

# Campaign "The most absurd obstacle to competition"

Published: 21.09.2020.

The authors of laws and regulations must create a balanced regulation: it should not be more restrictive than necessary. However, the reality shows that restrictions on competition hindering the activities of entrepreneurs are often included in the regulatory framework, for example, laws, regulations of the Cabinet of Ministers, binding regulations of local governments, etc.

The Competition Council invites you to participate in the campaign "The most absurd obstacle to competition" to highlight unreasonable restrictions on competition or entrepreneurship included in laws, regulations of the Cabinet of Ministers, binding regulations of local governments, and other regulatory enactments. The aim of the campaign is to identify unjustified obstacles and encourage their elimination.

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In the campaign conducted in the year 2019, the Competition Council received information about 34 obstacles to competition. Taking into account the size and importance of the affected market and the significant regulatory constraint on competition, the three most absurd obstacles to business were selected.

Award "Defender of competition 2019" was granted to:

- Representative of company "Lursoft IT" Daiga Kiopa

The identified obstacle to competition: amendments to regulatory enactments that complicate the further provision of services to such re-users of the data of the Enterprise Register (ER) as "Lursoft", "Firmas.lv", "Kredītinformācijas birojs", and "Crefo rating" since some of the previously available information in the ER is classified as restricted and its further use is not allowed.

- Association of End-of-Life Vehicle Management Companies

The identified obstacle to competition: changes in the Waste Management Law. After the amendments to the law, the end-of-life vehicle management companies are placed in the same category as the waste managers. From the year 2020, whether the company manages 20 cars or more, EUR 100,000 are needed for its financial insurance coverage while a landfill needs EUR 50,000. As a result, two-thirds of market participants have to cease their economic activities.

- Manufacturer "Latvijas Tekstils"

The identified obstacle to competition: unjustified requirements for the fabric of the Latvian flag. The regulations of the Cabinet of Ministers governing the application of the Law on the National Flag of Latvia, without reasoned explanations, state that only flags manufactured in one particular technology, namely only printed in sublimation technique, may be used in Latvia, thus prohibiting the use of industrially dyed fabric.

"It restricts the use of a globally applied printing/dyeing technology and requires to use only an outdated technology. It is also not clear why the regulations of the Cabinet of Ministers stipulate that the fabric from which the flags are made must be flame retardant, why the ignition time is set at exactly 10 seconds instead of 8 or 11 seconds. It is not understandable why the coefficient of light tightness of the fabric should be in the range of 60-70 %, and not, for example, from 60-100%," the representative of "Latvijas Tekstils" pointed to the unjustified obstacles included in the regulations of the Cabinet of Ministers.

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Most of the obstacles reported within the campaign pointed to restrictions in the laws and regulations governing the financial and insurance industry, retail, real estate transactions, as well as manufacturing, hospitality and energy sectors. In addition to this, information on barriers to competition identified in the culture, construction, pharmaceuticals, and agriculture was also received.

A half of all obstacles to competition identified in the campaign is included in the laws and a third – in the regulations of the

Cabinet of Ministers. Part of the reported barriers to competition were also related to business burdens arising from the internal rules of procedure of public authorities or restrictive provisions in public procurements.

<https://www.kp.gov.lv/en/campaign-most-absurd-obstacle-competition>