COFECE blocked Walmart/Cornershop concentration

- The proposed deal could generate incentives to unduly displace or block competitors’ access to the Cornershop platform and/or hinder the development of new platforms.
- The new economic agent resulting from the transaction would gain sufficient market power to hinder, diminish, harm or block competition in the market for logistical services for the exhibition, purchase and immediate delivery of products sold by supermarkets and membership price clubs through websites and mobile apps to final consumers.

Mexico City, June 5, 2019.- The Board of Commissioners of the Federal Economic Competition Commission (COFECE or Commission) blocked the concentration between Wal-Mart International Holdings, Inc. (Walmart) and Delivery Technologies S de R.L. de C.V. (Cornershop MX). If the deal went through, the acquirer could unduly displace its competitors in the market for logistical services for the exhibition, the purchase and immediate delivery of products sold by supermarkets and membership price clubs through websites and mobile apps to final consumers.

Walmart is a retail company that operates supermarkets, membership price clubs, pharmacies and on-line stores. Cornershop MX is a Mexican partnership that offers logistical services for the exhibition, purchase and immediate delivery of products offered by retailers through websites and mobile apps to final consumers. Walmart intended to acquire the entirety of partnershi interests representative of Cornershop MX’ social capital.

Among those aspects analyzed by COFECE in file CNT-161-2018, the following potential risks were identified if the concentration were carried out as originally planned:

i) Cornershop could refuse to offer its services to Walmart competitors.
ii) Walmart could refuse to retail its products on platforms operated by Cornershop’s competitors.
iii) The new economic agent resulting from the transaction could induce Walmart’s competitors to abandon the Cornershop platform through the strategic use of information produced and provided by competitors to retail their products.

The Federal Economic Competition Law allows economic agents to present commitments to address risks to competition raised by a concentration. In this case, commitments proposed by Walmart and Cornershop MX were insufficient as they did not avoid the concentration’s possible negative effects.

Thus, the Board of Commissioners resolved not to authorize the concentration, as it would hinder, diminish, harm or obstruct competition in the market for logistical services for the exhibition,
purchase and immediate delivery of products sold by supermarkets and membership price clubs through websites and mobile apps to final consumers.

Once the parties have been notified, the Law grants them the right to bring the case before the Federal Judiciary Branch for the review of the legality of COFECE’s actions, through an indirect “amparo”.

Read more (in Spanish): [What is a concentration?](#) and [Factors determined by COFECE to analyze a concentration](#).

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**MORE COMPETITION FOR A STRONGER MEXICO**

The Federal Economic Competition Commission is entrusted with safeguarding competition and free market access. This contributes to people's well-being and the efficient functioning of markets. With its work, COFECE seeks better conditions for consumers, more services of higher quality and a “level playing field” for companies.