

COMPETITION POLICY IN MEXICO

Ana Cristina Murra
Secretariat of Economy
October 2015

- I. Background**
- II. Evolution of Competition Policy in Mexico**
- III. The Path for Change**
- IV. New Legal Framework.**
 - i) Constitutional Amendment**
 - ii) New FECL**
- V. Role of Secretariat of Economy**

I. Background

- **Article 28 of the Mexican Constitution:** basic principles and definitions related to Competition.

Gradual Transition
Producer protection → GATT → NAFTA
Negotiations

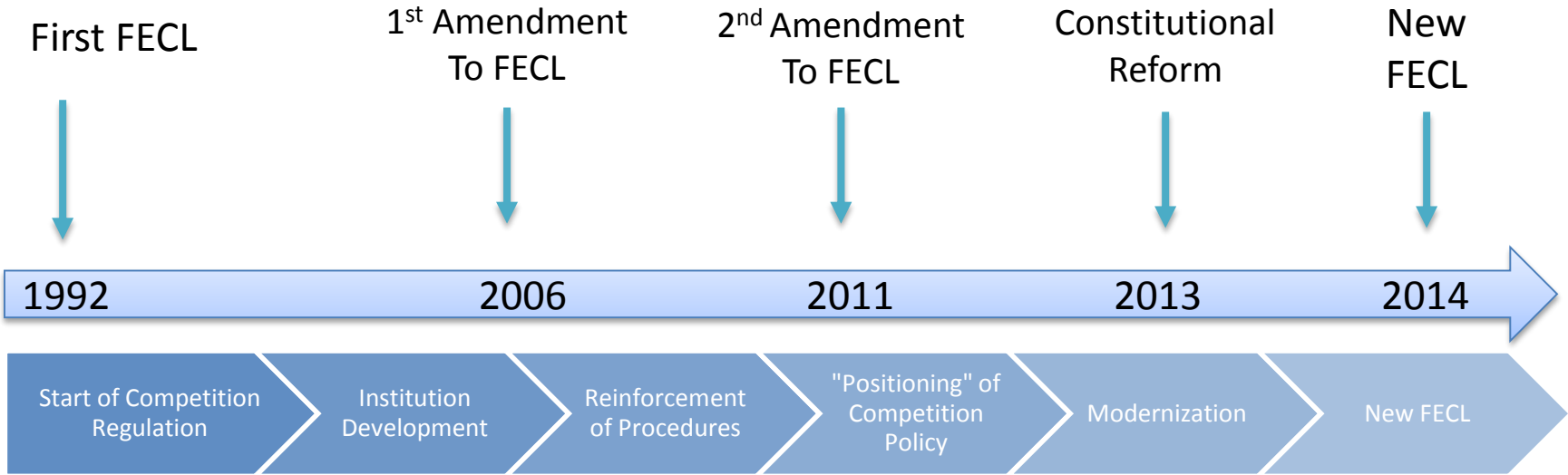


COMISIÓN FEDERAL DE COMPETENCIA
MÉXICO

1992:

- Enactment of **Federal Economic Competition Law (FECL)**
- Creation of **Economic Competition Commission (ECC)**

Evolution of Competition Policy in Mexico



Where was Mexico standing?

- In 2012 OECD and Mexico found out:
 - ✓ 30% of household expenses made in markets with competition problems.
 - ✓ Consumers spend 40% more in such markets than they otherwise would if competition prevailed.
- WEF Competitiveness Report 2013-2014:
 - ✓ Effectiveness of Anti-monopoly Policy: Mexico rated 114 (out of 148)
- Negative growth in productivity.
- Clear evidence of the **important role of effective competition**, and the **need for a better framework in Mexico**.

II. The path for change

The Pact for Mexico

- Five broad agreements with the goal of passing deep, structural reforms.



“Economic Growth, Employment and Competitiveness”

- Strengthening the benefits of competitive markets → Priority

National Development Plan (2013-2018)

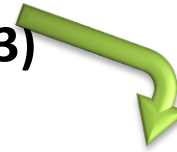


“Prosperous Mexico” → Goal of creating a more competitive domestic market through:

- a. Effective enforcement of Competition Law to prevent anticompetitive practices;
- b. Encourage regulatory frameworks that promote competition and efficiency;
- c. Develop standards to strengthen quality of domestic products and promote consumer confidence,

III. New Legal Framework

A) Constitutional Amentments (june 11th, 2013)



Article 28 Amendment → Constitutional Autonomy:

- Creation of two independent and autonomous bodies:
 - a. **Federal Economic Competition Commission (COFECE)**
 - b. **Federal Institute of Telecommunications (IFT)**

Broadcasting
& Telecomm



- Independence in their operations and resolutions. *(Previous Authority was dependent on the Secretariat of Economy for budgetary matters.)*
- Power to create own regulatory framework (Regulatory Provisions; guidelines and technical criteria).
- Power to file a Constitutional Controversy before Supreme Court.

New Incremental Powers:

- To mandate corrective measures.
- To regulate essential inputs.
- To order divestitures.
- Independence between **Investigation Authority** and **Decision Body**, ensuring procedural Fairness.

