

**Directorate for Financial and Enterprise Affairs
COMPETITION COMMITTEE**

Annual Report on Competition Policy Developments in Brazil

-- 2016 --

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Introduction

1. In 2016, the Brazilian Administrative Council for Economic Defence (CADE) has maintained its intensive work on providing effectiveness, normative guidance, transparency and predictability to the Brazilian Competition Defence System. CADE published new guidelines and enacted several internal rules. These documents relied on contributions from the competition community and went under public consultations aiming at fostering the dialogue with stakeholders and the Brazilian society.
2. CADE accomplished significant results regarding its merger review system. The authority reached a quantitative balance between new notifications and the conclusion of undergoing assessments. The average time for reviewing merger cases was shortened, despite of the fact that several mega-mergers were assessed in 2016.
3. In addition, leniency, leniency plus and settlement programs played a relevant role in strengthening competition enforcement activities. Applications for leniency agreements raised 510% considering the request for markers. The authority reached a record of 11 new leniency and 6 leniency plus agreements signed in 2016. The settlement policy (Cease and Desist Agreements) was also crucial to the increase of anticompetitive conducts deterrence.
4. The pecuniary contributions resulting from settlements agreements –including the Cease and Desist agreements, judiciary agreements, merger control agreements and others– totalled nearly BRL 800 million. Along with imposed fines, CADE has reached a collection of revenues’ record, evidencing an effective competition enforcement that includes fighting against bid-rigging, domestic and international cartels, as well as unilateral anticompetitive conducts. It’s noteworthy that 93% of the pecuniary amount collected results from Cease and Desist agreements.
5. This Annual Report presents CADE’s activities in 2016 and is divided into five sections: (i) main changes to competition law and policy; (ii) enforcement of competition law and policy; (iii) activities carried out on competition advocacy and institutional cooperation; (iv) competition authority resources; (v) references to new reports and studies on competition policy issues.

1. Changes to competition law and policy

1.1. Summary of new legal provisions of competition law and related legislation

1.1.1. Amendments to the Internal Regulation (Resolution No. 15)

6. Resolution No. 15, approved in May 2016, introduces amendments to CADE’s Internal Regulation. The Resolution institutes: (a) rules regarding the access of documents and information obtained by means of the signature of Cease and Desist Agreements (“TCC”); (b) ranges of fine reductions that can be granted to the TCCs signatories; (c) deadlines for leniency agreement proposals; and (d) procedures regarding the granting of markers for leniency applicants.

1.1.2. Deadlines for fast-track mergers analysis (Resolution No. 16)

7. Resolution No. 16, approved in September 2016, sets out the deadline of 30 days for the assessment of fast-track merger proceedings.

1.1.3. Activities of CADE's Representative of the Federal Prosecution Service (Joint Resolution PGR/CADE No. 1)

8. The Joint Resolution was adopted by the Office of the Prosecutor General and CADE in September 2016, establishing the functions and main responsibilities of the Representative of the Federal Prosecution Service to CADE.

1.1.4. Associative contracts (Resolution No. 17)

9. Resolution No. 17, adopted in October 2016, regulates the criteria concerning associative contracts' mandatory notification. The resolution provides: (a) the definition of associative contracts; (b) considerations about the meaning of "economic activities"; (c) the characterization of contracting parties; and (d) recommendations regarding the contracts established before the Resolution's implementation date.

1.1.5. Amendment of Resolution No. 3 (Resolution No. 18)

10. Resolution No. 18, adopted in November 2016, granted CADE a margin of discretion in adjusting the information on the field of business activities at anticompetitive conduct investigations. This Resolution amended Resolution No. 3, which lists the different fields of business activities taken into account for fines' calculation.

1.1.6. CADE's Public Information System (Ordinance No. 351/2016)

11. Ordinance No. 351, adopted in December 2016, institutes CADE's Public Information System (SIC). In observance to the Brazilian Law on the Access of Public Information, the Ordinance foresees a mechanism for information's requests regarding CADE's procedures and proceedings, which can be required electronically or physically.

1.2. Other relevant measures including new guidelines

1.2.1. Guidelines on Horizontal Mergers

12. CADE released the Guidelines on Horizontal Mergers in June 2016. The Guidelines encompasses CADE's practices, procedures and techniques related to horizontal mergers. The document is divided into five topics: (a) general elements of analysis, such as types and sources of evidence, relevant market definition, concentration level, unilateral effects, market power and coordinated effects; (b) considerations on horizontal mergers' efficiencies and externalities; (c) alternative methods of analysis; (d) failing firm Defence theory; and, (e) non-competition clause.

