



ADVOCACY WORKING GROUP
MARKET STUDIES PROJECT

MARKET STUDIES INFORMATION STORE

JURISDICTION

MEXICO – Federal Economic Competition Commission (COFECE)

UPDATED: MARCH 2020

Mexico - Federal Economic Competition Commission (COFECE)

2013 marked an era of profound change in Mexico, as the nation embarked upon a path of numerous structural reforms in key strategic sectors such as financial services, energy, broadcasting and telecommunications, being the element of competition one of the key drivers.

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In this context, the new Federal Economic Competition Law (FECL) was enacted and published in May 2014 in which under Section XXIII of Article 12, it states that COFECE has the power to “Carry out or order the preparation of market studies, research and general reports on free market participation and economic competition, in its case, with proposals for liberalisation, deregulation or modification of regulation when it detects risks to the process of free market participation and economic competition, identifies a problem of competition or is requested to do so by other Public Authorities”.

From the entry into force of the first FECL in 1993 through to the 2011 reform, the Commission was empowered to issue opinions and undertake other procedures that had some elements in common with market studies (such as analysis of markets and recommendations) but were not considered as such.

The FECL enacted in 2014 does not explicitly define what is understood by market study and does not establish the characteristics they must have. However, market studies have been a tool COFECE has begun using for in-depth assessments of how certain markets work. They are to be undertaken in cases where, while there is no evidence of competition law violations, COFECE believes a specific market is not serving consumers optimally.

COFECE has five principal objectives in carrying out market studies (in descending order of importance):

- Assess the level of competition in the market or sector;
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In this report we identified four market studies that COFECE has prepared:

- 2019: Competition Study on the Passenger Auto Transport Market (*Estudio de Competencia en el autotransporte federal de pasajeros*)
- 2017: Study on free market and competition in the expired-patent drug markets in Mexico
- 2015: Report on the conditions of competition in the agri-food sector (*Reporte sobre las condiciones de competencia en el sector Agroalimentario*)
- 2014: Research work and recommendations on the conditions of competition in the financial sector and its markets (*Trabajo de investigación y recomendaciones sobre las condiciones de competencia en el sector financiero y sus mercados*)

Competition Study on the Passenger Auto Transport Market

Jurisdiction:	Mexico - Federal Economic Competition Commission (COFECE)											
Sector:	Transport											
Market:	Passenger Auto Transport	Range of Possible Outcomes										
End Date:	Abril 2019											
Duration:	One year											
Source of idea for study:	The federal passenger transportation service is the main means of public transport between cities in Mexico: in 2017 it mobilized 95.8% of public transport passengers.	Competition Enforcement	Consumer Enforcement	Consumer Education	Business Education	Voluntary Business Compliance	Voluntary Business Action	Recommendations to Government for Changes in the Law	Recommendations to Government to Change Market Structure	Recommendations for Changes to Government Policy	Referral to Third Parties	No Problems Found
Outcome: (check all relevant boxes)		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Reason for study (what were the underlying problems?):	Improvement of the market conditions to guarantee more competition											
Link to report:	https://www.cofece.mx/wp-content/uploads/2019/04/Estudiocompetenciaautotransportefederalpasajeros.pdf#pdf											
Remarks (if any):	Study only available in Spanish language.											

Study on free market and competition in the expired-patent drug markets in Mexico

Jurisdiction:	Mexico - Federal Economic Competition Commission (COFECE)											
Sector:	Health											
Market:	Generic Drugs	Range of Possible Outcomes										
End Date:	Mayo 2017											
Duration:	One year											
Source of idea for study:	The drug market is relevant due to its effects on life expectancy and the welfare, along with its importance in the domestic economy and household expenses.	Competition Enforcement	Consumer Enforcement	Consumer Education	Business Education	Voluntary Business Compliance	Voluntary Business Action	Recommendations to Government for Changes in the Law	Recommendations to Government to Change Market Structure	Recommendations for Changes to Government Policy	Referral to Third Parties	No Problems Found
Outcome: (check all relevant boxes)		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Reason for study (what were the underlying problems?):	Improvement of the market conditions to guarantee more competition											
Link to report:	https://cofece.mx/wp-content/uploads/2017/11/Studies-drug-markets vF-BAJA.pdf#pdf											
Remarks (if any):	Study available in English language.											

