Press release

21 May 2021

Coca-Cola investigation another pointer to harmful practices by large food manufacturers

EuroCommerce Director-General Christian Verschueren today commented on the reported launch by the European Commission of an investigation into practices of the Coca-Cola company in a number of EU member states:

"We have for many years pointed to the problems our sector faces with the makers of 'must-have' products using their market power to impose unilateral conditions and limit competition to their advantage. Coming on top of other recent investigations into the practices of large multinational manufacturers in the fast-moving consumer goods (FMCG) industry, we are pleased that the Commission has taken up this investigation, which we believe will shed further light on how large suppliers use their market power to the disadvantage of consumers and with no benefit to farmers".

Large multinational brands provide many of the products that consumers expect to find in stores, and if they do not, will go to a competing retailer. The current investigation reflects a long-standing issue of the practices imposed by large manufacturers. In this case, the Commission is, we understand, looking into how Coca-Cola, which has a dominant position in the EU market for carbonated soft drinks and a net profit of 29%, may be using that power in its negotiations with retailers. These include allegations of so-called tying/bundling, in which retailers can only get supplies of a must-have product if they take other parts of the range, whether they want to carry them or not, of imposing pre-conditions on the amount of shelf-space devoted to their brand, and of coercing retailers into exclusivity arrangements to the detriment of stocking competing brands.

The Unfair Trading Practices directive, being implemented by member states now, aims to protect suppliers up to a certain size against the practices of buyers. In several countries, there has been strong pressure for this protection to be extended to much larger suppliers than the small farmers and processors it was designed to help.

Coming on top of the Commission's study[1] on the deliberate fragmentation of the single market by large companies (so-called 'Territorial Supply Constraints') and the AB InBev case in 2019, this and other pending investigations point to a wider underlying problem of how the market power of large suppliers is being used. In our view, rather than being protected by UTP law, abusive practices by dominant FMCG manufacturers need the closer EU competition scrutiny we see here, and enforcement action at EU and national level to ensure fair competition across the supply chain.

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[1] Study on territorial supply constraints in the EU retail sector, November 2020 https://op.europa.eu/en/publication-detail/-/publication/831c7de4-2a1e-11eb-9d7e-01aa75ed71a1/language-en

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