

COFECE probes Mexican sugar market for possible absolute monopolistic practices

- *The Investigative Authority has reason to presume the existence of anticompetitive conducts in this market.*
- *This is COFECE's second investigation on absolute monopolistic practices in the market for sugar cane in the past five years.*
- *This investigation should not be understood as a prejudgment but as the Authority's verification of compliance with the Federal Economic Competition Law.*

Mexico City, June 12, 2018.- The Federal Economic Competition Commission's (COFECE or Commission) Investigative Authority published today in the *Federal Official Gazette (DOF)* and on its website, the notice of initiation of an ex-officio investigation for possible monopolistic practices in the market for the production, commercialization and distribution of sugar in Mexico.

Absolute monopolistic practices are contracts, agreements or arrangements among competing economic agents, with the purpose or effect of manipulating prices, restricting or limiting supply or demand, the division or segmentation of markets and bid rigging as well as the exchange of information to carry out any of the aforementioned conducts.

A Mexican consumes 36.7 kilograms of sugar on average per year. This industry contributes to 11.6% of the country's agricultural GDP and 2.5% of the manufacturing GDP.¹ Furthermore, Mexico is the world's seventh largest sugar producer in the world.²

For the second time in less than five years, COFECE investigates probable absolute monopolistic practices in the market for sugar cane. The first time resulted in the Board of Commissioner's sanctioning diverse economic agents with a total of 88.8 million Mexican

¹ https://www.gob.mx/cms/uploads/attachment/file/201026/Nota_Febrero.pdf

² <http://www.sagarpa.gob.mx/Delegaciones/bajacaliforniasur/boletines/Paginas/2018BS079.aspx>



pesos for participating and/or contributing, fostering or inducing the exchange of information with the purpose or effect of fixing, raising, coordinating or manipulating the retail price of standard and refined sugar commercialized by refineries. Said economic agents also restricted the sale of the product to distributors and wholesalers, with the purpose of avoiding resale of sugar at a lower price.

The new investigation, filed under IO-006-2017 and made public, should not be understood as a prejudgment of any economic agent considering that violations to the Federal Economic Competition Law have not been determined, nor have any individuals or undertakings been considered as offenders.

The timeframe for this investigation is 120 business days, from November 30, 2017, which is the day the investigation was initiated. The term may be extended up to four additional periods.

Should the investigation end without evidence that confirms the execution of anticompetitive conducts, COFECE's Board of Commissioners may close the investigation. In the case that evidentiary elements that point to the infringement of the Law are found, those responsible will be called to a trial-like procedure, at which they may present their defense.

According to the Federal Economic Competition Law (FECL), in the event an absolute monopolistic practice is confirmed, the economic agent or agents responsible may be fined with up to ten percent of their income. Should the Board of Commissioners determine a case of recidivism, the fine imposed may amount to double that of the original amount determined by the Commission. The individuals that contributed, facilitated or instigated the practices may also be fined. The individuals that participated in the order, execution or implementation of this type of agreements among competitors, may be sentenced to prison, as per the Federal Criminal Code, for up to 10 years.

[Extract of initiation of investigation \(in Spanish\): IO-006-2017](#)

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

[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.