1.2.2. Guidelines on Competition Compliance Programs

13. CADE published the final version of the Guidelines on Competition Compliance Programs in January 2016. The document presents a set of internal measures which could be adopted by companies in order to mitigate the risks of competition law infringements or allow their faster detection by the companies' own resources. In observance to these Guidelines, companies are able to implement their internal competition compliance program. The Guidelines do not present a comprehensive or prescriptive list, but recommendations that businesses may consider according to their specific needs and particular antitrust risks.

1.2.3. Guidelines on Cease and Desist Agreements

14. CADE released the Guidelines on Cease and Desist Agreement for Cartel Cases - “TCC” in May 2016. The document encompasses the best practices and adopts procedures related to TCCs’ negotiation. The Guidelines aims at providing an institutional framework for future negotiations that may be used by public servants, attorneys, companies, legislators, scholars, among other stakeholders. The Guidelines’ structure presents the main requirements for TCCs’ applicants regarding cartel cases: (a) cooperation; (b) pecuniary contribution; (c) acknowledgement of participation in the investigated conduct and commitment to cease the practice; and, (d) templates of agreements used in TCC negotiations.

1.2.4. Guidelines on CADE’s Antitrust Leniency Program

15. CADE published the Guidelines on its Antitrust Leniency Program in May 2016. Although the document is not binding, a significant part of its content stems directly from Law No. 12.529/2011 and CADE’s Internal Regulation (RICADE). The Guidelines represent a milestone in the history of the Leniency Program in Brazil, reflecting CADE’s experience with leniency agreements negotiations based on the past 15 years and in line with international best practices. The document is organized as Frequently Asked Questions, encompassing the best practices and proceedings usually adopted by CADE’s General Superintendence. The content of the Guidelines includes an overview of CADE’s Leniency Program, phases of negotiation, procedures after the agreements’ signature and information regarding the leniency plus.

2. Enforcement of competition law and policy

2.1. Action against anticompetitive practices, including agreements and abuses of dominant position

2.1.1. Summary of activities of the competition authority

16. In 2016, CADE’s Tribunal has judged 31 proceedings related to anticompetitive conducts; 19 of them were condemned. The imposed fines sum up to BRL 196.6 million. CADE had an intense cartel enforcement activity, with a special mention regarding bid-rigging. The authority has been taking important part in the “Car Wash” operation, which investigates the largest corruption and cartel scheme in Brazilian history. In this context, CADE has opened administrative proceedings on alleged cartels in public procurements and for the alleged manipulation of foreign exchange rates, both involving the state-owned oil company *Petróleo Brasileiro (Petrobras)*. The investigated practices of bid rigging were also related to public infrastructure works, health products, services, and subcontractors’ services.

17. It is noteworthy that domestic cooperation was strengthened: CADE signed 8 technical cooperation agreements with criminal law enforcers. The leniency program was remarkably successful considering the 510% increase in markers requests for leniency agreements application. 11 new leniency agreements and 6 leniency plus agreements were signed in 2016, a record. The settlement policy (Cease and Desist Agreements) was also particularly relevant as means to deter and to disclosure anticompetitive conducts. The pecuniary contributions resulting from settlements totalled nearly BRL 800 million. Along with applied fines, Cade has reached a record collection of revenues, showing an increased effectiveness in enforcement.

2.1.2. Description of significant cases, including those with international implications

Liquefied petroleum gas cartel

18. CADE condemned the gas distributor Paragás Distribuidora LTDA for cartel formation in the liquefied petroleum gas (LPG) market in the State of Pará (Administrative Proceeding No. 08012.002568/2005-51).

19. The imposed fines totaled BRL 38.7 million. According to the investigations, the company has fixed prices with other competitors, imposing vertical restrictions in order to strengthen and maintain the collusion. There was also evidence that the company refused to sell LPG, established exclusivity agreements with resellers and distributed the product for illegal resellers.

Dynamic random access memory – DRAM Cartel

20. CADE condemned the companies Elpida Memory Inc., Mitsubishi Electric Corp., Nanya Technology Corporation, NEC Corporation and Toshiba Corporation, and two individuals, for cartel formation in the international market of Dynamic Random Access Memory – DRAM (Administrative Proceeding 08012.005255/2010-11).

