

Mr. Enrico Letta
February 14th, 2024

Ref: Future of Single Market Report

Dear Mr Letta,

AIM, the European Brands Association, represents 2,500 branded consumer goods manufacturers in Europe, in the food, beverages, personal care, home care, luxury, toy, and apparel categories. Our members are small, medium, and large companies, with brands ranging from national household names to global icons, all intent on delivering trusted and high-quality goods to consumers across Europe.

Enabling Consumer Choice

The Single Market, as the EU's flagship collective achievement, has undoubtedly had a positive impact on brand owners and consumers, enabling an effective and sustainable product supply to **enhance consumer choice** across Europe. Consumers have access to a vast choice of innovative products and services as a result of collaboration and cooperation between branded consumer goods manufacturers and the entire value chain across EU Member States. The Single Market framework provides legal certainty and fundamental freedoms for this value chain to operate with trust in the best interests of European consumers, taking into consideration local traditions and cultural elements, taste preferences and social habits, as well as local and regional market conditions. **Household consumption represents 51% of the EU's GDP, of which 8.10% is accounted for by fast-moving-consumer goods (FMCG) consumed at home**, after other household expenses such as housing, water, and energy costs. The economic impact of household consumption on the European economy is further enhanced by a strong and effective Single Market framework.

Driving EU competitiveness

Trade and the ability to attract investment are among the EU's most powerful assets and are at the heart of economic prosperity and competitiveness. An open, competitive, and sustainable business environment is essential for the continued success of the Single Market. The **fast-moving consumer goods (FMCG) industry is the third largest manufacturing sector in terms of value of production sold in the EU** at EUR 714.5 billion¹ representing 11.6% of the total production of manufactured goods in Europe, and therefore making it one of the strongest contributors to Europe's industrial base. The Single Market enables these goods to be traded across Europe and to contribute to the external trade balance of the EU through exports. **61% of all FMCG products manufactured in the EU are traded within the EU**, accounting for 6.5% of total intra-EU27 trade in 2022. The remaining 39% are exported, accounting for 6.8% of the total extra-EU27 trade in 2022.

Catalysts for change

Investment in research & development drives innovation in branded consumer goods. The FMCG industry invested EUR 17.3 billion in R&D in 2022 alone, more than the entire R&D expenditure of some EU countries, such as Austria and Poland. **Over the past decade, the FMCG sector has invested no less than EUR 145.3 billion in R&D in the EU**. The scale of this R&D investment leads to better products, improved production processes and more sustainable consumption.

¹ See Eurostat 2022, Prodcom, FMCG: Packaged Food, Pet Care, Health & Beauty, Household Cleaning Products, Non alcoholic and Alcoholic Drinks, Paper Tissue & Hygiene. 412 categories in 2022; [Industrial production statistics](#)

These facts and figures underline the importance of the Single Market to the consumer goods industry and the way our goods are traded within the EU. Our brands, trusted and loved by consumers and households across Europe, serve both the citizens and the economy of Europe.

In considering how to strengthen and reinvigorate the Single Market for the next 30 years, while recognising the rich diversity of Europe's citizens and economy, there are three aspects that AIM believes will help unlock further potential for EU competitiveness and growth:

1. Strengthening intellectual property rights to reinforce the Single Market:

Intellectual property rights (IPR) are fundamental to protecting innovation and therefore to fostering entrepreneurship and growth. **The IPR industry, which includes the branded consumer goods sector, accounts for 47.1% of the EU's GDP.**

IP-infringing goods and content account for almost 6% of the value of all imports into the EU.² This has a direct negative impact on the EU economy and the Single Market. The lack of resources available to law enforcement authorities to effectively combat this problem is reflected, *inter alia*, in the 43% drop in the number of IP-infringing goods intercepted at the EU's borders in 2022.³ The negative impact of counterfeiting and other IPR infringements on the EU's consumers, industries, creators, employment, markets, public budgets and the environment has been examined and proven in a wide range of reports and studies by the EUIPO's Observatory on Infringements of IPRs.⁴

