

## **Revised EU rules confirm the value of retail and wholesale alliances**

Revised [competition rules on cooperation agreements](#) between competitors entered into force on 1 July 2023. These new rules on joint purchasing provide the legal framework for retail and wholesale alliances in Europe.

Christel Delberghe, Director General of EuroCommerce – the association representing European retailers and wholesalers, commented: *“The revised horizontal guidelines affirm the many benefits that joint buying brings to consumers and industry, including better prices, choice, efficiencies and innovation. They also usefully confirm that retail and wholesale alliances may be set up in various ways and engage in different activities – from joint sourcing to joint negotiations of terms and conditions – to help retailers and wholesalers negotiate and bring better prices to households.”*

The new rules recognise the value of pooling demand to countervail the market power of large suppliers and as a means to strengthen competitiveness and resilience. The Commission has, in fact, engaged in joint purchasing, setting up platforms to procure gas and vaccines.

The new rules offer helpful guidance on what can and cannot be done when negotiating with suppliers –reiterating the value of hard bargaining for consumers. They also confirm the many positive effects such negotiations can have on consumers, who benefit from better prices and more choice, and for suppliers, who can expand their distribution networks and innovate more.

The guidelines also recognise that a key element when assessing the effects of alliances is the countervailing selling power of suppliers – including whether they offer “must-have” products that retailers and wholesalers need to place on their shelves if they want to attract consumers. It is important to note that European retail and wholesale alliances deal with a small number of powerful global manufacturers who dominate certain product categories with their must-have products and enjoy net margins of 15-30% - ten times those of retailers. They do not deal with farmers or SME suppliers. A Commission’s Joint Research Center report confirms that European Retail and Wholesale Alliances have no or very limited effect on farmers<sup>1</sup>.

Christel Delberghe concluded: *“These new guidelines provide important clarity and recognition to retail and wholesale alliances, which support a diverse retail and wholesale sector as a key contributor to EU citizen’s life every day. Alliances help to rebalance the distribution of economic power for the benefit of consumers and mitigate the negative effects of territorial supply constraints, often imposed by global suppliers, which both fragment the Single Market and cost EU citizens [at least €14 billion](#) each year.”*

Background note to editor

In 2020, the Joint Research Centre and DG Agriculture & Rural Development commissioned a report that summarised the content and discussions of the workshop on [“The role of Retail Alliances in the Food supply chain”](#) that was held in Brussels on 4-5 November 2020. It presents the typologies of retail alliances, describes their functioning and activities, and analyses the impact of retail alliances on the food supply chain, from an economic and legal point of view.

**Contact:**

Daniela Haiduc – +32 473 56 29 36 – [haiduc@eurocommerce.eu](mailto:haiduc@eurocommerce.eu)

[eurocommerce.eu](http://eurocommerce.eu)

