

## COFECE warns several associations of tortilla producers about the consequences of a possible price increase if this is the result of an agreement between competitors

- *The price established by each tortilla producer must be an individual determination*
- *COFECE's Investigative Authority could initiate an investigation if it finds indications of agreements between competitors to manipulate prices.*

**Mexico City, November 27, 2020.-** The Mexican Federal Economic Competition Commission (COFECE or Commission) reports that the Investigative Authority, in its discretion, issued warnings to the *Consejo Nacional de la Tortilla* [National Tortilla Council] and diverse groups, through their representatives in the states of Hidalgo, Tamaulipas and Puebla, as it is aware that there might be an agreed increase in the price of tortilla per kilogram, which could have been encouraged by these groups by promoting among their members the manipulation of prices for this product.

In addition to the warning issued, the Investigative Authority urged the leaders to avoid issuing recommendations on price increases, as well as fostering and overseeing that their affiliates take decisions on the sale and retail prices in a strictly individual manner, in accordance with their business strategies, a mandatory fact in a free price system. Prices must be determined without any interference whatsoever from competitors, that is to say, when there is (if there is) a price increase of inputs in the production of tortilla, the decision on whether increasing prices of tortilla or not must fall on each tortilla store, as resulting from coordination with their affiliates would imply violations to the Federal Economic Competition Law (LFCE, per its initials in Spanish).

The Commission also reminded that coordination or exchange of information between competing economic agents to establish prices constitutes absolute monopolistic practices, which, when appropriate, can be subjected, among other sanctions, to fines of 10% of the turnover of each economic agent participant to the agreement, and even criminal liability



for natural persons participants to the agreement, which will be sanctioned with five to ten years or prison and with 1000 to 10,000 UMAs<sup>1</sup> in fines.

COFECE reminds economic agents that have participated in agreements that violate the LFCE, that they can adhere to the [Immunity and Sanctions Reduction Program](#) and may be granted with a reduction of the applicable fines, including criminal liability, in exchange of full and total cooperation with the investigation. In addition, for greater certainty regarding information exchanges that could constitute an absolute monopolistic practice, the Commission recommends reading the [Guidelines on Information Exchange between Economic Agents](#) (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.*

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<sup>1</sup> The value for a Unit of Measurement and Update (UMA, per its initials in Spanish) for 2020 is 86.88 Mexican pesos (MXN); 10,000 UMAs equals 868,800 MXN.

