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**DIRECTORATE FOR FINANCIAL AND ENTERPRISE AFFAIRS  
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**Working Party No. 2 on Competition and Regulation**

**Competition and Professional Sports – Note by Mexico**

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This document reproduces a written contribution from Mexico submitted for Item 4 of the 76th meeting of Working Party 2 on 4 December 2023.

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## *Mexico*<sup>1</sup>

### 1. Introduction

1. This contribution addresses particularities of the sports sector in Mexico. Specifically, this paper focuses on the regulatory framework, the stakeholders that contribute to the development of sports, the organization and operation of football and baseball leagues or tournaments, since these are the most popular sports in terms of number of teams and fans in Mexico.<sup>2</sup>

2. Additionally, this document presents the experience of the Mexican Federal Economic Competition Commission (Cofece or Commission) in a case involving a relationship between competition law and the sports labour market.

### 2. The sports sector in Mexico

#### 2.1. Regulatory framework

3. Article 4 of the Mexican Constitution recognizes physical culture and the practice of sport as a right for all Mexicans.

4. The General Law of Physical Culture and Sport (Sports Law) and its Regulations (Sports Regulations) regulate this right and establish the general bases for the distribution of powers, coordination, and collaboration among the federal government, states, municipalities, and Mexico City in matters of physical culture and sport in Mexico.<sup>3</sup>

5. The Federal Executive, through the National Commission of Physical Culture and Sport (CONADE, per its acronym in Spanish),<sup>4</sup> authorities from the three levels of government, as well as the social and private sectors are responsible for the concurrent enforcement of said law.

6. The System that coordinates these stakeholders, monitors and evaluates the programmes, actions and procedures of public sports policies is called the National System of Physical Culture and Sports (SINADE, per its initials in Spanish).<sup>5</sup> SINADE is made up of: i) the CONADE; ii) authorities from the states, municipalities and territorial demarcations of Mexico City in the field of physical culture and sports; iii) the Mexican Olympic Committee; iv) the Mexican Paralympic Committee; v) national sports associations; vi) national student sports councils; and vii) sports associations and societies.

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<sup>1</sup> Contribution by the Federal Economic Competition Commission (Cofece)

<sup>2</sup> Baldinelli, F. (2022). Los deportes en México más populares y exitosos. *Lecturas: Educación Física y Deportes*, 27(289), 210-215. Source: <https://www.efdeportes.com/efdeportes/index.php/EFDeportes/article/view/3598>

<sup>3</sup> Ley General de Cultura Física y Deporte, available at: <https://www.diputados.gob.mx/LeyesBiblio/pdf/LGCFD.pdf>

<sup>4</sup> Decentralised public body of the Federal Public Administration, responsible for the national policy on physical culture and sports.

<sup>5</sup> Sistema Nacional de Cultura Física y Deporte, SINADE.

## 2.2. Sports associations and societies

7. Sports associations are legal entities that promote, practice, or contribute to the development of sports without predominantly economic purposes, while sports societies have the same objectives, but are profit oriented.

8. Sports associations may be classified, according to the Sports Law into i) Sports teams or clubs; ii) Sports leagues; iii) Municipal, state or regional sports associations; and iv) National sports associations and related entities.

9. The Mexican Sports Federations have the status of national sports associations and are therefore bound to the applicable provisions of the Sports Law; they are the highest authority in their discipline and represent a single sport in all its modes and specialties before their respective international sports federations. They regulate their internal structure and functioning in accordance with their articles of association, the Sports Law and its Regulations.

10. According to the Sports Law, there could be more than one association per sport as long as it meets the requirements to be established and complies with such law. However, in Mexico, there is only one association for football and one for baseball, which have all the organizational functions and are comprised of representatives of their leagues and teams, which participate in the organizational decisions.

11. In the case of football, the Mexican Football Federation (Femexfut, per its acronym in Spanish) is responsible for organizing the professional and semi-professional leagues in Mexico. This body is affiliated to FIFA<sup>6</sup> and is in charge of authorizing the competitions in which affiliated Mexican clubs may compete.

12. Femexfut also regulates player transfers, according to its Transfer Regulations. FIFA establishes that each football federation must regulate their transfer market of players. However, the international governing body of football has its own Regulations on the Status and Transfer of Players<sup>7</sup>, in which it states that a football club may negotiate a contract with a player whose previous contract has expired or will expire in six months.

13. As for baseball, the Mexican Baseball Federation (Femebe, per its acronym in Spanish) is in charge of managing professional baseball tournaments in Mexico, although the organization of these tournaments is carried out by each of the leagues of this sport.