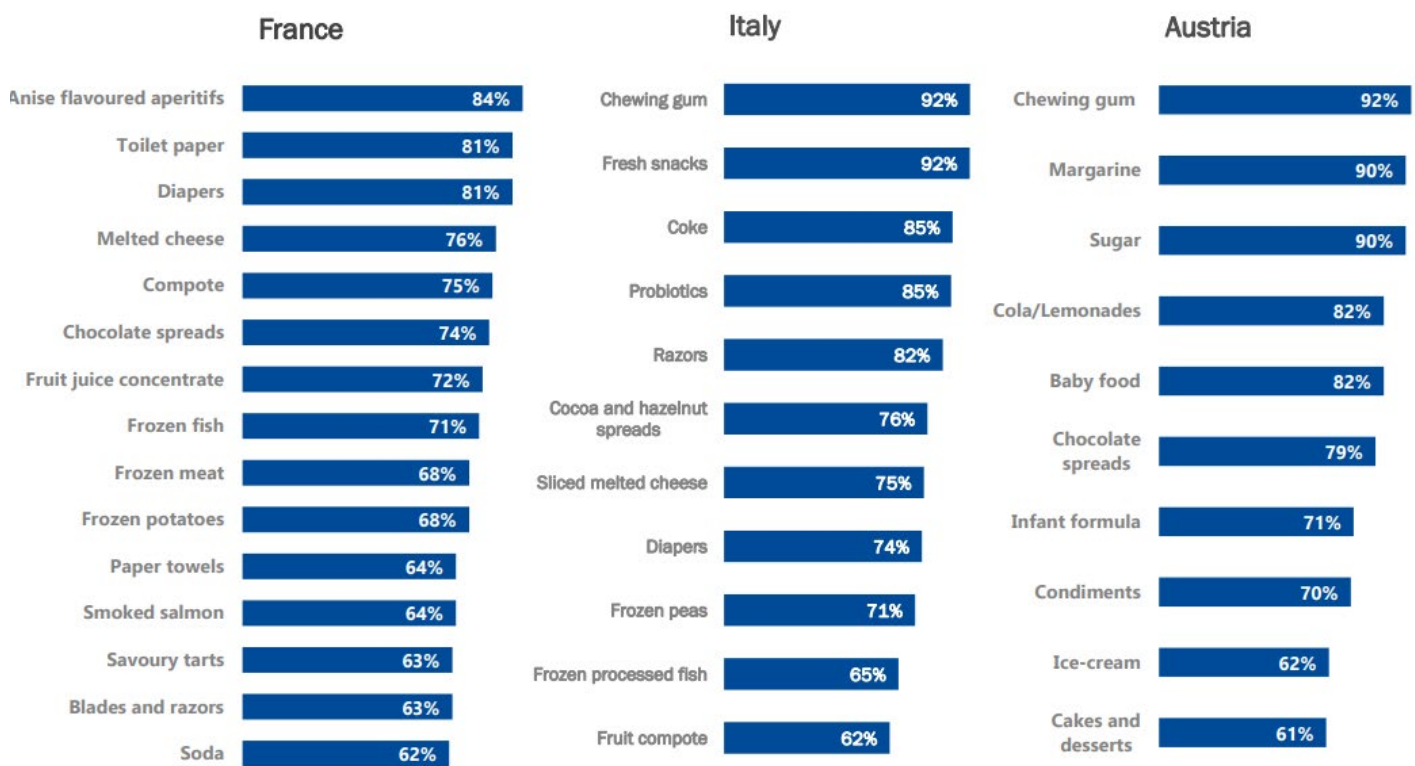
.....

**EuroCommerce** is the principal European organisation representing the retail and wholesale sector. It embraces national associations in 27 countries and 5 million companies, including leading global players and many small businesses. Over a billion times a day, retailers and wholesalers distribute goods and provide an essential service to millions of business and individual customers. The sector generates 1 in 7 jobs, offering a varied career to 26 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.

[Its conclusions](#) confirm that retail alliances generate benefits for retailers that increase their competitiveness in a competitive, consolidating and internationalising market. Noting that there are many pro-competitive effects of retail and wholesale alliances, the Report confirms that any anticompetitive effect must be assessed on a case-by-case analysis. The report recognises as well that alliances enable a rebalance where negotiating partners may be stronger and that alliances do not have an impact on farmers.

This graphic shows the bargaining power of large global suppliers when examined on a product category basis.

## THE SHARE OF THE LEADING SUPPLIER IN ITS CATEGORY OFTEN EXCEEDS 50%



\* Excluding private label. Nielsen, February 2019

Source: Nielsen, 2018

Source: Nielsen, 2016

[Numerous studies](#) over recent years have shown how retailer alliances play an important role in this, allowing retailers and wholesalers to negotiate lower prices and pass these on to consumers. Such alliances are also an effective counterbalance to the use of territorial supply constraints, which the [European Commission estimates](#) is costing consumers at least €14 billion each year.

**Contact:**

Daniela Haiduc – +32 473 56 29 36 – [haiduc@eurocommerce.eu](mailto:haiduc@eurocommerce.eu)

[eurocommerce.eu](http://eurocommerce.eu)

**EuroCommerce** is the principal European organisation representing the retail and wholesale sector. It embraces national associations in 27 countries and 5 million companies, including leading global players and many small businesses. Over a billion times a day, retailers and wholesalers distribute goods and provide an essential service to millions of business and individual customers. The sector generates 1 in 7 jobs, offering a varied career to 26 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.