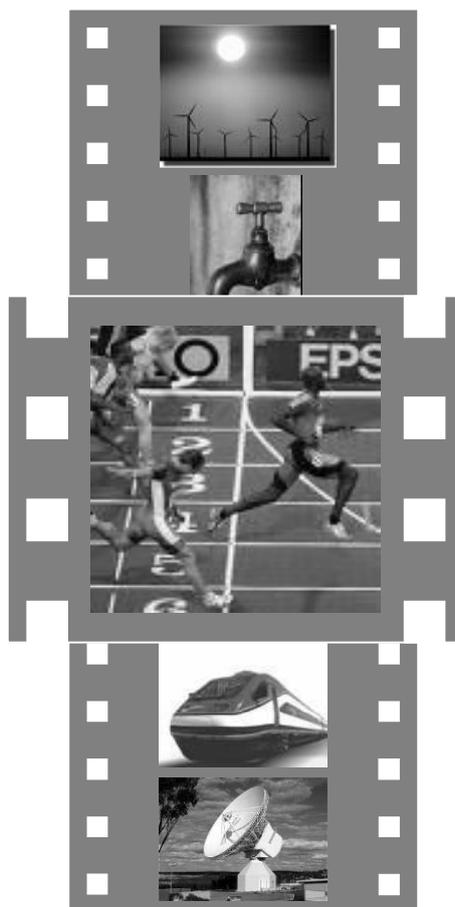




Competition Regulations Audit





I COMPETITION REGULATIONS AUDIT

In Portugal, the legal system protecting competition is currently set forth in Law 18/2003. The Competition Authority (AdC) is responsible for ensuring compliance with national and EU competition rules in accordance with the principle of a market economy and free competition.

The Portuguese competition regulation model meets characteristics similar to those of other models implemented in Europe and is generally well balanced.

AdC is a legal entity, of an institutional nature, governed by public law and endowed with its own assets and administrative and financial autonomy. Although AdC performs its duties autonomously, it must abide by the competition policy's guiding principles as stipulated by the government, and its acts – such as its activity plan, budget and activity report – are subject to the supervising ministry approval.

AdC's activities cover five main areas: concentrations between undertakings, regulated markets and state aid, practices restraining competition, litigations and general activities.

In the period from 2003 to 2005, AdC performed its duties dynamically whilst making a significant contribution to establish a culture of competition in the Portuguese economy. It accomplished this, in particular, through active representation in important national and foreign bodies, by effectively punishing cartels, concentrations between undertakings operations and presenting measures likely to modify aspects that have not been reviewed for years.

AdC and authorities that regulate individual sectors, namely the Health Regulation Entity (ERS), the Water and Waste Regulatory Institute (IRAR), the Energy Services Regulatory Entity (ERSE), the National Railway Transport Institute (INTF) and the National Communications Authority (ANACOM), collaborated to apply the competition legislation. AdC is responsible for applying the competition law (*ex-post* regulation) and the others for regulating the technical and economic aspects (*ex-ante* regulation).