### 2.2.1. Mexican Football Federation

14. Femexfut is the organization in charge of promoting, regulating and organizing football at national level. It is a non-profit organization and is legally required to invest every dollar it earns in its programmes.<sup>8</sup> On the contrary, according to Femexfut's Articles of Association, the clubs that are affiliated to Femexfut do have an economic purpose.<sup>9</sup>

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<sup>6</sup> The Fédération Internationale de Football Association (FIFA) is the world soccer governing body.

<sup>7</sup> FIFA's Regulations on the Status and Transfer of Players is available at: <https://digitalhub.fifa.com/m/1b47c74a7d44a9b5/original/Regulations-on-the-Status-and-Transfer-of-Players-March-2022.pdf>

<sup>8</sup> Source : <https://www.economista.com.mx/deportes/Tricolor-en-EU-con-un-acuerdo-mas-integral-20220523-0088.html>

<sup>9</sup> Source : <https://elceo.com/negocios/la-federacion-mexicana-de-futbol-tiene-un-dueno-asi-es-como-esta-conformada/>

15. Within Femexfut's functions is to organize the national tournaments corresponding to the six leagues that are associated to this institution, as well as the national team matches in the men's and women's divisions.<sup>10</sup> These football leagues are: (i) *Liga MX* (First Division, highest level of professional football), (ii) *Liga Expansión MX* (aims to rescue the teams of the former *Liga de Ascenso de México* due to the disappearance of this division), (iii) *Liga MX Femenil* (First Division, highest level of women's professional football), (iv) *Liga Premier* (Second Division), (v) *Liga TDP* (Third Division) and (vi) Amateur Sector (non-professional level).

16. Some of the clubs of the Mexican First Division football league (*Liga MX*) are owned by corporate groups that are active in other economic sectors and multiple ownership is currently allowed in the Mexican football leagues. For example, *Club de Fútbol Cruz Azul* belongs to *Cooperativa La Cruz Azul S.C.L.*, a company dedicated to the production and distribution of cement in Mexico;<sup>11</sup> another case is that of *Xolos de Tijuana* which belongs to *Grupo Caliente*, the largest sports betting company in Mexico; or *Club América* which is part of *Grupo Televisa*, a leading media company in Mexico.<sup>12</sup> In this regard, *Liga MX* and its teams have various economic incentives, such as sponsorships from different types of companies and the sale of television rights.

17. In this regard, Femexfut has proposed to eliminate the practice of multiple ownership by 2026, since it may have a direct impact on competition between teams owned by the same group.<sup>13</sup> This will allow for a better outcome on the National Football Team, as well as the entry of new investors in the sport.

18. The Articles of Association of Femexfut establish that it is the body responsible of authorizing official or friendly matches in which its affiliated clubs participate; on the other hand, the clubs have the obligation to participate in official tournaments organized by Femexfut and in international tournaments that Femexfut has agreed with other confederations.<sup>14</sup> Moreover, Femexfut must not authorize any match or make contact with associations that are not affiliated to FIFA or with provisional members of any confederation without FIFA's authorization.

19. Also, in terms of leagues and tournaments organization, as of the 2018-2019 season, the relegation and promotion system was eliminated in *Liga MX* following an unanimous decision adopted by the league's owners' assembly (which is composed of the owners and/or presidents of the clubs that participate in *Liga MX*).<sup>15</sup> The elimination of the

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<sup>10</sup> Source : <https://www.milb.com/mexican/about/equipos>

<sup>11</sup> Source : <https://elceo.com/negocios/cruz-azul-quien-es-el-verdadero-dueno-del-equipo-de-futbol/>

<sup>12</sup> Source : <https://www.infobae.com/america/mexico/2022/03/11/quienes-son-los-millonarios-mexicanos-duenos-de-equipos-de-futbol/>

<sup>13</sup> Source: [https://www.espn.com.mx/futbol/mexico/nota/\\_id/12091450/liga-mx-buscar-inversionistas-para-acabar-con-multipropiedad](https://www.espn.com.mx/futbol/mexico/nota/_id/12091450/liga-mx-buscar-inversionistas-para-acabar-con-multipropiedad)

<sup>14</sup> Source: <https://fmf.mx/docs/reglamentos/93.pdf> (Art. 106, 107, 108)

<sup>15</sup> The *Liga MX* owners' assembly has the power to approve or reject reforms to the competition, such as the format of tournaments, the way in which broadcasting rights are marketed, regulations for players and agents, among others.

