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English - Or. English

11 June 2025

**DIRECTORATE FOR FINANCIAL AND ENTERPRISE AFFAIRS
COMPETITION COMMITTEE**

Competition in the Provision of Cloud Computing Services – Note by Mexico

19 June 2025

This document reproduces a written contribution from Mexico submitted for Item 6 of the 146th OECD Competition Committee meeting on 19 June 2025.

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JT03568014

Mexico

1. Introduction

1. The global expansion of the digital economy has made digital markets increasingly relevant—and Mexico is no exception.¹ The digital economy involves activities such as online shopping, entertainment, the utilization of artificial intelligence, work collaboration, and education, among others. These activities rely on digital resources and are shaped by digital ecosystems, platforms, algorithms, artificial intelligence, streaming, envelopment strategies, and cloud computing.²

2. Digital markets play a critical role not only as independent sectors, but also because of their impact on the rest of the economy. For instance, cloud computing has significantly changed how companies store and process information, which affects cost efficiency, privacy, the environment, and general economic growth by facilitating the creation of new business models, products, and services.

3. Given their concentration, economies of scale and scope, network effects, and heavy data reliance, these markets are prone to collusion and abuse of dominance—making competition policy crucial.

4. This contribution outlines the experience of the Federal Economic Competition Commission (Cofece or Commission) in applying competition policy regarding cloud computing, particularly concerning enforcement actions and research documents, under the Federal Economic Competition Law (LFCE for its initials in Spanish).

2. Institutional legal framework

5. Cofece's attributions under the LFCE include analyzing notified mergers to prevent market structures that could hinder market efficiency; prosecuting and preventing anticompetitive conducts, and determining the existence of effective competition, barriers to entry, or essential facilities, as well as, conducting market studies.³ Also, Cofece is empowered to issue non-bidding opinions on proposed regulations, rules, agreements, circulars, legislative bills, and other general administrative acts issued by Public Authorities concerning aspects of competition and free market access.

6. As the economy became increasingly digitalized, operations began to emerge in areas of expertise whose jurisdiction had not been previously contested before the judiciary.

¹ For example, according to Statista, between 2020 and 2023, the number of internet users increased by more than 30%, and the forecasted number of internet users in Mexico in December 2024 was 111.93 (millions of users).

See: <https://www.statista.com/statistics/184711/mexico-number-of-internet-users/>

² “Cloud computing is the availability of on-demand computing resources (such as storage and infrastructure) as services over the Internet. It eliminates the need for individuals and companies to manage their own physical resources and pay only for what they use.” (Google Cloud).

Cloud computing includes platform as a service, software as a service, and infrastructure as a service.

³ Also, see, for example, Annual Work Plan 2025. Available in Spanish at: https://www.cofece.mx/wp-content/uploads/2025/01/PAT_2025_Version-Final.pdf

In this context, following an investigation initiated in October 2020 by the Federal Institute of Telecommunications (IFT, per its initials in Spanish) for possible barriers to competition and essential facilities in the markets for online search, social networks, mobile operating systems, and cloud computing services,⁴ Cofece, in accordance with article 5 of the LFCE, requested a specialized court in competition, broadcasting and telecommunications to determine the competent authority to review the case.

7. In 2021, the First District Court in Administrative Matters, Specialized in Economic Competition, Broadcasting, and Telecommunications, with residence in Mexico City and jurisdiction throughout the Mexican Republic, determined that Cofece had the competence to hear and solve matters in the markets for online search services, social networks and cloud computing. This decision provided legal certainty not only to Cofece but also to the IFT and economic agents involved in economic activities related to the digital environment, by deciding which authority is competent to oversee these markets.

8. Cofece's primary experience in digital markets and cloud computing consists of merger cases, study guides and documents, and one non-binding opinion. This experience is discussed in the following sections.⁵

9. To this date, the LFCE does not offer different tools or actions for merger reviews, enforcement cases, or any other proceedings, as it applies equally to all economic activities in both traditional and digital markets.⁶

3. Cloud computing in México: experience from Cofece

3.1. Enforcement

3.1.1. Mergers⁷: Mercmy Data Center Holdings Limited / Six Sigma Networks México⁸

10. In August of 2021, Cofece was notified of a transaction between Mercmy Data Center Holdings Limited, Six Sigma Networks México, S.A. de C.V., (KIO) LSC Ventmes, S. de R.L. de C.V., involving, in Mexico, the purchase of KIO and several subsidiaries. These firms offer infrastructure as a service among others, that optimize information management.

11. Cofece analyzed the following markets: i) data center infrastructure services and ii) information technology (IT) outsourcing services. This last one included managed IT

⁴ Considering that this investigation may invade its sphere of competence, Cofece requested the Federal Judicial Power to resolve the competition and the Judicial conflict between the two authorities. More information is available at: [COFECE-020-2021_ENG.pdf](#)

⁵ Cofece is to resolve file IEBC-001-2002, regarding possible barriers to competition in retail e-commerce. More information is available at:

https://www.cofece.mx/wp-content/uploads/2024/02/Cofece-007-2024_ENG.pdf

⁶ Except for those under the competence of the IFT.

