

COFECE sanctions 17 clubs of the *Liga MX*, the *Mexican Football Federation* and 8 natural persons for colluding in the market of women and male soccer players' draft

- *One of the sanctioned conducts consisted of an agreement to set a maximum wage cap for women players, which eliminated competition among clubs to hire them with better remuneration and deepened the gender pay gap.*
- *The other sanctioned conduct concerned the segmentation of the market of male players, in which the teams artificially inhibited competition for their hiring, through an agreement that unduly restricted their labor mobility, preventing them from negotiating and signing with the team most convenient for them.*
- *The imposed fines amount to a total 177.6 million Mexican pesos.*

Mexico City, September 23, 2021.- The Board of Commissioners of the Federal Economic Competition Commission (COFECE or Commission) imposed fines for a total 177.6 million Mexican pesos to 17 soccer clubs of the *Liga MX* for their responsibility in conducting absolute monopolistic practices and, for collaborating in the execution of these practices, to the *Mexican Football Federation (FMF or Federation)* and 8 natural persons.

The clubs colluded to avoid or inhibit competition in the market for the soccer players' draft through two conducts: 1) imposing maximum wage caps for women players, which further deepened the pay gap between women and male soccer players; and 2) segmenting the market of male players by establishing a mechanism that prevented them from freely negotiating and signing with new teams.

In the case file (IO-002-2018) the following were sanctioned: *Club de Futbol América (América)*, *Promotora del Club Pachuca (Pachuca)*, *Club Deportivo Social y Cultural Cruz Azul (Cruz Azul)*, *Equipo de Futbol Mazatlán (Monarcas)*, *Chivas de Corazón (Guadalajara)*, *Santos Laguna (Santos)*, *Sinergia Deportiva (Tigres)*, *Deportivo Toluca Futbol Club (Toluca)*, *Club Universidad Nacional (Universidad)*, *Club de Futbol Monterrey Rayados (Rayados)*, *Impulsora del Deportivo Necaxa (Necaxa)*, *Club de Futbol Atlante (Atlante)*, *Servicios Profesionales de Operación (Tijuana)*, *Club de Futbol Rojinegros (Atlas)*, *Fuerza Deportiva del Club León (León)*, *Club Gallos Blancos (Querétaro o Gallos)* and *Operadora de Escenarios Deportivos (Puebla)*.

Price agreement to impose maximum wage caps for women soccer players. Since the creation of the *Liga MX Femenil* [the Mexican women's soccer league] in 2016, several clubs agreed to establish a **wage cap** for these athletes according to three categories: i) those older than 23 years would earn a maximum of 2 thousand Mexican pesos; ii) those younger than 23 years, 500 Mexican pesos plus a personal training course and iii) the players of Sub-17 category would have no income, but could have support for travel, education and meals. This agreement was replaced for another one in the 2018-2019 season, through a release



the **Liga MX** informed the clubs that the maximum cap would be of 15 thousand Mexican pesos and only 4 of its women players could earn above such amount, in addition in-kind supports could not exceed 50 thousand Mexican pesos per tournament.

The first cap on women soccer players' remuneration was a part of the presentation of the *Liga MX Femenil* project and was approved by the Sports Development Committee of *Liga MX*. In addition, the *Federation* issued releases to persuade clubs to comply with the wage cap, besides conducting activities to verify compliance.

The practice, whose duration was from November 2016 to May 2019, constituted a collusive agreement between Clubs¹ that had the purpose and effect of manipulating prices – in this case, the women players' wages – and preventing clubs from competing for their hiring through better wages, which not only had a negative impact on their income, but also had the consequence of widening the gender pay gap.

Agreement to segment the market of male players' draft. The 17 sanctioned clubs, with the collaboration of the *FMF*, agreed to apply the **right of retention** (better known as "**gentlemen's agreement**"), whereby each club affiliated with the *Federation* registered before it the players with whom they had a contract, but at its expiration they retained the right to keep them. If a different club was interested in contracting that player, it necessarily had to obtain the authorization from the first club that had the player in its "inventory" and, often, pay a compensation for the exchange. These agreements materialized during the **transfer and contracting regime of soccer players** (known as **draft**).

The conduct constituted a collusive agreement that had the object and effect of segmenting the market of players in order to limit competition of clubs in the hiring of players, which unduly restricted the mobility of athletes and limited their bargaining capacity to obtain better wages.

The duration of this conduct was of at least 10 years, from June 2008 to December 2018, although several economic agents participated for a shorter period.

Together both conducts generated a harm to the market estimated in 83 million 375 thousand Mexican pesos, so COFECE's Board of Commissioners determined to sanction the aforementioned clubs, as well as the *FMF* and 8 natural persons for their collaboration, with fines that amount a total 177 million 585 thousand Mexican pesos.

Once the resolution has been notified to the parties, the sanctioned economic agents and persons have the right to appear before the Federal Judicial Power so that the legality of the COFECE's actions is reviewed.

[What is an absolute monopolistic practice? \(in Spanish\)](#)

¹ Pachuca, Tijuana, América, Necaxa, Toluca, Tigres, Santos, Universidad, Rayados, Guadalajara, Morelia, Cruz Azul, Atlas, Querétaro and León.

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The Federal Economic Competition Commission is responsible for ensuring competition and free market access. In this way, it contributes to the people's welfare and the efficient functioning of the markets. Through its work, it seeks better conditions for consumers, that more services are offered with higher quality and that there is a "level playing field" for companies.

