

Competition Council  
Republic of Latvia



# ANNUAL REPORT

# 2024



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# FOREWORD BY THE ACTING CHAIRWOMAN



Reflecting on 2024 and looking at the work planned for 2025, we can see a vision of a fair competition environment in Latvia where the Competition Council plays a key role not only in the form of investigating competition law infringements, which is the main task of the Authority but also in its ability to be the first to provide assessments of competitiveness in key sectors of the economy.

Being proactive and open to working together with other authorities and partners with the aim of achieving the best results, while thinking about strengthening the Authority's capacity: this, in my view, is how we can describe the pace of the Competition Council's work in 2025.

If we look back at 2024 and its achievements, the first thing that springs to mind is the evergreen question on unfair trading practices and their eradication: 'How much can the Competition Council do together with its partners to improve the well-being of Latvia's people, by stemming the rapid rise

of food prices?'. The market surveillance measures conducted in the food and agricultural product supply chain reflected the fact that the most important problem today is the unequal treatment of suppliers and producers of food by retailers. In order to address this issue, amendments to the Prohibition of Unfair Trading Practices Law are being fast-tracked in conjunction with the Ministry of Economics, aiming to bring even more attention to equality across the entire food supply chain. However, change in an industry as large as the food sector is not possible without the involvement and cooperation of all stakeholders.

The Competition law was amended several times in 2024, expanding the functions of our Authority. At the beginning of the year, it was assigned the task of working with the European Commission, to oversee the surveillance of the Digital Market Act and the Foreign Subsidies Regulation, supporting the EC in implementing the regulation in Latvia. Meanwhile, at the end of the year, the Authority was tasked with providing methodological support to contracting authorities in public procurements, helping them identify, assess and calculate damage caused by competition infringements. In order to ensure that public procurement organisers make active use of the options for recovering losses available to them, we will ramp up our efforts to educate public procurement organisers in the field of loss recovery in 2025.

The 2024 public opinion survey consistently found that one in ten businesses would be willing to engage in prohibited agreements, fixing prices, markets and procurements if they knew they would benefit financially from such a transaction. Let us be frank here: such statistics are not encouraging. Despite our Authority's efforts and its extensive activities intended to educate market participants, which reached more than 2300 market participants last year, we can conclude that there are still businesses that think primarily about their short-term profits, without giving a thought to Latvia's society as a whole. This points to a still lacking competition culture, and here is an area that the Competition Council clearly needs to work on.

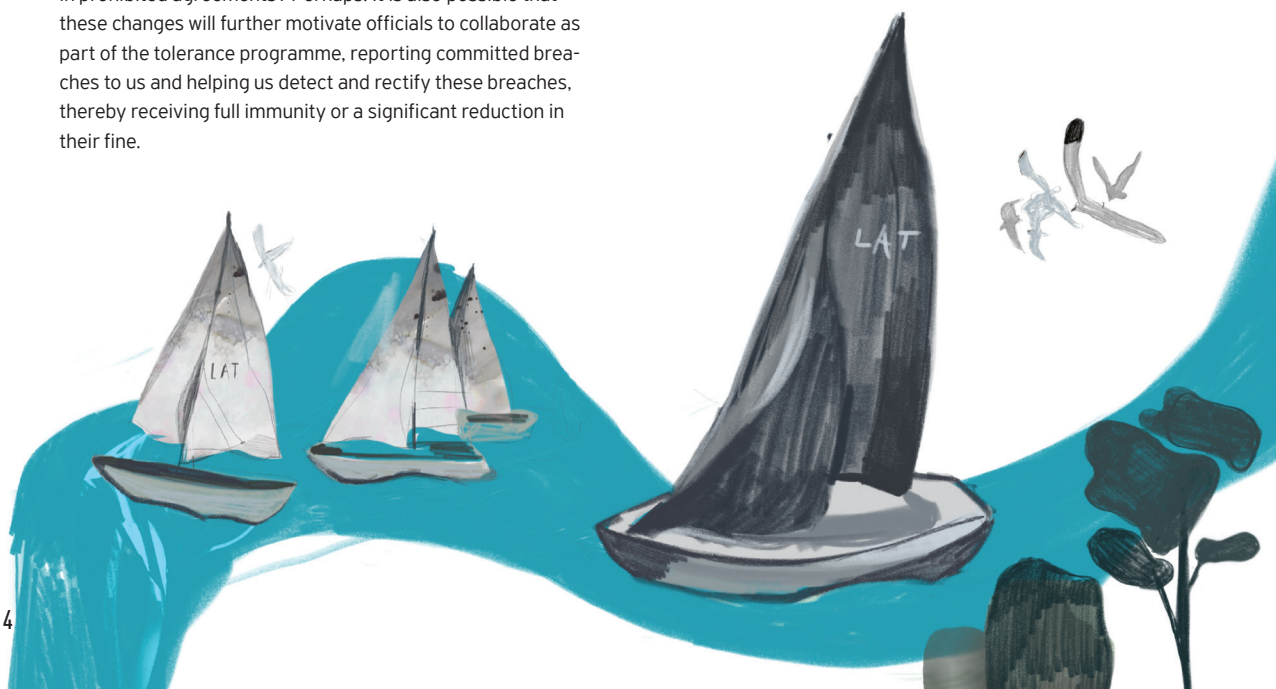
In 2024, the Competition Council, in conjunction with the Ministry of Economics, prepared and submitted amendments to improve the Competition law for public consultation, in matters related to the liability of company officials for breaches of competition law/prohibited agreements. The mission of these provisions is to make not only legal entities but also officials of market participants liable for the most severe infringements of competition law. Will such regulatory changes reduce the incentives for company officials to participate in prohibited agreements? Perhaps. It is also possible that these changes will further motivate officials to collaborate as part of the tolerance programme, reporting committed breaches to us and helping us detect and rectify these breaches, thereby receiving full immunity or a significant reduction in their fine.

The third, but nonetheless significant item on our Authority's agenda for 2024, involved internal capacity improvements that it began. The Competition Council is currently facing a major change, with routine manual work related to the investigation and market assessment processes being transformed into technologically automated processes, thus optimising the resources of its professionals. The automated cartel screening tool, the implementation of electronic case files, an extensive information request and analysis tool, as well as a digital merger notification tool: the Competition Council is taking steps to develop these solutions as soon as possible in order to be the first among the competition supervisory bodies of the Baltic states to implement process automation.

We need your participation and support. Report infringements if you see them. Draw attention to laws or regulations that impede fair and equal competition, because only by working together can we address market failures in a more rapid and targeted manner. ■

**IEVA ŠMITE**

Competition Council acting chairwoman





# PASSPORT OF THE AUTHORITY

Fair competition produces efficient businesses that are motivated to offer outstanding choice and quality of services and goods, innovation, competitive prices and other benefits to win the battle for consumer choice.

The Competition Council ('CC') is a direct Executive authority under the supervision of the Cabinet of Ministers that operates in accordance with the Competition law and other laws and regulations. The CC is formed by the Cabinet of Ministers, and its institutional oversight is exercised through the Minister for Economics.

The tasks and authority of the CC are specified in the Competition law, Advertising law, Prohibition of Unfair Trading Practices Law, as well as European Union law, as well as other laws and regulations.

**Key values: rule of law, professionalism, independence, development, and openness.**

## Mission

Ensure that every market participant can carry out its economic activity in conditions of free and fair competition, promoting the development of competition in all areas of the national economy in the public interest.

## Vision

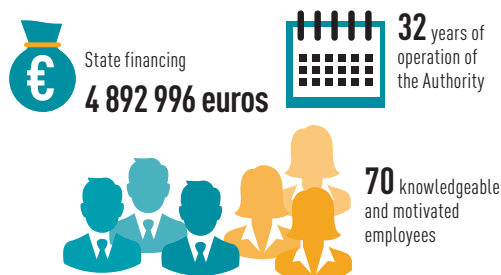
The Competition Council, as an effective Authority open to and trusted by the public, is committed to active, effective involvement in the development of markets and the protection of market participants' right to fair competition, achieving a significant improvement of the competitive environment.

## Operational tasks

- ▶ **Detection and prevention of prohibited agreements:** companies do not engage in cartels or other prohibited agreements.
- ▶ **Prevention of abuse of dominant position:** large companies dominating the market do not abuse their market power.

- ▶ **Merger monitoring:** no mergers that lead to market concentration and may adversely affect the interests of consumers and business partners.
- ▶ **Surveillance of public entities:** national and local governments and their companies do not discriminate against private market participants.
- ▶ **Monitoring of unfair trading practices:** market participants along the entire agricultural and food supply chain do not engage in unfair trading practices, nor do non-food retailers abuse their buying power against suppliers.
- ▶ **Control of laws:** laws, regulations and other decisions and actions of the national or local authorities do not restrict the development of free and fair competition.
- ▶ **Promotion of competition:** competition is promoted in markets, including regulated markets where it is limited or non-existent.
- ▶ **Public information:** the public receives extensive information about the impact of competition on the functioning of markets and the well-being of citizens.

## Resources of the Authority



## CC's Operational Strategy 2023–2029

The CC has defined three priorities to achieve its overarching objective:

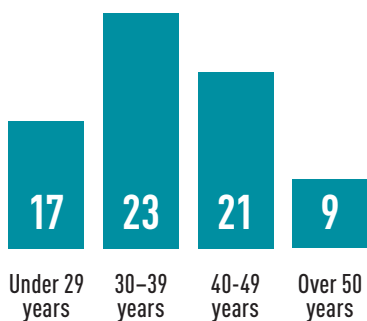
- 1) The CC's team is professional, committed and development-oriented;
- 2) Result-oriented day-to-day operations and cooperation, ensuring the detection of significant impediments to competition and the promotion of competition;
- 3) An innovative and sustainable working environment.

# TEAM OF THE COMPETITION COUNCIL

The CC consists of a decision-making body, which is its Council, and an Executive body. As of the end of 2024, the Authority had 70 staff members, 62 of whom were officials and eight workers.

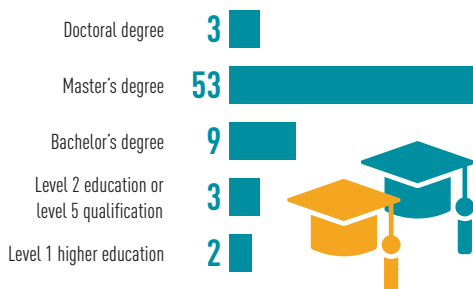
In 2024, staff turnover was 7.7%. 5 persons left civil service and 11 entered it.

## Age:



The average age of CC employees was 38 years old. 67% (47) are women and 33% (23) are men.

## Education:



**67 %**  
or 47 employees  
are women



**33 %**  
or 23  
employees are  
men

## 5 Council members

A Council of four competition law professionals, which assesses documents prepared by the Executive body in examining its cases and in market surveillance, and makes the Authority's final decisions. The Council acts similarly to a court of first instance. The Council consists of four members and a chairperson who manages the work of the Authority.

## 1 Executive Director

the head of the Executive body ensures the coherent organisation, planning and management of the activities of the Executive body and provides legal and conceptual support to the staff of the Executive body in investigations and proceedings.

## 34 investigators

investigators carry out infringement investigations, investigate market developments, assess competition distortions in legislation and in the activities of public entities, and provide preventive education and advice to various target groups, including through lectures and seminars.

## 12 lawyers

legal consultants prepare the legal grounds for the Executive board's decisions, represent the Authority before courts, prepare draft laws and regulations, assess whether documents prepared by other institutions distort competition, and recommend solutions.

## 6 economists

economists prepare the economic rationale for the Council's decisions and studies, research and develop new methods of econometric analysis, examine reports on mergers between market participants, investigate illegal mergers between market participants, and analyse and assess the economic environment at the micro level.

## 8 support functions

support functions establish communication with the public and coordinate international cooperation, ensure budget management, personnel management and document management, and the implementation of internal audit recommendations. They participate in the Authority's planning processes, and organise the economic support and other activities of the Authority.

## 2 IT support providers

IT support providers ensure the digitisation of the Authority's data processing and analysis processes through the implementation of information technology development projects and the strengthening of investigative capacities through the processing of electronic evidence in cases.

## 2 data analysts

data analysts are in charge of the development of data analysis at the Authority, ensuring the use of and improvements in academic and practice-based and recognised data analysis techniques through the in-depth collection, processing and analysis of big data.

