

COFECE initiates an investigation to determine the existence of competition conditions in the distribution of liquefied petroleum gas at the national level

- *Shall the absence of effective competition conditions be detected, the Energy Regulatory Commission, as authority of the sector, could trigger a regulation process to establish compensations, prices or fees in the distribution of liquefied petroleum gas for the final consumer.*

Mexico City, May 31, 2021.- The Investigative Authority of the Federal Economic Competition Commission (COFECE or Commission) initiated a procedure to determine whether effective competition conditions exist or not in the distribution not linked to pipelines of liquefied petroleum gas (LP gas) at the national level. This inquiry, file number DC-001-2021, is necessary for, shall the absence of effective competition conditions be detected, the Energy Regulatory Commission (CRE, per its initials in Spanish), as authority of the sector, to trigger a regulatory process in said market to establish compensations, prices and fees in the distribution of liquefied petroleum gas for the final consumer.

The market subject to the statement is related to the sale of LP gas through portable vessels (cylinders) and tank trucks (tankers), which supply households and businesses equipped with gas tanks. Therefore, it excludes the distribution through pipelines.

This investigation is initiated *ex officio*, derived from price monitoring activity in this market, and it is independent and different from other procedures currently processed by the Commission in this industry. On the one hand, a file for possible absolute monopolistic practices consisting in agreements to manipulate prices or allocate the market for the distribution of LP gas in the country is at trial-like procedure stage, that is to say, there are accused parties that have initiated their defense. On the other, an investigation for possible abuse of power in the import, commercialization, transport, storage, distribution and retail of said fuel is currently being processed.

In some cases, an investigation and eventual sanction for anticompetitive practices may not be sufficient for competition to exist in a market. In this assumption, in addition to COFECE's actions, the intervention of the regulatory authority would be required to eliminate the effects caused by that the lack of competition through regulation of considerations, prices or fees. The purpose of the investigation it to determine whether this is the case.

During this inquiry, the Investigative Authority can request relevant information or documents to sectoral regulators, request it to economic agents that participate in the market and/or attend to any person that can contribute with the inquiry, as well as use other investigative powers.



To carry out this inquiry, which initiates today, May 31, 2021, the Investigative Authority has a period of at least 15 and up to 45 working days, which could be extended in a sole occasion for the same timeframe. After this lapse, if appropriate, a preliminary statement will be issued to subsequently receive the declarations of the persons with legal standing. Lastly, the Board of Commissioners could issue resolution on the effective competition conditions.

[Read the extract of the initiation agreement \(in Spanish\)](#)

[What is a resolution on competition conditions? \(in Spanish\)](#)

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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.

