

Cofece-039-2022

Cofece investigates possible barriers to competition and essential inputs in the markets of corn and corn flour

- *The investigated markets are those of distribution and commercialization of corn, as well as the production, distribution and commercialization of corn flour and related services in national territory.*
- *Through the inquiry, the Investigative Authority could preliminarily determine the probable existence of barriers to competition and essential inputs in said market.*
- *These markets are relevant because corn and its derivatives, such as corn flour, are essential products in the diet of Mexicans and are an important part of the agricultural and commercial activity in national territory.*

Mexico City, November 23, 2022.- The Investigative Authority (AI, per its initials in Spanish) of the Federal Economic Competition Commission (Cofece or Commission) published in the Federal Official Gazette (DOF, per its initials in Spanish) the initiation of an investigation to identify and, if applicable, determine the probable existence of barriers to competition and essential inputs in the markets for the distribution and commercialization of corn, as well as for the production, distribution and commercialization of corn flour and related services in national territory.

In the extract of the initiation agreement of the investigation with file number IEBC-004-2022, the finding of elements that suggest the lack of conditions of effective competition in the indicated markets is pointed out. However, the initiation of this investigation does not imply any prejudgment on the part of the AI of Cofece.

In accordance with the provisions of the Federal Economic Competition Law (LFCE, per its initials in Spanish), barriers to competition and free market access are considered as any structural characteristic of the market, as well as any fact or act by economic agents that has the purpose of preventing the access of competitors, limiting their ability to compete and/or distort the competition process. Legal provisions of any order of government may also be considered barriers when they unduly impede or distort the competitive process. In turn, an essential input is an element that is indispensable for the production or provision of goods and services; it has the characteristic of being irreplaceable and, sometimes, the way in which it is accessed can produce anticompetitive effects and inefficiencies in the markets.



The investigation in this market is important because corn and corn flour are necessary inputs for the production of tortillas, which are an essential part of the daily diet of Mexicans and are included in the basic food basket due to their high consumption; in Mexico 98.6% of the population consumes tortillas.¹ In some cities, the annual consumption per person is of 56.7 kg, while in rural communities it is of 79.5 kg.²

Likewise, the LFCE establishes that, once the procedures provided for this type of investigation have been concluded, if sufficient elements are found to determine the existence of barriers to competition and free market access, the Board of Commissioners of Cofece may, as the case may be:

- Order the corresponding economic agent the elimination of the barriers that unduly affect the competition process (in case of non-compliance with such order, a penalty of up to 10% of the revenues of the obligated economic agent may be imposed)
- Issue recommendations to public authorities in case there are legal provisions that unduly prevent or distort competition and free market access.
- Determine the existence of essential inputs and, if necessary, issue guidelines for their regulation.
- Order the divestment of assets, rights, social parts or shares of the involved economic agent, in the necessary proportions, to eliminate the anticompetitive effects, provided that other corrective measures are not sufficient to solve the identified competition problem.

For the development of this inquiry, the AI has a period of between 30 and 120 working days, counted from the publication of the extract, which may be extended up to two times.

Any person may contribute with this investigation by providing information through the email address aicomunicacion@cofece.mx or directly at the Commission's Filing Office, located at Avenida Revolución número 725, piso 1, colonia Santa María Nonoalco, Benito Juárez, Mexico City, postal code 03700.

¹ Data from Profeco, accessed at:

https://www.gob.mx/cms/uploads/attachment/file/257591/Sondeo_sobre_consumo_de_tortilla_a_pdf

² Data from Coneval, accessed at:

http://www.cedrssa.gob.mx/post_consumo_distribucion_y_produccion_de_alimentos-el_caso_del_complejo_n-man-z-tortilla-n_.htm



[Read How and why eliminate barriers to competition? \(in Spanish\)](#)

[Read the extract of the initiation agreement \(in Spanish\)](#)

– 000 –

MORE COMPETITION FOR A STRONGER MEXICO

The Federal Economic Competition Commission safeguards competition and free market access.

Through its work, it seeks better conditions for consumers, that more services are supplied with higher quality and that there is a “level-playing-field” for companies

