

Tools to tackle unjustified TSCs – reflections from EuroCommerce

- Territorial supply constraints are restrictions imposed by large multinational brand manufacturers which prevent retailers and wholesalers from making use of the Single Market.
- The use of territorial supply constraints is widespread across the EU and affects consumers in the form of higher prices and lower choice.
- Affordability remains a top concern for EU consumers when doing their shopping as the EU comes out of a cost-of-living crisis and is yet again faced with uncertainty driven by geopolitics.
- The Commission should act on the calls by the Letta and Draghi reports, Member States and the European Parliament to ensure the EU Single Market delivers for consumers.
- Tackling territorial supply constraints, one of the top 10 terrible barriers in the Single Market, is therefore of the utmost importance.
- Existing competition rules can only address certain types of territorial supply constraints.
- The Commission must therefore act and close the remaining legal gaps through dedicated Single Market legislation banning territorial supply constraints
- Urgent action is also needed on regulatory barriers which fragment the Single Market and strengthen the effects of territorial supply constraints.
- The Commission must also take steps to harmonise labelling, packaging and waste requirements, exploring where appropriate the use of digital labelling. The Commission should also take action against national rules on commercial relations which fragment the Single Market.

What are territorial supply constraints?

Territorial supply constraints (or 'TSCs') are restrictions imposed by large multinational brand manufacturers on retailers and wholesalers operating in the European Union which make it very difficult or impossible for distributors to buy products in one Member State and resell them in another.

This reduces efficiencies, stops cross-border business and breaks the promise of the Single Market to bring choice and price competition to consumers.

How do large multinational brand manufacturers impose TSCs?

Large multinational brand manufacturers limit what is available for sale in different countries and stop retailers and wholesalers from seeking out the best deal in the Single Market. This is done by refusing to supply particular products, directly or indirectly, by limiting the volumes and range of products available in a Member State, charging higher wholesale prices in some Member States, or by making the products less substitutable or artificially different. The latter can be done by limiting languages on the label, using different package colouring¹ and brand names², creating other differences in pack sizes,³ appearance and ingredient composition.⁴ Large multinational brand manufacturers often justify these differences on the basis of consumer preferences, but many consumers are willing to drive across borders to get access to the same product when it is cheaper.⁵

Large multinational brand manufacturers also block certain promotions cross-border or make promotions and discounts conditional on the fact that a product is not resold in other countries.

This differentiation also enables traceability⁶, meaning large multinational brand manufacturers can monitor if products are being sold in a Member State where they do not want them to be.

The European Commission's Single Market Enforcement Task Force (SMET) carried out a fact-finding exercise that confirmed that the most reported TSCs practices were a) unexplained differences in packaging/labelling among EU countries, b) refusals by suppliers to supply retailers or wholesalers in other Member States and c) unfair price differences among EU countries. The investigation into Mondelez provides a clear example of the use of refusals to supply.⁷

Large multinational brand manufacturers force a retailer or wholesaler based in one Member State to buy a product from a supplier's subsidiary in that Member State or in a Member State that the supplier chooses. That retailer or wholesaler is not allowed to source by a subsidiary of that supplier in another Member State where the same large multinational brand manufacturer may be offering a better price or a wider choice.

In 2020, a European Commission study⁸ found that large multinational brand manufacturers were charging a wide range of wholesale prices across the EU which cannot be fully explained by different taxation regimes (including VAT), costs of labour, raw material, or logistics at national level.

¹ For example, in the Netherlands a bag with natural/salt crisps – of any brand– is red. Bags with paprika/pepper flavour crisps are always blue. In Germany it is the other way around: natural is blue and paprika is red. Ecorys report: [Microsoft Word - Territoriale leveringsbeperkingen_eindrapport](#)

² For example, see Figure 2.2 in the Ecorys report: [Microsoft Word - Territoriale leveringsbeperkingen_eindrapport](#)

³ For example, see Table 2.2 of Ecorys' report: [Microsoft Word - Territoriale leveringsbeperkingen_eindrapport](#)

⁴ Examples were provided at the Commission workshop in April 2025 ([Stakeholder Dialogue on Territorial Supply Constraints - Internal Market, Industry, Entrepreneurship and SMEs](#)). Examples are also included in the Ecorys' report: [Microsoft Word - Territoriale leveringsbeperkingen_eindrapport](#)

⁵ [\(4\) Post | LinkedIn](#)

⁶ Traceability is also possible through batch codes, "Company officials said that if this occurs, law enforcement can trace stolen products through batch codes assigned to individual bars." [Internet goes \(cocoa\) nuts: The funniest reactions to 12 tonne theft of KitKat bars](#)

⁷ Mondelez was found to prevent ten exclusive distributors active in certain Member States from replying to sale requests from customers located in other Member States without prior permission from Mondelēz. These agreements and practices took place between 2006 and 2020 and covered all the EU markets. [IP_24_2727_EN.pdf](#)

⁸ [Study on territorial supply constraints in the EU retail sector - Publications Office of the EU](#)

The reasons why large multinational brand manufacturers do this, as confirmed by the competition investigations and the evidence set out below, is to limit competition and keep prices artificially high.⁹ They are able to do this thanks to a network of national sales offices or subsidiaries in different Member States and can use internal instructions to coordinate their activities. Such instructions are internal company documents which remain confidential unless a company is investigated. This is confirmed by the SMET fact-finding exercise¹⁰, where Member States told the SMET that TSCs mostly took the form of unilateral decisions rather than agreements between suppliers and wholesalers/retailers.

Each national sales office offers different terms and conditions covering price, range, and options of promotional activity. A retailer or wholesaler active in one Member State only does not have access to the terms and conditions of a neighbouring country, but only to the ones set by the national subsidiary. However, multi-national retailers or some European Retail Alliances who purchase jointly (rather than those negotiating joint services and terms and conditions) can at times have access to the different terms and conditions and can compare prices between different countries and play a major role in detecting, documenting and combating TSCs. Their negotiations aim to close the price differential gap between the countries, looking at purchase prices and other conditions.¹¹ Bargaining by retail alliances is recognised as beneficial for consumers under the Horizontal Guidelines¹² and subject to their boundaries.

Where large multinational brand manufacturers produce in one location for the EU market (see Annex 1) they also make a deliberate choice to limit the volumes available to each of their national sales offices. If a product is produced in one factory, it has one cost of production that accounts for national labour costs, national taxes etc. This one factory will also deal with the variations required by national labelling rules. This is illustrated by the private label sector, where many private label manufacturers¹³ organise contracts centrally for multiple markets, with logistics and storage costs contractually covered without the need for this to be organised nationally.

Large multinational brand manufacturers also 'invest' in monitoring the buying and selling behaviour of retailers and wholesalers to enforce their conditions and impose punitive measures to ensure compliance. Alongside the obvious differences between products due to the artificial differences in packaging or labelling, large multinational brand manufacturers also can monitor the destination of products through GTIN codes. Furthermore, with digital technologies, it can only be assumed that it has become easier for large multinational brand manufacturers to spot changes in requests for volumes.¹⁴

The 'penalty' retailers face if they try to market products in the 'wrong' Member State was documented in the DG GROW TSC study of 2020.¹⁵ These can take the form of rationing, refusal to supply, price increases or refusal to grant quantity discounts.

⁹ The investigation into Mondelez found that Mondelez refused to supply a broker in Germany to prevent the resale of chocolate tablet products in the territories of Austria, Belgium, Bulgaria and Romania where prices were higher. Such illegal practices allowed Mondeléz to continue charging more for its own products, to the ultimate detriment of consumers in the EU. [IP_24_2727_EN.pdf](#)

¹⁰ [Territorial Supply Constraints \(TSC\) - Projects - Single Market Enforcement Taskforce \(SMET\) - European Commission](#)

¹¹ [Interview Everest-baas Ferrari: Onze inkoopcultuur keihard? Bullshit](#)

¹² [Guidelines on horizontal cooperation agreements | EUR-Lex](#), and namely para. 194: 'Joint purchasing arrangements usually aim at the creation of buying power which can lead to lower prices or better quality products or services for consumers'.

