

COFECE probes possible absolute monopolistic practices in the market for LP gas

- *COFECE's Investigative Authority is investigating the possible conclusion of agreements among competitors to manipulate prices, restrict or limit supply or demand, or divide or segment the market.*
- *The market for LP gas is relevant to household's economy in the country considering that approximately 90 million Mexicans use it as a domestic fuel. It is also considered an essential facility for commercial, industrial and service sectors.*
- *The investigation initiated on August 24, 2017 should not be understood as a prejudgment, but as action carried out by the authority to verify fulfillment of the Federal Economic Competition Law.*

Mexico City, February 22, 2018.- The Federal Economic Competition Commission's (COFECE or Commission) Investigative Authority published today on its website and in the Federal Official Gazette (DOF) the extract of the notice of the initiation of an investigation, DE-022-2017, resulting from a report, for the possible involvement of economic agents in absolute monopolistic practices in the market for the distribution and commercialization of liquified petroleum gas (LP gas) in the country.

The Investigative Authority explained that the market for LP gas is relevant given that it is used by more than 90 million Mexicans. Additionally, families allocate, on average, 4.4% of their total budget to the purchase of gas and electricity for their homes. This fuel is also fundamental for commerce, industry and service sectors such as for food preparation, the hotel industry and transportation, among others. As a result of the energy reform, the public prices of this fuel were freed in January 2017, which implies that the price paid by consumer should be determined by supply and demand.

Absolute monopolistic practices are the contracts, agreements or arrangements among competing economic agents with the purpose or effect to manipulate prices, restrict or limit supply or demand, divide or segment markets, bid rigging as well as the exchange of information with the purpose or effect of carrying out any of the conducts.

This investigation, which initiated on August 24, 2017, should not be understood as a prejudgment of the responsibility of any economic agent considering that that violations to the Federal Economic Competition Law have not been determined, nor have any individuals or undertakings been considered as offenders.

The timeframe for this investigation is 120 business days, from August 24, 2017, the day the investigation initiated, which may be extended for up to four additional periods.

The Investigative Authority calls on any person that has information or may contribute to the proceedings to come forth.

Should the investigation end without evidence that confirms the execution of anticompetitive conducts, COFECE's Board of Commissioners may resolve to 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.

According to the Federal Economic Competition Law, in the event an absolute monopolistic practice is confirmed, the economic agents may be fined with up to 10% of their income. The individuals that contributed, fostered or induced the practices may also be sanctioned. The individuals that participated in the order, execution or conclusion of these types of agreements among competitors may be sentenced to prison for up to 10 years as per the Federal Penal Code.

[Extract of the agreement to initiate an investigation for absolute monopolistic practices in the market for the distribution and commercialization of LP gas \(in Spanish\).](#)

[What is an absolute monopolistic practice \(see in Spanish\)](#)

[Leniency program \(see in Spanish\)](#)

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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 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.