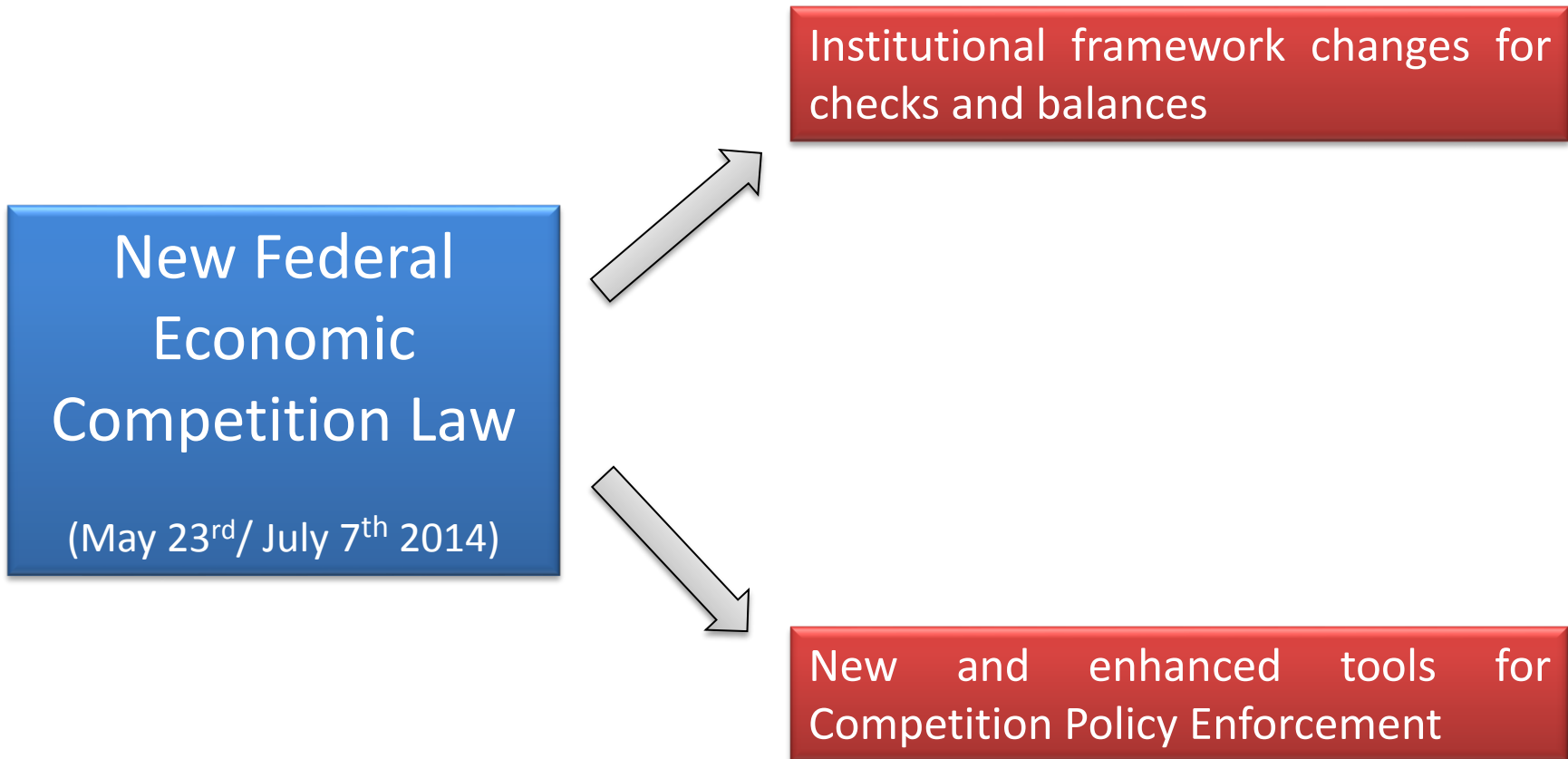
New Judicial framework:

- Federal Criminal Code was amended accordingly.
- **Specialized Courts** for Competition and Telecommunication matters were established.

Legal Certainty

Efficacy

Reliability



Institutional Framework Changes for Checks and Balances

1. Establishment of the Investigative Authority and Prosecuting Authority.
2. Decisions and sessions of the Board must be public.
3. Rules of contact with Parties (hearings).
4. Publication of Annual Work Program and Quarterly Activity Reports.
5. External Evaluations.
6. Internal Comptroller.

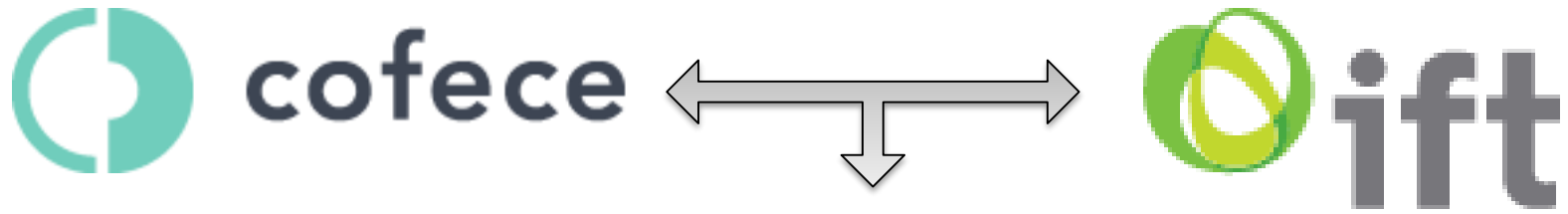
New and Enhanced Tools for Competition Policy Enforcement

1. Develops new powers granted by the Constitutional Reform.
2. Strengthens COFECE's procedures, in provisions for verification visits, merger authorization, etc.
3. Criteria for identifying and eliminating barriers to Competition.
4. Issuing Guidelines and Technical Criteria.
5. Benefits from Leniency Programs and Reduction of Fines.
6. New Offenses.
7. New and stronger administrative and criminal sanctions.



- Contribute in the design and implementation of negotiation strategies;
- Carry out international trade negotiations;
- Conduct the participation of other Secretariats and bodies of the Federal Public Administration, as well as the consultations held with them, and between them and involved sectors...

...In international trade relations and negotiations with other countries, regions, international organizations or fora.



Thank you!

www.economia.gob.mx