



COMPETITION & ANTITRUST

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The Greek Parliament and the governmental and regulatory authorities in Greece have recently been very active in designing and implementing various regulatory initiatives to alleviate the economic burden borne by consumers as a result of the soaring prices of certain commodities. In this regard, new legislative measures have been adopted to address price increases and to sanction business practices that are liable to entail unfair profitability at the expense of consumers.

To start with, **Article 54 of L. 5045/2023** establishes the specification of the maximum gross profit margin of businesses regarding products that are perceived to be essential for consumers in Greece (the “**Gross Profit Margin Cap**”). Moreover, **Articles 15 and 16 respectively of L. 5055/2023** introduced two novel initiatives aiming at safeguarding consumer interests, namely the “**Price Increase Announcement**” and the “**Permanent Price Reduction**”, both of which will be in force until 31 May 2024.

I. Gross Profit Margin Cap

Article 54 of L. 5045/2023 prohibits until 31 December 2023 the making of gross profit from

the sale of any product or the provision of any service that is considered essential for consumers, including e.g. those relating to health, nutrition, living, transportation, heating, hot water production, where the gross margin per unit exceeds the corresponding one before 31 December 2021. Ministerial Decision No. 80372/8.9.2023 specifies the products and services that are within the scope of this initiative and defines the maximum permissible gross profit margin.

The competent authorities for investigating potential infringements of the Gross Profit Margin Cap are the General Secretariat of Commerce of the Ministry of Development, the Interagency for Market Control (DI.M.E.A.), and the competent audit services of the Regions, which assume extensive powers to conduct inspections and access any relevant information or document deemed appropriate to effectively investigate any potential infringement. In this regard, a fine of up to EUR 50,000 may be imposed for concealing, falsifying, or not providing the information requested, or in any way obstructing an investigation.

As regards the sanctions that may be imposed to companies infringing their obligation regarding the gross profit margin cap, the competent authorities may, separately or cumulatively, impose the following sanctions:

- a recommendation for compliance with the legislative framework;
- a fine ranging from EUR 5,000 and EUR 1,000,000; and
- announce the infringing company and the respective fine imposed.

The enforcement of this initiative has already begun, and several inspections are currently being conducted by the competent authorities. In particular:

- on 2 November 2023, the maximum fine of EUR 1 million was imposed on each of two multinational companies (see press release [here](#));
- on 10 November 2023, a total fine of EUR 619,512 was imposed on three companies active in the trade of school supplies (see press release [here](#)); and
- on 15 November 2023 (i.e. just yesterday), fines totaling EUR 1,672,000 were imposed to two other multinational companies for breaching the Gross Profit Margin Cap (see press release [here](#)).

In view of the foregoing, companies seem to be reacting, with at least one company that has been found to act in breach of the Gross Profit Margin

Cap announcing that it will take all necessary legal actions to challenge the fine imposed on it.

II. Permanent Price Reduction

Article 16 of L. 5055/2023 enables companies that are active in the production or wholesale trade of consumer products to voluntarily participate in the Permanent Price Reduction initiative, by submitting no later than the 30th of November 2023 a written commitment to the Ministry of Development, which must include:

- the unique code (“barcode”), name, type and content of the product, expressed in an appropriate unit of measurement;
- the contracting companies (supermarkets or other businesses); and
- a commitment to reduce the selling price of the listed products by at least five percent (5%) in supermarkets whose total annual turnover exceeds EUR 90,000,000.

The products to be made available under the Permanent Price Reduction initiative will bear a distinct plasticized sign on their respective disposal shelves and fall under the maximum profit cap restriction prescribed in Article 54 of L. 5045/2023.

Failure to adhere to the price indicated in the written commitment submitted to the Ministry of Development would result in the imposition of a fine of EUR 50,000 per product code.

III. Price Increase Announcement

Article 15 of L. 5055/2023 establishes an obligation imposed on supermarkets whose total

annual turnover exceeds EUR 90,000,000 to notify the Ministry of Development of any increase in the purchase price from a supplier of consumer products. The products that are within the scope of this initiative are defined as being those that are necessary for a decent living or in high demand and are specified in the Ministerial Decision No. 92566/11.10.2023.

The General Secretariat of Commerce of the Ministry of Development and the DI.M.E.A. have been designated as the competent authorities to monitor and evaluate such price increase announcements and to ensure the enforcement of the initiative, by imposing fines of EUR 50,000 on anyone concealing, falsifying, or failing to provide the relevant price increase announcements.

IV. Final thoughts

This newly adopted regulatory framework and the immediate mobilization of the Greek authorities for its effective enforcement undoubtedly seek to tone down the effects of the escalating inflation, by protecting the most vulnerable consumers and households, and promoting market transparency. However, certain subtle details of the measures in question are yet to be clarified, and thus ensuring compliance with the relevant requirements is not a straightforward task for companies. Given the increased legal uncertainty in this regard, it is important for companies to seek expert legal advice in order to avoid any liability risk.

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