AK EUROPA

POLICY BRIEF

4 / 2026 - Economic

TSCs: When borders make shopping more expensive

At last, tackling unjustified territorial supply constraints effectively

Key Points

- **A single market problem across Europe:** Unjustified territorial supply constraints can create artificial barriers between national markets and weaken competition. Evidence of these practices has already been reported by 17 Member States with smaller markets particularly affected.
- **Substantial economic effects:** A study commissioned by the European Commission puts potential savings for EU consumers at around 14 billion euros. Regular AK price surveys also highlight persistent price gaps between Austria and Germany.
- **Existing regulatory gaps must be closed:** EU competition law does not address every form of territorial supply constraints. AK therefore calls for binding EU-wide bans with narrowly defined grounds for justification, rather than voluntary pledges or protracted case-by-case reviews.
- **Effective enforcement and measurable results:** The relevant authorities need adequate investigative and information-gathering powers, especially on supply terms and purchasing conditions. Regular price surveys should assess whether new rules actually help to narrow existing price gaps.

Background

The single market is failing consumers

Free movement of goods is a core promise of the European single market. Consumers and retailers should be able to buy wherever terms are most favourable. Yet in practice, they face barriers created not by borders between Member States, but by individual manufacturers' commercial policies.

Major branded-goods manufacturers may refuse deliveries to other Member States, impose conditions that are not objectively justified, or hinder cross-border purchasing through different product and packaging variants. This practices can separate national markets and sustain price differences.

The economic impact is substantial and extends beyond Austria. A 2020 study commissioned by the European Commission estimates that removing territorial supply constraints could save EU consumers around 14 billion euros - a figure that has very likely increased with inflation in recent years (https://op.europa.eu/en/publication-detail/-/publication/831c7de4-2a1e-11eb-9d7e-01aa75ed71a1).



Source: Study commissioned by the European Commission, 2020

A July 2026 opinion by the European Economic and Social Committee highlights the scale of the problem: 17 Member States have already reported evidence of territorial supply constraints in their markets (https://eur-lex.europa.eu/eli/C/2026/3544/oj/deu). Smaller Member States - including Austria, Belgium, the Netherlands, Luxembourg or Greece - are particularly affected. As the Commission's study shows, these restrictions are especially prevalent where retailers have less bargaining power than major branded-goods manufacturers. Lower purchasing volumes in smaller markets can deepen this imbalance. The 'Austria surcharge' thus reflects a structural problem in the European single market, not an isolated national issue.

Identical products. One single market. Prices up to 133 per cent higher.

AK surveys have consistently shown substantial price

gaps between Austria and Germany. In May 2026, the identical branded food products surveyed cost around 26 per cent more on average in Austrian online supermarkets.

Product/Brand	Austria	Germany	Difference
Crunchips Paprika / Lorenz (150 g)	2,89 €	1,50 €	93 %
Coffee Pods / Lavazza (18 pieces)	5,49 €	2,99 €	84 %
Spaghetti Carbonara / Maggi Fix (35 g)	1,39 €	0,79 €	76 %
Calippo Cola Ice / Eskimo (525 ml)	6,79 €	3,99 €	70 %
Cereals Cini Minis / Nestle (375 g)	3,79€	2,49€	52 %
Stone baked pizza salami / Wagner (320 g)	3,99 €	2,63 €	52 %
Cream Cheese/Bresso (150 g)	2,64 €	1,75 €	51 %

Source: https://eur-lex.europa.eu/eli/C/2026/3544/oj/deu
wien.arbeiterkammer.at/preismonitor

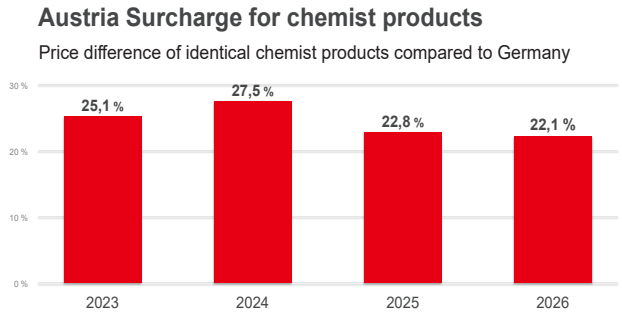
Austrian consumers sometimes pay more than twice the German price for identical branded products. Lorenz Crunchips cost 93 per cent more in Austria, Lavazza coffee pods 84 per cent more and Maggi Fix 76 per cent more. The contrast is particularly paradoxical for Austrian products: according to a survey by the consumer protection organisation Foodwatch, even the traditional Austrian product Mannerschnitten costs 0.79 euros in Germany, less than half the Austrian price of 1.69 euros (as at September 2026). Similar, Red Bull, also bottled in Austria, costs 7 per cent more there than in Germany (https://www.foodwatch.org/at/manner-schnitten-in-wien-114-prozent-teurer-als-in-deutschland). If a product is manufactured in Austria, transported to Germany and yet sold there at a significantly lower price than in the immediate vicinity of its production site, legitimate questions arise about restrictions on competition.

