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Text consolidated by Tulkošanas un terminoloģijas centrs (Translation and Terminology Centre) with amending laws of:

22 April 2004;
13 March 2008.

If a whole or part of a section has been amended, the date of the amending law appears in square brackets at the end of the section. If a whole section, paragraph or clause has been deleted, the date of the deletion appears in square brackets beside the deleted section, paragraph or clause.

The *Saeima*¹ has adopted and the President has proclaimed the following Law:

Competition Law

Chapter I General Provisions

Section 1. Terms Used in this Law

The following terms are used in this Law:

1) **dominant position** – an economic (commercial) position in a relevant market of a market participant or several market participants if such participant or such participants have the capacity to significantly hinder, restrict or distort competition in any relevant market for a sufficient period of time by acting with full or partial independence from competitors, clients, suppliers or consumers;

2) **decisive influence** – the capability, directly or indirectly, to:

a) control (regularly or irregularly) the taking of decisions in market participant supervisory bodies, with or without active participation thereof, and

b) appoint such number of members in the market participant supervisory body, which ensures for the wielder of the decisive influence a majority of votes in the respective body;

3) **relevant geographical market** – a geographical territory in which competition conditions in a relevant market of a product are sufficiently the same for all participants in such market and therefore this territory can be separated from other territories;

4) **relevant market** – a market of a concrete good which is evaluated in connection with a relevant geographical market;

5) **relevant product market** – a particular product market which also includes all those products which may be substituted for this particular product in a relevant geographical market, taking into consideration the factor of substitution of demand and supply, the specific features of the product and its utilization characteristics;

6) **competition** – the existing or potential economic (commercial) rivalry between two or more market participants in a relevant market;

7) **competitors** – two or more market participants who compete;

¹ The Parliament of the Republic of Latvia

8) **goods** – tangible or intangible property or service which satisfies some need and for which a price may be specified when purchasing or selling such good on the market;

9) **market participant** – any person (also foreign persons), who performs or is preparing to perform economic activity in the territory of Latvia or whose activity shall influence competition in the territory of Latvia. If a market participant or several market participants jointly have a decisive influence over one market participant or several other market participants, then all market participants may be considered as one market participant;

10) **market share** – that share of goods which a market participant offers in a relevant market in relation to the total amount of goods offered in such market; and

11) **agreement** – a contract between two or more market participants or concerted practices in which market participants participate, as well as a decision taken by a registered or unregistered group (association, union and the like) of market participants or by an official of such group.

[22 April 2004; 13 March 2008]

Section 2. Purpose of this Law

The purpose of this Law is to protect, maintain and develop free, fair and equal competition in the interests of the public in all economic sectors by restricting market concentration, imposing as a duty the termination of activities prohibited by the regulatory enactments governing competition, and by calling to account persons at fault in accordance with procedures prescribed by regulatory enactments.

Section 3. Operation of this Law

This Law applies to market participants and to any registered or unregistered groupings of market participants.

Chapter II Competition Council

Section 4. Legal Status of the Competition Council

(1) The Competition Council is an institution of direct administration, which shall act in accordance with this Law and other regulatory enactments. The Cabinet shall establish the Competition Council and it shall be subordinate of the Ministry of Economics, which shall be realised in the form of supervision.

(2) *[22 April 2004]*

(3) The operation of the Competition Council shall be financed from the State budget.
[22 April 2004]

Section 5. Composition and Operation of the Competition Council

(1) The Competition Council shall take decisions and enter into administrative agreements in competition matters. The Competition Council shall be composed of its

Chair and four members of the Competition Council. The Chair of the Competition Council shall manage the Competition Council. The work of the Competition Council shall be ensured by an Executive Directorate, which shall perform its secretariat functions, prepare issues, documents and draft decisions for examination at the meetings of the Competition Council, and implement the execution of the decisions taken by the Competition Council.

(2) The Cabinet, upon the recommendation of the Minister for Economics, shall confirm in office the Chair and members of the Competition Council.

(3) The term of office of the Chair and members of the Competition Council shall be five years. The Chair and members of the Competition Council may be re-appointed to office.

(4) The Chair and members of the Competition Council shall be civil servants whose professional qualifications give them the capability of taking decisions in competition matters.

(5) [22 April 2004]

(6) Meetings of the Competition Council shall be closed to the public unless otherwise decided. Meetings shall be convened at the request of the Chair of the Competition Council or at least three members of the Competition Council. The Competition Council is entitled to take a decision or enter into an administrative agreement if not less than three members of the Competition Council have voted in favour of it.

(7) Proceedings of the Competition Council meetings shall be recorded in minutes. All members of the Competition Council participating in a meeting shall sign the minutes of the meeting. When signing the minutes, members of the Competition Council may write in their own views regarding the issue examined or make a written note regarding the appending of a substantiation of their views to the minutes.

(8) Decisions of the Competition Council shall be signed by the Chair of the Competition Council.

(9) The Chair of the Competition Council:

1) shall manage and organise the work of the Competition Council and shall be responsible for such work;

2) shall be the manager of the financial resources of the Competition Council and shall be responsible for their use;

3) shall chair and organise the meetings of the Competition Council;

4) may, without a special authorisation, represent the Competition Council;

5) [22 April 2004]

6) is entitled to give direct orders to the Executive Director and to any employee of the Executive Directorate; and

7) is entitled to give direct orders to members of the Competition Council only in relation to organisational issues associated with the fulfilment of the duties of office.

(10) During the illness or absence of the Competition Council Chair, a member of the Competition Council who has been authorised to do so by the Chair of the Competition Council shall carry out the duties of the Chair.

[22 April 2004; 13 March 2008]

Section 6. Duties of the Competition Council

(1) The Competition Council shall:

1) monitor the observance of the prohibition against the abuse of dominant position and prohibited agreements by market participants, prescribed in this Law, other regulatory enactments and international agreements;

2) monitor the observance of the prohibition against unfair competition and supervise the observance of the Advertising Law within the scope of its competence;

3) examine submitted notifications regarding agreements between market participants and take decisions in respect of them;

4) restrict market concentration by taking decisions in relation to mergers of market participants; and

5) co-operate, within the scope of its competence, with relevant foreign institutions.

(2) The Competition Council shall inform the public regarding performance of the tasks of the Competition Council and other issues relating to the protection, maintenance and development of competition, as well as by 1 March of each year publish in the newspaper *Latvijas Vēstnesis* [the official Gazette of the Government of Latvia] a report regarding the decisions taken by the Competition Council in the previous year. The Competition Council shall publish its decisions in the newspaper *Latvijas Vēstnesis* not later than ten days after taking of a decision.

(3) The Competition Council, as an institution subordinate to the Ministry of Economics, shall:

1) within the scope of its competence, draw up and submit draft regulatory enactments to the Ministry of Economics in accordance with specified procedures;

2) prepare and submit opinions regarding draft regulatory enactments to be examined by the Cabinet which directly or indirectly affect issues on the protection, maintenance or development of competition; and

3) in the event of privatisation, reorganisation and demonopolization of State or local government undertakings (companies), submit, if necessary, to the institution concerned written proposals or opinions regarding observance of the principles for the protection, maintenance or development of competition.