# YEAR 2024 IN FIGURES

Decisions	
Prohibited agreements	3
Infringements detected	2
Mergers of companies	21
Mergers allowed	21
Total number of decisions	24

Market research	
Market surveillance completed	5
Market research procedures initiated	6

Infringement statistics	
Fines imposed on companies (EUR)	142 962,62
Fines paid to the national budget (EUR)	6 886 281,02
Companies fined	3
Settlements reached with companies undertaking to not appeal	2
Legal proceedings completed	7
Authority decisions upheld	5

Prevention and “Consult First”	
Warning procedures	9
Number of legal entities warned	64

Negotiation procedures on Competitive Neutrality	3
Public bodies committing to rectify legal breaches	3

Submissions and opinions	
Replies to submissions received	233
Examined submissions, based on which a Council decision was adopted providing protection against possible infringements of competition law	42
In-depth assessment of submissions through additional research	65
Opinions provided to contracting authorities on possible competition infringements in procurement	22

Opinions on public participation in a company (Section 88 of the State Administration Structure Law ('SASL'))	17
Explanations of other actions by public entities	94
Other replies given	35
Opinions on sectoral regulation proposals	51

Advice and guidelines	
Advice on competition law for businesses and the non-governmental sector	63
Pre-merger advice for companies	34
Guidelines and self-assessment tools	1

## Benefit to the public: 35.1 million euros per year

The average benefit to the public of CC activities in preventing distortions of competition, monitoring markets and instigating changes to promote competition, and monitoring the implementation of large mergers, over a three-year period (2022–2024). Taking the Authority's budget in the period considered into account, each euro allocated to the Authority generated a benefit to the public of around EUR 10.01.



# ADOPTED DECISIONS REGARDING SUBMISSIONS RECEIVED

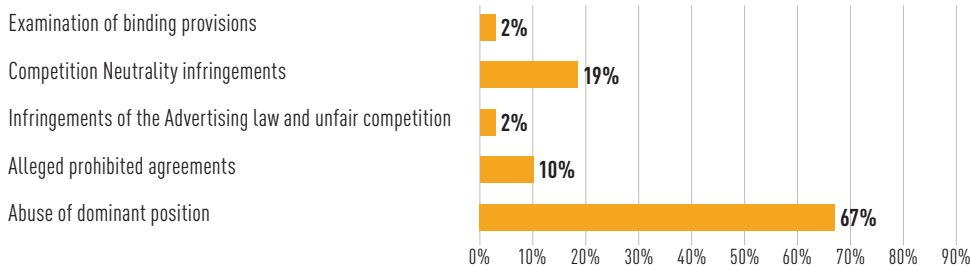
The CC decision-making body, its Council, takes decisions on complaints received by the Authority, either initiating an infringement case, market surveillance, or an investigation into collusive practices, or deciding not to initiate an infringement case because there are no indications of an infringement, and to respond to the complainant on the substance of the problem raised in the complaint.

Given the Authority's limited resources, it has the right to prioritise the submissions it receives and, in less serious infringements or where the affected market or the market participants involved in the infringement do not have a significant impact in the market, to rectify a legal breach, not by formally initiating and sanctioning proceedings, but by warning or through negotiation procedures.

**In 2024, the CC Council adopted 42 decisions in** the procedure for the assessment of allegations of infringements received by the Authority, representing **62% of all decisions adopted by the Authority** that year. 32% of all decisions made by the CC were merger decisions, while 4% of all decisions were taken as part of formal investigations of alleged infringement cases.

More than half (67%) of all complaints were associated with the alleged abuse of a dominant position, a fifth (19%) concerned alleged breaches of Competitive Neutrality, and 10% of all complaints were related to alleged prohibited agreements.

## Breakdown of submission topics



In 2024, not counting decisions made on submissions received in relation to alleged infringements, the CC adopted 3 decisions finding infringements and one decision terminating a case investigation without finding an infringement, and initiated 7 new infringement cases. The CC adopted 21 decisions on company mergers. In 10 cases, the alleged competition infringements were rectified through warning or negotiation.

The complaints that the CC received about alleged infringements of the Competition law and the methods that were used to rectify these infringements can be found in the annex to this Annual Report.



### Māris Spička, head of the Competition Council Executive Body:

‘For the Competition Council, submissions are an important source of information on possible infringements and existing restrictions on competition in the market. For this reason, there is a wide range of options for any person to report a possible infringement to the Competition Council, including through the anonymous reporting tool on the Competition Council’s website, which has seen success. No submission goes without attention. At the same time, the primary mission of the Competition Council is not to punish but to prevent and eliminate restrictions on competition, which I believe can be achieved by explaining, educating, and warning. So, the biggest share of submissions leads not to formal infringement cases and fines but to

preventive warnings, explanatory measures and market surveillance, all aimed at preventing the restriction of competition and restoring a fair and competitive environment.’



# PROHIBITED AGREEMENTS

In 2024, the CC discovered **two prohibited agreements**: a vertical prohibited agreement in the wholesale and retail sale of lighting equipment and a horizontal prohibited agreement related to the insulating of residential buildings in Saldus.

Another **investigation case** opened in 2024, where the Authority probed into a prohibited agreement between tenderers in a public procurement who had formed a consortium and submitted a joint bid, was **closed without finding an infringement**.

## Prohibited agreement cases:



### Prohibited agreements on procurements for the insulation of buildings in Saldus

The CC discovered a prohibited agreement between two construction companies — SIA GATE L and SIA Aksite — as they divided projects for insulating apartment buildings in Saldus. The two fined companies had colluded on the terms of their participation in the procurements, reaching an agreement on the allocation of a number of house insulation projects in 2017 and 2021–2022.

The companies also formed a consortium, but did not carry out the same amount of work at each site as foreseen in the contract, instead conducting work on separate sites. The consortium was thus set up to reduce competition in the procurements in question and to exchange commercially sensitive information under the cover of the consortium.

The initial information concerning the alleged infringement of competition law was received by the CC from the Central Finance and Contracting Agency. The companies were fined a total of **108,472.36 euros** for this breach of competition law.



### Resale pricing and project protection on the lighting equipment market

The CC found a vertical prohibited agreement between the wholesale and retail company SIA Mirastyle, setting the resale price for certain retailers that purchased goods from SIA Mirastyle.

In its investigation of the case, the CC revealed that SIA Mirastyle was engaged in the division of the market, i.e., projects. This included SIA Mirastyle sharing commercially sensitive information with certain retailers about projects that involved the purchase of lighting equipment. If they did not comply with the rules set, SIA Mirastyle's retailers would be prevented from purchasing goods or, in the event of projects being protected, not being supplied with goods at all.

**In both cases, the prohibited agreement was found to have been aimed at restricting competition in the lighting equipment market in Latvia, for which the company was fined EUR 34 490.26.**

**2 new infringement** investigations into possible prohibited agreements between companies were also opened in 2024.

Highlighting the topic of joint bidding, **guidelines were developed** to explain to market participants the circumstances that must be taken into account when assessing the submission of a joint bid in a procurement and the conditions that must be met for the submission of a joint bid in a procurement in order to not infringe the Competition law.

**27 seminars and other educational actions** provided information about competition law topics, in particular, on prohibited agreements to businesses, procurement organisers and other interested parties.

## “Consult First”

Based on the Authority's prioritisation strategy and following the “Consult First” principle, an alternative infringement prevention procedure was also actively used. In 8 cases of possible prohibited agreements, the CC warned and at the same time educated **15 legal entities** in competition law.

## Opinions for contracting authorities in procurements

In addition to collusive horizontal and vertical agreements between competitors, the CC paid particular attention to the investigation of submissions related to the Public Procurement Law, with contracting authorities seeking the opinion of the CC in cases where they saw strong indications of coordinated activities by tenderers in a procurement.

In 2024, the CC issued 22 opinions to contracting authorities covering detected indications of the existence of agreements aimed at obstructing, restricting, or distorting competition in specific procurements, in view of which the contracting authorities would be entitled to eliminate the tenderers from the procurement.

In order to educate public contracting authorities on the topic of eliminating tenderers in procurements due to possible competition law infringements, a series of 3 seminars was held in 2024, in conjunction with the Procurement Monitoring Bureau and the Corruption Prevention and Combating Bureau. ■

## Acting head of Prohibited Agreements Department Inga Modere-Pūpolberga:

‘In 2024, in order to streamline our activities and deliver an even more meaningful contribution and results, we strengthened our capacity with new professionals. Active specialisation efforts are also taking place in several areas, diversifying our overall performance. After a long break, we completed a study on vertical agreements, which for the first time looked at the topic of protecting projects within the context of expanding competition law practice in Latvia. This year, we also continued our work in public education together with our partners — the Corruption Prevention and Combating Bureau, the Financial Intelligence Unit, the Central Finance and Contracting Agency, as well as AFCOS: we educated procurement organisers, market participants and other interested parties in order to assist them in the recognition of potential competition law infringements, because, as we know, certain aspects of prohibited agreements never lose their relevance.’



# SECTORAL RESTRICTIONS ON COMPETITION

## Abuse of dominant position

In 2024, the Authority conducted a number of investigations into possible **abuses of dominant position**. The majority (67%) of the submissions received by the Authority that the CC Council adopted a decision on were related to alleged abuses of dominant position (see Annex for a summary of submissions).

The **“Consult First”** principle was also actively used to streamline the use of the Authority’s resources, preventing potential delays in competition. At the same time, **three investigation cases** into abuses of dominant position by market participants were opened in 2024.



### On fees charged for waste management sites

The CC conducted an investigation into the methodology for setting the fees charged by a waste management company operating in Sigulda. Manufacturer responsibility system operators (MRSO) were charged a fee for the use of infrastructure at separate waste collection sites. The CC concluded that the design of the methodology for determining the fees did not take into account the number and the type of management systems in which MRSO operated. This created an unequal situation between MRSO operating different numbers and types of management systems, and made the fees for some MRSO unreasonably high. The CC informed the waste management company of its findings and the waste management company corrected its methodology.

## Restrictions on competition in various sectors

In 2024, the Authority actively monitored and reacted to various restrictions on competition in sectors where an in-depth investigation can identify negative effects of market participant behaviour on competition, behaviour that may not initially be in obvious breach of competition law regulations.



### Prohibition on doctors enticing patients over from other doctors restricts competition among medical professionals

The CC initiated an assessment of the prohibition on doctors enticing patients over from their colleagues specified in the Latvian Physicians’ Code of Ethics. The Authority concluded that such a prohibition could limit competition among medical professionals and prevent private physicians and dentists from offering patients higher quality, more accessible services, at better prices. As a result of the negotiations conducted by the Authority, the Latvian Medical Association amended the prohibition included in its Code of Ethics with the aim of encouraging competition among its members.



### Non-compliance of the application of sports dance transfer rules with competition law

The Authority assessed the impairment of competition between sports dance clubs caused by the association representing the interests of specialists in the field of sports dance in relation to transfer conditions, as it set the procedure for dancers changing sports dance clubs. In this situation, the CC assessed the transfer rules for children and teenagers involved in sports dancing, with a transitional period and/or compensation imposed in the event of changing the sports dance club.

The CC concluded that, in the context of children and teenagers, the duration of the transitional period and, in particular, the imposition of a compensation charge for those seeking to change their sports dance club unduly restricted the freedom of choice of the dancers and obstructed competition between sports clubs.

Following the Authority’s findings, the association made changes to the transfer rules.

## Digital markets survey and Digital Markets Act monitoring

Fostering of competitive digital markets was set as one of CC’s priorities for 2024, with the Authority devoting significant resources to studying competitive conditions in this area.

In 2024, with the growing importance of digital technologies, the **CC received and assessed 18 submissions on possible restrictions on competition in digital markets**, with in-depth investigations into the provision of taxi services in car-sharing apps, online cargo brokerage services, a specialised app for catering services payments, and the conduct of advert platforms.

At the beginning of 2024, the Competition law was amended, giving the CC an additional task of overseeing the implementation of the Digital Markets Act (‘DMA’) in conjunction with the European Commission (‘EC’). In relation to this, the CC ensured its representation in the DMA High-Level Group and Advisory Committee, with the CC also participating in a number of decisions, including on the status of new gatekeepers.

In 2024, international cooperation took a significant step forward, with active monitoring of digital market developments in other member states and in EC practice. In Autumn 2024, the TSI project ‘Market study on competition in digital markets’, conducted in cooperation with the EC, OECD, Lithuanian and Polish competition authorities, was launched with the aim to survey digital markets in the countries participating in the project (Latvia, Lithuania, Poland), focusing on the largest digital platforms, in order to understand the impact of DMA at the level of these countries.

