

IMACE Contribution to the Call for Evidence on Territorial Supply Constraints, Unfair Trading Practices and Price Setting

About IMACE and the Margarine Sector

IMACE, the European Margarine Association, represents the interests of the margarine and plant-based fats industry in Europe. The sector transforms vegetable oils and fats into safe, nutritious and affordable products for consumers, foodservice and food manufacturing across the European Union.

The margarine sector is an integral part of the European agri-food system and closely interconnected with both agriculture and food processing. It relies on a complex value chain, sourcing oilseeds and vegetable oils from European and international markets and supplying products across the Single Market. As such, it contributes to food security, affordability and sustainability, while supporting employment and economic activity in both rural and industrial regions.

IMACE is fully aligned with the position of FoodDrinkEurope and supports a balanced and evidence-based assessment of territorial supply constraints (TSCs), unfair trading practices (UTPs), and price formation mechanisms.

The Functioning of the Single Market and Price Differentiation

The European Single Market is a key enabler of efficiency, innovation and consumer choice. However, it should not be interpreted as a uniform market with identical conditions across all Member States. In practice, the food sector operates within a “mosaic” of national and regional markets, each shaped by specific economic, regulatory and consumer-related factors .

Price differences across Member States reflect these structural realities. Production and distribution costs vary significantly due to differences in wages, energy prices, taxation, logistics and access to raw materials. In addition, national regulatory requirements, including those related to labelling, packaging, composition and sustainability, create further divergence in cost structures.

Beyond these factors, consumer demand varies substantially across the EU, influencing product characteristics, market positioning and pricing. These elements are intrinsic to the functioning of the Single Market and should not be interpreted as evidence of unjustified territorial restrictions.

Sector-Specific Considerations: Product Differentiation in the Margarine Market

The margarine and plant-based fats sector is characterised by a high degree of product differentiation driven by consumer preferences. Spreads are not standardised products; their formulation and characteristics are closely linked to local tastes, habits and expectations.

Across Member States, differences can be observed in flavour profiles, salt content, fat composition, texture and functionality. As a result, manufacturers frequently adapt recipes and product specifications to meet national consumer demand. This means that products marketed under the same brand may differ across countries in terms of composition and production processes.

These adaptations are essential to ensure consumer acceptance and competitiveness in local markets. However, they also generate additional costs and operational complexity, which are reflected in pricing structures. This sector-specific reality reinforces the broader point that product differentiation is driven by legitimate market factors rather than an intention to fragment the Single Market.

Price Formation and the Role of Retailers

In line with the FoodDrinkEurope contribution, IMACE underlines that consumer prices are set by retailers. Retailers determine final shelf prices for both branded and private label products based on their commercial strategies, competitive positioning and local market conditions.

This dynamic is particularly relevant in the margarine sector, where private label products represent a significant share of the market. In such cases, retailers exercise direct control over product specifications, sourcing decisions and pricing strategies. Even for branded products, retailers retain full autonomy in setting consumer prices and promotional conditions.

Empirical evidence confirms that price differences across borders are primarily driven by retailers' pricing strategies rather than by manufacturers' wholesale pricing. Therefore, any analysis of price setting should carefully consider the central role of retailers and avoid attributing price differences solely to upstream actors.

Unfair Trading Practices and Supply Chain Imbalances

IMACE shares the concerns expressed by FoodDrinkEurope regarding imbalances in the food supply chain, particularly in relation to retail concentration. Unfair trading practices can place disproportionate pressure on manufacturers, limiting their capacity to invest in innovation, sustainability and competitiveness.

Ensuring fairness across the supply chain is essential to maintain a resilient and future-proof agri-food sector. This includes effective enforcement of existing rules and a careful assessment of whether additional measures are needed to address persistent imbalances.

At the same time, it is important to recognise that price formation is influenced by multiple factors across the value chain, and that addressing UTPs alone will not necessarily lead to uniform price levels across Member States.

Need for a Robust and Evidence-Based Assessment

IMACE supports the need for a thorough and evidence-based impact assessment. The assumptions underpinning the Call for Evidence require further analysis, particularly regarding the relationship between sourcing practices, wholesale prices and consumer outcomes .

A comprehensive assessment should establish clear causal links between these elements and consider the possibility of limited or uneven pass-through of cost changes to consumers. It should also evaluate the potential unintended consequences of policy intervention, including risks to investment, production location and supply chain resilience.

Furthermore, the assessment should fully reflect the diversity of food markets and the sector-specific characteristics of products such as margarine, where differentiation and adaptation to local demand are inherent features of the market.

Conclusion

The European margarine sector remains committed to contributing to a competitive, sustainable and resilient food system. It supports the objectives of ensuring fairness in the supply chain and improving the functioning of the Single Market.

However, price differences across Member States are primarily driven by structural, regulatory and market factors, including consumer preferences and retailer pricing strategies. Product differentiation, particularly in the margarine sector, is a necessary and legitimate response to diverse consumer demand across Europe.

IMACE stands ready to engage constructively with EU institutions to ensure that any future policy action is proportionate, evidence-based and supportive of both competitiveness and sustainability across the European food chain.



About IMACE

IMACE is the European Margarine Association, the only European organisation fully dedicated to representing margarine and plant-based spreads. Our members are leading in nutrition, sustainability, competitiveness and innovation — from optimising the fat composition of products to driving healthier, affordable plant-based diets. IMACE gives the industry a strong voice in Europe, shaping fair regulation and promoting the role of margarines and spreads in building a healthier and more sustainable future.

For more information, visit www.imace.org.