

Relevant Actions 2022



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Design: José Emiliano Rodríguez Rodríguez

Mexican Federal Economic Competition Commission
Av. Revolución No. 725, Col. Santa María Nonoalco,
Alcaldía Benito Juárez, C.P. 03700,
Mexico City, México

www.cofece.mx

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Introduction

Throughout 2022, the Federal Economic Competition Commission (Cofece or Commission) ratified its commitment with Mexico and consumers by implementing actions aimed at fulfilling its constitutional mandate of guaranteeing free competition and market access, as well as to prevent, investigate and fight monopolies, monopolistic practices, concentrations and other restrictions to the efficient functioning of the markets, as well as to eliminate barriers to competition and regulate access to essential facilities in the terms provided by the Constitution and the applicable legislation.

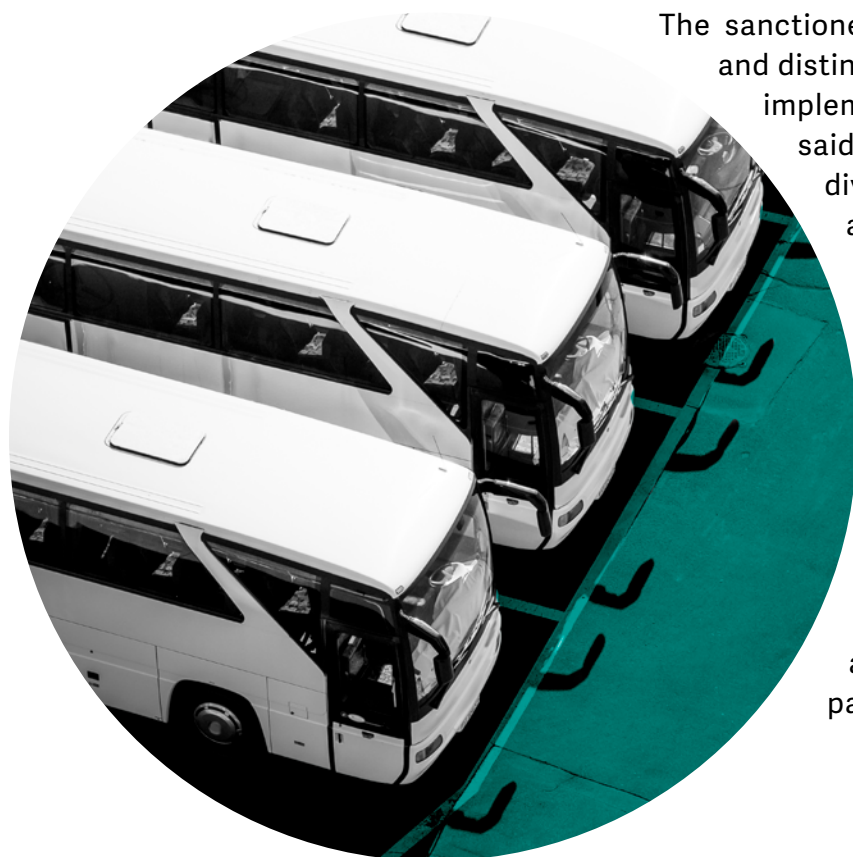
The actions presented below are irrefutable proof of the work of the Commission in this sense, highlighting those that contributed to economic competition in the different sectors considered as a priority due to their relevance in terms of consumer welfare and the good economic performance of the country.

Sanctions

Absolute monopolistic practices

1. Sanction to companies and directors for fixing or manipulating prices and segmenting routes in the market of ground passenger transportation

ADO, Estrella Blanca, Estrella Roja, IAMSA, Senda, Pullman, 12 other companies and 31 natural persons were sanctioned by Cofece for more than one thousand 218 million Mexican pesos, for participating in several absolute monopolistic practices by which they fixed or manipulated prices and segmented routes in the market for the service of ground passenger transportation.



The sanctioned conducts consisted of the establishment of six independent and distinguishable agreements, conducted between different competitors, implemented with different periods of validity from 2000 to 2020; through said conducts they manipulated and fixed the prices of the service and divided and allocated routes through the segmentation of markets or arrangements between transporters to avoid competing with each other, in some cases even compensating income and expenses according to previously agreed percentages.

Also, several natural persons that participated in some of the agreements were disqualified from acting as board members, administrators, directors, managers, executives, agents, representatives or proxies of any of the sanctioned legal persons and/or any subsidiary, related company, affiliate or related to the economic interest group to which they belong or could belong, as well as of any other legal persons that has a corporate purpose and/or commercial activity is related to the market of ground passenger transportation service.

Sanctions

Absolute monopolistic practices

2. Fines to distributors of LP gas for manipulating prices and allocating the market to the detriment of consumers

The Board of Commissioners of Cofece fined for a total of 2 thousand 414 million 51 thousand 954 Mexican pesos to 53 companies and 34 persons who acted on their behalf, for colluding to fix, increase, agree and manipulate the price of distribution of liquified petroleum gas (LP gas) through plants and retail in service stations, as well as for dividing, distributing, allocating and imposing portions of the market, through customers in the national territory.

The Commission proved the realization of absolute monopolistic practices by several distributors of LP gas – which are parte of the *Soni, Nieto, Tomza, Simsa, Global, Uribe* and *Metropolitano* groups, among others- in Mexico City and in some municipalities of the State of Mexico, Culiacan, Colima, Jalisco and Tamaulipas. The economic agents fixed prices and allocated the market, which resulted in a deterioration of the supply conditions of this important energy, as well as the charging of undue overprices.