At the national level, the CC strengthened its work with the Consumer Rights Protection Centre (‘CRPC’), in order to improve cooperation in the field of digital markets, including the Digital Services Act (‘DSA’). In late 2024, the CC, CRPC, and other authorities signed a memorandum of cooperation for the effective implementation of DSA in Latvia.



### Rūta Šutko, head of the Analytics Department:

‘In-depth market research are an important tool for effective surveillance. Abuses of dominant position and other competition restrictions whose negative effects on the elements of competition may not be obvious require an assessment and detailed review of the market, its functioning, its structure, and the missions and reasons for the behaviours of market participants. It is specifically

preventive market surveillance that ensures that the Authority can react to competition restrictions in specific sectors in a timely manner and choose the most effective measures: making regulatory proposals, opening infringement investigation proceedings, or prevention in order to promote a free competitive environment and the development of business in sectors of the economy.’



# COMPANY MERGERS

One of the tasks of the CC is to assess mergers between major companies to prevent possible negative effects on competition and consumers.

In 2024, the CC received 24 merger notifications and assessed **21 mergers**, with one notification on a proposed merger withdrawn. Compared to 2023, there was a **14% increase in the willingness of businesses to merge**.

The highest level was observed at the end of 2024 when the CC authorised **seven mergers**. 55% of all decisions adopted in 2024 were related to mergers between competing market participants, i.e., companies in horizontal relationships. One in five mergers took place between companies with no horizontal or vertical connections. 14% of all decisions adopted were for companies in vertical relationships, i.e., companies operating at different levels of the supply chain.

In 2024, mergers took place in various sectors, affecting a total of **31 markets**, including wholesale and retail trade, the car and motorcycle repair market, the financial market, the manufacturing market, the water supply and waste management market, the agriculture, forestry and fisheries market, the electricity and heating market, and the construction market. The number of affected markets in 2024 fell 28% year-on-year.

The market participants involved **paid EUR 108,000 in merger assessment fees** to the national budget in 2024, almost twice as much as in 2023. In order to facilitate the submission of merger reports by companies, the CC conducted **34 pre-merger consultations**.

The CC assessed the majority of mergers within one month, paying additional attention to mergers requiring in-depth assessment. In 2024, **two such in-depth assessments were carried out**, both of which led to the merger being permitted without reservations.



**Artūrs Kuka, head of the Economic Analysis and Merger Department:**

'Merger activity remained high in 2024, demonstrating the desire of businesses to adapt to changing market conditions and expand

their activities. The Competition Council carefully assessed each transaction to ensure that it did not lead to significant restrictions on competition. At the same time, we continued to work closely with the companies, providing pre-merger consultations and expanding the scope of public information for better clarity and transparency of the process. Our intention is to ensure that the merger process remains high quality, efficient and expedient, bringing benefits to consumers and to the business environment as a whole.'

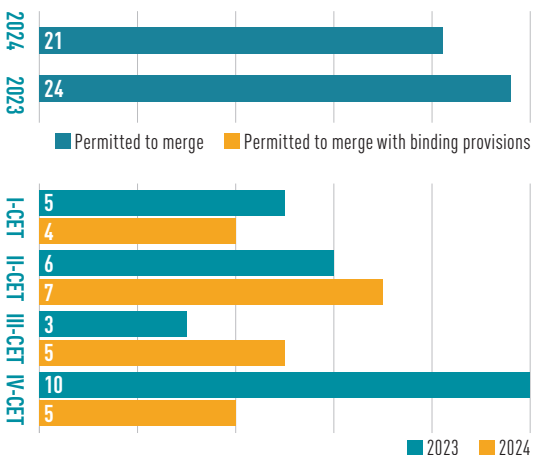


**The CC authorised** AS ANTALIS to take over the packaging materials distribution company SIA PAKELLA, expanding its activities in the industrial, food, and cardboard packaging distribution market in Latvia. The CC did not find any significant harm to competition and, therefore, decided to allow the transaction.



**The CC authorised** the aviation fuel trader SIA BALTIC GROUND SERVICES LV to take over SIA Gulfstream Oil, which sells aviation fuel and refuels aircraft on the premises of VAS STARPTAUTISKĀ LIDOSTA 'RĪGA'. Having prepared an economic forecast, and modelled and assessed alternative scenarios, the CC found that the merger between SIA Gulfstream Oil and SIA BALTIC GROUND SERVICES LV would cause less harm to or even benefit the competitive situation compared to if the merger did not happen. ■

## Types of decisions, and their breakdown by quarter



# SURVEILLANCE OF UNFAIR TRADING PRACTICES

The Prohibition of Unfair Trading Practices Law ('PUTPL') took effect in 2021, aiming to prohibit unfair trading practices across the agricultural and food supply chain and the abuse of buying power by non-food retailers against suppliers. The enforcement of this law is monitored and supervised by the CC.

## Warning of traders

**13 submissions** on possible breaches of the law were assessed in 2024. The submissions included requests for explanations on the conduct of goods procurement organisers and its compliance with PUTPL, as well as various questions on the prices of foodstuffs and observations made by the public in retail shops.

## Advising and educating

In order to raise awareness of the principles of fair trade and of how to implement these principles in practice among traders and suppliers, the CC **conducted 29 information and education activities**, including a food industry conference and seminars for agriculture and food chain stakeholders, preparing expert articles and other activities. The CC also held **6 international information and education events** for other EU member states, sharing its experience in market surveillance and monitoring the food sector.

In 2024, the CC delivered **31 consultations related to the application of PUTPL to market participants**. The consultations answered questions on the application of the law, including payment deadlines, lease agreements and aspects of conducting negotiations with buyers.

The CC also prepared **4 international requests for information related to the practice of applying PUTPL, submitted** to authorities supervising unfair trading practices in other countries, and provided other EU member States with **15 explanations** on the application of the law.

## Market surveillance

In 2024, breaches of PUTPL were investigated as part of **three market surveillance actions/in-depth studies**:

- ▶ The CC investigated the prices of eggs, fish and meat products (see 'Market surveillance' section for key findings);
- ▶ The CC assessed the competitive situation in the retail of everyday consumer goods;
- ▶ The CC conducted follow-up surveillance actions on retailer sanctions for a breach of contract against suppliers.

At the same time, the CC conducted an annual survey of suppliers to assess the effectiveness of the measures implemented by the CC, and to determine how well the law functions in actual relationships between suppliers and buyers.



## Unequal treatment of suppliers by retailers

In its repeat assessment of the market surveillance activity

'Regarding the fines imposed by retailers for a breach of contract by suppliers', the CC found that retailers only partially took CC's recommendations related to unfair and unjustified sanctions against suppliers into account. The most significant differences between the opinions of retailers and their suppliers were on the risks found by the CC that pertained to the trends in charging contractual fines by buyers and the inclusion of maximum contractual fines amounts in contracts.

Differences of opinion also exist regarding the difference in contractual terms regarding promotional and non-promotional goods, as well as contract-prescribed communication in the event of the agricultural products and foodstuffs supplier being unable to deliver the goods. The CC also found that both retailers and suppliers lacked the understanding of having uniform definitions in avoiding the repeated imposition of contractual fines: every retailer uses its own methodology for applying fines that benefits it the most, making it difficult for suppliers to adapt.

Given the unequal relationship between retailers and their suppliers, the CC urged policymakers to provide more detailed rules on prohibited trading practices in order to reduce the risks of infringements of PUTPL by buyers, including retailers, in 2025.



## Competition among food retail chains in Latvia

The entry of the LIDL brand into the Latvian market in 2021 marked a significant change in it, creating competition for players such as RIMI and MAXIMA. In view of the development of competing retail chains, the CC conducted market surveillance for competition in the retail sale of everyday consumer goods during the 2018–2022 period, also marking trends in 2023.

The market surveillance measure led to the conclusion that competition between retail chains existed in Latvia as a whole, but in certain Riga neighbourhoods (Centrs, Grīziņkalns, Ilģuciems, Jugla, Pļavnieki), competition was limited and was to be encouraged.

The CC found that there were no significant administrative barriers to new players entering the Latvian market. At the same time, the CC believed that building new stores on the Latvian market, in particular, in Riga, was problematic. This was caused by the scarcity of locations advantageous for retail in the city zoning, which could impede the entry of new market participants.

The market surveillance measure covered 12 retailers in Latvia: RIMI, MAXIMA, LIDL, SKY, SPAR, TOP, Mego and Vesko, Aibe, Citro and Eldo, LaTS, Beta, and Elvi. A consumer survey was also conducted to ascertain consumer shopping habits across Latvia and in the neighbourhoods of Riga, including the views of the consumers on the substitutability of the retail chains. ■



## Sanita Uljane, head of the Unfair Trading Practices Prevention Division:

'2024 marked a notable period of change and development for the retail sector. We proposed changes in the Prohibition of Unfair Trading Practices Law to promote equality between buyers and suppliers. Much attention was paid to the study on compliance with payment deadlines in the supply of fresh fruit, vegetables and berries that began in 2024, as well as to the current challenges in the sector, revealed by the survey of the suppliers and by the findings of the market surveillance completed at the beginning of the year. In 2025, aware of supplier concerns, we will continue to build trust in the Competition Council so that suppliers and the associations they represent feel confident in defending their interests.'

# IMPACT OF PUBLIC ENTITY ACTIVITIES ON COMPETITION

## Involvement of national and municipal authorities in business activities

Across all of 2024, the CC received **111 submissions** related to the activities of public entities (national and municipal authorities and companies owned by them), including the possible distortion of competition and revaluation of shareholdings in companies.

Of all the submissions, **19 were assessments of public entity shareholdings in companies**, which according to Section 88 of SASL, must be assessed at least once every five years. The CC issues opinions to public entities in order to prevent the risk of a public entity engaging in business activities without justification, thus distorting competition and making it more difficult or even impossible for private merchants to operate in the market.

For advisory purposes, the CC continues **preparing compilations broken down by sector or industry** that highlight the main conclusions and problems arising from the Authority's findings on revaluations of shareholdings of national and local authorities in business companies. Conclusions on the involvement of public entities in the management of buildings were compiled in 2024 and will be made public in 2025, and a compilation covering waste management will be finalised as well.

## Compliance with Competitive neutrality regulation

The Competition law requires public entities to observe **Competitive Neutrality**.

In 2024, the CC reviewed **94 submissions on the conduct of public entities** (national and municipal authorities and companies owned by them), with the conduct including possible discrimination against private market participants or the creation of advantages for their own companies.

**In three cases** during the reporting period, the municipal governments committed to take the necessary actions to address their breaches as a result of negotiations. The application of the negotiation procedure is specified in Section 14.1 of the Competition law, and its purpose is to quickly eliminate deficiencies in the conduct of municipal companies, municipal authorities and other public entities.



The CC conducted negotiations on the Competitive Neutrality breaches in the activities of the Tukums Municipality government, which previously had not organised public tenders for the provision of building management services in

Tukums, for apartment buildings whose management was not taken over by their residents. As a result of the negotiation procedure, the Tukums Municipality government committed to take active steps to ensure that its operations complied with Competitive Neutrality.



The CC concluded an investigation into the product requirements included in the Riga State City municipal government city amenities procurement documentation, as well as the criteria for the assessment of tenderer bids.

Given the fact that a number of city amenity objects, such as benches and waste bins, had a specific manufacturer set, thus preventing the possibility

of offering an equivalent, as well as other deficiencies in procurement documentation, the CC entered into negotiations with the municipal government. As a result of the negotiations, the municipality committed to prevent similar situations from recurring in future procurements.



The CC held negotiations with the Jūrmala State City municipal government, pointing out the need for the municipal government to amend its binding regulations, with a benefit of providing vehicles to the universal postal service provider and other state companies only being applicable if they are used for the performance of a delegated task or for the delivery of strategic goods and services.



Furthermore, the CC conducted an investigation into the restrictive conduct of the State Culture Capital Foundation ('SCCF') with respect to self-employed persons, preventing them from applying for project funding. As a result, the SCCF undertook to eliminate the breach of Competitive neutrality regulations, and starting from 2025, natural individuals registered with the State Revenue Service as economic operators will also be able to apply as legal entities for receiving financial support in SCCF tenders, using equivalent criteria.

## Pro-competitive laws and regulations

In 2024, in order to eliminate potential restrictions to competition that could be caused by regulations, the CC prepared 51 opinions for legislators, covering more than 12 sectors of the economy, such as water and wastewater management, building management, healthcare, aviation, public administration and corporate management, taxation, cemetery management, telecommunications networks, food services, and education.

In order to encourage the adoption of regulations that promote competition, representatives of the CC defended the principles of fair competition at 99 events, including at the Cabinet of Ministers, the Parliament, etc.

