



TEXTS ADOPTED

P9_TA(2023)0006

The creation of a European Capital of Local Trade

European Parliament resolution of 17 January 2023 on the creation of a European Capital of Local Trade (2022/2874(RSP))

The European Parliament,

- having regard to Petition No 0699/2021,
- having regard to Article 3(3) and Articles 4 and 5 of the Treaty on European Union,
- having regard to Articles 24, 153, 173 and 227 of the Treaty on the Functioning of the European Union,
- having regard to Directive 2006/123/EC of the European Parliament and of the Council of 12 December 2006 on services in the internal market¹,
- having regard to Regulation (EU) 2021/690 of the European Parliament and of the Council of 28 April 2021 establishing a programme for the internal market, competitiveness of enterprises, including small and medium-sized enterprises, the area of plants, animals, food and feed, and European statistics (Single Market Programme) and repealing Regulations (EU) No 99/2013, (EU) No 1287/2013, (EU) No 254/2014 and (EU) No 652/2014²,
- having regard to Regulation (EU) No 1287/2013 of the European Parliament and of the Council of 11 December 2013 establishing a Programme for the Competitiveness of Enterprises and small and medium-sized enterprises (COSME) (2014-2020) and repealing Decision No 1639/2006/EC³,

¹ OJ L 376, 27.12.2006, p. 36.

² OJ L 153, 3.5.2021, p. 1.

³ OJ L 347, 20.12.2013, p. 33.

- having regard to the Commission Recommendation of 6 May 2003 concerning the definition of micro, small and medium-sized enterprises (notified under document number C(2003) 1422)¹,
 - having regard to the communication from the Commission to the Council, the European Parliament, the European Economic and Social Committee and the Committee of the Regions entitled “Think Small First” - A “Small Business Act” for Europe (COM(2008)0394),
 - having regard to its resolution of 17 April 2020 on EU coordinated action to combat the COVID-19 pandemic and its consequences²,
 - having regard to its resolution of 17 February 2022 on tackling non-tariff and non-tax barriers in the single market³,
 - having regard to the communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions entitled ‘Europe’s moment: repair and Prepare for the Next Generation’ (COM(2020)0456),
 - having regard to the communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions entitled ‘An SME Strategy for a sustainable and digital Europe’ (COM(2020)0103),
 - having regard to the communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions entitled ‘A European retail sector fit for the 21st century’ (COM(2018)0219),
 - having regard to the study of July 2020 by the European Commission Directorate-General for Internal Market, Industry, Entrepreneurship and SMEs entitled ‘Territorial supply constraints in the EU retail sector’,
 - having regard to Rule 227(2) of its Rules of Procedure,
- A. whereas the Committee on Petitions has received petition No 0699/2021 proposing the creation of a European Capital of Local Trade and Retail;
- B. whereas the petitioner’s suggestions could serve as an inspiration for the selection procedure for the European Capital of Local Trade and Retail;

¹ OJ L 124, 20.5.2003, p. 36.

² OJ C 316, 6.8.2021, p. 2.

³ OJ C 342, 6.9.2022, p. 212.

- C. whereas retail is a very important ecosystem in the EU economy, accounting for 11,5 % of EU value added and directly employing more than 29 million people; whereas its performance is key for household budgets and suppliers, as consumers spent on average 30 % of their budget on shopping;
- D. whereas small and medium-sized enterprises (SMEs), including family-run business, are the backbone of Europe's economy; whereas they account for 99 % of all businesses in the EU and employ around 100 million people¹;
- E. whereas retail SMEs are crucial for urban and rural local communities, form part of the social fabric and contribute directly to maintaining town and city centres as vibrant areas where services to cover citizens' needs are provided a short distance from their home; whereas retail SMEs also help tackle rural depopulation; whereas retail SMEs contribute directly to the prosperity, inclusiveness and wellbeing of citizens, to local cultural life and the heritage of EU towns and cities, as well as providing a significant number of employment opportunities in those communities, which in turn leads to better experiences for consumers;
- F. whereas, on the other hand, a lack of local commerce contributes to the social, economic and physical degradation of urban centres and districts and even leading to a vicious circle of deteriorating safety; whereas the lack of retail services is recognised as one of the reasons for depopulation of rural areas;
- G. whereas local commerce makes it possible to offer more personalised and direct service to consumers;
- H. whereas the retail ecosystem has been seriously affected by the COVID-19 crisis; whereas SMEs have been affected by an unprecedented shock to the world economy, when shops were either closed or bound by stringent precautionary measures; whereas, secondly, the sector has faced the pressures due to the current crisis, including the conflict in Ukraine and rising energy costs; whereas the viability of many SMEs, often family-run microenterprises, is endangered and jobs are at risk;
- I. whereas it is often very difficult for SMEs to maintain a competitive position against a backdrop of globalisation of the entire retail value chain led by large companies; whereas collateral consequences include standardisation of the commercial offer and of the urban landscape, emptying of urban centres, increased of ecological footprints and the impact on working conditions; whereas strengthening local trade could help address these consequences;

