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COMPETITION COMMITTEE**

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ANNUAL REPORT ON COMPETITION POLICY DEVELOPMENTS IN BRAZIL

-- 2013 --

18-19 June 2014

This report is submitted by Brazil to the Competition Committee FOR DISCUSSION at its forthcoming meeting to be held on 18-19 June 2014.

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TABLE OF CONTENTS

INTRODUCTION	3
1. Changes in Competition Law and Policies.	4
1.1 New resolutions adopted by CADE in 2013	4
1.1.1 Resolution No. 5	4
1.1.2 Resolution No. 6	4
2. Enforcement of competition laws and implementation of competition policies.....	4
2.1 Summary of activities related to law enforcement and policy implementation.....	5
2.1.1 Main cases.....	5
2.1.1.1 Tribunal.....	5
2.1.1.2 General Superintendence	7
2.1.1.3 Judicial Review	7
2.1.2 Statistics related to law enforcement and policy implementation.....	8
2.2 The main sectors concerned by competition law enforcement.....	9
3. The implementation of competition policies and the promotion of competition advocacy activities.....	10
3.1 SEAE's advocacy activities in key sectors.....	10
3.1.1 Road Passengers Transport.....	10
3.1.2 Railroad Sector.....	10
3.1.3 Air Transportation Sector.....	10
3.1.4 Port Sector.....	10
3.1.5 Energy Sector.....	10
3.1.6 Telecommunications Sector	11
3.1.7 Postal and Financial Sector	11
3.1.8 Health and Sanitary Surveillance Sectors	11
3.1.9 Urban Infrastructure and Natural Resources.....	11
3.1.10 International Trade and Competition	11
3.2 Competition advocacy before the judiciary	12
3.3 Relationship with other institutions.	12
3.3.1 CADE's proactive role in institutional cooperation.....	13
3.4 The promotion of competition culture in Brazil.	13
3.4.1 The organization of the Workshop on Competition Enforcement and International Cooperation.....	13
3.4.2 CADE's PINCADE program	13
3.4.3 The Brazilian Competition Journal	13
4. Resources	14
4.1 Financial Resources	14
4.2 Human Resources	14
5. Publications by the Brazilian CADE.....	15
5.1 Papers on competition law and policy submitted to the OECD.....	15
5.2 Main publications on competition law and policy written by CADE's staff.....	15

INTRODUCTION

1. The year of 2013 was very important to reveal the impacts of the change in the Brazilian competition legislation in 2012, and the institutional reform which led to the current institutional set up of the Brazilian Administrative Council for Economic Defense (CADE) and the Brazilian Secretariat for Economic Monitoring (SEAE) of the Ministry of Finance. Under the new legislation enacted in 2011, CADE is mainly responsible for competition enforcement and SEAE is in charge of competition advocacy.

2. The new pre-merger review regime was implemented in a efficient and effective manner. As confirmation, the Brazilian Ministry of Planning granted CADE a prize, within its national public contest hosted by the Brazilian National School of Public Administration, to pay tribute to its new merger review system. In addition, CADE has focused on the reduction of case backlog and has stepped up its efforts on cartel enforcement. It has worked to perfect its precedents and methods in handling cartel cases.

3. It is with this background that this report shall present the competition enforcement and advocacy activities carried out by CADE and SEAE in 2013. This shall be done by presenting the changes in competition laws and policies with the entry into force of the new law (First Part). On this basis, the activities focused on the enforcement of competition laws shall be highlighted; this shall be done by examining the competition policies' implementation over the same period (Second Part). After the description of these contentious aspects of the competition system, the report shall explain how the competition advocacy activities are carried out (Third Part), before reaching a brief description concerning resources (Fourth Part) and publications (Fifth Part) to conclude the report.

1. Changes in Competition Law and Policies.

4. In 2013, changes were enacted with the objective of bringing enhanced efficiency to the application of the new Brazilian Competition Law. There were not structural changes in the legislation. However, there were some policy and clarifications of interpretation and understanding on behalf of CADE which improved some provisions foreseen in the law.

1.1 New resolutions adopted by CADE in 2013

5. Complementary to the structural and technical changes imposed by Law 12.529/11, CADE's Plenary issued Resolutions of relevant legal content for the new CADE, namely Resolutions No. 5, from March 2013, and No. 6, from April 2013.

1.1.1 Resolution No. 5

6. It approved the amendment n° 1 to CADE's Internal Statute (RICADE), which consists of new rules for the negotiation program of Cease and Desist Agreements ("TCC" for its acronym in Portuguese). The changes aim at improving the agreements: considering that the TCCs are important tools to obtain evidence that can be decisive in investigations of anticompetitive behavior, they may, as a result, be decisive for the effective resolution of cases.

7. With the new policy, the parties are required to confess their participation in a collusion to be able to sign such agreements. The signature of the TCC is also conditional on the cooperation of the parties with the investigation.

8. Also, according to the new rules, there are four predefined percentage discounts for contribution to the Brazilian Diffused Rights Fund (FDD, in its Portuguese acronym), varying according to the degree of collaboration and the order of signature of the agreement. The first one would have a discount of 30% to 50% of the applicable fine, the second 25% to 40%, from the third forward the discount may reach up to 25%, and after closure of the case investigation, the reduction would be of up to 15%.

