

Cofece investigates possible barriers to competition and essential inputs in retail e-commerce market

- *The investigated market corresponds to the retail purchase and sale of goods through the internet.*
- *This is the first investigation in digital markets to determine whether barriers to competition and free market access and essential facilities exist.*
- *This market is important because a growing number of consumers has chosen this option for the purchase of goods since the start of the pandemic.*

Mexico City, March 31, 2022.- The Investigative Authority of the Federal Economic Competition Commission (Cofece) published in the Federal Official Gazette (DOF, per its initials in Spanish) the initiation of an investigation to identify and, if it is the case, determine the probable existence of barriers to competition and free market access, as well as possible essential facilities in the retail e-commerce market in the national territory. This is the first investigation in digital markets carried out by the Investigative Authority of Cofece through a special procedure, aimed at identifying whether barriers to competition and free market access and essential facilities exist.

In the extract of the initiation agreement of the inquiry IEBC-001-2022, the finding of elements that lead to suppose lack of effective competition conditions in this market is specified. The initiation of investigation does not imply a prejudgment of any kind by the Investigative Authority.

Barriers to competition are considered any structural characteristic of the market, as well as facts or actions by economic agents that prevent the access of competitors, limit their capacity to compete or distort the competition process. There may also be barriers due to the existence of legal provisions of any level of government that unduly prevent or distort said process.

E-commerce is understood as the purchase and sale of goods over the internet through a method to receive or place orders.¹ Since the start of the Covid-19 pandemic, the value of retail e-commerce in Mexico has increased. In 2019, sales amounted to approximately 400 billion Mexican pesos, while in 2021 these exceeded 540 billion Mexican pesos.² Currently, a growing number of consumers use this option to purchase goods. For this reason, it is necessary to monitor that the market operates and develops under competition conditions, so that consumers can choose from among more options, the one that best suits their needs.

¹ OECD (2019), *Unpacking E-Commerce: Business Models, Trends and Policies*, p. 15. Available at: <https://www.oecd.org/publications/unpacking-e-commerce-23561431-en.htm>

² <https://es.statista.com/estadisticas/1114184/mexico-e-commerce-ventas-minoristas/>

The Federal Economic Competition Law establishes that, once the procedures provided for this type of investigations are concluded, should elements to determine the existence of barriers to competition were to be found, the Board of Cofece could: i) order the economic agent to eliminate the barriers that unduly affect the competition process; ii) issue recommendations to public authorities in case there are legal provisions that unduly prevent or distort competition and free market access; iii) determine the existence of essential facilities and, if appropriate, issue guidelines for their regulation; or iv) order the divestiture of assets, rights, social parts or stocks of the involved economic agent.

To carry out this inquiry, the Investigative Authority has a period of between 30 and 120 business days, counted from the publication of the extract, which may be extended up to two times.

Read [*How and why eliminate barriers to competition?*](#) (in Spanish)

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

– 000 –

MORE COMPETITION FOR A STRONGER MEXICO

The Mexican 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 "level playing field" for companies.