

Cofece Files Its First Collective Action in History for a Manipulation in the Prices and Supplies of Medicines

- *Cofece demands a compensation of 2.316 billion Mexican pesos from the infringing companies.*
- *Cofece requests the Judiciary to allocate the money to IMSS-Bienestar.*

Mexico City, October 29, 2024.- The Federal Economic Competition Commission (Cofece) has filed its **first collective action** in history against *Casa Marzam, Casa Saba, Fármacos Nacionales*, and the Association of Pharmaceutical Products Distributors of Mexico for agreeing to, over a 10-year period:

1. Not distribute medicines on certain days of the year
2. Limit the quantity of medicines supplied to pharmacies
3. Manipulate sales prices and limit discounts to pharmacies

These practices **reduced the availability and increased the prices of medicines in the country, causing a harm that Cofece estimated in over 2 billion Mexican pesos.** In 2021, Cofece sanctioned several companies and 21 individuals with fines totaling 903.4 million Mexican pesos, the maximum penalty allowed by law in this case. Additionally, ten executives involved in the anticompetitive agreements were disqualified. Now, through collective actions, Cofece demands that the companies pay 2.316 billion Mexican pesos to compensate for the damage.

In the lawsuit, the Commission requests the Judiciary for the resources to be destined to the *IMSS-Bienestar*, so that they are used for addressing the health of Mexicans and benefit the sector harmed by the anticompetitive practice. It is important to remember that lower-income households spend a greater percentage of their economic resources in medicines, thus overprices affect them the most.

What are collective actions?

A key aspect of the **new phase of competition policy is to fully exercise the powers granted to the Commission.** One of these powers, which the Commission is using for the first time, are collective actions.

Collective actions in competition law are a type of lawsuit that allow those harmed by anticompetitive conduct determined by Cofece, to be compensated for said harm. In other words, companies who have infringed the law through an anticompetitive conduct must repair the harm. In this sense, Cofece functions as a representative of the affected collective, absorbing the costs derived from the judicial procedure.