of market fragmentation.

#### **6. Working arrangements on further thematic preparatory groups**

- The High Level Group supported the creation of a preparatory group to address working environment issues. This preparatory group, chaired by the Commission, will be set up as soon as possible.
- The High Level Group agreed not to create a specific preparatory group on Single Market Issues. Instead, a discussion addressing specifically these issues will take place in one of the future meetings of the High Level Group.