# COVID-19 update 64 – 16-29/04/2021

**A compilation of press releases/articles on policies and best practices from various EU and national information sources, and information provided by our members**

⇨ **Please note that this update is published on a 2-week basis.**

Deloitte has published its **24th edition of Global Powers of Retailing**. The report identifies the 250 largest retailers around the world based on publicly available data for FY2019 (fiscal years ended through 30 June 2020), and analyzes their performance across geographies and product sectors. It also provides a global economic outlook, looks at the 50 fastest-growing retailers, and highlights new entrants to the Top 250. It shows the impact of COVID-19 on leading global retailers.

The COVID-19 health crisis has turned consumer behaviour upside down. According to a **YouGov study**, **conducted among 18.000 respondents in 17 countries around the world** in December 2020, the purchasing habits of citizens have changed. On this point, Mexico occupies first place with 83% of respondents who indicate having changed their habits due to the pandemic.

Regarding product categories, the health crisis has greatly encouraged the **consumption of fruit & vegetables**. Globally, 38% say they have eaten more fruit and vegetables since the start of the crisis. In addition, 29% of the world population confides having consumed more frozen products. Alcohol has also seen an increase in consumption: + 19% worldwide. On the other hand, purchases of cosmetic products decreased: -27% of the total number of respondents.

In general, it appears that consumers want to give more importance to **sustainable products**. Of the 17 markets surveyed, 54% agree that they will buy more such products when the pandemic ends. Three out of five consumers (60% of respondents) say they want to support local businesses and producers.

In terms of distribution channels, if consumers want to use online shopping services, there are significant differences between countries: 26% of the French and German consumers want to use these services more against 64% of the Chinese and 36 % the Spanish. (Source: LSA)

## 1. EU MEASURES

**Update on the process for the disbursement EU's relief €750 bn package**

All the pieces are slowly falling into place for the EU's €750 billion recovery fund, and EU capitals are anticipating **first payments to start flowing before the end of summer**. But the road is still fraught with potholes and opportunities for delays. Given all that is at stake, the pressure is on. The following steps still need to happen:

**1. Ratification of the Own Resources Decision**

All 27 EU countries need to ratify legislation allowing the Commission to increase the guarantees it can call on from EU countries for it to be able to issue debt. All the ratifications are expected to be finalized by the end of June to allow joint borrowing to begin the following month; disbursements cannot happen until then.

**2. Sign-offs on spending plans**

**A majority of EU countries are set to submit their spending plans by 30 April or soon after**. From the time of submission of the plan, **the Commission has two months to give its approval to the plans**. Luxembourg, the Netherlands, Ireland, Austria, Lithuania, Poland, Malta and Estonia still need to submit their plans. **Links to the national plans can be found here**. The national plans need to fulfill a number of conditions, such as targets for green and digital investments; commitment to a sufficient number of structural reforms, and establishment of an independent monitoring body to oversee the expenditures. It is not clear how much leverage the Commisison has on Member States if it disagrees with their proposals, since it is unlikely that the Commission would want to stall progress on the initiative.

**3. Peer scrutiny**

Once the Commission approves the plans, it makes a funding proposal to the Council, which a majority of countries must sign off on. This part of the process might lead to some political tensions. So-called frugal countries – the Netherlands, Austria, Finland and Sweden – who insisted on the possibility to pull an "emergency brake" should they think that EU funds are being misused, will likely be performing a thorough check of the plans. **The first disbursements, equivalent to 13 percent of each country's total allocated funds could then take place in summer**. The scrutiny will continue in the future, as disbursements are tied to the accomplishment of scheduled reforms and investments, with the Commission being able to reduce or altogether halt the funds if a country veers off course.

**4. Parliamentary oversight**

The European Parliament also has a say in the process, albeit not a binding one. The Parliament and the Commission will hold a meeting every two months in which MEPs will point to implementation issues and the commission has to take them into account.

**5. Payback**

A separate issue is **how will the Member States repay the over €400 billion in grants and interest costs**. The Commission is finalising a proposal for three new levies which will feed into its own budget: an extension of the bloc's carbon-trading scheme, a carbon border adjustment mechanism, and a tax on digital companies' revenue, meant to raise sufficient funds to repay the debt over the next three decades. However, each of these proposals is going to need extensive negotiations, and is not guaranteed to pass. The alternatives are also highly unpalatable: increased income-based contributions from the EU budget, or cuts to expenditure.

Under the State Aid Temporary Framework, the Commission has recently approved:

- a €75 million **Belgian** scheme to support companies restarting activities in Flemish Region affected by the coronavirus outbreak;
- a €1,9 billion **Czech** scheme to support uncovered fixed costs of companies affected by the coronavirus outbreak;
- a €50 million **Hungarian** 'umbrella' scheme to support companies affected by the coronavirus outbreak.

**Digital certificates are seen as Europe's route out of lockdown**, and the EU wants to have its scheme in place across all 27 Member States by the end of June. However, privacy concerns have made the passes controversial in some countries.

