



Wholesale at the heart of the EU

Introduction

The economy would cease to function if goods did not get from the manufacturer to the customer, industry, craft businesses, processors, retailers, or caterers.

Wholesalers are a Business-to-Business service providers selling goods, in large or small quantities, to other businesses, rather than directly to consumers and providing related services. It's a crucial link between manufacturers, crafts, other services and retailers. Thanks to wholesale, consumers enjoy a variety of options for their meals, shampoos, medicines and other products. Wholesalers act as a catalyst and ensure that all the ingredients and parts needed for these products are available where and when they are needed.

Wholesalers' role in the supply chain is challenged by growing disintermediation and transforming with technological change but they remain crucial and a key source of added value, jobs and innovation in the EU.

Wholesalers...

- 1. Ensure the supply of goods along the entire value chain:** offering choice, storage, logistical support, and efficiency to connect one supplier with thousands of customers.
- 2. Provide customization, tailor-made or market-driven solutions.**
- 3. Relieve professional clients of financial burdens:** providing financing of procurement

contracts, storage, simplifying debtor management, and providing supply chain financing by acting as a bank for many SMEs.

- 4. Minimise risks related to goods:** such as availability, quality, financing, depreciation, currency, and transport risk.
- 5. Offer competitive advantages through integrated global production and supply chains:** Wholesale comes in different shapes and sizes but it is, nevertheless, an invisible economic giant.

Numbers

- € 1,6 million businesses.
- 99,8 % are SME.
- 9,7 million jobs (5% of all jobs).
- 6% of EU GDP.

A wide variety of business models

- **Pure Wholesale:** businesses that focus solely on wholesaling products.
- **Wholesale Divisions:** wholesale departments within larger companies that operate independently but are still part of their parent company's overall strategy.
- **Affiliates of Multinational Manufacturing Firms:** Companies linked to larger multinational manufacturers which often serve as representatives of their parent companies' products, on a national level.



Key asks:

1. Less haste and more understanding first!

Understanding the wholesale sector, its processes, value and needs is crucial when policy is created and discussed to avoid unintended consequences and to ensure the practicability of legislation. Masking trilogues in secrecy leads to a mismatch of ambition and practicality – especially in horizontal initiatives where no time is provided to consider or consult on how obligations will apply to different business models.

Example: The proposal for a Regulation on combatting Late Payments ignores the fact that by offering payment terms of more than 30 days, wholesalers are a major provider of cashflow, ensuring the performance of their business customers in line with their business cycles. This can be due to specific market conditions and customer situations (e.g. for slow-moving or seasonal goods). Longer payment terms are also often needed because wholesalers are dependent on these from governmental institutions (e.g. for the supply of medicines) or support other businesses who do not have access to other financing instruments.

We need:

- More time to be invested in understanding the different business models and business environment that proposals will potentially affect, greater stakeholder engagement and more consideration of the indirect effect on SMEs.
- New procedures that offer transparency to stakeholders during the co-legislative procedure and updates to the rules on public access to documents¹. This will ensure that feedback can be equally given by all affected to match ambition with practicality and to take stock of the cumulative effect of legislation originating from across the Commission's services.

2. A Harmonised Single Market and significantly less bureaucratic burden

Wholesalers operate across the Single Market but face challenges from unnecessary barriers to trade (e.g. labelling, bureaucracy for cross border workers), too little time to adapt their processes and legislation that holds back (digital) innovation.

Example: A wholesaler wants to introduce AI in its human resources department to simplify the

application process. However, they are often put off before they start by the legal uncertainty on whether it is 'high risk', requiring them to seek legal advice. The lack of precision stunts innovation, holding back companies waiting for clarifications that are often slow to arrive in implementing or delegated acts or guidance.

Example: An EU wholesaler, with 250 employees, offers its goods and services within the EU. The company faces major hurdles due to complicated, uncoordinated, and unpredictable reporting obligations. Converting reporting processes for new requirements is difficult and costly, especially for companies reporting for the first time, as many companies must hire expensive external consultancies to help with this process. This overstretches operational resources and, when compounded by a lack of clarity, makes it impossible for companies to know how to check and prove compliance, as experienced with the vaguely formulated minimum social protection standards of the Corporate Sustainability Reporting Directive.

We need:

- Legal clarity from the outset of initiatives, limiting the scope of legislation to those responsible and related to the problem, guided by the principles of proportionality and necessity.
- To make better use of the competitiveness check, at all stages of the legislative procedure, looking for ways to streamline reporting and bureaucratic requirements, properly assessing the cost and practicability of compliance, by providing tools and supporting governmental or at least administrative services.
- Quicker responses to requests from stakeholders to clarify EU legislation, simpler and faster procedures to correct misclassification and faster guidance so innovation is not unnecessarily slowed down where grey areas exist.
- Early consideration of where support may be needed, working together with Member States, to create the necessary structures (e.g. advice centres) to avoid unnecessary delays in implementation and simplification.
- Improvements to the Commission and co-legislative procedures to properly assess how operations in the Single Market will practically be affected by legislative requirements.