9. The TCC may now also be proposed by the General Superintendent, who, after negotiation with the parties, will forward the final draft of the agreement to the Tribunal for trial. Previously, the agreement could only be proposed directly by the Tribunal. The new format allows the antitrust agency to hold a proactive role in the proposition of agreements that are relevant to the investigation.

1.1.2 Resolution No. 6

10. It disciplines the supervision of decisions, and the fulfillment of commitments, and agreements. After the Tribunal's decision, CADE's Federal Prosecutor General's Office renders an opinion on the matter and the case goes to the General Superintendence to be monitored.

11. After this presentation of the changes and innovations in the competition laws and policies, it is relevant to present how the new structures have dealt with the new normative framework. This shall be done by reviewing the enforcement of competition laws and the implementation of competition policies in 2013.

2. Enforcement of competition laws and implementation of competition policies.

12. The presentation of a summary of CADE's Tribunal activities will enable to grasp the activity which the authority was carried out in 2013 (2.1); the obtained information will then be used to point out the main sectors dealt with by competition law enforcement during this same period (2.2).

2.1 *Summary of activities related to law enforcement and policy implementation.*

13. The changes in the legislation and efforts to reduce case backlog have enabled CADE to review fast-track mergers within an average of 20 days, while the overall average, which includes complex cases, is around 25 days. While in 2012 merger cases corresponded to 86% of the total number of cases tried by CADE's Tribunal, in 2013 these cases represented 69% of total administrative judgments.

14. In this sense, CADE has been able to step up its efforts in cartel enforcement. It has worked to perfect its precedents and methods in handling cartel cases. In 2013, in total, there were 22 condemnations concerning conducts in general, the highest number ever registered in Brazil. This increase is due to the fact that CADE's Tribunal has been able to focus on conduct cases (in particular, cartel cases) rather than on merger cases.

15. The summary first presents the main cases tried by CADE's Tribunal in 2013 (2.1.1.) and sorts them out following a statistical methodology (2.1.2.).

2.1.1 *Main cases*

16. The main cases referred to are (a) those dealt with by the Tribunal, (b) investigated by the General Superintendence and, finally (c) those having been submitted to judicial review.

17. In 2013, 377 mergers were filed and 43 led to an in-depth review. 447 mergers were judged: 387 were fast-track cases approved directly by the General Superintendence and 50 were tried by the Tribunal, which approved 47 and blocked 3 transactions. The average duration of merger review in 2013 was 25 days for fast-track cases and 47 days for ordinary proceedings.

18. Also in 2013, 38 administrative proceedings were tried by the Tribunal: 16 cases were filed and 22 condemned. Among the 22 judged cases, 13 regarded cartel formation, with a total of imposed fines of BRL 491.631.148,31 (USD 222,387,088.43), and 9 regarded other anticompetitive practices. In the same year, CADE signed 53 Cease and Desist Agreements (TCC) and the investigated companies' contributions totalize BRL 41.615.069,24 (USD 18,824,385.14).

2.1.1.1 Tribunal

19. The most relevant merger cases tried by the Tribunal in 2013 were:

- Approval with restrictions of the association between *Azul S.A.* and *Trip Linhas Aéreas S.A.* (merger file no. 08700.004155/2012-81). The approval was conditioned to the efficiency criteria in the *Santos Dumont* airport in Rio de Janeiro and the end of the code share agreement between *Trip* and *Tam*. The constraint imposed by CADE aims at ensuring the provision of passenger flights from *Santos Dumont* airport;
- Approval with restrictions of the merger between *Ponto Frio* and *Casas Bahia*. The case results in the creation of the largest retail company in Brazil: *Via Varejo*, an association between *Grupo Pão de Açúcar* and *Casas Bahia*. The approval was conditioned to a performance agreement, in which *Via Varejo* commits to divesting 54 sales points in 54 cities. The restriction imposed aims at maintaining competition in the market;
- In August, CADE signed a Merger Control Agreement (ACC) with OGX for the gun-jumping practice in the acquisition of 40% stake of *Petrobras* of the BS-4 Block, located at the Santos basin, São Paulo State (merger file no. 08700.005775/2013-19). It was the first gun-jumping

case under the new Competition Law. OGX will pay a contribution of BRL 3 million. The merger was not reverted due to the fact that its object was not yet into operation. The gun-jumping was characterized from administrative acts regarding the operation;

- Approval with restrictions of four operations involving licensing agreements through which *Monsanto do Brasil Ltda* authorizes other companies to develop, produce and sell, in Brazil, soybean seeds with Intact RR2 PROT^M technology, owned by Monsanto. The companies to receive the licenses were *Don Mario Sementes Ltda*, *Nidera Sementes Ltda*, *Syngenta Proteção de Cultivos Ltda*, and *Cooperativa Central de Pesquisa Agrícola*. The approval of the transactions was conditioned to the change of clauses that gave Monsanto the possibility to influence the strategic decisions of the licensee companies; and
- Blockage of the acquisition by *Telefonica S/A* of 50% of *Brasilcel*, owned by *Portugal Telecom* and *PT Móveis* (merger file no. 53500.021373/2010). A potential risk to competition was identified: *Telefonica* already has an indirect share of *Tim* and *Brasilcel* is a majority shareholder of *Vivo S/A*. Both *Tim* and *Vivo* compete in the Brazilian telecommunications market. The merger can only be approved if *Telefonica* does not hold any financial share, direct or indirect, of *Tim Brasil*. Alternatively, the merger can also be cleared with the entrance of a new partner in *Vivo*, with experience in the sector and that does not hold any shares in other Brazilian telecommunications company. The restriction aims to provide a new agent to share the control of *Vivo* with *Telefonica*.