The opinions of the CC were taken into account in 30% of all measures taken to eliminate restrictions on competition caused by public entities. ■



## Antis Apsītis, head of the Competition Promotion Department:

'The year 2024 continued to highlight an increase in the level of detail and complexity of situations described in submissions and requests for consultations on competitive neutrality. At the same time, we are happy to see improvements in the understanding of the relevance of Competitive Neutrality among public entities, which in a significant number of cases makes it possible to address problematic situations effectively without entering into negotiations. We will continue to educate stakeholders on Competitive Neutrality in the coming year.'





# MARKET SURVEILLANCE

In 2024, the CC completed its surveillance of five markets:

- ▶ the market surveillance of the activities of education institutions in the provision of student residence services to third parties was completed;
- ▶ study of the prices of meat, eggs and fish products along the entire food supply chain;
- ▶ analysis of the competition in everyday consumer goods retail (for key findings, see 'Surveillance of unfair trading practices');
- ▶ conclusion of the market surveillance for heating energy purchases in the heating supply zone of the right bank of the Daugava;
- ▶ study of the market for the management of waste produced by ships in the Freeport of Riga.

## Education institution student residence services for third parties

In 2024, following multiple complaints about potential restrictions on competition in the context of education institution student residences leasing accommodations to tourists, the CC completed a market surveillance measure aimed at analysing the activities of student residences in the provision of services to third parties, i.e., tourists, and identifying the regulatory requirements that potentially contributed to different competitive conditions.

Concluding the market surveillance measure, the CC urged educational institutions to assess whether it would be possible to lease their student residences to a private operator, with cooperation aspects defined in the lease agreement and with the education institution setting the lease fee for the students and the internal regulations, promoting competition as a result. This would be especially true for those student residences that are no longer used to accommodate students or that accommodate fewer students than tourists.

### ▶ Regulatory amendments necessary

As part of its market surveillance, the CC found that according to laws and regulations, educational institutions may provide paid services as long as it does not interfere with the teaching of education programmes. However, **in the opinion of the CC, it is necessary to assess the need to amend the laws and regulations with provisions stating that public entities engaging in an economic activity must set the service fee in accordance with the market price, rejecting the current principle requiring that the service fee may not exceed the costs associated with the service**, thus creating unequal conditions of competition whereby public entities compete with private student residences, offering an identical service.

### ▶ Disproportionality of prices

**The CC found that competition was also affected by the disproportionate pricing of paid services in student residences**, with most of them charging between EUR 3 and EUR 10 per bed or room per day, with the price exceeding EUR 20 or reaching EUR 100 for high-comfort rooms with additional services such as breakfast in some cases only. It was also concluded that despite a clear increase in costs in recent years, a large number of municipal student residences had not updated their price lists for accommodation services.



## Food price monitoring

In 2024, phase three (meat, fish, eggs) of a major market study on the retail market for eggs, milk, fish, meat, grain, and bakery products came to an end, assessing the severe situation in the food sector and rising food prices.

As part of market surveillance, the CC studied cooperation between suppliers and retailers, looking at price changes or transfers of prices from one link in the supply chain to the next, whereby, for example, if a manufacturer reduces its price, it is reduced proportionally in the retail stores so that the consumer feels the benefits of this. The CC also looked at price fluctuations, at how prices of equivalent products changed in shops, and how often and how quickly it happened.

In its market surveillance activities, the CC found that **for meat, fish, and egg product groups produced in Latvia, there were higher mark-ups on average than for goods produced outside Latvia**; deficiencies were also found in the contracts between the retailers and the suppliers. **The study did not reveal any price-related prohibited agreements among merchants or PUTPL infringements between retailers and suppliers**; however, it provided comprehensive data about the sector that can support policymakers and responsible ministries in making data-driven decisions.

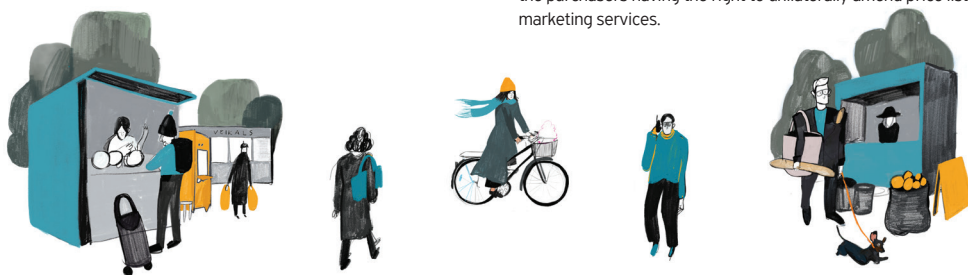
### ▶ Pricing of private label and independent label goods by retailers

The CC found as part of its market supervision activities that the purchasing prices of private-label products (raw pork, doctor sausage, raw chicken, eggs, raw fish), i.e., ordered from the manufacturer by the retailer and sold under the retailer's private label were significantly lower than the purchase prices of equivalent independent-label products.

For this reason, given the market power of the retailers, the **CC recommended them to be particularly careful to treat their suppliers fairly in situations** where the same supplier produces both private and independent-label products, which are identical in composition, and not engage in prohibited practices under PUTPL or practices that do not comply with the requirements of good faith and fair trading.

### ▶ Shortcomings in cooperation agreements with suppliers

The CC found that goods purchasers were entitled to unilaterally amend contracts whenever delivered agricultural and food products were of inadequate quality, or whenever suppliers failed to properly fulfil their obligations and could not rectify breaches of contract, with the purchasers having the right to unilaterally amend price lists for marketing services.



In some contracts, the CC also found that compared to non-Latvian suppliers of agricultural and food products, contracts of Latvian suppliers set significantly higher contractual fines for breaches of quality and harmlessness requirements and for breaches of trade secrecy rules.



## Heating energy procurements on the right bank of the Daugava

In order to gain a more detailed understanding of the weekly procurement of heating energy on the right bank of the Daugava in Riga, the CC conducted a market supervision activity, analysing the competitive situation for the 2020–2023 heat procurement on the right bank of the Daugava in Riga, including the relevance of the procurement of residual heat.

### ► Deficiencies in the existing heating energy procurement model

Currently, the weekly heating energy procurement on the right bank of the Daugava in Riga is divided into two segments: the competitive and the monopoly zones, with two parallel parts of the market. In the competitive area, a tender is announced for the amount of heating energy offered by small independent producers and AS Latvenergo for the next trading week. Meanwhile, there is no competition in the monopoly zone (the second procurement part), as the remaining amount of the heating energy is supplied exclusively by AS Latvenergo, in order to ensure the amount that AS Rīgas Siltums needs.

The CC's investigation showed that in the existing procurement model, the economic gradualism principle is only applied to the competitive weekly segment, whereby AS Latvenergo has no incentive to offer a lower price for the monopoly zone than the fee set by the Public Utilities Commission, since AS Rīgas Siltums, taking the monopoly zone of the procurement model into account, purchases the heating energy from AS Latvenergo at a set fee, even though there is a cheaper offer on the market.

### ► Proposals for improving the competitive situation

The CC proposes to revise the existing heating energy procurement model on the right bank of the Daugava, gradually opening up the general market and eliminating preferential treatment for one market participant. In order to improve the model, the **CC also urged AS Rīgas Siltums to organise sectoral consultations and to hire an independent expert.** This approach would ensure efficiency, sustainability and development opportunities as well as the uninterrupted provision of the service for heating energy producers, and the lowest possible final price for consumers.

The CC pointed out that the overall opening of the market should also take place gradually, and this issue should be addressed in a comprehensive manner, taking into account the shares of lot divisions, the matter of residual heat, and changes in the heating energy procurement period. In its market monitoring activities, the

CC also emphasised the **need for cooperation and proactive measures** to be taken by the authorities in charge such as the Ministry of Climate and Energy and the Public Utilities Commission. A transition to a single-zone amount of heat or the possibility of increasing the share of heat purchased as part of the competitive zone would enable the market to self-regulate, incentivising small, independent heat producers to increase their heat generation capacity for the competitive zone.



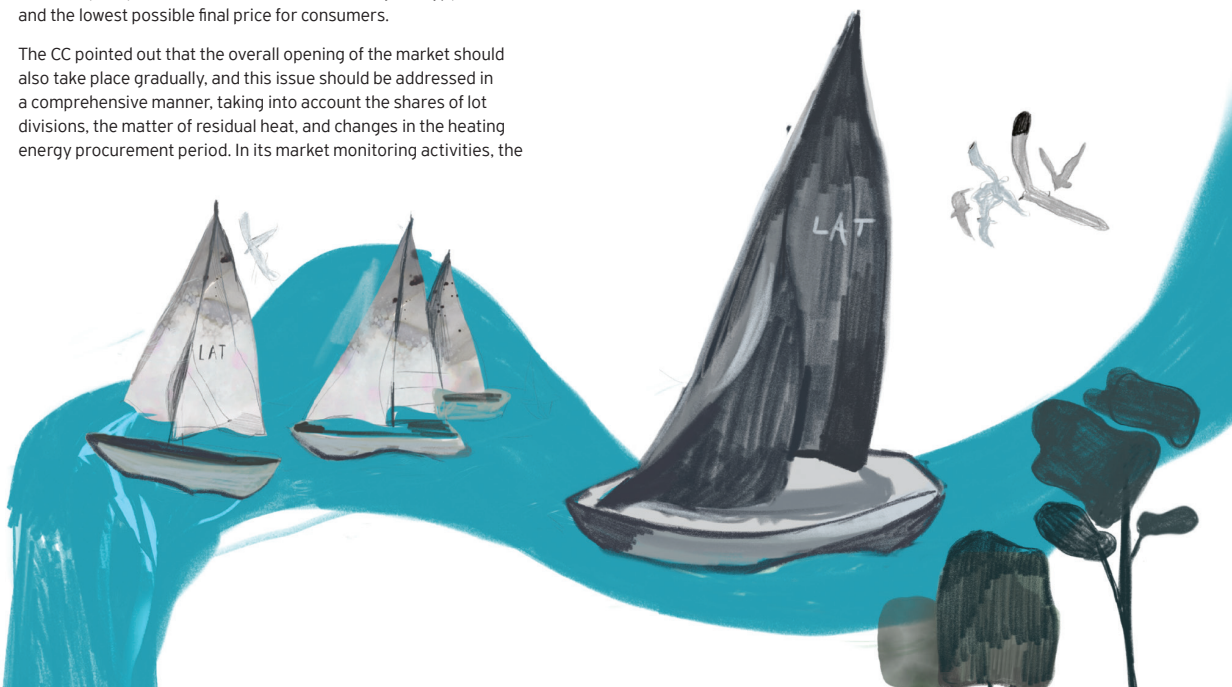
## Limited competition in the market for the management of waste produced by ships in the Freeport of Riga

The CC conducted an in-depth investigation on the management of ship-generated waste in the Freeport of Riga in order to address the rapidly rising ship-generated waste management fees and unequal conditions in waste management contracts.

During its surveillance activities, the CC assessed the competitive situation in the market for oil-containing ship-generated waste and wastewater management in the Freeport of Riga, including an analysis of the ship-generated waste management fees charged at the Freeport of Riga, taking into account the fact that 'Eko osta' is the only treatment facility operator at the Freeport of Riga.

As part of its in-depth investigation, the CC concluded that there was limited competition for the management of oil-containing ship-generated waste and wastewater in the Freeport of Riga, as for a long time, ship-generated waste had been managed by a single operator. **In the CC's view, the Freeport of Riga Authority must organise a new procurement procedure** once the existing management contract expires, **stating in its regulations that the new management contract must be concluded for a period not considered long term, opening the market to new market participants.**

Furthermore, the CC urged the Freeport of Riga Authority to assess the possibility of allowing multiple market participants to **provide** ship-generated waste management services, taking into account the fact that ships must be able to dispose of the waste they generate in as easy and as quick a manner as possible. This could be achieved by **splitting the management of ship-generated waste into stages**, separating the collection and transport stage from the waste treatment phase, or by splitting the ship-generated waste by type, with the possibility for ships to hand over, for example, wastewater directly to the wastewater system of the Freeport of Riga, and to use a ship or tanker road vehicle to pick up oil-containing ship-generated waste.



# COURT PROCEEDINGS CONTESTING DECISIONS OF THE COMPETITION COUNCIL

In 2024, **seven court proceedings** related to decisions taken by the CC were fully concluded, with one of these upholding the CC's decision in terms of detecting an infringement, and the matter of the amount of the fine still being under review. Overall, the CC provided representation in **23 active court proceedings** related to the activities of the CC or its decisions.