[22 April 2004; 13 March 2008]

Section 7. Rights of the Competition Council

(1) The Competition Council is entitled to:

1) carry out market supervision and conduct investigations of violations of this Law and the Advertising Law;

2) provide opinions regarding conformity of the activities of market participants with regulatory enactments governing competition and the Advertising Law;

3) submit pleadings, applications and complaints to a court in the cases provided for in this Law and other regulatory enactments;

4) publish the views and recommendations of the Competition Council;

5) apply European Union competition law;

6) perform the duties imposed upon a Member State competition protection institution by Council Regulation (EC) No. 1/2003 of 16 December 2002 on the implementation of the rules on competition laid down in Articles 81 and 82 of the Treaty (Text with EEA relevance) (hereinafter also called – Council Regulation No. 1/2003), and to exercise the rights provided for in the Regulation;

7) engage experts, counsellors or specialists to carry out tasks provided for in this Law and the Advertising Law; and

8) perform the duties imposed by Regulation of the European Parliament and of the Council (EC) No 2006/2004 of 27 October 2004 on cooperation between national authorities responsible for the enforcement of consumer protection laws and to utilise the rights provided for in the Regulation.

(2) The Competition Council is entitled to evaluate draft legislation and other documents prepared by other institutions and to provide opinions in respect of them, if they include provisions influencing the market mechanism, the implementation of which may directly or indirectly restrict competition.

(3) The Competition Council, when deciding on the initiating of a case or when taking a decision in the case that has been initiated, is entitled to determine whether the actions taken by the market participant have caused or have the capacity of causing detrimental effect to competition.

(4) The mandate of an official of the Competition Council shall be attested by a service identification document.

[22 April 2004; 13 March 2008]

Section 8. Decisions of the Competition Council

(1) The Competition Council shall take decisions regarding:

- 1) the initiation or non-initiation of a case;
- 2) the extension of the time period for taking of a decision;
- 3) the determination of violations, legal duties and imposition of fines;
- 4) the termination of the investigation of a case;
- 5) mergers of market participants;
- 6) notified agreements; and
- 7) violations of the Advertising Law.

(2) The decisions of the Competition Council referred to in Paragraph one of this Section, except for decisions regarding the initiation of a case and the extension of the time period for the taking of a decision, may be appealed by a market participant to a regional administrative court within one month from the day when such decision came into effect.

(3) Those not fulfilling the lawful requests of officials of the Competition Council within a specified time shall be held to administrative liability.

(4) In order to perform the tasks provided for in this Law, the Competition Council is entitled to perform other activities permitted by other regulatory enactments.

(5) The Competition Council is exempt from court costs, if it submits an application, submission or lodges a complaint in court in connection with violations of this Law or other regulatory enactments adopted in this field.

(6) Directions regarding the commencement of an investigation of a case in a particular case, as well as regarding the manner in which the investigation shall be

conducted or a decision taken, may not be given to the Chair and members of the Competition Council by the Cabinet, the Minister for Economics or other persons. The Competition Council shall not co-ordinate the ascertainment with a higher institution.

(7) The decisions of the Competition Council are binding on market participants, and market participant groupings.

(8) The decisions of the Competition Council shall be implemented voluntarily. A bailiff shall perform the compulsory implementation of decisions, which are not voluntarily implemented. The Competition Council is exempt from the payment of State fees regarding the submission of a decision for implementation.

[22 April 2004; 13 March 2008]

Section 9. The Executive Directorate

(1) The Executive Directorate shall ensure the performance of the Competition Council.

(2) The performance of the Executive Directorate shall be managed by an Executive Director who shall be directly subordinate to the Chair of the Competition Council.

(3) In ensuring the performance of the Competition Council, the Executive Directorate shall:

- 1) perform the functions of a secretariat for the Competition Council;
- 2) prepare draft decisions of the Competition Council;
- 3) analyse submissions received in the Competition Council and prepare materials on the case for examination at a meeting of the Competition Council;
- 4) monitor the observance of this Law and the Advertising Law, carry out market supervision and conduct investigations of violations of the aforementioned laws;
- 5) represent the Competition Council in court and organise the execution of Competition Council decisions in relation to the cessation of violations of this Law and the Advertising Law and in relation to the payment of fines;
- 6) prepare Competition Council opinions regarding the compliance of the actions by market participants and other persons with this Law and the Advertising Law;
- 7) prepare Competition Council draft opinions regarding drafts of regulatory enactments to be examined in the Cabinet, the implementation of which, directly or indirectly, may create a threat to the protection, maintenance or development of competition;
- 8) prepare Competition Council draft opinions regarding the observance of competition protection principles in the processes of privatisation, reorganisation and demonopolization of State or local government undertakings (companies);
- 9) prepare Competition Council proposals for draft regulatory enactments in the field of competition protection; and
- 10) ensure co-operation with foreign persons.

(4) The Executive Director:

- 1) shall, within the scope of the competence of the Executive Directorate without special authorisation, represent the Competition Council;

2) shall manage and organise the performance of the Executive Directorate;
and

3) shall be liable for the performance of the Executive Directorate.

(5) The Executive Directorate, when carrying out market supervision or conducting investigations of the violations of this Law or of the Advertising Law on behalf of the Competition Council, is entitled to:

1) request and receive from any person and person association, in the manner specified by the Executive Directorate for provision of information within the time period specified in Section 26, Paragraphs two and three of this Law, information necessary to perform the tasks specified in this Law, (including information containing commercial secret), as well as written or oral explanations;

2) request any person who is related to a violation of this Law or the Advertising Law and whose explanations may be of importance in the case to appear at the Competition Council to give an explanation;

3) pay a visit to any market participant or an association of market participants (including without prior notice). At the time of visiting the market participant, officials of the Executive Directorate have the right to:

a) request documents (including documents prepared electronically and containing commercial secret), become acquainted on site therewith and receive such documents or the derivative documents thereof certified in accordance with the procedures set out in regulatory enactments;

b) request and receive written or oral explanations from the employees of a market participant; and

c) withdraw property and documents of a market participant or an association of market participants which may be of importance in the case;

4) on the basis of a judicial warrant, without prior notice and in the presence of police, to enter the non-residential premises, means of transport, flats, structures and other immovable and movable objects that are in the ownership, possession or use by a market participant or by an association of market participants, to open them and the storage facilities existing therein, carry out a forcible search of the objects and the storage facilities therein and perform an inspection of the existing property and documents therein including the information (data) stored on computers, floppy disks and other information media in an electronic information system. If a person whose property or documents undergo a search refuses to open the objects or storage facilities existing therein, the officials of the Executive Directorate are entitled to open them without causing substantial harm. During forcible search and inspection the officials of the Executive Directorate are entitled to:

a) prohibit the persons who are present at the site under inspection from leaving the site without permission, from moving and from conversing among themselves until the end of the search and inspection;

b) become acquainted with the information included in the documents and in the electronic information system (including information containing commercial secret);

c) withdraw property items and documents which have been found and which may be of importance to the case;

d) request and receive derivative documents certified in accordance with the procedures set out in regulatory enactments;

e) print out or record the information (data) stored in the electronic information system to electronic information media;

f) request and receive written or oral explanations from the employees of the market participant; and

g) temporarily, but not longer than for 72 hours, seal the non-residential premises, means of transport, structures and other objects and the storage facilities therein, in order to ensure the preservation of evidence; and

5) on the basis of a judicial warrant, if there are justifiable grounds for suspicion that documents or property items that might serve as evidence of a violation of this Law are being stored in non-residential premises, means of transport, flats, structures and other immovable and movable objects in the ownership, possession or use of other persons, perform, in relation to such persons, the activities referred to in Clause 4 of this Paragraph in the presence of police.

