

# Termination of the competition for the position of the Chairperson of the Competition Council without a result reflects the insufficient financing

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News

On 14 May, the State Chancellery terminated the competition for the position of the Chairperson of the Competition Council of Latvia (the CC) without a result. The CC among other things, relates such outcome of the competition with the insufficiently low remuneration as opposed to the high job responsibilities. The CC has already for years raised alarm regarding the necessity to strengthen the Authority's financial capacity, so that it could attract and retain highly-qualified employees and ensure efficient competition supervision.

The task of CC is to monitor and protect competition in all sectors of the national economy. Moreover, the range of powers of the authority has been extended for the Authority since 1 January of this year – now it also prevents competition distortions caused by the state and local governments, which is one of the most widely spread problems of the competition environment in Latvia. To ensure efficient competition supervision, the CC has protractedly drawn attention of the responsible institutions to the insufficient resources, incl. financial resources, of the Authority.

The necessity for strengthening the financial capacity of the CC is also confirmed by the so-called ECN+ Directive 2019/01, adopted in 2019, which has to be integrated into national laws of Latvia until 4 February 2021. The aim of this Directive is to ensure efficient investigation of infringements of the competition law, and it determines that all competition authorities of the European Union have to be provided with the necessary tools, incl. sufficient financing, for efficient application of the competition law.

Considering the high level of responsibility and extensive field of work of competition authorities, it is essential to provide them with all the required resources for successful implementation of their functions. ECN+ Directive also sets high requirements for political independence of the Head of the authority as well as the whole decision-making body.

Mr Jānis Račko, the Acting Chairperson of the CC: “Already for years the Competition Council faces high staff turnover due to low remuneration. Also this situation, when there is relatively low interest of candidates in the position of the Chairperson of the Competition Council and the State Chancellery has decided to terminate the competition for the position without a result, can be related to the sustained insufficient financing of the Authority. It serves as a proof that a relatively prestigious position cannot be the only motivation for taking it, especially when the position of the Chairperson includes a level of responsibility and risks that also require adequate remuneration.”

It has to be noted that the small budget of the Authority, compared to regulators of separate sectors that implement similar functions (for example, the Public Utilities Commission and the Financial and Capital Market Commission) is also criticised by the OECD and the European Commission, recommending the government to act for the competition supervisor to be able to fulfil its functions efficiently.

It was indicated within the framework of the competition for the position of the Chairperson of the CC that the monthly salary is 3 178 euros before payment of taxes. The main requirements for the position involved perfect reputation, Master's degree of social sciences in economics, law science or management science, as well as at least five years of uninterrupted experience in a position of the head of organization with at least ten subordinates in the last ten years. The candidates for the position were also expected to have knowledge of application of the competition law, as well as experience and understanding of finance management issues.

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