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| From:    | General Secretariat of the Council  |
| To:      | Working Party on Competition  |
| Subject: | Presentation by the European Commission (DG GROW): Territorial supply constraints (agenda item 5.)<br>Working Party on Competition meeting on 10 October 2025 |

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Delegations will find in annex a presentation (agenda item 5.) given by the European Commission during the Working Party on Competition meeting on 10 October 2025.

# Territorial Supply Constraints

WP on Competition

10 October 2025

European Commission  
DG GROW F.3 (Retail)



# Territorial Supply Constraints - short recap of events

- 24 May 2024: Competitiveness Council – call to address **all** TSCs beyond those captured by competition law.
- October 2024 – February 2025: fact-finding exercise in SMET.
- 7 April 2025: Stakeholder Dialogue.
- 21 May: TSCs in the Single Market Strategy.
- 29 September: AOB at the Competitiveness Council with EVP Séjourné.

# Single Market Strategy – 21 May 2025

“Develop tools to act against unjustified Territorial Supply Constraints to cover situations beyond those captured by competition law, such as unilateral practices of large manufacturers” by Q4 2026

TSCs are recognised as one of the “**Terrible Ten**” – the most harmful Single Market obstacles.

*“This harms cross-border business and effectively breaks the promise of the Single Market to bring choice and price competition to the consumer”.*

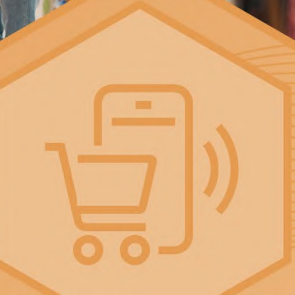
- Next steps:
  - Need to carefully weigh the possible measures to ensure they benefit consumers and do not unduly restrict the freedom to conduct business.
  - Need for a thorough consultation process with stakeholders

>>> Work in close cooperation with DG COMP and DG JUST

# Actions and timeline

- **Impact Assessment** to be launched soon, including:
  - an economic study on the impact of the different policy options (legislative and non-legislative)
  - a thorough consultation process according to Commission better regulation guidelines (call for evidence, open public consultation, targeted stakeholder consultations including interviews and workshops)
  - Member States in various fora to be involved (such as Council Working Parties on the Single Market, Competition, SMET)
- **Presentation of results and the preferred option: Q4 2026**

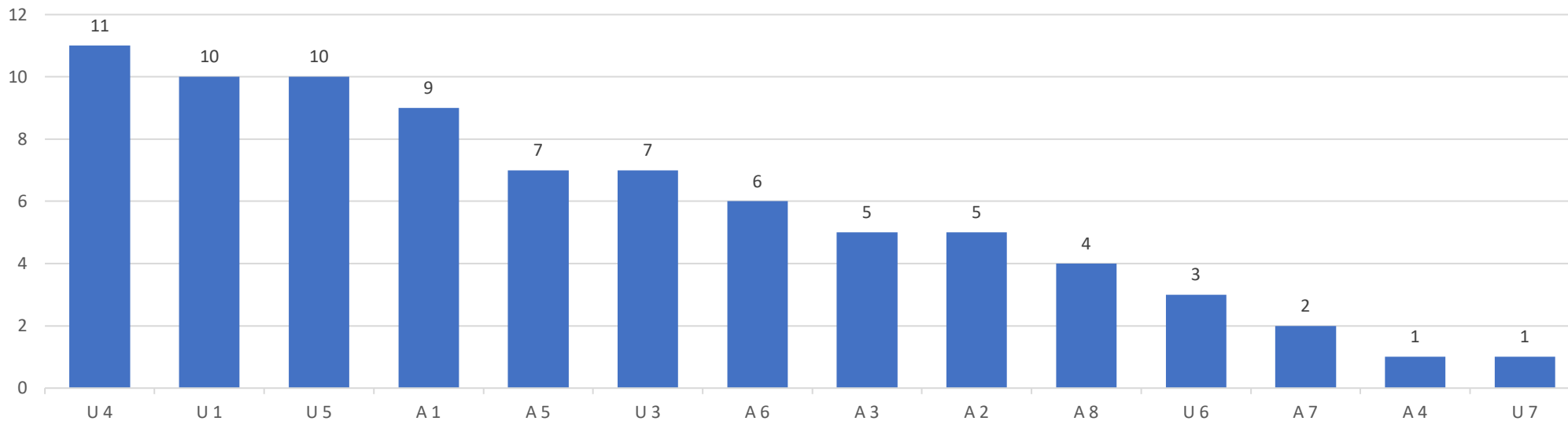
# Thank you!



# TSCs - Results of the SMET fact-finding (1)

- 17 MS reported some form of TSCs
- 8 MS reported having found no evidence of TSCs

Prevalence of types of TSCs practices



## TSCs - Results of the fact-finding (2)

- TSCs take more often the form of unilateral decisions rather than agreements between suppliers and wholesalers/retailers.
- The most reported practices by Member States are:
  - Differentiation in packaging/labelling (U4)
  - Refusal to supply (U1)
  - Unfair price differentiation (U5)
- Member States reported little feedback on justification:
  - Normal business practice
  - Need to comply with national requirements (e.g. labelling)

