

Recommendations for the elimination of obstacles and promotion of lower gasoline prices and continuous supply: COFECE

- *The new version of Transition to competed energy markets: gasoline and diesel in Mexico recommends specific public policy actions for the authorities and sector regulators to achieve the efficient performance of this market.*

Mexico City, January 30, 2019.- The Federal Economic Competition Commission (COFECE or Commission) presents the update of the document *Transición hacia mercados competidos de energía: gasolinas y diésel* (Transition towards competed energy markets: gasolines and diesel) from 2016, with the purpose of contributing new useful information on the performance of these markets, as of their openness to the participation of private agents, as well as public policy recommendations for sector authorities and regulators, to foster the efficient supply of these energy resources, at the lowest possible prices.

Along the same lines as the original analysis, the diagnostic and the recommendations endorse the need to eliminate regulatory obstacles for investment in storage infrastructure and the distribution of petroleum products, as well as in gasoline stations. They also underscore the lack of rigorous application of asymmetric regulation to Pemex -which generates uncertainty as to the position private agents will have to compete-, and the lack of relevant public information required for the best decision making for the development of the market. This inhibits the market's adequate functioning, limits the attraction of investment and the participation of companies different from Pemex, in the wholesale and public retail markets. It becomes relevant when considering that the last price paid by consumers is, to a great extent, the sum of all costs observed throughout the different phases of the supply process.

COFECE considers that, should the recommendations in this document be adhered to, the opening of the gasoline and diesel market as well as its efficient functioning would be facilitated, which would favor the conditions to finally obtain the economic benefits expected from the sector. The Commission alerts that, should the current trend continue, in the short term, Mexico would presence continuity of costly State intervention to maintain certain fuel price and supply



levels; while in the medium and long term, there may be a risk of shortage and increase of public retail prices, as a consequence of the lack of diversified gasoline and diesel supply options.

COFECE will seek opportunities to present the new version of *Transición hacia mercados competidos de energía: gasolinas y diésel* (Transition towards competed energy markets: gasolines and diesel) in Mexico, which is available in Spanish at: www.cofece.mx.

[See the presentation in Spanish](#)

[See the document in Spanish: Transition towards competed energy markets: gasoline and diesel](#)

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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.



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