

## COFECE probes the market for land passenger transportation

- *Land passenger transportation is a service provided regularly on federal roads, on fixed itineraries and routes, subject to schedules, in previously authorized areas of arrival or departure for the boarding and disembarking of passengers.*
- *The Investigative Authority has sufficient evidence to presume that absolute monopolistic practices were carried out in this market.*
- *Specifically, the extract of the notice of the initiation of investigation refers to possible price fixing, market segmentation and/or the exchange of information among competitors.*

**Mexico City, May 17, 2018.-** The Federal Economic Competition Commission's (COFECE or Commission) Investigative Authority published today, in the Federal Official Gazette (DOF) and on COFECE's website the extract of the notice of the initiation of an investigation ex-officio for probable absolute monopolistic practices in the market for land passenger transportation in the central, south-central, south-southeast<sup>1</sup> state of Tamaulipas.

Land passenger transportation is a service rendered regularly on federal roads, with fixed itineraries and routes, subject to schedules and previously authorized departure and arrival areas for the boarding and disembarking of passengers.

The extract of the notice of the initiation of investigation indicates that the land passenger transportation plays a significant role on household's budgets, as it is the main public land transportation option for passengers. In 2017, close to 3 thousand 700 million users made

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<sup>1</sup> The National Institute of Statistics and Geography (INEGI as per its acronym in Spanish) uses a geographic classification of the country by region for certain estimations of the System of National Accounts. The central region includes Mexico City and the neighboring state, Estado de Mexico, the south-central region includes the states of Guerrero, Hidalgo, Michoacan de Ocampo, Morelos, Puebla, Queretaro and Tlaxcala; and the south-south east region includes the states of Campeche, Chiapas, Oaxaca, Quintana Roo, Tabasco, Veracruz de Ignacio de la Llave and Yucatan.

use of this mode of transportation, which represents 95.8% of the total amount of passengers transported in the country.

Absolute monopolistic practices are contracts, agreements or arrangements among competing economic agents, with the purpose or effect of the manipulating prices, restricting or limiting supply or demand, the division or segmentation of markets and bid rigging as well as the exchange of information to carry out any of the aforementioned conducts.

The extract of the notice of the initiation of investigation indicates the procedure refers to possible price fixing, market segmentation and/or exchange of information among competitors to carry out the aforementioned conducts.

The investigation, filed under IO-003-2017 should not be understood as a prejudgment of any economic agent considering 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 November 15, 2017 which is the day the investigation was initiated. The term may be extended up to four additional periods.

Should the investigation end without evidence that confirms that anticompetitive conducts were carried out, 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.

According to the Federal Economic Competition Law (FECL), in the event an absolute monopolistic practice is confirmed, the economic agent or agents responsible may be fined with up to ten percent of their income. The individuals that contributed, fostered or induced the practices would probably be fined. The individuals that participated in the order, execution or conclusion of this type of agreements among competitors, may be sentenced to prison, as per the Federal Penal Code, for up to 10 years.

*The extract of the notice of the initiation of investigation in Spanish: [IO-003-2017](#)*

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



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[Learn about the Leniency Program \(in Spanish\)](#)

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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.*



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