¹³ For more information on private label, please see: <https://www.eurocommerce.eu/app/uploads/2026/02/202507-briefing-private-label.pdf>

¹⁴ For example, [The Future of the Consumer Packaged Goods Industry | Deloitte US](#), 'Using predictive analytics, companies can scour their operations at a granular level, unlocking untapped value by improving accuracy, responsiveness, pricing, and marketing. By integrating a variety of data from multiple sources, CPG companies can create a unified foundation that enhances both internal and external operations.'

¹⁵ [Study on territorial supply constraints in the EU retail sector - Publications Office of the EU](#)

Retailers and wholesalers have no choice but to accept the choice of subsidiary put forward by large multinational brand manufacturers as they must provide consumers with the products they expect to find in stores (must-have products¹⁶). Loyalty towards a specific retailer by consumers is low¹⁷ and competition is strong and likely a short walking distance or drive away. Should a consumer not find those must-have brands, they will simply look for them in another retail store. As retail and wholesale makes money on volumes, not stocking those must-have brands will mean lost sales for those products but also other products the customer may have walked away with.¹⁸ In fact, studies highlight how retailers can adapt to consumer behaviour and determine whether these are announced in advance, as unexpected shortages can drive brand loyalty¹⁹. Analysts also highlight the importance of on-shelf availability, particularly as consumers' expectations of instant availability have grown as ecommerce has developed.²⁰ They also highlight the losses that can arise to both parties, if a deal is not struck.²¹. These are also considerations in merger decisions (e.g. Vandemoortele Group and Délifrance in frozen bakery products²²) including on the 'basket effect'.

As DG COMP's investigation into Mondelez²³ demonstrates, large multinational brand manufacturers are even willing to entirely remove certain products from their range in a national market to prevent retailers and wholesalers exporting them to other markets at a more affordable price.

Retailers' pricing is influenced by the cost of purchasing products

It is retailers and wholesalers who set consumer prices on the basis of competition, commercial strategy and their costs. Retailers do not have a single rent, tax, salary, energy costs, etc. across the EU, both between Member States and within Member States.

For example, prices can be higher as rents vary, some stores may have higher costs (e.g. due to the level of digitalisation) or due to legislation at national level.²⁴ Prices are also influenced by the level of competition and the size of the retailer, and even the type of SME (e.g. SMEs operating within a

¹⁶ For example, [Coca-Cola, Philadelphia, Nutella Among Top FMCG Brands In Western Europe: NIQ | ESM Magazine](#)

¹⁷ Retailers are using the means available to them, for example, customer loyalty cards in the EU grocery market are evolving to meet the changing need and expectations of consumers, especially with the focus on personalisation and customer engagement. However, EU consumers remain highly price sensitive as shown by the shift toward discounters, highlighting the long term trend of shoppers seeking better prices ([260420-online-the-state-of-grocery-retail-europe-2026.pdf](#)).

¹⁸ At a hearing at the French Parliament in March 2026, the European Commission's Directorate-General for Competition explained how *'major international brands [...] sell the same product recognised in many countries. These operators actually wield considerable market power [...] in many cases they are even dominant, sometimes in an oligopolistic position.'* In relation to the investigation into Mondelez, the Commission explained *'market power is linked first and foremost to what happens in the chocolate bar market [...] Mondelez was dominant in a number of Member States and had incomparably greater bargaining powers than the buyers [...] even if Mondelez has less revenue than Carrefour or Leclerc, you cannot compare these two revenue figures. What is important is in the negotiation on the tablet'* - https://videos.senat.fr/video.5726661_69c2ae224461c.

¹⁹ [Brand loyalty in the face of stockouts | Journal of the Academy of Marketing Science | Springer Nature Link](#). This research shares insights on consumer expectations and emotional reactions, which determine whether consumers remain loyal when a product is out of stock. It shows that unexpected shortages increase loyalty, especially when the brand is the most satisfying option.

²⁰ For example, [The Importance of On-Shelf Availability in Retail: Why Keeping Items Stocked is Critical for Competitiveness in 2026](#).

²¹ [The Ripple Effect of Out-of-Stocks in Retail](#)

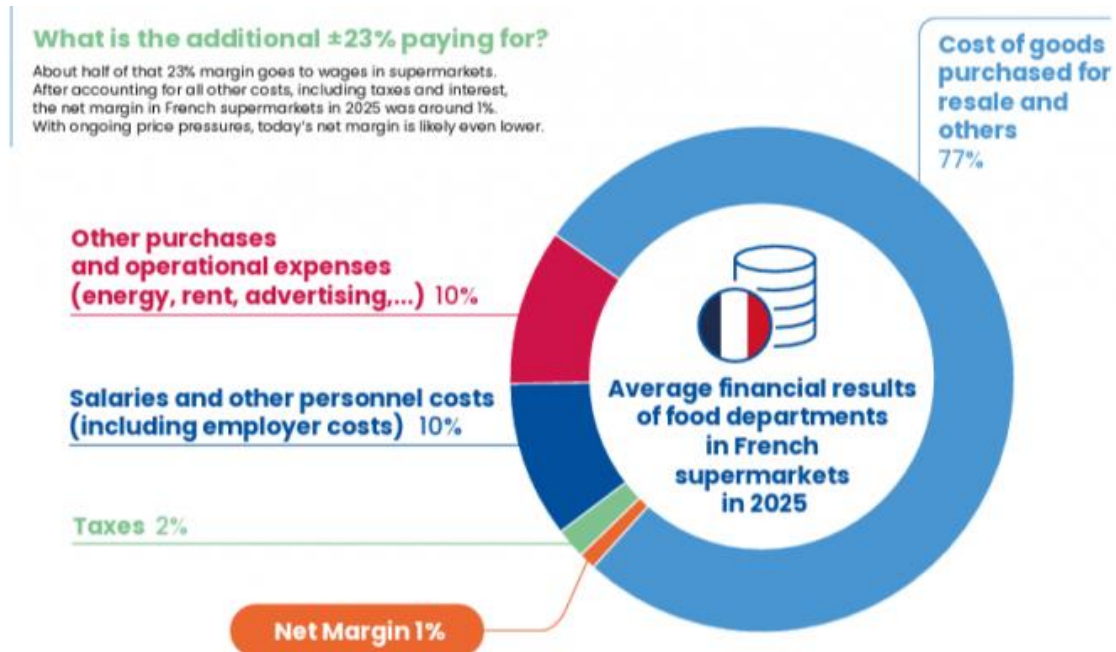
²² [Commission approves Vandemoortele's acquisition of Délifrance, subject to conditions](#)

²³ Mondelez ceased to supply chocolate tablet products in the Netherlands to prevent them from being imported into Belgium, where Mondelez was selling these products at higher prices. [IP_24_2727_EN.pdf](#)

²⁴ Action to tackle such barriers is being taken up by the SMET in its work on the Retail Restrictiveness Indicator.

structure such as a cooperative or franchise may have more efficiencies than those that do not, or could have easier access to finance).²⁵

Nevertheless, **the purchase price paid by retailers and wholesalers to suppliers has an impact on the selling price.** Generally, around 70% or more of the retail selling price amounts to the price paid by the retailer to purchase their product from its suppliers. This makes it difficult to absorb higher wholesale prices caused by TSCs.



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Large multinational brand manufacturers take advantage of the Single Market, but deny it to others

The Single Market offers economies of scale in production and procurement.

Large multinational brand manufacturers use this to their advantage. They often centralise their own procurement of ingredients and raw materials²⁷ and produce centrally in a few locations for the whole of the EU or several clusters of EU countries (see Annex 1).

This centralisation allows manufacturers to achieve efficiencies and reduce costs. Retailers and wholesalers similarly seek efficiency gains by centralising their own purchasing, for example through retail alliances or a single purchasing body in the case of multinational retailers.

