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From:	General Secretariat of the Council
To:	Delegations
Subject:	AOB for the meeting of the Competitiveness Council on 29 September 2025: Bringing an end to unjustified territorial supply constraints <i>- Information from Austria, Czechia, Croatia, Greece, Luxembourg, the Netherlands and Slovenia</i>

Bringing an End to Unjustified Territorial Supply Constraints

Non-paper by Austria, Czechia, Croatia, Greece, Luxembourg, the Netherlands and Slovenia

Unjustified territorial supply constraints (TSCs) are among the most pressing structural barriers to a functioning Single Market. These practices occur when multinational suppliers restrict wholesalers and retailers from sourcing goods across borders, artificially segmenting markets by Member State. The result is higher consumer prices, weakened competition, and a distortion of Europe's internal market principles.

The European Commission has rightly recognised the problem and launched investigations, including a fact-finding mission. We welcome this attention. Yet the Commission's current timeline – presenting tools only in the fourth quarter of 2026 – is far too slow given the urgency of the issue. Citizens across the Union, especially in smaller Member States, are directly confronted with excessive prices caused by unjustified TSCs. Political credibility demands that the EU act sooner and more decisively.

Problem analysis

Inflation in recent years has exposed deep vulnerabilities in Europe's food and consumer goods markets. Retailers and consumers are paying the price of **market segmentation strategies deliberately imposed by multinational manufacturers**.

While some price differences between Member States can be explained by legitimate factors – such as different legal requirements, languages, logistics costs, or local consumer preferences – many others cannot. Instead, they reflect a strategy of **unjustified market partitioning** designed to maximise supplier profits at the expense of consumers.

The consequences are far-reaching:

- **Persistently high consumer prices**, particularly in smaller and mid-sized Member States with less bargaining power.
- **Additional inflationary pressure**, undermining efforts at both EU and national level to stabilise economies and protect purchasing power.
- **Erosion of trust in the Single Market**, as citizens perceive unjustified inequalities and national fragmentation.

The Commission itself has estimated that TSCs cost European consumers **over €14 billion annually**. These costs are borne disproportionately by citizens in smaller Member States, where limited market size makes retailers more vulnerable to supplier restrictions.

This is not a marginal issue. It is a **political challenge at the core of European integration**. The Single Market cannot be a success if dominant multinational suppliers are allowed to partition it for profit.

Call for action

We call on the European Commission to

- **Make the fight against TSCs a top priority**. The Commission should not wait until the end of 2026 but present concrete proposals significantly earlier, so that citizens and businesses see timely results. Additionally, an EU-wide register of TSCs examples based on inputs from Member States should be established.

- **Step up the enforcement of competition law.** Ongoing cases need to be concluded faster, and new cases should be opened wherever unjustified restrictions are found.
 - **Discuss TSCs within the European Competition Network.** This would allow closer cooperation between the Commission and national competition authorities and ensure that enforcement is consistent and effective across all Member States.
 - **Strengthen and clarify competition law.** It must be made explicit that unjustified TSCs are unlawful. The current evaluation of Regulation 1/2003 should be used to identify existing loopholes and bottlenecks and ensure quicker investigations and analyse how misuse of market power (Article 102 TFEU) and restrictive agreements can be identified as TSCs. Furthermore, it should be further examined whether the definition of ‘market power’ can be extended to cover unjustified TSCs at the EU level.
 - **Identify and remove additional barriers** that contribute to TSCs, such as certain labelling requirements or national rules that are misused to keep markets segmented.
 - **Drafting legislation that addresses unjustified TSCs in situations where competition law falls short, for example by using the ongoing revision of the Unfair Trading Practices Directive (EU) 2019/633** to identify additional harmful unjustified supply restrictions that are not currently captured by the legal provisions of the UTPD.
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