

COFECE issues cautionary advice to the tortilla industry for probable absolute monopolistic practices

- *Sector representatives have publicly expressed themselves in favor of signing agreements to evaluate their products prices.*
- *The price of tortilla and its dough should be determined by each economic agent individually.*
- *If COFECE's Investigative Authority finds signs of agreements between competitors, an investigation will be initiated.*

Mexico City, February 16th 2016. - The Federal Economic Competition Commission (COFECE), in use of its prevention powers, has issued cautionary advice to representatives from chambers and associations that have publicly expressed their support towards conducting meetings to evaluate and, if the case may be, enter into agreements to raise prices in the tortilla industry. In doing so COFECE has expressed their potential anticompetitive effects.

The Mexican Constitution and applicable laws provide for a free market system in which the demand and supply determine the levels of production and the prices of goods and services. It is with this understanding that the price of tortilla and its dough should be determined by each economic agent individually.

In this sense, COFECE urges Chambers and Associations from this sector to avoid the design of rules that discourage competition between their associates and members as well as the suggestion, recommendation, endorsement or discussion for the exchange of strategic information that may constitute a collusive agreement.

COFECE reaffirms to economic agents that if they have participated in agreements in violation of the Federal Economic Competition Law (FECL), they have the opportunity to apply to the Leniency Program, which allows firms or individuals involved in the manipulation of price or supply, to obtain, in exchange for their complete collaboration, a reduction in the applicable sanctions. This allows competition conditions in the market to be restored in favor of consumers.

COFECE is responsible for the prevention, investigation and, in if the case may be, sanctioning of agreements among firms that aim to increase or manipulate prices within the markets, or to exchange information with the same purpose or effect. However, in cases where price increases are due to different motives than collusion or other illegal conducts pursuant to the FECL, other authorities are responsible for investigating such acts in the extent of their competence.

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The Federal Economic Competition Commission is entrusted with safeguarding competition and free market access. Through these, it contributes to consumer welfare and the efficient functioning of the markets. Through its work it seeks better conditions for consumers, greater output and better services and a "level playing field" for companies.