

MEXICO*(1999)***Executive summary**

1. The Federal Competition Commission (CFC) studied 555¹ files in 1999, a figure representing a reduction of 2.8 percent compared to 1998. Of these, 291 cases correspond to mergers and acquisitions, 104 dealt with privatisation processes and concessions or permits for providing public services, 107 comprised anticompetitive practices and inter-state trade restrictions, three are assessments about competition conditions in specific regulated sectors and 50 files concerned competition issues consulted by economic agents to the CFC. The total number of cases concluded in 1999 was 428, a figure 8.74 percent below the one registered during the previous year.

2. Most of the anticompetitive practices investigated and concluded were about horizontal price fixing agreements, refusal to deal, exclusive dealing, boycott and price discrimination or predation. As in previous years, an important amount of mergers notified for review had an international dimension, the two most outstanding involved Monsanto/Cargill and Coca Cola/Cadbury Schweppes.

3. During 1999 the CFC issued several opinions regarding competition aspects of sector specific laws and regulations. Among those reviewed were the Regulations to LP Gas, the Regulations to the Provision of Radio and Television Cable Services; and the Regulations to the Provision of Delivery of Parcel and Document Services. It is also important to mention the CFC participation in the drafting of the federal government proposals for restructuring the electric industry.

I. Changes to competition policies, proposed or adopted

4. The Regulations for the Implementation of the Federal Law of Economic Competition and the Internal Regulations of the Federal Competition Commission were issued in 1998. No changes or new provisions concerning competition legislation have been proposed since then.

II. Enforcement of competition laws and policies**1. *Actions against anticompetitive practices, including agreements and abuses of dominant positions*****a) *Summary of activities of competition authorities (statistics).***

5. In 1999 42 files were opened and 41 concluded. These figures account for reductions of 32.2 and 19.6 percent against 1998. Of special significance was the increase of *ex officio* investigations which added up to twelve representing a 140 percent increment compared to the previous year. See Annex 1 for details.

¹ Files in process at the closing of 1998 plus files opened in 1999.

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b) *Description of significant cases, including cases with international implications.*

b.1) Monopolistic practices

Horizontal price fixing in the milk market.

6. A farmer filed a complaint charging *Grupo Industrial Lala (Lala)* and other dairy firms with fixing the price of raw milk. According to the plaintiff, the price agreement was supported by the regional dairy chamber.

7. The CFC defined the relevant market as the production, processing, distribution and marketing of raw milk within the Comarca Lagunera region. The CFC found that the prices paid to the farmers by the dairy companies were different among them. Furthermore the price paid by *Lala* was higher than those observed in the industry. Based on these facts the CFC decided against the plaintiff.

Horizontal price fixing and boycotting by a customhouse brokers association

8. A customhouse broker filed a complaint charging the members of a regional customhouse brokers association, (AAAQ), with fixing the price for the validation of customs papers and impeding its access to the provision of this service by the AAAQ.

9. The plaintiff charged a rate ranging from 45 to 70 pesos per validation services, thus failing to comply with the 20 pesos rate agreed by the members of the AAAQ. Following the AAAQ's regulations, the plaintiff was expelled from this association. In turn, the national customhouse broker association (CAAAREM) supported the AAAQ decision requiring its members to refrain from dealing with the plaintiff.

10. The AAAQ price agreement constituted an absolute monopolistic practice and the CAAAREM boycott against the plaintiff was in violation to article 10(vi) of the Federal Law of Economic Competition (FLEC). Facing these facts, the responsible parties consented (under article 41 of the Regulations to the FLEC) before the CFC to re-establish competition conditions by: (i) restoring the plaintiff's access to AAAQ validation services and (ii) the commitment of CAAAREM's members to deal with non associated customhouse brokers. In turn the CFC ordered the responsible parties to eliminate the association rule that provides for the removal of members for not entering in the rates agreement. Furthermore, the CFC required the CAAAREM to inform its members that they were free to set rates independently from each other.

11. The CFC fined each responsible party. These sanctions were challenged through the filing of an appeal for review. Both AAAQ and CAAAREM argued that the amount of the fine was excessive, given the consent agreement and their compliance with CFC orders. In its final decision the CFC agreed to reduce the sanctions.