(6) During the investigatory activities referred to in Clauses 4 and 5, Paragraph five of this Section the market participant or an association of market participants, the employees of such market participant or an association of market participants, and other persons connected with the violation under investigation, upon a lawful request from the officials of the Executive Directorate, have the duty to:

1) ensure access to any of the non-residential premises, means of transport, flats, structures and other immovable and movable objects owned by them, in the possession thereof, or used by them, by opening them and the storage facilities therein;

2) ensure access to documents compiled or stored in any way or form, as well as to information (data) stored in the electronic information system;

3) provide full and truthful requested information within a specified period of time;

4) present the requested documents, true copies (copies) or extracts thereof, and certify the accuracy thereof in accordance with the procedures set out in regulatory enactments;

5) attest to the authenticity of print-outs of the information (data) stored in the electronic information system and the authenticity of the records made in electronic information media; and

6) execute other lawful requests made by officials of the Executive Directorate.

(7) Officials of the Executive Directorate are entitled to prepare a report regarding an administrative violation, if:

1) the duty referred to in Paragraph six of this Section is not being performed;

2) the requirements referred to in Clauses 1, 2 and 3, Paragraph five of this Section are not being voluntarily complied with; and

3) other lawful requests made by the officials of the Executive Directorate are not being complied with.

(8) The officials of the Executive Directorate, when carrying out their professional duties outside office premises, shall present their service identification documents.

(9) the State Police shall provide assistance to the officials of the Executive Directorate in the performance of the investigatory activities referred to in Paragraph five of this Section.

[22 April 2004; 13 March 2008]

Section 9.¹ Judicial Warrant

(1) A judge of a district (city) court on the basis of the legal address of the Competition Council shall take a decision regarding permission to perform the activities referred to in Section 9, Paragraph five, Clauses 4 and 5 of this Law. The judge shall, within a period of 72 hours, examine the submission by the Executive Director and other documents which justify the necessity to perform such activities, hear the information provided by officials of the Executive Directorate and take a decision regarding the permission or refusal of the activity.

(2) A true copy of the judicial warrant shall be sent to the Executive Directorate within 24 hours from the moment of taking of the decision.

(3) In respect of the judicial warrant, a complaint may be submitted to the Chief Judge within ten days from the date of receipt of the warrant.

(4) A complaint regarding a judicial warrant shall be examined by the Chief Judge within a period of ten days. A complaint from the Executive Directorate regarding a judicial warrant shall be examined with the participation of a representative of the Executive Directorate. A complaint from a person regarding a judicial warrant shall be examined with the participation of a representative of the Executive Directorate and a representative of the interested party. A decision taken by the Chief Judge shall be final and not subject to appeal.

(5) A complaint may be satisfied or rejected by the Chief Judge. When satisfying a complaint, he or she may in full or in part revoke or change the appealed decision.

(6) Evidence obtained on the basis of the appealed decision that has been revoked or changed in full or in part shall not be used in the case to the extent to which the decision has been found unlawful.

[22 April 2004; 13 March 2008]

Section 9.² Procedural Action Report

(1) The activities regarding the investigation of violations and market supervision activities referred to in Section 9, Paragraph five of this Law shall be recorded in a procedural action report.

(2) The following information shall be included in the procedural action report:

- 1) the venue and the date of occurrence of the action;
- 2) the legal basis for the performance of the action;
- 3) the time when the action was initiated and completed;
- 4) the position, name and surname of persons who performed the procedural action;
- 5) the position, name and surname of the person who compiled the report;
- 6) the positions, names and surnames of the persons – participants in the action;
- 7) the state of progress of the action and the established facts; and
- 8) the property and documents obtained during the procedural action.

(3) The property and documents obtained during the procedural action shall be attached to the report.

(4) The person who performed the procedural action shall familiarise the persons who participated in the relevant action with the contents of the procedural action report and the attachments thereof. The corrections and additions made by the persons shall be recorded in the report.

(5) The person who performed the procedural action, the person who compiled the report and all persons who participated in the relevant action shall sign the report as a whole and each page thereof separately. If a person refuses to sign, it shall be recorded in the report, indicating the cause of and the reasons for the refusal.

[13 March 2008]

Section 9.³ The Rights of a Market Participant and of Other Persons

(1) When commencing the investigatory activities referred to in Section 9, Paragraph five, Clauses 4 and 5 of this Law, an official of the Executive Directorate shall notify a market participant or other person in relation to whom such actions are performed of his or her rights.

(2) The market participant or other person in relation to whom the actions referred to in Section 9, Paragraph five, Clauses 4 and 5 of this Law are performed have the right:

1) to be present during all investigatory activities, to express his or her comments and requests;

2) when providing explanations, to use the assistance of counsel or use another type of legal aid. The commencement of provision of explanations shall be postponed temporarily for not longer than one hour if it is necessary to wait for the arrival of a counsel or other provider of legal aid;

3) to propose that the information to be provided or a part thereof be assigned the status of restricted access information;

4) to become acquainted with the procedural action report and the documents attached thereto, to submit corrections and additions; and

5) to submit a complaint regarding the actions of the official of the Executive Directorate to the Chair of the Competition Council.

[13 March 2008]

Section 10. Liability of Officials and Employees of the Competition Council

(1) Officials and employees of the Competition Council are prohibited from disclosing, without the permission of the Chair of the Competition Council, information that they have received in the course of performing their official duties. Restricted access information shall not be disclosed, except in specific cases prescribed in regulatory enactments.

(2) Officials and employees of the Competition Council shall be liable, pursuant to the procedures prescribed in regulatory enactments, for the non-observance of confidentiality and for losses incurred by market participants due to unlawful actions by the officials or employees of the Competition Council or of the Executive Directorate.

[13 March 2008]

Chapter III

Actions which Restrict Competition

Section 11. Prohibited Agreements and Agreements which are Considered to be in Effect

(1) Agreements between market participants, which have as their object or effect the hindrance, restriction or distortion of competition in the territory of Latvia, are prohibited and null and void from the moment of being entered into, including agreements regarding:

1) the direct or indirect fixing of prices and tariffs in any manner, or provisions for their formation, as well as regarding such exchange of information as relates to prices or conditions of sale;

2) restriction or control of the volume of production or sales, markets, technical development, or investment;

3) the allocation of markets, taking into account territory, customers, suppliers, or other conditions;

4) provisions in accordance with which the conclusion, amendment or termination of a transaction with a third person is made dependent on whether such third person accepts obligations which, according to commercial usage, are not relevant to the particular transaction;

5) the participation or non-participation in competitions or auctions or regarding the provisions for such actions (inactions), except for cases when the competitors have publicly announced their joint tender and the purpose of such a tender is not to hinder, restrict or distort competition;

6) the application of unequal provisions in equivalent transactions with third persons, creating for them disadvantageous conditions in terms of competition; and

7) action (inaction), due to which another market participant is forced to leave a relevant market or the entry of a potential market participant into a relevant market is made difficult.