20. The most relevant cases in the area of Conducts tried by the Tribunal in 2013 were:

- Settlement agreement signed between CADE and *Unimed*s, a health care plan based on the cooperative work of doctors. The settlement extinguished 93 cases of *unimilitância*, a prohibition imposed on doctors that are part of the cooperative to work for other health plans. As part of the 39 administrative proceedings analyzed in session, CADE signed Cease and Desist Agreements (TCC for its acronym in Portuguese) with 40 *Unimed*s from all over the State. The TCCs prohibit exclusivity requirements in medical services or any other type of discrimination between exclusive and non-exclusive doctors. According to these agreements, the *Unimed*s will also pay a sum of about BRL 810.000 as contribution to the Brazilian Diffuse Rights Fund (FDD for its acronym in Portuguese). The contribution specified for each case is proportional to the cooperative coverage. In sum, according to previous decisions, *Unimed*s should pay more than BRL 10 million in fines and shall have to stop *unimilitância* practices.
- Condemnation of the Central Office of Collection and Distribution – ECAD (acronym in Portuguese) and six effective associations (with voting rights) which represent copyright holders for forming a cartel (Administrative Proceeding no. 08012.003745/2010-83). ECAD was also penalized for abuse of dominant position by creating entry barriers to the entry of new associations in the market. For cartel formation and the abuse of dominant position in the market, ECAD was fined approximately BRL 6.4 million (around USD 3.2 million). Each association was fined BRL 5.3 million (around USD 2.7 million) for cartel formation.
- Condemnation of 18 bakeries and 19 individuals for cartel formation in the bakery market in the city of *Sobradinho*, Federal District (Administrative Proceeding No. 08012.004039/2001-68). For the conduct, each bakery was sentenced to pay a fine in the amount of more than BRL 30 thousand. The owners must pay more than BRL 3 thousand each, equivalent to 10% of the fine imposed by the companies. The amount of the penalty awarded to two

representatives of the Brasilia Food Industry Association - SIAB, for its acronym in Portuguese, sum just over BRL 20 thousand.

- Condemnation of eight gas stations and seven individuals for cartel formation in the fuel retail market in the city of Santa Maria, state of Rio Grande do Sul (Administrative Proceeding no. 08012.004573/2004-17). The existence of a cartel was proven from judicially authorized wiretaps and by economic studies from the National Petroleum Agency and the Secretariat for Economic Monitoring of the Ministry of Finances, which proved that in five months the increase of the profit per liter of condemned gas stations was higher than the average of the cartel non participants. The fine imposed to the companies sum approximately BRL 16.5 million. For the individuals, fines sum BRL 2.5 million.
- Condemnation of *ABSA Aerolineas Brasileiras S.A.*, *Varig Logistica S.A.*, *American Airlines Inc.*, and *Alitalia Linee Aeree Italiane S.P.A.*, plus seven individuals for cartel formation in the international air cargo sector. The fines sum more than BRL 293 million. (Administrative Proceeding no. 08012.011027/2006-02); and
- Signature of a settlement agreement between CADE, the Swedish-Swiss multinational ABB Ltd and an individual related to it. In the agreement, the parties committed to cease the practices under investigation in the alleged international cartel that affected the markets of manufacturing and installation of underground high-voltage cables and submarine high and low-voltage cables (Administrative Proceedings n° 08012.003970/2010-10 and 08700.008576/2012-81). As per the agreement, ABB will contribute with approximately BRL 1,5 million. As for the settlement signed with the individual, it included the payment of BRL 50.000,00.

2.1.1.2 General Superintendence

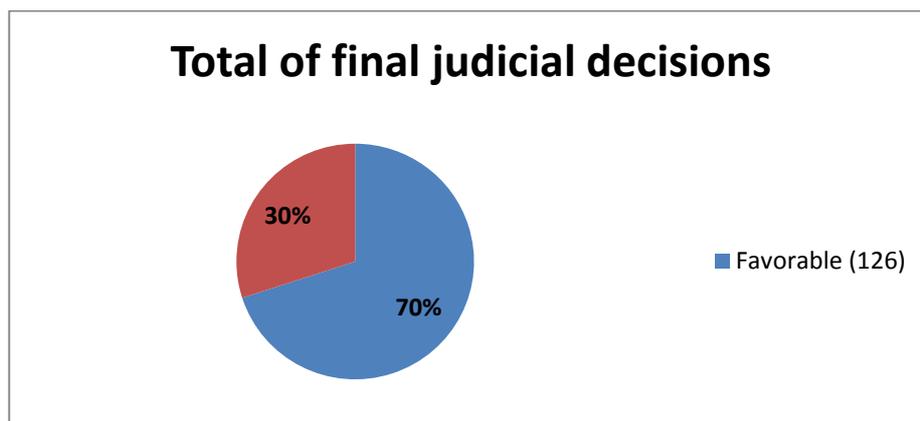
21. CADE's General Superintendence started 14 investigations for violations against the economic order. Furthermore, 49 Administrative Proceedings were concluded and forwarded to the Tribunal, and 2 dawn raids were carried. Empowered by the new legislation, the General Superintendence strengthened its leniency program and signed 2 agreements, 10 leniency applications in total (markers), 10 second-in requests and 1 second-in agreement.