Notwithstanding this, they oblige retailers and wholesalers to source from national subsidiaries at different prices. Even multinational retailers or wholesalers (i.e. those that operate in more than one country) often cannot purchase products from the same supplier for all their stores across the EU. Instead, they are forced to negotiate and buy the same product at different prices in each country.

²⁵ See for example: https://www.linkedin.com/posts/philippegoetzmann_agroalimentaire-grandeconso-retail-activity-7435213764959956992-ifjO?utm_source=share&utm_medium=member_desktop&rcm=ACoAACIC2QkB6LWENm-OtuMEFsZZcXLAN2Zor1g

²⁶ The example is from France (INSEE 2022), but other examples are available from other countries and all point to a similar breakdown of costs – for more information, see the presentation at the EU Agri-food Chain Observatory of 5 May 2026.

²⁷ For example, in Zug, Switzerland. See: [Consumer Goods and Commodities](#)

Margin pressure is top of mind for grocery CEOs²⁸ and in non-grocery, falling sales show a decline by 1.8% in real terms in the period 2019-2024²⁹. Operating in this environment, retailers and wholesalers are seeking efficiencies, including increased sourcing in the Single Market. It is difficult to understand why retailers and wholesalers would continue to source nationally, when the Single Market can give them cost, operational, and strategic advantages, and administrative efficiency. This in itself confirms the existence of a barrier to the use of the Single Market for sourcing.

Comparisons with private label products are misleading, because retailers and wholesalers often source products for multiple markets from the same manufacturer of private label products.³⁰ Private label suppliers can produce products for different countries with the same specification, uniform packaging and multi-language labelling (as much as possible), creating efficiencies which translate to lower prices for consumers.

This is not the case for large multinational brand manufacturers, who prevent retailers from sourcing their brands for multiple markets by using TSCs.

The use of TSCs is widespread

TSCs are imposed by large multinational brand manufacturers on distributors of all sizes and for a wide range of different products, including every-day products EU consumers purchase such as packaged food products, toiletries, pharmaceuticals and textiles. This is confirmed by:

- The 2018 Benelux Study³¹ and the Dutch government study in 2022³², which show TSCs affect all sorts of goods, including food, books and paperware, pharmaceuticals, drugstore and personal care products, electronics, decoration, furniture, paint, bicycles, kitchen appliances, sport equipment and jewelry.
- The 2018 Benelux study that also noted that data from Luxembourg suggested *TSCs also affect businesses outside the retail trade* like construction and the (para-)medical sector.
- The investigation by the Commission into Pierre Cardin.³³

TSCs are used across the whole of the EU.³⁴ This has been confirmed by:

- The Single Market Enforcement Task Force (SMET), who asked Member States to survey the economic operators active in their country about TSCs. 15 Member States (Austria, Belgium,

²⁸ [260420-online-the-state-of-grocery-retail-europe-2026.pdf](#)

²⁹ Non-grocery sales remain below 2019 levels in all geographies, McKinsey/EuroCommerce State of Retail 2024 [State of Retail 2024—Europe: Transition and transformation in nongrocery retail - EuroCommerce](#)

³⁰ 'Private label products' (also known as 'own brand products') are products which are sold to consumers or business customers by a retailer or wholesaler under their own name. They may be produced by third-party manufacturers following retailer specifications or made in-house. Larger retailers operating in multiple countries can use the same suppliers across markets, some retailers operate their own factories for certain private label goods or sourcing can also be via national/EU retail alliances ([EMD](#) and [AMS](#) are two European retail alliances who source private label products on behalf of their members). They provide SMEs access to large retail markets, can promote local production, and depending on the business model, complement or predominant the range of products offered by retailers and wholesalers. For more information on what these are and how they are sourced are here: [202507-briefing-private-label.pdf](#)

³¹ [616-TSC-EN-draft3.pdf](#)

³² <https://www.ecorys.com/case-studies/territorial-supply-constraints-for-buyers-in-the-netherlands/>.

³³ [AT_40642_3643.pdf](#)

³⁴ In a briefing for the European Parliament, Professor Ben Van Rompuy explains that '*recent reports, studies, and stakeholder exercises, as well as EU competition law enforcement, make clear that unjustified TSCs are far from isolated occurrences. The available data suggest that TSCs arise across a wide range of retail sectors, most notably in food and other fast-moving consumer goods (FMCG), such as household cleaning products and personal care items, with some evidence also extending to categories such as consumer electronics, clothing, and do-it-yourself articles*' – see here: [https://www.europarl.europa.eu/RegData/etudes/BRIE/2026/772649/ECTI_BRI\(2026\)772649_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/BRIE/2026/772649/ECTI_BRI(2026)772649_EN.pdf).

Czech Republic, Denmark, Estonia, France, Germany, Greece, Italy, Luxembourg, Malta, Netherlands, Poland, Sweden and Slovenia) reported finding evidence of TSCs;³⁵

- The stakeholder dialogue organised by the European Commission in April 2025, where 17 Member States reported evidence of TSCs;
- The evidence EuroCommerce submitted to the European Commission confirming the presence of TSCs in at least 20 EU countries;
- The complaints of large countries such as Italy, Germany and France, which advised that they found evidence of TSCs, confirming that this is not a small country problem;
- The investigation into Mondelez³⁶, which confirmed (a) that the restrictive agreements covered every single one of the 27 EU Member States³⁷ and (b) that Mondelez's abuse of a dominant position affected the territories of Austria, Belgium, Bulgaria and Romania;

There is a reluctance to report TSCs due to the fear of retaliation.

Some retailers and wholesalers also reported to SMET they believed that the practices of restricting cross-border trade were customary for the sector; others explained they thought that complaining to relevant authorities would not be useful as suppliers are well-organised to ensure there is no written evidence of their intent to fragment the Single Market.

Economic impact

Eliminating TSCs will bring better economic outcomes for consumers in terms of price because of strong competition at retail level

Studies confirm how much more consumers are currently spending due to use of TSCs and higher wholesale prices:

- The 2020 study of the European Commission estimated that TSCs cost EU consumers €14 billion a year in 4 product categories across 16 Member States. This figure is likely to have increased due to inflation and considering TSCs affect many product categories across the whole EU, the figure is likely much higher.³⁸
- A study in Austria determined that, depending on the product, Austrian retailers currently have to pay up to 60% higher procurement prices than German retailers.
- A study by the Austrian Federal Chamber of Labour in May 2025, that found that the higher procurement costs translate to individual identical food products being up to 107% (gross) more expensive in Austria than in neighbouring Germany.³⁹
- An investigation into the agri-food sector, where the Austrian Competition Authority found that the driving factor between price differences between Austria and Germany '*appears to be the [10-15]% higher net purchase prices for food retailers in Austria and purchase prices are an important component of the so-called Austrian surcharge*'.⁴⁰
- The 2018 Benelux study on TSCs found that retailers estimated the price increases among countries due to TSCs in a range from 5 to 50%.⁴¹

³⁵ https://ec.europa.eu/internal_market/smet/projects/tsc/index_en.htm

³⁶ [AT_40632_10195462_3123_3.pdf](https://ec.europa.eu/internal_market/smet/projects/tsc/index_en.htm)

³⁷ The agreements limited the territories or customers to which seven wholesale customers (traders/"brokers") could resell Mondelez' products. One agreement also included a provision ordering Mondelez' customer to apply higher prices for exports compared to domestic sales. These agreements and concerted practices took place between 2012 and 2019 and covered all EU markets. [IP_24_2727_EN.pdf](https://ec.europa.eu/internal_market/smet/projects/tsc/index_en.htm)

³⁸ <https://op.europa.eu/de/publication-detail/-/publication/831c7de4-2a1e-11eb-9d7e-01aa75ed71a1>

³⁹ https://wien.arbeiterkammer.at/beratung/konsumentenschutz/einkaufundrecht/Markenlebensmittel_Oe-D_202505.pdf

⁴⁰ <https://www.eurocommerce.eu/app/uploads/2025/10/bu-lm-final-stand-20231102-final-englisch-amerikanisch.pdf>

⁴¹ <https://www.benelux.int/files/9215/2696/9988/616-TSC-EN-draft3.pdf>

- The January 2024 Belgian Competition Authority working study based on Euromonitor Passport data covering the period 2013-2022⁴² noted that for certain industries, differences in wholesale prices that were disadvantageous to Belgium appear persistent.