The same pattern holds true for pharmacy products : in October 2026, a surveyed basket of 97 identical products cost 535.52 euros in Austria and 438.70 euros in Germany - a difference of 22.1 per cent. Austrian prices were higher for 83 of the 97 products.

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Source: https://wien.arbeiterkammer.at/drogeriewaren

Regular AK surveys highlight the persistent price premium or Austrian surcharge: identical pharmacy goods cost 25.1 per cent more in Austria than in Germany in 2023, 27.5 per cent more in 2024, 22.8 per cent more in 2025 and 22.1 per cent more in 2026. Despite some declines, the price gap has remained remarkably high for four years.



Source: AK Price monitor 2023-2026

What lies behind this?

The massive and persistent price differences, which have been recurring for years, can no longer be dismissed as mere peculiarities of national markets. Smaller markets, different cost structures, taxes and pricing strategies may explain some premiums. Yet the scale and persistence of these gaps raise an urgent question: to what extent do artificial trade barriers and territorial supply constraints hamper single-market competition? Common explanations, such as higher labour and transport costs or a greater density of branches, are insufficient. According to the German Federal Statistical Office (Destatis), average labour costs in the services sector in Germany – at 42.10 euros per hour – were actually slightly higher than those in Austria (41.80 euros). A survey by the Tyrolean Chamber of Labour (AK Tirol) also shows that retail employees in Austria earn on average 20 to 25 per cent less than their Bavarian counterparts.

A significant part of the problem likely lies in procurement. This is particularly evident from the fact that even Austrian subsidiaries of German retail groups cannot automatically purchase goods on the same terms as their German sister companies - even though parallel imports within the EU are generally permitted. Retail experts told the Chamber of Labour that cross-border procurement is sometimes blocked even when Austrian retailers are willing to cover the additional transport costs.

The Austrian Federal Competition Authority (AFCA) also identifies higher net purchase prices as a key explanation for price differences between EU Member States. Its food-sector inquiry (Federal Competition Authority (2023), Sector Inquiry into the Food Industry, Final Report, in particular pp. 193–195) found that multinational suppliers' EBITDA margins in Austria

averaged around twice those of other suppliers. This suggests that international branded-goods manufacturers have considerable pricing flexibility and that price gaps arise beyond retail. Although these findings do not prove specific territorial supply constraints, they do underline the importance of the manufacturer and procurement levels in price formation.

Competition law alone will not solve the problem

The European Commission has already sanctioned AB InBev (Decision of 13 May 2019, C(2019) 3465 final) and Mondelēz (Decision of 23 May 2024, C(2024) 3313 final) for anti-competitive barriers to cross-border trade. These cases demonstrate that Articles 101 and 102 TFEU can be effective – but also reveal their limitations: Art. Article 101 addresses agreements that restrict competition, while Article 102 addresses abuse of a dominant position. These provisions may therefore not cover unilateral supply refusals by manufacturers without a dominant market position.

Enforcement to date also exposes this approach's limits: case-by-case competition-law reviews have resulted in bans and sanctions against such practices in only a few cases. Proceedings are also complex and lengthy. In the Mondelēz case, premises were searched as early as 2019, but proceedings concluded only five years later.

Chamber of Labour identifies red lines regarding the proposed measures

The European Commission has for some time been exploring measures to tackle unjustified territorial supply constraints through a public consultation. Four options are under discussion: stakeholder self-regulation, guidance for public authorities and market participants, and two legislative approaches. The legislative options would either assess cases individually, taking economic dependence into account, or define generally prohibited practices and possible grounds for justification.

