

Prohibited Agreements

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A prohibition of agreements has been laid down by [Section 11 of the Competition Law](#).

A prohibited agreement is one of the severest violations of competition law, and the Competition Council has declared the detection of such agreements its operational priority.

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

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

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

the allocation of markets, taking into account the territory, customers, suppliers, or other conditions; provisions in accordance with which the conclusion, amendment or termination of a transaction with a third person is made dependent on whether such third person accepts obligations which, according to commercial usage, are not relevant to the particular transaction;

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

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

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

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

A prohibited horizontal agreement between undertakings of the same level of production or distribution is known as *acartel*.

A prohibited vertical agreement may exist between undertakings that represent varying levels of production or distribution (e.g. a manufacturer and a wholesaler, or a wholesaler and a retailer).

Timeframe for adjudicating a case of violation

The Competition Council takes a decision within six months from the day of the initiation of a case. If due to objective reasons it is not possible to observe the six month time period, the authority may extend it by up to one year counting from the day of initiation of the case. However, if prolonged fact-finding is required in the case, the Competition Council may, with a justified decision, extend the time period for taking a decision *to a period not exceeding two years from the day of initiation of a case*

Fine

For a prohibited vertical agreement between undertakings that are not competitors, the Competition Council is entitled to impose a fine of up to *5%* of the net turnover of each undertaking in the latest financial year (but no less than EUR 350 each), whereas members of a cartel, i.e. a prohibited agreement between competitors, may each be subject to a fine of up to *10%* of the net

turnover of the undertaking in the latest financial year (but no less than EUR 700 each).

The procedures for calculating fines have been stipulated by Cabinet Regulations [‘Procedures for the Determination of Fines for the Violations Provided for in Section 11, Paragraph one, Section 13 and Section 14.1 of the Competition Law and Sections 5, 6, 7 and 8 of the Unfair Retail Trade Practices Prohibition Law’](#) No. 179.

Appealing a Decision by the Competition Council

A decision may be appealed to the Administrative Regional Court within one month of the date the decision has taken effect.

A judgement of the Administrative Regional Court may be appealed upon the submission of a cassation complaint to the Department of Administrative Cases of the Senate of the Supreme Court.

Rights and obligations of parties to proceedings

Parties to proceedings have the following rights:

- to submit evidence and provide explanations
- to propose that the information submitted to the Competition Council is assigned the status of restricted access information ([more information](#))
- to review the materials in the case in accordance with the procedures established by law, to express own opinion
- to appeal decisions by the Competition Council

Parties to proceedings have the following obligations:

- to provide the information requested (including information containing trade secrets) within the period, to the extent and in the form prescribed by the Competition Council
- to submit evidence at the party's disposal and to notify the Competition Council of any facts it may be aware of and that may prove relevant in the particular case

Failure to submit information in the possession of a person to the Competition Council within the period and to the extent specified by the latter, provision of false information, and failure to comply with the decisions of the Competition Council or the lawful demands of officials are subject to administrative liability ([more information](#)).

Reporting a violation

[View more](#)

Leniency programme

[View more](#)

Exclusion from a procurement
procedure

[View more](#)

 [Game "Cartel"](#) 

<https://www.kp.gov.lv/en/prohibited-agreements>