

## Statement

### Independent Retail Europe welcomes the European Commission's legal action against Hungary on discriminatory price caps

Independent Retail Europe supports the European Commission's decision to open an infringement procedure against Hungary for requiring large (international) retailers to cap their sales margins.

The Hungarian measures violate the EU's freedom of establishment (Article 49 TFEU), which requires equal treatment and prohibits discrimination between economic operators. Margin caps that apply in practice to non-Hungarian retailers force them to sell at a loss - a practice that is unsustainable and discriminatory. Moreover, any type of price or margin caps at retail level inevitably drives many retailers out of the market, reducing competition and ultimately leading to higher prices for consumers.

As demonstrated by multiple studies across Europe, **inflation is not caused by retailers** asking excessively high prices. On the contrary, their net margins remain extremely low (1–3%) and, in many cases, have further declined during the inflationary period. This clearly shows that retailers have absorbed part of the cost pressure in order to protect consumers from even higher food prices.

We therefore urge the Hungarian government to withdraw without delay this discriminatory legislation. We also call on all EU institutions and national authorities to reject unequivocally any form of harassment of retailers across Europe and to preserve the integrity of the Single Market, which is essential to maintain a resilient food system that delivers enough food at affordable prices for all EU citizens.

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#### About Independent Retail Europe:

Independent Retail Europe is the European association that acts as an umbrella organisation for groups of independent retailers in the food and non-food sectors. Our members are groups of independent retailers, associations representing them as well as wider service organizations built to support independent retailers. Independent Retail Europe represents 24 groups and their over 501.000 independent retailers, who manage more than 764.000 sales outlets, with a combined retail turnover of more than 1,411 billion euros and generating a combined wholesale turnover of 621 billion euros. This represents a total employment of more than 6.440.000 persons.