The Board of Commissioners also disqualified various natural persons that participated in some of the agreements from acting as board members, administrators, directors, managers, executives, agents, representatives or proxies of any of the sanctioned legal persons and/or any subsidiary, related company, affiliate or related to the economic interest group to which they belong or could belong, as well as of any other legal persons whose corporate purpose and/or commercial activity is the commercialization and/or distribution of LP gas at any entity of the Mexican Republic.

Sanctions

Relative monopolistic practices

3. Fine to the AICM for denying an economic agent the provision of the public service of federal motor transport and establishing exclusive advantages in favor of two permit holders.

Cofece resolved that the International Airport of Mexico City (AICM per its acronym in Spanish) committed refusal to deal, considered as a relative monopolistic practice, by impeding an economic agent from providing the service of federal passenger transport, in the modality of integral bus and/or wagon, with origin or destination to the AICM.

Through different actions, the AICM unduly refused to provide to *Transportación Terrestre UNE* (UNE) the access service to the Airport. Through this conduct, it prevented UNE from providing the service of passenger transport from the AICM to Puebla and from Puebla to the AICM, establishing exclusive advantages in favor of two permit holders in the same route, which prevented greater competition and harmed users.

The airport had already been sanctioned by the Commission for carrying out in a monopolistic practice, for which reason it was considered and recidivist offender, thus the Board of Commissioners imposed a fine of 848 million 888 thousand 633 Mexican pesos.



Sanctions

Non- compliance with commitments

4. Fines to *Infra* and *Cryoinfra* for not complying with commitments made to restore competition in the markets of oxygen, nitrogen, and argon.

In 2014, the Investigative Authority (AI per its acronym in Spanish) initiated an inquiry into the distribution and commercialization of industrial oxygen, nitrogen, and liquid argon in bulk by means of cryogenic pipes unloaded into a cryogenic container at the premises of the customer, with a regional geographical dimension. Through the use of the instrument provided for in the Federal Economic Competition Law of 1992, *Infra* and *Cryoinfra* requested in 2018 the early closure of the trial-like procedure, for this they presented to the Board of Commissioners various commitments to suppress the investigated conduct and restore the process of competition and free market access, which were accepted.

However, derived from the verification process, it was proved that economic agents failed to comply in a general manner with several of the commitments assumed. This violated the verification process and the corrective effect of the resolution of the Board of Commissioners to restore competition in the markets.

For not complying with the described commitments, the Board of Commissioners imposed fines for a total of 296 million 323 thousand 915 Mexican pesos to *Cryoinfra* and *Infra*.



Sanctions

Failure to notify concentrations

5. Sanction to AT&T and Warner Bros. Discovery

Cofece sanctioned AT&T and Warner Bros. Discovery for a total of 51 million 575 thousand 920 Mexican pesos for failing to notify a concentration in terms of the LFCE. These facts are related with an international operation which originally proposed the acquisition by Discovery, of AT&T's business known as Warnermedia, including the Mexican business, as well as the purchase by part of the shareholders of AT&T of 71% of the shares of the company resulting from the transaction, which would be rebranded as Warner Bros. Discovery.

However, before Cofece issued its authorization, the economic agents carried out a series of actions through which they separated only a part of Warnermedia's business in Mexico, which created, at least for a time, market structures and legal relations that were not considered in the originally notified operation. The concentration, on its new terms, exceeded the thresholds established in section II of article 86 of the LFCE, so it had to be notified to Cofece, which did not happen. In this transaction, several foreign subsidiaries with material effects and nexus in Mexico were acquired, since they receive income and sales originating in the national territory.



Special procedures

1. Determination of lack of effective competition in the distribution of LP gas to end users

The Board of Commissioners of Cofece determined the absence of effective competition conditions in 213 of 220 relevant markets consisting in the distribution of LP gas to final users, through distribution plants and auto tankers with a regional geographical dimension.

For this, several aspects were taken into account, among which the following are relevant:

- i. High degrees of economic concentration observed, in which few economic interest groups have high shares in the defined markets.
- ii. High gross profit margins at the national level obtained by distributors.
- iii. The existence of important barriers to entry, economic and regulatory, as well as barriers to exit.
- iv. The participation of "commission agents", especially in the Metropolitan Zone of the Valley of Mexico, whose conducts prevent or hinder the market access of distributors in certain geographic zones.
- v. Little or no entry of new distributors, despite increases in profit margins.

This resolution was notified to the economic agents who prove to have an interest in the procedure and to the Head of the Federal Executive Power, the Ministry of Energy, and the Energy Regulatory Commission for these authorities to be able to establish the corresponding regulation and measures in accordance with section X of article 96 of the LFCE.



Initiation of investigations

Essential facilities and barriers to competition

1. Retail e-commerce

The AI initiated 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 of possible essential facilities in the market of retail e-commerce in the national territory. This investigation is relevant for being the first one of its kind, the importance of the market and the potential impact on the pocket of Mexicans.

E-commerce is understood as the purchase and sale of goods over the internet through a method to receive or place orders. Since the beginning 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 they surpassed 540 billion Mexican pesos.



2. Federal passenger transportation that uses terminals for the loading and unloading of passengers, and related services



The AI initiated 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 of possible essential facilities in the national market of passenger ground transportation that uses terminals for the loading and unloading of passengers, and related services.

