

COFECE-042-2020

COFECE investigates possible relative monopolistic practices in the market for the supply, distribution and retail sale of consumer goods and related services

- *This investigation shall not be understood as a prejudgment, but as an action of the authority to verify compliance with the Federal Economic Competition Law.*
- *Should the relative monopolistic practice be proved, the responsible economic agent or agents could be sanctioned with fines of up to 8% of their income and the order to suppress the conduct.*

Mexico City, November 26, 2020.- The Investigative Authority of the Mexican Federal Economic Competition Commission (COFECE or Commission) published today, in the Federal Official Gazette and on its website, the notice of initiation of an investigation for possible relative monopolistic practices in the market for the supply, distribution and retail sale of consumer goods and related services.

Recently, the Commission published the *Study on Competition in the modern channel of retail commerce of food and beverages*,¹ which, among others, indicates that big retail chains in the modern channel² can impose terms and conditions on their suppliers (such as delaying payments or applying discounts to them), and adds that this sort of conducts generates uncertainty for small suppliers and transfers on them the risk of products already acquired by the retailer not being sold, which negatively impact on their finances.

The procedure that is published today is aimed at identifying if there are one or several economic agents with substantial power in the investigated market who could be carrying out relative monopolistic practices. This investigation and the Study are part of COFECE's actions to protect competition and free market access in the commercial sector.

Relative monopolistic practices are actions, contracts, agreements or procedures carried out by one or several economic agents with substantial market power and who have or may have as purpose or effect unduly displacing other market agents, substantially impeding their access or establishing exclusive advantages in favor of one or more economic agents.

¹ Available in Spanish at: <https://www.cofece.mx/estudio-de-competencia-en-el-canal-moderno-del-comercio-al-menudeo-de-alimentos-y-bebidas/>

² The modern channel comprises, among other formats, self-service chain stores that employ technologies to manage inventories and registering sales and payments, besides possessing a wide variety of products and high sales volumes; their service hours tend to be extended, as they hire employees to cover different shifts.

Examples of these practices are tied purchases or sales, exclusivities, discriminatory prices or treatment, increasing costs for other economic agents, refusal to deal, among others.

This investigation, identified under file number IO-002-2020, must not be understood as a prejudgment on the responsibility of any economic agent, as to this date, violations to the economic competition regulation have not been identified definitively, nor the subject or subjects who, if this is the case, would be considered as probable responsible at the end of the investigation.

The timeframe for this investigation is of up to 120 working days, starting on July 24, 2020, date when the investigation began, and can be extended for the same lapse up to four occasions.

If by the end of the investigation, no elements to presume the execution of said anticompetitive practices are found, COFECE's Board of Commissioners could resolve its closure. In the case that elements to presume a violation to the Law are found, those responsible will be called to a trial-like procedure to present their defense.

Shall the execution of a relative monopolistic practice be confirmed, the economic agent or agents responsible could be sanctioned with fines of up to 8% of their turnout and ordered to cease the conduct

Read:

Extract of the agreement of initiation IO-002-2020 (in Spanish)

What is a relative monopolistic practice? (in Spanish)

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MORE COMPETITION FOR A STRONGER MEXICO

The Federal Economic Competition Commission is responsible for ensuring competition and free market access. In this way, it contributes to consumer welfare and the efficient functioning of the markets. Through its work, COFECE seeks better conditions for consumers, greater output and better services and a “level playing field” for companies.