In 2024, companies fined for competition law infringements, including after court proceedings had been concluded, and after the respective CC decisions took effect or after the companies had reached settlements with the Authority, **paid more than EUR 6.8 million to the national budget**.

## Key court proceedings



On 25 January 2024, the Senate of the Republic of Latvia upheld the ruling of the Administrative District Court, in which it concluded that the 2017 decision of the Competition Council regarding the participation of SIA DEPO DIY in a collusive vertical agreement and a collusive horizontal agreement/cartel of manufacturers and sellers of construction materials was justified. Because the decision was final, SIA DEPO DIY paid a fine of EUR 3,718,323 to the national budget.



In 2024, the Senate of the Republic of Latvia confirmed the opinion of the CC in that it can impose a legal obligation on a private individual to appear before the Authority and provide explanations in a case and, if the individual refuses to do so, to find a procedural violation in the conduct of the individual.



Also, in 2024, the Administrative District Court reviewed a lawsuit by a private individual challenging the refusal of the CC to initiate a case and urging that the CC be ordered to re-examine the submission. In the view of the court, the CC had proper grounds and rationale for its refusal to initiate the infringement case. The private individual did not contest the ruling through the cassation procedure, and the ruling took effect.



The Administrative District Court also dismissed a lawsuit of AS LIEPĀJAS AUTOBUSU PARKS on declaring illegal the decision of the CC, in which it refused to initiate a case on the alleged infringement of competition neutrality. The court noted in particular that the Competition law does not provide persons and institutions with the right to request the opening of a case and the discovery of an infringement, for which reason the court found that the CC had correctly assessed key circumstances and found no errors in the exercise of the Authority's discretion. The ruling was not appealed through cassation proceedings and took effect.



In 2024, court proceedings were completed regarding the request for evidence from a CC case in order to provide grounds for a damage compensation claim. Both the court of first instance and the Senate of the Republic of Latvia found that the request for evidence in such a case was to be made through civil proceedings.



The ruling of the Administrative District Court dismissed the lawsuit of SIA BALTSTOR and SIA LENOKA for the revocation of the 2018 decision of the CC in a case of prohibition of unfair retail trade practices. In late 2024, the Senate of the Republic of Latvia overturned the part of the ruling that was related to the fine, meaning that the decision of the CC on discovering the infringement itself took effect. ■



**Acting head of the Legal Department Andris Eglons:**

The 2024 court proceedings resulted in important case law findings in the area of substantive Competition law, and the CC contributed to the assessment of laws in terms of their constitutionality. The judgment of the Court of Justice of the European Union in case C-606/23 confirmed

the position of the CC in interpreting the standard of proof for agreements restricting competition by their consequences, in that it is not necessary to demonstrate specific consequences restricting competition that have actually taken effect in assessing prohibited agreements. It is sufficient for the Authority to prove the existence of possible consequences restricting competition, provided that they are sufficiently significant. Furthermore, in Case No. 2022-44-01, the Constitutional Court, having examined the opinion of the CC and the oral explanations provided by the CC at the court hearing, agreed, among other things, with the opinion of the CC on the unconstitutionality of the regulation which at that time imperatively prohibited a merchant from leasing out limited radio frequency bands that had been acquired free of charge and on its potentially negative impact on the telecommunications market across Latvia.



# COMMUNICATION AND COOPERATION

In 2024, CC representatives participated in **72 educational events organised by the Authority or other organisations**.

In order to promote the development of a fair competition environment, the CC held **94 cross-institutional cooperation meetings** covering various topics. The CC conducted **63 meetings with businesses and NGOs**, discussing developments and challenges in competition in various sectors, aiming to promote compliance with the principles of fair competition. The Authority also held information seminars on various aspects of enforcing competition law for these target groups.

## Education measures for improving the competitive environment

In 2024, in line with the priorities of the CC and current competition law issues, the Authority focused its key education resources on educating priority target groups: **businesses, legal representatives of companies, procurement organisers, and public entities**. As part of the Competition Law School initiative launched by the CC, **almost 2300 market participants were provided with education** in various topics related to competition legislation and unfair trading practices in 2024.

At the same time, the CC conducted educational activities covering the most widespread competition law infringements and competition law enforcement practices in the largest Latvian municipalities and companies, including AS 'Latvijas Valsts meži', also in conjunction with institutions such as the Latvian Chamber of Commerce and Industry ('LCCI'), Latvian Association of Local and Regional Governments, Financial Intelligence Unit, ALTUM, Anti-Fraud Coordination Service ('AFCOS'), and others.

In 2024, education was not only provided to priority target groups but also to **partner institutions**, in order to help them identify prohibited agreements and assist the CC in preventing possible competition law infringements. Events for building cooperation and sharing experience were held in conjunction with the Financial Intelligence Unit, the Corruption Prevention and Combating Bureau ('CPCB'), AFCOS, and the Central Finance and Contracting Agency.

In 2024, in conjunction with the Procurement Monitoring Bureau and CPCB, the Council held a series of education seminars for businesses covering fair business practices and participation in procurements. A total of 150 market participants were educated across three seminars. The seminars were held online, in cooperation with the Investment and Development Agency of Latvia and LCCI, as well as in person, on the premises of CPCB.



As part of the Competition Law School, 2300 market participants and public entities were taught about prohibited agreements, unfair trading, abuses of dominant position, mergers, and other topics.



Together, the CC, PMB, and CPCB provided education on fair business practices through three seminars covering more than 150 companies participating or planning to participate in procurements. The seminars were organised in conjunction with IDAL and LCCI.



The CC continued to share examples of good practices by participating in the webinar 'Good Practices in the Implementation of EU Fund Projects' held by the Central Finance and Contracting Agency, in which knowledge on how to prevent prohibited agreements was provided.



The CC participated in the Kurzeme Region Business Forum, advising businesses, associations representing and supporting businesses, as well as representatives of municipal governments on competition law.

## 'Competitiveness' competition week

In order to emphasise the importance of competition in business activities, as well as the public and municipal sectors and in the everyday life of every member of the public, the CC held a 'Competitiveness' week dedicated to competition. The Competitiveness Week included a number of public events for legal specialists, entrepreneurs, public figures, associations, and students, including the presentation of a public opinion survey conducted by the CC every two years.

The Competitiveness Week opened with the presentation of the public opinion survey, which included a **'Competition: Driver for Growth?' panel discussion**, looking at the importance of competition in various sectors, such as **medicine** (Kārlis Rācenis, chief physician of the Paula Stradiņš Clinical University Hospital), **cinema** (film director Dzintars Dreiberģis), **tourism** (Ēriks Lingeberģis, head of the Latvian Association of Travel Agents and Operators), **sports** (Aleksandrs Samoilovs, representative of the Ministry of Education and Science), **music** (Kārlis Kazāks, Latvian Radio 5 programme director), and **journalism** (Ilze Dobeļe, Latvian Television news presenter), focusing attention on the changes in these sectors caused by advancements in technology and on the competitive aspect from the viewpoint of representatives of these sectors. The event was personally attended by **53 people**, and **more than 730 watched the event online**.

The Competitiveness Week included the ninth **Lawyer Forum** organised by the CC, as part of which CC representatives met competition law practitioners representing businesses, as well as legal consultants face-to-face to discuss theoretical and practical issues on the application and interpretation of competition law rules.

In order to raise the issue of rising food prices, the **CC organised a food industry conference** at Āgenskalns Market. During the conference, the CC offered an insight into the current state of the Latvian food sector, analysing supply chain trends. Meanwhile, a panel discussion with policymakers, analysts and researchers assessed the food sector price increases and the potential factors affecting them, as well as the options to ensure the efficiency of the food supply chain and the stability of its prices in the future. The panel discussion was attended by **Juris Gaiķis** (CC chairman), **Raivis Kronbergs** (head of the State Chancellery), **Skaidrīte Ābrama** (head of the Parliamentary Committee on Economy, Agrarian, Environmental, and Regional Policy), **Oļegs Krasnopjorovs** (chief economist of the Bank of Latvia), **Revīta Logina** (senior account manager at Kantar). The event was attended by **51 people** in person and **was watched online by more than 1320**, while also enjoying extensive media coverage.

Among these, **real stories about the situation in the food industry**, cooperation with suppliers and buyers and historical trends were shared by **Jānis Birks** (commercial director of SIA Eugesta), **Rūta Mūrniece** (head of Z/S Ķelmēni), **Toms Auškāps** (head of communication and development at AS Balticovo), **Aivars Kokts** (SIA Ulbroka supervisory board chairman), **Dace Dovidena** (SIA Reitan Convenience Latvia management board chairwoman), **Diāna Kalvāne** (Vīnkalni brand representative).

Meanwhile, throughout the week, CC representatives gave guest lectures at major Latvian universities, introducing law and business students to the activities of the CC, the Competition law, the principles of economic analysis and fair trade practices and cooperation between actors in the food and agriculture chains.



The Competitiveness Week panel discussion 'Competition: Driver for Growth?' was moderated by the current acting CC chairwoman Ieva Šmite



During the Competitiveness Week, CC representatives gave guest lectures at Latvia's leading universities, such as Turība University, discussing unfair commercial practices and their prevention.



The food industry conference brought together representatives of Latvian food producers, associations, and buyers. The conference was moderated by Inese Sujia-Markova.



## Building a culture of competition among young audiences

The Authority also participated in educating younger generations: **school and university students**.

In spring, the CC **organised a Shadow Day event** to introduce students to the everyday workings of the Authority, and participated in the jury of the **'Business Tales' ('Biznesa pasakas')** competition organised by Junior Achievement Latvia, evaluating the business stories submitted by students, highlighting the importance of fair competition in developing the market.

Also, in 2024, the CC educated **future competition law, economics and business professionals, and interested parties** through lectures at the University of Latvia, Riga Stradiņš University, Riga Technical University, Turība University, and Alberta College. CC experts also took part in a **conference on damage recovery organised by** the University of Latvia.

The **third student research papers on competition law contest** organised by the law firm SIA ZAB PricewaterhouseCoopers Legal, the CC and the Riga Graduate School of Law concluded in June 2024. In the presence of its five finalists and the jury, Alma Vilma Gūtmane was named the winner of the contest, receiving a cash prize of EUR 1500. Beāte Kržanoviča received an internship at the CC and a ticket to the Summer School organised by Riga Graduate School of Law.



The winner of the third competition law contest, Alma Vilma Gūtmane, received a cash prize of EUR 1500. Beāte Kržanoviča was awarded a chance to work as an intern at the CC.



In order to encourage discussion among lawyers, economists, practitioners, and academics, the CC participated in a conference on the compensation of damage organised by the Faculty of Law of the University of Latvia.



During Shadow Days, the staff of the CC demonstrated to schoolchildren the activities and competencies of the CC, as well as the principles of fair competition, making it possible for them to put themselves in the shoes of the Authority's professionals for a day.



he CC participated in the jury of the 'Business Tales' ('Biznesa pasakas') competition for schoolchildren organised by Junior Achievement Latvia, evaluating the business stories submitted by the students, highlighting the importance of fair competition in developing the market.



## The CC continues to reach a wider audience

In 2023, the CC continued to actively use different communication channels to reach new audiences.

A total of **140 press releases** were issued, 15% more than in 2023, with the **CC enjoying 1915 mentions in the media**. In 2024, there were **120–200 publications** on every social media platform (Facebook, X, LinkedIn). That year, the audience covered by the CC on those platforms reached about 221 thousand.

In 2024, aiming to reach new target groups and strengthen the Authority's image, the CC continued its work on the 'Neutral Conversations' programme, focusing on good practices in municipal governments, OECD recommendations related to promoting competition in Latvia, as well as the attraction of foreign investment in the development of Latvia's competitiveness. **15 videos** about the competition were also produced.

### International cooperation

In 2024, CC representatives worked to promote the visibility of Latvia and strengthen the international position of the Authority by **attending 118 international events** and making presentations or speeches on **56 occasions**, 37% more than a year before, including at events organised by the Organisation for Economic Cooperation and Development, the International Competition Network, the European Competition Network, and other partners.

In 2024, in addition to educational activities, the CC drafted or contributed to **36 international documents** sharing its experience in applying competition law.

#### ► Strengthening of regional cooperation

In September 2024, the CC **participated in experience-sharing working groups organised by the Polish competition authority** in support of the development of competition surveillance in Ukraine and Moldova. The working groups assessed the unfair trading practices and the respective infringement investigation processes in the participating states, looked at the application of the tolerance programme in recent prohibited agreement cases, and assessed the impact of market surveillance on improving the competition environment.

