

Warsaw, 8th July 2021

Commentary of the Union of Entrepreneurs and Employers regarding the proposal to tighten the ban on Sunday trade

On 1st March 2008, restrictions on Sunday trade were enforced in Poland, which over time evolved into an almost complete ban. The authors of the act which made this solution law had two main goals in mind: to improve the situation of employees in the retail sector, and to boost the competitive position of small stores against larger chains.

From the very beginning of the debate revolving around this act, experts of the Union of Entrepreneurs and Employers have warned that most likely that neither of the assumed goals would be achieved. To back their thesis, they discussed other European countries that have in recent years been abandoning restrictions of this kind in the trade sector rather than introducing them.

Three years later, one can clearly say that our forecasts came true. The structure of the retail sector continues to change to the detriment of small shops (their numbers are decreasing, while the position of supermarkets and discount shops is growing). Retail chains have learnt to use new solutions in such a way as to change the purchasing habits of consumers and, as a result, the Hungarian scenario has become true in Poland – aggressive sales on Fridays and Saturdays have made customers used to making larger purchases once a week. At the same time, approximately half of the employees in the retail sector are still work on Sundays.

With the above-listed facts in mind, we evaluate the proposals to tighten the ban on Sunday trading, by restricting the exceptions mentioned in the act, as negative and consider them pointless.

First of all, in line with the arguments presented above, the ban on Sunday trade does not give a helping hand to small shops. Statistical data on the number of stores shutting down for good seems to confirm this thesis sufficiently, however, we decided to develop an additional econometric analysis.

Using an econometric model, we examined the impact of the ban on sales volumes in small businesses. Increasing restrictions on trade on Sundays by merely a level causes a 6.3% drop in the value of food and drink sales in specialised stores which are companies employing less than 10 people, provided other factors remain unchanged. On the other hand, the introduction of a complete ban on Sunday trading causes a 25.2% decrease in the value of retail sales of food and beverages in stores that are companies employing less than 10 people, providing other factors remain unchanged. Small neighbourhood grocery stores, which are supposed to be among the main beneficiaries of the Sunday trade ban, obviously lose out on this solution to the competition.

Secondly, the ban does not significantly improve the situation of employees in the trade sector. A significant part of them are still working on Sundays, and those covered by the act face increased traffic on the days preceding those when it is not allowed to sell goods. In this context, a much more effective solution would be to introduce a guarantee in the Labour Code of two Sundays off every month for each employee, which we have been proposing for years.

And finally, there are significant doubts of a technical nature concerning the proposed model of tightening the ban. This is because (according to media reports) it would be based on the analysis of the share of revenues obtained by a given institution in the scope of activities covered by the exception. As a result, in order for a point of sales, which also operates as a post office, to be able to make use of the exception provided for postal points of contact and operate on Sundays, it would have to obtain at least 50% of revenues from the provision of postal services in the month preceding the

inspection. This means that theoretically it would be possible for a particular institution to be open on Sundays in one month and be closed the following one. Moreover, such a construction would require recording revenues according to the division into activities covered by the exception to the ban on Sunday trading and other activities. Thus, additional confusion would arise – both from the point of view of customers who would not be sure whether a particular shop is open on Sundays in a given month, and from the point of view of entrepreneurs who would have to deal with new administrative obligations.

To sum up, the Union of Entrepreneurs and Employers opposes the Sunday trade ban and consequently also opposes the tightening of regulations in any scope. If the legislator were to consider any kind of modification to the regulations enforced in 2018, it should go in the opposite direction and aim at liberalising regulations and free trade on Sundays. The experiences of recent years have shown that the ban failed to achieve any of its original objectives.