¹ https://single-market-economy.ec.europa.eu/smes_en

- J. whereas with the rapid development of e-commerce, the retail sector is currently undergoing a dramatic transformation, while multi-channel retail, combining offline and online sales, brings both new opportunities and challenges for the sector;
- K. whereas euro area inflation is continuing to soar; whereas energy and fuel prices continue to rise at a rate considerably exceeding average inflation, remain highly volatile and are one of the main reasons for SME closures; whereas these factors make retail sector SMEs and microenterprises particularly vulnerable;
- L. whereas small traders are often affected by large sales platforms that offer lower prices because they have shifted their production costs to third countries;
- M. whereas in order to ensure an equal and fair retail trade across the European Union, it is essential to install high-capacity digital networks to all regions of the EU; whereas according to the European Court of Auditors there are still serious shortcomings in the deployment of these networks in the EU, which can deepen the digital divide and jeopardise the sustainability of local shops located in sparsely populated areas compared to those located in big cities;
- N. whereas the Commission communication entitled 'A European retail sector fit for the 21st century' aims to strengthen the competitiveness of the retail sector;
- O. whereas the Revitalise Retail initiative presented by the Commission supports digitalisation and modernisation of retail SMEs; whereas supporting small retailers' capacity to adapt to these changes is one of the most important steps for EU policy makers;
- P. whereas the Commission has welcomed the petitioners' proposal to create a European Capital of Local Trade and Retail and will consider the options for addressing the specific issues raised therein; whereas, given the priority of ensuring that the Commission's support programmes have an impact, the Commission will, in particular, consider the importance of moving beyond awareness-raising, and contribute directly to solving challenges faced by retail SMEs and generating positive impact for them;
- Q. whereas the proposal could reinforce the ongoing work in cities in the framework of industry and SME policy, in particular the Intelligent Cities Challenge, which brings together an active community of 136 cities from 21 countries to leverage cutting-edge technologies and to drive a green and digital transformation and social resilience;
- R. whereas the building of a robust retail community can be very useful for those looking to modernise and improve their competitive position;

- S. whereas complying with administrative formalities affects SMEs more than bigger companies due to their limited financial and human resources;
- T. whereas the task of regulating the retail sector lies primarily with Member States. whereas any assessment of the barriers faced by the retail sector should be based, among other things, on the experiences and perceptions of businesses, workers and consumers; whereas Member States should ensure that existing regulations do not disproportionately affect SMEs and microenterprises and hinder their activities;
- U. whereas retail is a sector that makes a significant fiscal contribution that helps to pay for public spending on public services for all citizens;
- V. whereas the objective of this proposal is to promote local retail and contribute to collective awareness of its economic and social importance;
- W. whereas local trade is often sourced from regional or national suppliers, thereby helping to reduce the carbon footprint of their products; whereas production within the Union's borders guarantees quality standards and working conditions;
- X. whereas support for retail SMEs and local trade in the EU is crucial for boosting the EU's economy and making supply chains shorter, more agile and safer;
- Y. whereas promoting local trade contributes to the green transition in the trade sector for short-circuit products; whereas it is necessary to raise public awareness of the importance of local and proximity trade in order to contribute to the fight against climate change;
- Z. whereas it is necessary to promote and preserve the products and services from European Union towns, cities and regions in order to strengthen their heritage and the European single market; whereas if it follows up on the proposal in the petition, the Commission would be able to better track and define protected geographical indications in order to promote our products in the internal market and globally, and to preserve them from spurious competition;
- AA. whereas most EU policies and legislation are implemented at local and regional level and today cover almost all political, economic and social domains;

- AB. whereas, according to Eurostat data, retail trade in the EU decreased by 1,3 % in August 2022 compared to the same period in 2021¹;
- AC. whereas the Commission already manages programmes supporting the creation and sustainability of jobs and local economic activities, which could and should support this proposal such as the European Innovation Council, the Executive Agency for Small and Medium-Sized Enterprises (EASME) and the Erasmus+ programmes;
1. Calls on the Commission to work on and develop the proposal to create of a European Capital of Local Trade and Retail and to present a specific programme on this issue and ensure that support programmes deliver concrete proposals on resources and budget implications that will contribute directly to challenges faced by local retail sector;
 2. Calls on the Commission to propose a Union action entitled 'European Capital of Local Trade and Retail', whose objective should be to highlight the vital role that local retail plays in significantly supporting social cohesion, in promoting and protecting the uniqueness and diversity of European towns, cities and regions and in helping local businesses with the challenges generated by unfair competition;
 3. Calls on the Commission to form a selection panel every year which is to be composed of various stakeholders, such as representatives of SMEs, local trade associations, civic organisations, young entrepreneurs, local representatives, MEPs and members of the Committee of the Regions; calls for the selection board to determine the eligibility and selection criteria which could take into account factors such as good labour conditions, environmental protection or promotion of local products; considers that the selection process should be open to towns and cities regardless of their number of inhabitants; specifies that the selection board must submit a report to the Commission, Parliament and the Council on nominations, judged against the objectives and characteristics of this action;
 4. Calls on the Commission to promote the hosting every year by a European town or city of a year of conferences, workshops and initiatives on, for example, how to digitalise trade, how to boost technological innovation in local retail, how to contribute to protecting the environment, how to increase its cultural trends or how to optimise communication and engagement with consumers;

