

COFECE's positioning in relation to the Federal Law on the Remuneration of Public Officials and the 2019 budget

Mexico City, January 2, 2019.- The Federal Economic Competition Commission (COFECE or Commission) acknowledges the Chamber of Deputies of the Mexican Congress' approval of the autonomous body's budget for 2019, in the terms proposed by COFECE. In line with citizen's demands, since its creation, the Commission has been committed to the use of public resources in accordance with criteria of austerity, transparency, honesty and efficiency. Therefore, the approved budget includes:

- Savings of 34 million pesos compared to the previous year's budget. To put this in context, COFECE's expenditure represented, in 2017, only 0.012% of the total of the Expenditure Budget of the Federation and 0.5% of the resources used by all autonomous bodies. This places COFECE as the autonomous body with the most restricted budget
- Public officials will no longer receive major medical insurance, individual after-service insurance or support for vehicle maintenance. COFECE's public officials have never received security bonuses, removal from office special bonuses, or any authorized monthly amount for representation expenditures.
- The budget allocated for consultancies and studies was reduced by 41.9%, social communication (press office) by 36.4%, as well as the budget for rent, maintenance and cleaning services by 14.6%.

In this permanent plan for institutional austerity, in its last session of 2018, COFECE's Board of Commissioners resolved to file before Mexico's Supreme Court (SCJN) a constitutional controversy against the Federal Law on the Remuneration of Public Officials, which regulates constitutional article 127 – published in the Federal Official Gazette on November 5, 2018 -, as the law lacks definitions that provide certainty on how to regulate COFECE's public official's remuneration, in its capacity as an autonomous body with technical specialization as it established in article 28 of the Mexican Constitution.

The Federal Law on the Remuneration of Public Officials generates uncertainty that should be addressed in two ways:

First. As the Head of the Federal Executive's salary is the reference limit to set public officials' remuneration, it is crucial to have certainty regarding the parameters and budget



allocations taken into account for the adequate definition of the presidential income, with the purpose of avoiding a political decision or one subject to discretion. This condition would allow COFECE to have certainty in the recruitment process and employee retention, which is fundamental as its technical autonomy is founded on the capacity to retain and specialize its human capital.

Second. COFECE has a special regime in the Political Constitution of the United Mexican States as it is constituted as a technically specialized autonomous body. This requires the aforementioned law to explicitly regulate remunerations in institutions that have this recognized specialization, as indicated in article 127 of the Constitution, section three. Said section stipulates that public officials, charged with the responsibility of a specialized technical job or specialized function, may receive a surplus remuneration, subject to a threshold no greater than fifty percent of the President's remuneration. Clarity on this portion of article 127 is crucial as it contrasts with that stipulated in the 2019 Federal Budget Expenditures (PEF2019), which indicates that public officials' remunerations may not exceed that of the President's in 2019, under any circumstance.

The Commission endorses the Federal Government's will to enforce an austerity policy with the purpose of making better use of the resources allocated to the institutions. The constitutional controversy is not intended to counteract the strategies adopted by this government to achieve a more just and inclusive Mexico, but to generate certainty regarding the constitutional autonomy conferred to COFECE in article 28 of the Mexican Constitution, required to fulfill the mandate of addressing the lack of competition in Mexican markets.

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The Federal Economic Competition Commission is entrusted with safeguarding competition and free market access. This contributes to people's well-being and the efficient functioning of markets. With its work, COFECE seeks better conditions for consumers, more services of higher quality and a "level playing field" for companies.