As set out earlier, consumer prices are influenced by the cost of purchasing the product. If a retailer or wholesaler is able to seek out the lowest wholesale price, or best conditions for an agreement, consumers will benefit from a better price too. This is because strong competition at retail and wholesale level ensures that cost savings are passed on to consumers.

In the European Commission's Single Market Strategy⁴³, the Commission notes that the pass-on of the possible gains (out of the removal of TSCs) to consumers will depend, among other factors, on the level of competition in retail markets.

The retail sector is fiercely competitive and models such as discounters, near-food discount models, online channels, growth in other channels (e.g. direct to consumer sales) and changing consumer behaviour (e.g. growth in food-to-go, downtrading, lower volumes) put further pressure on all to remain competitive and offer the best range of quality products at the best value.⁴⁴ That competition can be intense as SMEs/independent entrepreneurs operating under the same brand (e.g. as an independent retailer or franchisee) are also competing at a local level. As noted above, a retailer who does not have a 'must-have' brand on its shelf risks its customers going to its competitor. Conversely, a retailer who has a must-have on its shelf at a competitive price can attract that customer.

In smaller countries within the EU or border regions, competition at retail level is even stronger as consumers can drive across the border to do their shopping.⁴⁵

Evidence shows that retailers do pass on savings they make, for example:

- When retailers make savings, e.g. through retail alliances, they pass these savings on to consumers. This has been proven by the economic research⁴⁶ and DG COMP's investigations⁴⁷.
- When Spain, during the cost-of-living crisis, decreased VAT on certain food products, retailers passed the savings on to consumers. The Spanish competition authority examination concluded that *'in general, retailers reduced the final prices of the products affected following the VAT reduction introduced in January 2023. No systematic evidence of a failure to pass on the tax reduction has been detected.'*
- In the investigation into Mondelez⁴⁸, DG COMP found that the presence of cheaper parallel imports had a significant and lasting impact on the market: *'once a retailer sold imported products in a Member State at a lower price than the price offered by the Mondelēz's national sales company in that Member State, there was a significant likelihood that other retailers in the market would reduce their retail prices accordingly. This would put pressure on Mondelēz's national sales company in that Members State not only at that moment in time but also with respect to future*

⁴² [20240125 Euromonitor Passport Data - Descriptive Statistics.pdf](#)

⁴³ https://single-market-economy.ec.europa.eu/publications/single-market-our-european-home-market-uncertain-world_en

⁴⁴ At a hearing in the French Parliament in March 2026, the European Commission's Directorate-General for Competition noted that *'there is very strong competition between retailers [...] all of this originates with consumers. And that's what we need to consider: if distributors are also competitors, it's because if they don't act, they will actually lose sales, and consumers will go elsewhere'*- EuroCommerce translation; full hearing available here: https://videos.senat.fr/video.5726661_69c2ae224461c.

⁴⁵ See discussions around cross-border shopping in Belgium, France, Germany and the Netherlands here: <https://www.lalibre.be/economie/conjoncture/2023/06/14/les-achats-frontaliers-vont-continuer-a-augmenter-previent-comes-RRAYQBC6IBFTTKDEWLPFMPMSMCE/>. At the workshop on alliances organised by the European Commission in December 2025, one distributor explained the issue of competition coming from grocers across border.

⁴⁶ See: [Retail Alliances: Working for European consumers - EuroCommerce](#)

⁴⁷ [\(3\) Post | LinkedIn](#)

⁴⁸ https://ec.europa.eu/competition/antitrust/cases1/202432/AT_40632_10195462_3123_3.pdf

sales’ and that ‘the evidence in the file shows that retailers frequently paid attention to the resale prices offered by customers who did purchase from brokers [i.e. other retailers] and would often adapt their own resale prices or demand compensation from Mondelēz for the price differentials’.

- In January 2024, the Belgian Competition Authority found that average retailer selling prices in Belgium had been increasing less rapidly than in the Netherlands, France and Germany over the 2018-2022 period linked to increased competition in the Belgian retail sector.⁴⁹

There is a study by the European Central Bank that finds that retailers fragment the Single Market and exploit price differences among national borders. However, the ECB had ignored the presence of TSCs. It has since corrected its assumptions in its original study⁵⁰, to confirm that there are limits on arbitrage for retailers in the Single Market⁵¹ that means the original conclusion no longer stands.

There are also concerns that eliminating TSCs risks increasing prices in those countries that currently benefit from low prices in the EU. However, an economic study commissioned by EuroCommerce and carried out by DICE in 2019⁵² found that by removing TSCs, nothing would change in the cheapest markets and prices will only go down in the more expensive markets.

If a large multinational brand manufacturer can no longer charge higher prices in one country and much lower prices in another, the manufacturer is likely to lower the price in high price country toward the level of the low-price country. Raising the price in a low-price country would risk sales losses, due to the lack of price elasticity, and as a manufacturer does not want to lose those large and price-sensitive markets, it has a strong incentive not to raise prices in the low-price countries as this would be ‘self-destructive’:

- *‘The manufacturer will reduce the price in country A (here: Belgium) down to the price level in country B, if the brand manufacturer does not want to withdraw entirely from the low-price market (France and The Netherlands). Consumers in country A then benefit from the decrease in price whereas consumers in country B are not going to be harmed by this adjustment. All consumers are jointly better off. Moreover, the misallocation effect of price discrimination disappears (which is mirrored by the allocative inefficiency, $Q^{**} - Q_m$, in the high-price market A). Thus, the effect of banning TSCs and price discrimination benefits both consumer and society as whole.’*
- *‘We think this scenario is quite likely to mirror what would happen when a ban on TSCs is introduced; namely, that it is highly unlikely that the price will be increased in the market with the high-demand elasticity because this would lead to large losses in revenues (again, prices are typically low in large countries as Germany; see ECB, 2015). But as there is no way anymore to discriminate between countries to the extent possible when TSCs are enforced, a substantial reduction of the price in the high-price market can be expected to occur. Referring to Figure 6, the manufacturer cannot, for example, decrease the price in country A and increase the price in country B, so that the new uniform price would be somewhere located in between p_m and p_B . Raising the price in country B is not attractive for the manufacturer because it would then lose its entire sales in country B, because of the very elastic demand. The larger the quantity sold in the market with the lower (discriminatory) price, the less likely it is that the manufacturer will rise the price in this market after a ban on TSCs. Put differently: Foregoing all sales in a large market would be rather “self-destructive” for the supplier’s brand name capital.’⁵³*

⁴⁹ [20240125 Euromonitor Passport Data - Descriptive Statistics.pdf](https://www.eurocommerce.eu/app/uploads/2022/09/tsc_study_dice_final.pdf)

⁵⁰ https://www.ecb.europa.eu/pub/pdf/other/art01_eb201501.en.pdf?7170d7ddf131d8229921132535f2bc3b
https://www.ecb.europa.eu/pub/pdf/other/art01_eb201501.en.pdf?7170d7ddf131d8229921132535f2bc3b

⁵¹ [Cross-country price dispersion: Retail network or national border? – ScienceDirect](https://www.eurocommerce.eu/2019/07/territorial-supply-constraints-impact-on-consumer-welfare/) (paywall)

⁵² <https://www.eurocommerce.eu/2019/07/territorial-supply-constraints-impact-on-consumer-welfare/>

⁵³ https://www.eurocommerce.eu/app/uploads/2022/09/tsc_study_dice_final.pdf

The limits of price elasticity have been shown in consumer behaviour during COVID-19 and the inflation crisis of 2022, where it is documented that consumers downtraded in the face of high inflation⁵⁴. This is confirmed by the growth of private labels and the strength of discounters, which offer price-sensitive consumers better value for money.

