

COFECE-019-2017

COFECE acknowledges the Government and Congress of the Mexican State of Sinaloa for legal reforms that promote competition between gas stations

- *The Congress of Sinaloa approved a reform introduced by the Governor of the State that promotes the establishment of new service stations.*
- *Sinaloa was one of the eight states in the country that imposed minimum distance requirements between service stations; this legal reform eliminates such obstacle to competition.*
- *These changes to the legal framework harmonize its legislation with the requirements and procedures established by federal authorities, thus facilitating the supply of gasoline, diesel and other fuels at more competitive prices.*
- *The criteria incorporated into the State's legal framework followed COFECE's recommendations to eliminate regulatory barriers restricting the establishment of new service stations.*

Mexico City, April 09, 2017.-The Mexican Federal Economic Competition Commission (COFECE) acknowledges the Governor and local Congress of the Mexican State of Sinaloa, for the recently approved legal reforms that promote competition between gas stations, thus enhancing supply of gasoline, diesel and other fuels at competitive prices for the benefit of consumers.

With the amendments to the Environmental Urban Development State Law, both excessive requirements and procedures for the establishment of new gas stations, as well as contradictory obligations to those established in the federal energy regulations, are eliminated.

Sinaloa was one of the 8 States that imposed minimum distances between service stations (1,500 meters in urban zones and 5,000 meters in rural areas). This amendment eliminates such requirement. The need to have an environmental impact assessment (now falls under federal jurisdiction) and those considered relevant for each municipality are removed, reducing local authorities' margin of discretion to grant permits to provide the service.

In addition, municipal authorities must adequate their building, land use planning, and environmental protection regulations, to ensure that no minimum distance restrictions, constraints on the land area or characteristics of buildings where service stations are to be constructed are imposed. Local regulations should not set provisions which go beyond federal safety and environmental regulations.

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The criteria incorporated into the legal framework of the State of Sinaloa follow the recommendation issued by COFECE in January this year, so that authorities and legislators of state and municipal governments remove disproportionate or unjustified regulations that restrict the establishment of new service stations dedicated to the sale of fuels to the public.

This action is relevant considering that a greater number of gas stations in each locality generates incentives for businesses to provide their products and services at lower prices and better quality.

Mexico has low market penetration of service stations in comparison to international benchmarks. In fact, to catch up with other countries (based on the average number of vehicles served by service station) from 2,000 to 12,000 new service stations must be built in the short term. For this reason, it is essential that state and municipal regulations facilitate entry that encourages competition.

COFECE respectfully calls for all the Mexican States and municipalities to participate in the successful implementation of the energy reform.

See [COFECE made recommendations to local governments and state legislatures to eliminate restrictions for establishing and operating gasoline and diesel service stations.](#)

See infographic (in Spanish) [Regulatory obstacles to new service stations](#)

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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 workings of the markets. Through its work it seeks better conditions for consumers, greater output and better services and a “level playing field” for businesses.