

## COFECE sanctions international cartel in the market of maritime transportation of motor vehicles

- *The Board of Commissioners imposed fines on seven shipping companies for absolute monopolistic practices for a total amount of 581 million 660 thousand Mexican pesos.*
- *The international cartel allocated segments of maritime transport routes that involve Mexican ports to reduce competitive pressure and increase the prices of their services*

**Mexico City, June 9 2017.-** The Board of Commissioners of the Mexican Federal Economic Competition Commission (COFECE or Commission) determined that the shipping companies: i) *Compañía Sud Americana de Vapores (CSAV)*; ii) *Kawasaki Kisen Kaisha (K-Line)*; iii) *K Line America*; iv) *Mitsui OSK Lines (MOL)*; v) *Mitsui OSK Bulk Shipping (MOBUSA)*; vi) *Nippon Yusen Kabushiki Kaisha (NYK)* and, vii) *Wallenius Wilhelmsen Logistics (WWL)*, all of which are competing companies, are responsible of committing absolute monopolistic practices by agreeing and implementing agreements to divide the market of maritime transportation of motor vehicles among themselves. Thus, the fines imposed amount to 581 million 660 thousand Mexican pesos.

The sanctioned economic agents provide maritime transportation services globally to original equipment manufacturers that produce and/or sell motor vehicles. The companies overlap on different routes that involve Mexican ports. Between 2009 and 2012, these agents entered nine collusive agreements, in some cases the period of the deal was extended into 2015, to allocate among themselves the national market of maritime transportation of motor vehicles and construction and farming equipment. This reduced competitive pressure and increased the costs of the services provided to companies from the automotive industry.

The practice involved the allocation of segments of the maritime transportation routes that included Mexico, as point of origin or destination, from or to Argentina, Brazil, Chile, Japan, Thailand, Indonesia and Belgium. The Mexican ports involved are Altamira, Veracruz, Manzanillo, Mazatlán and Lázaro Cárdenas, where loading or unloading of motor vehicles to leave or enter national territory was carried out.

The sanctioned agreements are as follows:

Number of Agreement	Shipping companies participating	Route	Allocated segment	Mexican port used	Period / duration of the practice
1	<i>K-Line and NYK</i>	ECSA <sup>1</sup>	Mexico - Argentina and Mexico - Brazil	Altamira	2011-2012
2	<i>K-Line, K-Line America, MOL and MOBUSA</i>	ECSA	Mexico - Argentina and Mexico - Brazil	Altamira	2011-2012
3	<i>K-Line and MOL</i>	ECSA	Mexico - Argentina and Mexico - Brazil	Altamira	March-December 2012
4	<i>MOL and NYK</i>	ECSA and CARPAC <sup>2</sup>	Mexico - Argentina, Mexico - Brazil (ECSA); and Mexico - Chile (CARPAC)	Veracruz and Manzanillo	2012-2013
5	<i>MOL and WWL</i>	ECSA	Mexico - Brazil	This agreement was not confirmed	Not applicable
6	<i>CSAV and NYK</i>	ECSA and CARPAC	Mexico - Argentina, Mexico - Brazil (ECSA); and Mexico - Colombia (CARPAC)	Veracruz	2013-2015
7	<i>NYK, K-Line and K-Line America</i>	LOYNA <sup>3</sup>	Mexico - Japan	Mexico	2010-2012
8	<i>NYK, K-Line and MOL</i>	LOYNA	Japan - Mexico	Mazatlán y Lázaro Cárdenas	2010-2012
9	<i>NYK and K-Line</i>	LOYNA	Thailand - Mexico, and Indonesia - Mexico	Lázaro Cárdenas	October 2011-March 2012
10	<i>NYK, WWL and MOL</i>	EYA <sup>4</sup>	Europe - Mexico	Veracruz	2012

1. ECSA Route: Maritime commercial route from a port of origin on the east coast of the USA or Mexico to a destination port on the east coast of Central America and the east coast of South America, including the various ports of call or intermediate ports.
2. CARPAC: Commercial maritime route from a port of origin on the west coast of North America to a destination port on the west coast of Central America or on the west coast of South America, including the various ports of call or intermediate ports.
3. LOYNA Route: Commercial maritime route between a port of origin in Japan, South Korea, China, Indonesia or Thailand and a port of destination in Canada, USA and Mexico, including the various ports of call or intermediates, and vice versa.
4. EYA Route: Commercial maritime route between a port of origin in Europe to different ports of destination of the east coast of the USA and the east coast of Mexico, as well as South America, including the various ports of call or intermediate ports, and vice versa.

Due to the aforementioned, COFECE's Board of Commissioners determined to impose fines on each of the participants of the unlawful agreement for a total amount of 581 million 660 thousand Mexican pesos.

The automotive industry is one of the most important sectors of the Mexican economy, both for its growth and for attracting foreign direct investment. Mexico is the world's seventh largest producer and the fourth exporter of motor vehicles.

Once the matter has been resolved and notified to the parties, the Law grants the right to the sanctioned economic agents to come before the Federal Judiciary Branch to review the legality of COFECE's actions.

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

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