

Cofece-024-2022

## **Cofece notifies an economic agent of a statement of probable responsibility for possible relative monopolistic practices in the market of LP Gas**

- *LP Gas is the main fuel used by Mexican families and businesses to cook, heat water and provide heating.*
- *With the notification of this statement of probable responsibility, the trial-like procedure initiates, in which the involved economic agent will be able to defend itself from the imputations made against it.*

**Mexico City, August 17, 2022.-** The Federal Economic Competition Commission (Cofece or Commission) notified an economic agent for its probable responsibility in carrying out relative monopolistic practices (price discrimination) in the market of import, commercialization, transport, storage, distribution and sale to the public of liquefied petroleum gas (LP Gas) in the national territory, goods and services related to them.

In Mexico, LP Gas is the main fuel used by families and businesses to cook, heat water and provide heating. According to the National Survey on the Consumption of Energy Sources in Private Housing Units, eight out of ten families use it as fuel for cooking food, and from January to June 2022 alone, the total value of the sales of this fuel at the national level was more than 36 thousand million Mexican pesos.

This market becomes relevant for being part of the energy sector, which, being transversal, impacts multiple economic activities, such as food production and the services sector. Therefore, Cofece has carried out different actions, such as the preliminary determination on the lack of effective competition in the distribution of LP Gas to end users, the issuance of competition advocacy documents, as well as the notification of a statement of probable responsibility for the possible existence of collusive agreements.

The investigation of this matter, file number DE-044-2018 and its accumulated DE-039-2018, concluded on March 29, 2022. In this regard, the Investigative Authority indicated in its statement of probable responsibility that it had knowledge of the possible existence of a practice prohibited by the Federal Economic Competition Law (LFCE, per its initials in Spanish) in its Article 56, section X, that implies establishing different prices or sale or purchase conditions for different sellers or buyers in equivalent conditions.

With the notification of this statement of probable responsibility, the trial-like procedure initiates, in charge of the Technical Secretariat of this Commission, in which the probable responsible will be able to manifest what is within its right and offer evidence related to the alleged accusations made against it. Once these manifestations are made, the evidence has been processed and the corresponding arguments have been presented, the Board of Commissioners of COFECE will resolve in accordance with the law.

In accordance with the LFCE, shall the existence of a relative monopolistic practice be proved, the Commission would order the correction or suppression of the unlawful practice; while the economic agent could receive a fine of up to 8% of its income

**What is a relative monopolistic practice?**

**What are notifications of probable responsibility and why are they carried out?**

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**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.*