

COFECE sanctions 5 natural persons and 3 tortilla-producing associations for price fixing and the segmentation of the corn tortilla market in the municipality of Palenque, in the state of Chiapas

- *The sanctioned economic agents fixed prices per kilogram of tortilla in a range of 10 to 17 Mexican pesos; prices were publicly advertised in tortilla mills and points of sale or shops.*
- *Market segmentation consisted in agreements of minimum distances between shops and blocking new stores from opening.*
- *The sanctioned conduct negatively affected local consumers, who paid higher prices for the staple food.*

Mexico City, July 22, 2019.- The Board of Commissioners of the Mexican Economic Competition Commission (COFECE or Commission) resolved that five natural persons (producers of corn dough and tortilla) as well as the *Unión de Industriales de la Masa y la Tortilla Palenque, A.C. (Unión Palenque)*, the *Unión de Industriales de la Masa y la Tortilla y Expendio Palenque y Pakal-Na, A.C. (Unión Flor de Maíz)* and the *Asociación de la Industria de la Masa, Tortilla y Expendio de Palenque A.C. (Asociación)* engaged in collusion in the market for the production, distribution and commercialization of corn tortillas, consisting in fixing prices for this product, as well as the segmentation of the market in the municipality of Palenque, in the state of Chiapas (file DE-031-2017).

These conducts were carried out, from March 2014 through January 2017, by members of the *Unión Palenque* and the *Unión Flor de Maíz*; while the *Asociación* participated in the agreement from May 2015 through January 2017. The responsible economic agents fixed prices for the kilogram of tortilla in a range of 10 to 17 Mexican pesos, depending on circumstances, facts that were recorded in several minutes of the meetings held between the participating associations. The economic agents also publicly advertised the agreed prices in posters displayed in tortilla shops and in other retail locations.

Likewise, it was confirmed that the sanctioned economic agents segmented the market in Palenque, as the economic agents established minimum distances between tortilla stores, the commitment to abide by the agreed-upon retailing zones and prevented the opening of more tortilla shops and points of sale. This conduct was implemented by the *Unión Palenque* and the *Unión Flor de Maíz* from May 2015 through December 2016, and by the



Asociación during September 2016. To enforce the cartel's agreement, parties to the associations set fines, the closure or relocation of retailers, and prevented third parties from entering the market.

The Commission determined that the agreements resulted in generalized hikes in prices per kilogram of tortilla in the region of Palenque, and thus estimated the damage to the market at 15 million, 707 thousand, 954 Mexican pesos derived from an overprice of 0.98 Mexican pesos per kilogram of the product, considering that the consumption of tortilla in the region of Palenque reached 16 million kilograms during the cartel's existence.

This anticompetitive conduct is considered particularly severe because it was carried out in a highly marginalized and impoverished region, decidedly and negatively affecting the sale of tortillas as a grievance to consumers.

Thus, COFECE's Board of Commissioners of sanctioned five natural persons, and three associations, the *Unión Palenque*, the *Unión Flor de Maíz*, and the *Asociación*, with fines totaling of 2 million 101 thousand 634 pesos. These sanctions were determined by the size of the market, the duration of the infringing practice, the damage caused, the evidence of premeditation, the active participation of the responsible parties and their economic capacity.

Once the parties have been notified, the sanctioned economic agents have the right to appeal before de Federal Judiciary for a review of the Commission's actions, in an indirect amparo trial.

Read more: [What are collusive practices?](#) (in Spanish)

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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.

