

The Competition Council agrees to conclude an administrative contract with the Freeport of Riga Authority to immediately eliminate Distortion of the Competition in the Riga's Port

Published: 19.06.2015.

News

On 12 June, the Competition Council (CC) of Latvia signed an administrative contract with the Freeport of Riga Authority (FRA) which anticipates that the FRA ceases to provide commercial services of tug boats, thus, terminating unlawful targeting of private tugboat service operators that lasted for more than seven years. For abusing its dominant position, a fine was imposed on the FRA in the amount of EUR 622'363.40.

The FRA has distorted competition by using its administrative power in order to ensure competitive advantages for SIA Rīgas brīvostas flote (undertaking owned by the FRA) tug boats, and creating barriers for private tug boat owners to operate in the port of Riga. For the first time in 2009 a distortion of competition was detected and an infringement was found by the CC in activities of the FRA and again in 2011 a similar infringement was found. Even though both decisions were upheld by the Supreme Court, distortion of the competition continued and the FRA refused to observe obligation imposed by the CC to ensure equal conditions in the port of Riga for both private tug boat operators and SIA Rīgas brīvostas flote.

The CC found that the FRA had delayed or even refused to sign agreements without an objective justification, did not licence and restricted operations of tug boats owned by competitors of SIA Rīgas brīvostas flote, tampered with choice of ship agents and terminals in favour of SIA Rīgas brīvostas flote, as well as in other ways abused authority's position to prevent private tug boat companies from operating in the port.

According to the concluded administrative contract, the FRA will cease to provide tug boat services as of 31 December, 2015. It is significant that the FRA will only be restricted to engage in commercial activities that can be fully ensured by the private sector. As before, for the FRA it is not prohibited to fulfil its public functions using its tug boats, e.g. winter navigation, rescue, firefighting and pollution prevention.

Terms of the administrative contract allow to immediately put to an end distortion of the competition in the Riga's Port, as well as to avoid time consuming litigations.

<https://www.kp.gov.lv/en/article/competition-council-agrees-conclude-administrative-contract-freeport-riga-authority-immediately-eliminate-distortion-competition-rigas-port>