## 2. NATIONAL MEASURES

For information on the current **provisions regarding the crossing of Single Market borders**, please consult the Commission's Re-open EU web portal.

### BELGIUM

Since 26 April, outdoor gatherings of up to ten people, not counting children up to the age of twelve, have been permitted. It is now possible to go shopping without an appointment. The customer may be accompanied by a person from the same household or close contact. Non-medical contact professions can also resume their activities in accordance with established protocols. Finally, the organisation of "test events" is authorized subject to an exemption granted by the Minister of the Interior. Requests should be addressed to the local administration. (Source: RTBF)

### DENMARK

Football fans will be allowed into stadiums from 21st April and bars, restaurants and museums are reopening as Denmark takes a big foot forward in lifting its coronavirus restrictions. The big condition for Danes to take advantage of these new freedoms is that they must prove – by means of an app – that they are infection-free, by showing a *coronapas* or corona passport, which demonstrates that a person has had a negative test result within the last 72 hours, a certificate of vaccination or proof of a previous infection two to 12 weeks earlier. (Source: BBC)

### ESTONIA

The Estonian government is gradually relaxing anti-COVID-19 restrictions starting from 26 April; stores will be permitted to open and primary school children switch back to contact learning from 3rd May. (Source: DeHavilland)

### FINLAND

The Government has adopted a plan to lift the restrictions imposed due to the COVID-19 epidemic. (Source: DeHavilland)

### FRANCE

While the reopening of shops is eagerly awaited by the profession, LSA questioned the federations and organizations representing non-food retail to find out about their proposals and requests in order to ensure the best recovery of the sectors. Their main requests:

- an effective reopening of the stores on 15 May;
- a prompt payment of all government assistance;
- maintaining existing aid for a few months;
- a 10 billion euro dedicated trade stimulus plan to support digital transformation;
- a trade reform for greater tax fairness;
- lifting of the moratorium on retail space provided for in the Climate Bill;

- strong measures to boost consumption (VAT, tax breaks, etc.);
- prepare re-opening, vaccinate staff, and fix a date

was the reaction of the organisations.

At stake, the sustainability of the retail companies and 800.000 jobs. One year after the first confinement, more than 100.000 non-food stores are still keeping their curtains down. Support measures exist, but they are insufficient. In addition to a rapid reopening, the federations also agree to demand the timely payment of State aid. The partial unemployment mechanism works well, but the problem lies with the level of fixed charges and in particular the device for rents, which seems complicated and takes longer to implement.

Beyond these requests, traders especially expect measures to end the crisis from the government. Short-term measures, such as maintaining some of the current aid for a few weeks or even a few months. But also more lasting measures. To avoid a bloodbath in the commercial sector, it will be necessary to go beyond the short term. There needs to be a strong signal of confidence in the future of commerce. According to the Federation of Commerce and Distribution (FCD), while the first stimulus plan allocated 30 billion euros for the industry, the second plan should invest 10 billion at least, mainly to support the digitalization of shops to acquire expertise, recruit, train, improve IT tools. This could take the form of tax credits, being charged against production taxes and/or the suspension of Tascom, suggests the CDCF, which would make it possible to recover 3 billion for the digitization of points of sale. Taxes and tax fairness (with e-merchants in particular) were mentioned a lot by federations.

Finally, the federations are waiting for measures to stimulate consumption from the savings consumers made over the crisis. This could for instance translate into tax breaks, salary bonuses or intergenerational money transfer facilities. While waiting for positive feedback on these various requests, all hope that the rebound in consumption, observed during the two previous confinements, will be there again in mid-May. However, there remains a lot of uncertainty regarding the impact on the economic reality and the purchasing power of the French. (Source: LSA)

## GERMANY

On 21st and 22nd April, respectively, the German government passed a far-reaching amendments to the Infection Protection Act, under which, for the first time, comprehensive restrictions on public life will be stipulated at the federal level. So far, regulations of the federal states have been decisive for this. The changes came into force on 23rd April.

There is criticism on the amendments by retail organisations, among which **DER MITTELSTANDSVERBUND-ZGV**, which criticizes the blanket approach of the restrictions. This is based solely on incidence values and, in spite of the very low risk of infection in retail, as several studies have shown, still considers closures to be a central instrument in curbing the incidence of infection. Against this background, it is not objectively understandable why certain shops are privileged over others and why these are allowed to continue to open even with high incidences. The differentiation on the basis of assortments of supposedly daily needs does not withstand a detailed examination and is not expedient in any case. In view of the equally low risk of infection, opening up the whole of the non-food retail sector, would have been justifiable under appropriate conditions, even with high incidences. Nevertheless, DER MITTELSTANDSVERBUND-ZGV does welcome that the parliamentary groups have noticeably defused the draft law at this point. Fortunately, retailers can continue to offer Click & Collect – regardless of the incidence – and – at least up to an incidence of 150 – Click & Meet. The same applies to the exception of the wholesale trade from closures. (Source: DER MITTELSTANDSVERBUND-ZGV)

