

COVID-19: TCA announces zero-tolerance policy towards excessive price increases

09 April 2020 | Contributed by [ELIG Gurkaynak Attorneys-at-Law](#)

Public announcement

Press release

Comment

The world is clearly going through uncertain times as a result of the COVID-19 pandemic. Although there are significantly fewer confirmed cases of COVID-19 in Turkey compared with other countries, the pandemic has altered the shopping habits of Turkish consumers, who now tend to buy food and commodities in bulk.

Public announcement

On 23 March 2020 the Turkish Competition Authority (TCA) issued a public announcement.⁽¹⁾ In its announcement, the TCA emphasised that it has observed excessive price increases in the food sector – particularly for fresh fruit and vegetables – during the COVID-19 pandemic. Further, to protect consumers, the TCA has stressed that it will continue to monitor these price increases and the market players that have contributed thereto.

In this respect, the TCA has indicated that, in accordance with Law 4054 on the Protection of Competition (Law 4054), the maximum administrative monetary penalties will be imposed on individuals or undertakings (including manufacturers, intermediaries, carriers and final sales points) which engage in anti-competitive behaviour in the food sector, especially relating to fresh fruit and vegetables.

Press release

On 25 March 2020 President of the Turkish Competition Board Birol Küle issued a press release on the TCA's website regarding fresh fruit and vegetable prices.⁽²⁾ Küle acknowledged that certain market players had ignored the TCA's earlier public announcement regarding excessive price increases in the food sector.

The press release underlined that there had been no price increases on the part of farms and greenhouses, no decrease in demand and no increase in fuel, storage or workforce costs. However, the actions of certain market players were contributing to an "artificial shortage" through excessive price increases.

For the second time, Küle warned that the TCA has a zero-tolerance policy on such practices and violators will be penalised accordingly (ie, the severity of the penalties will match the severity of the current crisis). He further indicated that such practices could be penalised at the upper thresholds (ie, fines equal to 10% of the annual gross revenue of incumbent undertakings and associations of undertakings or members of such associations). Küle emphasised that the TCA will continue its efforts to protect the market's competitive landscape.

Comment

Although the COVID-19 pandemic is a developing crisis and the market's response to the TCA's public announcement and press release remains to be seen, the TCA appears committed to preventing undertakings from exploiting consumers through excessive pricing practices.

To this end, the TCA will continue to closely monitor the food sector and other markets in Turkey to safeguard consumer welfare from the adverse effects of anti-competitive conduct. Further investigations into such conduct can be expected in the near future.

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Endnotes

(1) See [here](#).

(2) See [here](#).

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