Discrimination in the provision of access to airport facilities.

12. Friendly Holidays and Cancun Limousines, two taxi service providers, consulted the CFC about possible restrictions to competition imposed by the public agency responsible for airport management, Aeropuertos y Servicios Auxiliares (ASA), in the provision of access to airport facilities within the Cancun

airport. As a result of this consultation the CFC initiated an ex-officio investigation against the Cancun airport administration.

13. The investigation revealed the existence of price discrimination in the relevant market defined as access to Cancun international airport for the provision of passenger and tourist transportation services. ASA applied different access rates and conditions to the airport premises, charging the lower rates to the taxi service providers established in the airport and the higher ones to tourist transportation services provided by tourist agencies. While the firms providing airport passenger road transportation services paid an annual fee by way of registered vehicle fleets, tourist transportation providers paid a “floor right” tariff per vehicle in order to enter the airport and enable them to pick up clients. The reason given for such dissimilar treatment was the later “sporadic” use of airport facilities.

14. The CFC judged that there was no justification for such rate differentiation, since the access service provided by ASA to firms supplying taxi services is the same irrespective of its use. ASA was also found responsible for non-price discrimination, consisting in its refusal to provide parking facilities to the tourist agencies taxis.

15. Based on these findings, the CFC ordered ASA: (i) to cease discrimination against the taxi service providers not established within the Cancun airport premises. and (ii) to eliminate any similar practices performed in any other Mexican airport. The CFC further required ASA to communicate this CFC decision to every party interested in participating in the privatisation of Mexican airports

16. ASA appealed the CFC decision on the grounds that the sector-specific legislation had been misinterpreted in the definition of the relevant market, and arguing that the CFC has no jurisdiction to apply such legislation. However, the CFC decision was confirmed given the general application of the FLEC and the CFC powers to enforce it.

Relative monopolistic practices in the TV industry.

17. *TV Azteca*, a broadcasting company, filed a complaint against the Mexican Football Federation (MFF) and *Televisa*, the major TV broadcasting company in Mexico, with alleged monopolistic practices in the broadcasting of football matches played by the National Football Team.

18. The CFC found that the MFF granted to *Televisa* wide exclusive rights regarding TV and radio transmission of football matches played by National Football Teams organised by the MFF and sale of publicity related thereof. This was established in a four-year renewable exclusivity contract.

19. The relevant market defined was the transmission of matches played by the National Mexican football teams. Advertising associated to this transmission included static advertisements displayed at the stadiums, promotion of specific products and sport ware trade marks and generally any commercial activity involving the National Mexican football teams.

20. During the investigation, the parties involved in this case reached an agreement by which *TV Azteca* had access to transmit the National Mexican Teams football matches. The advertisement rights went to a third party.

21. Based on this facts the CFC decided that the conduct under investigation no longer existed.

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State governments barriers to interstate trade

b.2) Barriers to trade in the Transportation Law of Mexico DF

22. The CFC initiated an ex-officio investigation to determine the existence of possible barriers to interstate trade provided in the amendments to the Transportation Law of Mexico DF, approved in November 1998. As a result of this investigation the CFC found that (i) the new procedures for allowing the provision of truck services, through government concessions introduced possible barriers to entry; (ii) the new concession regime implied tariff regulation and (iii) foreign investors were excluded from the provision of truck services. Furthermore the new provisions also restricted foreign investment in the provision of specialised passenger transportation.

23. The CFC took into account that the federal legislation regulating foreign investment authorises foreign participation in truck services since 1995. On this fact, the CFC declared that the new provisions included in the Transportation Law of Mexico DF constituted a barrier to interstate trade prohibited under the Mexican Constitution. In addition the Commission recommended to substitute the concession regime by permits and to subject tariff regulation to previous assessment of competition conditions by the CFC.

2. *Mergers and acquisitions*

a) *Statistics on number, size and type of mergers notified and/or controlled under competition laws*

24. In 1999 264 files were opened and 245 concluded. These figures account for increases of 36.7 and 28.9 percent against 1998. See Annex 1 for details.

b) *Summary of significant cases*

Monsanto Company / Cargill, Inc.

