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Are Canada's grocers fixing bread prices?

Competition Bureau confirmed Tuesday it has launched a criminal investigation into price fixing



(DREAMSTIME)

By **FRANCINE KOPUN** Business reporter
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Are Canada's grocers conspiring to fix bread prices?

Canada's Competition Bureau confirmed Tuesday that it is conducting a criminal investigation related to price-fixing in the grocery industry.

"The Ontario Superior Court of Justice in Ottawa granted search warrants based on evidence that there are reasonable grounds to believe that certain individuals and companies have engaged in activities contrary to the Competition Act," according to a statement issued by the bureau late in the day.

"Bureau officers are conducting searches and are gathering evidence to determine the facts. There is no conclusion of wrongdoing at this time and no charges have been laid."

Both Loblaw Companies Ltd. and Metro Inc. issued news releases late in the day confirming that they are aware of the investigation.

“(We) are aware of an industry-wide investigation by the Competition Bureau concerning a price-fixing scheme involving certain packaged bread products,” according to the release from Loblaw.

The release from Metro said that the investigation is looking into the supply of commercial bread.

“This investigation concerns certain suppliers and Canadian retailers,” according to the Metro release.

Spokespeople for both companies declined to comment.

The Competition Act includes civil and criminal provisions. Criminal provisions apply to agreements to fix prices or restrict supply.

“Price fixing and bid-rigging are serious criminal offences that harm consumers and businesses by driving up prices and reducing choice,” according to a recent report on the Competition Bureau’s activities.

A cartel is formed when independent businesses agree to act together instead of competing with each other, according to the Bureau. Rigging bids, fixing prices, agreeing to share sales by territories and restricting output are the most common forms of cartel activity.

The report noted that the Competition Bureau imposed fines of \$13.28 million in cartel cases in 2016-2017. The cases resulted in one company being criminally charged.

Metro operates a network of more than 600 food stores in Ontario and Quebec under banners including Food Basics, and more than 250 drugstores.

Loblaw Cos. Ltd. is the country’s largest retailer, employing nearly 200,000 Canadians at banners including No Frills and Shoppers Drug Mart. It has more than 2,300 locations.

