

COFECE-047-2017

## **Municipal Transit and Roadways Regulations for the Metropolitan Area of Monterrey Place Second as *the Most Absurd Regulatory Barrier to Competition and Entrepreneurship***

- *This award gave citizens, businesspersons and professionals the opportunity to identify regulations that block or hinder market entry and intense competition, without a valid justification in public policy.*
- *Operation of freight services, as well as the loading and unloading of goods require a permit by jurisdiction that must be renewed every 30 days, which implies a monetary cost.*
- *These regulations increase the cost of freight transport at the expense of the economic development of Monterrey's Metropolitan Area and the consumers of transported goods, whom pay the greatest cost.*

**Mexico City, October 23, 2017.-** The transit and roadways regulations of the municipalities of Guadalupe, San Nicolás de los Garza, Apodaca, Escobedo, San Pedro Garza García, Santa Catarina, Juárez, Santiago and Monterrey, all located in the State of Nuevo Leon, were identified by Francisca Olimpia Hernández, as *An Absurd Regulatory Barrier to Competition and Entrepreneurship* because they increase public transportation costs of goods, at the expense of Monterrey's Metropolitan Area's (ZMM for its initials in Spanish) economic development and of the consumers of transported goods. Consumers pay the highest costs. The municipal regulations, which placed second, were submitted for the ***Award for Identifying the Most Absurd Regulatory Barrier to Competition and Entrepreneurship***, which gave citizens, businesspeople and professionals the opportunity to identify the regulations that hinder or block market entry and intense competition, without a valid justification in public policy.

Said regulations require the operators of freight transport and loading and unloading of goods service' providers to renew their permit by jurisdiction every 30 days, with a monetary cost. Additionally, the conditions for granting the permits are not clear.

The Metropolitan Area of Monterrey has 70 industrial or technological estates, which provides reason to hold freight transportation as fundamental to the operation of economic activities in the region. Furthermore, transportation constitutes approximately 8% of the gross domestic product of the state of Nuevo Leon.

On the national level, payments towards freight costs of goods sold represent 2% of the total costs of manufacturing industry inputs; for some, such as the cement industry, this percentage is of 15%.

Since this is a cross-cutting activity, the elimination of these permits would reduce the cost of transportation, generating benefits in the form of improved service and avoiding the unjustified transfer of costs to the consumers of transported goods.

The implications on local development have led COFECE to call on municipal councils to amend regulations, therefore eliminating barriers that limit competition in the ZMM.

Additionally, the jury selected by COFECE, the Ministry of Economy, the National Institute of the Entrepreneur, the Federal Regulatory Improvement Commission, the Business Coordinating Council, the Association of Entrepreneurs in Mexico and Fundación Idea (Idea Foundation) awarded first place of this prize to notary public state laws and three honorary mentions to citizens that submitted federal, state or municipal regulations related to water utilization, public markets and beef and poultry retailers, which may be consulted in the publication [Award for Identifying the Most Absurd Regulatory Barrier to Competition and Entrepreneurship: Results](#).

COFECE will inform the competent administrative and legislative federal, state and municipal authorities of the obstacles reported by citizens, through a social petition that calls for the design and implementation of the best rules and public policy which will not unjustifiably limit economic activity.

COFECE invites citizens and businesspersons to continue reporting regulations that hinder or block their activity on the website [cofece.mx](http://cofece.mx), because a better Mexico benefits us all.

[Report a regulatory barrier](#)

[Award for Identifying the Most Absurd Regulatory Barrier to Competition and Entrepreneurship: Results](#)

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### **A BETTER MEXICO IS EVERYONE'S BUSINESS**

*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 markets. Through its work, COFECE seeks better conditions for consumers, greater output, better services and a “level playing field” for businesses.*