(2) Agreements that promote improvements in the production or sale of goods or economic progress and thereby benefit consumers are considered to be in force and are exempt from the prohibition referred to in Paragraph one of this Section and, furthermore, such agreements:

1) do not impose on the market participants concerned restrictions which are not necessary for the achievement of these objectives; and

2) do not afford the possibility of eliminating competition in a substantial part of the relevant market.

(3) The market participants prior to entering into an agreement, as well as prior to the entry into effect thereof, if a case has not been initiated in respect of it, are entitled to submit to the Competition Council a notification regarding the relevant agreement. The Competition Council is entitled to permit, or permit with conditions for a specified time period the agreement thus notified, if the agreement conforms to Paragraph two of this Section or to the criteria in accordance with which specific agreements between market participants are exempted from the prohibitions referred to in Paragraph one of this Section. The procedures for the submission and

examination of the notification regarding an agreement between market participants shall be prescribed by the Cabinet.

(4) The Cabinet shall prescribe the following:

1) separate agreements between market participants, which do not significantly affect competition;

2) the criteria according to which separate agreements between market participants are exempted from the prohibitions referred to in Paragraph one of this Section.

[22 April 2004; 13 March 2008]

Section 12. Liability for Violations of Prohibited Agreements

(1) If the Competition Council determines that there is a violation of Section 11, Paragraph one of this Law in the activities of market participants, it shall take a decision regarding the determination of a violation, legal obligations and imposition of a fine.

(2) The Competition Council is entitled to impose on market participants fines of up to 5 per cent of their net turnover for the previous financial year each, but not less than 250 lats each.

(3) The Competition Council is entitled to impose on market participants fines of up to 10 per cent of their net turnover for the previous financial year each, but not less than 500 lats each.

(4) If the legally imposed obligations have not been complied with, the Competition Council is entitled to take a decision regarding the increasing of the fines specified in Paragraphs two and three of this Section up to the maximum amounts prescribed in the two Paragraphs.

(5) The Cabinet shall issue regulations regarding the procedures by which fines are specified, which provide for special features of the financial year net turnover calculation in separate cases, criteria for the specification of the amount of fines, mitigating circumstances and aggravating circumstances, and cases where the fine may be reduced.

(6) The fine calculated in accordance with the procedures set out in this Section shall be paid into the State basic budget.

[22 April 2004; 13 March 2008]

Section 13. Prohibition of the Abuse of Dominant Position

(1) Any market participant who is in a dominant position is prohibited from abusing such dominant position in any manner in the territory of Latvia. Abuse of dominant position may also occur as:

1) refusal to enter into transactions with other market participants or to amend the provisions of a transaction without an objectively justifiable reason, including unfair and unjustified refusal to supply goods or deliver services;

2) restriction of the amount of the production or sale of goods, the market or technical development without an objectively justifiable reason to the detriment of consumers;

3) imposition of provisions according to which entering into, amendment or termination of a transaction with another market participant is made dependent on whether this market participant undertakes additional obligations which, by their nature and commercial use, do not pertain to the particular transaction;

4) direct or indirect imposition or application of unfair purchase or selling prices or other unfair trading provisions; or

5) application of unequal provisions in equivalent contracts with other market participants, by way of creating for them, in terms of competition, disadvantageous conditions.

(2) A market participant or several market participants are in a dominant position in retail trade if, considering their buying power and the suppliers' dependency in the relevant market, they have the capacity of directly or indirectly applying or imposing unfair and unjustified provisions, conditions or payments upon suppliers and may hinder, restrict or distort competition in any relevant market in the territory of Latvia for a sufficient period of time. Any market participant who is in a dominant position in retail trade shall be prohibited from abusing such dominant position in the territory of Latvia. Abuse of a dominant position in retail trade occurs as:

1) application or imposition of unfair and unjustified provisions concerning return of goods, unless the returned good is of poor quality or is a good, including a new good, unknown to consumer, delivery or increase in the amount of delivery of which is initiated by the supplier;

2) application or imposition of unfair and unjustified payments for the presence of the delivered good at a retail outlet, unless such payments are justified by the promotion of a new good, unknown to consumer, in the market;

3) application or imposition of unfair and unjustified payments for entering into a contract, unless such payments are justified by the fact of entering into a contract with a new supplier who therefore needs a special evaluation;

4) application or imposition of unfair and unjustified payments for the delivery of goods to a soon to be opened retail outlet;

5) application or imposition of unfair and unjustifiably lengthy settlement periods for the delivered goods; and

6) application or imposition of unfair and unjustified fines for violating the provisions of a transaction.

(3) If a market participant in retail trade is in such dominant position as specified in Section 1, Clause 1 of this Law and the abuse of the dominant position takes the form specified in Section 1, Paragraph one of this Law, the liability of the retail market participant shall set in according to Section 14, Paragraph two, Clause 1 of this Law.

[22 April 2004; 13 March 2008]

Section 14. Liability for the Abuse of Dominant Position

(1) If the Competition Council determines that there is a violation of Section 13 of this Law in the activities of market participants, the Council shall take a decision regarding the determination of a violation, the imposition of a legal obligation and the application of a fine.

(2) The Competition Council is entitled to impose upon market participants a fine:

1) for a violation referred to in Section 13, Paragraph one of this Law – up to 5 per cent of their net turnover for the previous financial year each, but not less than 250 lats each;

2) for any first-time violation of Section 13, Paragraph two of this Law – up to 0.05 per cent of the net turnover of the market participant or of several market participants for the previous financial year each, but not less than 250 lats each; and

3) for any next violation referred to in Section 13, Paragraph two of this Law, if the violation has been committed after the imposition of a fine in accordance with Clause 2 of this Paragraph – up to 0.2 per cent of the net turnover of the market participant or several market participants for the previous financial year each, but not less than 250 lats each.

(3) If a market participant does not comply with the legal obligation, the Competition Council is entitled to take a decision regarding:

1) an increase of the fine specified in Paragraph two, Clause 1 of this Section to 10 per cent of the net turnover from the previous financial year, but the fine shall not be less than 500 lats each; and

2) an increase of the penalty specified in Paragraph two, Clause 3 of this Section to 2 per cent of the net turnover from the previous financial year, but the fine shall not be less than 500 lats each.

(4) The Cabinet shall issue regulations regarding the procedure by which fines are specified, which provide for special features of the financial year net turnover calculation and procedure for the calculation of the amount of fine, taking into account the gravity and the duration of the violation, mitigating and aggravating circumstances, as well as specifying the cases where there is the right to a reduction of the fine.