As is well documented, competition from private labels is increasing⁵⁵ and large multinational brand manufacturers are adapting to consumers buying less or choosing private labels⁵⁶ or navigating disrupters⁵⁷. This competition is good for consumers in terms of innovation and quality and this context should also be considered in the assessment of price evolution.

As an example, in early 2026, Lindt & Sprüngli reduced the recommended retail prices for its entry-level chocolate range (“Classics”) in Germany after significant losses of demand caused by sharp price increases. This illustrates that in highly price-sensitive markets manufacturers are constrained in raising prices as they risk losing sales and volumes, rather than compensating price reductions in higher-priced markets through increases elsewhere.⁵⁸

Eliminating TSCs will bring better economic outcomes for consumers in terms of choice because retailer and wholesaler’s competitiveness depends on consumer demand

Retailers and wholesalers make money on volumes, which means they invest in understanding customer data and behaviour, researching marketing trends, using optimisation tools, knowing their local market and creating the right mix in an assortment.⁵⁹ Put simply, retailers and wholesalers put on their shelves the products that are going to sell more, and remove those that are not performing as well.

TSCs stop this natural sales optimisation by limiting the availability of products in markets. This has been confirmed by:

- The investigation into Mondelez, which showed that the supply of chocolate tablets was stopped in the Netherlands to stop them from being imported into Belgium.
- The investigation into AB InBev, where a number of AB InBev's products are very important for retailers in Belgium as customers expect to find them on their shelves. AB InBev refused to sell these products to one retailer unless the retailer agreed to limit its imports of less expensive Jupiler beer from the Netherlands to Belgium.

Removing the barrier would mean that retailers and wholesalers are better able to put on their shelves the products that consumers want to buy. Therefore, consumers will benefit from increased choice, as all products available in the EU market could potentially be offered on retailers and wholesalers’ shelves, rather than this being artificially determined by limitations on range offered in the national subsidiary chosen by the large manufacturer.

The experience in the automotive and pharmaceutical sectors (which also suffered or have suffered from Single Market fragmentation) should also be considered. When fragmentation of the Single Market was stopped, the experience there did not result in higher prices for consumers.

⁵⁴ [State of grocery Europe 2023: Living with and responding to uncertainty | McKinsey](#)

⁵⁵ See for example: [A turning point for private label brands | McKinsey](#) and [Branded vs. Private Label – who is going to come out on top? - NIQ](#)

⁵⁶ [How Brands Can Keep Private Labels From Taking Over FMCG; Brand Connection - The Age of Meaningful Brands | Deloitte Italy](#)

⁵⁷ [How disruptor brands are reshaping growth in CPG | McKinsey](#)

⁵⁸ <https://www.handelsblatt.com/politik/deutschland/preise-lindt-senkt-preise-einzelnerschokoladenprodukte/100217846.html>.

⁵⁹ This is often data driven, see for example, [mck_retail_analytics_brochure_v10.pdf](#)

Eliminating TSCs will support investment and EU's overall competitiveness, including for SMEs

Retail and wholesale is a strategic sector for the EU. As recently confirmed in a joint statement of EuroCommerce and UNI Europa as EU social partners⁶⁰, retail and wholesale is Europe's first private employer, providing 26 million jobs, that is one in seven jobs in Europe. The sector brings together 5 million businesses, which generate 10% of the EU's GDP and provide an essential service to consumers and their business customers. Competitive companies can continue investing in their workers. As retail and wholesale is deeply anchored in Europe, its competitiveness supports territorial cohesion and contributes to keeping cities and rural areas attractive. It plays a vital role in labour market inclusion, skills development and career progression.

Retailers and wholesalers compete fiercely. A competitor is usually only a short distance away, consumer loyalty is never guaranteed and therefore a retailer needs to offer the best value, choice and service to its customers, so they spend more in store and keep coming back. This is a different business model to large multinational brand manufacturers.⁶¹

With the elimination of TSCs, this will enable retail and wholesale EU champions⁶² to perform better, enable them to use the advantages of the Single Market, enable investment, and continue to contribute to community and jobs.

It was estimated that retailers and wholesalers would need to invest up to €600 billion in the period 2022-2030 to transform digitally, sustainability and have the right talent.⁶³ However, margin pressure remaining a top priority and the management of the volume of legislation limited the capacity for investment. Gaining efficiencies in procurement will enable retailers and wholesalers to be better able to invest and become more competitive. The potential of the sector has been captured in the Retail Transition Pathway⁶⁴ and we have also explained what contribution retail and wholesale can make to the EU's overall competitiveness⁶⁵.

SMEs would also become more competitive: without TSCs, they would be able to directly seek out the best deal in the EU. SME franchisees and independent retailers would be better able to offer attractive prices or more choice, due to the negotiations on their behalf by the brand under which they operate. They also will benefit indirectly, if their wholesaler is able to get a better deal and they are able to offer SMEs a better price. This is important for those SME retailers that operate in border regions, whose customers are more willing to cross the border to shop. This threatens the viability of such SMEs, who, with the elimination of TSCs, would be better able to continue to provide local jobs, proximity and contribute to the livability of more remote areas, including older generations⁶⁶.

Eliminating TSCs will not materially affect large multinational brand manufacturers

The fine imposed on AB InBev does not appear to have fully mitigated the risk of similar conduct, as subsequent findings in the Mondelez case suggest. This indicates that, in certain circumstances,

⁶⁰ [Retail and wholesale as a strategic pillar of EU competitiveness - EuroCommerce](#)

⁶¹ As confirmed by the [FEPs study](#) the strategy of large manufacturers was to favour maintenance of high prices, despite this leading to lower sales.

⁶² The [Draghi Report 2025 notes](#), "*the EU outperforms the US in mid-technology sectors like ... the wholesale and retail sectors. The latter reflects catching up effects to key innovations that had been introduced in the US in the previous decade such as in e-commerce and online retail reaching larger customer bases, implementation of advanced inventory management systems, digital payment systems, data analytics and robotics, and automation.*"

⁶³ [Transforming the EU Retail & Wholesale Sector - EuroCommerce](#)

⁶⁴ [A TRANSITION PATHWAY FOR A MORE RESILIENT, DIGITAL AND GREEN RETAIL ECOSYSTEM](#)

⁶⁵ [Beyond Manufacturing: A New Competitiveness Agenda for the EU in partnership with retail and wholesale - EuroCommerce](#); [EuroCommerce Manifesto 2024-2029 - EuroCommerce](#)

⁶⁶ [People in Commerce - EuroCommerce](#)

incentives to apply TSCs may persist where differentiated pricing across Member States remains commercially advantageous.

Eliminating TSCs can therefore be expected to reduce the scope for large multinational brand manufacturers to derive profits from such rent-seeking practices. While this may affect manufacturers' profitability, it would help restore balance in the market by addressing the long-standing financial impact that TSCs have had on retailers, wholesalers and consumers. It should also be noted that retailers and wholesalers have continued to invest in employment and innovation despite sustained pressure on their margins resulting from the use of TSCs.

As large multinational brand manufacturers often produce at one central location, it does not logically follow that eliminating TSCs will lead to factory closures and consequent job losses of the plants operating in higher-priced countries. It is also difficult to understand how the lower cost countries in the EU would be able to support all the activities that could be moved there. If after the elimination of TSCs retailers and wholesalers choose to negotiate a single contract to supply all their markets in the EU with one 'European sales office' or through the national subsidiary of their choice, this would reduce the number of contract negotiations. However, this would bring efficiencies and reduce costs on both sides.

Social impact

Eliminating TSCs would bring important savings for consumers in terms of affordability, help preserve local jobs, support local entrepreneurs and local services.