21. The imposed fines were up to BRL 7 million. CADE ruled that the companies shared sensitive information, such as market conditions. Other antitrust authorities also investigated the cartel, and several of its participants agreed to plead guilty in United States and European Union antitrust authorities.

22. The DRAM cartel affected the Brazilian economy, harming companies that bought DRAM from the parties involved in the cartel as well as final consumers of computers, laptops, GPSs and other devices that depended on DRAM chips. The evidences of cartel comprised documents and information obtained by means of the partial Leniency Agreement signed by NEC Corporation and its employees and other companies and individuals which signed Cease and Desist Agreements.

Cartel formation in the special food market

23. CADE condemned the nutritional supplement distributors Pronutri Nutrição e Farmacêutica Ltda., Nutrifar Nutrição e Farmacêutica Ltda. and Art Médica Comércio e Representações de Produtos Hospitalares Ltda. and one individual for cartel formation, including the practice of bid rigging, in the special food market (Administrative Proceeding 08012.009645/2008-46). The imposed fines sum up approximately BRL 8 million.

Blood derivatives

24. CADE condemned the companies The American National Red Cross - ARC, Octapharma AG and Octapharma Brasil S.A., and two individuals, for bid-rigging on public procurements conducted by the Ministry of Health in 2004 for the acquisition of blood derivatives (Administrative Proceeding No. 08012.003321/2004-71).

25. The total fines sum up to BRL 1 million. The investigation was conducted during the “Vampire Operation” – an investigation started by the Brazilian Federal Police, which discovered bid-riggings in the Ministry of Health’s tenders to supply blood derivatives.

The irregularities included price fixing and market division. CADE concluded that the prices in the bids were up to 30% higher than in normal situations.

International Cartel of refrigeration compressors

26. CADE condemned the compressor producers Household Compressors Holding S.p.A, Danfoss A/S, Panasonic Electric Works Co. Ltd., and three individuals related to companies of the groups Tecumseh and Whirlpool/Embraco, for cartel formation in the international market of hermetic refrigeration compressors (Administrative Proceeding 08012.000820/2009-11).

27. The imposed fines imposed sum up to BRL 21 million. The companies exchanged sensitive commercial information, discussed prices and the worldwide control of compressors supply. This case started in Brazil in 2009 by means of a leniency agreement signed by Tecumseh and based on information and documents brought by TCCs' signatories (companies of the Whirlpool group and individuals). Simultaneous dawn raids occurred in the involved companies' offices and executive's houses, located in Brazil, the United States and Europe.

International cartel in the sodium perborate industry

28. CADE condemned the company Solvay S/A for its participation in an international cartel in the sodium perborate market. The cartel occurred between 1999 and 2001, in which the companies Solvay and Degussa Aktiengesellschaft agreed to divide the sodium perborate market, and to change their suppliers in the United Kingdom and in Brazil (Administrative Proceeding 08012.001029/2007-66).

29. The imposed fine sums up BRL 17.4 million. CADE ruled that the companies exchanged sensitive information and restrained supply of sodium perborate in a collusion that had effects in the domestic market. A leniency agreement between CADE and the companies Evonik Degussa GmbH, Evonik Degussa Brasil Ltda. and one individual signed 2006 started the investigation.

Cartel in the hospital laundry services market

30. CADE condemned the laundry services companies Brasil Sul Indústria e Comércio Ltda., Lógica Lavanderia e Limpeza Ltda., Lido Serviços Gerais Ltda., Lavanderia São Sebastião de Nilópolis Ltda., Ferlim Serviços Técnicos Ltda., Prolav Serviços Técnicos Ltda., and Sindicato das Empresas de Lavanderia do Rio de Janeiro – Sindilav, and eleven individuals for bid-rigging and cartel formation. Additionally, Brasil Sul was prohibited to participate for five years in public bids (Administrative Proceeding 08012.008850/2008-94).

31. The fines totalize BRL 27.3 million. The case started in 2008 from the "Roupa Suja Operation" conducted by the Brazilian Federal Police and the Federal Prosecution Service. The cartel occurred in Rio de Janeiro between 1999 and 2005.