22. Additionally, in 2013, 6 dawn raids were carried out and 95 investigations were closed/filed, out of which, approximately 14 were administrative proceedings and 9 were preliminary investigations related to abuse of dominance cases. Finally, around 38 administrative proceedings and 57 preliminary investigations were closed in 2013.

23. Cartels in Brazil are also a criminal offence. Criminal prosecution is carried out by the Federal Prosecutor's Office and CADE does not possess direct access to criminal court's proceedings.

2.1.1.3 Judicial Review

24. In cases in which CADE is part there were 179 decisions: 21 procedural orders, 84 decisions from higher courts, 25 decisions approving preliminary injunctions and 14 favorable advance appeals decisions. Additionally, 4 injunctions were unfavorable to CADE and 12 were in favor of CADE, among which we point out the 8 search and seizure requests that were used in the dawn raids held by the General Superintendence.



Source: CADE's Management Report to TCU for the year 2013

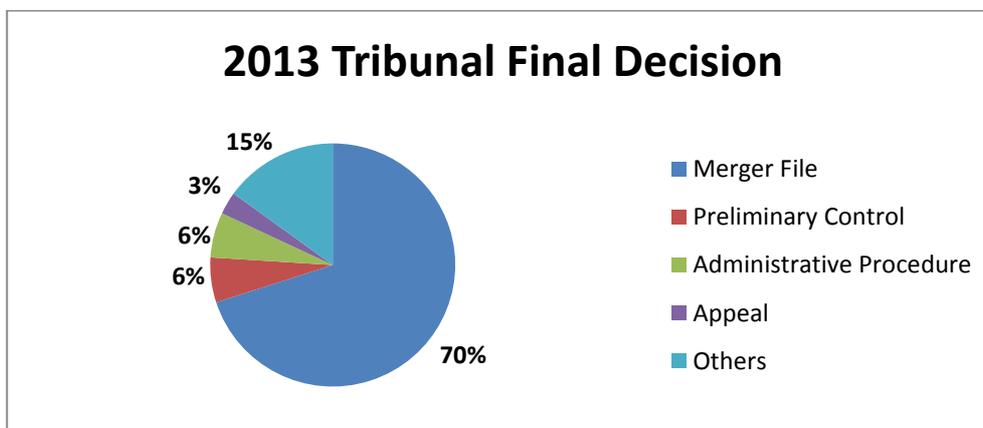
25. The most relevant decisions in the judiciary favorable to CADE are:

- After 20 years in the judiciary, the Federal Regional Court of the First Region (TRF da 1ª Região) sustained the condemnation imposed to Xerox do Brasil for tie-in sales conduct.
- Three writ of mandamus were filed aiming at preventing the judgment of an alleged cartel in the cement market. All preliminary injunctions were overruled by the Federal Justice, allowing the judgment session to be held regularly.
- The Federal Regional Court of the First Region (TRF da 1ª Região) upheld the condemnation imposed by CADE to Shopping Center Norte for demanding from its store owners to respect a raid provision in the leasing contracts. By the aforementioned provision, no storekeeper could settle in a defined area around the Shopping Center. CADE held that such provision limits competition and this is an important precedent for similar cases, also in the judiciary.
- The Federal Regional Court of the First Region (TRF da 1ª Região) also understood that the merger filing fee demanded by CADE to Neovia Telecomunicações S/A is due, even if the first analysis is made by the regulated market's respective agency. In this concrete case, the party alleged that only a third of the fee should be paid to CADE, since the merger began at the National Telecommunications Agency (ANATEL).
- In 2013 was marked by a series of preliminary injunctions granted by the judiciary to carry out dawn raids, proposed by CADE to reinforce its cartel investigations. Previous years' preliminary injunctions granted in the previous years were sustained, showing a better acceptance of the judiciary to CADE's work.

2.1.2 *Statistics related to law enforcement and policy implementation*

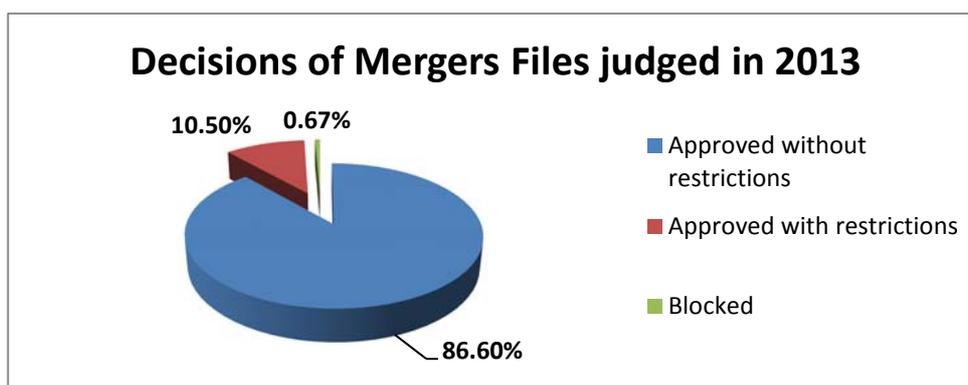
26. In 2013, the Tribunal held 22 trial sessions, in which 643 proceedings were tried, divided into: 447 Mergers; 38 Administrative Proceedings; 39 Preliminary Investigations; 18 Clarification Appeals; 101 Other Procedures. Refer to the graphic representation of those numbers below:

