

Challenges in the Introduction of Competition in Latin America

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**Ministry of Finance
Secretariat for Economic Monitoring**

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of Competition in Latin
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The Seven Challenges

- 1) **The international dimension of current competition patterns.**
- 2) **Cartel behavior.**
- 3) **Regulation and competition.**
- 4) **Antidumping.**
- 5) **Regional integration.**
- 6) **Promoting market transparency**
- 7) **Institutional strengthening of the competition agency.**

The international dimension of current competition patterns

Mergers in the Brazilian industry - 2002

Foreign Mergers with impact on Brazilian Markets	194 (66%)
Mergers between Brazilian and Foreign Firms.	49 (16.7%)
Mergers between Brazilian Firms	51 (17.3%)
Total	294 (100%)

Cartel Behavior

- **International cases:**
 - Vitamins**
 - Lysine**
 - Graphite electrodes**
- **Total cartel cases in 2002: 61.**

Regulation and Competition

- **Privatization and regulatory reforms in the nineties**
- **The current scenario**
- **The antitrust authority and the regulatory agencies**

Antidumping

- The interface between antidumping and competition laws.
- The Brazilian position in international forums.
- How SEAE is dealing with this problem?
 - ⇒ Issuing technical reports on antidumping cases.
 - ⇒ Monitoring selected cases.

Regional Integration: The Mercosur Case

- **Scope and limitations of the Fortaleza Protocol.**
- **The potential role of positive comity agreements.**
- **The elimination of antidumping measures.**

Promoting market transparency: the use of economic indicators

- Configuration of the domestic industry.
- Domestic production.
- Import penetration.
- Export share.
- Revealed comparative advantage.
- Price indexes.

Institutional Strengthening

The Brazilian Competition Policy System

- **Secretariat for Economic Monitoring (SEAE) of the Ministry of Finance;**
- **Secretariat of Economic Law (SDE) of the Ministry of Justice;**
- **Administrative Council for Economic Defense (CADE), an independent tribunal administratively linked to the Ministry of Justice.**
- **SEAE and SDE have analytical and investigative functions, while CADE is an administrative tribunal. CADE's decisions can only be reviewed by the courts.**

Institutional Strengthening

- **Draft-law with a new structure for the Brazilian Competition Policy System.**
- **The draft-law amends Law. No. 8884/94.**

Institutional Strengthening

- **New important features of the law: pre-merger notification, early termination for simple cases and the definition of hard-core cartel as a *per se* injury.**
- **The draft law represents the consolidation of a coordination effort started in the nineties.**