

European Parliament competition report right to call for action to protect consumers

Commenting on the European Parliament's adoption yesterday of the report by MEP Johan Van Overtveldt (ECR, BE) on the Commission 2020 Competition Report, EuroCommerce Director-General Christian Verschueren commented:

"The European Parliament has highlighted the increasing concentration in industry leading to higher profits at the expense of European consumers. We can add that, as the IMCO committee said, suppliers are hampering the development of the single market and its potential benefits to consumers by imposing territorial supply constraints on retailers. We call upon the Commission to act on this and strongly support the Commission, as it has done in investigating Mondelez and Coca-Cola, in enforcing competition rules, in protecting consumers and the single market"

At a time when Europe is looking to drive growth and recovery after COVID, the importance of the single market and robust competition will be key to the European economy. In this context it is very welcome that the report:

- supports robust EU competition and a level playing field to drive innovation, create consumer benefits and support the single market;
- expresses concerns in relation to industry concentration in Europe and the scope this allows for industry to push up prices and profits;

The IMCO committee of the EP in its contribution to the report points to *"the anti-competitive effect of persistent territorial supply constraints (TSCs) which can materialise through different practices such as refusing to supply or threatening to stop supplying a particular distributor, limiting the quantities available for sale, inexplicable differences in product ranges and prices between Member States, or limiting language options for product packaging"*, and calls on the Commission *"to address the anti-competitive effect of TSCs with a view to achieving a fully functioning single market"*.

Nearly 30 years after the completion of the single market, there is still no single market for sourcing branded goods in the EU. A recent Commission¹ study highlighted that these cost European consumers at least €14bn a year in what they pay for the groceries they buy every day.

In this context, the Commission's Joint Research Centre (JRC) issued a report² in 2020 on retail alliances which concluded that these help retailers mitigate the strong market power of large brand suppliers and the impact of market fragmentation that they impose; the report further noted there was no direct impact on farmers. In addition, the JRC report showed that retail alliances can help competition by generating efficiencies, which lead to better consumer prices. The Commission is currently assessing the horizontal rules covering joint purchasing alliances, and we will continue to ask for these rules to maintain a balanced and flexible framework allowing retailers to seek to mitigate in some part the significant market power of large brand manufacturers.

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¹ [Study on territorial supply constraints in the EU retail sector, November 2020](#)

² [JRC report on retail alliances in the agricultural and food supply chain, May 2020](#)

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EuroCommerce is the principal European organisation representing the retail and wholesale sector. It embraces national associations in 31 countries and 5.4 million companies, both leading global players such as Carrefour, Ikea, Metro and Tesco, and many small businesses. Retail and wholesale provide a link between producers and 500 million European consumers over a billion times a day. It generates 1 in 7 jobs, providing a varied career for 29 million Europeans, many of them young people. It also supports millions of further jobs throughout the supply chain, from small local suppliers to international businesses. EuroCommerce is the recognised European social partner for the retail and wholesale sector.