International cathode-ray tube cartel

32. CADE condemned the companies Nippon Electric Glass Co. Ltd. and Schott AG, and four individuals for taking part in an international cathode-ray tube (CRT) cartel formation between 1999 to 2007 (Administrative Proceeding 08012.005930/2009-79).

33. The fines sum up to BRL 8 million. The investigation relied mainly on information brought by TCC signatories (Asahi Glass Co. Ltd., Hankuk Eletric Glass Co., and several individuals) and by leniency agreement signatories (Samsung Corning Precision Glass Co. Ltd. and individuals related to the firm). CADE identified that the cartel had effects on Brazilian economy considering both Brazilian CRT clients and the relevance of CRT for final goods value.

Bid-rigging in the antiretroviral drugs market

34. CADE condemned Aurobindo Pharma Indústria Farmacêutica Ltda., Brasvit Indústria e Comércio Ltda, and other four individuals for bid-rigging in the antiretroviral drugs market. The fines total approximately BRL 6 million. The conducts included collusion for fixing prices before public bids (Administrative Proceeding 0808012.008821/2008-22).

Abuse of dominance in port storage in the States of Bahia and Rio Grande do Sul

35. CADE condemned the logistic companies Tecon Salvador S.A. and Intermarítima Terminais Ltda. for abuse of dominance due to the imposition of unfair port storage fees in the city ports of Salvador, State of Bahia, and Rio Grande, State of Rio Grande do Sul. The conducts have occurred in Rio Grande do Sul between 2002 and 2010, and in Bahia between 2000 and 2006. The imposed fines amount up to BRL 10.6 million (Administrative Proceedings 08012.003824/2002-84 and 08012.005422/2003-03).

Radius clause

36. CADE condemned the shopping malls Iguatemi, Rua da Praia, Praia de Belas, Moinhos Shopping, Shopping Bourbon Country, Shopping Bourbon Assis Brasil and Shopping Bourbon Ipiranga for imposing radius clauses in contracts with retailers in the city of Porto Alegre. The imposed fines total more than BRL 15 million. The radius clause is a contractual instrument that prohibits the tenant of a commercial spot in a shopping mall to offer the same activities, products in other stores within a predetermined distance. Although this type of provision is not considered illegal per se, it may have anticompetitive effects, depending on how the conditions are established.

Gemini Consortium's Abuse of Dominant Position

37. CADE condemned the energy companies Petróleo Brasileiro S.A. (Petrobras), GNL Gemini e Comercialização e Logística de Gás Ltda. (Gás Local), and White Martins Gases Industriais for infringements of the economic order, in particular regards the provision of natural gas to their own joint venture – Gemini Consortium – in a lower price than the one practiced in the market, without a legitimate justification for such discrimination. The imposed fines amount up to BRL 21.4 million (Administrative Proceeding 08012.011881/2007-41) among with structural remedies aiming at ceasing the infringement and avoiding unreasonable discrimination.

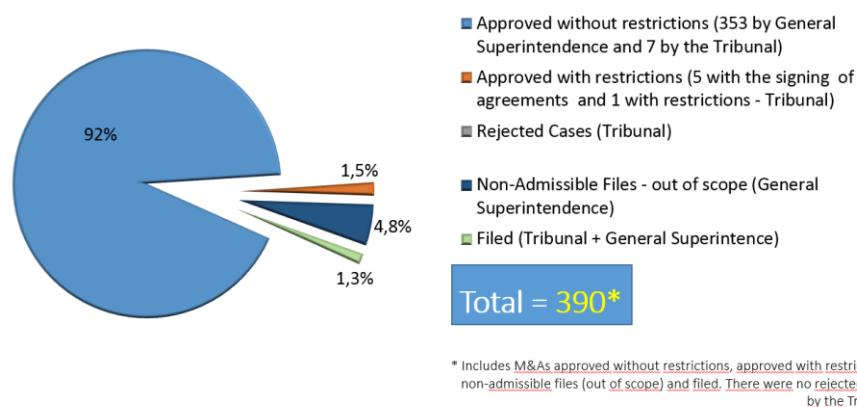
2.2. Mergers and acquisitions

2.2.1. Statistics on mergers and acquisitions

38. In 2016, CADE assessed 390 merger cases. Of this total, 360 were approved without restrictions, six were approved with remedies, 19 were filed. In the same period, 384 mergers cases were notified at the authority.