The service of federal passenger ground transportation is key for the mobility of the population and has a transversal impact on other areas of the economy. In accordance with the 2020 Basic Statistics of the Ministry of Infrastructure, Communications and Transport, 95.2% of the passengers mobilized by this means of transport in that year, made it through federal ground transportation.

For the Commission, the transport sector is very relevant, thus it has conducted several actions to strengthen competition in related markets for the benefit of families.

Initiation of investigations

Essential facilities and barriers to competition

3. Corn and corn flour



Corn and corn flour are inputs necessary for the production of tortilla, which is an essential part of the daily diet of Mexicans and, due its high consumption, is included in the basic basket, so the AI initiated an investigation to identify and, if it is the case, determine the probable existence of barriers to competition and essential facilities in the markets for the distribution and commercialization of corn, as well as for the production, distribution and commercialization of corn flour and related services in the national territory.

The LFCE establishes that, once the procedures provided for this type of investigations have been concluded, if sufficient elements are found to determine the existence of barriers to competition and free market access, the Board of Commissioners of Cofece could, if it is the case, order the corresponding economic agent to eliminate the barriers that unduly affect the process of competition.

Absolute monopolistic practices

4. Industrial gases

In order to investigate a possible anticompetitive agreement regarding the necessary infrastructure to exploit industrial gases, which are used in various sectors, such as energy, health, the food and chemical industry, as well as the construction and production of advanced electronics, to name a few, the AI initiated in 2021 an ex officio investigation that was made public in 2022 for the possible commission of absolute monopolistic practices in the market for integration, installation, maintenance and commercialization of equipment, accessories and spare parts for the exploiting of industrial gases in the national territory. This investigation is in the trial-like procedure stage.



Initiation of investigations

Absolute monopolistic practices

5. Public procurement procedures for the acquisition of electoral material and documentation

The AI initiated in 2021 an ex officio investigation that was published in 2022 for the possible realization of absolute monopolistic practices in the market of public procurement procedures for the acquisition of electoral material and documentation in the national territory.

The investigation covers the acquisition procedures of electoral material and documentation by public authorities through tender procedures, at the three levels of government in the national territory. Products acquired are considered to be electoral ballots, indelible liquid, ballot boxes, desks, modular elements, instructions, labels and any other good acquired within the framework of an electoral procedure.

In accordance with the 2022-2025 Strategic Plan of the Commission, public procurement is a priority economic activity since resources from taxpayers are used and these must be allocated in a transparent, efficient, and effective way. This is intended to protect the assets of procuring authorities, which, according to the Organization for Economic Cooperation and Development, lose up to 20% of their resources when there is a collusive agreement by the participants in their contracting procedures.



Initiation of investigations

Absolute monopolistic practices

6. Maritime transportation services of passengers and goods in Quintana Roo



In 2021, the AI initiated an ex officio investigation that was made public in 2022 for the possible realization of absolute monopolistic practices in the market of maritime transportation services in the state of Quintana Roo, an activity with is of the utmost importance both for the habitants and workers of the zone, and for tourists, since it allows the mobility of people and goods between the state and its insular zones.

This means of transportation served in 2021 more than 9 million passengers on the ferries that serve that entity (Isla Mujeres, Playa del Carmen, Cozumel and Chetumal), and more than one and a half million tons of general cargo were mobilized in the ports of Quintana Roo (Punta Sam, Isla Mujeres, Puerto Morelos, Cozumel and Punta Venado).

7. Credit cards in the modality of deferred payments at interest-free months

The financial sector is a priority for Cofece since the services offered are key to conduct multiple economic activities, such as purchases with credit cards, in addition this sector accounted for 5% of the Gross Domestic Product of the country in 2022. In this context, the AI initiated an ex officio investigation, for the possible realization of absolute monopolistic practices in the market of services related with the transactions made with credit cards in the modality of deferred payments at interest-free months in the national territory.



Initiation of investigations

Absolute monopolistic practices

8. Information and communication technologies maintenance services and managed services

All government authority, regardless of its level of government and powers, requires information and communication technologies for the exercise of its activities, especially in the context of the COVID-19 pandemic, in which many authorities had to implement remote work due to health restrictions. In this context, the AI initiated and ex officio investigation, for the possible realization of absolute monopolistic practices in the market of the public procurement procedures related with the acquisition, leasing, maintenance services and managed services of information and communication technologies in the national territory.



The investigation covers the purchase and/or leasing procedures of products such as desktops and laptops, televisions, photocopiers, computer cameras, storage equipment and related products, in the national territory. Additionally, it includes the contracting or purchase of information and communication technologies such as stream services, software licensing, internet servers, in addition to maintenance services and managed services related to information technologies, so that any contracting procedure of the government through public procurement in the investigated market, would be susceptible to be part of this inquiry.

Initiation of investigations

Relative monopolistic practices

9. Household insecticides



The AI initiated in 2021 an investigation for a complaint that was made public in 2022 for the possible realization of relative monopolistic practices in the market of the production, distribution, and commercialization of household insecticides in the national territory, which are substances used to control or kill insects carrying diseases and can have different types of presentations such as wettable powders, sprays, gases, liquids, among others.

Insecticides are relevant products for households since they control plagues and at the same time they contribute to the prevention of insect-transmitted diseases. Insect-transmitted diseases are an important public health issue in the country, some of them are dengue, zika, chikungunya, malaria and chagas disease.