¹ Eurostat, Euroindicators, 5 September 2022:
<https://ec.europa.eu/eurostat/documents/2995521/14698165/4-05092022-AP-EN.pdf/e19fec60-f51a-dde7-51cb-0b8d0bd7f6fc>

5. Emphasises the importance of the Commission's role in providing support and advice for Member States in their efforts to create a fairer, more open and integrated retail market, taking into account best practices and guidelines that would help Member States identify less restrictive measures to ensure that a balance is struck between achieving public policy objectives and ensuring the development and growth of retailers; calls, in particular, on the Commission and Member States to take action to facilitate the creation and/or consolidation of supply chains;
6. Calls on the Member States to adopt measures for revitalising, modernising and adapting business models in the small retail sector, including family-run business, so that public authorities can help small retailers embrace technological and digital changes and modernise in order to meet the challenges of the future, such as environmental and energy supply, in particular following the COVID-19 pandemic and significant changes to buying habits;
7. Calls on the Commission and the Member States to provide incentives to developing functioning local strategies that could steer local policy towards making a real impact on the life and work of small retailers, including the promotion of training in new retail sector technologies, in order to ensure that all traders can adapt to new forms of online sales;
8. Stresses that local trade has a major impact on rural areas and that in medium-sized towns and cities it is a vital economic driver for the whole area; stresses that this type of trade boosts the economy and employment of these areas and is very closely linked to other sectors such as tourism or culture, where synergies and partnerships often boost the economic the development of towns and cities in the area;
9. Calls on the Commission and the Member States to actively support and help small retailers during all stages from their creation to their day-to-day running, while taking into account the subsidiarity principle and the need to ease the administrative burdens for small companies and retailers; asks for small retailers to be supported in overcoming obstacles and difficulties in their digital transformation;
10. Calls on the Commission to launch a dedicated EU communication campaign on retail trade through an 'EU local trade' brand aiming to promote EU local trade and encouraging citizens to participate in the retail sector, both as consumers and suppliers; calls on the Commission to launch public awareness campaigns on the importance and benefits of local trade;
11. Calls on the Commission to fully use the Single Market Programme to provide support to local businesses, in particular SMEs, with the aim of boosting their competitiveness and sustainability, including in the retail sector, thereby facilitating access to markets,

strengthening distribution networks, promoting entrepreneurship and the acquisition of entrepreneurial skills, promoting the modernisation of industry and reducing its environmental and energy footprint;

12. Calls on the Commission and the Member States to ensure the viability of the sector at a particularly complex time and to put in place the additional funds and aid needed for the survival of retail trade in the EU; stresses that the current supply crisis, as well as price increases, are affecting SMEs more acutely;
13. Calls on the Member States and regional and local authorities to include the retail sector as a horizontal priority in their operational programmes, urban and rural development policies, smart specialisation strategies and partnership agreements for 2021-2027 in order to finance retail support projects;
14. Calls on the Commission to further incorporate the promotion of local trade under the objective of strengthening the urban dimension of cohesion policy, as it is a key sector for local and regional economies;
15. Encourages the Member States to promote fiscal incentives for small traders who choose to settle in sparsely populated areas in order to use this tool to combat the demographic challenge in the EU;
16. Calls on the Commission, moreover, to take account of the possible synergies between its various Directorates-General given the cross-cutting nature of local trade, in fields such as tourism, transport, culture, regional development, urban policy, employment and climate;
17. Calls on the Commission to work with the European Innovation Council and EASME to develop the creation of a European Capital of Local Trade and Retail;
18. Calls on the Commission to produce an annual report evaluating the results of the previous year's event, including an analysis by the organisers of the event with testimonials and a compilation of good practices and know-how to be transmitted from city to city; calls for this report to be presented to Parliament, the Council and the Committee of the Regions; calls for the Commission to be able to revise this initiative by making proposals which it judges necessary for the smooth operation of this action and, in particular, with a view to the future enlargement of the Union;
19. Instructs its President to forward this resolution to the Council, the Commission, the Committee of the Regions and the governments and the parliaments of the Member States.

