

COFECE probes LP Gas market for possible relative monopolistic practices

- *The Investigative Authority has indications to presume the existence of abuse of market power to unduly displace other market participants, hinder their market access or establish exclusive advantages in favor of one or several economic agents.*
- *This probe should not be understood as a prejudgment, but as the authority's verification of compliance with the Federal Law on Economic Competition.*
- *LP gas is the main fuel used in households, which implies the market must operate competitively.*

Mexico City, March 5, 2019.- Today, the Federal Economic Competition Commission's (COFECE or Commission) Investigative Authority published in the Federal Official Gazette (DOF as per its initials in Spanish) and on its website, the notification of initiation of an investigation, that resulted from a complaint, for the possible commission of relative monopolistic practices (abuse of dominance or vertical restraints) in the national market for the import, commercialization, transportation, storage, distribution and public retail of liquified petroleum gas (LP Gas).

Relative monopolistic practices (abuse of dominance or vertical restraints) are acts, agreements, contracts or procedures that economic agents with substantial market power carry out with the purpose or effect of establishing exclusive advantages in favor of one or several economic agents. Examples of these practices are tied sales, price discrimination, the increase of other economic agent's costs, refusal to deal, among others.

COFECE has indicated on diverse occasions, the economic and social importance of the LP gas market stems from its use as the main fuel used in households. Therefore, it is necessary that import, storage, distribution and public retail activities be carried out in a competitive environment, as the contrary could have important regressive effects for the economy of Mexican families.



The investigation, file DE-044-2018¹ initiated on January 21, 2019, should not be understood as the prejudgment of any economic agents as considering that violations to the Federal Law on Economic Competition have not been determined, nor have any individuals or undertakings been considered as offenders. The period for this stage is 120 business days, counted from 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.

Should the evidence determine a relative monopolistic practice was carried out, the economic agent(s) found responsible will be sanctioned with fines of up to 8% of their income and an order to suppress the conduct. The individuals that participated directly or indirectly, in representation or at the behest of the companies in said practices, may receive sanctions equivalent to 200 thousand times the current daily minimum wage in Mexico City (today the Unit of Measure and Update is worth 84.49 MXN) disqualification from holding managerial positions for up to five years, and 180 thousand UMAs for facilitating the conduct.

Furthermore, it is worth noting that this investigation is independent from the ongoing investigation carried out for absolute monopolistic practices in the distribution and commercialization of LP gas, initiated in August 2017.

See in Spanish the extract of the initiation agreement: [DE-044-2018](#)

See in Spanish [what is a relative monopolistic practice?](#)

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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.

¹ This file includes complaint DE-039-2018. This means the investigation will cover both complaints.