Supporting Ukraine in the field of economic security, the **CC participated in the closing conference of the 18-month project 'Support for strengthening the capacity of the Economic Security Bureau of Ukraine in the field of protection of EU financial interests'**, sharing the past experience of establishing and strengthening cooperation with various CC partner institutions, and highlighting the importance of close and reliable cooperation in investigative cases.

Important activities to strengthen international cooperation and share experience included the **strengthening of cooperation in the Baltic region**, such as the annual meeting of the heads of the Baltic competition authorities in Vilnius (Baltic Competition Conference) and quarterly meetings of the heads of the Baltic competition authorities for the purpose of sharing their experience. Meanwhile, a joint project on further cooperation in monitoring digital markets was launched in conjunction with the OECD and Polish and Lithuanian competition authorities.

#### ► Assessment by international organisations

For the tenth consecutive year, the CC maintained its **high three-star rating** in the international Global Competition Review (GCR) index, ranking among the world's leading competition authorities. The competition authorities of Singapore, Switzerland, Belgium, Lithuania, Poland, and other countries, were ranked in the same position as Latvia. There are currently more than 140 competition authorities in the world, but only 33 of them are ranked by the GCR.

At the end of 2024, with a unanimous vote of the OECD Competition Committee, CC member **Kārlis Pīgēns was elected to the OECD Competition Committee Bureau**. **Pīgēns' duties at the Bureau** include participation in setting up OECD's competition policy programmes and agenda. ■



In April 2024, the European Competition Authorities (ECA) met in London, where the CC was represented by the CC Council member Kārlis Pīgēns.



In 2024, EU General Court Judge Pēteris Zilgalvis visited the CC to discuss with its representatives the topics most relevant to the Authority and to provide advice on the drafting of a national report for the International Federation of European Law (FIDE).



Supporting the development of monitoring competition in Ukraine and Moldova, CC representatives participated in experience-sharing workshops organised by the Polish competition authority, covering unfair commercial practices, the use of the tolerance programme in prohibited agreement cases, and the monitoring of digital markets.



# COMPETITION COUNCIL MANAGEMENT

## CC performance indicators

As a whole, in 2024, the CC achieved the performance indicators set for the Authority under the budget sub-programme 'Competition policy implementation'.

For a number of performance indicators, including infringement investigations, investigative measures to ensure Competitive Neutrality, assessments of market participants in terms of the impact of proposed mergers on the competitive environment, share of CC decisions upheld, preparation of opinions and proposals, public education and international cooperation activities, the target values were exceeded.

Name of the indicator / Name of the measure	Planned value	Execution
<b>Preventive measures and investigations of possible infringement cases, market research</b>	<b>30</b>	<b>37</b>
<i>Total number of measures</i>		
including high priority areas for market research <i>Number of high priority actions</i>	13	13
including investigative measures (cases and monitoring) to ensure competitive neutrality <i>Total number of measures</i>	9	11
including monitoring measures to ensure fair trade practices in the agricultural and food supply chain <i>Total number of measures</i>	4	6
<b>Assessment of the impact on the competitive environment of the mergers and agreements proposed by market participants</b>	<b>16</b>	<b>21</b>
<i>Number of cases / high priority cases</i>		
including in-depth merger investigations <i>Total number of measures</i>	6	2
<b>Actions according to submissions received by providing protection against possible infringements of competition law</b> <i>Submissions on which a Council decision has been adopted</i>	<b>40</b>	<b>42</b>
<b>Restrictions removed from the activities of public entities (percentage of positive result achieved in relation to total number of actions taken)</b> <i>Percentage (to be calculated annually)</i>	<b>28 %</b>	<b>30 %</b>
<b>In-depth analysis of data (e-evidence) from inspections</b> <i>Number (to be calculated annually)</i>	<b>10</b>	<b>24</b>
<b>Completion of administrative court proceedings and percentage of the Authority's decisions upheld</b> <i>Percentage (to be calculated annually)</i>	<b>82 %</b>	<b>71 %</b>
<b>Submissions to the Advisory Committee for decision-making at the European Commission</b> <i>Total number of measures</i>	<b>2</b>	<b>4</b>
<b>Public procurements evaluated and opinions given at the request of the contracting authority</b> <i>Number of opinions</i>	<b>24</b>	<b>22</b>
<b>Measures to promote competition ideas (explanations, opinions, proposals, drafting of legislation and guidelines, awareness-raising measures)</b> <i>Number of documents</i>	<b>230</b>	<b>277</b>
<b>Positive and rather positive assessments of the impact of the CC's actions on the market by entrepreneurs</b> <i>Percentage (to be once in two years)</i>	<b>60 %</b>	<b>55 %</b>
<b>Strengthened role and international visibility of the CC (number of publications and number of publications and events taking the floor)</b> <i>Total number of measures</i>	<b>49</b>	<b>60</b>
<b>Staff turnover (number of employees who have left the Authority to total number of employees)</b> <i>Percentage (to be calculated annually)</i>	<b>15 %</b>	<b>7,7 %</b>
<b>Staff loyalty (% of staff who responded to the survey that they will continue their relationship with the Authority for the next two years)</b> <i>Percentage (to be calculated annually)</i>	<b>85 %</b>	<b>79 %</b>
<b>Public benefits from the operations of the Competition Council</b> <i>Millions of euro (average over three years)</i>	<b>30</b>	<b>35.1</b>

# FUNDING ALLOCATED TO THE COMPETITION COUNCIL AND ITS USE

Through its activities, the Authority implements sub-programme 'Competition Policy Implementation' (26.02.00) of budget programme 'Ensuring of Fair Competition, Protection of Internal Market and Consumer Protection' (26.00.00).

No.	Financial indicators	Previous year (actual implementation)	Reporting year		
			approved by law	approved by law (with amendments)	actual implementation
<b>1</b>	<b>Financial resources to cover expenditure (total)</b>	<b>2 867 046</b>	<b>4 892 996</b>	<b>4 863 542</b>	<b>3 707 114</b>
1.1	grants	2 867 046	2 867 046	4 863 542	3 707 114
<b>2</b>	<b>Expenditure (total)</b>	<b>2867 046</b>	<b>4 892 996</b>	<b>4 863 542</b>	<b>3 707 114</b>
2.1	maintenance expenditure (total)	2 816 843	4 115 296	4 138 674	3 605 446
2.1.1	current expenditure	2 816 843	4 115 296	4 138 645	3 605 417
2.1.2	interest expenses				
2.1.3	subsidies, grants and social benefits	0	0	29	28
2.2	capital expenditure	50 203	777 700	724 868	101 669





# IMPROVEMENTS IN THE MANAGEMENT OF THE AUTHORITY

In order to ensure the successful, growth-oriented functioning of the Authority, the CC improved a number of internal processes in 2024, working on developing the competencies of individual employees and strengthening the IT capacity of the Authority.

In order to achieve closer and more effective cooperation with partners in building and enforcing competition policy, for example, by providing recommendations to the Competition Surveillance Authority on its operational strategy, fields of competition surveillance, and potential for improvement, as well as opinions on its guidelines, the CC operational priorities and performance review, the nine-member Advisory Council of the Competition Council held **nine meetings** in 2024.

In 2024, the **CC strengthened its information technology capacity** by completing the full implementation of an IT laboratory and by providing training to its workers in order to improve their ability to use state-of-the-art IT equipment for the more efficient acquisition and processing of electronic evidence, with a special focus on international cooperation and sharing of experience through ongoing work on the development of an automated cartel screening tool. Additional resources were devoted to strengthening the Authority's capacity for economic analysis by providing deeper and more economically accurate studies in merger cases, in market surveillance actions, in the abuse of dominant position cases, etc., with more attention paid to the economic assessment of the impact on competition.

In 2024, the **CC also continued to develop tools to encourage businesses and public entities** to supervise their own conduct and **cooperate in tackling competition infringements**, for example, by developing easy-to-use self-assessment tools. The plans that already saw the first practical steps being taken in 2024 include an automated cartel screening tool, the introduction of electronic case files, the development of a large-scale information request and analysis tool and a digital merger notification tool.

During the year, the staff of the CC **attended 106 training sessions led by outsourced lecturers**, with a total of 338 individual training sessions, which improved the professional competence of CC staff, with participation in conferences, international forums, courses organised by the School of Public Administration, as well as training and skill sessions held by other professionals.

In order to ensure the sharing of good practices within the organisation and build institutional memory, **nine internal training sessions** were held in 2024, including on the organisation of inspections and other experience in issues within the competence of the Authority.

During the reporting period, a number of teaching materials were also prepared, aiming for more efficiency in procedural activities (inspections), such as guidelines for staff members on the topics of retrieving data from telecommunication operators and teaching materials on the conversion of audio recordings into text. The Authority's guidelines on prevention/warning procedures and their implementation were also updated.



Representatives of the CC, together with the Court Administration and the Public Prosecutor's Office of the Republic of Latvia representatives, visited the institution monitoring competition in Finland, in order to learn ideas for the effective functioning of the main operations of the electronic case files system.



# COMPETITION COUNCIL

## PRIORITY TASKS FOR 2025

In 2025, the CC will build its capacity to detect and prevent the most significant distortions of competition by market participants (entering into cartel agreements, abusing of dominant positions and engaging in unfair trading practices), as well as distortions of competition caused by national and local authorities by continuing to raise the level of awareness among market participants and other parties, improving the operational processes and technical and technological capacity of the CC, and developing the knowledge and competencies of its staff. These distortions impede the healthy development of the market, which could benefit all market participants, consumers, and the Latvian economy as a whole.

For the implementation of the CC operational strategy (2023–2029) and its overarching mission, the Authority set three priorities:

- ▶ a professional, committed and growth-oriented team;
- ▶ results-oriented day-to-day operations and cooperation, ensuring the detection of significant impediments to competition and the promotion of competition;
- ▶ an innovative and sustainable working environment.

In line with these three priorities, the CC set a number of priority tasks for 2025.

### 1. Strengthening of fair competition in public procurement

According to practice and the data of the 2024 public opinion poll conducted by the CC, the most important problem within the competition environment in Latvia is still collusive/cartel agreements in public procurements, which have a significant negative impact on the efficient use of public funds for the needs of the public. For this reason, in 2025, the CC **will target the most serious infringements of competition law in public procurements** across various sectors that have a significant impact on the economy. At the same time, the CC will actively reach out to businesses and associations, promoting the use of the tolerance programme in order to discover prohibited agreement infringements. Significant resources will also be devoted to detecting vertical agreements restricting competition in the activities of market participants, reducing the abuse of market power in sectors that are important for consumers and the economy.

In 2025, the CC will allocate significant human resources to **preventing distortions of competition in public procurements**, for example, by preventing prohibited agreements between companies, and monitoring competition-restricting conduct engaged in by public procurement organisers through, in particular, in cases of infringements with less significant effects, issuing appropriate warnings, as well

as through education on both the possible signs of an infringement and on competition neutrality issues to ensure compliance with fair competition rules in procurement. The CC will provide support to contracting authorities in the public procurements they organise by providing opinions and consultations on possible irregularities in the bids of their tenderers.

In 2025, based on amendments in the Competition law, public entities organising procurements that fell victim to competition law infringements **will be able to receive methodological support from the CC in the recovery of the damage**. The new function means that the CC will provide consultations to public entities organising procurements in calculating losses and choosing calculation methods and provide support to these entities in calculating the incurred losses for the purpose of filing a claim with the courts.

### Planned 2025 CC operational results and performance indicators for the tasks:

Performance indicator	Planned performance indicator value (number)
Reviews of high-priority infringement cases	7
Reviews of requests by public entities organising procurements to identify cartel agreement elements in public procurements, providing an opinion	24
Submissions assessed and decisions on possible infringements of competition law adopted by the CC	40
Alternative warning and prevention measures implemented in cases of infringements with less significant impact, to prevent them from occurring in the future	10



## 2. Achieve more effective competition among market participants from the viewpoint of the economy and in the markets important to the public

In 2025, the CC will complete its ongoing in-depth market research and preventive actions in the **retail food, financial, healthcare, and** digital markets, to improve the competitive environment and raise public welfare. This will include proposals for policymakers to remove unjustified barriers and other constraints to competition, and promote a more competitive business environment in the areas studied in depth. Preventive action will also be taken and amendments to laws and regulations will be initiated that remove existing or proposed restrictions on competition, that promote competition and enable consumers to buy goods and services that are offered in the conditions of fair competition.

