

The court confirms involvement of the local government company SIA “Rīgas satiksme” in the so-called nano water acquisition bid-rigging

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On 20 April, the Administrative Regional Court left effective the [decision adopted by the Competition Council of Latvia](#) (the CC), according to which last year the authority detected a prohibited agreement concluded by the local government owned public transport company SIA “Rīgas satiksme” and six market participants in price quotations on supply of nanotechnology chemicals. This was the first decision, where the CC detected severe infringements in activities of the customer SIA “Rīgas satiksme” itself, because the company facilitated bid-rigging in its price quotations.

In 2019, the CC detected that six market participants with the support of the customer coordinated their tenders in two price quotations organised by SIA “Rīgas satiksme”, implemented in the period from 2012 to 2014 with the total contract sum exceeding 800 thousand euros and aimed at ensuring supply of nanotechnology chemicals.

The CC concluded in the decision that an official of the customer – SIA “Rīgas satiksme” – and six tenderers mutually agreed on the participation conditions and documentation to be submitted, and also agreed on the planned winner of price quotations. The tenderers were aware both of engaging in the prohibited activities, and the competition imitating nature of these activities. Whereas the involvement of the customer in facilitation of bid-rigging is also confirmed by the fact that the tenderers were informed about participation in price quotations already before announcement of these procedures.

Valentīns Hitrovs, the Head of the Legal Department of the CC: “The decision adopted by the Competition Council is notable for the fact that alongside the bid-rigging participants a fine was imposed also on the local government capital company that organised the price quotation and actively engaged in implementation of the bid-rigging. The judgment of the Administrative Regional Court serves as a positive proof of development of application of the competition law in such a topical matter as legal and efficient spending of public funds in procurements.”

Jānis Račko, the Acting Chairperson of the CC: “The judgment of the Administrative Regional Court is a reason for Riga City Council and its capital companies, SIA “Rīgas satiksme” in particular, to improve the management process and prevent risks related to possible involvement of employees of any level in competition distortion. Only when deficiencies will be eliminated and the principles of good governance will be observed, the local government and its capital companies will be able to invest the money of taxpayers efficiently, also spending less resources for court proceedings related to infringements caused by capital companies.”

In the decision adopted in 2019, the CC imposed a fine of 2 417 000 euros on SIA “Rīgas satiksme” and 700 euros on SIA “Sava arhitektūra”. Other participants of the bid-rigging have been liquidated; therefore, fines have not been imposed on these companies.

The judgment of the Administrative Regional Court is subject to appeal.

<https://www.kp.gov.lv/en/article/court-confirms-involvement-local-government-company-sia-rigas-satiksme-so-called-nano-water-acquisition-bid-rigging>