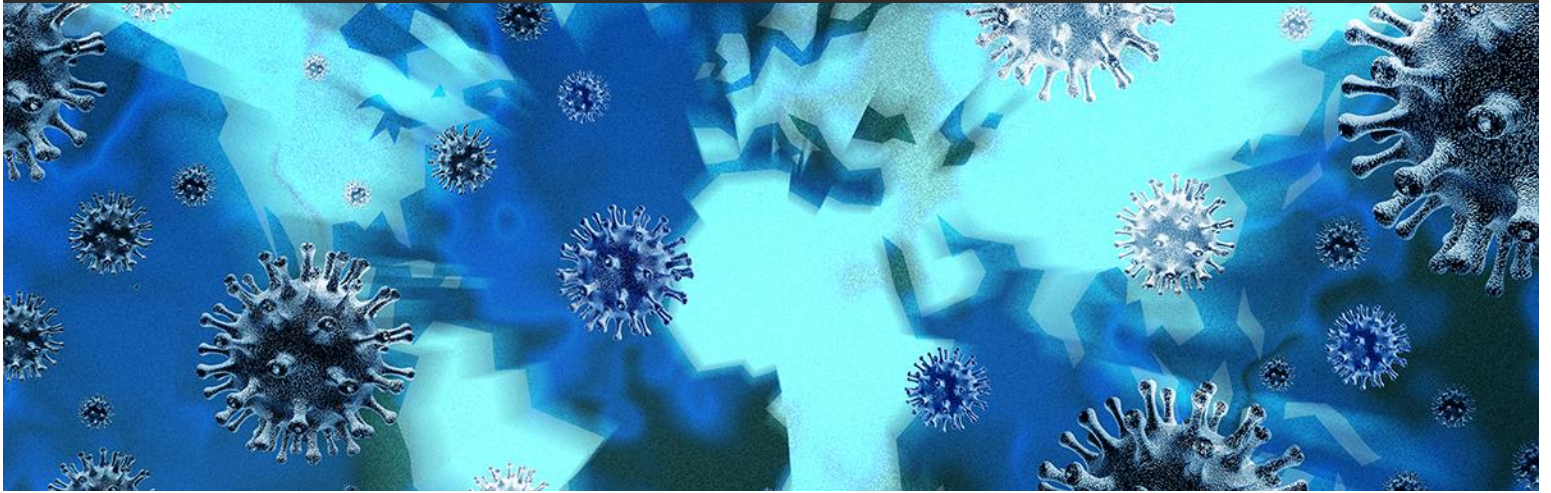


**Alert | Health Emergency Preparedness Task Force:  
Coronavirus Disease 2019**



April 2, 2020

## **Mexican Competition Commission's Position on Application of Federal Economic Competition Law in the COVID-19 Health Emergency**

Mexico's Secretary of Health has declared the beginning of Phase Two of the federal government's response to the Coronavirus Disease 2019 (COVID-19) pandemic. The Federal Economic Competition Commission (COFECE, or the Commission) has recognized the disruptions COVID-19 is causing for companies, consumers, and the functioning of the markets in general.

To help prevent supply chain interruption or the artificial restriction of supply and increased price of goods or services, the Commission stated that:

- Agreements between competitors are in violation of the Federal Economic Competition Law and are investigated and sanctioned when their object or effect is to manipulate prices, divide or segment the market, and/or restrict the supply of goods and services to the detriment of the consumer. However, **any collaboration agreement between economic agents that in the current context of the health contingency is necessary to maintain or increase supply, satisfy demand, protect supply chains, avoid shortages or hoarding of goods, and that does not aim to displace other competing agents that also supply the market, would be in accordance with the law and therefore would not be subject to prosecution.**

- In addition to the COVID-19 crisis, in recent days COFECE has observed the variation in prices of some commodities (such as gasoline), a depreciation of the peso, as well as drastic changes (both increases and decreases) in the demand for some goods and services. These situations could translate, although not necessarily, into price increases of final consumption goods and services, derived from increased import costs and possible temporary shortages. In this respect, **the Commission is warning economic agents that any price increase must be the result of individual and independent decisions by companies, and must not be induced, encouraged or recommended by Associations, Confederations or Chambers to their members.**
- COFECE, in compliance with its constitutional mandate, pursues and sanctions violations of competition law. In the current circumstances, **COFECE considers particularly serious any agreement between competitors to manipulate prices, restrict the supply of goods and/or services, segment markets, as well as bid-rigging. Therefore, in the exercise of its powers, COFECE will prosecute and sanction such conduct in accordance with the regulations.**
- Pursuant to the Federal Economic Competition Law, COFECE does not have the legal authority to pursue and sanction high margins related to price increases that companies unilaterally set in the market. However, **the Commission will monitor the behavior of sensitive markets where indiscriminate price increases are observed, to assess and, where appropriate, rule out the existence of undue barriers or arrangements between competitors as the cause of such increases, which would warrant a formal investigation procedure.**
- COFECE has stated its commitment **to reviewing expeditiously the notifications of concentrations that arise due to the need to make synergies and add production capacities to satisfy in a timely and sufficient manner the needs of popular consumption products and all those necessary to meet this crisis.**

COFECE has signaled its **availability to the public and private sectors to immediately resolve any doubts that may arise from activities, programs, policies, collaborations between competitors and their compatibility with competition law.**

*This GT Alert is limited to non-U.S. matters and law.*

For more information and updates on the developing situation, visit [GT's Health Emergency Preparedness Task Force: Coronavirus Disease 2019](#).

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