Affordability

Affordability (including for food) remains a top concern for EU consumers when doing their shopping⁶⁷. As we come out of the severe cost-of-living crisis of 2022-2024, consumers are yet again faced with severe uncertainty due to the war in the Middle East and the impact it could have on energy prices and overall inflation. Price continues and will continue to be the key purchasing driver over other considerations such as sustainability.

Consumers have reacted to inflation by switching where they shop (from traditional shops to supermarkets to discounters), brand (from international brands to the retailers' own brands) and even product categories. Grocery and non-grocery retail volumes have stagnated since the end of COVID-19.⁶⁸

In this difficult context, making sure we have a functioning Single Market for EU consumers is of utmost importance. A renewed faith that the EU is taking actions that directly benefit its citizens is beneficial for the EU overall, especially given that at the start of the current Commission, the cost of living was citizens' main concern⁶⁹.

Local Jobs

As recently confirmed in a joint statement of EuroCommerce and UNI Europa, as EU social partners⁷⁰, competitive companies in retail and wholesale can continue investing in their workers. The sector plays a vital role in labour market inclusion, skills development and career progression.

⁶⁷ For example: [What's ahead for European consumer sentiment 2026 | McKinsey](#)

⁶⁸ [260420-online-the-state-of-grocery-retail-europe-2026.pdf](#)

⁶⁹ [EU Post-electoral survey 2024 - October 2024 - - Eurobarometer survey](#)

⁷⁰ [Retail and wholesale as a strategic pillar of EU competitiveness - EuroCommerce](#)

Our sector has a highly diverse workforce and offers career opportunities to people from a wide range of backgrounds, including members of minority groups, residents of rural areas, and those looking for part-time work.⁷¹

Eliminating TSCs will strengthen retail and wholesale companies, enabling them to continue to provide local jobs across the whole of the EU, including in more remote parts.

Support local entrepreneurs

Retail and wholesale is composed of 99% SMEs. Several of these SMEs are organised in groups of independent retailers or are franchisees. More efficient sourcing in the Single Market from large multinational brand manufacturers would directly strengthen the competitiveness of these independent businesses, enabling them to offer better prices and a wider choice to consumers.

Local services

As retail and wholesale is deeply anchored in Europe, eliminating TSCs will support its competitiveness in particular territorial cohesion and contribution to keeping cities and rural areas attractive.⁷²

Preparedness

Retail and wholesale operations are essential to preparedness because they ensure access to critical goods, enable rapid distribution, support emergency agencies, strengthen economic resilience, and can provide information to citizens. Ensuring the sector remains competitive strengthens the ability of retail and wholesale to provide this role including in more remote areas, or border regions. This starts from finally ensuring retail and wholesale can fully benefit from the Single Market by addressing the persistent issue of TSCs.

Simplification & administrative burden

In the face of global uncertainty, the EU can concentrate on improving what it can control, i.e. the Single Market. If legislation is targeted and proportionate, including evidence-based, and subsequently evaluated for effectiveness, this would support that objective. It would also demonstrate to EU citizens that tackling one of the terrible 10 barriers holding back the Single Market can bring direct, tangible benefits. This creates the right balance with freedom of contract by targeting a limited set of specific practices implemented by certain large multinational brand manufacturers, which have been confirmed are being used by the fact-finding exercise.

Both retailers and suppliers could have reduced administrative burdens. Suppliers could benefit from streamlined contracts with retailers covering several countries and could save in relation to national specifications.

An example of potential savings relates to language labeling requirements. From an operational efficiency perspective, specific language clusters would lead to savings and efficiency. A single label in Dutch, German and French would ensure the product can be placed legally in Germany, France, Belgium, the Netherlands and Austria (around 42% of the EU population). However, often products for Germany only have the German language on the label.⁷³ This effectively creates a barrier to sell the products concerned in countries where other languages are required.

Considering, as noted above, that products are often produced in a single or a couple of plants for several countries, adding different labels with a single language is inefficient and requires keeping

⁷¹ [People in Commerce - EuroCommerce](#)

⁷² [EU Agenda for Cities – EuroCommerce views - EuroCommerce](#)

⁷³ For example, see Figure 2.2 in the Ecorys report: [Microsoft Word - Territoriale leveringsbeperkingen_eindrapport](#)

different stocks which cannot be easily moved across countries (for example in cases of extra demand in one country).

What is the legislative gap?

EU competition rules currently permit multinational manufacturers who are large but not dominant to use TSCs.

TSCs can only be tackled by EU competition law if they are used by a dominant operator or are contained in an agreement between different companies. However, many multinational manufacturers are large but not dominant and TSCs are often unilateral instructions occurring within the same corporate group and hence not an agreement between different companies.⁷⁴

This means large companies that are not dominant can use TSCs – despite many of them being very strong in their product categories.⁷⁵ This legislative gap needs to be closed.

Soft measures will not work

Soft measures such as guidelines for operators or national authorities or a code of conduct for stakeholders are unlikely to be sufficient to stop large multinational brand manufacturers from imposing TSCs as they are non-binding and voluntary.

Manufacturers cannot be obliged to subscribe to a code of conduct on TSCs and would have no incentive to do so. Even if manufacturers were to subscribe, failure to respect the code would entail no sanctions and no enforcement risks, as TSCs would remain legal for companies that are not found to hold a dominant position.

Reputational levers are limited as shown by the subsequent cases and investigations, as there was a lack of change in behaviour after the AB InBev investigation. There would also be no enforcement mechanisms on the Code of Conduct to ensure that those signing up to it would stop imposing TSCs.

Guidelines for stakeholders would also face similar compliance and enforcement hurdles. In particular, it is unclear what guidelines could achieve if the majority of TSCs remain lawful under EU competition rules.

It is also unclear how guidelines on TSCs for national competition authorities would solve the issue. TSCs practices would remain legal, so national authorities would have no legal basis to investigate or sanction unilateral TSCs imposed by manufacturers below the dominance thresholds. This would maintain the legal gap identified by the Commission. Additionally, guidelines for national authorities and divergent approaches to advising companies on their distribution networks risk further fragmentation of the Single Market.

Some retailers and wholesalers have joined European retail alliances to increase their bargaining position vis-à-vis large brands and seek to overcome TSCs. As explained by retail alliances during the 2025 Stakeholder Dialogue on TSCs, alliances seek to challenge the unjustified price differences they are presented with for the same product depending on the country of resale.

⁷⁴ See the briefings prepared for the European Parliament IMCO Committee in April 2026 by Dr van Rompuy and Professor Daskalova: [https://www.europarl.europa.eu/RegData/etudes/BRIE/2026/772649/ECTI_BRI\(2026\)772649_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/BRIE/2026/772649/ECTI_BRI(2026)772649_EN.pdf); [Understanding Territorial Supply Constraints](#). A recent report prepared by the Association Henri Capitant for the European Commission on the 28th regime also explains that *'the TSCs remain a reality to this day. The full realization of the common market would require their disappearance. While European competition law contributes to this, it is insufficient.'*; available here: <https://op.europa.eu/en/publication-detail/-/publication/8aae86e9-394b-11f1-be39-01aa75ed71a1/language-en>

⁷⁵ [factsfigures-grocery-retail.pdf](#)

Concrete examples of such price differences and related negotiations have already been shared with the Commission, including in the context of the 2025 Stakeholder dialogue and the 2025 DG AGRI Workshop on Retail Alliances.

While alliances can help offset the negative effects of TSCs, they cannot fully address them nor do they represent a solution available or suitable to all retailers and wholesalers. Some operators may not be able or willing to join alliances. This further underlines why voluntary or soft measures are insufficient and why regulatory action at EU level is necessary to tackle TSCs in a consistent and effective manner

We are calling for legislation based on Single Market principles

For the reasons explained above, we are calling on the Commission to address unjustified TSCs by proposing a Regulation based on art. 114 TFEU.

