



ΚΥΠΡΙΑΚΗ ΔΗΜΟΚΡΑΤΙΑ



ΕΠΙΤΡΟΠΗ ΠΡΟΣΤΑΣΙΑΣ
ΤΟΥ ΑΝΤΑΓΩΝΙΣΜΟΥ

Decision CPC: 46/2018

Case Number: 11.17.015.10

THE PROTECTION OF COMPETITION LAWS OF 2008 AND 2014

Complaint filed by the Pancyprian Organization of Cattle Farmers (POCF) Public Ltd against Cyprus Grain Commission

Commission for the Protection of Competition:

Mrs. Loukia Christodoulou	Chairperson
Mr. Andreas Karidis,	Member
Mr. Panayiotis Oustas,	Member
Mr. Aristos Aristidou Palouzas,	Member
Mr .Polinikis Panayiotis Charalambides	Member

Date of decision: 24 September 2018

SUMMARY OF THE DECISION

The case concerns the complaint filed by the Pancyprian Organization of Cattle Farmers (POCF) Public Ltd (hereafter "POCF ") against Cyprus Grain Commission (hereafter "CGC"), for an alleged infringement of the Protection of Competition Law 13(I)/2008 as amended by Law 41(I)/2014 (hereafter "Law").

The complaint referred to the violation of by CGC Section 6 (1) (a) of the Law by applying excessively high prices to the products CGC offers. POCF also claims that because of the CGC's leading position in the relevant market, its competitors follow CGC's pricing policy thus keeping prices in the market at high levels. POCF also claims that CGC's competitors

realize that it is more appropriate to increase profit margins by imposing higher prices instead of selling more grain at low profit margins. Given their limited storage capacities, this practice results in higher profits for CGC's competitors compared to what they would derive if they did not follow CGC's prices.

POCF is a public limited company registered on the 14/1/2004, for the purpose of promoting cattle farm products.

CGC is a legal entity governed by public law, established on the basis of the 1954 Cereals Control Law, amended in 2004 and renamed as the Cyprus Grain Commission Act No. 143 (I) / 2004. According to the provisions of this Law, the Committee consists of nine members appointed by the Council of Ministers.

Before the accession of Cyprus to the EU, CGC maintained a state monopoly on the import and sale and storage of grains under the provisions of Chapter 68. With the accession of Cyprus to the European Union and after the amendment of Chapter 68 with Law 143 (I) / 2004 and the abolition of the monopoly on the trade of grains within the Republic of Cyprus, the trade of grains market was opened-up.

The Commission for the Protection of Competition (hereafter the "Commission") having taken into account all the evidence before it, defined the relevant product markets as the trade of 1) barley, 2) maize, 3) wheat, 4) soybean meal and 5) sunflower, for animal husbandry.

Regarding the relevant geographic market of the above-mentioned relevant product markets, the Commission decided that this extends throughout the territory of the Republic of Cyprus.

The Commission on the basis of the evidence before it concluded that the dominant position of CGC, relates only to the trade of barley and maize for animal husbandry.

The Commission proceeded to examine whether CGC abused the dominant position it held in the specific markets. The Commission concluded that the profitability of the CGC, as evidenced by its accounts, was significantly reduced to the point where grain trading for the CGC was loss-making. External factors like the economic crisis, and the increased

costs of the company caused serious losses to the company. As it turned out, the company increased its losses rather than increasing its prices as to keep its grain prices competitive and its products in demand.

The Commission unanimously concluded that, in the light of the above-mentioned conclusions and taking into account the content of the POCF's written positions on the Commission's preliminary conclusions, the CGC does not abuse its position in breach of the Article 6 (1) (a) of the law.

The Commission, having assessed all the evidence of the administrative file unanimously concluded that CGC did not infringe Section 6(1) (a) of the Law and rejected POCF complaint.

LOUKIA CHRISTODOULOU

Chairperson of the
Commission for the Protection of Competition