

Cofece will seek to contribute to the discussion on the proposed constitutional reform regarding competition policy

Mexico City, February 8, 2024.- Economic competition policy is an essential tool for population to improve its living conditions through the access to better services, goods and products, as recognized in Article 28 of the Political Constitution of the United Mexican States. Thanks to its constitutional autonomy, the Federal Economic Competition Commission (Cofece or Commission) has fulfilled its mandate in an independent manner and has increased its capacity to influence markets that are essential for the welfare of the population and economic development.

The proposed constitutional reform presented by the Federal Executive must be analyzed and discussed by the Congress of the Union in this context. To this end, it is important to consider all evidence available to determine the institutional design that will provide the greatest benefits to Mexicans.

A strong competition policy is key for the welfare of Mexican families by promoting a fair and inclusive economy, discouraging price manipulation and other anticompetitive practices by executives or companies. This facilitates the entry and permanence of small and medium-sized businesses in the markets and ensures that all companies, regardless of their size, compete without privileges.

In the ten years of Cofece's work as a competition authority with constitutional autonomy, it has investigated corporate conducts in the markets that have the greatest impact on households; it has imposed historic fines on companies and executives who have directly affected consumers through overpricing. Likewise, Cofece's technical and independent actions have allowed it to alert authorities and legislators about the strengths and risks that administrative decisions or regulations entail in terms of competition. Therefore, it is important that indicators such as those shown below are included in the parliamentary discussion:

- As an autonomous body, Cofece imposed 4 thousand 859 million pesos in fines in 2022 alone; almost 23 times more than the amount of fines imposed in 2011 when it lacked such autonomy (213 million pesos). These fines were imposed reaffirming the Commission's commitment to Mexican families, because of their size and incidence in the different markets, the fined companies significantly affected the welfare of the population. Some of the companies that stand out are:
 - In the L.P. Gas market, eight gas groups and six companies dedicated to the distribution and commercialization of this energy source were sanctioned with a total amount of 2 thousand 414 million pesos. This is the highest fine imposed by Cofece since its creation.
 - In the land passenger transportation market fines amounting 1,218 million pesos were imposed on for manipulating prices and segmenting service routes in the state of Tamaulipas and the central, central-south and south-southeast regions of the country.
 - Several companies were sanctioned for colluding and overcharging in bidding procedures to provide the National Health System with laboratory and blood bank services. The fines imposed amounted to 626 million pesos.
- Thanks to its autonomy, Cofece has also had an impact like never before in the markets that have the greatest impact on the daily lives of families, especially those

in vulnerable situations, such as food, transportation, medicines, financial services, health services and fuels, among others, helping to ensure a level playing field in sectors that are key to the pockets of Mexicans.

- Since 2018, the benefits to the population from Cofece's actions are equivalent, on average, to 7.5 million pesos per day, that is, almost 14 billion pesos.

These and other results demonstrate that the existence of an autonomous competition authority allows expanding the impact of competition policy for the benefit of society, generating the necessary conditions for it to exercise greater powers and eliminate monopolistic practices in our country, in accordance with its constitutional mandate. In addition, in order to have greater impact and deter anticompetitive conducts through the imposition of greater sanctions or the use of powers that allow it to eliminate obstacles that favor some competitors over others without any reason or justification, it is necessary to strengthen the competition authority.

It is the responsibility of the Congress of the Union to open the dialogue to the plurality of voices. At Cofece, we welcome the debate, we will be respectful of the legislative process, and we will seek to participate in order to contribute to this public dialogue and to strengthen a competition policy that puts the improvement of the quality of life of the population above all else.

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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.