39. The previous years' average of assessment was maintained and a balance between new notifications and the conclusion of previous assessments was reached. The average time for issuing a decision on merger cases was 28 days, despite the fact that there were a large number of complex transactions under analysis. Fast-track mergers (approximately 80% of the total) were assessed in an average of 16 days.

Figure 1. Mergers and Acquisitions



Source: 2016 CADE's activities report.

2.2.2. Summary of significant merger cases

Unipar-Carbocloro/Solvay

40. CADE approved without restrictions the merger between the chemical company Unipar Carbocloro and the petrochemical company Solvay Indupa. The case was approved by CADE's General Superintendence, after a six-month investigation which encompassed the analysis of four chemical products market (Merger file 08700.005683/2016-81).

BM&FBovespa/Cetip

41. CADE approved the joint activities between the companies BM&F Bovespa S/A – Bolsa de Valores, Mercados e Futuros (BVMF) and CETIP S/A – Mercados Organizados. Both the companies operate in the stock market and in the over-the-counter market in Brazil. The parties committed, by means of a Merger Control Agreement (ACC), to guarantee to third parties the access to their infrastructure on fair, transparent and non-discriminatory terms, and to ensure a mechanism of independent price monitoring (Merger file 08700.004860/2016-11).

Credit bureau

42. CADE approved a joint venture between Banco do Brasil, Bradesco, Caixa Econômica, Itaú and Santander in order to create a new credit bureau. The approval was conditioned to the signature of a Merger Control Agreement foreseeing measures to be adopted by the parties, such as register's expansion, guarantees of non-discrimination for competing credit bureaux and mechanisms of corporate governance to avoid information exchange between the associated banks (Merger file 08700.002792/2016-47).

Hypermarcas/Reckitt Benckiser

43. CADE approved the acquisition of the male condoms' brands Olla, Jontex and Lovetex, which belonged to Hypermarcas S.A., by the company Reckitt Benckiser Ltda. The acquisition was approved with restrictions, foreseen in a Merger Control Agreement signed by the acquiring company. By means of the Agreement, the company committed to divest the assets related to an intimacy lubricants brand. The remedies aimed at solving competition concerns, such as high concentration in the market of lubricants and male condoms and barriers to the entry of new competitors (Merger File No 08700.003462/2016-79).

Bradesco/HSBC

44. CADE approved the merger between the banking institutions HSBC and Bradesco. Aiming at achieving a solution for competition concerns identified in the banking sector, such as low competition levels and entry barriers, the merger was conditioned to the signature of a Merger Control Agreement. The ACC required the acquiring company, Bradesco, to implement behavioural measures in its communication and transparency procedures, credit portability incentives, training offers, quality indicators and compliance. The Bradesco will also have to abstain from mergers and acquisitions of financial and administrative institutions operating in Brazil for a 30 months term (Merger file No. 08700.010790/2015-41).

Itaú/Mastercard

45. CADE approved the joint venture between Itaú Unibanco S.A. and Mastercard related to the creation of a new debit and credit card flag in the Brazilian market. The approval was conditioned to the signature of a Merger Control Agreement in which the parties committed to create a payment brand, which cannot refer to Itaú or to Mastercard, to adopt corporate governance rules in order to reduce Itaú's influence on decision making, and to restrict the joint venture duration for seven years (Merger File No 08700.009363/2015-10).

Saint Gobain/SiCBRAS

46. CADE approved the joint venture between Saint Gobain of Brazil and SiCBRAS Silicon Carbide of Brazil Ltda. The parties will jointly manage a silicon carbide factory, which is under construction in Paraguay. The joint venture was approved with remedies, foreseen in a Merger Control Agreement. As part of the commitments, the parties agreed to comply with behavioural measures in order to avoid the exchange of sensitive information. In addition, CADE will conduct inspections in the areas of silicon carbide manufacturing and commercialization (Merger File No. 08700.010266/2015-70).

Fedex/TNT

47. CADE approved the merger between the companies TNT and FedEx. The approval was based on the measurable efficiencies resulting from the merger, as identified during the case assessment. The analysis showed that the net effect of the merger was not negative, despite the high market share of the parties in the market of small packages express delivery (Merger File No. 08700.009559/2015-12).

