



newsletter Legal & Business Update - Portugal

www.fcguerreiro.com

October 2006

**Legal**

»Sonaecom Gets Approval to Take-Over Portugal Telecom

»An Agreement for the Reform of Justice was Signed

»VAT Rate may be Reduced for 2007

**Business**

»Portugal Beats Growth Forecast

»48.1 Million Euros Investment in Tourism

**Contacts**

Franco Caiado Guerreiro & Associados

Rua Duque de Palmela,  
25 – 5.º, 1250-097 Lisboa

Tel.: (351) 21 359 30 50  
Fax: (351) 21 359 30 51

law@fcguerreiro.com  
www.fcguerreiro.com

**SONAECOM GETS APPROVAL TO TAKE-OVER PORTUGAL TELECOM**

The Competition Authority (CA) has approved today the Take-Over Offer of Portugal Telecom (the Portuguese telecommunications operator) by SONAECOM. Although all details concerning the approval are not yet known, the CA compels SONAECOM to separate the telephone networks of the Cable network, and also to ensure that the new head company will create all the necessary conditions to a new mobile phone operator, due to the merger of TMN (the mobile operator still controlled by Portugal Telecom) with OPTIMUS (the SONAECOM mobile operator). With these favourable conditions, new bidders are expected to emerge.

**AN AGREEMENT FOR THE REFORM OF JUSTICE WAS SIGNED**

The Socialist Party and the leading opposition Social Democratic Party signed on 8<sup>th</sup> September 2006 an agreement for the reform of justice. The judiciary map, the training of judges, the appeal courts and the revision of the Penal Code and the Penal Procedure Code are among the matters included in said agreement. Hopes are high that this will bring more swiftness and effectiveness to the judiciary system.

**VAT RATE MAY BE REDUCED FOR 2007**

Finance Minister Fernando Teixeira dos Santos said in September that he would consider to reduce the VAT rate in next year's budget as long as economic conditions permit. The minister promised not to raise the top rate of VAT - already among the E.U.'s highest at 21% - during this legislature. The government raised the VAT from 19% as a measure taken to help cut the budget deficit.

**PORTUGAL BEATS GROWTH FORECAST**

For the second time this year, the IMF has reviewed and raised its forecasts concerning the growth of the Portuguese Economy. In a September report, the IMF points to a growth of the GDP in the region of 1.2% and for 2007 the IMF maintains its forecast that the GDP will grow 1.5%. This forecast goes in line with recent statements of the Governor of the Bank of Portugal and the Minister of Finance.

**48.1 MILLION EUROS INVESTMENT IN TOURISM**

The Portuguese Institute of Tourism has recently called a public tender for an international campaign for tourism which will imply an investment of 48.1 million euros per year until 2009. This tender is intended for 20 advertising agencies, including the top ten multinational advertising agencies in Portugal, such as Euro RSCG, Publicis, BBDO, McCann Ericson and Ogilvy & Mather. The deadline to submit proposals will end 9<sup>th</sup> October 2006.

This Newsletter is designed to provide a summary of the subject matter. It does not purport to be comprehensive or a substitute for specialist legal advice in individual circumstances

If at any time you wish to unsubscribe from the Franco Caiado Guerreiro Newsletter, simply click [here](#).

If you would like any further information on these or any business-related topics please contact our Law Firm.