To further strengthen the Single Market, AIM recommends an increased focus on ensuring that the Single Market is not undermined by IP-infringing products by: harmonised enforcement of intellectual property rights to the extent possible; clarifying the interpretation of IPRED; ending the practice, which runs contra to the general principles of liability, that a right holder is forced to pay for the storage and destruction of illegal goods moved and marketed by its illegal competitors; amending the rules to allow goods under customs control to be legally transported to another Member State for the purposes of appropriate destruction; clarifying the data and privacy rules for law enforcement; promoting uptake of one, or at least interoperable, secure database(s) for right holder-LEA communication; and re-examining the treatment of parasitic copying.

2. Enhancing value for consumers and businesses in the EU by advancing fairness in trading:

The EU benefits from a proven and effective set of competition rules, which have recently been extensively reviewed and updated. Efficient and fact-based enforcement by competition authorities will continue to support a well-functioning Single Market that takes account of the diversity of consumers, businesses, and market conditions in the different EU Member States.

Strengthening existing fair trading legislation with a Single Market focus would further enhance an efficient market for consumer goods. In 2019, the EU adopted the first legislative act to tackle unfair B2B trading practices but limited it to the agri-food sector. This legal instrument is widely supported by producers and manufacturers across all categories of the consumer goods industry. Extending its current narrow scope⁵ to all-size companies and all product categories, and adding the Single Market legal base (Article 114) to the existing agri-food legal base, would protect a much wider range of consumer goods suppliers and retailers

² <https://www.oecd.org/gov/global-trade-in-fakes-74c81154-en.htm>

³ https://taxation-customs.ec.europa.eu/customs-4/prohibitions-and-restrictions/counterfeit-piracy-and-other-ipr-violations/intellectual-property-rights-facts-and-figures_en

⁴ <https://www.euipo.europa.eu/en/observatory/publications>

⁵ Limited to agri-food products and companies with a yearly annual global turnover below EUR 350 million

from market abuse. A fair and competitive trading environment would lead to stronger and more resilient supply chains.

To further strengthen the Single Market, AIM recommends that the Unfair Trading Practices Directive (2019/633) is revised and the legal base of Article 114 is added to the current legal base of Article 43.

AIM has contributed case studies on the above two issues in the Compendium of Single Market Obstacles⁶ released in February 2024.

3. Unlocking the diversity and dynamism of the Single Market by adopting a market-based and holistic approach:

The Single Market is often misinterpreted by some to mean one, or “the same”, market everywhere in the EU. Some claim that all products should be available to all at the same price. The reality is that the Single Market is a ‘mosaic’ of markets – local, regional, and national – all distinctive and determined by different cost-driven parameters – depending on local market regulations, local taxation, local salary indices, local pricing, local competitors, local supply, distribution and logistics networks, local commercial agreements on promotions, local raw materials, local brands – and, most importantly, different consumer-driven parameters – depending on local tastes, needs, customs, habits and purchasing power. Less than 10 percent of products are identical in any two markets, which celebrates the wealth of choice available to consumers. This rich diversity is embodied in the EU’s motto *United in Diversity*. Brand manufacturers must and do adapt both to these local consumer preferences and needs in order to best serve them, and to the relevant local market conditions to comply and compete effectively.

Market conditions include the competitive situation in each market and the applicable regulatory requirements. AIM’s Insights Paper on Assortment & Consumer Price Differences in Europe⁷ outlines this in further detail. For branded consumer goods, market conditions include, in particular: the competitive dynamics in a specific market, such as the market players and their position in that market; an assessment of the extent to which a brand is valued and therefore purchased by consumers in that market; whether the effort and investment required to build the brand, or to protect the brand once it is established in the specific market, provides a sufficient return on this investment. Not all brands are or will be successful in all markets, and as manufacturers have a more limited portfolio of brands, the business operations are managed with all of the above dynamics in mind.

