

COFECE-011-2017

COFECE rejected Soriana's proposal to divest some stores to Chedraui

- *The proposal intended to comply with the conditions imposed by COFECE on Soriana, in October 2015, in order to concentrate with Comercial Mexicana.*
- *COFECE rejected Soriana's proposal, as it offers to divest by leasing the properties that were purchased from Comercial Mexicana.*
- *COFECE's Board considers that this scheme does not meet the conditions imposed to divest the stores, and it could facilitate the exchange of information between competing companies.*
- *The divestment of other assets may be carried out in a divestment model that transfers the lease rights.*

Mexico City, March 10, 2017.- The Board of the Federal Economic Competition Commission (COFECE or Commission) partially rejected the concentration between the supermarkets *Tiendas Soriana* and *Tiendas Chedraui*, and only cleared a part of the transaction. This concentration aimed at complying some of the conditions imposed by COFECE, in October 2015, on *Soriana* to acquire 159 stores and other assets of *Comercial Mexicana* (CNT-021-2015).

Under file CNT-021-2015, *Soriana* agreed to divest those stores located in local markets where risks to competition were detected.¹

To comply with these commitments, *Soriana* proposed to divest six stores to *Chedraui*, contemplating leases of properties owned by *Soriana* and the transfer of lease rights of properties owned by third parties.

For those stores located in properties owned by *Soriana*, the proposal includes a leasing scheme which, in COFECE's opinion, does not meet the conditions imposed by the Commission to divest the stores, as it involves the establishment of a link between the two competing companies, and this could facilitate the exchange of information, as well as the commission of anticompetitive conducts prohibited by the Federal Economic Competition Law (FECL). Thus, COFECE rejected the concentration between those retailers.

In the case of stores located in third parties' properties, in which *Soriana* proposed the transfer of lease rights from *Soriana* to *Chedraui* as a divestment scheme, COFECE determined that the mechanism meets the conditions imposed in the resolution CNT-050-2015, and therefore, authorized this part of the transaction.

The review of concentrations, established in the FECL is preventive, therefore parties must have COFECE's authorization before merging.

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Soriana is a Mexican public company that sells a wide range of products including clothing, general merchandise, groceries and perishable products, under different store formats: wholesale, retail and convenience stores. *Chedraui* is a Mexican company dedicated to the commercialization of food, perishables, household goods, electronics, pharmaceuticals and clothing. Both companies have stores throughout the country.

[¹For more information, see press release issued by *Soriana* \(in Spanish\)](#)

[Press release: COFECE conditions concentration between *Soriana* and *Comercial Mexicana*](#)

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The Federal Economic Competition Commission is entrusted with safeguarding competition and free market access. Through this, 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.