

# EUROPE

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## A PLAN FOR EUROPEAN RECOVERY



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**W**hen we last reported from Europe, the talk was of everything gradually getting back to normal. But it is a different sort of normal – shops, restaurants and cafes are open, but the fear of a second wave of infection is still present, and part of the new normal is a widespread requirement to wear masks and to keep at least 1.5 metres distance.

Shoppers are still reluctant to go into shops, and footfall is down. On top of that, city centre shops are suffering badly from people continuing to work from home, and tourist areas suffering from a shortage of the main factor in their prosperity – tourists. Now that grocery shops have fewer shortages, more normal patterns of sales have returned – although some lines are now reporting lower sales than this time last year. Consumer nervousness about their health is combined with a nervousness about the future: all European economies will face a sharp downturn this year, and, despite national

support measures in some cases of unprecedented size, unemployment will loom for many people. Their natural response, despite some governments issuing vouchers to encourage consumption, is to shop carefully and hold back on discretionary purchases.

European leaders spent four days wrangling over the details of the EU Recovery Plan and the next multiannual EU budget. They have now agreed a €1.8 trillion package and multiannual budget, which we hope will help the EU economy, and EU retail, get back to pre-COVID levels. We do not want a repeat of the ten years it took to recover from the 2008 financial crisis. What we also need to hope is that protectionist tendencies we see rising as a result of the crisis do not further undermine the EU single market and world trade, which will be as important drivers of recovery as any economic stimulus from the EU or national governments.

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