Report on the conditions of competition in the agri-food sector

Jurisdiction:	Mexico - Federal Economic Competition Commission (COFECE)											
Sector:	Agri-food											
Market:	Agricultural markets	Range of Possible Outcomes										
End Date:	2015											
Duration:	14 months	Competition Enforcement	Consumer Enforcement	Consumer Education	Business Education	Voluntary Business Compliance	Voluntary Business Action	Recommendations to Government for Changes in the Law	Recommendations to Government to Change Market Structure	Recommendations for Changes to Government Policy	Referral to Third Parties	No Problems Found
Source of idea for study:	The relevance of the sector to the national economy and the impact that food purchases represent in the well-being of Mexican families											
Outcome: (check all relevant boxes)		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Reason for study (what were the underlying problems?):	Improvement of the market conditions to guarantee more competition											
Link to report:	https://www.cofece.mx/cofece/images/Estudios/COFECE_trabajo_investigacion_prot.pdf											
Remarks (if any):	Study only available in Spanish language.											

Research work and recommendations on the conditions of competition in the financial sector and its markets

Jurisdiction:	Mexico - Federal Economic Competition Commission (COFECE)											
Sector:	Financial Services											
Market:	Financial Sector and its Markets	Range of Possible Outcomes										
End Date:	July 2014											
Duration:	6 months (180 natural days)	Competition Enforcement	Consumer Enforcement	Consumer Education	Business Education	Voluntary Business Compliance	Voluntary Business Action	Recommendations to Government for Changes in the Law	Recommendations to Government to Change Market Structure	Recommendations for Changes to Government Policy	Referral to Third Parties	No Problems Found
Source of idea for study:	Financial Reform											
Outcome: (check all relevant boxes)		<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Reason for study (what were the underlying problems?):	Improvement of the market conditions to guarantee more competition between financial institutions.											
Link to report:	https://www.cofece.mx/cofece/images/Estudios/COFECE_trabajo_investigacion_prot.pdf											
Remarks (if any):	Study only available in Spanish language.											

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Since the 2011 reform of the LFCE empowered the authority to carry out market studies, six market studies have been prepared:

1. **“Investigation and Recommendations on Conditions of Competition in the Financial Sector and its Markets”** which produced non-binding recommendations for fostering competition in the sector;
2. **“International Tenders in the Procurement Prices of the IMSS”** in which COFECE analysed the impact of international tenders on the prices of procurement by the Mexican Social Security Institute (IMSS);
3. **“Liberalisation of Foreign Investment and the Passenger Air Transport Market in Mexico”** which analysed the impact that foreign investment has had on Mexican airlines in recent years;
4. **“Informative Note on the Mexican Pasteurised Milk Market, 2000-2011”** which presented an analysis of competition conditions in some branches of the Mexican dairy sector in recent years;
5. **“Elimination of the Restriction on Foreign Participation in Telecommunications in Mexico”** which analysed the impacts of the restriction on foreign participation in Mexico's telecommunications and broadcasting sector in recent years;
6. **“Bid Rigging in Public Procurement of Generic Drugs in Mexico”** which analysed by region the impact of different types of generic drug auctions in Mexico.

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Sector:	Financial Services											
Market:	Financial Sector and its Markets	Range of Possible Outcomes										
End Date:	July 2014	Competition Enforcement	Consumer Enforcement	Consumer Education	Business Education	Voluntary Business Compliance	Voluntary Business Action	Recommendations to Government for Changes in the Law	Recommendations to Government to Change Market Structure	Recommendations for Changes to Government Policy	Referral to Third Parties	No Problems Found
Duration:	6 months (180 natural days)											
Source of idea for study:	Financial Reform											
Outcome (tick relevant columns):												
Reason for study (what were the problems)?	Improvement of the market conditions to guarantee more competition between financial institutions. Need to increase access levels and financial inclusion.											
Link to report:	https://www.cofece.mx/cofece/images/Estudios/COFECE_trabajo_investigacion_prot.pdf											

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Sector:	Government in Markets											
Market:	Generic Drugs	Range of Possible Outcomes										
End Date:	July 2013	Competition Enforcement	Consumer Enforcement	Consumer Education	Business Education	Voluntary Business Compliance	Voluntary Business Action	Recommendations to Government for Changes in the Law	Recommendations to Government to Change Market Structure	Recommendations for Changes to Government Policy	Referral to Third Parties	No Problems Found
Duration:	No available data											
Source of idea for study:	Due to the little public awareness of a cartel's presence within this sector, it was necessary to obtain economic evidence.											
Outcome (tick relevant columns):												
Reason for study (what were the problems)?	The existence of a cartel was suspected within the public procurement process of generic drugs, economic evidence was necessary to confirm this suspicion.											
Link to report:	https://www.competitionpolicyinternational.com/file/view/6961											

Sector:	Other											
Market:	Public Procurement	Range of Possible Outcomes										
End Date:	July 2012	Competition Enforcement	Consumer Enforcement	Consumer Education	Business Education	Voluntary Business Compliance	Voluntary Business Action	Recommendations to Government for Changes in the Law	Recommendations to Government to Change Market Structure	Recommendations for Changes to Government Policy	Referral to Third Parties	No Problems Found
Duration:	No available data											
Source of idea for study:	It was presumed that if the public procurement procedure of the Mexican Social Security Institute (IMSS) was organized at an international level, prices would reduce.											
Outcome (tick relevant columns):												
Reason for study (what were the problems)?	IMSS changed its public procurement process to make it more effective, for example, it incurred in consolidated purchases instead of fragmented purchases. As part of this strategy, it was considered that the opening of its public procurement process at an international level, might foster a more effective procedure.											
Link to report:	The CFC classified this document as confidential.											

