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## 2. Competition Law

On December 22, 1992, Mexico published in the Official Gazette a new competition law, entitled the *Ley Federal de Competencia Económica*, Federal Law of Economic Competition, hereinafter called the "Competition Law". The law became effective on June 22, 1993.

The Competition Law:

- restricts and regulates monopolistic practices and economic concentrations;
- creates a *Comisión Federal de Competencia*, Federal Competition Commission, hereinafter called the "Commission" with broad investigative and enforcement powers;
- sets forth the basic procedure for actions by and before the Commission; and
- creates a limited private right of action for damages.

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### 2.1 Regulated practices

The Competition Law prohibits in broad terms those monopolies and practices which "diminish, damage or impede free competition in the production, processing, distribution and marketing of goods and services". Monopolistic practices are divided into "absolute" and "relative" monopolistic practices.

Absolute monopolistic practices are defined as agreements or arrangements among competitors which have the purpose or effect of:

- fixing prices;
- limiting production or distribution;
- dividing markets; or
- "rigging" public bids.

The Competition Law provides that, apart from the civil and criminal sanctions that may be applicable to the parties involved, such agreements and arrangements are null and void.

The definition of relative monopolistic practices encompasses certain specific practices, which are prohibited only if the actor has "substantial power" over the "relevant market". The latter terms are defined by reference to the presence of certain factors detailed in the Law. This includes substitutability of goods, distribution and input costs, market share of the actor and its competitors, and existence of market barriers.