

President
Dr. Ursula von der Leyen
European Commission
Rue de la Loi / Wetstraat 200
B -1049 Brussels

26 May 2020

Dear President,

Building on the French-German initiative for the European recovery of the Coronavirus crisis and while the European Commission is preparing its own proposals we, the presidents of the national federations for retail in Germany (HDE), France (FCD) and Italy (Federdistribuzione) - all member organisations of EuroCommerce - would like to draw your attention on the dramatic situation of retail in our countries.

Retail - and here we mean non-food retail - has been hit by this crisis in an unprecedented way. After first experiences of re-opening, we have to realize: Our retailers are looking into the abyss. They need a strong European signal of acknowledgement and support and they need it now!

Boosting private consumption to the benefit of the whole economy

By a strong and immediate signal of support we mean that the European Commission should foresee, within the framework of the Recovery Plan, a leverage for state-induced incentives to boost private consumption. We expect that such instruments will develop positive effects reaching beyond the retail ecosystem and in consequence be beneficial for our economies as a whole. Only if we succeed in providing retailers with this kind of short-term “oxygen”, they will be able to cope with the long-term structural challenges ahead of us.

The figures are alarming, the trend is similar in all our countries:

In Germany: A recent survey assigned by HDE shows that after six weeks of shutdown one third of non-food retailers sees the existence of their business massively endangered. Around 50.000 insolvencies are to be expected in the sector. According to estimates losses in turnover in Germany will sum up to significantly more than 40 billion Euro for 2020.

In France: Most non-food shops have been administratively closed for two months, with turnover often reduced to zero. The loss of activity for shops in France is estimated at between 50 and 60 billion Euro in 2020 (sources: Forrester and SAD).

In Italy: A study, carried out by *The European House – Ambrosetti*¹, has analysed the impact of the COVID-19 emergency on the main retail industry indicators (consumption, turnover, employment and costs) and the verdict shows no mercy: By the end of 2020, non-food retail's turnover will fall by more than 100 billion Euro (-37% with respect to 2019), putting more than 81.000 retail companies and 220.000 workers at risk.

Re-opening is not ending the emergency situation

The covid-19 pandemic has created a shock on both the supply and the demand side. We are observing a crash of domestic demand being the last stage of the economic system. The simple re-opening of the

¹ “Quali impatti dell'emergenza Covid-19 sul settore della Distribuzione in Italia” - The European House-Ambrosetti, May 2020

stores alone will not lead to a return to the previous level of activity. Low consumer confidence, health constraints and the loss of tourist activity will result in a continued decline in activity for many months to come.

Our respective national governments have put different measures underway that may prevent some businesses from failing whilst ensuring that workers maintain their jobs. However, that will not be sufficient. Everything should be done for the nature of the crisis not to morph from temporary into something far more long-lasting.

Dear President,

If we do not succeed to secure the future of the retail sector, regardless of the size of its players - from large specialised chains or department stores to small-medium stores - we will experience a stop in the process of reinventing retail, physical stores and omnichannel retail. We will experience a widespread desertification of city centres. This will have detrimental effects in urban and rural areas equally. City centres as business locations will lose their meaning, if we allow the sclerosis of retailers to proceed. We risk not only economic, but also social dislocation, which we cannot afford, especially in these tense times.

We very much count on your understanding, acknowledgement and support. We hope to secure your support for our cause and are more than willing to engage in a constructive dialogue with you and your colleagues in the European Commission.

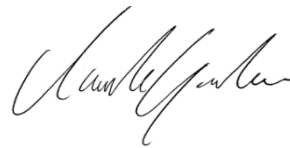
Yours sincerely,



Josef Sanktjohanser
President
Handelsverband Deutschland -
HDE



Jacques Creyssel
Délégué Général
Fédération du Commerce
et la Distribution - FCD



Claudio Gradara
President
FederDistribuzione

Letter in copy to

- Commissioner Breton
- Commissioner Gentiloni