

COFECE probes effective competition conditions in railway transportation of chemical and petrochemical products in the state of Veracruz

- *Approximately 9 out of 10 tons of products that leave the south – south east area of the country via railway are concentrated in the State of Veracruz; of which, three fifths are products related to the chemical industry.*
- *During this procedure, COFECE may request information from public authorities, economic agents that are market participants and/or attend to any individual who can assist in the investigation.*

Mexico City, September 18, 2018.- The Federal Economic Competition Commission's (COFECE or Commission) Investigative Authority initiated a procedure to rule on the conditions of effective competition in public railway transportation of chemical and/or petrochemical products on routes that originate and/or have as destination the southern area of the State of Veracruz. This probe, filed under DC-003-2018 is necessary to trigger a regulation process in said market, should the absence of effective competition conditions be determined.

Rail freight transportation for the oil industry is one of the most efficient options next to pipeline and maritime transportation.¹ Mexico has 26 thousand 727 kilometers of railroad tracks.² In 2016, 88.8% of total shipments via railway from the south-southeast region of Mexico to other areas were concentrated in the south of the State of Veracruz, from this volume, three out of five tons corresponded to oil industry related products.³ The procedure to decide on effective competition conditions in a market is conducted when sectoral regulations or laws explicitly stipulate COFECE issue an opinion with the purpose of

¹ Cofece (2017). *The Transition to Competitive Retail Gasoline and Diesel Markets*. Available at: <https://www.cofece.mx/cofece/ingles/attachments/article/38/DOCUMENTO-GASOLINAS-FINAL-INGLES.pdf>

² González Rodríguez, José de Jesús, CESOP (June 2018). *El Transporte Ferroviario en México*. <http://www5.diputados.gob.mx/index.php/esl/content/download/115755/579304/file/CESOP-IL-72-14-Transpo rteFerroviario-220618.pdf>

³ García, G. Martner, C.D. (2018). *Evolución de los flujos ferroviarios de y hacia los nodos de la región sur- sureste de México, datos de 2016*. Publicación Técnica No. 505. Instituto Mexicano del Transporte. pág. X. Available in Spanish at: <https://imt.mx/archivos/Publicaciones/PublicacionTecnica/pt505.pdf>.



prompting the corresponding authority to implement a regulation for the sector, based on tariff regulation, infrastructure access rules between competitors, among others.

During this probe, the Investigative Authority may request information or relevant documentation from sector regulators, economic agents that participate in the market and/or any person that may assist in the investigation, as well as make use of other investigative powers.

The Authority has 90 working days to analyze competition conditions, after which they may issue a preliminary statement and subsequently hear concerns from individuals with legal interest, and finally, the Board of Commissioners may issue a resolution on competition conditions.

[See the extract of the notice of the initiation of investigations 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.