promotion and relegation system will be in effect for a duration of 5 years and will be evaluated after this period to determine whether it will continue.<sup>16</sup>

20. In the case of lower leagues below the first and second division (such as the *Liga Premier*), the teams compete for the chance of promotion. The regulations of this competition establish that if a team won two consecutive tournaments, it has the right to be promoted to the Liga Expansion MX (as long as it complies with the certification process and the requirements of affiliation to Femexfut); in case there are different champions in the last two tournaments, these teams face each other in a series called "*Champion among Champions*" where the winner gets promoted.<sup>17</sup>

### 2.2.2. Mexican Baseball Federation

21. As previously mentioned, while Femebe is the sports association responsible for managing professional baseball tournaments in Mexico, the leagues are the organizers of the tournaments.

22. Mexico has a large number of baseball leagues throughout the country. The most important professional leagues are the *Liga Mexicana de Beisbol* (LMB) and the *Liga Mexicana del Pacífico* (LMP). The teams of these two leagues have an economic purpose and their revenues are based on the commercialization of merchandise, broadcasting rights, sponsorships and ticket sales.<sup>18</sup> These leagues are independent of each other and are administered by separate bodies.<sup>19</sup>

23. The LMB has 18 teams, divided into two zones: the North Zone and the South Zone, while the LMP has 10 associated teams. The organization of these leagues allows certain teams to play in both leagues, as the LMB runs from March to August and the LMP from October to January.<sup>20</sup> In this way, the playing schedules do not overlap so teams that are part of both leagues can play in them without any administrative restrictions.

24. Despite this, there is a resource constraint for teams to participate in both leagues simultaneously as they need players, transportation resources, time and a team willing to play year-round with minimal rest to make this possible.

25. Given this situation, only one team has ventured into simultaneous participation in both leagues: the *Sultanes de Monterrey*. In 2019, this team joined the LMP, whereas it has been participating in the LMB since 1939.

26. Each competition is independently organized by each of the leagues and their committees. The leagues do not compete against each other and, as mentioned above, are held in different seasons of the year.

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<sup>16</sup> Source : <https://www.record.com.mx/futbol-futbol-nacional-liga-mx-noticias/liga-mx-resuelve-eliminar-el-descenso>

<sup>17</sup> Source : [https://ligapremier-fmf.mx/\\_pdf/\\_reglamentos/00.%20Reglamento%20de%20Competencia%20LIGA%20PREMIER%202021-2022.pdf](https://ligapremier-fmf.mx/_pdf/_reglamentos/00.%20Reglamento%20de%20Competencia%20LIGA%20PREMIER%202021-2022.pdf)

<sup>18</sup> Source : <https://www.infobae.com/america/deportes/2020/07/12/consolidar-lo-economico-para-mejorar-lo-deportivo-asi-planea-lmb-su-regreso-en-2021/>

<sup>19</sup> Source : [https://www.1800beisbol.com/baseball/deportes/beisbol\\_mexico/las\\_ligas\\_de\\_beisbol\\_en\\_mexico/](https://www.1800beisbol.com/baseball/deportes/beisbol_mexico/las_ligas_de_beisbol_en_mexico/)

<sup>20</sup> Source : <https://www.vice.com/es/article/3kkzdw/rumbo-a-una-liga-nacional-de-beisbol-en-mexico-mitos-y-realidades-de-una-potencial-fusion-entre-lmb-y-lmp>

27. Likewise, in terms of league and tournament organization, the LMP and the LMB do not have promotion or relegation systems, although there is an additional league for the development of players, the *Liga Nacional de Prospectos* (National Prospects League).<sup>21</sup>

### 2.3. Government Funding in Sports

28. Baseball has received government funding both at a federal and state level. As of March 2023, the Federal Executive has invested 2,068 million pesos in baseball academies, stadium renovations and trainings.<sup>22</sup> At a state level, local governments have provided funds, ranging from 5 to 40 million pesos, to prevent teams from disappearing.<sup>23</sup> On the contrary, football clubs do not receive government funding, instead Femexfut subsidizes the *Liga MX femenil*, and the *Liga MX* subsidises *Liga Expansión MX*.<sup>24,25</sup>

## 3. Sports and competition law

29. The Federal Economic Competition Law (LFCE, per its initials in Spanish) is applicable to all areas of economic activity and of general observance throughout the country, which includes the sports sector and its labor markets. In this sense, sports associations are subject to the enforcement of the LFCE since they are considered economic agents in terms of this law.<sup>26</sup>

