

Riga City Council groundlessly forces holders of Riga resident's card to use the municipal payment system

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News

The Competition Council of Latvia (the CC) states that the existing procedure, where holders of Riga resident's card* can receive discounts on parking services in separate areas of the capital only when making payments through a municipal service provider, causes groundless restrictions both for consumers to choose the payment system that is most convenient for them, and for private entrepreneurs to offer their services. To eliminate the detected market distortions, the CC calls the Ministry of Environmental Protection and Regional Development to assess the conduct by Riga City Council.

SIA "Rīgas satiksme", which is the authorised manager of municipal paid parking areas in the capital, has granted exclusive rights to its subsidiary company SIA "Rīgas karte" to maintain Riga resident's cards. The binding regulations of Riga City Council stipulate, that holders of Riga resident's card, paying for parking places in certain areas of Riga, receive a 20% discount, but only when they are using an electronic money account, which is maintained by a capital company indirectly owned by the municipality. By doing so, the municipality groundlessly prevents holders of Riga resident's card, who wish to pay for parking through services provided by any other private companies, from receiving this particular discount.

The CC concluded, that by implementing such a procedure Riga City Council ensures groundless advantages to capital companies directly or indirectly owned by the municipality itself, at the same time creating significant competition distortions and restricting possibilities of consumers to choose a method of payment, which is most suitable for them.

Having assessed the conduct of municipal companies in the framework of the Competition Law, the CC did not detect the dominant position of SIA "Rīgas satiksme" on the market of parking services, because clients in Riga can choose among various providers of parking services, as well as the dominant position of SIA "Rīgas karte" on the payment market. However, the authority detected groundless competition restrictions created by the municipality, which has resulted from ignorance of the principle of competition neutrality, while applying the binding regulations of the municipality.

The CC indicates, that according to the principle of competition neutrality or non-discrimination, discounts should be received by all holders of Riga resident's card disregarding the payment service provider – municipal or private company. This would ensure equal and fair competition also to other providers of payment services.

Skaidrīte Ābrama, the Chairwoman of the CC: "Once more Riga municipality roughly demonstrates its understanding of entrepreneurship "promotion", granting competition advantages to own companies, while private companies are prevented from equal conditions for offering similar services. Unfortunately, the Competition Council is powerless in such situations. The Latvian legal framework of competition still does not stipulate the right to address against competition distortions caused by the state or municipalities."

To eliminate competition restriction resulting from the binding regulations of Riga City Council, which manifests itself as protecting the economic interests of its capital companies and violation of competition neutrality, the CC has addressed to Ministry of Environmental Protection and Regional Development, which supervises activities of municipalities, including legality of adopted binding regulations, presenting the findings obtained during the specific market research.

*Riga resident's card – an identity document of residents of Riga, which is issued free of charge to persons, who have declared their address of residence in Riga or who own a property in Riga, ensuring multi-functional opportunities for use of the card, including discounts on various services.

<https://www.kp.gov.lv/en/article/riga-city-council-groundlessly-forces-holders-riga-residents-card-use-municipal-payment-system>