

THE LUSOPHONE COMPETITION NETWORK

Contribution by PORTUGAL *

* Submitted to UNCTAD's Eighth Session of the Intergovernmental Group of Experts on Competition Law and Policy, Geneva, 17 to 19 July 2007.

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The Lusophone Competition Network (LCN) aims at promoting an effective competition policy as an instrument to foster economic development and sustainable growth among its Members: Angola, Brazil, Cape Verde, Guinea-Bissau, Mozambique, Portugal, S. Tomé Príncipe and Timor.

The founding document of the LCN is the *Rio Declaration on Competition and Development*, signed in 2004, during the *I Lusophone Meeting on Competition*, which took place in Rio de Janeiro (Brazil), 28 and 29 June 2004.

The I Lusophone Meeting on Competition (Rio de Janeiro, Brazil - 2004)

The *I Lusophone Meeting on Competition* was organized by the Portuguese Competition Authority, who took the initiative to promote the event, and by Brazil's Administrative Council for Economic Defence (CADE). All Portuguese-speaking countries, except for Cape Verde and Timor, participated.

An ambitious range of topics was discussed, including: (i) competition and development, and its role in promoting economic growth in Lusophone countries; (ii) competition and regulation; (iii) competition policy instruments, including merger control and antitrust enforcement; (iv) trade and competition, in particular the Doha Agenda and the challenges after Cancun; (v) the institution design, including independent Agency model (Portugal) vs. dual model (Brazil); and (vi) international co-operation, focusing on the ICN and its Recommendations on merger control.

The Memorandum of Understanding (MoU) between the Portuguese Competition Authority and UNCTAD

In the context of the LCN, it is important to stress the role played by UNCTAD. In 2004, following several co-operation activities in the previous year, the Portuguese Competition Authority and UNCTAD celebrated a Memorandum of Understanding (MoU), focused on the Lusophone Countries and based on the shared objective of assisting those countries in adopting and enforcing competition law and maximizing the benefits for these countries of well functioning markets.

The main areas of co-operation covered by the MoU are: (i) capacity building and sharing of publications on competition issues for dissemination among Lusophone countries; (ii) co-operation to strengthen competition networks; and (iii) co-operation in training activities, namely those concerning training of trainers.

In context of the co-operation between the Portuguese Competition Authority and UNCTAD, senior officials of the Portuguese Competition Authority have participated as resources persons in a Training Course held in Angola in 2004.

Furthermore, the MoU between Portugal and UNCTAD was significant to the organization of the *II Lusophone Meeting on Competition*.

The II Lusophone Meeting on Competition (Lisbon, Portugal - 2006)

As part of the *I Lisbon Competition Week*², the *II Lusophone Meeting on Competition* was held in Lisbon (Portugal), on 29 and 30 May 2006, with the participation of delegations from Angola, Brazil, Cape Verde, Guinea-Bissau, Mozambique, Portugal, Sao Tomé and Príncipe and Timor, in the spirit of the “*Rio Declaration*”.

² The *I Lisbon Competition Week* comprised three major international competition policy events organized and hosted by the Portuguese Competition Authority, co-organized with the OECD and UNCTAD, with the cooperation of the Brazilian CADE and of the Spanish TDC. These included the *II Lusophone Meeting on Competition*, the *Workshop on Competition Policy for Ibero-American Countries* and the *Annual Meeting of the Ibero-American Competition Forum*.

The *II Lusophone Meeting on Competition* was organized by the Portuguese Competition Authority, in co-operation with Brazil's Administrative Council for Economic Defence (CADE), with the support of UNCTAD.

The various delegations presented a report focusing mainly on the institutional and legislative developments observed in each country since the *I Lusophone Meeting on Competition* and also in a historical perspective.

Furthermore, the proceedings of the *II Lusophone Meeting on Competition* included a debate, moderated by UNCTAD, which allowed participants to make an in-depth examination of public concessions, government intervention in the market and the specific problems of small economies that depend on the exterior.

Among the main topics of the debate were "*Competition in Economic Development*", "*Reducing the Burden of Regulation*" and "*Competition and Institutional Development*". These matters were also discussed in workgroups, allowing lively discussion of case studies, where the exchange of experiences proved particularly useful.

Despite the institutional and legal differences, the following conclusions were drawn:

- (i) Practices that restrict competition, most particularly cartels, are harmful and carry a heavy price where social well-being and development are concerned and should therefore be combated effectively,
- (ii) A clear definition of the strategy for investigating restrictive practices on the part of the competition authorities is essential if cases are to be investigated successfully,
- (iii) The prosecution of restrictive practices depends on the quality of the proof collected during the investigations,
- (iv) Co-operation with the competition authorities by the parties involved in restrictive practices may prove decisive in the case investigation and the gathering of evidence,
- (v) Competition authorities should possess diversified and effective powers of investigation that allow a full investigation of restrictive practices.

During the closing session of the *II Lusophone Meeting on Competition* particular emphasis was given on the role of competition policy in the pursuit of economic development in the attending Countries and, also, on the importance of co-operation and support for institutional empowerment within the Lusophone Competition Network.

Future activities

The Lusophone Competition Network continues engaging in a comprehensive dialog not only on the institutional level, but also aiming at the business community, including the Community of Portuguese-speaking Countries (CPLP) Corporate Stakeholders³.

In 2008, the *III Lusophone Biannual Meeting on Competition* will be organised by Angola, focusing on a progressive enacting of competition legislation in selected countries.

³ For further information about CPLP: <http://www.cplp.org/languageENG.asp?menu=1>.