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Competition Bureau's bread price-fixing probe leaves experts surprised

Competition Bureau investigators, accompanied by RCMP and local police forces, on Tuesday raided offices in Toronto, Montreal and Stellarton, N.S., where Sobeys' Inc. headquarters are located. Loblaw and Metro have also confirmed the investigation



Various brands of bread sit on shelves in a grocery store in Toronto on Wednesday. Investors in major Canadian grocers appear unfazed after the Competition Bureau raided the offices of certain companies in a criminal probe tied to alleged price fixing of some packaged bread products. (DOUG IVES / THE CANADIAN PRESS)

By **FRANCINE KOPUN** Business reporter

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Experts reacted with surprise on Wednesday to news that the Competition Bureau is investigating possible price-fixing of bread products by suppliers and retailers in Canada's grocery industry.

"I think it's unlikely that it's a widespread or very senior scheme," said Mark Satov, strategy adviser and founder, Satov Consultants Inc.

Satov was reacting to the news that Competition Bureau investigators, accompanied by RCMP and local police forces, on Tuesday raided offices in Toronto, Montreal and Stellarton, N.S., where Sobey's Inc. headquarters are located.

Read more: [Are Canada's grocers fixing bread prices?](#)

"They arrived in our Stellarton and Ontario offices (Tuesday)," said Sobey's spokesperson Jacquelin Corrado. "We are co-operating to support the investigation and have advised employees internally of the process underway."

Loblaw and Metro have also confirmed the investigation, which is looking at activity as far back as 2001.

The idea that upper management was aware of the activity seems remote, said Satov, given the potential downside, which includes criminal charges and fines. But information can flow through many different channels in the grocery industry.

Recent trends in the price of bread don't seem to support a case for price-fixing, said food market analyst Kevin Grier, who tracks food prices using Statistics Canada data.

"We've been in deflationary mode since June 2016 on bread and rolls. Between May 2016 and September 2017, the Consumer Price Index for bread and buns has dropped nearly six per cent," said Grier.

Engaging in price-fixing would break the public's trust in grocers, he added.

"We trust that our grocers are giving us safe food and we trust that they are pricing the food competitively. We trust that we're getting value. If they break the trust — if this is true — then that trust is broken and it will take a long time to fix."

Gary Sands, senior vice-president, Canadian Federation of Independent Grocers (CFIG), said that while his organization has been aware of concerns around bread pricing, his association did not file a complaint with the Bureau.

"We will await the results of this process, like everyone else," said Sands.

Canada Bread Company Limited confirmed it is included in the industry-wide investigation by the Competition Bureau into pricing conduct dating back to 2001.

Canada Bread describes itself as the leading producer and distributor of packaged fresh bread and bakery products, including grocery store staples like Dempster's, Villaggio and Vachon. It was purchased by Grupo Bimbo, headquartered in Mexico City, in early 2014.

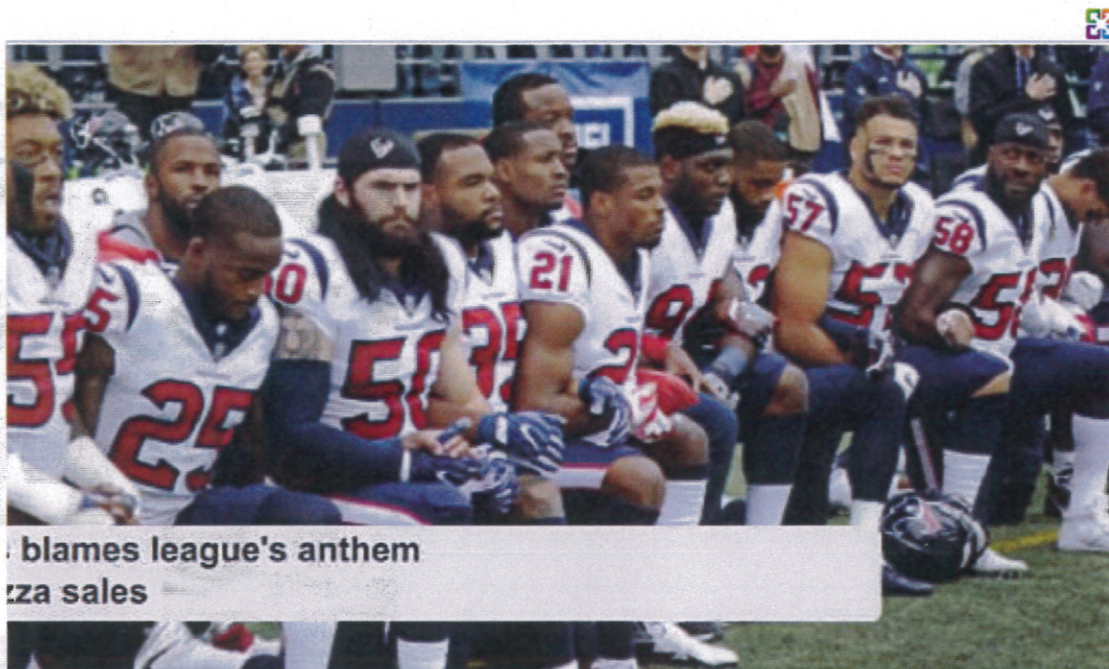
Grupo Bimbo is the world's largest baking company, with operations in 22 countries.

Canada Bread employs 4,175 people across Canada.

"Canada Bread operates with the highest ethical standards and complies with all legal and regulatory standards. The company has not been charged with any offences," according to a statement from the company.

George Weston Limited, which operates one of Canada's largest bakeries, has also indicated it is aware of the investigation, as has Walmart Canada Corp.

With files from the Canadian Press



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