

e-Competitions

Antitrust Case Laws e-Bulletin

Preview

The Turkish Competition Authority announces zero tolerance policy against excessive price increases in the food sector during the COVID-19 outbreak

UNILATERAL PRACTICES, EXCESSIVE PRICES, AGRICULTURE / FOOD PRODUCTS , SANCTIONS / FINES / PENALTIES, PRICE INCREASE, TURKEY, ACT OF STATE, COVID-19

Turkish Competition Authority, *Public announcement as to prices in the food market*, Press Release, 23 March 2020 (Turkish)

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e-Competitions News Issue Preview

The world is clearly going through uncertain times as a result of the COVID-19 outbreak. In Turkey, although at the moment there are significantly fewer confirmed cases of COVID-19 in Turkey as compared to the Western European countries and the UK, the COVID-19 pandemic outbreak has also altered the shopping habits of individuals in Turkey, who now tend to buy food and commodities in bulk.

On March 23, 2020, the Turkish Competition Authority (“**Authority**”) has issued a public announcement. [1] In the press release, the Authority emphasized that the Authority has observed various excessive price increases in the food markets, particularly fresh fruits and vegetables market, during the COVID-19 outbreak and ensured that the Authority, with the aim of protecting the consumer welfare, will continue to monitor these price increases and the market players, which have been also contributing to these increases. In this respect, the Authority has indicated that maximum administrative monetary fines will be imposed on the individuals and undertakings (all the players including manufacturers, intermediaries, carriers, final sales points), which engage in anti-competitive behaviours in the food market, especially fresh fruits and vegetables, as per the Law No. 4054 on the Protection of Competition (“**Law No. 4054**”).

Additionally, the President of the Turkish Competition Board (“**Board**”), Mr. Birol Küle’s press release regarding the fresh fruits and vegetables prices has been published at the Authority’s official website on March 25, 2020 [2]. The press release indicates that the Authority identified that the public announcement two days prior to this press release regarding the excessive price increases in the food markets has not been taken seriously by certain parties. In this respect, it is underlined that there are no price increases on the part of farms and greenhouses, no decrease in demand, no increase in the costs for fuel, storage, and labour force and thus, the players are leading to “*artificial shortage*” through immoderate price increases. Once again, Mr. Küle warned that the Authority has zero

tolerance policy against these practices; these practices will be immediately sanctioned; and the fines and the processes will be in line with the severity of the crisis. Mr. Küle has pointed out to the Board's discretion on the rate of the fine and these practices could be sanctioned at the upper threshold for the fines (i.e. 10% of annual gross revenues of the incumbent undertakings and associations of undertakings or members of such associations). Finally, Mr. Küle emphasized that the Authority will continue to show all its efforts to maintain the competitive landscape and thus, the market order.

Accordingly, although at this stage the pandemic is a dynamic agenda and thus, the outcome of the Authority's public announcement and press release remains unknown, it appears that the Authority targets not to allow undertakings to exploit the situation to take advantage of people through excessive pricing practices in this pandemic environment. To that end, the Authority will continue to closely monitor the food market and other markets in Turkey in this rapidly evolving pandemic environment in order to ensure consumer welfare would not be adversely affected from any anti-competitive conduct. In this regard, it could be indicated that potential investigations on that front could be expected in the near future.

[1] See, <https://www.rekabet.gov.tr/tr/Guncel/kamuoyuna-duyuru-3b18d865266dea11811700505694b4c6> ↗

[2] See, <https://www.rekabet.gov.tr/tr/Guncel/rekabet-kurumu-baskani-birol-kule-nin-ya-19def560896eea11811700505694b4c6> ↗