25. The international merger between *Monsanto Company (Monsanto)* and *Cargill, Inc. (CI)* had an impact on several national jurisdictions. The transaction involved the acquisition by Monsanto of CI's hybrid seed business outside the United States and Canada.

26. In Mexico the transaction consisted in the sale of *Cargill de México's* technology for producing corn and sorghum hybrid seeds and the assets related thereof to Monsanto and *Asgrow Mexicana* (a Monsanto subsidiary).

27. In defining the relevant markets as the production and marketing of corn and sorghum hybrid seeds, the CFC considered that hybrid seeds and the free pollination varieties do not substitute each other. The investment in research and development and the resources required to finance these undertakings constituted significant barriers to entry in both relevant markets. Within this context, the notified transaction would increase *Monsanto/Asgrow* market shares from 47 and 49 percent to 60 and 56 percent, in the corn and sorghum hybrid seeds, while other competitor would have a maximum share of 21 percent.

28. On account of this, the CFC determined that the transaction would endow *Monsanto* with substantial market power diminishing competition. Following this conclusion the CFC decided to block the

acquisition. This was reversed as result of a recourse filed before the CFC by *Asgrow*. However the transaction was subjected to the following conditions:

- stop using Cargill's trade mark once the seeds stocks acquired as result of the concentration are sold;
- divestment of the Cargill's production plant of hybrid seeds in Jalisco State;
- to license for a five years period the rights to produce corn and sorghum hybrid seeds under the *Cargill's* trade mark.

The Coca Cola Company / Cadbury Schweppes, plc

29. The Coca Cola Company (TCCC) and Cadbury Schweppes, plc (CS) gave notice of their interest in carrying out a concentration. The transaction involved the purchase of several brands of carbonated drinks and bottled natural water property of CS.

30. The CFC determined that the merger would affect two different markets, both having nation-wide dimension: the carbonated drinks market (including refreshments, carbonated mineral water and carbonated drinks) and the market of bottled natural water. To identify these relevant markets the CFC considered that:

- Alcoholic beverages, lacteous, juices and nectars, tea and bottled natural water are not substitutes for carbonated drinks because they do not meet the same needs nor have similar characteristics (taste, presentation, ingredients, productive process, etc.)
- The imported carbonated drinks have, in fact, very little presence in the country.

31. The following facts were relevant to assess TCCC's market power in the relevant market of carbonated drinks:

- the carbonated drinks market is highly concentrated. TCCC's market share of 64.4 percent would increase to 71 percent as a result of the transaction;
- PepsiCo, the closest competitor of TCCC had a market share of 18 percent while the remaining market is divided among small and medium size firms;
- TCCC had a wide brand portfolio endowed with high market value. The brands owned by TCCC are well known in the Mexican carbonated drinks market;
- TCCC's distribution network is the largest in the country. This infrastructure would be of great strategic value in strengthening market power in the carbonated drinks market;
- TCCC's market position is considerably reinforced by its remarkable capacity to advertise its brands.

32. In the bottled natural water relevant market the CFC considered the joint market share of TCCC and SC is negligible.

33. Based on the above findings, the CFC determined that the TCCC/CS merger would substantially diminish competition in the carbonated drinks market. Thus, the merger would allow TCCC: (i) to unilaterally fix prices and restrict supply; (ii) to foreclose competitors from the relevant market of

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carbonated drinks and (iii) to engage in monopolistic practices. On this grounds, the CFC decided to block the acquisition.

Digital Equipment de México, S.A. de C.V. / Compaq Computer Comercializadora, S.A. de C.V.

34. *Digital Equipment de México. (Digital) and Compaq Computer Comercializadora (Comercializadora)* gave notice of their interest in carrying out a concentration. Digital and Comercializadora were already part of *Compaq Computer Corporation*.

35. The notified operation involved Digital's acquisition of the ownership and control of Comercializadora. Thus, a merger took place between companies incorporated within a single economic group. The CFC ruled that the transaction was an administrative restructuring and it would have no effect on the process of competition in the market of personal computers, workstations and disk storage subsystems and servants. Based on the above facts, the CFC did not block the transaction between Digital and Comercializadora.

