

Lack of competition is preliminarily determined in maritime passenger transportation in the ferry modality in Isla Mujeres and Cozumel

- *In the Preliminary Investigative Opinion, the Investigative Authority concluded that Naviera Magna has a high market participation and the capacity to fix fees, without any other competitor being able to counteract said power.*
- *If the sense of the Preliminary Investigative Opinion is confirmed, the sectoral regulatory authority will be able to establish the bases of fee regulation in the service.*

Mexico City, February 11, 2021.- The Investigative Authority of the Federal Economic Competition Commission (COFECE or Commission) concluded, preliminarily, that there are not effective competition conditions in six routes of the maritime passenger transportation service in the modality of ferries in the state of Quintana Roo: with origin and/or destination Isla Mujeres to Puerto Juárez, Gran Puerto, El Caracol, Playa Tortugas and El Embarcadero, and from Cozumel to Playa del Carmen.

The Investigative Authority established that Naviera Magna (*Magna*) has a high market participation in said routes and that there are economic and regulatory barriers, which allows it to fix fees without its competitors being able to counteract it.

The economic barriers to entry to the market correspond to high amounts of investment for the acquisition and/or lease of vessels and the shortage of alternative uses, the term for the return and indivisibility of investment, the expenses in advertising, as well as the acquisition of insurance; while those of the regulatory type are related con the Navigation Law in force that imposes nationality requirements to those interested in providing ferry services.

In this market, users do not have the option of other means of transportation, such as land or aerial, that allows them to move between the islands and the continental zone. Although there are other maritime transportation modalities such as the shuttle, nautical tourism, tender and charter, as well as private vessels and boats, these satisfy different needs that those covered by ferries and, with the exception of the shuttle, are not provided regularly nor continuously.



During the investigated period (January 2015 through July 2020), the entry into the market of several companies was observed, without *Magna* having reduced its fees as a natural response to competition. Currently, its only competitors (one in Isla Mujeres and another in Cozumel) maintain a price-tracking strategy (always below to those of *Magna*) without really generating competitive pressure.

The inquiry of the Investigative Authority, with file number DC-001-2020, began *ex officio* last July 21 2020 and ended in December 10 of that year, and the extract of the Preliminary Investigative Opinion is published today. Those economic agents interested in this procedure will be able to present the statements and arguments they deem appropriate, in order for the Board of the Commissioners to issue the final resolution of this case.

If the sense of the Preliminary Investigative Opinion concerning the lack of effective competition conditions in the service for maritime passenger transportation in the modality of ferry in Cozumel and Isla Mujeres is confirmed, it will correspond to the sectoral regulatory authority to establish fee regulation.

Read the [extract of the Preliminary Investigative Opinion DC-001-2020 \(in Spanish\)](#)

– 000 –

MORE COMPETITION FOR A STRONGER MEXICO

The Federal Economic Competition Commission is responsible for ensuring competition and free market access. In this way, it contributes to consumer welfare and the efficient functioning of the markets. Through its work, COFECE seeks better conditions for consumers, greater output and better services and a “level playing field” for companies.

