

PRESS RELEASE

Subject: In-depth investigation into the effects of COVID-19 pandemic on the markets for basic food commodities

Milk & Flour/ Cereals

The Hellenic Competition Commission ("HCC"), acting within its powers, systematically investigates and monitors financial data for various sectors, in particular relating to basic consumer goods and foodstuffs, as well as consumer complaints and media reports regarding, on the one hand, price increases on basic consumer goods throughout the value chain (such as, indicatively, agricultural and food products) and, on the other hand, any shortages of these products. To that end, it has developed a strategy of targeted intervention wherever and whenever it is deemed necessary, as the authority responsible for finding any violations of the provisions of Law 3959/2011 and Articles 101 and 102 TFEU or by means of regulatory interventions.

In this context and following relevant media reports, especially during the crucial period of COVID-19 pandemic outbreak in our country, concerns were raised on potential shortages and/or price increases of particular agricultural and food products. The initiation of ex officio investigations, among other actions, in the markets and supply chains for milk, cereals and flower was therefore deemed necessary to establish possible infringements of Articles 1 and 2 of Law 3959/2011 and/or Articles 101 and 102 TFEU¹.

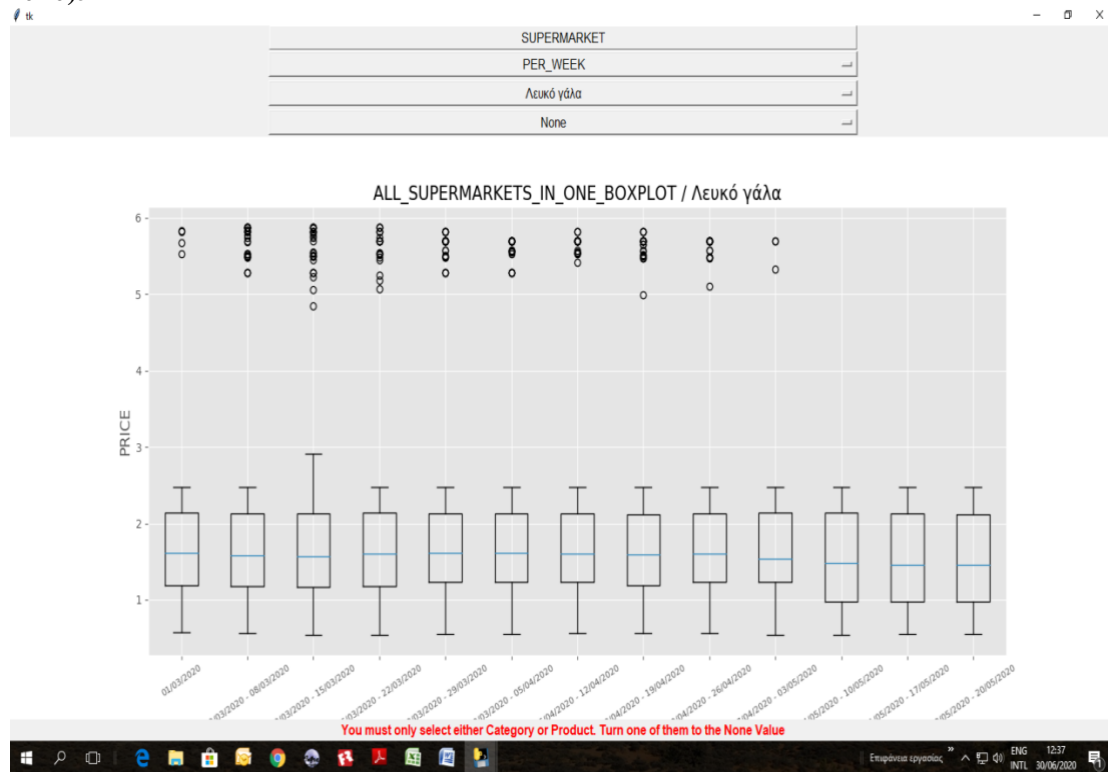
In this respect, on 15.4.2020, the HCC sent questionnaires, requesting purchase and sales data for the period from February 2020 to April 2020, to undertakings active in the production and marketing of the above products. In addition, the HCC, in order to investigate the entire value chain of the products, with a particular focus on possible effects of the COVID-19 pandemic on consumer prices, carried out, in collaboration with Experts –Professors of Computer Science and Economics– a consumer prices analysis regarding certain basic food commodities of the above categories.

The HCC has now at its disposal the appropriate tools enabling it to monitor price development in the sub-categories of its interest, even more systematically. Statistical analyses are now being carried out on multiple categories of basic consumer products, including those mentioned above. Furthermore, the use of time series analysis allows the HCC to observe, by product category, the key parameters emerging over time, such as, for example, price trend, any cyclical or seasonal components, but also random or irregular variations.

