

Cofece-037-2022

Cofece imposes fines for more than 2 thousand 400 million Mexican pesos to LP gas distributors for manipulating prices and allocating the market to the detriment of consumers

- *With their anticompetitive actions, between 2017 and 2019, the sanctioned economic agents caused an estimated damage of 13 thousand 392 million 548 thousand 798 Mexican pesos.*

Mexico City, November 9, 2022.- The Board of Commissioners of the Federal Economic Competition Commission (Cofece or Commission) fined a total of 2 thousand 414 million 51 thousand 954 Mexican pesos to 53 companies and 34 persons acting on their behalf, for colluding to fix, raise, arrange and manipulate the distribution price of liquified petroleum gas (LP Gas) through plants and sale at service stations, as well as dividing, distributing, assigning or imposing portions of the market, through clients in the national territory, in terms of sections I and III of article 53 of the Federal Economic Competition Law (LFCE).

LP gas is the most widely used domestic fuel in the country and, in accordance with the National Survey on Energy Consumption in Private Homes of the National Institute of Statistics and Geography, eight out of ten families use it as their main fuel for cooking. From January to June 2022, the value of the total sales of LP gas at the national level increased to more than 36 billion Mexican pesos, in accordance to data from the Energy Information System of the Ministry of Energy.

Once the trial-like procedure was concluded, the Board of Commissioners of Cofece determined that there were enough elements to prove the absolute monopolistic practices conducted by the alleged distributors – which are part of the *Soni, Nieto, Tomza, Simsa, Global, Uribe* and *Metropolitano* groups- in Mexico City and some municipalities of the State of Mexico, Culiacán, Colima and Tamaulipas.¹

Through these conducts the economic agents agreed to maintain its market shares and avoid competing with each other, which translated into a deterioration in the supply conditions of this important energy source, as well as in the charging of undue overprices.

¹ File DE-022-2017 and accumulated



As a result, the Board of Commissioners of Cofece determined that, from 2007 to 2019, the offenders caused an estimated harm that amounts to 13 thousand 392 million 458 thousand 798 Mexican pesos. Considering the magnitude of the damage, the intentional character of the conducts and the relevance of the affected market in the general welfare, the conducts were classified as serious, and the mentioned fines were imposed.

The Board of Commissioners also considered it appropriate to impose the sanction of disqualification to several individuals who participated in some of the agreements proved during the term of the LFCE.

Economic agents have the right to appeal this resolution² through an indirect *amparo* trial before the Federal Judicial Branch.

What is an absolute monopolistic practice? (In Spanish)

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MORE COMPETITION FOR A STRONGER MEXICO

The Federal Economic Competition Commission safeguards competition and free market access.

Through its work, it seeks better conditions for consumers, that more services are supplied with higher quality and that there is a “level-playing-field” for companies

² The public version of the resolution will be available in the opinions and resolutions portal of the Commission’s website within the legal timeframe established in article 47 of the Regulatory Provisions of the Federal Economic Competition Law.