

Advertisement Board Imposed Sanctions against Exorbitant Price Increase during COVID-19 Outbreak

While the world and Turkey are dealing with coronavirus pandemic, demand for protective masks, sanitizer, cleaning products and foodstuff significantly increased. Some manufacturers, suppliers and retail businesses exorbitantly and inequitably increased prices of those products which are intensively demanded by the consumers during this outbreak.

The Advertisement Board, recently in March 2020, imposed administrative monetary fine corresponding to TRL 10.090.060 (approximately Euro 1.500.000) in total against 198 manufacturers, suppliers and retail businesses as per Turkish Consumer Protection Law due to their acts of exorbitantly and inequitably increasing prices of protective masks, sanitizer, cleaning products and foodstuff. The Advertisement Board reasoned that exorbitant price increase above usual increase in costs without any reasonable ground is unfair and is against binding professional care standards; it negatively affects buying behavior of consumers and causes cascading price increase on overall market; these acts constitute unfair commercial practice banned by Turkish Consumer Protection Law.

As per Article 62 of Turkish Consumer Protection Law if a commercial practice does not comply with the requirements of professional care and significantly damages or is highly likely to damage the economic course of conduct of the ordinary consumer or target group it aims, it shall be deemed as unfair. The implementing Regulation on Commercial Advertisement and Unfair Commercial Practices ("Regulation") lists non-exhaustive examples of unfair commercial practices. Pursuant to the Regulation, increasing the sales prices of the goods and services presented to consumers without reasonable grounds by indicating that the sales price increase is a result of changes such as input cost and the exchange rate, even though the sale price is unaffected by these changes is unfair commercial practice.

Indeed the average market prices of materials like protective masks, sanitizer, cleaning products and foodstuff which are highly demanded during Covid-19 pandemic might exorbitantly increase due to unfair acts of sellers applying unfair prices to their products. Consequently the supply chain of those products might adversely be affected due to these unfair acts which are also likely to cause market disruption. In this respect the market surveillance of the Advertisement Board and the administrative sanctions against the violations during Covid-19 pandemic outbreak are very important protective measures.