10. Processing of payments of mobile applications and digital content and related services

The AI also initiated an ex officio investigation, for the possible realization of relative monopolistic practices in the market for the development, distribution, and processing of payments of mobile applications and digital content, as well as related services.

The inquiry analyzes the business models of developers and the mechanisms through which the payments of App Stores are processed. This investigation is relevant considering the millions of Mexicans who download from these stores, which accounted for more than 4 thousand 800 million in 2021, which represented around 29 billion Mexican pesos in revenue for app developers that same year.



Initiation of investigations

Relative monopolistic practices

11. Access to commercial spaces and provision of commercial services in airports of south-southeast Mexico

Airports function as provider companies of multiple services, since in addition to providing aeronautical services, they offer commercial services directed at satisfying the needs of users who are in their terminals. These spaces are strategically located in public zones available for consumers in general, or in exclusive spaces for passengers before or after boarding a flight. Based on this perspective, the AI initiated in 2021 an ex officio investigation which was made public in 2022 for the possible realization of relative monopolistic practices in the market for the access to commercial spaces and provision of commercial services in airports of the south – southeast of Mexico and their related services.



The inquiry analyzes the process of obtaining commercial spaces in said airport zones with the purpose of providing a service or selling a product, which is known as commercial services. The investigation becomes relevant considering that, for example, in 2020, 9.35 million passengers transited through airports of the south and southeast zone of the country, a zone which is also of great importance for tourism at the national level.

Notification of statements of probable responsibility

Absolute monopolistic practices



1. Tortillas in Huixtla, Chiapas

After concluding an inquiry, the AI determined the possible existence of an agreement to manipulate prices and the supply of corn tortillas by establishing the obligation not to produce, process, distribute or commercialize a restricted quantity of it in the municipality of Huixtla, Chiapas; derived from this, Cofece notified a statement of probable responsibility to several economic agents. This investigation is relevant since this type of illegal practices, also known as collusion, can have adverse effects on the welfare of consumers, since tortilla is an important product in the diet of Mexicans.

2. Market of equipment for the utilization of industrial gases

Cofece notified a statement of probable responsibility to several economic agents and natural persons after finding evidence of a probable collusion in the market of the integration, installation, maintenance and commercialization of equipment, accessories, and spare parts for the utilization of industrial gases in the national territory. This product, in its diversity, is used in relevant sectors such as energy, health, food, chemical, construction, and production of advanced electronics.



Relative monopolistic practices

3. LP gas (Price discrimination)



Cofece notified a statement of probable responsibility to an economic agent for its probable responsibility in the realization of relative monopolistic practices (price discrimination) in the market of import, commercialization, transport, storage, distribution, and retail sale of LP gas in the national territory, goods and services related with them. This market acquires relevance for being the main fuel used by families and business to cook, heat water, and provide heating; in accordance with the National Survey on Energy Consumption in Private Households, 8 out of 10 families use it as a fuel for cooking food.

Opinions

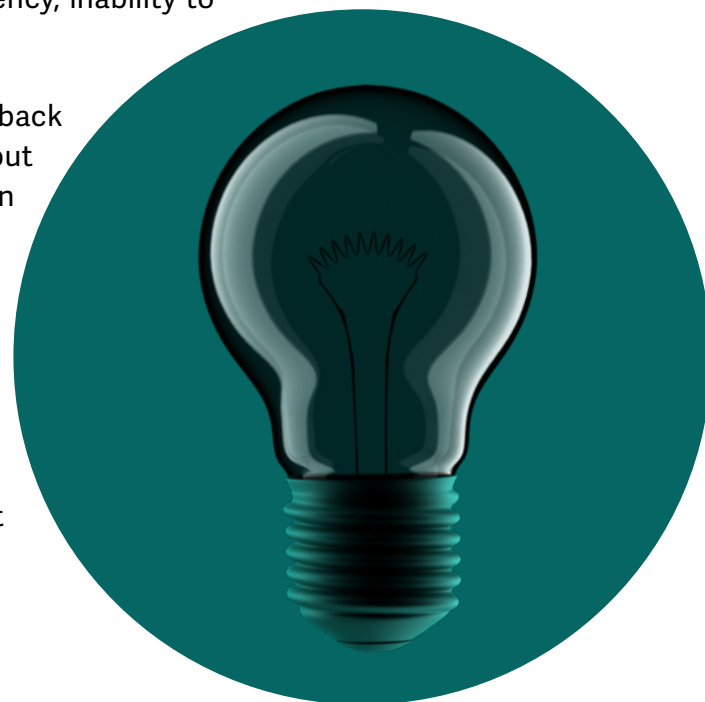
Ex Officio

1. Recommendation not to approve the initiative of constitutional reform in electric matters, due to the risks of affecting consumers and companies

The Board of Commissioners of Cofece submitted to the Congress of the Union an opinion to recommend not approving the Initiative with a Draft Decree by which articles 25, 27 and 28 of the Political Constitution of the United Mexican States, in energy matters, are reformed and with that stress the importance of keeping and consolidating an electric model based on competition in the links of generation and supply, with the elements of governance and regulation that are necessary to safeguard the public interest.

In its opinion, Cofece argued that through the Initiative, the model of competition in the generation and supply of electricity would be abandoned, replacing it with an unregulated state constitutional monopoly (i.e. vertically integrated industrial model), which was abandoned in many countries due to its inefficiency, inability to meet demand, high costs and negative impact on public finances.

