

# A judgment of the Supreme Court confirms the conclusion of the Competition Council on competition restriction on the cremation market of Riga

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Already in 2015 the Competition Council of The Republic of Latvia (the CC), after conducted [sector inquiry](#), raised alarm concerning the disorganised sector of burial services, incl. on monopoly position of the provider of cremation services for almost 20 years. The fight against monopoly on the cremation market of Riga has been just ended by a judgment of the Supreme Court, according to which it is recognised that Riga City Council has leased out the crematorium located at Varoņu Street, owned by the Council, to its long-standing cooperation partner – “Rīgas kremācijas centrs – krematorija” – unlawfully.

During the sector inquiry, the authority established that Riga City Council had leased out its crematorium to “Rīgas kremācijas centrs – krematorija” on conditions that do not promote free competition in the sector. Namely, a company, which wanted to provide cremation services, needed a licence, issued by the local government. Whereas, in order to receive such a licence, a company needed a confirmation that Riga Crematorium is leased out to it. Such a document, which certifies the merchant's rights to use real estate (building) for cremation, was issued to the company mentioned above, thus actually excluding any competition in the sector.

Following objections raised by the CC, Riga City Council organised a public auction on conclusion of agreement on the lease of Riga Crematorium; however, also the regulations of the auction groundlessly restricted participation of potential competitors in the auction, as they stipulated that candidates shall have previous experience in working at Riga Crematorium. Market participants, who were prevented from participation in the auction, addressed the court with a statement of claim on the outcome of the auction. Now, according to the judgment of the Supreme Court, which states that competition was groundlessly restricted during the auction, Riga City Council finally has to rearrange provision of cremation services in Riga.

Jānis Račko, the Acting Chairperson of the Competition Council: “The conduct of Riga City Council, ensuring advantages of one company for provision of cremation services for almost 25 years, is inadmissible, because artificial monopoly position in a sector, where a service can be provided also by other merchants, does not bring benefits to the market and consumers. The court judgment serves as another vivid evidence of irresponsible conduct of public administrative body, ignoring objections of the Competition Council regarding competition restrictive conditions in the auction. Without ensuring free and fair competition in auctions and procurements, the customer will not receive the most qualitative service at the best price, which ensures benefits to each consumer. This, most likely, can lead to misappropriation of money of taxpayers.”

The CC reminds that a public administrative body is particularly responsible not to restrict free and fair competition. Starting from 1 January of this year, amendments [to the Competition Law came into effect, where Clauses 14\(1\) and 14\(2\)](#) stipulate that public administrative bodies are obliged to ensure free and fair competition, and provide for liability for infringement of these conditions. If the CC will spot any alleged infringement of the law conditions, the authority will first initiate negotiations with the particular state authority, local government or its capital company. In case of unsuccessful negotiations, the authority may impose disciplinary sanctions on capital companies – a fine up to 3% of the turnover of the previous year, but not less than 250 euros.

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