The objective would be to prohibit the behaviour that is currently sanctioned only when imposed by dominant manufacturers, but which evidence shows is also common among non-dominant but large multinational brand manufacturers that use TSCs due to their size and cross-border presence in the EU.

Our preference is for this to be a Regulation based on a principle that buyers cannot be discriminated against based on the place of establishment or the location where the products will be sold to consumers (similar to the Single Market principles behind the Geoblocking Regulation). Legislation would tackle behaviour ex-ante by large multinational brand manufacturers, defined on the basis of clear qualitative and/or quantitative criteria such as the position of relative dominance.

The Regulation should tackle a list of blacklisted practices that are known to be used by large multinational brand manufacturers to fragment the Single Market; additionally, enforcement authorities could investigate other types of conduct to determine if it is being used with the specific intention to fragment the Single Market (i.e. a grey list). It could remain open for large multinational brand manufacturers to justify their practices, but the burden of proof would lie with the manufacturer to demonstrate that the behaviour is justified.

Enforcement would be entrusted to the European Commission, with a potential role for national competition authorities, with powers of investigations, sanctions and commitments (similar to competition law enforcement or the Digital Markets Act).

What this would require in terms of adaptation by large multinational brand manufacturers is already anticipated by law firms.⁷⁶ This is the review of supply allocation or discount mechanisms, which could be interpreted as deterring cross-border sourcing, even if unintentional, and documentation of the objective reason for such differentiation. As competition investigations could examine the robustness of those explanations, and documentation, this would offer sufficient protection for those that comply with the rules. It would also offer a sufficient deterrent against non-compliance, as it would be backed by competition enforcement and penalties.

A dedicated Single Market Regulation identifying and prohibiting the most common unilateral TSC practices, while allowing for rebuttal on the basis of clearly defined legitimate grounds, is therefore the most effective approach. Such legislation would restore the freedom to source across the Single Market and put an end to discrimination based on the country of establishment or operation of buyers.

⁷⁶ [Territorial supply constraints Why the EU is moving from antitrust enforcement to ex ante tools - Bird & Bird](#)

This type of Single Market legislation would not regulate prices, nor impose uniform pricing across Europe. Rather, it would remove unjustified barriers to cross-border trade, allowing intra-brand competition to function effectively across the EU.

The ECJ and Single Market principles that can be considered are available in this publication, *Parallel Trade in Europe: Intellectual Property, Competition and Regulatory Law* by Christopher Stothers.⁷⁷

Parallel work is necessary on national restrictions and on harmonisation of EU rules

As explained above, a proposal for a Regulation is a necessary step in the fight against unjustified TSCs.

In parallel, the Commission and Member States must commit to addressing those rules which may de facto facilitate fragmentation of the Single Market and strengthen the effects of TSCs.

In its [Single Market Strategy](#) of May 2025, the Commission promised action to tackle national rules (e.g. on labelling, extended producer responsibility, deposit schemes) which fragment the Single Market and look for ways to facilitate cross-border trade (e.g. by exploring digital labelling).

The Commission should also take action against rules regulating commercial relations which worsen the impact of TSCs and put obstacles to cross-border trade. An example is France's *Loi Descrozaille* (against which EuroCommerce lodged a complaint)⁷⁸ and which the European Commission itself considers '*may risk to prevent retailers from using single market freedoms and consumers from benefiting from competitive prices and a larger choice of products*'.⁷⁹ The Letta report explicitly recognises the existence of TSCs '*created by national laws regulating transactions in the country, sometimes with indirect extraterritorial effect on other Member States*'.⁸⁰

These national rules often create further obstacles to cross-border sourcing for retailers and their alliances and strengthen the effects of TSCs, As the Letta report explains, such regulatory approaches restrict the possibility of trading freely within the Single Market, and result in the renationalisation of sourcing and trading which "*is bounded to affect ultimately the benefits that consumers derive from the Single Market*."⁸¹

Monitoring

As this is a terrible ten barrier, the Annual Single Market Report could report on progress. For example, an annual survey could gather feedback on the experience of cross-border sourcing (e.g. whether buyers are able (a) source from a neighbouring Member State; or (b) able to use a single contract to serve multiple Member States in which they operate, or (c) if the status quo remains), enforcement (e.g. enforcement actions, experience of retaliation), and practical experience (e.g. insights on new practices, the number of incidences they are confronted with blacklisted items).

⁷⁷ [Parallel Trade in Europe: Intellectual Property, Competition and Regulatory Law: Stothers, Christopher: 9781841134376: Amazon.com: Books](#)

⁷⁸ <https://www.eurocommerce.eu/2023/12/eurocommerce-urges-european-commission-to-take-action-against-french-rules-on-b2b-commercial-relations/>

⁷⁹ https://economy-finance.ec.europa.eu/document/download/9f4d2810-f2df-4b16-8eb8-7189923a7622_en?filename=FR_CR_SWD_2025_210_1_EN_autre_document_travail_service_part1_v3.pdf.

⁸⁰ <https://www.consilium.europa.eu/media/ny3j24sm/much-more-than-a-market-report-by-enrico-letta.pdf> p. 113, last paragraph.

⁸¹ *Ibid.* p. 114.

Annex 1

How large multinational brand manufacturers centralise production

A few examples of how large multinational brand manufacturers produce centrally include: This information is often discovered through reporting on the investments made by large multinational brand manufacturers, for example, in large scale energy efficiency projects that have long ROI.

1. **Unilever** largely produces its Magnum ice cream brand for the EU in Germany for sale in Germany, Austria and 20 other countries.⁸²
2. **Unilever** produces Dove bars for over 50 countries in Mannheim (Germany).⁸³ They also have plans for a deodorant production site in Hungary to centrally produce for Central, Eastern and Southern Europe.⁸⁴
3. **Nestle** produces every single Nespresso capsule sold in the world at factories based in Switzerland; these are then exported to 62 countries worldwide - including all EU countries.⁸⁵
4. **Storck** produces its candies in Germany and exports them to over 100 countries.⁸⁶
5. **Danone** produce **Evian** at a single bottling facility in Évian-les-Bains, France ensuring that all of their water is consistently sourced and bottled at the same location. Evian water is **exported to over 150 countries** worldwide, making it one of the most widely distributed bottled waters globally.⁸⁷
6. **Beiersdorf** produces some of its best sellers centrally at its plant in Hamburg and exports them around the world.⁸⁸
7. **Proctor & Gamble** use one site in Romania to produce its Ariel PODS and export them to many European countries.⁸⁹
8. **Mars'** factory in Steinbourg, France is the only group factory in Europe and produces 37.000 tonnes for ice cream, out of which 70% are exported.⁹⁰ Mars also has a chocolate factory in the Netherlands, producing Mars, Snickers, Milky Way, Bounty and Twix chocolate bars for the European market.⁹¹
9. **Ferrero's** factory in Normandy produces one quarter of the world Nutella production. 33% of the products manufactured in Villers-Ecalles goes to other EU countries.⁹² Ferrero's factory in Arlon, Belgium is the world exclusive manufacturers of Kinder Schoko-Bons. Ferrero Arlon is also the largest manufacturer of Kinder Surprises in the world and produces 20 million Kinder Schoko-Bons,

⁸² [Did you know that Langnese... - wo sonstwhere else](#)

⁸³ [How we're building a leaner, more agile supply chain | Unilever](#)

⁸⁴ <https://buildingconnections.eu/en/mi-epul/2024/10/14/dezodorgyarat-epit-az-orszag-eszakkeleti-sarkaban-az-unilever-elsosorban-exportra-termelnek-majd/>

⁸⁵ [Nespresso - Corporate Production Centres Factsheet.pdf \(nestle-nespresso.com\)](#) [Our Global Presence | Nestlé Nespresso \(nestle-nespresso.com\)](#)

⁸⁶ <https://www.storck.com/en/career/working-for-storck/working-areas/production>

⁸⁷ https://www.evian.com/en_int/products/label-free/label-free-bottle/

⁸⁸ <https://www.beiersdorf.com/about-us/locations/hamburg-addresses>

⁸⁹ <https://www.romania-insider.com/pg-urlati-plant-apr-2021>

⁹⁰ <https://www.lesechos.fr/pme-regions/grand-est/lusine-alsacienne-de-glaces-mars-wrigley-abandonne-le-gaz-1399626>;
<https://www.lesgrandesmarquessengagent.com/marque/mars/>.

