

## Retailers and wholesalers commend Commission action on AB InBev

Speaking today about the agreed resolution of the Commission's investigation of AB InBev's actions in hampering cross-border sales of beer, EuroCommerce Director-General Christian Verschueren commented:

*"This is a very welcome outcome on an issue which we have been raising as a problem for many years. Manufacturers have been using a number of different practices to fragment the Single Market, some of these clearly illegitimate, and to the detriment of consumers by restricting choice and maintaining artificially high prices. We hope that this action will set a clear message for manufacturers of other products and in other sectors that this long-standing fragmentation of the Single Market will need to end".*

The action investigated by the Commission, which aimed at preventing cross-border sales of a number of AB InBev brands is by no means unique to this case. These so-called "Territorial Supply Constraints" are widespread, and represent a blatant fragmentation of the EU Single Market. They can take many forms, but are essentially illegitimate practices imposed by large suppliers where these restrictions are not justified by differences in national rules or standards, or by consumer preferences. For example, these can take the form of:

- Manufacturers refusing to supply, limiting the quantities they can buy, or threatening to halt supplies altogether;
- Suppliers differentiating product ranges between Member States for no reason except enforcing their own choice of distribution channel;
- Substantial differences in price and other sales conditions;
- Limiting language options to hamper cross-border purchasing.

They mean that retailers and wholesalers are unable to source centrally and distribute goods across their networks from one EU country to another, or offer to sell online to customers in another EU country. It often also means that retailers cannot access the full range offered by the supplier, while increasingly manufacturers are selling their whole range to consumers directly online.

The Commission has recognised these practices as a real problem and a barrier to the proper working of the Single Market in their communication "European retail sector fit for the 21<sup>st</sup> century"<sup>1</sup> and creating problems in addressing concerns in some countries about so-called dual quality products, recently included in the revision of the Unfair Commercial Practices Directive.

Verschueren added:

*"We will be working with the Commission to help ensure that competition and Single Market rules are applied strictly to put an end to these illegitimate and abusive practices".*

-ENDS-

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<sup>1</sup> Commission Communication COM(2018)219

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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.*