# Annex: list of TSC practices (agreements)

|        |  |        |   |
|--------|--|--------|---|
| A<br>1 | <p>Any agreement between a supplier and wholesaler restricting the territories where the wholesaler can resell. The wholesaler may be prohibited to sell into certain territories or is required to ask for an authorisation or to inform the suppliers of sales in other or certain territories.</p> <p>For example, a wholesaler is required by a manufacturer or a wholesaler not to sell products or to ask for permission or to inform the manufacturer or the wholesaler when a customer from certain territories ask to purchase products.</p>  | A<br>5 | <p>Suppliers limit the quantity of products available to customers (wholesalers or retailers) to prevent products being exported to other Member States.</p> <p>For example, a manufacturer and a customer may agree that the customer will not buy more than a quantity that corresponds to the customer's usual sales in its national market.</p>   |
| A<br>2 | <p>This is a specific situation of the types of agreements described above in A1 where a wholesaler is approached by a customer. This would take the form of an agreement between a supplier and a wholesaler prohibiting him to sell to customers (retailers or wholesalers) when the wholesaler has not actively targeted the customers or obliging the wholesaler to request an authorisation or to inform the supplier of sales to unsolicited customers.</p> <p>For example, a wholesaler is required not to sell products or to ask for permission or to inform the manufacturer when a customer at its own initiative ask to purchase products from the wholesaler.</p>   | A<br>6 | <p>Agreements between suppliers and wholesalers restricting sales to certain retailers to avoid those retailers reselling in other Member States.</p> <p>For example, a supplier agrees with a wholesaler that it will not sell to certain retailers that are known to move products across borders and sell in different Member State.</p>   |
| A<br>3 | <p>Any agreement between a supplier and a wholesaler obliging the wholesaler to raise prices when products are sold to a customer (retailer or wholesaler) in another Member State. The price increase can be achieved either directly by increasing the price offered or through specific rebates/payments that would not be paid by the supplier for the sale of those products to that customer.</p> <p>For example, a wholesaler is required to raise prices when the products are to be sold in another Member State or cannot benefit from rebates or payments to the wholesaler by a manufacturer because the products are to be sold in another Member State.</p>  | A<br>7 | <p>Any agreement between a supplier and a customer (a wholesaler or a retailer) that the export of a product is not accompanied by physical displays (e.g. end of shelf displays) used for sales promotion, thereby making exports less attractive.</p> <p>For example, a manufacturer agrees with a customer that it cannot use certain displays in shops if the products are exported.</p>  |
| A<br>4 | <p>Any agreement between a supplier and its customers (retailer or wholesaler) to stop procuring products through imports from another Member State in exchange for payments or compensations.</p> <p>For example, these can be agreements of a supplier with retailers in Member State A which would commit not to procure through imports from Member States B or C but rather to purchase from that supplier in Member State A, in exchange for benefits (additional offers, better terms in other transactions etc). It can also be agreements with wholesalers that they stop exporting to Member States B or C or to certain retailers present in member states other than A in exchange for benefits (additional offers, better terms in other transactions etc).</p> | A<br>8 | <p>Agreements between suppliers and customers (wholesalers or retailers) preventing customers from placing stickers thereby preventing exports to territories where the mandatory language does not feature on the package.</p> <p>For example, a distributor is prevented to place stickers translating the description of the product in another language with the consequence that the product cannot be sold in the Member State where labelling in this language is mandatory.</p> |

# Annex: list of TSC practices (unilateral practices)

|        |   |  |
|--------|---|--|
| U<br>1 | A supplier refuses to supply a customer (a wholesaler or a retailer) with certain products to avoid them being exported and sold in another Member State.   | <p data-bbox="1383 265 2425 361">A supplier raises prices for products that a customer exports while maintaining a lower price for products that are sold domestically.</p> <p data-bbox="1383 361 2425 646">Price differentiation in general (setting different prices for different markets for the same product) cannot be deemed as being a TSC per se but may provide an indication that TSCs are applied to keep prices higher on some markets.</p>  |
| U<br>3 | <p data-bbox="448 444 1383 515">A supplier stops supplying a customer with certain products to avoid, them being exported and sold in another Member State.</p> <p data-bbox="448 515 1383 711">A supplier may also do so for all customers in a national market, thereby 'delisting' the product from the whole market.</p>  | U<br>6   |
| U<br>4 | <p data-bbox="448 711 1383 829">A supplier differentiates its products in terms of languages and packaging intentionally to avoid or restrict them being exported and sold in other Member States.</p> <p data-bbox="448 829 1383 948">For example, a supplier intentionally avoids labelling in certain languages or differentiates packaging volume and weight to limit/restrict the exports of the products to other Member States.</p> <p data-bbox="448 948 1383 1128">Product differentiation cannot be deemed being a TSC per se if there is no intent to avoid exports but could constitute a practice facilitating TSCs.</p> | U<br>7   |
|        |   | <p data-bbox="1383 761 2425 832">A supplier grants a promotion on a product on the condition that it is not exported.</p> <p data-bbox="1383 832 2425 1128">A supplier bundles the purchase of locally available products with products which could also be available through imports from another Member State. The supplier offers more favourable conditions than if the customer purchased only locally available products (incentives). This can go as far as obliging a customer to purchase both products (tying the sale of both products) without necessarily providing more favourable conditions.</p> |

# The most harmful barriers to the SM

## “Terrible 10”



Lack of Single Market ownership by Member States



Long delays in standard-setting



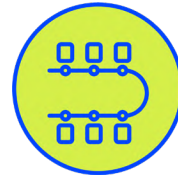
Complex EU rules



Territorial supply constraints



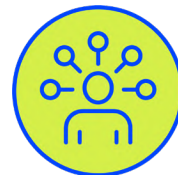
Complex business establishment and operations



Restrictive and diverging national services rules



Fragmented packaging, labelling and waste rules



Burdensome rules on posting of workers



Outdated product rules and lack of product compliance



Recognition of professional qualifications