⁷ Cofece is to resolve filed CNT-152-2024 related to the creation and dissemination of content exclusively through the internet. See: <https://www.cofece.mx/conocenos/pleno/resoluciones-y-opiniones/>

⁸ The public version of the resolution for this case, under file CNT-099-2021, is available, in Spanish, at: <https://www.cofece.mx/CFCResoluciones/docs/Concentraciones/V6080/11/5560481.pdf>

services; cloud IT services; IT application management, cybersecurity; and data analytics and business intelligence.

12. Since no risk to economic competition or free market access was detected, this transaction was authorized in October 2021.

3.2. Advocacy

3.2.1. Research documents

13. Cofece has produced and published on its website the following documents: 1) Data and Competition in the Digital Environment;⁹ 2) Algorithms and Competition in the Digital Environment¹⁰ 3) Artificial Intelligence and Competition in the Digital Environment¹¹; 4) Basics Concepts of Competition in the Digital Economy¹² and 4) Study of Competition and Free Market Access in Digital Services.¹³

14. These documents are intended to serve as comprehensive reference materials for students, teachers, and the general public, facilitating a deeper understanding of fundamental concepts of the digital economy as well as their practical applications in daily life, and their broader implications for the Mexican economy. For instance, by addressing, among others of concepts such as algorithms, artificial intelligence, and cloud computing, their benefits such as cost reduction, data collection, processing and analysis tool, efficiency, and innovation, and the associated risks such as concentrated markets, collusion, and abuse of market power affecting consumers, they provide a better understanding of the importance of a timely and effective application of competition policy.¹⁴

3.2.2. Opinions

15. In 2022, Cofece issued an opinion¹⁵ about various regulations applicable to Financial Technology Institutions, focusing on aspects of economic competition.¹⁶ For example, regarding the Provisions Applicable to Electronic Payment Fund Institutions (the Provisions), Cofece identified certain regulatory instruments that could hinder competition and free market access.

16. In this sense, requirements for cloud storage considered in the Provisions concerning disproportionate or differentiated contingency requirements for Electronic Payment Fund institutions could put them at a disadvantage compared to other institutions, even when both use cloud storage services. In this regard, Cofece recommended the Ministry of Finance and Public Credit (SHCP), the Bank of Mexico (Banxico), the National Banking and Securities Commission (CNBV) and other supervisory commissions to

⁹ Available at: <https://www.cofece.mx/wp-content/uploads/2025/03/DatComDigEnv-eng.pdf>

¹⁰ Available at: [Algorithms and Competition in the Digital Environment](#)

¹¹ Available in Spanish at: <https://www.cofece.mx/wp-content/uploads/2024/11/IAComEcoDig.pdf>

¹² Available at: <https://www.cofece.mx/wp-content/uploads/2025/02/BasConComDigEco-eng.pdf>

¹³ Available at: https://www.cofece.mx/wp-content/uploads/2024/11/EE24-F_fintech-ENG_IDEAI-1-1.pdf

¹⁴ Some other risks, such as privacy breach, cannot be tackled through competition policy.

¹⁵ File OPN-009-2022.

¹⁶ The opinion is available at: [COFECE-038-2022 ENG.pdf](#)

evaluate the regulation related to cloud storage, the role played by commission agents, and the protection of the savings of Fintech users.

17. Specifically, (i) reviewing the proportionality of having another storage mechanism when a cloud is used as the primary provider and (ii) evaluating the regulatory distinction regarding the limits for the use of commission agents of Electronic Payment Fund institutions vis-à-vis credit institutions.

3.2.3. *Other efforts*

18. As for advocacy efforts or cooperation with other regulation agencies, as part of the efforts to address digital markets, particularly those related to AI, - considering the synergies between this and cloud computing- Cofece joined the National Artificial Intelligence Alliance ([NAIA](#)) initiative to discuss the future of regulation in this area from an inter-institutional and multidisciplinary perspective. As a result of this collaboration, and after numerous working groups, in March 2024 the report “Artificial Intelligence Panorama in Mexico: towards a National Strategy”¹⁷ was published, which gathers the vision of stakeholders to offer strategic recommendations to guide the formulation of a National AI Strategy, with particular interest in promoting the collaboration of stakeholders, particularly regulators, under the figure of the AI sandbox.¹⁸

¹⁷ The document “Panorama de la Inteligencia Artificial en México: hacia una estrategia nacional” is available in Spanish at: https://cdnusers3ros.s3.amazonaws.com/public/9e3213120ef1ec5246ed316117908803/47ddfa6a29074e2b1426d394295660281717889675_1717889675.pdf

This document states that one of the components that needs to be highlighted, along with connectivity, is the deployment of a robust and resilient infrastructure. infrastructure deployment that needs to be robust and resilient, and meaningful connectivity. It is a matter of providing the country with a solid foundation for the proper functioning of digital services. It is a matter of providing the country with a solid foundation for the proper functioning of digital services, including AI systems AI systems, as well as communications infrastructure, servers, cloud computing and infrastructure, servers, cloud computing, 5G and beyond networks, radio spectrum networks, radio spectrum, satellite communications. This must be done without forgetting essential utilities such as energy, electricity and water energy, and water, in the face of the increased demand represented using AI in various sectors.

¹⁸ The participation of Cofece in the NAIA is of relevance since earlier in May, this alliance published a proposal to establish a regulatory framework aiming at promoting the incorporation of AI in the industry.