

Press release – 4 July 2023

New EU competition law guidelines recognise major benefits of buying alliances across the supply chain

Independent Retail Europe welcomes the [new European Commission Horizontal Guidelines \(HGL\)](#), which explicitly recognise the benefits that buying alliances and groups of independent retailers bring to society. This is great news for consumers and SME retailers, as joint purchasing is critical to preserve SME retailers' ability to stand competitive pressure from large international retail chains, therewith sustaining their important role for local communities. Buying alliances also help to counter unfounded price increases requested by large international suppliers, in a context where commodity prices have started to decrease.

Director General Else Groen commented: *"We are pleased to see that the European Commission explicitly recognises the benefits that joint purchasing provides across the supply chain and to consumers. This is a crucial tool for SME retailers in the food and non-food sectors: it allows them to negotiate on par with large manufacturers operating globally and, to compete on prices with large integrated chains, therefore giving better deals to consumers in a context where retail margins are extremely low. In light of this clear assessment, we encourage policy makers across Europe to embrace the conclusions of the European Commission, especially as joint purchasing is common at all stages of many supply chains"*.

In particular, the new HGL explicitly recognise that:

- purchasing agreements do not only bring lower prices and more innovative products for consumers but also give rise to significant efficiencies for suppliers and enable smaller suppliers to expand the distribution of their products to a larger number of purchasers and markets;
- legitimate purchasing agreements can take several forms: from the pooling of purchases to the joint negotiation of certain terms and conditions, including European Retail Alliances negotiating rebates on their members' purchases from global manufacturers with high profit margins;
- suppliers of "must-have" products enjoy significant countervailing power that makes anti-competitive effects of buying alliances on them unlikely;
- hard bargaining (e.g. "temporarily stopping orders") is not a restriction of competition by object;

For the first time, the new HGL also explicitly recognise the business model of groups of independent retailers, whose existence is founded on cooperative principles for joint purchasing, acknowledging that such agreements allow independent SME retailers to stay competitive against large players on the retail market.

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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 23 groups and their over 417.800 independent retailers, who manage more than 753.500 sales outlets, with a combined retail turnover of more than 1,320 billion euros and generating a combined wholesale turnover of 513 billion euros. This represents a total employment of more than 6.500.000 persons. Find more information on our [website](#), on [LinkedIn](#), and on [Twitter](#)