3. Activities carried out on competition advocacy and institutional cooperation

3.1. The role of competition authorities in formulation and implementation of other policies – competition advocacy

48. SEAE is the Secretariat dedicated to competition advocacy and has an important role on issues that arise from the interface between the enforcement of the Brazilian Competition Law and the application of rules issued by regulatory agencies, as well as the measures related to trade and industrial policies.

49. In 2016, SEAE had an intensive performance and issued over 400 opinions on public hearings about regulatory rules. The Secretariat had an intensive participation in the following key sectors: highway, railway, air and waterway transportation, ports, energy, telecommunications, health and sanitary surveillance, urban infrastructure and natural resources, international trade and competition.

50. Therefore, through its opinions the Secretariat promoted the awareness on the importance of promoting the principles of free competition, within the Brazilian public administration, in line with its role stated in the Law nº 12.529/2011.

51. In the transports and logistics sector, SEAE issued opinions on public hearings from the National Agency of Land Transportation (ANTT), the National Civil Aviation Agency (ANAC) and the National Waterway Transportation Agency (Antaq). In regard to the Port Sector, the Secretariat issued opinions suggesting the improvement of proposals and procedures on regulatory impact analysis made by Antaq, especially on identification of that fact that motivates the regulation draft; justifications for the proposal; and the proposition impact evaluation.

52. It is noteworthy to mention a public hearing from Antaq that discussed the public notice draft and contract of the bidding process for leasing the Maritime Passengers Terminal of Porto de Fortaleza, Ceará. SEAE made several suggestions to the agency, amongst which the necessity of government's approval in case of modifications in the Basic Installation Plan, adjustments in the allocation of risks and in the settling the minimum social capital.

53. SEAE also has an important role in the urban infrastructure and natural resources sectors and made relevant competition advocacy actions in this field. The Secretariat analysed the competition impact of Uber in individual passenger transportation market and the regulations with possible damaging effects to competition on State Traffic Departments.

54. The study on Uber verified that private rent vehicle drivers –service renderers of Uber – and taxi drivers are both part of the same relevant market and considered close substitutes. Therefore, the Secretariat suggested some measures in order to improve the regulation of the taxi service: (i) free entry; (ii) tariff deregulation; (iii) price transparency; (iv) inducement to technological innovation; (v) free access to tax points and busy places. SEAE concluded that innovative applications like Uber increased the private rent vehicle market. This innovation is pro-competitive and improves the well-being of consumers. In this context, some recommendations were made: (i) to avoid measures that could make difficult, or not viable, the operation of these applications; (ii) occasional regulation should be minimum; (iii) the taxi service deregulation should be at local level; (iv) local governments should assure competition in the market of individual passenger transportation service.

55. As for the regulation of State Traffic Departments (Detran), the analysis aimed at promoting changes in the regulatory structure of the rules issued by the public body. The recommendations regarding regulatory improvement were forwarded to the competent office in order to provoke or instigate changes in the normative or regulations.

56. Until March 2016, SEAE was the Executive Secretariat of the Public Interest Technical Group (GTIP) and of the Technical Group of Tariff Reduction for Shortage Reasons (GTAR). In the scope of GTIP, manifestations were issued concerning procedures related to the suspension of antidumping rights applied over Brazilian importations, such as: polyvinyl chloride resin from China, South Korea, United States and Mexico; and nylon threads from China, South Korea, Thailand and the Chinese Taipei.

57. In the GTAR, the manifestations were related to procedures of tariff reduction by shortage regarding juices and vegetables extracts of hops, acrylic fibre, hops cones, monochloroacetic acid and bi-axially oriented polypropylene film.

58. SEAE has an important role on the electricity – generation and transmission – and oil & natural gas sector, having monitored infrastructure actions through its participation on Situation Rooms of Brazil's Growth Acceleration Program (PAC). Opinions were issued on draft bills and public hearings from regulatory agencies (National Agency of Petroleum, Natural Gas and Biofuels and Electricity Regulatory Agency). Moreover, the Secretariat participated of technical meetings with the Operating Technical Committee of PEDEFOR – Program to promote competitiveness on the production chain and development of oil and natural gas of Suppliers.

59. Aiming at developing measures to improve Brazil's situation in the several dimensions that encompasses the Doing Business ranking, the Secretariat organized, in partnership with the World Bank Group, the Improving Business Environment in Brazil Seminar. During the event, there were discussions about Brazilian governmental actions that are ameliorating the national business environment and exchange of experiences on successful international Doing Business reforms.