Graph 1: Proceedings tried by CADE in 2013



Source: CADE's Management Report to TCU for the year 2013

Graph 2: Merger Files Decisions – by decision type



Source: CADE's Management Report to TCU for the year 2013

2.2 The main sectors concerned by competition law enforcement

27. The most relevant sectors and sub-sectors in the investigation of anticompetitive conducts were: Mineral Extraction, Food Industry, Transport, Healthcare, Pharmaceuticals Industry, Transportation and Freight Services, Fuel, Financial Services, Communication and Entertainment, Bakeries, and General Services.

28. In merger cases, the main sectors were: Mineral Extraction, Agriculture, Communication and Entertainment, Education, Management and Consulting, Healthcare, Petrochemicals and Chemicals, Energy Industry, Information Technology Industry, Pharmaceutical Industry and Hygiene Products, Mechanical Industry, Light Mechanical Industry, Electronic Industry, Telecommunications, Automotive and transport Industry, Construction, Cement and Concrete, General Services, Wholesale Trade, Retail Trade, Transportation and Warehousing Services, Infrastructure Services, Financial Services, and Insurance.

3. The implementation of competition policies and the promotion of competition advocacy activities.

29. For the purpose of bettering the implementation of competition policies, this section will analyze SEAE's advocacy activities in key sectors (3.1.), than the competition advocacy before de judiciary (3.2).

3.1 SEAE's advocacy activities in key sectors

30. Currently, SEAE plays an important role as a competition advocacy agency: it issues opinions on regulatory rules proposed by Brazilian regulatory agencies. In 2013, SEAE had an intensive participation in the following key sectors:

3.1.1 Road Passengers Transport

31. As regards the road transport of passengers, SEAE analyzed the drafts of the public tender and of the contract for the services provided by semi-urban interstate buses. SEAE's opinion presented suggestions concerning the requirements for participation in the bid and proposed an inversion of the phases in the public tender process, aiming at enlarging competition in the market.

3.1.2 Railroad Sector

32. SEAE analyzed aspects concerning the studies on feasibility of investments in the railroad sector, the public tender drafts, and the contract for railways which are covered by the Brazilian Government's Investment Program in Logistics (PIL). SEAE also reviewed the draft resolution on the regulation of the Independent Railroad Operator (OFI), in the scope of subsidy reception and public hearings carried out by the ANTT.

3.1.3 Air Transportation Sector

33. The air transportation sector in Brazil is undergoing increasing development and it has demanded a strong attention from SEAE in 2013. SEAE issued opinions in public hearings proposed by the National Civil Aviation Agency (ANAC), most notably a proposal for a Policy of Slot Allocation at the Congonhas Airport and about the procedure for the management of arrivals and departures in coordinated airports. In general terms, SEAE's opinions in these two public consultations suggested an improvement in the proposed drafts, highlighting the need for more clarity in the process of allocation of slots and the optimization of their use. SEAE's mainly concern regarded the reduction of barriers to entry to new companies in the Congonhas Airport, intending to enable the participation of other competitors and stimulate competition.

3.1.4 Port Sector

34. SEAE analyzed the drafts of the public tender and the contract regarding the leasing process in public areas, infrastructures and dockers' facilities located in the ports of Santos, São Sebastião, Paranaguá, Belém, Santarém, Salvador and Aratu, as well as the terminals of Oureiro, Miramar and Vila do Conde. SEAE suggested improvements concerning the requirements for participation in the bid, such as conditions of minimum capital, economic regulation of the activity, allocation of risks, criteria for valuable adjustment, contractual rebalance and imposition of penalties.

3.1.5 Energy Sector

35. SEAE has carried out important activities in the Energy Sector monitoring discussions concerning regulatory models within regulatory agencies, ministries and other agencies that follow the

debates on the relation of energy and climate change. SEAE issued an expressive number of opinions regarding public hearings proposed by the National Agency of Petroleum, Natural Gas and Biofuels and the National Electric Energy Agency. SEAE also issued opinions on legislative bills that are being analyzed by the Brazilian National Congress.

3.1.6 Telecommunications Sector

36. In the telecommunications sector, SEAE monitors new regulatory proposals and also those concerning the universal provision of services and technological innovation within the sector, with a recent special emphasis given to the diffusion of broadband in Brazil. SEAE has highly increased its opinions issued on public hearings proposed by the National Telecommunication Agency working towards a competitive environment in this sector. It is noteworthy to mention the analysis made by SEAE concerning bills that are in the Brazilian National Congress.

