

COFECE-07-2018

COFECE investigates possible absolute monopolistic practices in the market for steel purchased by public authorities

- *This investigation should not be understood as a prejudgment but as an action executed by the authority to verify the fulfillment of the Federal Economic Competition Law.*
- *From 2013 to date, eight absolute monopolistic practices, in Mexican public procurement have been probed.*

Mexico City, February 13, 2018.- Today the Federal Economic Competition Commission's (COFECE or Commission) Board of Commissioners published in the Federal Official Gazette (DOF) and on its website, the extract of the notice of the initiation of an investigation as a result of a complaint for probable absolute monopolistic practices in the market for steel, acquired by public authorities on national territory.

Public expenditure on public procurement is approximately 10% of Mexico's Gross Domestic Product. From 2013 to date, COFECE has probed eight cases related to possible collusion in procurement by different agencies.

These practices, known as absolute monopolistic practices, are contracts, agreements or arrangements among competing economic agents, with the purpose or effect of the manipulating prices, restricting or limiting supply or demand, the division or segmentation of markets and bid rigging as well as the exchange of information to carry out any of the aforementioned conducts.

This investigation, filed under DE-020-2017, should not be understood as a prejudgment of any economic agent considering that violations to the Federal Economic Competition Law have not been determined, nor have any individuals or undertakings been considered as offenders.

The timeframe for this investigation is 120 business days, from August 15, 2017, which is the day the investigation was initiated. The term may be extended up to four additional periods.



Should the investigation end without evidence that confirms the execution of anticompetitive conducts, COFECE's Board of Commissioners may close the investigation. In the case that evidentiary elements that point to the infringement of the Law are found, those responsible will be called to a trial-like procedure, at which they may present their defense.

According to the Federal Economic Competition Law (FECL), in the event an absolute monopolistic practice is confirmed, the economic agent or agents responsible may be fined with up to ten percent of their income. The individuals that contributed, fostered or induced the practices would probably be fined. The individuals that participated in the order, execution or conclusion of this type of agreements among competitors, may be sentenced to prison, as per the Federal Penal Code, for up to 10 years.

[What is an absolute monopolistic practice? \(in Spanish\)](#)

[See in Spanish: competition in public procurement](#)

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The Federal Economic Competition Commission is entrusted with safeguarding competition and free market access. Through this, it contributes to consumer welfare and the efficient functioning of the markets. Through its work, it seeks better conditions for consumers, greater output and better services and a "level playing field" for companies.