(5) Fines calculated in accordance with the procedures specified in this Section shall be paid into the State basic budget.

[22 April 2004; 13 March 2008]

Chapter IV

Market Participant Merger Control

Section 15. Market Participant Merger Provisions

(1) A merger of market participants is:

1) the merging of two or more independent market participants in order to become one market participant (consolidation);

2) the joining of one market participant to another market participant (acquisition);

3) such a situation where one or more natural persons who already have a decisive influence over another market participant or other market participants, or one or more market participants acquire part or all of the fixed assets of another market participant or other market participants or the right to use such, or a direct or indirect decisive influence over another market participant or other market participants. An acquisition of assets or of the right to use such assets is considered to be a merger if the acquisition of the assets or of the right to use such assets increases the market

share of the acquirer of the aforementioned assets and the usage rights in any relevant market; or

4) such a situation where two or several natural persons jointly or a single natural person simultaneously acquire a part or all of the assets of two or several market participants or obtain the right to use such assets, or a direct or indirect decisive influence over two or several market participants.

(2) Market participants who have decided to merge in one of the ways set out in Paragraph one of this Section shall, prior to merger, submit a full-form merger notification to the Competition Council if the combined turnover of the participants in the merger for the previous financial year in the territory of Latvia has exceeded 25 million lats.

(2¹) The market participants specified in Paragraph two of this Section are entitled to submit to the Competition Council a short-form merger notification, if one of the following conditions exists:

1) none of the participants in the merger operates in a single concrete market or in a market that is vertically related thereto; or

2) the combined market share of the market participants involved in the merger does not exceed 15 per cent.

(2²) If the Competition Council decides that such merger of market participants of which a short-form merger notification has been submitted requires additional investigation, it may require the market participants to submit a full-form merger notification.

(3) A merger of market participants, regarding which a notification had to be given, but was not given, is illegal.

(4) Notifications need not be submitted to the Competition Council in the following cases:

1) credit institutions or insurance companies the activities of which include transactions with securities for own or other funds, have time-limited ownership rights to market participant securities, which they have acquired for further sale, if such credit institutions or insurance companies do not utilise voting rights created by the referred to securities in order to influence the competitive activities of the relevant market participant, or utilise the voting rights created by the referred to securities in order to prepare the investment of fixed assets or relevant securities only of the market participant, or a part thereof, and such investments occur within a period of one year after the creation of voting rights. The Competition Council may extend the referred to time period on the basis of a submission from the relevant credit institution or insurance company, if it proves that the relevant investment within a period of one year was not possible; and

2) a liquidator or administrator acquires a decisive influence in the case of the insolvency or liquidation of a market participant.

(5) The Cabinet shall issue regulations regarding the procedures according to which full-form and short-form merger notifications are to be submitted and examined. Such regulations may include additional conditions regarding the calculation of the turnover, including special requirements in respect of credit institutions and insurance companies.

[22 April 2004; 13 March 2008]

Section 16. Procedures for Examination of Notifications regarding Mergers of Market Participants

(1) The Competition Council shall, within a period of one month from the receipt of a full-form merger notification report or a short-form merger notification report in accordance with procedures specified by the Cabinet, examine the notification and take one of the decisions referred to in Paragraph three or four of this Section, or a decision regarding the commencement of additional investigation.

(1¹) If, within a period of 45 days from the date of submission of a full-form or short-form merger notification report, a market participant does not receive from the Competition Council a decision referred to in Paragraphs three or four of this Section or a decision regarding the commencement of additional investigation, the relevant merger shall be deemed to be permitted.

(2) If the Competition Council has taken a decision regarding the commencement of additional investigation, the Competition Council, within a period of four months from the date of receipt of the full-form merger notification report or within a period of three months from the date of receipt of the short-form merger notification report, shall take one of the decisions referred to in Paragraph three or four of this Section.

(3) The Competition Council by its decision shall prohibit mergers as a result of which a dominant position is created or strengthened, or which may significantly reduce competition in any concrete market. The Competition Council is entitled to permit such mergers, determining binding provisions for the relevant market participants, which prevents the negative consequences of the merger in relation to competition.

(4) If the merger of market participants of which a notification report has been given does not cause the consequences referred to in Paragraph three of this Section, the Competition Council shall take a decision permitting the merger.

(5) If the Competition Council after the commencement of additional investigation, within a period of four months from the date of receipt of the full-form merger notification report, or within a period of three months from the date of receipt of the short-form merger notification report has not taken one of the decisions referred to in Paragraph three or four of this Section, the relevant merger of market participants shall be deemed to be permitted.

(6) The Competition Council is entitled to take the decisions referred to in Paragraph three of this Section also in respect of such mergers of market participants of which notification should have been given in accordance with Section 15, Paragraph two of this Law, but such notification was not given.

[22 April 2004; 13 March 2008]

Section 17. Liability for Illegal Mergers of Market Participants

(1) If a notification report of a merger has not been submitted in the cases prescribed by this Law, the Competition Council is entitled to take a decision regarding the imposition of a fine of up to 1000 lats for each day, counting from the day when the notification should have been submitted, on the new market participant or the acquirer of a decisive influence.

(2) If a merger of market participants has occurred, which is contrary to a decision of the Competition Council taken in accordance with the procedures set out in Section 16, Paragraph three or six of this Law, the Competition Council is entitled to take a decision regarding imposition of a fine on the new market participant or on the acquirer of a decisive influence of up to 1000 lats for each day beginning with the day marking the start of unlawful action.

(3) The payment of a fine does not release the market participants concerned from the obligation to fulfil the provisions of this Law and the decisions of the Competition Council.

(4) When the Competition Council has determined that the new market participant or the acquirer of a decisive influence has ceased the illegal activity referred to in Paragraph one or two of this Section and has taken a relevant decision, the Council shall cease calculation of the fine referred to in Paragraph one or two of this Section.

(5) Fines calculated in accordance with the procedures specified in this Section shall be paid into the State basic budget.

[22 April 2004; 13 March 2008]

Chapter V **Unfair Competition**

Section 18. Prohibition of Unfair Competition

(1) Unfair competition is prohibited.

(2) Actions, as the result of which regulatory enactments or fair commercial practices are violated and which have created or could create a hindrance, restriction or distortion of competition, shall be deemed to be unfair competition.

(3) Unfair competition may also occur in the form of the following activities if as a result of such activities a hindrance, restriction or distortion of competition has been created or could have been created:

1) the utilisation or imitation of a legally used name, distinguishing marks or other features of another market participant (whether existing, having ceased its activities or reorganised) if such use may be misleading as regards the identity of the market participant;

2) the imitation of the name, external appearance, labelling, or packaging of goods produced or sold by another market participant, or the use of trademarks, if such imitation or use may be misleading as regards the origin of the goods;

3) the dissemination of false, incomplete or distorted information regarding other market participants or their employees, as well as, in respect of the goods produced or sold by such a market participant, the economic significance, quality, form of production, characteristics, quantity, usefulness, prices, their formation and other provisions, which may cause losses to this market participant;

4) the acquisition, utilisation or distribution of information, which includes the commercial secrets of another market participant, without the consent of such participant; or

5) the coercion of employees of another market participant with threats or bribery in order to create advantages for one's own economic activity, thereby causing losses to this market participant.

