

COFECE investigates possible absolute monopolistic practices in public works, maintenance and upkeep operations on the Cuernavaca-Acapulco highway

- *The Investigative Authority has sufficient evidence to presume that anticompetitive practices were conducted in said market.*
- *This investigation should not be construed as a prejudgment, but as an action of the authority to verify compliance with the Federal Economic Competition Law.*
- *This is the first investigation the Commission carries out in the market related to public works contracting.*

Mexico City, May 24, 2018.- The Federal Economic Competition Commission's (COFECE or Commission) Investigative Authority published today in the Federal Official Gazette (DOF) and on the Commission's website the extract of the notice of initiation of investigation ex-officio for the probable commission of absolute monopolistic practices in the market for highway maintenance, slope stabilization and/or protection of the road segment from the city of Cuernavaca to Acapulco.

The Investigative Authority mentioned this is the first probe to the market related to public works contracting in the country.

According to the Ministry of Tourism's estimates, Acapulco received 6.5 million tourists in 2017, placing it as the second most important tourist destination in Mexico, after Cancun. Considering this, the vehicle capacity of this highway stretch is one of the most utilized nationally. During the 2017 winter vacation season, 37 thousand vehicle crossings per day were registered.

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 conducts.



The investigation filed under IO-005-2017 should not be construed 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 30, 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 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.

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.

[Initiation decision extract in Spanish: IO-005-2017](#)

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

[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.

