

## Cofece investigates a probable illegal transnational agreement in the fragrance market

- *Cofece's Investigative Authority found indications of a possible anticompetitive agreement of international scope that may have affected Mexican consumers.*
- *Cofece is working in parallel with the Department of Justice (US) and the Competition and Markets Authority (UK).*

**Mexico City, August 15, 2024.** The Investigative Authority of the Federal Economic Competition Commission (Cofece) **launched an investigation** to determine the existence of **illegal agreements among competitors** in the **manufacturing, distribution, commercialization and acquisition of fragrances and fragrance ingredients** in the national territory. These are used to give scent to cosmetics, personal care products, perfumes, cleaning products and food, among other products that are widely used by all Mexican consumers.

During the first half of 2023, it was made public that **various competition agencies around the world** had begun to **independently investigate the existence of an anti-competitive agreements in the fragrance market** that could have affected several regions around the globe. In this context, **Cofece's Investigative Authority is consulting with the Department of Justice (US) and the Competition and Markets Authority (UK)**, as it found evidence of a **probable illegal agreement in this market that could have affected Mexicans.**

Mexico is immersed in a globalized economy, so **coordination among competition agencies around the world is paramount in the fight against collusive agreements** that directly harm consumers, allowing **effective and comprehensive enforcement**. For this reason, **deepening international cooperation is one of the central axes of the new phase of Cofece's competition policy.**

This ex officio investigation, identified with file number IO-002-2024, must not be understood as a prejudgment, but rather as an action by the authority to verify compliance with the Federal Economic Competition Law (LFCE, per its initials in Spanish).

The term for this inquiry is up to 120 business days, counted from the date of initiation of the investigation, which may be extended for the same period up to four times. If at the end of the investigation there are no elements that presume that such anticompetitive practice has taken place, the Board of Commissioners would resolve to close the investigation. In the event that elements are found that presume a violation to the LFCE, those responsible will be called to a trial-like procedure to present their defense.

According to the LFCE, **if the existence of an absolute monopolistic practice is proven, economic agents could be fined up to 10% of their income.** Those who have contributed to, encouraged or induced these practices may also be financially sanctioned. **Individuals** who have participated in entering into, executing or ordering this type of agreement between competitors **may be punished with up to 10 years of imprisonment** in accordance with Article 254 bis of the Federal Criminal Code. However, it is important to mention that those who have participated or contributed to this type of conduct can avail themselves to the **benefits of the Immunity and Sanctions Reduction Program offered by the Commission.**

At the Commission, as part of our commitment to sanction and inhibit practices that threaten the welfare of the population, **we work to prosecute any illegal conduct by any economic agent that threatens free market access and competition.**

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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.*