

French law jeopardises the Single Market and affordable consumer prices

Retailers and wholesalers warn against the Loi Descrozaille that has been adopted in France this week.

On Wednesday, the French Parliament approved the [Loi Descrozaille](#). This law restricts the freedom of retailers to use the Single Market by imposing the application of French law in any negotiation involving products destined for French retailers' shelves.

As consumers struggle with price hikes on everyday products, this law compromises retailers' ability to offer the [vital savings that result from pan-European negotiations](#) and further limits the freedom to negotiate and offer promotions to consumers. It is now urgent that the Commission challenges this clear violation of EU rules, which risks harming not only French, but all other EU consumers across the continent.

EuroCommerce Director-General Christel Delberghe stated: *"We urge the Commission to take action as a matter of urgency. There is a real risk that the Loi Descrozaille will create a dangerous precedent, resulting in the re-fragmentation of the Single Market, just one week after we celebrated its 30th anniversary. Retail is one of four ecosystems singled out as having the greatest economic integration potential in [the Single Market at 30 Communication](#). One of the EU's greatest achievements cannot be compromised, exactly at the moment when we most need to rebuild strength and resilience, including by enabling sourcing in the Single Market for the benefit of consumers."*

The *Loi Descrozaille* is being imposed with the stated rationale of protecting French SME suppliers when, in reality, its provisions e.g., on alliances or restrictions of promotions on personal and home care products, cover goods that essentially come from a small group of large multinational suppliers holding a very strong market position. The new provisions will further strengthen the impact of territorial supply constraints, a practice imposed by large branded goods manufacturers to prevent retailers and wholesalers from negotiating the best deal for consumers in the Single Market, and which is [costing EU citizens at least €14 billion per year](#).

If unchallenged, this initiative will threaten and damage the EU's vibrant and innovative retail and wholesale sector which, whilst only making average net margins of 1-3%, has come together to support consumers through first the COVID pandemic and now the inflation and energy price crises. Retail and wholesale provides 26 million jobs and contributes 10% of GDP. EuroCommerce calls on the Commission, in the midst of an unprecedented cost of living crisis, to ensure that such benefits are preserved and protected as a priority by the EU.

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Contact:

Daniela Haiduc – +32 473 56 29 36 – haiduc@eurocommerce.eu

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