

COFECE invites the public to complete a questionnaire on competition in rail transport

- *With this exercise, the Commission initiates its works to draft a document about competition in the public service for rail freight transport aimed at detecting possible obstacles to the efficient development of the sector and, if applicable, issuing the corresponding recommendations.*
- *This work becomes relevant since in the coming years some of the exclusivities for the provision of rail freight service will expire. This presents a good opportunity to assess the service and performance of the concessionaires.*

Mexico City, May 20th, 2020.- The Mexican Federal Economic Competition Commission (COFECE or Commission) invites decision-makers and public institutions of the railway sector, branches of the Federal Government, freight transport users, industrial chambers, research centers and any interested parties to answer the **Public Questionnaire on competition in the public service of rail freight transport**, an exercise that will help to prepare a document that will analyze this market to identify possible obstacles to competition, as well to issue regulatory and institutional recommendations that promote its efficient operation for the benefit of the competitiveness of the country's production and supply chains.

Those interested may answer the Questionnaire, between May 18 and June 26, in the following link: <https://www.cofece.mx/cuestionario-transporte-ferroviario-de-carga/> (in Spanish). All answers are optional, without length restrictions; also, PDF or DOC files can be attached. If there are any questions related to the questionnaire, these can be sent to ferrocarriles@cofece.mx. Regarding the information collected, the Commission will publish received answers in an aggregated and anonymous manner, as well as the general approach COFECE will follow to address them.

The rail freight transport has a relevant impact on the development of supply chains and on the national productivity in general, as it allows transportation of large volumes of cargo through long distances at relatively lower prices than those offered by other transportation services. In 2018, 87.9 million tons per kilometer were transported, of which 48% consisted



in industrial products; 25% agricultural and; 12% minerals. These represented between 16% and 25% of the total national cargo transported.

In addition, there are preliminary data that could indicate the lack of competitive pressure in the public rail freight service:

- a. Of the total cargo transported in 2016, 89.2% was mobilized by only one concessionaire, the remaining 10.8% involved the participation of two companies (interlineal service).¹
- b. In the case of interline routes, the fee per kilometer charged by the concessionaire to complete the last 5% of a route is between 7.4 and 10.7 times higher than the fee per kilometer charged by the concessionaire that serves 95% of the route.²
- c. The use of railways for transporting products shipped to and from Mexican ports has decreased, since the transfer of cargo between these two means of transportation decreased from 25.1% to 12.3% between 2007 and 2016.³

Assessing the degree of competition in this sector is gaining importance today due to the fact that between 2027 and 2029, the exclusivities for the provision of public services of rail freight transport will expire. In this context, the study will provide the regulatory authorities of the sector the opportunity to evaluate the performance of concessionaires during the period exclusivities were in force and analyze whether the objectives proposed at the time of granting the concessions were achieved.

Complete the **Public Questionnaire on competition in the public service of rail freight transport** (in Spanish)

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MORE COMPETITION FOR A STRONGER MEXICO

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.

¹ OCDE (2020). *Regulatory Governance of the Rail Sector in Mexico*. p .52. Available at: <https://doi.org/10.1787/c21203ee-en>

² COFECE file DC-002-2016

³ IMT (2017). *Manual Estadístico del Sector Transporte (Statistical Handbook for the Transport Sector)*. Available at: <https://imt.mx/archivos/Publicaciones/Manual/mn2017.pdf>. The calculations consider both the imports retrieved from ports through land means as well as exports delivered to the port by land means of transportation. Movement of oil and oil-derivatives is excluded from the calculation.