

# The CC achieves change of provisions for placement of advertisements at public transportation stops

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The Competition Council of Latvia (the CC) has imposed to the companies SIA Rīgas satiksme (RS), SIA Pilsētas līnijas (PL) and SIA JCDcaux Latvija (JCD) the legal obligation to change certain provisions of mutual agreements regarding placement of advertisements on public transportation stops of RS. The CC established that current provisions restricted access for competitors of JSC to get involved on the advertisement market of stops for a long period of time.

In 2015, SIA Clear Channel Latvia turned to the CC with an application regarding a possible prohibited agreement between RS, PL and JSD, containing non-competitive and exclusive delivery conditions. The CC performed establishment of circumstances, obtaining additional information from companies, including mutually concluded agreements.

The CC concluded that RS has leased to PL approximately 800 sheds of the public transportation stops for placement of advertisement provided that PL will rebuild 300 out of them. In its turn, PL has further delivered the right of rebuilding of 300 stop sheds to JCD for placement of advertisements on the same condition, namely that JCD will rebuild these sheds. In addition to that, an agreement was concluded between JCD and RS, under which the sheds rebuilt by JCS are delivered for use to RS free of charge.

Upon evaluating the provisions of the agreements, the CC established certain clauses, limiting the competition for a long period of time. They were as follows: 1) long period of the agreement, because all agreements are concluded for a longer period of time than ten years (currently they are in force until 2024); 2) "booking" of the rights of placement of advertisements for all current and potential sheds of stops of RS in the future; 3) automatic prolongation of the agreement.

The CC, when establishing investments made by JSC for the construction of 300 public transportation stops, concluded that they are to be considered as objectively justified with the long period of agreement. At the same time the CC had objections towards the clauses of booking of rights and automatic prolongation of agreements, because they created unlimited exclusive rights for PL and JCD for placement of advertisements on advertisement carriers of RS, including also sheds of the public transportation stops, as a result of which the market was blocked for other companies for a long period of time.

On the basis of the objections of the authority, JCD, PL and RS submitted a written commitment to the CC, where the companies showed a readiness to change the particular clauses of the agreement and to comply with other provisions. The CC has accepted the commitment, because thus the restrictions of competition identified by the authority would be eliminated.

The CC informs that the written commitments are publicly available. The commitment of RS includes an obligation to further publish information on its website regarding the time periods of the concluded agreements with PL and JSC, as well as the future cooperation opportunities with RS regarding installation or replacement of stops. Thus all companies will receive information about such possibilities of cooperation in an equal and timely manner. According to the opinion of the CC, it will ensure equal competition possibilities for access to this important infrastructure of RS in the future.

It is important to indicate that the commitment solves the competition issues that are related to elimination of risks of prohibited agreements, but cannot solve the competition issues, which are related to the area of public activities. The Competition Law still does not provide the power for the CC to get involved in the activities of public persons.

<https://www.kp.gov.lv/en/article/cc-achieves-change-provisions-placement-advertisements-public-transportation-stops>