

Competition distortions created by public administrative bodies

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Competition distortions caused by public administrative bodies

Public administrative bodies – state and local municipalities, as well as capital companies owned by them – are prohibited to hinder, restrict or deform the competition. This prohibition comes into effect starting from 1 January 2020 and is stipulated by [Section 14¹ of the Competition Law](#).

Public administrative bodies and capital companies owned by them are not allowed to:

- discriminate market participants, creating unequal competition conditions;
 - create advantages for capital companies directly or indirectly influenced by a public administrative body;
 - implement activities, as a result of which other market participants are forced to leave the market or which burden entering or operating on the market by the potential companies.
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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

Sanctions

In order to ensure compliance with requirements of the Competition Law, the Competition Council carries out negotiations with the respective public administrative body or capital company owned by it.

If compliance with requirements of the law is not achieved during negotiations, failing to ensure a favourable outcome for competition, the Competition Council may continue investigation of the infringement case regarding capital companies owned by public administrative bodies, adopting a decision on detecting an infringement and imposing a legal obligation and a fine.

A fine up to 3% of net turnover of the last financial year, but not less than 250 euros, may be imposed on a capital company owned by a public administrative body.

The procedure for calculation of fines will be stipulated by the Cabinet of Ministers Regulations.

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](#)).

<https://www.kp.gov.lv/en/competition-distortions-created-public-administrative-bodies>