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Tortilla Producers Double Prices

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The fragile anti-inflation agreement among merchants, unions and the government was tested in early December, when 135,000 producers of corn tortillas doubled their prices without consulting the government. Under the Economic Stability and Growth Pact (PECE), which on Oct. 20 was renewed for another year, tortilla shops are authorized to charge 750 pesos (US$0.24) for each kg. of tortillas, but many shops raised prices to as high as 1,800 pesos (US$0.57) per kg. The government took quick action against the violators. On Dec. 13, the Industrial Development and Trade Secretariat (Secretaría de Comercio y Fomento Industrial, SECOFI) reported that more than 15,000 tortilla shops around the country had been shut down in the past two weeks for violating the terms of the PECE. According to tortilla industry spokespersons, the government is strictly regulating the industry without offering it any assistance. On Dec. 14, a SECOFI spokesperson said the tortilla producers had backed down from their demands and agreed to restrain price increases in the interest of protecting consumers. However, producers will be allowed to charge close to 1,000 pesos (US$0.31) per kg. in many states. (Sources: Agence France-Presse, 12/11/92; Mexico City News, 12/14/92; Notimex, 12/14/92).