Section 18.¹ Competence of the Competition Council and the Court in Examining Cases of Non-Observance of the Prohibition of Unfair Competition

(1) The Competition Council shall examine and take one of the decisions referred to in Section 8, Paragraph one, Clause 1, 2, 3 or 4 of this Law regarding the violations specified in Section 18, Paragraph three, Clauses 3 and 4 of this Law.

(2) The violations specified in Section 18, Paragraph two, as well as in Section 18, Paragraph three, Clauses 1, 2 and 5 of this Law shall be examined by a court.

[13 March 2008]

Section 19. Liability for Unfair Competition

(1) If the Competition Council determines that there is a violation of Section 18 of this Law in the activities of market participants, it shall take a decision regarding the determination of a violation, legal obligations and imposition of a fine.

(2) The Competition Council is entitled to impose on market participants, fines of up to 5 per cent of their net turnover during the previous financial year each, but not less than 250 lats each.

(3) Fines calculated in accordance with the procedures specified in this Section shall be paid into the State basic budget.

[22 April 2004; 13 March 2008]

Chapter VI

Application of Competition Law in Civil Actions

Section 20. Competence of the Courts

(1) Concurrently with the Competition Council, a court may also determine a violation of this Law.

(2) Courts which adjudicate civil claims in relation to violations of the Competition Law shall inform the Competition Council thereof.

Section 21. Compensation for Losses

A person who has incurred losses due to a violation of this Law is entitled to seek compensation for losses from the violator and interest due, set by law. Upon a request by the claimant, a court may at its discretion set the amount of the compensation.

[13 March 2008]

Chapter VII

Procedures for the Investigation of a Case

Section 22. Initiation of a Case

The investigation of a possible violation of this Law case shall be initiated on:

1) the basis of a submission;

- 2) the basis of an initiative from the Competition Council; or
- 3) on the basis of a report from another institution.

[22 April 2004]

Section 23. Initiation of a Case on the basis of a Submission

(1) A case shall be initiated if a person justifiably interested in prevention of a violation of the law submits a written submission. A justifiably interested person is a person for who due to the violation has been caused or may cause rights or lawful interest infringements, as well as the person involved in the violation.

(2) A submission shall indicate documentarily justified information regarding:

- 1) the persons involved in the possible violation;
- 2) evidence, which testifies regarding the possible violation and on which the submission has been based;
- 3) the norms of the Competition Law, which may have possibly been violated;
- 4) the facts that testify regarding the justifiable interest of the person in the prevention of a violation of the law;
- 5) the measures which have been performed to terminate the violation prior to the receipt of the submission by the Competition Council; and
- 6) the facts that testify regarding a substantial harm to competition, if the submission has been submitted regarding a violation referred to in Section 18, Paragraph three, Clause 3 or 4 of this Law.

(3) After the receipt of the submission the Competition Council shall:

- 1) evaluate the information included in the submission and, if necessary, acquires additional information;
- 2) check whether there is a lawful reason and sufficient grounds for initiation of a case;
- 3) take a decision regarding the initiation or non-initiation of a case not later than 30 days after the receipt of the submission. If, due to objective reasons, it is not possible to observe the period of one month, the Competition Council may, with a motivated decision, extend the time period for up to two months from the date of receipt of the submission.

(4) The Competition Council may refrain from initiating a case if one of the following conditions exist:

- 1) the submission does not include the information provided for in Paragraph two of this Section or it is insufficient and the submitter has not submitted additional information in the time period specified by the Competition Council; or
- 2) the possible violation is a minor violation – substantial harm to competition has not been or cannot be caused thereby.

(4¹) The Competition Council shall not initiate a case if the information included in the submission and, if necessary, the additional information does not contain data on an offence characterised by features of corpus delicti of a violation of this Law.

(5) If a case is not initiated, the submitter shall be informed regarding the reasons for the non-initiation and regarding the possible renewal of the examination of the submission after the rectifying of the deficiencies in the submission or the receipt of additional information.

[22 April 2004; 13 March 2008]

Section 24. Initiation of a Case on the basis of an Initiative of the Competition Council

The Competition Council may initiate a case if facts become known thereto, on the basis of which a violation may be determined, as well as where the Competition Council has a basis for considering that such facts exist.

[22 April 2004]

Section 25. Initiation of a Case on the basis of a Report from another Institution

The Competition Council may initiate a case in the basis of the written report from another institution if it includes information regarding facts, which testify or may testify regarding possible violations of the Competition Law.

[22 April 2004]

Section 26. Investigation of a Case

(1) After the initiation of a case, the Competition Council shall acquire information that is necessary to take a decision. The information that refers to the relevant case and is acquired during market supervision shall be attached to such case and may be of importance to the case as evidence.

(2) A person shall provide the requested information not later than within seven days from the receipt of the request. The person shall provide without delay such information that has been requested while carrying out the market supervision activities and activities of violation investigation specified in Section 9, Paragraph five, Clauses 3, 4 and 5 of this Law, and in the preparation of which a special compilation or analytical work are not necessary.

(3) If information is requested, in the preparation of which special compilation or analysis activities are necessary, and the submitter of the information due to objective reasons cannot prepare the requested information within the specified time period, he or she shall notify the Competition Council in writing, indicating such reasons and the date when the information shall be submitted. The competition Council, taking into account the referred to notification may specify another time period for submission of the information.

(4) If the information is requested from a possible violator of the Competition Law, the Competition Council shall in the submitter thereof of the Section of the Competition Law, which has been possibly violated.

(5) The Competition Council may combine in one record several cases regarding one and the same violation of law in the operations of one and the same possible violator if the combination of the cases facilitates the quicker and more objective examination thereof.

(6) While information necessary for the taking of a decision is being acquired, the Competition Council does not have the duty to make materials of the case accessible if this may have a negative effect on the performance of the tasks specified in the Law at an adequate level. The Competition Council shall inform the participants in the

process in writing that information necessary for the taking of a decision has been acquired.

(7) The participants in the process may become acquainted the case, express their own point of view and submit additional information within a period of 10 days from the moment of receipt of the notification specified in Paragraph six of this Section. The Competition Council need not take into account information, which has been received after the end of such time period.

[22 April 2004; 13 March 2008]

Section 26.¹ Assignment of the Status of Restricted Access Information to Information to be Submitted

(1) In order for the information or a part thereof to be submitted to be assigned the status of restricted access information, the submitter of information shall clearly indicate the relevant documents and a justification for the assignment of such status.

(2) If the submitter of information has not fulfilled the requirements specified in Paragraph one of this Section or the proposal to assign the status of restricted access information to the specific information is unjustified, the Competition Council shall notify the submitter of information regarding this.