It also added that the model proposed in the Initiative represents a setback against social welfare since it implies setting up a monopoly throughout the value chain of the sector; create a monopsony (sole purchaser) in the purchase of electricity; dismantling the institutional framework that protects public interest, unduly transferring regulatory and public policy tasks to the Federal Electricity Commission (CFE per its acronym in Spanish); and eliminating several mechanisms that pursue fundamental objectives, such as ensuring the reliability of the system, diversifying the generation matrix, ensuring equity between participants, applying neutral an technical regulation, improving the service and encouraging investments in more efficient and cleaner generation technologies.



Opinions

Ex Officio

2. Opinion to warn about risks to competition in the market of natural gas derived from the strategy established by the Ministry of Energy

Through an opinion, Cofece warned of risks in matters of competition and free market access derived from the *Estrategia de garantía de suministro para la optimización de capacidad en el Sistema de Transporte y Almacenamiento Nacional Integrado de Gas Natural* [Strategy to guarantee the supply for the optimization of the capacity in the Integrated National Natural Gas Transportation and Storage System] (Strategy), established by the Ministry of Energy (Sener, per its acronym in Spanish) through the official letter SENER.100/195/2022, which indicated that users or those interested in receiving the service of natural gas transportation at the internment points of the Integrated National Natural Gas Transportation and Storage System (Sistrangas, per its acronym in Spanish) should prove that they receive the supply from Pemex, CFE or its affiliates and subsidiary companies, and that the provision of the service was ensured through the contracting of pipeline transportation capacity with any of these state-owned companies.



Cofece warned that following this Strategy would seriously and irreparably affect the conditions of competition in the natural gas and electricity markets, since:

- It would prevent users (retailers and industrial users) from deciding not to contract with the previously referred state-owned companies, access under equal conditions to the capacity of Sistrangas, artificially benefiting Pemex and CFE.
- It would discourage the entry of potential retailers of natural gas and would cancel the capacity to compete of current participants in this link.
- It would generate distortions for competitors of CFE in the market for the production of electricity, as users that use natural gas to produce electricity and that need the transportation service would be obliged to acquire this input through CFE, which at the same time is its competitor.

Opinions

By request

3. Recommendations that would favor users of taxi and bus services at Felipe Angeles International Airport

After analyzing the access system proposed by the Felipe Angeles International Airport (AIFA, per its acronym in Spanish) for the provision of the passenger transportation service in the modality of taxis or buses, Cofece concluded that, unlike the one prevailing in other airports of the country, this would be open; that is, it would favor a greater supply of providers of these services and would generate incentives to provide better price and quality conditions.

In its opinion, the Commission highlighted that, with the scheme proposed by the AIFA, anyone interested that complied with the requirements would be allowed entry. And recommended to:

- Maintain the proposed open system in place on an ongoing basis.
- Eliminate obligations for permit holders.
- Facilitate ticketing schemes – ticket booths, automatic machines, or electronic means- and implement a digital space in which consumers can compare prices.
- Establish as grounds for termination of the contract the realization of absolute monopolistic practices (collusion), as well as relative (abuse of market power) accredited by a resolution of Cofece.
- Allow the provision of the service to digital passenger transport platforms as long as they comply with the requirements.
- Eliminate clauses that grant discretion to AIFA, for example, to terminate the contract without just cause.



Opinions

By request

4. Recommendations to the SHCP, Banxico and the CNBV with measures to promote competition in the Financial Technology Institutions sector

Cofece issued an opinion with several recommendations addressed to the Ministry of Finance and Public Credit (SHCP, per its acronym in Spanish), the Bank of Mexico (Banxico, per its acronym in Spanish) and the National Banking and Securities Commission (CNBV, per its acronym in Spanish) and other supervisory commissions, to evaluate the regulation related with cloud storage, the role played by commission agents and the protection of savings of users of Financial Technology Institutions (ITF). The foregoing, since the Commission identified regulatory instruments that could limit the process of competition and free market access in the ITF sector to detriment of consumers.

In this sense, Cofece recommended:

- To review the proportionality of having another storage mechanism when using a cloud as a primary provider and evaluate the regulatory distinction with respect to limits on the use of commission agents or Electronic Payment Fund Institutions vis a vis credit institution.
- That the SHCP, Banxico and the CNBV evaluate the regulatory alternatives to guarantee the protection of the funds of ITF users, based on international best practices.
- That the CNBV and other supervisory commissions issue regulation on matters of open banking, as well as clear guidelines on the use of client information.
- That the CNBV evaluates the proportionality and distinction of the regulation regarding notice and authorization obligations to be complied by developers of programming interfaces for standardized read-only software applications (they can only consult databases and information systems in read mode) from domestic and foreign suppliers.



Litigation affairs

1. The Supreme Court of Justice of the Nation resolves in favor of Cofece regarding the Strategy to guarantee the supply for the optimization of capacity in the National Integrated Natural Gas Transportation and Storage System



In September, the Supreme Court of Justice of the Nation (SCJN per its initials in Spanish) granted the suspension requested by the Federal Economic Competition Commission of the Strategy to guarantee the supply for the optimization of the capacity in the Integrated National Natural Gas Transportation and Storage System.

2. SCJN resolves controversy regarding the appointment of Commissioners in favor of Cofece

In November, the SCJN resolved the constitutional controversy filed by Cofece against the Federal Executive for the omission in the appointment of Commissioners.

