

COFECE accepted commitments from Pemex TRI that enhance competition in the market for oil products

- *The Investigative Authority examined the market for commercialization and distribution of special marine diesel to determine the existence of relative monopolistic practices.*
- *To receive the immunity from fines contemplated in the FECL, Pemex TRI committed to avoid engaging in any conduct that might be construed as discriminatory in first-hand sales.*
- *These measures aimed at promoting competition, will be extended to the markets of liquefied petroleum gas, gasoline, jet fuel, diesel, fuel oil and intermediate fuel oil.*
- *With this decision and the formal acceptance of the commitments by Pemex TRI, the investigation was settled.*
- *If Pemex TRI fails to comply with these commitments, COFECE's Board of Commissioners could fine it up to 8% of its income.*

Mexico City, October 24, 2016.- The Board of the Mexican Federal Economic Competition Commission (COFECE) granted the benefit of immunity from fines to *Pemex Transformación Industrial* (Pemex TRI) as it was considered that the commitments offered by Pemex are suitable and economically viable to protect competition in the market for commercialization and distribution of special marine diesel. This led to the closure of the case, opened to determine the existence of discriminatory treatment.

In 2015, Pemex TRI was reported to the COFECE for applying dissimilar conditions on supply and first-hand sales to similar distributors.

However, before the Investigative Authority issued a Statement of Probable Responsibility, the company applied for immunity from fines, granted by the new Federal Economic Competition Law (FECL, published in 2014), to those who are under a relative monopolistic practice investigation, provided that they prove before the Commission that the proposed commitments end the conduct under investigation.

To that regard, to grant fine immunity to Pemex TRI, COFECE's Board of Commissioners agreed to accept, with some additional adjustments, the commitments offered by the public company. Thus, it was decided that, to reduce the risk of Pemex engaging in any conduct that may be construed as a discriminatory practice and to provide transparency concerning the benefits provided by the company in first-hand sales, Pemex TRI should comply with the following commitments:

- i) **Do not grant benefits on discretionary basis to buyers of oil products.** To that end, the company will publish on its commercial website, the benefits granted to any economic agent in first-hand sales of any oil product, as well as the requirements and reasons for denying or suspending such benefits.

- ii) **Do not suspend first-hand sales to contractual users or commercialize oil products on a discretionary basis.** To that end, justifiable causes must be identified and limited.
- iii) **To hire the services of an external auditor** that submits a report to the Commission containing the conditions in which Pemex TRI provides benefits in first-hand sales and commercialization of oil products.
- iv) **Update first-hand sale contracts** for different fuels to provide a clear and detailed description of the benefits that a purchaser of oil products may have, as well as the requirements and deadlines for requesting such benefits.
- v) **Every six months, provide the COFECE with data** on first-hand sales and commercialization of oil products.
- vi) **Publicize the commitments listed.**

These measures aimed at promoting competition, will be extended to the markets of liquefied petroleum gas, gasoline, jet fuel, diesel, fuel oil and intermediate fuel oil.

The commitments, including the additional adjustments made by the Board of Commissioners in its resolution, were all accepted by Pemex TRI, so the Investigative Authority ruled the closure of the case.

If Pemex TRI fails to comply with these commitments, it could be fined up to 8% of its income.

This is the first case of immunity following the entry into force of the new FELC, which establishes that economic agents under investigation for relative monopolistic practices or illegal concentrations may only claim this benefit once every five years.

To find out what is a relative monopolistic practice, check the following [document](#).

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The Federal Economic Competition Commission is entrusted with safeguarding competition and free market access. Through this, COFECE contributes to consumer welfare and 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.