

COFECE probes Mexico corn flour market

Janith Aranze 12 April 2019



Mexico's competition authority is investigating suspected anticompetitive practices in the corn flour market.

Mexico's Federal Economic Competition Commission (COFECE) is looking into "absolute monopolistic practices" in the market for the production, distribution and commercialisation of corn flour, it said on 9 April. Absolute monopolistic practices are cartel agreements such as bid rigging, information exchange and price fixing.

The enforcer started its investigation last October and has 120 days from then to issue a statement of objections or close the case, though it can extend that deadline.

Corn flour is an essential ingredient to make tortillas and is also used in fried foods, cereals, and other types of bread. The authority said the corn flour industry generates sales of more than 24 billion pesos (US\$1.3 billion) per year. Tortilla is seen as a staple food in Mexico and an essential part of the population's diet.

Fernando Carreño, a partner at [Von Wobeser y Sierra SC](#) in Mexico City, told Latin Lawyer's sister publication *Global Competition Review* the investigation is going to be "one of the most relevant" probes COFECE has conducted because the flour market has been heavily investigated and flour is the main ingredient for the production of tortillas.

"Corn flour is a key product in the Mexican economy so this investigation will definitely have a huge impact on Mexican consumers," he said.

Carreño said there are not many players in the corn flour market, and the fact COFECE waited six months before going public with its investigation shows how seriously it is taking the case.

Omar Guerrero, a partner at [Hogan Lovells \(Mexico\)](#), said corn products are part of the country's culture. "It could be the primary product" for Mexican consumers, he said, and the investigation shows the authority cares about essential products.

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Luis Alberto Aziz Checa, a partner at Aziz & Kaye Abogados, said at this stage of the investigation the companies targeted remain confidential, but it could be inferred that COFECE will request information from the two largest companies in the sector, Maseca and Minsa, as well as others that participate in the market.

Mexico-based Gruma is one of the largest corn flour makers – through its brand Maseca – and tortilla manufacturers in the world. Minsa is another leading corn flour manufacturer in Mexico. Gruma did not respond to request for comment; Minsa could not be reached for comment.

In 2017, COFECE [opened](#) a preliminary investigation into suspected price manipulation of tortillas in the state of San Luis Potosí; in April 2018 it announced that it also was probing anticompetitive conduct in the sector in Chiapas. In January the authority said it would hold a trial of the multiple economic agents accused of making an agreement among competitors with the object or effect of manipulating the sale price of tortillas in the Chiapas town of Ángel Albino Corzo.

The authority can fine a cartel up to 10% of the company's annual turnover. Individuals can be sentenced to up to 10 years in prison for cartel conduct.

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