In December, the Federal Executive sent to the Senate the proposal to appoint Andrea Marván Saltiel as a Commissioner of Cofece, who was ratified unanimously by the Plenum of the Senate. Likewise, by the end of that month, the Federal Executive sent to the Permanent Commission of the Senate the appointment proposals of Rodrigo Alcazar Silva and Giovanni Tapia Lezama to fill the two pending vacancies.



3. The Judicial Power determines the competence of Cofece to resolve concentrations in the Information and Communication Technologies sector

In December, the Second Collegiate Tribunal in Administrative Matters, specialized in Economic Competition, Broadcasting and Telecommunications, with residence in Mexico City and jurisdiction in all the Republic, resolved a competence conflict initiated by the Federal Telecommunications Institute (IFT) that considered that markets such as the design, fabrication and commercialization of terminal equipment, such as desk or conference telephones, headsets, conference solutions and peripherals, and videoconferencing systems, among others, belonged to the telecommunications sector.

The Second Tribunal unanimously resolved to declare Cofece legally competent to process and resolve a concentration that involves the aforementioned activities on the grounds that these do not belong to the broadcasting and telecommunications sectors; it noted that the fact that the products must be homologated by the IFT to make use of the radioelectric spectrum is not a sufficient factor to grant it competence, since the services and products under analysis are not concentrated on the functionality of the terminal equipment, but on the process of creation, activity outside the broadcasting and telecommunications sector which is the competence of the IFT.

The ruling delimits the scope of Cofece's competence in terms of the provisions of the Federal Telecommunications and Broadcasting Law (LFTR, per its acronym in Spanish), as well as in the international references for the classification of economic activity, which allow distinguishing different sectors; in particular, the information and communication technologies sector from the telecommunications and broadcasting sectors, in accordance with articles 6 and 28 of the Constitution.



Studies

1. Medical Expenses Insurance

Cofece presented the *Estudio de competencia y libre concurrencia en seguros de gastos médicos* [Study on competition and free market access in medical expenses insurance] in which it identified problems that reduce competitive pressure, increasing the prices (premiums) of insurance, to the detriment of consumers: high costs for changing insurers; lack of information on the characteristics of the contracted services; the way in which insurance agents are paid, and opacity in the quality of hospital services, among others.

The Commission raised recommendations in four areas:

- Promoting transparency in the market of hospital services, for which it recommends that the Office of the Federal Prosecutor for Consumers develops and publishes indicators that measure the price-quality relation of private hospital services.
- Promote consumer mobility by mandating seniority portability.
- Decrease search costs for consumers, thus it is proposed that regulatory authorities promote the establishment of minimum standards for websites of insurers and comparators.
- Reduce barriers to entry for new competitors by making it mandatory for insurance agents to disclose to consumers information on the commissions and bonuses they receive from insurers and prohibit prizes, bonuses or contingent commissions; so that entrants can distribute their products through the same agent networks that already exist.



Studies

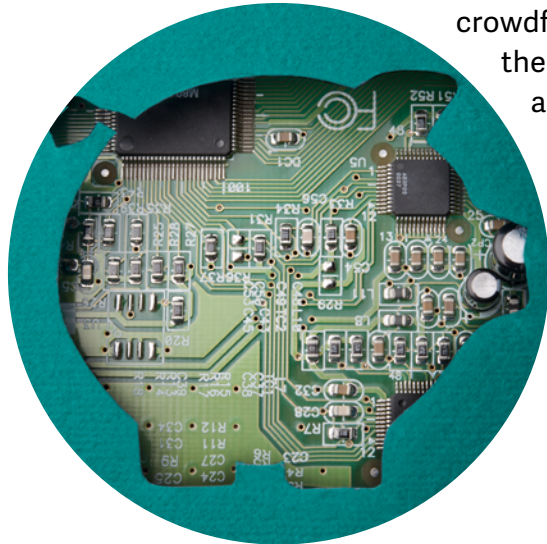
2. Beef

The Board of Commissioners of Cofece approved the conduction of a study on matters of free market access and competition in the markets for the production, distribution and commercialization of beef and related markets. The mentioned markets are part of the priority sector of foods and beverages established in the 2022-2025 Strategic Plan of Cofece, thus this study is aligned with it. The study will analyze the structure and regulatory framework of the beef market and its related markets and will make recommendations to improve its functioning. Beef is a generalized consumption good, whose price impacts population and its under regulations that, sometimes, hinder competition.



3. Digital financial services

The Board of Commissioners of Cofece approved the conduction of a study on matters of free market access and economic competition in the markets of digital financial services and related markets, that are part of the priority sectors of this autonomous body. The study will focus on analyzing the services of electronic payments and crowdfunding services offered by companies commonly known as Fintech, which are regulated by the Law to Regulate Financial Technology Institutions, as well as other financial services that are provided over the internet and that have similar functionalities. All these services are referred to as digital financial services.



The study will analyze the structure, functioning and regulatory framework of these services and, if it is the case, recommendations will be presented to the authorities of the sector to improve its operation. The study is pertinent since the services provided in these markets have an impact on productive activities, as well as on the options available for users of financial services.

Publications

1. 2022-2025 Strategic Plan

In accordance with international best practices, strategic planning processes help organizations to establish directives and formulate and implement tactics to achieve their objectives and create added value. From this perspective, Cofece presented its *2022-2025 Strategic Plan*, as a tool that will allow it to obtain better results and have a greater impact through the focalization and prioritization of actions.