(3) If the deficiencies referred to in Paragraph two of this Section have not been rectified within seven days from the date of receipt of a notification from the Competition Council, the submitted information may be protected, in accordance with the procedures specified in the Law on the Freedom of Information, only as information for in-house use. The Competition Council shall notify the submitter of information regarding this.

(4) The Competition Council may require that the person, the information submitted by whom needs to be assigned the status of restricted access information, submit a general summary, to which the status of restricted access information shall not be assigned.

[13 March 2008]

Section 27. Time period for the taking of a Decision

(1) The Competition Council shall take a decision within a period of six months from the day of the initiation of a case.

(2) If due to objective reasons it is not possible to observe the six month time period, the Competition Council may extend it for a period up to one year counting the time period from the day of the initiation of a case.

(3) If prolonged fact-establishing is required in the case, the Competition Council with a justified decision may extend the time period for taking a decision to a period not exceeding two years from the day of the initiation of a case.

[22 April 2004]

Section 27.¹ Validity of Competition Council Decisions

Competition Council decisions shall come into force upon notification thereof. An appeal against a decision shall not suspend the execution of the decision, except in the part thereof regarding the imposition of a fine.

[13 March 2008]

Section 27.² Termination and Resumption of the Investigation of a Case

(1) The Competition Council shall take a decision regarding the termination of the investigation of a case in the cases specified in Paragraph two of this Section and the Administrative Procedure Law.

(2) A decision regarding the termination of the investigation of a case may be taken if a market participant undertakes in writing to comply with certain legal obligations that prevent the hindrance, restriction or distortion of competition, and the Competition Council, having examined the factual and legal context of the case, considers the termination of investigation useful.

(3) The Competition Council may, at any time, re-initiate a case that has been terminated pursuant to Paragraph one or two of this Section and may resume the investigation of such case.

(4) When resuming the investigation of a case, the time period for the taking of a decision commences on the date of the resumption of investigation of the case.

[13 March 2008]

Section 27.³ Entry into an Administrative Contract

(1) In order to end the legal dispute, the Competition Council is entitled to enter into an administrative contract with a view to dismissing the legal proceedings. The administrative contract shall be entered into without the approval of a higher institution.

(2) The Competition Council is entitled to reduce the fine imposed for a violation of the Competition Law, as well as to modify the legal obligations imposed by a decision.

(3) Disputes regarding the compliance of the administrative contract with legal norms, the validity thereof, the entry into or the correctness of the fulfilment of the administrative contract entered into shall be settled in court in accordance with the procedures set out in regulatory enactments.

[13 March 2008]

Chapter VIII

Application of European Union Competition Law

Section 28. Legislation to be applied in a Case regarding the Possible Violation of European Union Competition Law

(1) The Competition Council shall investigate and examine a case regarding the possible violation of European Union competition law in accordance with the

procedures for investigation and examination of possible violations of this Law provided for in this Law and other regulatory enactments.

(2) For the violation of European Union competition law, the Competition Council shall impose a penalty in accordance with Sections 12 and 14 of this Law and Cabinet regulations regarding the procedures for the imposition of fines, which are issued in accordance with Section 12, Paragraph five and Section 14, Paragraph four of this Law.

(3) In applying European Union competition law, the term “market participant” shall be understood as the term “undertaking” in European Commission decisions and European Court of Justice judgments.

(4) When examining a case regarding a violation of European Union competition law this Law may also be applied.

[22 April 2004; 13 March 2008]

Section 29. Reduction of Fines for Separate Violations of Article 81, Paragraph one of the Treaty Establishing the European Community

(1) Fines for undertakings shall be reduced or fully released from the fine thereof, if the undertaking, on its own initiative, has notified the Competition Council about the following agreements between competitors prohibited in Article 81, Paragraph one of the Treaty Establishing the European Union:

1) agreement regarding direct or indirect pricing or tariffication in any way or the formation regulations thereof, as well as regarding such exchanges of information, which relate to price or sale regulations;

2) agreement regarding the volume of production or sales, markets, technical developments or restrictions of trade or control;

3) agreement regarding the allocation of markets, taking into account territories, customers, suppliers or other conditions; and

4) agreement regarding participation or non-participation in competitions or tendering procedures or regarding the regulations of such activities (inactiveness).

(2) The reduction of the fine for undertakings or the full release from the fine thereof for undertakings provided for in Paragraph one of this Section shall be in accordance with Cabinet regulations regarding the procedures for the specification of fines, which are issued in accordance with Section 12, Paragraph five and Section 14, Paragraph four of this Section.

[22 April 2004]

Section 30. Interim measures

(1) If the Competition Council has evidence at its disposal, which testifies to the possible violation of European Union competition law, and non-termination of this violation may cause significant and irreversible harm to competition, the Competition Council may take a decision regarding interim measures.

(2) The means of interim measures is a decision, which imposes a duty upon market participants within a specified time period to perform specific activities or prohibits specific activities.

(3) A market participant may appeal a decision regarding interim measures in an administrative district court within a period of one month from the day it came into effect.

(4) A decision regarding interim measures shall be in effect until the moment when a final decision in a case by the Competition Council becomes indisputable.

[22 April 2004]

Section 31. Decisions regarding Appeal of Interim Measures

(1) A court shall examine an application regarding a decision regarding interim measures within a period of 14 days.

(2) An appeal of a decision regarding interim measures shall not suspend the effect of the decision regarding interim measures and the implementation thereof.

(3) A court decision in relation to an application regarding a decision regarding interim measures cannot be appealed and it shall come into force from the moment the decision is taken.

[22 April 2004]

Section 32. Performance of European Commission Investigatory Activities in the Territory of Latvia

(1) A district (city) judge according to the legal address of the Competition Council shall take a decision regarding permission for the European Commission to perform the investigatory activities provided for in Article 21, Paragraph one of Council Regulation No. 1/2003. The procedures for taking of the judge's decision and the validity thereof shall be prescribed by Section 9.¹ of this Law.

(2) Both the European Commission and the Competition Council on behalf of the European Commission are entitled to submit an application for the receipt of the permission provided for in Paragraph one of this Section.

[22 April 2004; 13 March 2008]

Section 33. Assistance for the Preparation and Performance of European Commission Investigatory Activities

(1) The Competition Council shall provide the necessary assistance to the European Commission for the preparation and performance of the activities provided for in Articles 20 and 21 of Council Regulation No. 1/2003.

(2) The State police shall ensure necessary assistance to the European Commission if the market participant does not comply with the performance of the investigatory activities provided for in Article 20, Paragraph two and Article 21, Paragraph one of Council Regulation No. 1/2003.

(3) Pursuant to a request of the European Commission, the Competition Council, on the basis of a judge's decision, shall perform the activities referred to in Section 9, Paragraph five, Clause 4 of this Law. The procedures for taking of the judge's decision and the validity thereof shall be prescribed by Section 9.¹ of this Law.

[22 April 2004; 13 March 2008]

Section 34. Co-operation with Competition Authorities of other Member States

(1) Pursuant to a request of a competition authority of another Member State in a case regarding a possible violation of European Union competition law, the Executive Agency may perform the activities referred to in Section 9, Paragraph five of this Law in relation to existing market participants in the territory of Latvia according to the procedures provided for in this Law and other regulatory enactments.