The Seagram Company Ltd./Tres Magueyes y Compañía, S.A. de C.V./Tequila Tres Magueyes, S.A. de C.V.

36. *The Seagram Company (Seagram) and Tres Magueyes y Compañía., (Tres Magueyes)* gave notice of their interest in carrying out a concentration. The transaction would involve the transfer of assets used for tequila production by *Tres Magueyes* to a new company owned jointly by *Seagram* and *Tres Magueyes*.

37. The relevant market affected is that of production, distribution and marketing of tequila. This market, is segmented by quality and product differentiation.

38. Based on the analysis of the relevant market, the CFC decided that the transaction would not affect competition since *Seagram* and *Tres Magueyes* face strong competition from important firms, such as *Cuervo*, *Sauza* and *Herradura*, among others. Following this the CFC approved the concentration as filed.

KTL, S. de R.L. de C.V./Corporativo Kraft, S.A. de C.V. / Kraft Foods de México, S. de R.L. de C.V. / Bestfoods

39. *KTL, Corporativo Kraft, Kraft Foods de Mexico* (together, *Kraft*) and *Bestfoods*, notified the acquisition by *Bestfoods* of the *Rosa Blanca* and *Consomate* brands, property of *Kraft*.

40. The CFC took into account that *Productos de Maíz (Productos de Maíz)* and *Bestfoods México, (Bestfoods México)* are Mexican subsidiaries of *Bestfoods*.

41. The relevant market of the operation was that of production and distribution of concentrates for stock and soup at national level. From the analysis of this market, the CFC concluded that:

- the operation would give to *Productos de Maíz* a share of 71.7 percent in the relevant market;
- *Productos de Maíz* would increase its share in the traditional distribution channels to 98.4 percent;

- *Bestfoods* would concentrate the most important brand (Knorr) and two other well known brands (Consomate y Rosa Blanca);
- the relevant market is highly concentrated.

42. The high market share of Bestfoods, its wide system of distribution, the reputation of their brands as well as the advertising costs functioning as barrier to entrance in those markets, would facilitate *Bestfoods* to engage in monopolistic practices. The CFC also found that the transaction would imply the elimination of *Bestfoods*' main competitor (*Kraft*) in the relevant market. On these grounds, the CFC resolved to block the notified acquisition.

Bancomer, S.A. de C.V., Institución de Banca Múltiple, Grupo Financiero Bancomer/Aetna International, Inc./Ixe Banco, S.A., Institución de Banca Múltiple, Ixe Grupo Financiero

43. *Bancomer, Institución de Banca Múltiple; Aetna International (Aetna)* and *Ixe Banco, Institución de Banca Múltiple* gave notice of their interest in carrying out a concentration. In order to implement this transaction, Bancomer and Aetna would jointly constitute *Sociedades de Inversión Bancomer*. This firm was created to acquire the 50 percent of the capital stock of *Afore XXI*, from *Ixe*. The original stockholders of *Afore XXI* are *Ixe* and the *IMSS* (Mexican Institute of Social Security).

44. The CFC took into account that:

- *Bancomer* and *Aetna*'s subsidiaries are owners of the capital stock of *Afore Bancomer*.
- The LSAR (Retirement Fund Systems Law) allows a maximum market share of 17 percent to be reached by any *Afore (Retirement Fund Manager)*;

45. The relevant market of this transaction is that of administration services of the contributions in *Afore* accounts of affiliated workers to the *IMSS*. From the analysis of the relevant market, the CFC concluded that:

- the transaction would permit *Afore Bancomer* and *Afore XXI* to jointly control a market share higher than allows to a single company by the LSAR;
- *Bancomer* would be in a position that would facilitate it engaging in absolute (horizontal) monopolistic practices through its ownership in *Afore Bancomer* and *Afore XXI*.

46. The CFC found that the transaction would endow *Afore Bancomer* and *Afore XXI* with a privileged competitive position and thus with substantial power in the relevant market. On these grounds, the CFC decided that the transaction would facilitate *Bancomer* to engage in monopolistic practices. To prevent a possible damage to competition conditions in the relevant market, the CFC resolved to block the transaction.

