

# Steel manufacturer fined in Mexico for antitrust commitments breach

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09 October 2018



Mexico's competition authority has fined steel manufacturer Villacero close to US\$3.5 million for breaching conditions imposed on the company's acquisition of Savoy International Investments in 2010.

At the time of that deal, the predecessor Federal Competition Commission raised concerns that Savoy's then existing stake in Grupo Collado, which overlapped with Villacero in the market for the manufacturing of hearth, steel pipe and cyclone mesh, could lead to anticompetitive harm following the acquisition.

As a result, the agency insisted that Grupo Collado's board of directors have no relationship with Villacero or its subsidiaries. It also ordered the company to report on its compliance with this commitment to the authority annually.

But the Federal Economic Competition Commission (COFECE) said on 4 October that a member of Grupo Collado's board of directors had sat on the board of six Villacero

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subsidiaries. Villacero's compliance reports to the commission had also been inadequate, the enforcer added.

As well as paying the fine, the company must comply with the original conditions, the agency said in a statement on 4 October.

Omar Guerrero Rodríguez at [Hogan Lovells \(Mexico\)](#) in Mexico City said: "COFECE is sending a strong message that commitments, remedies or conditions so decided must be complied [with] strictly."

The latest fine follows a series of sanctions imposed by the enforcer for commitments breaches. It [fined](#) Pemex US\$22 million in August for failing to submit an audit report on time – which was a breach of a commitment imposed in 2016. Pemex's failure to supply information to the enforcer prevented it from assessing whether the company was complying with its other commitments, the authority said.

The agency's latest decision signals it's "zero-tolerance" stance on such breaches, Rodríguez added.

Villacero could now appeal against the decision, and challenge both the alleged breach and whether the fine was proportionate, Rodríguez said.

Fernando Carreño at [Von Wobeser y Sierra SC](#) in Mexico City shared the view that the commission is obviously demonstrating that the strict enforcement of commitments is a clear priority.

"This new fine is a strong message to companies to implement strong measures of control and monitoring of commitments and conditions," he said.

Villacero did not respond to Latin Lawyer's sister publication *Global Competition Review's* request for comment.

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