AK firmly rejects Option 1: company self-regulation, for example through a code of conduct. As the problem of territorial restrictions has been known for several years, companies could have taken countermeasures long ago through self-regulation. Since branded-goods companies clearly benefit from these practices, relying on voluntary action by individual companies is inappropriate. Nor does AK consider legislation based on the concept of economic dependence – which covers territorial supply bottlenecks resulting from unilateral decisions by non-dominant players (Option 3) – to be effective in any way. Case-by-case competition-law assessments have so far resulted in fines and findings that these practices were unlawful in only two cases: AB InBev and Mondelez.

Geoblocking Regulation: A foundation for action

By late 2025, AK had called for extending the protection of the Geoblocking Regulation (EU) 2018/302 to business-to-business transactions. The Regulation bans certain forms of discrimination in cross-border access to goods and services – thus corresponding protection for business-to-business purchases could also provide a starting point for tackling territorial supply constraints. In its current form, the Geoblocking Regulation gives effect to the non-discrimination rule set out in Article 20(2) of Directive 2006/123/EC (Services Directive); however, it primarily covers general access conditions and not the purchase of goods for resale. Any extension would therefore need to explicitly cover these areas as well to combat territorial supply constraints effectively.

Making enforcement effective

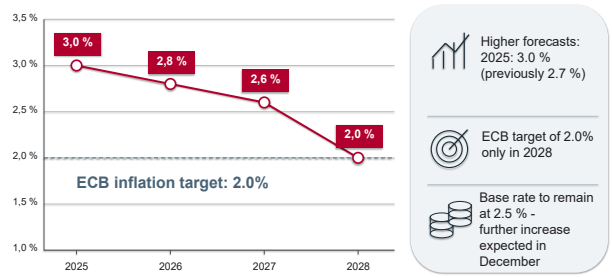
Binding bans must also be supplemented by effective monitoring and enforcement mechanisms. Regular price surveys can help to evaluate the impact of new regulations and determine whether existing price differences between Member States are narrowing. However, on their own, they cannot establish legal violations. To investigate infringements, competent authorities also need information-gathering powers and a reversal of the burden of proof, particularly concerning supply terms, purchasing conditions and contractual agreements.

Political decisions are needed now, not more delays

Pressure for political action has been mounting for years. As early as May 2024, Greek Prime Minister Kyriakos Mitsotakis wrote to Commission President Ursula von der Leyen urging action against unjustified territorial supply constraints and to establish an EU legal framework. Other Member States too are pressing for a solution: In September 2025, Austria, Belgium, the Czech Republic, Croatia, Greece, Luxembourg, the Netherlands and Slovenia jointly called for more decisive EU action. The Commission's 2025 Single Market Strategy identifies territorial supply constraints among the ten most harmful single-market barriers. Yet a binding solution is still not in place. Such a solution is all the more urgently needed as inflation within the EU and in Austria is on the rise again. With the problem long known and consumers still bearing the burden, a further delay - such as extending the consultation until December - is hard to justify.

Eurozone inflation rises again

ECB survey of economists: higher inflation expectations for 2025 and 2027. Target of 2.0% only in 2028



Source: EZB Survey of Professional , Forecasters (Q4), APA/Reuters

AK's policy demands

- **Clear binding EU-wide bans:** The Commission should propose a binding legal framework based on Consultation Option 4 to identify and effectively prevent territorial supply constraints.
- **Narrow exceptions requiring justification:** Objective grounds, such as mandatory consumer and product safety rules must remain available. The conditions must be narrowly defined, and companies must demonstrate that they meet them. Mandatory ingredients, labelling and safety information must not be circumvented.
- **Effective enforcement and sanctions:** The Commission must be able to pursue cross-border cases effectively; national authorities, including the Austrian Federal Competition Authority, need adequate powers and resources. Retailers and qualified stakeholders as well as consumer protection organisations should be able to report concerns.
- **No token measures:** Voluntary codes of conduct (Option 1) and non-binding guidelines (Option 2) cannot replace a ban. A case-by-case model based solely on economic dependence (Option 3) is also inadequate for this structural problem.

Conclusion: The single market must not be governed by major branded-goods manufacturers' commercial interests. The EU must finally put a stop to these trade barriers. Workers and consumers expect the single market to deliver at the supermarket checkout, not just on paper.

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AK EUROPA

The Austrian Federal Chamber of Labour (AK) is the legal body which represents the interests of approximately 4 million employees and consumers in Austria. It represents its members on all social, educational, economic and consumer policy-related issues at a national level and in Brussels at an EU level.