3.1.7 Postal and Financial Sector

37. In the postal sector, SEAE followed the systematic readjustment of postal services' fees and public prices stated in the Minister of Finance's Ordinance nº 244/2010. This ordinance is a great advance, as it defines a methodology for readjusting postal rates which are collected for services provided by Brazilian Postal and Telegraph Company ("Correios") in a monopolistic regime. The aforementioned ordinance established, for the first time, rules in order to regulate the matter by creating the Postal Service Index (ISP) which will be used in the price-cap methodology for postal services prices.

38. Concerning the Financial Sector, SEAE continues to monitor de implementation of rates regulations related to credit card which resulted from the proposal of regulation approved by the National Monetary Council (CNM), on November 25.

3.1.8 Health and Sanitary Surveillance Sectors

39. SEAE's mission in the health sector, especially in the pharmaceutical and health plans markets, is contributing to the regulatory improvement of these markets by means of competition advocacy. SEAE has participated in several meetings of the Health Insurance Chamber (CSS) and the Pharmaceuticals Regulatory Chamber (CMED), which are cross-ministerial bodies that provide stewardship to the regulatory agencies. In regards to the regulatory measures in these sectors, SEAE issued opinions on public hearings of the Brazilian Health Surveillance Agency, and National Regulatory Agency for Private Health Insurance and Plans.

3.1.9 Urban Infrastructure and Natural Resources

40. In these two areas, SEAE actions were oriented to promote a better regulatory environment and enforce its competition advocacy role in sectors related to urban infrastructure (cabs market, basic sanitation, housing and urban transportation, among others) and natural resources (water resources, mining and others). Therefore, SEAE participated in situational analysis of Brazil's Growth Acceleration Program (PAC) concerning these areas. SEAE also took part in discussions regarding the new regulatory landmark of the mining sector, in view of increasing the competitiveness in this segment, including the development of productive chains with more value added.

3.1.10 International Trade and Competition

41. In this area, SEAE monitors markets and tries to identify any conduct, tendency or perspective, of economic agents that may affect the normal functioning of the economic activity and to which the foreign trade mechanisms work as a corrective measure. The new Brazilian Antitrust Law (Law no. 12.529/2011)

defines clearly in article 19, VII, the possibility to emit an opinion, by will or when consulted, regarding the impact of competition measures in discussions within fora related to the activities of tariffs changes, market access and trade defense, safeguarding the competencies of the institutions involved in the process.

42. In 2012, SEAE became the Executive Secretariat of the Technical Group of Public Interest Evaluation, as established by the Resolution n°13, of February 29, of the Chamber of Foreign Trade (CAMEX). This group aims at analyzing the suspension and changes of antidumping measures or definitive compensatory measures, as well as the non application of antidumping measures and provisory compensatory measures, for reasons of public interest. The importance of this analysis is in the fact that it can widen the range of available information for authorities who are responsible for the decision-making, allowing the introduction of remarks related to the trade defense measure impact on the productive chain.

43. As a result, SEAE plays an important role in assuring coherency between trade policy instruments and competition policy principles through its participation in: (i) MERCOSUL's fora of analysis on tariff changes; and (ii) technical fora of discussions which gives support to the Chamber for Foreign Trade (CAMEX).

Box 1: Public Interest Evaluation

Since SEAE became Executive Secretariat of the Technical Group of Public Interest Evaluation, were evaluated requests for the following products: MDI polymer, paper LWC, garlic in natura, woven of long downs for blankets manufacture, when plans from steel were laminated inox, tires of bicycle, resin of polycarbonate and viscose fibers.

Of the evaluated products, the polycarbonate resin and viscose fiber had the antidumping right interrupted due to destocking, once there was the interruption of home market production.

The steel GNO is still in process of analysis and the technical note is still to be elaborated.

In regard to the other products analyzed, the evaluation of CAMEX technical group was that there were no sufficient elements that could justify the trade defense measure suspension at that moment. For the MDI polymer and the stainless steel it was decided that the home market prices would be monitored, for subsequent report to the Council of the Chamber of Foreign Trade.

3.2 *Competition advocacy before the judiciary*

44. CADE promoted a seminar for judges about competition law in May 2013. It was entitled Competition Enforcement and the Judiciary and it was organized by CADE, the Association of Federal Judges of Brazil – AJUFE, the Economic and Social Law Studies' Institute – CEDES, and the Center for Law Studies of the Federal Justice's Council – CEJ/CJF. During this three day seminar, Ministers, judges, prosecutors, academics and specialists participated in debates on the main challenges faced by judges regarding competition enforcement.

3.3 *Relationship with other institutions.*

45. CADE has woven close links with other institutions on both a national and an international level so as to strengthen the institutional competition framework (3.3.1.);

3.3.1 *CADE's proactive role in institutional cooperation.*

46. CADE maintains its relationship with the UNDP that brings extra financial resources to fund consultancy projects established with external consultants. In 2013, two consultants reinforced CADE's team with their expertise.

47. Furthermore, in order to strengthen cooperation between other competition authorities, CADE has signed Memorandums of Understanding with Ecuador's Superintendency for Market Power Control and held negotiations for another three.