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III. The role of Competition Authorities in the Formulation and Implementation of Other Policies; e.g.: Regulatory Reform, Trade and Industrial Policies

Privatisations and licences and permits granted by the Federal Government in specific-regulated sectors

a) *Statistics*

47. In 1999 96 files were opened and 96 concluded. These figures represent reductions of 42.1 and 41.1 percent against 1998. See Annex 1 for details.

b) *Description of significant cases.*

Natural gas distribution permits auctions.

48. The Energy Regulatory Commission (CRE) called for two international auctions for a twelve years exclusivity distribution permits of natural gas in the geographical areas of Bajío Norte and La Laguna.

49. The relevant market includes the distribution and commercialization of natural gas in the above mentioned geographical areas. The CFC determined that natural gas faces competition from LP gas, fuel oil and diesel. The CFC considers that even when the exclusivity period constitutes an entry barrier, the sector specific legislation prevent the abuse of dominant position by imposing the following restrictions to natural gas service providers:

- Prohibition to vertical integration between distribution and transport services.
- Permits to commercialize natural gas and to transport it for self-supply purposes are granted even during the exclusivity period.
- Regulating and supervising the price and the distribution tariff.

50. Several companies and consortiums notified the CFC their interest in participating in the international auctions: Four in the Bajío Norte area and one in the La Laguna region.

51. The CFC determined that awarding the concession to any of the participants would not endow them with substantial market power. On these grounds the CFC decided not to block any of the bidders.

Radio electric spectrum auction

52. The Federal Telecommunications Commission called for a simultaneous ascending auction to allocate national concessions to exploit four radio electric spectrum bands located in the seven Ghz to provide point-to-point microwave links. The concessions period is for 20 years, renewable according to the Ministry of Communications and Transport (SCT) guidelines. The auction bases restricts the bands allocation to no more than 112 Mhz. by participant.

53. The relevant market is defined by the provision of the capacity of point-to-point microwave links in the National territory. This kind of microwave links are inputs in the provision of long-distance telephone services, cellular telephones, and personal communications services (PCS), among others.

54. The wireless links localised in the six and eight Ghz. bands are the closest substitutes of seven Ghz. band links due to the similar interconnection infrastructure that both use. The wire-based links (such as copper and glass fibre) are available but imperfect substitutes because of their lower capacity and slowness.

55. The CFC decided not to block five out of six participants in the auction. Although some of them had already concession to operate wireless links, the new concession would not increase substantially the concentration indexes in the relevant market. In deciding to block Dipsa (a Telmex subsidiary) the CFC took into account that Telmex: (i) operates 1 055 point-to-point links in the six, seven and eight Ghz frequency bands, obtained before the Federal Law of Telecommunications came into force and (ii) is the single owner of the wired network. Thus in the event that Dipsa obtained the concessions auctioned, Telmex would take an absolute advantage over its competitors.

Divestment of the Pacific Airport Group

56. The Ministry of Transport and Communications called for an auction for the 15 percent share of the capital stock of the Pacific Airport Group (GAP) and an option to buy a five percent additional share thereof. GAP owns the concessions and permits to operate the airports of Guadalajara, Puerto Vallarta, San José del Cabo, Tijuana, Hermosillo, Bajío, Morelia, La Paz, Aguascalientes, Mexicali, Los Mochis y Manzanillo.

57. The CFC identified three relevant markets: airport services, airport related services, and areas for commercial services provided in each one of the airport. The CFC took into account that: (i) there is no competition in airport services and (ii) limited space availability is an important restriction to free entrance and competition in providing airport related services and areas for commercial activities. All of those aspects contribute to endow GAP with substantial market power.

58. The auction terms prohibited the participation of any agent having economic interests in the Southwest Airport Group. It also prohibited the winner to participate in the Central-North Airport Group. The restrictions are extensive to companies interrelated through common shareholders or corporate links.

59. The Commission received notification of four groups interested in obtaining GAP's share of capital stock auctioned. The Group shareholders are listed in the following sequence: Mexican partner(s)/ operational partner(s)/ investor partner(s).

