

Cofece notified economic agents of a statement of probable responsibility for possible anticompetitive conducts in the mezcal market

- *The Investigative Authority identified that a legal person and a natural person could have committed a refusal to deal, a relative monopolistic practice.*
- *Those involved may state what they deem appropriate regarding the alleged accusations against them. If found liable, they may be fined up to 8% of their income.*

Mexico City, September 27, 2023.- The Federal Economic Competition Commission (Cofece or Commission) notified a statement of probable responsibility to a legal person a natural person for their probable responsibility for unilaterally refusing to sell, commercialize or provide a service available and normally offered to third parties (relative monopolistic practice), in the market for the conformity assessment of mezcal.

In order to ensure the quality, as well as the physical and chemical characteristics and specifications of mezcal, the Conformity Assessment Bodies carry out a technical process called *conformity assessment*, which demonstrates that specific requirements applicable to a product, process, system, person or organism are met before entering the market. This process is essential to guarantee consumers that the products purchased comply with the necessary quality.

In 2022, according to information from COMERCAM (the Mexican Regulatory Council of the Quality of Mezcal), the mezcal industry generated 40 thousand direct jobs and more than 190 thousand indirect jobs; while its value amounted to more than 15 billion pesos. In addition, it is an industry with presence in 9 states of the country and exports to 81 countries. Due to the growing importance of this sector, competition is necessary for new companies to enter the market and for those already established to offer more and better products.

The investigation (under file DE-050-2019) concluded on May 22, 2023, and this notification of a statement probable responsibility marks the beginning of the trial-like procedure in charge of the Technical Secretariat of the Commission. In it, those probable responsible may state their rights, offer related evidence and present arguments. Once the procedure is completed, the Board of Commissioners of Cofece will resolve in accordance with the law.

If the existence of a relative monopolistic practice is proven, the Commission would order the correction or suppression of the illegal practice; while the legal person could receive the maximum fine allowed by law, which is up to 8% of its income, while the natural person could receive a fine of up to 200 thousand UMA, in addition to a possible disqualification from holding executive positions for up to 5 years.

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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.