3.4 *The promotion of competition culture in Brazil.*

48. Part of the competition culture promotion policy was made effective by the organization of the Workshop on Competition Enforcement and International Cooperation (3.4.1.), by the Citizen Information Service (3.4.2.), by the PINCADE program (3.4.3.) and finally, by the relaunching of the Brazilian Competition Journal (3.4.4.).

3.4.1 *The organization of the Workshop on Competition Enforcement and International Cooperation*

49. In May, CADE offered to host a three-day workshop featuring the main aspects of the brand new Brazilian Competition Law to Representatives of twelve different European Countries.

50. The Workshop hosted Representatives from European National Competition Authorities who were selected jointly by CADE and the Directorate-General for Competition (DG Competition) and who were namely from Austria, Estonia, German, Greece, Italy, Lithuania, Netherlands, Poland, Portugal, Spain, Sweden, and United Kingdom.

51. In the selection process the principle of country diversity was taken into consideration. During the event the European Representatives had close contact with analysts and counselors of the Brazilian Competition Agency through presentations and an integrating environment.

3.4.2 *CADE's PINCADE program*

52. CADE has an exchange program non-remunerated internship that lasts approximately a month, this program is named as PINCADE. It is meant for higher education students – undergraduate students from their 6th semester on and graduate students – who have been chosen among those indicated by upper education institutions.

53. The program content includes lecture, exercises based on the analysis of cases already judged, and practical work with cases that are in procedure by CADE's Commissioners as well as within the Office of the Attorney General of CADE and other administrative sectors such as the Presidency Office. In the end of the program there is an exam at the end of the internship and the issuance of a Certificate.

54. The exchange student is required to sign an affidavit due to the kind of information they may access. In this affidavit he/she agrees not to work on proceedings in procedure at CADE and not to use any information obtained therein the program following the end of PINCADE.

3.4.3 *The Brazilian Competition Journal*

55. In 2012, CADE decided to re-launch a new edition of the Journal, entitled *Revista Brasileira de Defesa da Concorrência*. The aim is to obtain a good ranking for the Journal as per the Brazilian journal Ranking System known as Qualis. In 2013, two editions were launched, one in May and one in November.

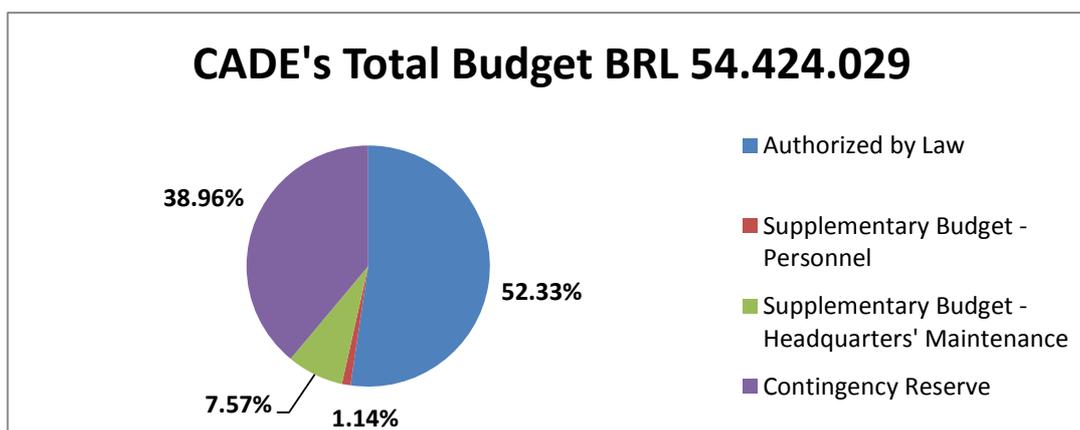
Various articles have been received and reviewed by independent reviewers. It is accessible at www.cade.gov.br/revista.

4. Resources

56. CADE's financial resources shall be presented (4.1) before the human resources (4.2).

4.1 Financial Resources

57. In 2013, SEAE's budget in 2013 totalized BRL 4.957.067,00 (USD 2,224,695.48). CADE had a total budget of BRL 54.424.029,00 (USD 24,618,459.17) available to serve the priority programs of the council for the maintenance of the unit and for the structuring of the new headquarters. From this amount, BRL 28.482.558,00 (USD 12,883,954.09) were approved by the 2013 annual budget Law (LOA) for application in personnel, funding and capital. There was a budget supplement of BRL 618.944,00 (USD 279,976.47) to allocate in personnel and their benefits, and of BRL 4.121.502,00 (USD 1,864,342.47) to the headquarters' maintenance. A contingency reserve of BRL 21.201.025,00 (twenty million, two hundred and one thousand, twenty-five reais) was also accorded. Even with a 496,85% increase in the contingency reserve amount in comparison with the year of 2012, these resources have not been necessary for usage.