Cofece conducts its planning considering two stages in different time horizons:

- On the one hand, it elaborates a Strategic Plan in which it defines its long-term route map to guide its efforts towards the fulfillment of its constitutional mandate. Therefore, every four years the effectiveness of the strategy to achieve this purpose, and if adjustments are required, the components are modified, among which the mission, vision, objectives, and values are highlighted.
- On the other hand, the Commission conducts a short-term exercise in which it establishes the actions that contribute to the fulfillment of strategic objectives and lines established in the Strategic Plan. These actions integrate the Annual Work Programs, which are presented to the Federal Executive and Legislative Powers at the beginning of each year. In this way, the two strategic planning visions are matched by aligning daily activities carried out by the Commission with long-term institutional objectives.



2. What does Mexico gain when there is competition? Economic benefit of eight interventions of Cofece

Cofece published the book *What does Mexico gain when there is competition? Economic benefit of eight interventions of Cofece* which presents eight ex post assessments made to interventions of the Commission and the former Federal Competition Commission (CFC) in different markets.

With this publication, the Commission stresses the importance of its interventions being evaluated by academics and competition experts once markets have incorporated their effects. This contributes to improving the quality of future interventions, and, simultaneously, generates results that can be disseminated. The assessments presented in this publication are: (1) concentration in the chemical industry; (2) estimation of the benefits obtained by the sanction of a cartel in public tenders in the health sector; (3) impact of a collusive practice in the market of freight transport; (4) assessment of the impact on consumer welfare resulted from cartel sanctions in the chicken market; (5) concentration in the public service rail freight market in Mexico; (6) concentration in the market of movie exhibition at theaters, acquisition of rights for the exhibition of movies at theaters and leasing of facilities with commercial use for cinemas; (7) application of the methodology for ex post assessments to the conditioned concentration between Aeromexico and Delta; and (8) impact of a cartel in the Mexican market of sugar.



International

1. 2022 Antitrust Writing Awards

In April, Cofece won the 2022 Antitrust Writing Awards, contest organized by the Institute of Competition Law, in the Best Soft Law Cross-Border Issues category, for its document *A converging competition agenda for the prosperity of Mexico and the United States*, published on September 2021, which recounts the main recommendations of Cofece to promote competition in priority markets of the Mexican economy, that match with the Executive Order, issued by the President of the United States in July 2021, to address the lack of competition in the American economy.



2. Regional Competition Center of the Americas

Also in April, by unanimous vote of its members, the Commission assumed the Secretariat of the Regional Competition Center of the Americas (CRC, per its acronym in Spanish), a hemispheric mechanism that seeks to strengthen international cooperation among competition authorities in the Americas and facilitate the increase of their technical and operational capacities. The CRC currently brings together 20 competition agencies from all over the continent, from the United States to Argentina.

The trust placed by our peers in the region is a sign of Cofece's consolidation as an international benchmark in competition matters due to its technical soundness, as well as its perseverance to actively disseminate the benefits and principles of competition.



3. Competition Advocacy Contest

In May, Cofece received an honorable mention in the 2022 edition of the Competition Advocacy Contest organized by the International Competition Network (ICN) and the World Bank, for the different activities of the Commission related to digital markets: the generation of the Digital Strategy of Cofece; the creation of the General Directorate of Digital Markets, with a specialized team in digital economy that allows to address technically and professionally the challenges of the digital environment, and the participation of the Commission in competence conflicts that have contributed to generating greater legal certainty of the participants.



4. Global Competition Review

In September, for fifth year in a row, Cofece ranked three and a half stars (out of five) in the 2022 Rating Enforcement of the British specialized publication Global Competition Review (GCR). This publication is an international reference in measuring the performance and effectiveness of the most important antitrust agencies in the world, and on this occasion the ascending performance of the actions of the Commission with respect to the previous year was recognized.



5. Latin American and Caribbean Competition Forum

In September, the Latin American and Caribbean Competition Forum, coordinated by the Organization for Economic Cooperation and Development took place. One of the sessions of the forum addressed the topic of analysis of concentrations in the media industry (sector) and the challenges faced before the growing importance of services that are provided over the internet and the presence of large companies. For the preparation of this forum, the Commission elaborated, together with the IFT, a background note for the development of the topics of the session which looked into the several aspects considered by competition authorities in the analysis of concentrations in the media industry.

Also, Cofece sent its contribution to the forum, which identifies the applicability of the competition regulation in relation with the media industry; distinguishes content production activities from distribution activities and indicates analytical and legal challenges for the analysis of concentrations in said industry.



Promotion of competition

1. Course: Competition in the Digital Economy

In September, Cofece published on its website the course Competition in the Digital Economy, aimed at the general public and with which the Commission contributes to the formation of a more specialized knowledge on these issues. In the course, participants address the concept of Digital Economy, the various characteristics of the economic activities that comprise it and that are relevant for the analysis of economic competition, as well as the challenges and trends that arise for competition authorities in the world. The course allows to learn about competition cases in digital markets where the analysis of the concepts addressed in the course has been incorporated into particular cases.



2. Competition Day 2022

In October, Cofece held the Competition Day 2022 with the theme “Financial Sector in Mexico: challenges and opportunities”, which is a space dedicated to promoting the benefits of economic competition in the markets and to reflect, with the help of experts, on the challenges faced in this area by authorities in various sectors.



