

Cofece determines the lack of effective competition conditions in the maritime transport of passengers and roll-on/roll-off cargo in Baja California Sur

- *It was determined that there is a lack of conditions of effective competition in the Pichilingue - Mazatlán and Pichilingue - Topolobampo maritime routes.*
- *The Ministry of the Navy will be responsible for establishing, if it deems pertinent, the tariff regulation for these services.*

Mexico City, February 16, 2024.- The Board of Commissioners of the Federal Economic Competition Commission (Cofece or Commission) determined the absence of effective competition conditions in the maritime transportation services of passengers and maritime transportation of roll-on/roll-off cargo in cabotage navigation in the routes Pichilingue-Mazatlán and Pichilingue – Topolobampo.

Derived from the analysis of the conditions of competition in the indicated markets, the Board of Commissioners determined that there are no conditions of competition due to the fact that:

- There is a **high degree of concentration** since there are only two competitors in the cargo and passenger transportation services.
- Cargo transportation rates and fares paid by passenger transportation users do not respond to the operating or financial costs of the shipping companies that provide the service, which is reflected in high profits for these companies. As a result, it can be concluded that the shipping companies that provide these services have the capacity to fix their rates and fares without other shipping companies being able to offer better costs and services.
- Existing shipping companies for cargo transportation and passenger transportation may not attend to the needs of users without other competitors to meet the demand for services.
- There is only one shipping company that offers passenger transportation services, which can limit the supply of the service without other companies that offer more service options.
- **There are barriers to entry and lack of access to facilities** that prevent access to other competitors:
 - Companies that intend to provide cargo or passenger transportation services must have the permits issued by the Ministry of the Navy.
 - The ports of Pichilingue and Topolobampo do not have the capacity for more companies to provide cargo or passenger transportation services.
 - A new shipping company would face a problem of saturation at the port of Pichilingue during peak demand hours, so in addition to the investment costs (purchase of vessels, financing costs, access to port services), it would also have to offer its service at less competitive times and possibly at a lower price than its competitors, which disincentives the entry of new companies.

Following the resolution on lack of effective competition conditions in the aforementioned markets of maritime transport of passengers and roll-on/roll-off cargo with origin or destination in Baja California Sur and related services, it is up to the regulatory authority, the Ministry of the Navy, to establish, if it deems pertinent, the tariff regulation of these services.

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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.