30. In 2021, Cofece resolved its first case in labour markets, specifically in sports labor market (file IO-002-2018), which is explained below.<sup>27</sup>

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<sup>21</sup> Source : <https://www.milb.com/mexican/about/equipos>

<sup>22</sup> Source: [https://www.espn.com.mx/beisbol/nota/\\_/id/11759562/gobierno-de-mexico-invierte-mas-de-2000-millones-de-pesos-en-promocion-del-beisbol](https://www.espn.com.mx/beisbol/nota/_/id/11759562/gobierno-de-mexico-invierte-mas-de-2000-millones-de-pesos-en-promocion-del-beisbol)

<sup>23</sup> Source: <https://www.economista.com.mx/deportes/El-impacto-de-los-subsidios-en-el-beisbol-profesional-20190206-0139.html>

<sup>24</sup> Source: <https://www.latimes.com/espanol/deportes/articulo/2021-06-28/fmf-reconoce-que-a-pesar-de-crecimiento-aun-se-subsidia-a-la-liga-femenina>

<sup>25</sup> Source: <https://www.economista.com.mx/deportes/Records-e-ingresos-un-ano-de-luz-para-Expansion-MX-20211215-0136.html>

<sup>26</sup> The Federal Economic Competition Law establishes that an economic agent is any natural or legal person, whether for profit or not, agencies and entities of the federal, state or municipal public administration, associations, chambers of commerce, professional groups, trusts or any other form of participation in economic activities.

<sup>27</sup> Public resolution in Spanish: <https://www.cofece.mx/CFCResoluciones/docs/Asuntos%20Juridicos/V351/1/5535148.pdf>

### 3.1. Collusion in the professional football players transfer market

31. On September 2, 2021, Cofece's Board of Commissioners fined 17 football clubs of Liga MX<sup>28</sup> and 8 individuals for entering into market allocation and price manipulation agreements.<sup>29</sup> It also fined Femexfut for its role in facilitating such collusive agreements.

32. Cofece found that several football clubs colluded to prevent or inhibit competition in the professional football players transfer market through two conducts: i) imposing maximum wage caps on female players, which further deepened the pay gap between women and men football players; and 2) dividing the market for men players through a mechanism that prevented them from freely negotiating and signing with new teams.

33. *Price fixing to impose maximum wage caps for women football players.* This was considered as a wage fixing agreement. Since the creation of the women's professional football league (*Liga MX Femenil*) in 2016, various football clubs agreed to establish a wage cap for female players based on their age: (i) players older than 23 years would earn a maximum of \$2,000 Mexican pesos per month (approx. \$98.62 USD);<sup>30</sup> (ii) players between 23 and 18 years old were capped at 500 Mexican pesos (\$24.65 USD) plus a personal training course, and (iii) players in the U-17 category would have no salary, but could be entitled to travel, education and meals assistance. This agreement was replaced by a new one in the 2018-2019 season, when Liga MX informed the clubs that the maximum cap would be of \$15,000 Mexican pesos (\$739.64 USD) and only 4 players of each club could have a higher salary; additionally, it was also agreed that additional support (transportation or education expenses, for example), could not exceed \$50,000 Mexican pesos per tournament (\$2,465.48 USD).

34. The first salary cap for female players was part of the presentation of the *Liga MX Femenil* project and was approved by the Liga MX Sports Development Committee. Additionally, the Football Federation issued statements to persuade clubs to comply with the wage cap and conducted verification activities to review compliance.

35. This wage fixing conduct, which stretched from November 2016 to May 2019, was fined as it represents a price manipulation agreement that prevented clubs from competing for female players by offering better salaries or working conditions. Furthermore, its impact is significant on the professionalisation of women in football within the country, considering that the highest paid male player in Mexico has a monthly salary of \$7.4 million Mexican pesos per month (\$364,891.52 USD), while the highest paid female player in 2023

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<sup>28</sup> Club de Fútbol América (América), Promotora del Club Pachuca (Pachuca), Club Deportivo Social y Cultural Cruz Azul (Cruz Azul), Equipo de Fútbol Mazatlán (Monarcas), Chivas de Corazón (Guadalajara), Santos Laguna (Santos), Sinergia Deportiva (Tigres), Deportivo Toluca Fútbol Club (Toluca), Club Universidad Nacional (Universidad), Club de Fútbol Monterrey Rayados (Rayados), Impulsora del Deportivo Necaxa (Necaxa), Club de Fútbol Atlante (Atlante), Servicios Profesionales de Operación (Tijuana), Club de Fútbol Rojinegros (Atlas), Fuerza Deportiva del Club León (León), Club Gallos Blancos (Querétaro o Gallos) and Operadora de Escenarios Deportivos (Puebla).

