

27 May 2019

Additional Contribution

Commission Public questionnaire for the 2018 Evaluation of the Vertical Block Exemption Regulation

Background

Digitalization is radically changing the retail landscape and will continue to do so in the years to come. Consumer behaviour and criteria shaping their demand is being influenced by the availability of increasing information on a daily basis. Consequently, existing business models are reshaping and new ones are being established for the sole objective of reflecting new consumer patterns. Therefore, it is of paramount importance that EU legislation is relevant so that it allows for a fair and balanced supply chain, competitive and innovative, as this would guarantee maximum value for the consumer at a reasonable price, not a low price. Quality and value have their price and that should be respected.

Retailers are under increasing pressure from different sides: international, inter-EU and national competition from retailers and manufacturers, more legislative burdens such as the UTP Directive, and last but not least, e-commerce.

In our view, EU legislation could rapidly improve in two main areas: 1) allowing retailers to source freely, just as consumers are now allowed to get goods and services regardless of their location within the EU; and 2) balance out the current advantage online retail has over offline retail. Brick and mortar businesses have much higher fixed costs than pure e-commerce businesses, yet issues persist, such as taxation, which adds on heavier burdens to offline than to online.

Review of the VBER and VGL

The Regulation and the Guidelines cannot, or should not, exist in isolation from one another, as they were not established so. They exist in order to complement each other. Therefore, a review of one warrants the same of the other, especially when the ultimate objective is guaranteeing their effectiveness, efficiency, relevance, coherence and added-value to the EU.

Consultation Methodology

Euro Coop warmly welcomes the opportunity to participate in stakeholder workshops, as they are a great instrument for gathering successful practices and relevant information first-hand from interested parties. Of course, these should be actively complemented by in-depth data collection from stakeholders via the questionnaire, but also via dedicated meetings with representatives of the different business models in each sector of the supply chain. For example, the retail sector includes several models: international/national private companies, shareholders companies, independent retailers (family businesses), SMEs, co-operatives. Euro Coop represents the consumer co-operatives, whose owners are the primary consumer-members, thus the ordinary citizens. Each model has its governance and ownership specificities, so a “one-size-fits-all” EU policy approach would surely be to the detriment of one or many of the operators. Each of these stakeholders has their EU-level representative body, which could easily respond to a EU Commission initiative.

It is also very important that the data gathering is based on factual evidence and statistics, and not on perceptions, which could be interpreted differently and is a loose concept. Final and foremost, consumer interests should not be harmed. While EU legislation in the field of supply chain and vertical agreements, and not only, guarantees consumer interests, these interests should not be identified only as economic, but should also be perceived as social, environmental, and cultural. Therefore, the element of sustainable development in all its aspects should be imbedded into the EU policy revision.

About Euro Coop

Euro Coop unites **20** national organisations of consumer co-operatives in Europe, representing **34 million** consumer-members, **7.000** local co-operatives, **750.000** employees and operating **76.000** stores across the continent. Consumer co-operatives, predominantly engaged in retail, are enterprises with a distinct model of ownership and governance, which, **since 1844**, have been operating according to the co-operative principles such as voluntary and open membership (Principle 1) and democratic member control (Principle 2) based on the rule of 1 member-1 vote. Being owned and managed by their members, consumer co-operatives have an inherent responsibility far-reaching past the cash register, such as care for the community (Principle 7) and all its social, economic and environmental facets.
