

Cofece investigates possible barriers to competition in the public rail freight transport service market

- *As a result of the inquiry, the Investigative Authority could preliminarily determine the existence of barriers to competition and essential facilities in said market.*
- *The public rail transport service transported 128 million tons of cargo in 2022, thus guaranteeing competition in the sector means timely supply and better prices for the most diverse productive activities.*

Mexico City, January 10, 2024.- The Investigative Authority (IA) of the Federal Economic Competition Commission (Cofece) published in the Federal Official Gazette 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 public rail freight transport service market and its related services and rights.

Barriers to competition are any fact, act, or regulation that prevents access to a certain market or hinders the ability to compete in it. Through these investigations of barriers to competition, Cofece seeks to eliminate such barriers and implement actions to guarantee the efficient functioning of the markets.

Of the total merchandise transported by land in our country, 25.3% is transported by railroad and the rest by motor transport. In 2022 alone, 128.46 million tons of cargo were transported on the Mexican Railway System, and from 2016 to 2022, the number of tons of cargo transported increased by 5.3%. Among the main products transported are industrial products (46.7%), agricultural (26.4%), oil and its derivatives (11.5%), and fundamental products for the development of the economy.

Rail freight transport represents a mode of transportation with potential for companies that are relocating to our country (nearshoring), as it stands out that in 2022, 73.2% of foreign trade cargo was moved across borders, and the remaining 26.8% through ports.

In this sense, guaranteeing conditions of competition in the rail freight transport service is essential so that users can move their products at lower prices and under better conditions.

The extract of the investigation's initiation agreement under file IEBC-003-2023 states that there are elements that suggest the lack of conditions of effective competition in this market. However, the initiation of this investigation does not imply any prejudgment by the IA.

Once the procedures provided for this type of investigation are concluded, and if the existence of barriers to competition or essential facilities is found, the Board of Commissioners of Cofece may: (i) order the elimination of barriers that unduly affect the competition process; (ii) issue recommendations to the 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 applicable, issue guidelines to regulate them; or (iv) order the divestiture of assets, rights, social parts or shares for the benefit of the functioning of the market.

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

[Read the extract of the initiation agreement \(In Spanish\)](#)

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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.