

Mr Hubert Gambs
Deputy Director General
DG GROW

8th September 2022

Subject: NERA's critical review of VVA's study on territorial supply constraints

Dear Mr Gambs,

I am writing to follow up on the 29th January 2021 letter that I had sent you to share AIM's view that the study on territorial supply constraints ("TSCs") conducted by VVA ("the Study") did not provide any fact-based evidence of the existence of TSCs, let alone of their widespread use by brand manufacturers.

Since then, allegations to the contrary have continued to circulate in both the general and specialised press, with certain numbers being used out of context, providing a misleading impression of the Study's findings. We have not seen any corrections from either the European Commission or VVA on any such statements.

Because the Study raised several questions from AIM members, who were concerned that it did not reflect accurately how their market works or what the real business drivers behind decision-making are, they mandated AIM to commission an independent third-party review of the Study, which the economic consultancy NERA accepted to undertake and recently concluded.

You will find annexed to this letter the executive summary of NERA's report, which presents an overview of the consultants' key findings about the Study. In brief, they determined that the Study's results are unreliable because it suffers from fundamental flaws in both its information basis and its analyses, which includes numerous erroneous assumptions, estimates and calculations.

I would like to present this report, with NERA, to you and your colleagues, as it is important to our members to ensure a thorough understanding of how we operate. The Single Market remains ever more important as recent challenges (e.g., cost inflation) have impacted the supply chain and created uncertainty in the consumer goods industry. We gathered data from our wider membership in the national associations over the summer period, and the results make for sobering reading on both the short-term and the long-term implications of these challenges.

AIM is participating in the *Retail Ecosystems 2040* initiative, although the discussions held so far seem to be more about retailers than the actual ecosystem itself, in which many other operators are active. As we are keen to share our industry's views to help drive a progressive agenda for the EU, we would welcome your

feedback as well as to the most appropriate way to reflect consumer goods manufacturers' views, *i.e.*, in which of the Ecosystems they would best fit.

Our position on issues ranging from Corporate Responsibility Due Diligence to environmental green claims demonstrates full support of the European Commission's efforts to further deepen the Single Market for the benefit of citizens, and to create a fair and level playing field for businesses. As manufacturers of goods that are present in nearly every household in Europe, we firmly believe that we can, and do, play a positive role in the Single Market.

Please let me know when it would be possible to set up this meeting in the coming weeks, so that we can present this report to you, which we will also present to other stakeholders in due course. I would be happy to host you here in our office.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'M. Gibbons', with a stylized flourish at the end.

Michelle Gibbons
Director General
AIM – European Brands Association