60. The Commission decided not to block the participation of any of the four bidders. Three of them do not operate in the relevant markets. The other one may remain in the business of providing airport related services in some of the GAP's airports, but facing the competitions of other firms.

Advocacy

(i) Regulatory framework

61. During 1999 the CFC issued several opinions regarding competition aspects of sector specific laws and regulations. Among the drafts reviewed by the CFC are the following: The Regulations to LP Gas; the Regulations to the Provision of Radio and Television Cable Services; and the Regulations to the Provision of Delivery of Parcel and Document Services. It is also important to mention the CFC participation in the drafting of the federal government proposals for restructuring the electric industry.

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The Regulations to LP Gas

62. The Regulations applies to first-hand sales as well as to the provision of transportation, storage and distribution of LP gas services. The new Regulations complement the legal framework of the gas sector, which already includes specific regulations on natural gas. In order to reinforce the promotion and protection of competition in the above mentioned activities, the CFC recommended the inclusion of the following measures in the project to regulate LP gas sales, transport and distribution services:

- the application of rate regulation by the Energy Regulatory Commission whenever the CFC determines that competition conditions are lacking in the provision of the above mentioned services;
- approval of the terms and conditions of LP gas first-hand sales, when effective competition conditions are absent;
- give notice to the CFC of applications for permits to provide transportation, storage or distribution services submitted before the Energy Regulatory Commission. This measure is aimed to prevent excessive market concentration.

Structural reform of the electric industry

63. The federal government initiative to reform the electric industry is aimed to ensure the satisfaction of energy requirements, enhance service quality and reliability, reduce costs, and promote private investments.

64. The government initiative proposes the unbundling of the public owned electric industry into several generation and distribution firms and one transmission company. This measure requires the amendment of article 28 of the Mexican Constitution, which reserves to the federal government the generation of electricity and the provision of transmission and distribution services thereof. This provision is reviewed in the government proposal, in order to open up generation, transmission and distribution to private entrepreneurs. The operation and control of the national transmission network and nuclear generation of electricity are kept within the public sector.

65. In a first stage, competition and private participation would be introduced in electricity generation and distribution. Transmission and distribution would be subject to specific regulation in order to allow for the development of contestable markets and protect consumers interest. The government also recommends the regulation of electricity rates but leaves to the market the negotiation of rates between generators and major consumers.

66. The CFC acknowledged the procompetitive aspects of the government proposal, and issued the following opinion in order to strength further competition in the electric industry:

- to prevent vertical integration within a geographical market;
- to ensure open and non-discriminatory access to the transmission networks, at regulated prices;
- to apply price cap-regulation in the provision of distribution services;
- to introduce a regulation mechanism aimed at avoiding excessive concentration of concessions by a single firm within a relevant market;

- to allocate concessions through public auctions. As in other specific regulated sectors, the bidders would be reviewed by the CFC so as to allow for the development of contestable markets;
- pricing according to the costs incurred in the provision of services to residential, commercial and industrial customers, so as to avoid or gradually eliminate any possible cross-subsidisation.

ii) *Assessment of competition conditions.*

a) **Statistics**

67. In 1999 2 files were opened and 5 concluded. These figures account for increases of 50 and 400 percent against 1998. See Annex 1 for details.

Airport services.

68. In order to prevent any abuse of dominant position from the future private operators of the Mexican airports, the Secretariat de Comunicaciones y Transportes (Ministry of Communications and Transports) asked for the CFC opinion on the competition conditions in the airport service markets. According to the Airport Law any tariff regulation imposed by the Ministry should be based on a CFC decision about the inexistence of competition conditions. Following this procedure in 1999 the CFC made an assessment of the competition conditions in the markets related to the airports controlled by *Grupo Aeroportuario del Sureste* and *Grupo Aeroportuario del Pacífico*. The following elements are relevant:

- the existence of legal barriers to entry to build airports and to provide airport services.
- priority granted to the present concessionaire for building alternative airports.
- technical and economical difficulties to build new airports.

69. Based on those elements the CFC determined the inexistence of competition conditions in the relevant markets of airport services, and of leasing of airport areas for the provision of airport related services.

