



EUROPEAN COMMISSION

Ursula von der Leyen  
The President

Brussels, 28. 06. 2024  
Ares (2024) 3622213 -4669798

Dear Prime Minister,

*Thank you for your letter, in which you raise the issue of territorial supply constraints with regard to the good functioning of the Single Market. Territorial supply constraints imposed by large manufacturers are indeed a cause of concern: they prevent retailers from making an effective use of the Single Market and they create price discrimination among consumers, as observed across Member States, including Greece, for certain products. This is in particular the case when multinational firms apply price discrimination according to the region or Member State where distributors, retailers or consumers are located, without any justification by objective cost factors (e.g. transport, storage or distribution costs).*

*The Commission has taken forceful action to address certain such practices that fall under competition rules. On 23 May 2024, the Commission fined Mondelēz International, Inc. EUR 337.5 million for having breached EU competition law by hindering the cross-border trade of chocolate, biscuits and coffee products between Member States. This anti-competitive behaviour deprived consumers of competitive pricing and of a broader choice of products. Another example is the fine imposed on AB InBev in 2019 for analogous trade restrictions.*

*As demonstrated by these two cases, competition law is effective against certain territorial supply constraints, namely if companies are in a dominant position or have entered into anti-competitive agreements. The EU is continuously updating its rulebook. As regards agreements between companies that prevent cross-border trade, the Commission has revised the Vertical Block Exemption Regulation and Vertical Guidelines governing supply and distribution agreements.*

.../...

H.E. Mr Kyriakos Mitsotakis  
Prime Minister  
Hellenic Republic

*However, the concerns that unjustified price discrimination can lead to fragmentation of the Single Market from the perspective of distributors, retailers and consumers, especially in smaller or more remote Member States, may reach beyond the scope of competition rules. The European Council in its conclusions on the future of the Single Market called on the Commission to address cross-border market-distorting business-to-business activities, to benefit consumers and companies.*

*Given the complexity of the issue, a fact-finding exercise is a prerequisite to identifying the best solutions. The Commission will collect evidence from competition investigations and existing studies and analyses, in close cooperation with national authorities. On this basis, and as set out in the recently adopted Retail Transition Pathway, it will launch a dialogue with the relevant stakeholders, including at national level. These reflections should also encompass certain business practices and regulatory conditions that may facilitate the application of territorial supply constraints, such as impediments to passive sales, product differentiation between EU markets and national labelling requirements.*

*The results of the fact-finding will inform the next Commission on possible policy measures to tackle unjustified territorial supply constraints. They will allow to assess the different options, in fields such as competition or Single Market rules or guidance, to address such unfair practices in supplier-retailer relations. Digital labelling solutions are already being explored and could tackle obstacles stemming from divergent national labelling rules, including language requirements.*

*The solutions you put forward are a valuable contribution to these discussions. I am confident that the engagement of Member States and stakeholders in this process will help identify a way forward, so that European consumers can equally enjoy the benefits of the Single Market, no matter where they reside.*

*Yours faithfully,*



*Ursula von der Leyen*