

The CC points at Competition Restrictions within the Taxi Service Market

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The Competition Council (CC) of Latvia repeatedly calls for the Riga City Council to ensure principles of the fair competition within its regulation of providing the taxi services in the Old Town of the capital of Latvia, Riga.

As for now, the municipality issues licences to carriers who offer taxi services in Riga. The licence is valid for providing services within the entire territory of Riga. However, the binding regulation Nr. 171 issued in October sets a restriction – to provide taxi services within the Old Town of Riga, it is required for carriers to obtain a permit from the Riga City Council. The fee for the permit has been set in the amount of 300 EUR per year to one carrier regardless of the number of the cars it owns.

The CC's research shows that in Riga slightly more than 94% of carriers provide taxi services using one to ten cars. 5% of carriers operate with 11 to 50 cars, while less than one per cent – with more than 50 cars. Thus, imposition of such fee under given conditions is discriminatory and creates competition barriers, as well as increases the financial burden on service costs to those carriers that operate within the market with a smaller fleet.

The CC has previously called on the Riga City Council and the Ministry of Environmental Protection and Regional Development (MoERD) to pay attention to discriminatory binding regulation and to amend it in order to prevent competition distortion within the market of the taxi services in the Old Town. After evaluation of the binding regulation, the MoERD sent a letter to the Riga City Council including a request to assess whether freedom of movement and choice of the consumers within the Old Town is not restricted due to the very regulation.

The CC stresses that the competition authority does not oppose introduction of the fee as such. The municipality is entitled to set fees within the special treatment zones, in this case the Old Town. However, the CC opposes unfair application of the fee which restricts the ability of smaller undertakings to offer services equally with larger undertakings.

Ms Skaidrīte Ābrama, the Chairperson of the CC, said: "Our experience shows that decisions of the Riga City Council may significantly affect the competition within Riga. Therefore, I strongly invite developers of binding regulations from the Riga City Council to listen to the CC and the MoERD and to adopt decisions that do not restrict rights of the businessmen to compete equally."

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