

COFECE-06-2018

## COFECE probes the market of e-commerce platform services in Mexico

- *The Investigative Authority has evidence suggesting the possible commission of relative monopolistic practices.*
- *Some examples of these practices are tied sales, predatory price cutting or discriminatory pricing, raising rival's costs, refusal to deal, access under discriminatory terms or margin squeeze of an essential facility, among others.*
- *This is the first time that an investigation into the digital market is opened.*

**Mexico City, February 1, 2018.-** Today, the Federal Economic Competition Commission's (COFECE or Commission) Investigative Authority published in the Federal Official Gazette (DOF) and on its website, the notice of the initiation of an ex-officio investigation for probable commission of relative monopolistic practices in the market for electronic commerce platform services and other related services in Mexico.

This is the first time an investigation on digital markets is opened. The Investigative Authority said that e-commerce platforms provide more shopping options and put competitive pressure on traditional retailers. Competition agencies should oversee the process to avoid affecting competition and free market access. Furthermore, the Investigative Authority called for any person with information or available to collaborate with the procedure to approach this area.

Relative monopolistic practices are acts, contracts, agreements or procedures carried out by companies with substantial market power with the purpose or effect of unduly displacing other economic agents in the market, impeding their access or establishing exclusive advantages in favor of one or several economic agents. Tied sales, predatory price cutting and discriminatory prices, raising rival's costs, refusal to deal, among others, are examples of relative monopolistic practices.

The investigation filed under IO-002-2017 should not be understood as a prejudgment of any economic agent's responsibility as infractions to the Federal Economic Competition Law have not yet been identified, nor have any individuals or undertakings been considered as offenders.



The timeframe for this investigation is 120 business days, from the opening of the investigation on September 26, 2017. 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.

In the event a relative monopolistic practice is confirmed, the economic agent or agents responsible may be fined with up to eight percent of their income and ordered to suppress the conduct. In case of the individuals that participated as representatives or on behalf of the companies in said practices, they may be fined with 200 thousand times the current daily minimum wage (today UMAs or Units of Measure and Update), as well as being ineligible to act as an undertaking's director for up to five years and fines up to 180 thousand UMAs for persons who directly or indirectly participated in the monopolistic practice.

*See in Spanish: What is a relative monopolistic practice?*

*See in Spanish: From Anti-Competitive Conduct to Sanction, Step by Step*

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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 these, 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.*