(2) Representatives of the competition authority of another Member State are entitled to participate in the performance of the activities referred to in Section 9, Paragraph five of this Law.

[22 April 2004]

Section 35. Duty of a Court

(1) A court, which has accepted a pleading, application or a complaint and initiated the case regarding a violation of European Union competition law, shall, within seven days from the date of initiation of the case, send a true copy (copy) of the pleading, application or complaint to the Competition Council.

(2) A court, within a period of seven days after the drawing up of a full judgment in a case regarding a violation of European Union competition law, shall send a true copy (copy) of the judgment to the Competition Council and the European Commission.

[22 April 2004; 13 March 2008]

Transitional Provisions

1. With the coming into force of this Law, the Competition Law (*Latvijas Republikas Saeimas un Ministru Kabineta Ziņotājs*, No. 16, 1997; No. 2, 2000) is repealed.

2. Until the adoption of the relevant Cabinet regulations referred to in this Law, but not later than six months after the adoption of this Law, the following Cabinet regulations issued in accordance with the Competition Law are in force insofar as they are not in contradiction to this Law:

1) Cabinet Regulation No. 444 of 30 December 1997, Procedures for the Examination of Violations of the Competition Law;

2) Cabinet Regulation No. 37 of 3 February 1998, Procedures by which Agreements between Market Participants are Acknowledged as in Effect;

3) Cabinet Regulation No. 73 of 3 March 1998, Procedures for the Submission and Examination of Notifications on the Merger of Undertakings (Companies);

4) Cabinet Regulation No. 74 of 3 March 1998, Regulations on Exclusive Distribution Agreements and Exclusive Purchasing Agreements Exempted from Prohibited Agreements Prescribed by the Competition Law;

5) Cabinet Regulation No. 341 of 8 September 1998, Regulations on Agreements on Specialisation in Production Exempted from Prohibited Agreements Prescribed by the Competition Law;

6) Cabinet Regulation No. 52 of 16 February 1999, Regulations on Franchise Agreements Exempted from Prohibited Agreements Prescribed by the Competition Law;

7) Cabinet Regulation No. 53 of 16 February 1999, Regulations on the Exemption of Agreements on Joint Research and Development from Prohibited Agreements Prescribed by the Competition Law;

8) Cabinet Regulation No. 122 of 23 March 1999, Regulations on Agreements on Patents and Know-how Licenses Exempted from Prohibited Agreements Prescribed by the Competition Law;

9) Cabinet Regulation No. 147 of 20 April 1999, Regulations on the Exemption of Agreements on Motor Vehicle Distribution and Servicing from Prohibited Agreements Prescribed by the Competition Law;

10) Cabinet Regulation No. 260 of 20 July 1999, Regulations on the Exemption of Agreements in the Field of Insurance from the Prohibition of Agreements Prescribed by the Competition Law;

11) Cabinet Regulation No. 284 of 22 August 2000, Regulations on the Exemption of Agreements of Carriers Engaged in Air Transport from the Prohibition of Agreements Prescribed by the Competition Law; and

12) Cabinet Regulation No. 50 of 6 February 2001, Regulations on the Exemption of Agreements of Liner Shipping Companies from the Prohibition of Agreements Prescribed by the Competition Law.

3. The Competition Council referred to in this Law is the successor in law and interest of the Competition Council, which was established and operated in accordance with the Competition Law of 18 June 1997.

4. Until the issue of new Cabinet regulations, but not later than by 1 November 2004, the following Cabinet regulations are in force insofar as they are not in contradiction with this Law:

1) Cabinet Regulation No. 22 of 20 January 2003, Procedures for Submission and Examination of Notification Regarding Market Participant Mergers; and

2) Cabinet Regulation No. 468 of 19 August 2003, Procedures for Calculation of Fines for Violations referred to in Section 11, Paragraph one and Section 13 of the Competition Law.

5. The new wording of Section 1, Clause 1 (explanation of the term *dominant position*), as well as the new wording of Section 13 (prohibition of the abuse of dominant position) and the new wording of Section 14 (liability for the abuse of dominant position) shall enter into force 1 October 2008.

6. The Cabinet shall, by 1 October 2008, issue the regulations referred to in Section 14, Paragraph four of this Law regarding the procedures for determining the fines in cases where dominant position has been abused, which provide for the specific features of the calculation of net turnover for the financial year, and set out the procedures for the calculation of fines, as well as specify the cases where there is title to a reduction in the fine. Until the day of entry into force of the relevant regulations, Cabinet Regulation No. 862 of 19 October 2004, the Procedures for the Determining of Fines for Violations Referred to in Section 11, Paragraph one and Section 13 of the Competition Law, shall be applicable insofar as it is not in contradiction to this Law.

7. The Cabinet shall, by 1 October 2008, issue the following regulations:

- 1) the regulation referred to in Section 11, Paragraph three of this Law setting out the procedures for the submission and examination of notification reports regarding the agreements of market participants;
- 2) the regulation referred to in Section 11, Paragraph four, Clause 1 of this Law that specify those agreements of separate market participants that do not have a significant influence on competition; and
- 3) the regulation referred to in Section 11, Paragraph four, Clause 2 of this Law which specifies the criteria in accordance with which individual agreements between market participants are exempted from the prohibition of agreements referred to in Section 11, Paragraph one of this Law.

8. Until the day of entry into force of the Cabinet regulations referred to in Clause 7 of these transitional provisions, but not later than 1 October 2008, the following regulations shall be applicable insofar as they are not in contradiction to this Law:

- 1) Cabinet Regulation No. 699 of 16 December 2003, the Procedures by which the Competition Council Permits the Agreements Referred to in Section 11, Paragraph one of the Competition Law;
- 2) Cabinet Regulation No. 259 of 25 June 2002, Regulations regarding the Exemption of Agreements that have been Entered into in the Carriage by Rail and Carriage by Road Sector from the Prohibition of Agreements Specified in the Competition Law;
- 3) Cabinet Regulation No. 434 of 27 April 2004, Regulations regarding the Exemption of Vertical Agreements from the Prohibition of Agreements Specified in Section 11, Paragraph one of the Competition Law; and
- 4) Cabinet Regulation No. 317 of 25 April 2006, Regulations regarding the Exemption of Horizontal Co-operation Agreements from the Prohibition of Agreement Specified in Section 11, Paragraph one of the Competition Law.

9. The Cabinet shall, by 1 October 2008, issue the Regulations referred to in Section 15, Paragraph five of this Law, which specify the procedures for the submission and examination of the full-form notification report and the short-form notification report in the event of a merger of market participants. Until the day of entry into force of the relevant regulations, but not later than until 1 October 2008, Cabinet Regulation No. 897 of 26 October 2004, Procedures for the Submission and Examination of a Notification Report regarding a Merger of Market Participants, shall be applicable.
[22 April 2004; 13 March 2008]

This Law shall come into force on 1 January 2002.

This Law has been adopted by the *Saeima* on 4 October 2001.

President

V. Vīķe-Freiberga

Rīga, 23 October 2001