

## COFECE Investigates Possible Barriers to Competition in the Market for Raw Milk

- *Possible barriers to competition in the production, distribution and/or commercialization in this market were identified.*
- *Barriers to competition and free market access are market characteristics that impede the competition process and/or limit the entry of other economic agents.*
- *The state of Chihuahua is the fourth national producer of raw milk.*

**Mexico City, November 8, 2017.-** The Federal Economic Competition Commission's (COFECE) Investigative Authority initiated an investigation to determine the probable existence of barriers to competition and free market access, in the market for the production, distribution and/or commercialization of bovine raw milk for industrial use, with the state of Chihuahua as origin and/or destination.

The initiation decision extract IEBC-002-2017, published today in the Federal Official Gazette and on COFECE's website, specifies the identification of elements that suggest the existence of possible barriers to competition in this market.

The state of Chihuahua is the fourth national producer of raw milk in Mexico. This year, it has contributed to 7% of the national production.

Barriers to competition and free market access are defined as any structural market characteristic, act or deed performed by Economic Agents with the purpose or effect of impeding access to competitors or limit their ability to compete; which impedes or distorts the process of competition, as well as any legal provision issued by any level of government that unduly impedes or distorts the process of competition and free market access.

The Federal Economic Competition Law (FECL) establishes that once the procedures set out in the Law for this type of investigation have concluded, if elements to determine the lack of conditions for competition are identified, COFECE's Board of Commissioners may: i) order the Economic Agent to eliminate the barriers that unduly affect the competition process (in case of failure to comply with the order, a maximum fine of 10% of the Economic Agent's income may be imposed), and ii) issue recommendations to public authorities when legal provisions unduly impede or distort competition and free market access.

The divestiture of assets, partnership interest or stock in the necessary proportions to eliminate the anticompetitive effects, shall proceed when other corrective measures are not sufficient to solve the identified competition problem.

To carry out this investigation, the Investigative Authority has between 30 and 120 business days, starting from the publication of the extract, which may be extended two times.

[See: How and why barriers to competition should be eliminated \(Spanish\)](#)

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### **MORE COMPETITION FOR A STRONGER MEXICO**

*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.*