<sup>29</sup> For violating sections I and III of Article 53 of the LFCE.

<sup>30</sup> Average exchange rate of 2021 (1:20.28, USD:MXN) extracted from the following Mexican Government publication: [COMPETITION AND PROFESSIONAL SPORTS – NOTE BY MEXICO](https://www.gob.mx/shcp/7Cgacetaeconomica/articulos/la-monedamexicana-recupero-1-42-ppd-durante-las-ultimas-5-semanas#:~:text=As%C3%AD%2C%20durante%202021%20el%20tipo,por%20d%C3%B3lar%20(%2B3.1%25), used in the rest of the document.</a></p>
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receives only \$150,000 Mexican pesos per month (\$7,396.45 USD) - which means that in the major leagues a male player earns 49 times more than his female counterpart.<sup>31</sup>

36. *Agreement to divide the transfer market for male players.* Specifically, the market allocation arrangement consisted of an agreement between the football clubs, commonly known as the "gentlemen's agreement", whereby, with the help and assistance of Femexfut, the club in which the professional player used to play had a retention right over the player even when his contract had expired. Therefore, players could not be freely drafted by other clubs unless he had the authorization of his former club -through the use of *Papeletas*-<sup>32</sup>, which could be linked to the payment of an additional compensation. These agreements materialized during the transfer windows of professional football players (known as the draft), based on the Transfer Regulations.

37. This no poach conduct was carried out by the clubs for at least 10 years, from June 2008 to December 2018 (although some clubs participated for a shorter period) and constituted a collusive agreement that allocated players (as providers of labor) to certain clubs in order to limit competition among clubs for the hiring of players. Thus, this illegal agreement unduly restricted the mobility of athletes, as workers, and limited their bargaining power to obtain better wages.

38. Both conducts generated an estimated market harm of \$83.4 million Mexican pesos (approx. \$4.1 million dollars), for which the Board of Commissioners of Cofece determined to fine 17 clubs, the Femexfut and 8 individuals for their collaboration, with fines amounting to a total of \$177.6 million Mexican pesos (approx. \$8.7 million dollars).

39. This case sets an important precedent and sends a clear message that Cofece will investigate and prosecute anti-competitive agreements between competitors in labor markets as cartels. Since collusive agreements are *per se* illegal, they do not admit any type of justification, so agreements between employers in the labor market that restrict the mobility of workers will be subject to investigation and potential sanctions, as they directly impact wages paid in the market.

40. In addition, Cofece's resolution on the case of collusion in the professional football players transfer market resulted in the modification of Femexfut's regulation to align it to FIFA's principle of contractual freedom. This allowed players without a contract to freely choose a new employer and enables Clubs to freely sign players without contracts.

41. As the market for professional football players has a strong media coverage, the Cofece's resolution may contribute to break possible agreements between employers (no poach or wage fixing agreements) in economic activities other than the transfer and hiring of football players.

#### 4. Recent actions in sports

42. The 2026 FIFA World Cup will be jointly hosted by Mexico, the United States and Canada, across 11 cities in the U.S., 3 cities in Mexico, and 2 cities in Canada. In this sense, Cofece launched a joint initiative alongside the US Department of Justice Antitrust

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<sup>31</sup> Information extracted from: <https://noticias.imer.mx/blog/23-de-mayo-dia-internacional-del-futbol-femenil-y-de-la-desigualdad-salarial-en-este-deporte/>

<sup>32</sup> Papeleta is understood as single, valid and official document, which sets out the conditions and characteristics of transfers and contracts. There are different types, and not all of them were included in Femexfut's regulations. To be able to carry out the transfers, the Papeletas had to be signed by the former employee and the new one and could be subject to monetary compensation.



Division and Canada's Competition Bureau to deter, detect and prosecute possible anti-competitive conduct by businesses and individuals involved in the provision of goods and services during the 2026 FIFA World Cup.

43. The World Cup is expected to generate benefits across a wide range of sectors in the economy, including the construction, entertainment, and tourism industries. The Commission will actively participate in the framework of the World Cup by promoting economic competition policy, continuously monitoring markets, and investigating and sanctioning possible anti-competitive behavior. Cofece will work closely with the public, the business community, and its international peers to ensure that the 2026 FIFA World Cup is held under competitive conditions.