As logistics and transport costs are economically significant, distribution networks in the EU tend to be organised nationally to ensure timely delivery and achieve higher sustainability standards. In a context where they need to implement efficient, resilient and sustainable production and distribution systems, manufacturers should have the freedom to be sustainable and to organise transport in the most efficient manner.

Regulatory requirements are another key factor: requirements for consumer goods vary from one country to another across Europe, whether for labelling, packaging, recycling, composition, sustainability or consumer information. Better harmonised rules and standards for businesses and greater convergence in these areas would reduce the regulatory barriers across the Single Market, leading to cost savings, increased efficiency, easier market access, and ultimately higher consumer welfare.

Distributors of branded consumer goods often claim that manufacturers constrain the supply of consumer goods. No well-managed business will deliberately forgo sales. The reality is that manufacturers with a specific product portfolio have to consider all the above dynamics, unlike retailers who are in the

⁶ <https://ert.eu/wp-content/uploads/2024/02/Single-Market-Compendium-of-obstacles-12-Feb-2024.pdf>

⁷ [AIM Insights Paper on Assortment & Consumer Price Differences in Europe](#)

advantageous position of offering many competing products on their shelves and can therefore substitute if one product fails to attract consumers.

Given the dynamic nature of consumer demand, the importance of brand recognition and consumer trust, and the investments and efforts made by manufacturers to build and maintain their brands in the most sustainable way, a more harmonised legal and regulatory environment would increase the efficiency and competitiveness of businesses by facilitating their market access, reducing their compliance costs and streamlining their operations, all of which would benefit European consumers.

I hope this briefing demonstrates the value that the FMCG industry attaches to the Single Market framework, and remain at your disposal for any further questions.

Kind regards,



Michelle Gibbons
Director General

About AIM

AIM (Association des Industries de Marque) is the European Brands Association, which represents manufacturers of branded consumer goods in Europe on key issues that affect their ability to design, distribute and market their brands.

AIM comprises 2500 businesses ranging from SMEs to multinationals, directly or indirectly through its corporate and national association members. Our members are united in their purpose to build strong, evocative brands, placing the consumer at the heart of everything they do.

AIM's mission is to create for brands an environment of fair and vigorous competition, fostering innovation and guaranteeing maximum value to consumers now and for generations to come. Building sustainable and trusted brands drives the investment, creativity and innovation needed to meet and exceed consumer expectations.

AIM's corporate members

AB InBev • Arla Foods • Bacardi Limited • Barilla • Beiersdorf • Bel Group • BIC • Chanel • The Coca-Cola Company • Colgate-Palmolive • Coty • Danone • Diageo • Dr. Oetker • Essity • Estée Lauder • Ferrero • Freudenberg/Vileda • FrieslandCampina • Groupe Lactalis • Haleon • Heineken • Henkel • JDE Peets • Johnson & Johnson • Kellogg • The Kraft Heinz Company • Lavazza Group • The LEGO Group • Levi Strauss & Co. • Lindt & Sprüngli • L'Oréal • LVMH • Mars Inc. • McCormick • Mondelēz • Nestlé • Nike • Nomad Foods Europe • Orkla • PepsiCo • Perfetti Van Melle • Pernod Ricard • Philips • Procter & Gamble • Puma • Reckitt • Sanofi • Savencia Fromage & Dairy • SC Johnson • Signify • Sofidel • Unilever

AIM's national association members

Austria Markenartikelverband • Belgilux BABM • Czech Republic CSZV • Denmark MLDK • Finland FFDIF • France ILEC • Germany Markenverband • Hungary Márkás Termékeket Gyártók Magyarországi Egyesülete • Ireland Food & Drink Federation • Italy Centromarca • Netherlands FNLI • Norway DLF • Portugal Centromarca • Russia RusBrand • Spain Promarca • Slovakia SZZV • Sweden DLF • Switzerland Promarca • United Kingdom British Brands Group