As part of the **food retail** market research, it is planned to identify barriers, including municipal zoning, availability of retail outlets, and other related constraints, to the entry of new participants to the market or the expansion of existing participants. A market research on payment deadline compliance in the supply chain for fresh vegetables, fruit and berries is planned to be completed in 2025.

**In the financial sector**, it is planned to finalise the study on the assessment of the competitive situation and possible improvements in the commercial banking sector, including on aspects of commercial bank customer mobility and credit facilitation.

**In healthcare**, it is planned to complete the study on the conditions of competition between public and private healthcare providers and the impact of vertical integration on the retail sale of medications.

**In the environmental field**, it is planned to complete the study on changes in the structure of the household waste management market since the administrative-territorial reform, focusing on public participation in companies and competition neutrality aspects.

Working in tandem with the European Commission, the CC will also continue to monitor markets undergoing rapid development or innovation, such as **digital markets**, regulated by the Digital Markets Act ('DMA') in the EU. DMA governs and restricts the activities of large digital platforms, ensuring fair competition in their relations with users and consumers. In 2025, the CC will participate in an OECD project initiative assessing the possibility of introducing market power-specific regulations for digital market participants in national legislations, thereby preventing digital platforms from acting as gatekeepers, restricting competition in the markets of member states. In line with the EU internal market's focus on a climate-neutral economy and sustainable business practices, market surveillance of the electric vehicle charging sector is planned to start in 2025. In the field of IT, the CC will focus on public procurements, with a particular focus on the lack of competition in them, its causes as well as possible solutions.

As part of the in-depth market surveillance, proposals will be made to promote competition and remove unjustified barriers to entry and market development in sectors that are important to the public.

### Planned 2025 CC operational results and performance indicators for the tasks:

Performance indicator	Planned performance indicator value (number)
(number)	7

## 3. Improve the regulatory framework for the introduction of new functions

In 2025, work will be done in conjunction with the Ministry of Economics to find the most effective solutions to promote fair trade practices and fair competition in the food retail market. As part of this, the CC plans to propose amendments to PUTPL in 2025, requiring retailers to **ensure the equal and non-discriminatory treatment of suppliers of agricultural and food products**.

Among other things, in order to ensure the development and monitoring of a fair and equal competitive environment in cases of behaviours restricting competition by companies that are not in a dominant position, but have a significant market power, proposals for amendments to the Competition law will be developed and presented, **expanding the powers of the CC for market surveillance in relation to companies with significant market power, thus preventing their negative impact on competition and consumers**.

In order to prevent the commission of the most serious breach of competition law (prohibited agreements) and to promote cooperation with the CC, it is planned that in 2025, Competition law amendments will take effect, **providing for the liability of officials of market participants for their actions or inactions leading to the involvement of the market participants in competition law infringements**. The amendments will prescribe a temporary ban for the liable officials on holding positions of responsibility in the Executive bodies of market participants.

In 2025, following OECD recommendations, it is planned to improve merger regulations by aligning them with the best practices of the European Commission and other EU member states, facilitating the submission of merger notifications, including by expanding the scope of mergers that are subject to an abbreviated notification, improving their quality and facilitating a more efficient merger notification review process.

Also, in close cooperation with the Ministry of Economics, there are plans for regulatory changes exempting certain vertical agreements from the prohibition of agreements under the Competition law, in order to align it with Commission Regulation (EU) 2022/720 of 10 May 2022 on the application of Article 101(3) of the Treaty on the Functioning of the European Union to categories of vertical agreements and concerted practices.





## 4. Improve and modernise internal and external processes for the better efficiency and quality of the Authority's operations

In 2025, strengthening the technical and technological capacity of the Authority in IT and to enable the more effective investigation of competition infringements, it is planned to continue work on the **development of a uniform electronic case file** to digitise and streamline the progress of investigated cases, in conjunction with the Court Administration, Public Prosecutor's Office of the Republic of Latvia, and other institutions. Thus, in 2025, priority is to be given to work on developing the specifications for the electronic case file project, the necessary legal framework, and the subsequent stages of the implementation of the project.

In 2025, in conjunction with the Ministry of Smart Administration and Regional Development, State Digital Development Agency, Ministry of Economics, Denmark's competition authority, and other partners, special attention will be **paid to the development of an automated cartel screening tool**, adapting it to the needs of the CC. Artificial intelligence solutions and their advantages will lead to the more efficient processing of large quantities of data, both for the detection of infringements and, for example, for the automatic identification of sanctioned persons in the datasets provided.

In order to strengthen the Authority's economic analysis in competition cases, the development of an isochronous tool for a more accurate definition of specific markets is planned for 2025. For better transparency, a number of internal **tools for the presentation of CC statistics** will be developed during the year, making the Authority more open to the public and **presenting large quantities of data in a visually clear fashion on the Authority's website**. This will enable the re-usability of the data.

The **development and testing of a technical solution for the implementation of online merger notifications is planned to start in 2025, in order to facilitate the submission of merger notifications** and move towards a more client-oriented service. To facilitate communication with market participants and other parties and to process market participant information in a uniform manner, the **development of a large-scale information request tool** is planned to start in 2025, enabling large sets of data to be processed and analysed in a uniform, much more efficient and faster way.

## 5. Build an effective competition culture in the interests of the Latvian economy

In 2025, the CC plans to take competition promotion measures not only for market participants but also for procurement organisers and other public entities, CC partners, current and future competition law practitioners and future entrepreneurs (including school and university students) through events, seminars, webinars, and consultations.

At the same time, in the event of minor infringements that do not significantly affect the market and the economy, the market participants and other parties involved will be warned and educated in line with the "Consult First" principle. Encouraging businesses and public entities to assess the compliance of their own conduct and to participate in the prevention of competition infringements themselves, the CC will continue to develop new and improve existing self-assessment tools, guidelines, recommendations, and information materials. In 2025, this work will include a self-assessment tool on dominant position abuse, recommendations for municipalities to assess competition impact, guidelines on closing cases with a written commitment, and other solutions.

In order to learn and exchange best practices of competition law experts in the monitoring of competition and building a competition culture, and in effective market analysis and investigation tools, the CC will intensify its cooperation with other competition authorities and organisations worldwide (OECD, European Competition Network, International Competition Network), adopting the best practices in Latvia, as well as strengthening cooperation with national competition authorities in detecting and investigating competition restrictions. ■

## COMPETITION COUNCIL CONTACT DETAILS

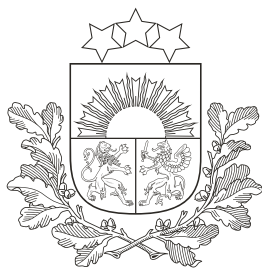
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     Konkurences padome



Competition Council  
Republic of Latvia



# ANNUAL REPORT 2024

SUMMARIES OF SUBMISSIONS,  
FOR WHICH A CC COUNCIL  
DECISION WAS ADOPTED



## Prohibited agreement submissions



### House management

The CC received a complaint by a private individual expressing concerns about a lift repairs provider, because it is a subsidiary of the group of the company managing the building, and about the quality of the lift repairs relative to

the market prices for lift repairs.

Having examined the submission and the material enclosed with it, as well as publicly available information, the CC did not identify any indications of a possible horizontal agreement. The CC also reminded the applicant that under the Competition law, the CC is not required to carry out an assessment of market prices of goods and/or services at the request of a person if no signs of an infringement are found.



### Car maintenance and warranty repair services

The CC received a complaint from a private individual alleging a potential prohibited agreement for warranty repair services for Toyota cars in the Latvian market.

In the complaint, it was pointed out that the choice of the client in obtaining additional warranty for their car is limited, given the fact that the merchant only grants it if all of the compulsory maintenance for the car is conducted at Toyota authorised service providers.

In the opinion of the CC, there is a significant difference between the restriction applying to the manufacturer's main warranty and it applying to the additional warranty. The manufacturer's main warranty is mandatory and prescribed by law; however, the provision of additional warranty is at the discretion of the manufacturer. Given the fact that additional warranty or other equivalent benefits are a part of the manufacturer's business strategy aimed to expand its customer base and encourage customer loyalty to its authorised service providers, such conduct does not constitute a prohibited agreement.



### Provision of computer programming services

The CC received a submission from an IT company alleging a prohibited agreement between two merchants who participated in a procurement acting jointly as the main contractor and a subcontractor, despite the fact that they had participated in previous procurements separately.

Having assessed the information submitted in the submission and the circumstances of the procurement, the CC concluded that there was no set of indications that would reasonably suggest that the two merchants acted in concert within the definition of the prohibition of agreements specified in Section 11(1) of the Competition law. Therefore, there were no grounds for opening an infringement case.

## Abuse of dominant position complaints



### Setting of a flat fee in electricity contracts

The CC received a submission about the activities of an electricity company in a dominant position, whereby it set a flat early termination fee, thus abusing its market position. In its investigation, the CC assessed electricity

contract offers by other market participants.

The CC found that flat contract termination fees in long-term contracts were not unique, as other market participants offering electricity also engaged in similar practices. Consequently, no abuse was committed by the company in a dominant position.

At the same time, the CC contacted the Ministry of Economics and the Ministry of Climate and Energy, pointing out that the term 'proportional fee' is not specifically defined in the laws and regulations. Market participants, therefore, are free to use this provision favourably to themselves, while their clients cannot expect the amount of the fee to be appropriate. Consequently, the CC requested policymakers to assess the need to clarify the laws and regulations in question in order to produce clearer and more predictable conditions that prevent disproportionality for clients.



### House management and waste management

The CC received a complaint from a house manager about a potential prohibited agreement between a waste management company, a house resident

association, and a company in charge of the maintenance of the building. The complainant suspected abuse by the waste management company of its dominant position in that market and sharing of commercially sensitive information with the parties involved.

During its investigation, the CC found that the dispute was related to the decisions taken by the owners of the apartments in the residential building regarding whether to transfer or not transfer the right to manage the property to the complainant, and to the validity of these decisions, which had to be resolved through civil-law proceedings.

The CC concluded that, although the waste management company referred to in the complaint had an apparently dominant position in the market in question, it could not be found that it had abused such position by refusing to conclude a household waste management contract with the complainant because of an existing contract with that house's resident association. The CC also found that the sending of the information to the building management company was objectively justified, given the fact that the company had the right to be informed about the potential change of the building manager.



### Telecommunications services sector

The CC received a complaint from an internet service provider about a competitor's market behaviour offering disproportionately low prices to its clients, allegedly abusing its dominant position in the market.

Examining the submission, the CC found that the internet service provider referred to in the submission did not hold a dominant position in the market for retail wired internet access services in Latvia. The conclusion was, thus, that the company had the discretion to choose the most appropriate commercial strategy in determining who to provide its services to and at what price, and what methods to use to attract new clients.



### Rail cargo transport

The CC received a complaint from a rail cargo transport operator about discrimination allegedly committed by a state-owned company and its subsidiary on the rail cargo transport market. In the complaint, it was pointed out that the IT 'Cargo transportation system' belonging to the state-owned company could not be used without the involvement of the employees of the subsidiary.

Given the fact that the railway sector is supervised by the State Railway Administration, the CC took the submission under advisement and forwarded the information to the State Railway Administration. At the same time, information available to the CC shows that the complainant had contacted the state joint-stock company referred to in the submission, requesting the creation of an information channel through which other market participants could be able to provide and receive all information necessary about freight trains without the involvement of representatives of the subsidiary of that state joint-stock company.



### Tourist services in Riga

The CC received a complaint from a tourist bus service provider that a competing market participant was given an unjustified advantage in a restricted-access area of a seaport, whereby only one operator was allowed to meet passengers immediately at the ship.

As part of its investigation, the CC concluded that, in the given circumstances, the Port did not have significant impact on the commercial operation of double-decker sightseeing tour buses, so it could not be confirmed that the seaport was holding a dominant position in Riga and acted in a way that abused such a position, distorting competition within the given territory.





### Electrical equipment purchasing market

The CC received a complaint from a trader producing power distribution and control equipment regarding an alleged prohibited agreement between the Latvian electricity and heating energy company AS 'Sadales tīkls' ('ST') and another electricity company in the market of low-voltage electrical equipment products.

The investigation did not reveal any prohibited agreements in the procurements organised by ST. At the same time, the CC found that on the low-voltage electrical equipment product market, low-voltage electrical equipment products were bought for their own needs, including for resale, by ST, other distribution system operators, as well as a number of wholesalers and retailers. As a result, the CC found that ST was not in a dominant position in that market and was not subject to Section 13 of the Competition law.



