Press release

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Retailers and wholesalers welcome further Commission action on territorial supply constraints

Welcoming the launch of a Commission investigation into a new case of possible blocking of parallel imports by a food manufacturer, EuroCommerce Director-General Christian Verschueren said:

"While not wishing to preempt the outcome of this particular investigation, we are happy to see the Commission taking further action on territorial supply constraints. This is an issue we have been flagging for many years and whose impact – a cost to European consumers in the magnitude of €14 billion - was confirmed in the Commission study released last November. Brand manufacturers fragment the single market to maintain artificial price differences across Europe. This means consumers paying more, and the efficiencies, which the single market is there to achieve, being undermined. At a time when the European economy needs all the help it can to recover, this is not the right way to go. That is why we are asking the Commission to find a lasting solution to allow the single market to work for sourcing."

Territorial Supply Constraints (TSCs) are practices imposed by large, often multinational brand manufacturers to oblige retailers and wholesalers to source only from their distributor for the country in which the buyers operate. These are enforced by a number of coercive measures to stop parallel imports or even transferring products to their own operations in another country.

This means that, while manufacturers can concentrate their production in one or a limited number of facilities, use the single market for their own sourcing and to distribute across Europe, retailers are prevented from sourcing centrally or organising their own logistics on a European basis. This results in inefficiencies in the chain, and, most importantly for consumers, higher prices, less choice and less innovation.

The Commission study released in November 2020 showed that TSCs most often occur where a large, leading brand manufacturer has a strong market position, and their products are ones which are commonly available across Europe and consumers expect to see on the shelves. These include soft drinks, coffee, personal care, confectionery and household care products. TSCs can take many forms: refusing to supply certain products (a problem identified by 46% of respondents), differentiating products though packaging (30%), obliging to accept that the product can only be sold in one destination (29%), differentiating product content (27%), limiting purchasing quantities (24%), or restricting promotions (15%). The study concluded that consumers could save €14bn if TSCs were removed.

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