60. The Secretariat has an important mission in the health sector, especially in the pharmaceutical and health plan markets and greatly contributes to the regulatory improvement of these markets through its competition advocacy efforts. In 2016, SEAE participated in several meetings of the Pharmaceuticals Regulatory Chamber (CMED). Its participation in CMED involves the elaboration of votes on administrative appeals about questions related to the establishment of medicaments entry price and fines for sales made to the government that were over the legal standard. In addition, SEAE contributed to the review of the Factor X calculation methodology.

61. Furthermore, SEAE issued opinions and recommendations on bill drafts that had public procurement as its subject. The opinions had the focus on efficiency and rationalization, through competition incentives and proposal of competition barriers withdrawal.

62. In 2016, the Secretariat received requests to analyse regulatory rules. Its manifestations encompassed a more open market towards competitiveness and competition in the following topics:

- Brazil and Chile Maritime Transportation Agreement, that deals with restrictions in the utilization of foreign vessels in maritime routes between the two countries;

- State Traffic Department (Detran/MT) rule that imposes restrictive conditions to the accreditation of vehicular registration plates manufacturers;
- Fire Department (Federal District-DF) rule that imposes conditions for the establishment of a fire extinguishers retail commerce;
- Ordinances from Pará Agriculture Defence Agency that restricts the interstate commerce of live fowls; and
- State Traffic Department (Detran/MT) rule about the accreditation of doctors and psychologists for the realization of physical and mental aptitude tests in order to issue the driver's license.

3.2. Relationship with other institutions and stakeholders

63. CADE strengthened its collaboration with other law enforcers and governmental and legislative bodies. These efforts contribute to the integration and improvement the authority's investigations, especially those encompassing both antitrust and anticorruption matters. In this context, the authority has been taking important part in the "Car Wash" operation, which investigates the largest corruption and cartel scheme in Brazilian history. As a result, CADE signed 8 technical cooperation agreements with criminal law enforcers, such as the Office of the Comptroller General and the Prosecution Services.

64. It is noteworthy that CADE signed a Memorandum of Understanding with the Federal Prosecution Service of the State of São Paulo (MPF/SP), which foresees joint negotiations and coordination for the signature of Cease and Desist Agreements, in charge by CADE, and criminal leniency agreements, under the responsibility of MPF/SP. CADE has also collaborated with the Federal Prosecution Service of the State of Paraná regards the signature of a leniency agreement in the scope of the Car Wash Operation. This specific cooperation resulted in the disclosure of a cartel in the public bids for the concession to operate the Belo Monte's hydroelectric power plant.

65. Cooperation with non-governmental stakeholders has also been fostered by means of several public consultations that gathered inputs from relevant sectors of society. CADE published guidelines on its antitrust Leniency Program; Cease and Desist Agreements; gun jumping; competition compliance programs; and horizontal mergers. All guidelines went under public consultation and their final version considered comments brought during the consultation period. Another example is the submission for public consultation of the draft version of a new resolution on the procedures for the disclosure of documents obtained by means of Leniency and Cease and Desist Agreements and on the instruments that may promote the compensation for anticompetitive harm in Brazil.

66. It is also worth mentioning the partnership between CADE and IBRAC, the most important Brazilian think tank working on competition matters. IBRAC has a working group that studies and discusses best practices on competition law and policy. This working group's debates and perspectives are frequently presented to CADE in order to continuously improve and strengthen the Brazilian competition environment.

67. Another example of this sound dialogue with competition players is "CADE Paperless Project", which improved CADE's offer of electronic services, such as merger notification e-form, and was based on inputs from IBRAC, the Brazilian Bar Association (OAB) and two of its local offices (São Paulo and Distrito Federal), in this process. The participation of these important stakeholders was developed through the celebration of technical cooperation agreements.

68. Finally, CADE has also presented contributions to some Federal Government's key institutions, such as the Ministry of Mines and Energy (MME), the Secretariat of Partnerships and Investment Plan (PPI) and the Institute for Applied Economic Research (IPEA). As a result of the first one, a study will be elaborated regarding the competition environment in the oil refining and fuel distribution markets. The second initiative focus on recommendations to stimulate the competition environment on public bids. Finally, the third one aims at developing an institutional partnership and the definition of a working plan with the IPEA.