¹ See also HCC Press Release: <https://www.epant.gr/en/enimerosi/press-releases/item/888-press-release-actions-taken-in-the-context-of-competition-rules-enforcement.html>

Based on the above tools, and in particular for the white milk category, as shown in the Figure below, it is observed that the median price for all supermarket companies was relatively stable during the Covid-19 pandemic outbreak period in our country until 26.4.2020 (end week), when a decrease thereof is reflected. Furthermore, there is a greater dispersion of white milk prices in relation to their lower levels (i.e. lower than the median price)².

Figure 1: White milk median price – all supermarkets, per week (March – May 2020)³



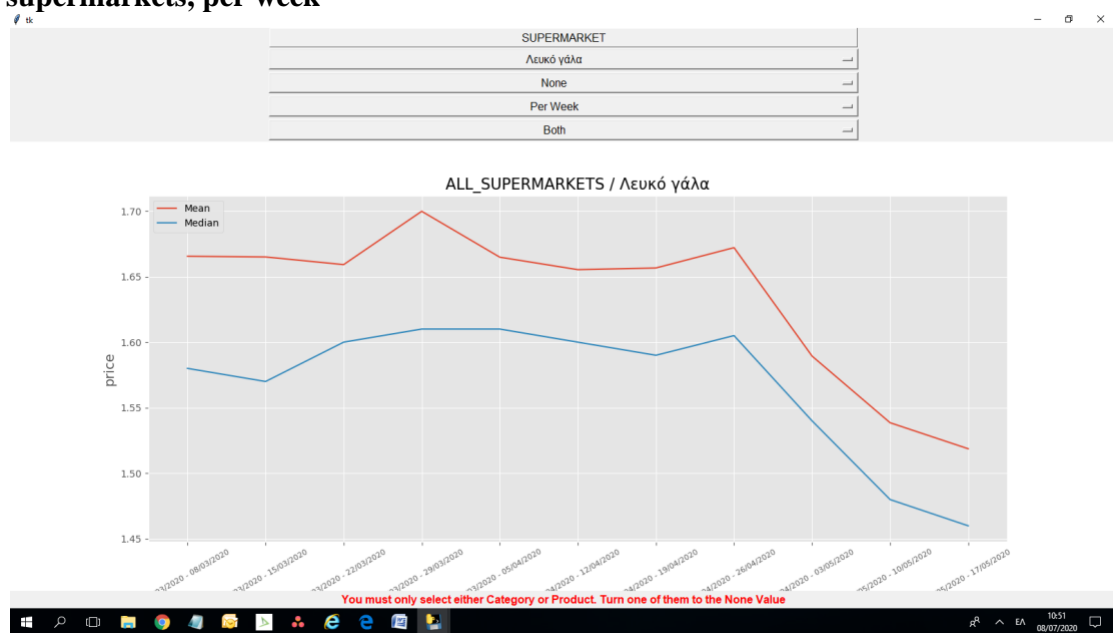
The above observations are also confirmed by the time series analysis⁴. The following Figure shows a slight increase of the white milk median price at the beginning of the movement restriction period, due to the Covid-19 pandemic. This is followed by a relative price stability while, at the end of the movement restriction period, white milk prices declined by 10%.

² With the exception of the period around 15.3.2020 (end week) at the beginning of the movement restriction period.

³ The outliers concern concentrated milk multipacks (six-pack), which have consistently higher prices than unit packs and the other types of milk (e.g. fresh milk).

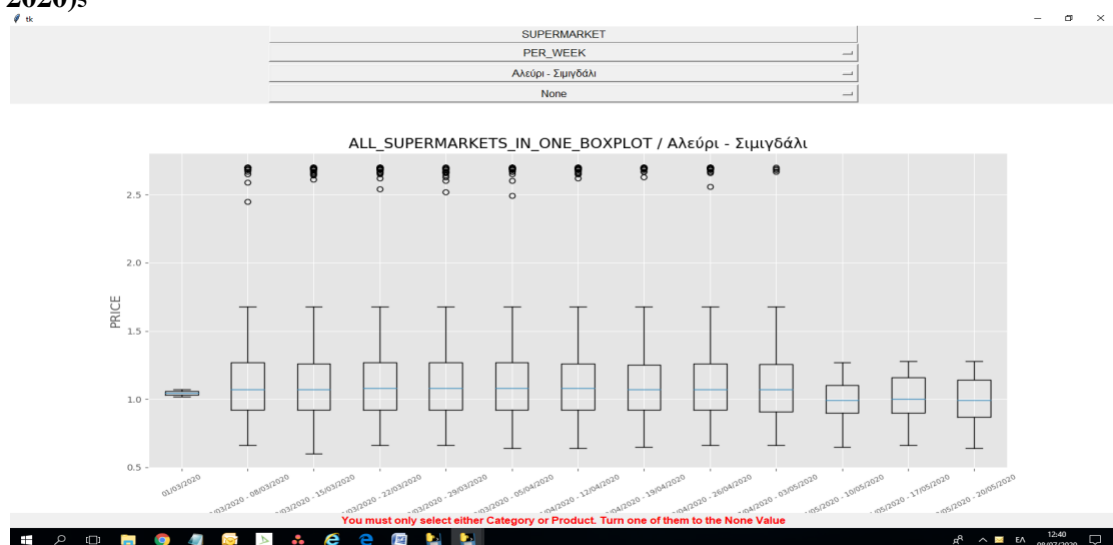
⁴ It is noted that, for the calculation of the arithmetic mean, every observation of the data set is taken into account and this is why the arithmetic mean is affected by any outliers. On the contrary, since the outliers have a minor effect when calculating the median, the use of the median to draw observations and conclusions is preferred.

