

## COFECE probes the market of cellulose products for personal care for possible absolute monopolistic practices

- *The Investigative Authority has evidence suggesting price manipulation and the exchange of strategic information among competing agents in this market.*
- *The investigation should not be interpreted as a prejudgment but as the verification by the authority of the fulfillment of the Federal Economic Competition Law.*

**Mexico City, May 3<sup>rd</sup>, 2018.-** The Federal Economic Competition Commission's (COFECE or Commission) Investigative Authority published on COFECE's website and in the Federal Official Gazette (DOF), the initiation decision for an ex officio investigation under file number IO-004-2017, for possible absolute monopolistic practices in the national market for the production, distribution and commercialization of personal care products manufactured with cellulose, cellulose pulp and byproducts. The products include diapers for babies, feminine care products, products for incontinence, toilet paper, wet wipes and other related products.

Absolute monopolistic practices are contracts, agreements, arrangements or their combination, among competing economic agents with the purpose or effect of manipulating prices, restricting or limiting supply or demand, the division, segmentation or allocation of markets, the establishment, arrangement or coordination of bids as well as the exchange of information with the purposes or effects of the conducts previously mentioned.

The investigation initiated on November 29, 2017 should not be interpreted as a prejudgment given that neither the infringements to the legal framework have been identified nor economic agents have been deemed responsible. In case alleged responsibility is determined at the end of the investigation, the economic agents will have the opportunity to offer their defense.

The Investigative Authority indicated in the initiation decision, the investigation of the existence of possible agreements among competing economic agents with the purpose or



effect of manipulating prices as well as the exchange of information with the purpose or effect of carrying out an absolute monopolistic practice.

The probe will be conducted in a period of 120 business days, counted from the initiation decision. This period may be extended up to four times.

Should the investigation provide insufficient evidence to presume the execution of absolute monopolistic practices, the Board of Commissioners may close the file. In case alleged responsibility is determined at the end of the investigation, the economic agents will be called to a trial-like procedure to offer their defense.

As per the Federal Economic Competition Law, economic agents engaging in absolute monopolistic practices are fined with up to 10% of their annual income. Economic agents that contributed, facilitated or instigated the execution of said absolute monopolistic practices among competitors, may be sanctioned with up to 10 years in prison as per the Penal Code.

[Extract of the initiation decision \(in Spanish\): IO-004-2017](#)

[What is an absolute monopolistic practice \(in Spanish\)](#)

[COFECE's Leniency Program \(in Spanish\)](#)

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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.*