3.3. International cooperation

69. International cooperation is also an important feature of competition law and policy in Brazil. CADE maintains a close dialogue with several foreign jurisdictions in order to make their work converge for the purpose of more effective competition enforcement, regards either the resolution of anticompetitive cases or mergers assessment. In addition, the Brazilian competition authority is part of relevant international competition fora, such as the ICN, OECD and UNCTAD, with an actively and fruitful participation, which contributes for the development of the best practices within the international competition community.

70. In this context, in 2016, CADE signed four new international cooperation agreements. These agreements were signed with the Competition Commission of South Africa, the Federal Antimonopoly Service of Russia, the Federal Economic Competition Commission of Mexico and the competition authorities of the BRICS countries. CADE has cooperated with foreign competition authorities regarding 27 merger cases and 7 anticompetitive conducts cases. International fora and foreign antitrust agencies have also been consulted for the conduction of benchmarks and specific studies.

3.4. International events

71. In 2016, 21 CADE's representatives, including the President and General Superintendent, attended and participated at 36 international events on competition, such as the OECD meetings. CADE has also organized a technical cooperation workshop with the United States Federal Trade Commission and received a technical visit from IPREC, the institute in charge of competition in Angola.

3.5. The Brazilian Competition Journal

72. CADE continuously publishes the Brazilian Competition Journal, *Revista Brasileira de Defesa da Concorrência*. The Journal is issued biannually, with editions in May and November. The Revista provides a relevant platform for academic discussion of competition policy and enforcement in Brazil. The Journal's webpage is www.cade.gov.br/revista.

3.6. Acknowledgement and Awards

73. CADE presented its advocacy initiative related to disruptive innovation and the car rides' applications and received an honourable mention at the 2015-2016 Competition Advocacy Contest, promoted by the International Competition Network (ICN) and the World Bank Group. Additionally, CADE maintained its four stars rating in Global Competition Review Rating Enforcement, being among the top-10 enforcers in the world.

4. Resources of competition authority

4.1. Resources overall

4.1.1. Annual budget

74. In 2016, CADE had a total budget of BRL 36,248,219.00 or USD 11,122,157.03 (3.25 USD/1 BRL). SEAE total budget was BRL 3.5 million.

4.1.2. Number of employees

75. In 2016, CADE had a total staff of 203 people. Among them, 69 lawyers, 28 economists and 3 have degrees in both areas. The authority has 74 employees working on administrative matters and 129 non-administrative staff working on competition enforcement. Regarding the non-administrative staff, 16 are prosecutors, 54 are investigators and 25 are involved with forensic activities.

76. SEAE had a total staff of 114 employees. Among them, 35 economists, 10 lawyers and 27 graduated in other areas. It is worth mentioning that SEAE is devoted exclusively to competition advocacy and regulatory assessment. Although the competition law assigns a competition advocacy role to SEAE, other statutes vest the Secretariat with the power to regulate and make regulatory impact analysis.

5. Studies published by CADE

- 2016a. Atos de Concentração no mercado de prestação de Serviços de Ensino Superior.
- 2016b. Prevenção ótima de cartéis: O caso dos peróxidos no Brasil.
- 2016c. Identificação do Mercado Geográfico Relevante para os hospitais no Brasil.

6. Papers on competition law and policy submitted by CADE to the OECD meetings

- “Fidelity Rebates”. Contribution from Brazil. 2016.
- “Jurisdictional nexus in merger control regimes”. Contribution from Brazil. 2016.
- “Sanctions in antitrust cases in Brazil: CADE’s perspective”. Contribution from Brazil. 2016.
- “The autonomy of the Antitrust Authority in Brazil: CADE’s achievements, challenges and perspectives under the new competition law”. Contribution from Brazil. 2016.
- Latin American and Caribbean Competition Forum. “Disruptive Innovation in Brazil: Competition Enforcement Challenges and Advocacy Opportunities”. Contribution from Brazil. 2016.
- Latin American and Caribbean Competition Forum. “Leniency Program in Brazil – Recent Experiences and Lessons Learned”. Contribution from Brazil. 2016.
- Latin American and Caribbean Competition Forum. “The use of screens to prevent and detect bid rigging in public procurement”. Contribution from Brazil. 2016.
- OECD-GVG. Regional Centre for Competition in Budapest. “CADE’s Experience on the Development of Economic Filters for Detecting Cartels”. Contribution from Brazil. 2016.