Figure 2: Time series analysis – Average/median price of white milk in all supermarkets, per week



Regarding this category, over time as well as during the whole period of the Covid-19 pandemic outbreak in our country, until 03.05.2020 (end week), stability in the median price of flour-meal is observed, despite the increased demand recorded in the same period. Similarly, both price dispersion and the maximum and minimum prices do not show significant changes during the period under consideration. On the contrary, after the suspension of the restrictions imposed due to the pandemic, there is a decrease in the maximum prices of flours and a slight decrease in their median price.

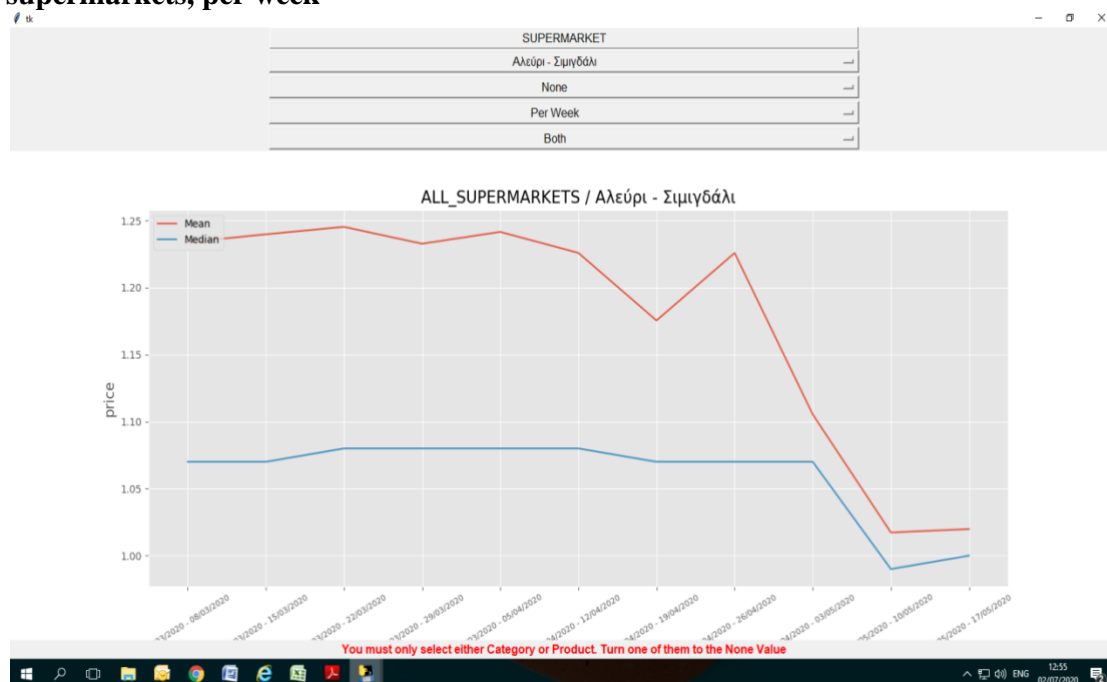
Figure 3: Median flour-meal price – all supermarkets, per week (March – May 2020)⁵



⁵ Outliers concerning oat flour.

These conclusions are confirmed by the time series analysis, as shown in the Figure below, which shows that the median price remains almost constant for the entire period 01/3 - 26/4, i.e. both during the restriction period due to the Covid-19 pandemic, as well as during Easter, when demand for these products was high. A drop in the median price is observed in the period after 03.05.2020 in the supermarket channel.

Figure 4: Time series analysis – Average/ median price of flower-meal in all supermarkets, per week



It is noted that this analysis is descriptive. The review of the above data shows that there is no significant increase in the median prices of white milk and flour-meal in supermarket chains during the outbreak of the Covid-2019 pandemic (Jan-May 2020) in our country. The explanation for the respective changes, as well as any price increases at other stages of the supply chain will be provided by the HCC at the next stage of the investigation. The HCC will also periodically update its investigation with new data and will remain particularly vigilant where significant price increases and financial burden on consumers are observed for different product sub-groups.

It is further noted that, in any event, the HCC will remain vigilant with regard to any developments and will continue to intervene for possible violations of the provisions of Law 3959/2011 and Articles 101 and 102 of the Treaty on the Functioning of the European Union (TFEU), with a view to safeguarding the competitive market structure and protect consumer interests and economic growth.