Due to the pandemic, **consumer spending among Germans fell sharply in 2020**. According to calculations by the Institut der Deutschen Wirtschaft (IW), consumers in Germany spent an average of at least 1.250 euros less on private consumption in the 2020 corona year than in the year before the crisis. In total, this corresponds to a decrease in consumer spending by 104 billion euros. Compared to 2019, consumption fell by 6,1 percent – the most since 70 years. For the first quarter of 2021, the researchers put the consumption shortfall at a further 40 to over 60 billion euros. Above all, savings were made on short-lived consumer goods such as clothing or shoes. The purchase of durable consumer goods such as cars or furniture also declined in the course of the first lockdown, but demand in the second half of 2020 increased by five percent compared to the previous year – which, according to the study, was also due to the temporary VAT cut. The slump in services – body-related services, restaurants, hotels, leisure and events – was many times higher. In 2020 as a whole, the decrease totaled 78 billion euros; more than 2 percent of German GDP.

**Consumers are still not in the mood to buy.** According to a survey carried out by the Institut für Wirtschaft (economic institute) together with other research groups, 43 percent of consumers want to continue to save the part of their income that remains after basic expenses. Usually this is less than 30 percent. In addition, only a third of those surveyed stated that they currently plan to spend on vacation whereas this is usually 45 to 50 percent. (Source: Lebensmittel Zeitung)

The trade in clothing, household goods and household appliances is migrating so heavily towards the Internet that the **Ifo Institute is issuing a warning call with regard to stationary retail**: "Our data suggests that **the crisis is causing the inner cities to die**". Online trade in the above-mentioned products has increased almost steadily since the easing and at the beginning of December 2020 it was 250 percent of the pre-crisis level (household appliances), in February it was 350 percent. (Source: e-tailment)

At the digital conference "Future City" of the dfv media group, Minister of Economic Affairs Peter Altmaier gives retailers a more positive perspective. "*The worst is behind us. Many regions will soon reach the incidence values that make openings possible.* ***It is now important to increase the attractiveness of the inner cities****. The shop counter must be extended to the Internet.* ***Wherever clever concepts are worked out, the state is ready to help finance them***." (Source: e-tailment)

According to a study by KPMG **hygiene measures are fun killers when shopping.** In the Corona crisis, many people shop online because they are afraid of infection (almost 40 percent). Almost a third say that they simply do not enjoy shopping with hygiene measures. Only 24 percent only buy the bare essentials online. These results come from a current KPMG study "Who buys what, when, how?". The changes in the crisis are particularly visible among young people. "*For younger consumers, the de-localization of consumption is a reality; that the goods reach the customer comes – and not the other way around – is a requirement and reality at the same time*", explains Stephan Fetsch, Head of Retail at KPMG Germany. The study can be downloaded here free of charge. (Source: e-taiment)

## GREECE

Malls and shopping centers opened in Athens and other Greek cities on Saturday 24 April, with certain restrictions. Retailers are able to do business by appointment (the so-called click-in-shop method). Shoppers must either send an SMS to a designated number, fill a form or simply write up on a piece of paper. They must also possess proof, usually in the form of an SMS, from the retailer confirming the appointment. Shoppers must preserve the SMS, because they are allowed 3 hours from its submission to complete their shopping. Retail shop owners and employees must take at least one coronavirus self-test per week. The maximum number of customers allowed in shops is 1 per 25 square meters. At the malls' open spaces, 1 per 10 square meters will be allowed. At the cash registers, a minimum distance of 2 meters from other customers must be kept. Food outlets in shopping centers and malls will not operate. (Source: ekathimerini)

## ITALY

Italy has brought forward the easing of coronavirus restrictions, meaning people can enjoy al fresco dining from 26 April. The reopening includes schools as well as open-air restaurants, bars, cinemas and theaters. The government's decision reflects an acceleration in the vaccine campaign and improvement in the data since Easter, although cases remained at an average of 15.000 a day over the past week. The government "*is taking a risk*", Prime Minister Draghi acknowledged and the decision to open up is dependent on Italians respecting the rules rigorously. The announcement follows days of protests by restaurant and business owners in cities across Italy. The tougher measures brought in at Easter meant restaurants could only offer takeaway. A roadmap for further openings was outlined, including swimming pools from 15 May, some activities in gyms from 1st June and trade shows from 1st July. The government did not give a precise date for a full return to normality, but Draghi said in the autumn "*vaccines will be widely diffused*". (Source: POLITICO)

## THE NETHERLANDS

Despite the persistently high number of infections, the corona measures will be relaxed as of 28 April in the Netherlands. Four months after the strict lockdown was imposed, the evening curfew will be lifted and the terraces of the cafés and shops may reopen under certain conditions. In particular, mayors of the big cities had asked for the terraces to be opened. When the weather is nice, the parks are often overcrowded and distance rules are not adhered to.

Prime Minster Rutte admitted that easing was risky given the rising numbers. With around 280 new infections per 100.000 inhabitants in seven days, the Netherlands is still a high incidence country. Not surprising, as the Dutch take a rather relaxed attitude towards the restrictions. (Source: Lebensmittel Zeitung)