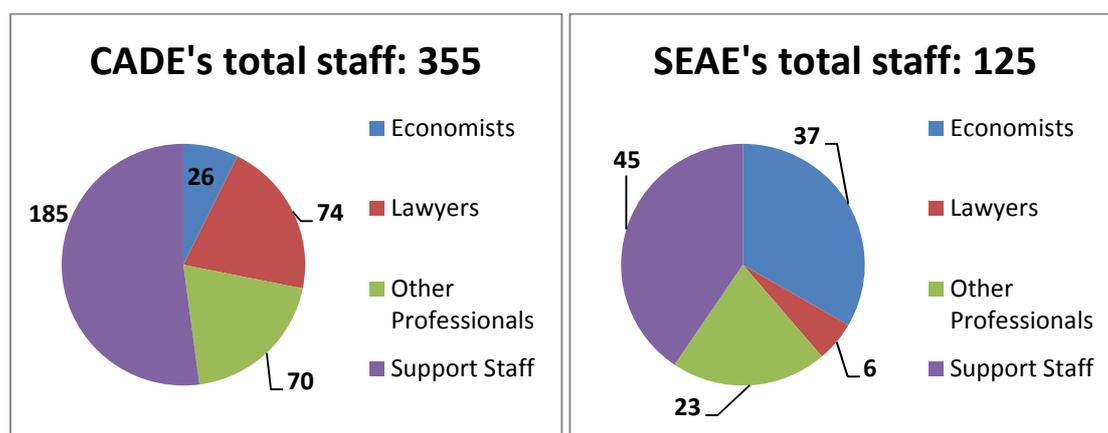
Source: CADE's Management Report to TCU for the year 2013

58. The first year of consolidation of the changed structure of the CADE has evidences an effective application of 94.19% of the resources available. Besides, expenses per diem increased by 20,13% as compared to 2012 due to the usage of resources by the General Superintendence with dawn raids' operations.

4.2 Human Resources

59. In 2013, SEAE's staff was composed by 37 economists, 6 lawyers, 23 graduated in other areas and 45 support staff, totalizing 125 employees. In the same year, CADE had a total staff of 355 people. Among them, 156 are civil servants, 162 are outsourced employees and 40 trainees. CADE currently has 74 lawyers, 26 economists, 70 other professionals and 185 support staff.

60. Among CADE's training actions, in 2013, 14 open courses were offered to all CADE's staff, 19 languages courses assistance and 8 post-graduation studies were granted to CADE's civil servants.



Source: CADE's Human Resources Unit

Source: SEAE's report

61. Concerning the application of human resources, SEAE applies all its employees to fulfill its role of promotion competition advocacy. CADE does not assign a separate staff for a specific area. Of CADE's personnel, 170 employees were engaged directly in competition enforcement activities in 2013.

5. Publications by the Brazilian CADE.

5.1 *Papers on competition law and policy submitted to the OECD.*

62. Five papers and four questionnaires were sent to the OECD in 2013.

63. The papers were respectively entitled:

- a. Competition & Poverty
- b. Competition in Road Fuel: the Brazilian Experience
- c. Unannounced Inspections in Antitrust Investigations (LACF)
- d. Brazilian Recent Experience on Cross-border Merger Remedies
- e. CADE's Enforcement Measures to Maintain a Competitive Environment in the Brazilian Food Chain Industry

64. The questionnaires were respectively related to:

- a. OECD - The OECD Competition Law and Policy Indicators Questionnaire 2013
- b. OECD LACF - Follow Up to the 9 Peer Reviews of Latin American Countries

5.2 *Main publications on competition law and policy written by CADE's staff*

- CARVALHO, Vinícius Marques de. Primeiro Ano da Nova Lei de Defesa da Concorrência. In: Farina, Laércio. (Org.). A Nova Lei do CADE: 1º ano na visão das autoridades. 1ª ed. São Paulo - SP: Migalhas, 2013, v. 01, p. 13-19.

- CARVALHO, Vinícius Marques de; and SILVEIRA, Paulo Burnier. “A cooperação internacional na defesa da concorrência”. *Revista de Direito Internacional*. vol. 10. nº 1. Brasília: UniCEUB, 2013.
- CARVALHO, Vinícius Marques de; SILVEIRA, Paulo Burnier; and VERISSIMO, Marcos Paulo. Vertical Restraints: A Look Ahead. *Competition Policy International* Spring 2013 vol. 9 number 1. Jul. 28, 2013.
- RAGAZZO, Carlos Emmanuel Joppert . O Bem ou Nada: A Regulação de Jogos de Azar. *Revista Direito GV*, v. 16, p. 625-649, 2013.
- RAGAZZO, Carlos Emmanuel Joppert ; RODRIGUES, Eduardo Frade . Proporcionalidade e melhora regulatória: a regulação dos serviços de táxi. *Revista do IBRAC*, v. 22, p. 277, 2013.
- RAGAZZO, Carlos Emmanuel Joppert ; GORDILHO JR, Mário Sérgio . One Year After: Premerger Notification Unit in Brazil. *Antitrust Chronicle*, v. 8, p. 1-9, 2013.
- RAGAZZO, Carlos Emmanuel Joppert ; LIMA, João Marcelo C. E. S.. Planejamento urbano e redução de trânsito: o caso da estação de metrô da Nossa Senhora da Paz, em Ipanema. *Revista Brasileira de Gestão Urbana*, v. 5, p. 97-113, 2013.
- RAGAZZO, Carlos Emmanuel Joppert . Afinal, o que beneficia o consumidor?. *Folha de São Paulo*, São Paulo, 23 nov. 2013.