

# Mexico Wins Battle against Cement Giant

MARK STEVENSON, Associated Press

MEXICO CITY (AP) — Mexico regulators announced Monday they have fined cement giant Cemex 10.2 million pesos (\$800,000) for trying to keep a small importer out of its market, capping an 8-year, David-and-Goliath battle with businessman Ricardo Alessio Robles and his partners.

The Federal Competition Commission ruled that Cemex tried to persuade a Mexican port official not to let a ship full of Russian cement dock at a Gulf coast port in 2004.

The Mexican cement market is dominated by Cemex, which owns about half the cement plants in the country, with enough capacity to produce about 80 percent of domestic demand. It is followed by Holcim-Apasco, about a third as big, and a few other smaller suppliers.

The commission said in a ruling that Cemex had wielded its substantial market power "to block, increase costs and discourage the purchase of gray Portland cement in foreign markets."

In 2004, Alessio Robles said cement prices in Mexico's domestic market were so inflated he could sail imported cement halfway around the world, pay for shipping and still make a profit undercutting Cemex's price.

But he wasn't able to.

His ship, the Panama-flagged Mary Nour, sat at dock for 11 months as Mexican customs officials refused to let it unload, stevedores refused to handle the cargo, and the cement industry chamber and Cemex filed court appeals to hold up the unloading. The ship finally had to return to Russia, and its load was sold to a broker.

Alessio Robles filed a complaint in 2006, but Cemex's court appeals dragged out the investigation until last week.

"We have mixed feelings, as businessmen. There is a sense of frustration of not having been able to carry out the deal in 2004," said Alessio Robles. "But on the other hand, we have found out that there are still institutions in the judicial branch, like some courts and the commission, that truly are independent and won't bow down to the powers that be, or let themselves be corrupted by them."

Cemex said in a statement that it would appeal the ruling, which it called "baseless."

"Cemex has always acted in strict accordance with the law," the statement said.

Alessio Robles acknowledged that the \$800,000 fine was "laughable" for a company

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like Cemex, which has \$15.1 billion in annual revenues from its operations in 50 countries around the globe. "This is really nothing for them," he said.

But Alessio Robles said the decision also "sets a very important precedent," because under Mexican law, anti-monopoly regulators can impose fines for particularly egregious or repeated offenses equivalent to as much as 10 percent of a company's annual sales or assets.

In Mexico, many sectors like beverages, telephones and television are dominated by one or two big companies.

But even in such a highly concentrated economy, the tactics that the commission says Cemex used appear unusual.

It allegedly used its majority of votes in the cement industry chamber to deny the upstart investors necessary approval for the imports, used court maneuvers to delay the docking of the Mary Nour, and pressured cement producers in Indonesia and Taiwan not to sell to the import firm.

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