⁹¹ https://www.near-middle-east.veolia.com/our-services/our-vision/our-references/mars-turns-its-wastewater-clean-energy?utm_source=chatgpt.com

⁹² <https://www.ferrero.com/fr/fr/a-propos-de-nous/ferrero-en-france>

1 million Kinder Surprises et 4 million Raffaellos. 96 % of the production is destined for 45 countries worldwide.⁹³

10. For **Mondelez**, the Milka plant in Lörrach produces for 50 countries worldwide.⁹⁴

11. **Henkel**'s factory near Barcelona produces for 60 countries.⁹⁵

⁹³ <https://www.ferrero.com/be/fr/a-propos-de-nous/ferrero-en-belgique>

⁹⁴ <https://www.mondelezinternational.com/germany-austria/>

⁹⁵ https://www.henkel.be/nl/pers-en-media/2020-11-24-henkel-opens-new-automated-logistics-center-for-southern-europe-1133362?utm_source=chatgpt.com

Annex 2

TSCs: a long-standing problem for EU retailers and wholesalers

Territorial supply constraints have been under the radar of the EU institutions for many years.

The principle of the importance of parallel imports and the fight against price discrimination across border in the EU has been recognised since the 1960s in the practice of the European Commission and the caselaw of the Court of Justice of the EU.⁹⁶

In 2009, the Commission's Communication on [A better functioning food supply chain in Europe](#) pointed to *retailers from a given country being "forced" to source locally when dealing with multi-national suppliers, thus raising obstacles to cross-border trade and undertook to assess measures to address territorial supply constraints, to the extent that these create economic inefficiencies and contradict Internal Market principle*.

In 2018, the Communication on [A European retail sector fit for the 21st century](#) again noted the issue of TSCs and promised *further fact-finding on the effects of such practices on the Single Market*.

In the same year, a [report](#) by the Benelux Union found that TSCs were an issue in the retail trade in all Benelux countries and affected micro, small, medium-sized as well as large companies. The report noted that TSCs were observed *in many segments of the retail market and that TSCs have clear effects on consumer prices, the range of products and services offered, the profit margins of retailers, as well as on the quality, delivery time and characteristics of products*.

In 2019, the European Commission used its competition law powers to fine AB InBev €200 million for abusing its dominant position in the Belgian beer market by implementing various strategies to restrict parallel imports of beer from the Netherlands into Belgium from 2009 to 2016.⁹⁷

A 2020 study by the Commission estimated that TSCs cost EU consumers €14 billion a year in 4 product categories across 16 Member States.⁹⁸

In the meantime, DG COMP fined US manufacturer Mondelez €337.5 million for agreements and practices between 2006 and 2019 that restricted cross-border sales of chocolate, biscuits, and coffee between Member States.⁹⁹ Mondelez infringed Article 101 TFEU by implementing 22 agreements with distributors between 2006 and 2020 across the entire European Union aimed at restricting cross-border sales. Mondelez also infringed Article 102 TFEU in certain Member States between 2015 and 2019 by refusing or limiting supply chocolate tablets to prevent cross-border trade.

DG COMP has other ongoing investigations in the non-alcoholic drinks, personal care and chocolate confectionery sectors for fragmentation of the Single Market.¹⁰⁰

⁹⁶ In one of the first ever rulings reviewing an antitrust decision by the Commission, the CJEU ruled in [Consten and Grunding](#) against a distribution system which prevented parallel imports from other EU countries. The Court has continued to reinforce this principle throughout the years, for example in *Sot. Lelos* (2008), C-468/06; C-478/06: *'parallel trade is liable to exert pressure on prices and, consequently, to create financial benefits for consumers'* and *Valve Corporation* (2023), T-172/21: *'such partitioning [of the Single Market] and such an artificial price difference to which it gives rise are irreconcilable with the fundamental aim of the Treaty, which is completion of the internal market'*.

⁹⁷ [EUR-Lex - 52019AT40134\(02\) - EN - EUR-Lex](#)

⁹⁸ <https://op.europa.eu/de/publication-detail/-/publication/831c7de4-2a1e-11eb-9d7e-01aa75ed71a1>

⁹⁹ https://ec.europa.eu/competition/antitrust/cases1/202432/AT_40632_10195462_3123_3.pdf

¹⁰⁰ https://ec.europa.eu/commission/presscorner/api/files/document/print/en/ip_25_737/IP_25_737_EN.pdf, https://www.linkedin.com/posts/we-are-conducting-unannounced-inspections-share-7449496787435831296-BSDq/?utm_source=share&utm_medium=member_ios&rcm=ACoAAAag7D8Bh2XKQsb56hgmTgp3O4R8PI3ujOM.

At a hearing in the French Parliament in March 2026, the European Commission's Directorate-General for Competition noted that *'regarding anti-competitive practices, there is something that clearly persists: **barriers to trade by major international brands**. The Commission and national authorities have been investigating this for years, and we continue to find practices where, even when we're talking about the same product, the manufacturer implements a number of strategies to prevent that product from moving into the EU Single Market'*.¹⁰¹

Following renewed pressure in a number of Member States (e.g. by Austria¹⁰², the Netherlands¹⁰³, Greece¹⁰⁴ and Czechia¹⁰⁵), the Commission announced in 2024 it would look into the issue through its Single Market Enforcement Taskforce ('SMET').¹⁰⁶

Due to the scale of the problem across the EU, the Commission identified TSCs as one of 'terrible 10' barriers in the Single Market in its Single Market Strategy of May 2025.¹⁰⁷ Since then, the European Council has called for measures to address the negative impact of territorial supply constraints which fragment the Single Market as a high priority, in the Council Conclusions of 19 March 2026¹⁰⁸.

The European Parliament has a growing interest in TSCs¹⁰⁹ and MEPs have raised questions asking the Commission to act¹¹⁰.

¹⁰¹ https://videos.senat.fr/video.5726661_69c2ae224461c.

¹⁰² <https://www.eurocommerce.eu/app/uploads/2025/10/bu-lm-final-stand-20231102-final-englisch-amerikanisch.pdf>

¹⁰³ <https://www.ecorys.com/case-studies/territorial-supply-constraints-for-buyers-in-the-netherlands/> and [Netherlands at the EU on X: "It's important to deregulate and simplify, because there are too many obstacles in the internal market. A jar of Nutella or peanut butter costs more in the Netherlands than in Germany, partly due to regulations from Europe."](#)
[@MinPres Schoof at the informal #EUCO https://t.co/Rpw3SOyFvR" / X](#)

¹⁰⁴ <https://www.primeminister.gr/wp-content/uploads/2024/05/uvl.pdf>

¹⁰⁵ <https://www.czechjournal.cz/nutella-price-shock-czech-pm-exposes-surprising-cost-differences-with-germany/>

¹⁰⁶ https://ec.europa.eu/internal_market/smet/projects/tsc/index_en.htm

¹⁰⁷ [EUR-Lex - 52025DC0500 - EN - EUR-Lex](#)

¹⁰⁸ [en-20260319-european-council-conclusions.pdf](#)

¹⁰⁹ [Territorial supply constraints: An unaddressed barrier to single market integration](#)

¹¹⁰ [Parliamentary question | Tackling territorial supply constraints in the EU single market | E-003867/2025 | European Parliament; Parliamentary question | Inflation, Austria surcharge and territorial supply constraints | P-004404/2025 | European Parliament; Parliamentary question | Why is the Commission tolerating corporations artificially increasing prices in less prosperous EU markets? | E-003853/2025 | European Parliament](#)

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