Link guide

Sanction to companies and directors for fixing or manipulating prices and segmenting routes in the market of ground passenger transportation

https://www.cofece.mx/wp-content/uploads/2022/10/COFECE-035-2022_ENG-1.pdf

Fines to distributors of LP gas for manipulating prices and allocating the market to the detriment of consumers

https://www.cofece.mx/wp-content/uploads/2022/11/COFECE-037-2022_ENG.pdf

Fine to the AICM for denying an economic agent the provision of the public services of federal motor transport and establishing exclusive advantages in favor of two permit holders

https://www.cofece.mx/wp-content/uploads/2022/03/COFECE-011-2022_ENG.pdf

Sanctions to economic agents for failing to notify concentrations:

- Frutas y Hortalizas de Calidad
https://www.cofece.mx/wp-content/uploads/2022/01/COFECE-003-2022_ENG.pdf
- IAC Holdco, GCM and Franklin
https://www.cofece.mx/wp-content/uploads/2022/03/COFECE-005-2022_ENG.pdf
- Cemex, ABC Capital and ABC Holding
https://www.cofece.mx/wp-content/uploads/2022/06/COFECE-017-2022_ENG.pdf
- AT&T and Warner Bros. Discovery
https://www.cofece.mx/wp-content/uploads/2022/09/COFECE-026-2022_ENG.pdf

Determination of lack of effective competition in the distribution of LP gas to end users

https://www.cofece.mx/wp-content/uploads/2022/10/COFECE-033-2022_ENG.pdf

Retail e-commerce

https://www.cofece.mx/wp-content/uploads/2022/04/COFECE-013-2022_ENG.pdf

Federal passenger transportation that uses terminals for the loading and unloading of passengers, and related services

https://www.cofece.mx/wp-content/uploads/2022/07/COFECE-019-2022_ENG.pdf

Corn and corn flour

https://www.cofece.mx/wp-content/uploads/2022/11/COFECE-039-2022_ENG.pdf

Industrial gases

https://www.cofece.mx/wp-content/uploads/2022/01/COFECE-002-2022_ENG.pdf

Public procurement procedures for the acquisition of electoral material and documentation

https://www.cofece.mx/wp-content/uploads/2022/07/COFECE-020-2022_ENG.pdf

Link guide

Maritime transportation services of passengers and goods in Quintana Roo
https://www.cofece.mx/wp-content/uploads/2022/08/COFECE-021-2022_ENG.pdf

Information and Communications Technologies maintenance services and managed services
https://www.cofece.mx/wp-content/uploads/2022/10/COFECE-032-2022_ENG.pdf

Credit cards in the modality of deferred payments at interest-free months
https://www.cofece.mx/wp-content/uploads/2022/11/COFECE-036-2022_ENG.pdf

Household insecticides
https://www.cofece.mx/wp-content/uploads/2022/03/COFECE-010-2022_ENG.pdf

Access to commercial spaces and provision of commercial services in airports in the south-southeast Mexico
https://www.cofece.mx/wp-content/uploads/2022/05/COFECE-016-2022_ENG.pdf

Processing of payments of mobile applications and digital content and related services
https://www.cofece.mx/wp-content/uploads/2022/10/COFECE-031-2022_ENG.pdf

Recommendation not to approve the initiative of constitutional reform in electric matters, due to risks of affecting consumers and companies
https://www.cofece.mx/wp-content/uploads/2022/03/COFECE-006-2022_ENG.pdf

Opinion to warn about risks to competition in the natural gas market derived from the strategy established by the Ministry of Energy
https://www.cofece.mx/wp-content/uploads/2022/08/COFECE-022-2022_ENG.pdf

Recommendations that would favor users of taxi and bus services at Felipe Angeles International Airport
https://www.cofece.mx/wp-content/uploads/2022/03/COFECE-008-2022_ENG.pdf

Recommendations to the SHCP, Banxico and the CNBV with measures to promote competition in the Information and Communications Technologies sector
https://www.cofece.mx/wp-content/uploads/2022/11/COFECE-038-2022_ENG.pdf

Market studies

- Beef
https://www.cofece.mx/wp-content/uploads/2022/05/COFECE-015-2022_ENG.pdf
- Medical Expenses Insurance
https://www.cofece.mx/wp-content/uploads/2022/12/COFECE-042-2022_ENG.pdf

Link guide

The initiation of the study on digital financial services was published

https://www.cofece.mx/wp-content/uploads/2022/06/COFECE-018-2022_ENG.pdf

2022-2025 Strategic Plan

<https://www.cofece.mx/wp-content/uploads/2022/11/PE2022-2025-ing-VF.pdf>

What does Mexico gain when there is competition? Economic benefit of eight interventions of Cofece

<https://www.cofece.mx/wp-content/uploads/2022/12/PE-ExPost-eng-28112022.pdf>

In September, Global Competition Review ratified the three and a half stars rating for Cofece

https://www.cofece.mx/wp-content/uploads/2022/09/COFECE-029-2022_ENG.pdf

In October, Cofece carried out the Competition Day 2022 “Financial sector in Mexico: challenges and opportunities”.

https://www.cofece.mx/wp-content/uploads/2022/10/COFECE-034-2022_ENG.pdf

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Mexican Federal Economic Competition Commission
Av. Revolución N° 725, Col. Santa María Nonoalco,
Alcaldía Benito Juárez, C.P. 03700,
Ciudad de México, México.

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