### Waste management in Liepāja

The CC received a complaint from a private individual regarding the potential abuse of a dominant position by household waste management companies in Liepāja in charging for additional household waste management services.

Having assessed the information provided in the submission, the CC found that the basic waste collection service was available without additional services and that none of the additional services offered by the household waste management company was forced onto the client, who was free to choose whether to receive them.

Thus, the CC concluded that the situation referred to in the submission, in which waste management companies provided additional paid services on the household waste management market in Liepāja, did not constitute an infringement of Section 13 of the Competition law that would imply the abuse of the dominant position of the companies in the market in question.



### Road construction services

The CC received a complaint about a road construction company abusing its dominant position by setting unequal rules in the allocation of compensation to its transaction partners, with some transaction partners not receiving compensation for the increased cost of construction projects at all.

Having assessed the extensive interchangeability of providers of road construction, rebuilding, and scheduled maintenance services in Latvia, the CC believed that there were no indications that the road construction company mentioned in the complaint was in a dominant market position. The CC did not find that the road construction company had acted unlawfully, because every merchant was free to offer its services, with procurement or public-private partnership projects being only one of the ways in which a certain group of buyers could choose a service provider in the market.



### Availability of water management services in Jelgava Municipality

The CC received a complaint about an alleged abuse of dominant position by a Jelgava water management services provider in the form of cross-subsidisation.

The CC found that the territories covered by the service providers did not overlap and that the Jelgava company mentioned in the submission held a dominant position as the sole provider of water management services in Jelgava Municipality, but not in the state city of Jelgava itself. The CC assessed the substance of the submission and whether the situation referred to in the submission showed signs of abuse of a dominant position through unfair pricing and subsequent cross-subsidisation.

The CC concluded that water management services should be considered a reserved service, in line with the European Commission's conclusions on cross-subsidisation in the field of reserved services. Thus, cross-subsidisation in different areas of the same municipality does not distort competition, as there is no competition intended for the provision of this service. Therefore, the Jelgava water management services provider referred to in the submission did not abuse its dominant position in the centralised water supply market.



### Mortgage loans

The CC assessed a complaint from a private individual about discriminatory conduct by a bank in Latvia, which refused to accept a bank guarantee letter for the issuance of a mortgage loan without providing a good reason, thereby abusing the bank's dominant position in the market.

Since 2012, it has been possible in Latvia to obtain a mortgage loan from any Latvian bank or non-bank lender that offers mortgage loans. Having assessed the market in question, the CC found that the bank referred to in the submission was not in a dominant position on that market and did not have the ability to operate independently from its competitors and clients, meaning that the conduct of the bank referred to in the submission was not subject to Section 13(1) of the Competition law.



### Online brokerage services in the cargo transport sector

The CC received a complaint from a merchant alleging that a Lithuanian online cargo brokerage service provider charged its platform's users an unreasonably high fee for posting adverts for transporting cargo within the EU.

On the basis of the information indicated in the submission and available to the CC, the online brokerage platform owned by the Lithuanian company, used by transport service providers, freight forwarders, and cargo dispatchers, was not dominant on that market. Users of cargo transport services had many options in the form of alternative platforms, and the platform did not act unlawfully, abusing its market power, by charging what the applicant believed to be a high fee for placing adverts.



### Access to financial services

The CC received a complaint about the discontinuation of access to financial services by a financial service provider at VAS Latvijas Loto, whereby that provider took advantage of its dominant position as a financial service provider in the market.

Conducting an investigation of the claim, the CC did not find that the financial services provider referred to in the submission was in a dominant position in the field of financial services for legal entities, so its conduct was not to be assessed under the Competition law. The CC also found that in ceasing the provision of financial services at VAS Latvijas Loto, the financial services provider mentioned in the submission had not infringed the requirements of the Law on Payment Services and Electronic Money and the Credit Institutions Law, as well as their subordinate laws and regulations.



### Internet services

The CC received a complaint about unfair practices by a telecommunications service provider, in that it lured in customers of competing companies through artificially lowered internet service prices.

The CC did not find an abuse of a dominant position, further informing the complainant that all market participants could engage in marketing activities to encourage customers to switch from one provider to another, as part of the competition for customers, which in turn contributes to the development of that market.



### Telecommunications services sector

The CC received a complaint about a telecommunications company that failed to pay for transit traffic in its telecommunications network.

In its investigation, the CC found that, unlike the connection termination service, the transit service was not regulated: e.g., no maximum fee was set. In the telecommunications sector, there is a tendency to regulate ex-ante services that are indispensable for enabling communications and for which there is a clear absence of effective competition, and to identify operators with significant market power in these markets, imposing specific obligations on them such as providing access to their electronic communications network. Such services include, for example, a connection termination service, and access to the network must not be refused if it is provided/used. However, it can be concluded that the transit service is not a mandatory service in the telecommunications sector. The transit service is an intermediary service and its provision is at the discretion of the operator.

One of the prerequisites for Section 13 of the Competition law to apply in the case of abuse of a dominant position is at least a *prima facie* restriction of competition. However, from the point of view of the functioning of the telecommunications market, the CC did not find that competition in telecommunications services was impaired, given the fact that several alternatives for creating connections to the transit service were provided to the complainant. Consequently, no abuse of dominant position was found.



### Port infrastructure lease fee

The CC received a complaint about the alleged abuse of dominant position by a port operator imposing lease fee agreements for port infrastructure.

Conducting an investigation, the CC concluded that the port operator was not in a dominant position on that port infrastructure management and rental services market, and that its conduct was not to be assessed under the Competition law.



### Taxi services sector

In 2024, the CC received multiple complaints from market participants providing taxi services using an online application for obtaining and contacting clients,

and for making trip payments. The taxi service providers pointed out that the mobile application in question actively promoted the use of vehicles with white registration plates, offering the drivers of these vehicles exclusive customer discounts and bonuses, thereby discriminating against drivers of vehicles with yellow registration plates who were licensed and operated in accordance with the laws and regulations. Such actions had the potential to distort competition in the market and undermine the competitiveness of licensed drivers.

In the view of the CC, the company operating the app had significant market power, pointing to its apparent dominant position in the market. However, the CC did not find that the app awarded any cooperation benefits based on whether one owned a yellow or a white registration plate. Commercial carriers with a taxi licence still also independently had additional advantages in offering transport services compared to commercial carriers with a normal car. Commercial carriers with a taxi licence can pick up passengers not just through the app but also elsewhere, which expands their ability to offer their services to a wider range of clients.

Thus, the CC concluded that the activities of the company complained about did not, *prima facie*, have the elements of an infringement.

## Submissions regarding Competitive Neutrality infringements



### Telecommunications services sector

The CC received a complaint by telecommunications operators regarding an alleged infringement of the prohibition of restriction of competition, as defined in Section 14.1(1) of the Competition law, by a Latvian telecommunications operator and internet service provider.

The CC did not find that the company acted unjustifiably in denying access to its cable ducts to other telecommunications operators, or in

restricting access to information related to sections of cable ducts that were the subject of a legal dispute. Accordingly, the CC did not find any conduct aimed at restricting or impairing competition.



### Verification of speed cameras

The CC received a complaint about a potential breach of Competitive Neutrality in the market for the repeated verification of stationary speed cameras due to the state joint-stock company VAS 'Ceļu satiksmes drošības direkcija' ('CSDD') insufficiently supervising the performance of contracts.

In the submission, it was pointed out that after the accreditation of the speed camera verification method at the Latvian National Metrology Centre was suspended, the CSDD did not provide verification for more than 20 speed cameras for a long time after the expiry of their certificate, and failed to hand over those speed cameras for verification to the Latvian National Metrology Centre.

The CC warned the CSDD, urging it to pay renewed attention to upholding the principle of Competitive Neutrality by closely monitoring the performance of its contracts, and requested the CSDD to change the provisions of the future procurement contract to include a clause requiring the contractor to ensure and be responsible for the provision of the verification service throughout the duration of the contract, including prescribing specific actions in the future procurement contract if such provision is not complied with.



### Procurements for speed camera verification

Following a complaint from a merchant, the CC assessed the actions of the CSDD's conduct in organising a public procurement for the provision of verification services for stationary speed cameras.

In its submission, the merchant claimed that the CSDD had violated Competitive Neutrality by unreasonably excluding the complainant from further participation in the procurement, based on deficiencies in the merchant's tax compliance found by the CSDD.

In the opinion of the CC, the submission in question was essentially about the conduct of the CSDD as a contracting authority and not about the contracting authority's systemic impact on competition in the speed camera verification market, for which reason the CC handed the submission over for review by the Procurement Monitoring Bureau in order to assess the compliance of the situation described in the submission with the provisions of the Public Procurement Law. At the same time, the CC praised the merchant's desire to get fair and effective protection in the given situation, taking into account the fact that the merchant/complainant, which was excluded from further participation in the procurement, additionally put forward a submission to the Procurement Monitoring Bureau alleging possible infringements in the procurement procedure.



### Placing of advertising in urban environments

The CC received a submission regarding an alleged infringement of competition neutrality by Riga Municipality Limited Company 'Rīgas satiksme', in that it concluded an unfair agreement with a provider of outdoor advertising services.

Having assessed the information received in the submission, the CC believed that the supplementary agreement to the lending contract concluded by 'Rīgas satiksme' did not comply with the instructions issued by the CC previously on the future conduct in relation to the cooperation between 'Rīgas satiksme' and the outdoor advertising service provider in posting advertising in bus stop shelters.

In view of this, the CC conducted a further assessment as to whether the situation referred to in the submission constituted a breach of Competitive Neutrality and whether there were any indications of a prohibited agreement between 'Rīgas satiksme' and the outdoor advertising services provider. As a result, the CC concluded that the supplementary agreement between 'Rīgas satiksme' and the outdoor advertising service provider did not violate Competitive Neutrality and that there was no *prima facie* breach of the prior written compliance promise by the company.



### **Waste and wastewater management**

The CC assessed a submission by a merchant regarding a potential breach of Competitive Neutrality by the state joint-stock company (VAS) STARPTAUTISKĀ LIDOSTA 'RĪGA', alleging the unjustified exclusion of merchants from a public procurement on waste and wastewater management, giving an advantage to a particular service provider.

Having assessed the information in the submission and the regulations of the public procurement, the CC found that the requirements and conditions specified in the procurement were reasonably justified, making it possible to conclude that the airport had not breached the Competition law.



### **Radiological equipment inspection services sector**

The CC received a complaint from a private individual alleging that the Latvian National Accreditation Bureau ('LNAB') had only accredited one provider of technical parameter assessment services for medical linear accelerators, despite the fact that other testing laboratories had also sought that accreditation. This meant that one market participant was in a dominant position in the market, charging excessively high prices.

An inspection by the CC revealed that the LNAB-accredited merchant was the only one in the market of electrical safety testing and functional compliance testing and assessment services for radiological devices in Latvia, holding a dominant position in it.

Having assessed the information received, the CC found that the prices for the service had not increased significantly since the beginning of 2023 and did not appear to be excessive. Having assessed the information and explanations provided by LNAB, the CC did not find any prima facie indications of an infringement of Competitive Neutrality.

Furthermore, the CC assessed a submission by an inpatient and outpatient service provider regarding a specific provider of calibration, verification and testing services for medical devices. The submission alleged that the provider of calibration, verification and testing services for medical devices abused its dominant position in the market by discriminating against other market participants and creating unequal conditions of competition with respect to other providers of equivalent services.

The CC concluded that the company in question was not in a dominant position in the market for the functional testing of medical devices in Latvia, meaning that Section 13 of the Competition law did not apply. Also, the company referred to in the complaint, is a private company, not being subject to competition neutrality regulations, meaning that Section 14.1 of the Competition law does not apply to it.

## **Complaints concerning infringements of the Advertising Law and unfair competition**



### **Tourism services sector**

The CC received a complaint from a tour bus service provider alleging that competing market participants had colluded and acted unfairly in the market by setting excessively low prices for services and by imitating the visual design of the applicant's buses, including by obstructing the applicant's employees in providing commercial services: hop-on/hop-off tours within the city of Riga.

In order to address the situation, the CC held a preventive meeting with the complainant to discover the conduct of competing market participants and the potential legal consequences of the prohibited agreement, including whenever competitors agree on the prices of goods and/or services.

With regard to the complaint alleging unlawful conduct by competing market participants, in that they imitated the visual design of buses, potentially misleading customers about the service provider, the CC concluded that this constituted unfair competition and, in accordance with Section 18.1 of the Competition law, such infringements are subject to review by court.