IV Resources of the Competition Authority

1. Resources overall (Current numbers and change over previous year)

a) *Annual Budget (in your currency and USD)*

70. The 1999 effective budget added up to 92.5 million Mexican pesos. This amount is equivalent to 9.7 million U.S. dollars and represents 31.5 percent increase compared to the previous year.

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b) Number of employees (person-years)

71. The total senior and middle management added up to 147, made up of 43 economists, 41 lawyers, 63 professionals and technicians with degrees in engineering, mathematics, accountancy, computer systems and international affairs. The support staff comprises 54 employees. Thus, the total staff added up to 195 employees.

2. *Human Resources (person-years) applied to:*

a) Enforcement against anticompetitive practices

72. This field is attended by the Plenum, integrated by five Commissioners and their advisors, and 41 members of four Operational General Directorates, adding up to 51 officials.

b) Merger Review and Enforcement

73. In addition to the Plenum, nine officials from the mergers directorate serve these cases.

c) Advocacy Efforts

74. The Plenum is the body responsible for issuing opinions on competition aspects of laws and actions by government agencies. This activity is supported by:

- nine members of the General Directorate for Privatisation and Auction Processes;
- eleven members of the General Directorate for Economic Studies;
- twelve members of the General Directorate of International Affairs; and
- four members of the General Directorate of Regional Coordination.

3. *Period covered by the above information: January-December 1999*

V. Summaries or references to new reports and studies on competition policy issues

75. The approach of the Annual Economic Competition Report 1998, the sixth number published since the creation of the CFC, departs from that of previous issues, characterised by relevant case selection. The former presents the results achieved by the CFC during the period and gives an in-depth description of competition policy accomplishments. It thus complements the information contained in the decisions published in the Economic Competition Gazette and the summaries of concluded cases published in the Official Journal of the Federal Government and in the CFC website, by analysing the decisions in the broader context of competition policy.

76. The third number of the Economic Competition Gazette, covering the decisions issued during the first quarter of the reported year was published on October 1999. This issue includes an article by a CFC official, which analyses competition issues in network industries such as telecommunications, railroads and electricity.

References

Paredes Pérez, Víctor, “Redes de Infraestructura y Competencia”, *Gaceta de Competencia*, Year 2, No. 3, January – April 1999, pp. 19-34.

Annex 1
FEDERAL COMPETITION COMMISSION
FILES PROCESSED 1998-1999

	1998	1999
MERGERS		
Cases filed and <i>ex officio</i> investigations initiated	193	264
Notifications	182	241
Ex officio investigations	10	8
Complaints	1	15
Concluded	190	245
No objection	179	220
Conditions imposed	4	6
Opposed	1	3
<i>Affirmativa ficta</i>	1	0
Others ¹	5	16
In process	27	46
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PRIVATISATION'S, CONCESSIONS AND PERMITS		
<i>Cases filed</i>	166	96
Concluded	163	96
No objection	146	90
Conditions imposed	8	1
Opposed	3	3
Others ²	6	2
In Process	8	8
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MONOPOLISTIC PRACTICES AND OTHER RESTRICTIONS TO COMPETITION		
Cases filed and <i>ex officio</i> investigations initiated	62	42
Ex officio investigations	5	12
Complaints	57	30

Table (cont'd)

	1998	1999
Concluded	51	41
Penalty or recommendation	14	9
Concluded in advance, based on Art.41 of the RLFCE	9	11
Decisions against the plaintiff	11	10
	16	10
Withdrawals and complaints dismissed		
Others ³	16	7
In Process	62	63
CONSULTATIONS		
	61	39
<i>Filed</i>		
Concluded	64	41
In process	11	9
MARKET POWER AND COMPETITION CONDITIONS		
	3	2
<i>Filed</i>		
	1	5
<i>Concluded</i>		
TOTAL		
	485	443
<i>Cases filed</i>		
Concluded	469	428
In Process	112	127

¹ Includes withdrawals, complaints dismissed and an *ex officio* investigation where no violations were detected.

² Includes withdrawals, complaints dismissed and an opinion to modify a bidding process.

³ No violations of Federal Law of Economic Competition were detected.