

Mexico looks to crack soaring egg prices

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Eggs are a cornerstone of daily Mexican cooking (Credit: Moyan Brenn/Flickr)

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In a statement released on 26 March the Federal Economic Competition Commission says it is looking into allegations of restrictive practices "in the national market for the production, distribution and merchandising of eggs" in Mexico.

Recent public clamour has followed the soaring price of eggs to around US\$4.7 per kilogram, from approximately US\$2.3 per kilogram, over the past two weeks.

Mexicans are the largest consumers of eggs in the world; the average citizen eats around 340 eggs a year. The country's consumer protection agency is also calling for egg producers to be probed, while the *Financial Times* reported Mexico's economy minister Idefonso Guajardo telling reporters that the government "reached the conclusion that it is time for a profound study into price policies" following the egg price hikes. His comments were made on the same day the commission announced its investigation.

According to local press reports, farmers are blaming the hikes on the increased demand for eggs during the period of Lent, the six-week Christian festival that precedes Easter, and avian flu, which has decreased supply.

José Ángel Santiago, at Valdes Abascal Abogados, says for the enforcer to sanction any companies for anti-competitive behaviour it "must dismiss all plausible alternatives to collusion that could explain the price increase".

While the investigation was somewhat unexpected for industry participants, it fits a trend the authority has followed in the last few years of focusing on the food and produce sector. In 2009 it opened a cartel investigation into poultry companies; fines were imposed and the case remains on appeal at Mexico's Supreme Court.

Following this, in 2010 the authority investigated agreements between municipalities and tortilla makers, and then in 2013 opened an investigation of the sugar sector. In 2014 the commission launched an economic inquiry of the agricultural sector. All of these remain ongoing.

A key facet of the commission's interest in the agricultural market regards the heavy and at times opaque federal regulations governing the industry.

Fernando Carreño, at [Von Wobeser y Sierra SC](#), is counsel to one of the poultry companies in the chicken probe before the Supreme Court. He says agricultural regulations are extremely complicated and there are points of conflict between them and Mexico's competition law, which is something the commission is looking to address. "The poultry sector and its relationship with competition law is interesting, complicated and challenging given the complexity of industry regulations. The alleged price increases could be due to different reasons which the commission will have to look into."

Under Mexico's new, tougher competition laws, any companies found to have conspired to fix egg prices, allocate the market or exchange sensitive business information can be hit with a fine of up to 10 per cent of their turnover. Individuals could see up to 10 years in prison and disqualification from an executive position in a company for a maximum of five years.

Comments

There are currently no comments.