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Sector:	Other											
Market:	Telecommunications, Open Television, Air Passenger Transport	Range of Possible Outcomes										
End Date:	June 2012	Competition Enforcement	Consumer Enforcement	Consumer Education	Business Education	Voluntary Business Compliance	Voluntary Business Action	Recommendations to Government for Changes in the Law	Recommendations to Government to Change Market Structure	Recommendations for Changes to Government Policy	Referral to Third Parties	No Problems Found
Duration:	No available data											
Source of idea for study:	Benefits observed within markets where Foreign Direct Investment (FDI) restrictions were eliminated since the decade of the 1990's.											
Outcome (tick relevant columns):												
Reason for study (what were the problems)?	Restrictions for FDI in key markets such as, telecommunications, opened television, air transport, represented a waste opportunity to increase the physical capital in these markets coming from abroad and positive externalities coming from FDI.											
Link to report:	http://www.oecd.org/daf/competition/IEDreporreOCDECFC.pdf											

Sector:	Groceries (food and drink)											
Market:	Pasteurised Milk Market	Range of Possible Outcomes										
End Date:	March 2012	Competition Enforcement	Consumer Enforcement	Consumer Education	Business Education	Voluntary Business Compliance	Voluntary Business Action	Recommendations to Government for Changes in the Law	Recommendations to Government to Change Market Structure	Recommendations for Changes to Government Policy	Referral to Third Parties	No Problems Found
Duration:	No available data											
Source of idea for study:	To provide CFC Board of Commissioner's with economic data, so they will decide if an investigation will be opened within this sector.											
Outcome (tick relevant columns):												
Reason for study (what were the problems)?	The primary producers were receiving little profits in comparison to marketers, so an anticompetitive conduct was suspected.											
Link to report:	The CFC classified this document as confidential											

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Sector:	Government In Markets											
Market:	Foreign Trade Red Tape	Range of Possible Outcomes										
End Date:	May 2008	Competition Enforcement Consumer Enforcement Consumer Education Business Education Voluntary Business Compliance Voluntary Business Action Recommendations to Government for Changes in the Law Recommendations to Government to Change Market Structure Recommendations for Changes to Government Policy Referral to Third Parties No Problems Found	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Duration:	6 months											
Source of idea for study:	An entrant was evicted due to use of customs regulations to import bulk cement											
Outcome (tick relevant columns):		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Reason for study (what were the problems)?	In spite of low import tariffs, a large amount of resource is wasted in order to comply with the foreign trade regulations and tariffs.											
Link to report:	http://www.cofece.mx:8080/cfcresoluciones/DOCS/Mercados%20Regulados/V3/8/1509579.PDF											

Sector:	Financial Services											
Market:	Pension Funds	Range of Possible Outcomes										
End Date:	November 2006	Competition Enforcement Consumer Enforcement Consumer Education Business Education Voluntary Business Compliance Voluntary Business Action Recommendations to Government for Changes in the Law Recommendations to Government to Change Market Structure Recommendations for Changes to Government Policy Referral to Third Parties No Problems Found	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Duration:												
Source of idea for study:												
Outcome (tick relevant columns):		<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Reason for study (what were the problems)?	Compulsory pension funds are found to have very high profits and low yields to savers. Consumers are not sophisticated, lacking in financial education and rarely switch between pension funds.											
Link to report:	http://www.cofece.mx:8080/cfcresoluciones/Docs/Mercados%20Regulados/V2/7/1382522.pdf											

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Sector:	Media											
Market:	Competition and Media Contents	Range of Possible Outcomes										
End Date:	November 2006	Competition Enforcement	Consumer Enforcement	Consumer Education	Business Education	Voluntary Business Compliance	Voluntary Business Action	Recommendations to Government for Changes in the Law	Recommendations to Government to Change Market Structure	Recommendations for Changes to Government Policy	Referral to Third Parties	No Problems Found
Duration:	6 months											
Source of idea for study:												
Outcome (tick relevant columns):		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Reason for study (what were the problems)?	Dominant players in media markets have used their control of contents to evict entrants in the cable industry.											
Link to report:	http://www.cofece.mx:8080/cfcresoluciones/Docs/Mercados%20Regulados/V2/7/1382526.pdf#search=medios											