

COFECE-048-2017

COFECE Investigates Possible Absolute Monopolistic Practices in the Market for Watt-hour Meters purchased by the Federal Electricity Commission (CFE)

- *The Commission's Investigative Authority is investigating the suspected execution of agreements that resulted in price manipulation, the restriction or limit of supply and demand, the division or segmentation of markets, manipulation of public tenders or the exchange of information.*
- *This investigation should not be deemed as a prejudgment but as the authority's verification of compliance with Law.*
- *In the last ten years, the CFE allocated more than 15 billion pesos for the acquisition of watt-hour meters.*

Mexico City, October 25, 2017.- The Federal Economic Competition Commission's (COFECE) Investigative Authority published on its website and in the Federal Official Gazette (DOF) an extract of initiation decision in response to motion of complaint DE-023-2017 for suspected absolute monopolistic practices in the market for the production, distribution and/or commercialization of watt-hour meters acquired by the Federal Electricity Commission (CFE).

Absolute monopolistic practices consist of contracts, agreements, arrangements or combinations amongst competing Economic Agents, which have as their purpose or effect: price manipulation, restriction of supply and demand, allocation of markets, bid rigging as well as the exchange of information with the purpose of executing any of the previously mentioned conducts.

The initiation of this investigation should not be deemed as a prejudgment of the responsibility of any economic agent, considering that infringements to the Federal Economic Competition Law (FECL) have not been confirmed nor have any individual(s) been identified as offenders.

In that regard, the Investigative Authority explained that in the last ten years the CFE allocated more than 15 billion Mexican pesos to the acquisition of watt-hour meters through diverse public tender processes. The efficient use of economic resources in the acquisition of goods and services required for their operation is relevant because it is a key moment in the energy sector. Public procurement is vulnerable to illegal conducts, such as absolute monopolistic practices. To counter that vulnerability, competition generates incentives for companies to sell the highest quality of goods, services and works at the lowest possible prices.

The timeframe for this investigative procedure is 120 business days, from the opening of the investigation on September 18, 2017. The term may be extended for up to four additional periods.

The Investigative Authority has called on anyone that can provide assistance or provide information on the matter to come forward.

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 who are allegedly responsible will be called to a trial-like procedure, at which they may present their defense.

In accordance with the Federal Economic Competition Law, if an absolute monopolistic practice is confirmed, the economic agents may be fined with up to ten percent of their annual income. Individuals that contributed to, fostered or induced these practices will also be economically sanctioned and could be punished with 5 to 10 years of prison, in accordance with the Federal Criminal Code.

[Extract of initiation of investigation decision for absolute monopolistic practices in the market for the production, distribution and/or commercialization of watt-hour meters purchased by CFE \(in Spanish\)](#)

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

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MORE COMPETITION FOR A STRONGER MEXICO

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.