

Latvian Entrepreneurs are Passive to Assess Competitive Situation in their Industries

 Published more than 11 years ago

Published: 30.06.2014.

After summarising a survey, launched in April and May, 2014, the Competition Council (CC) of Latvia concluded that entrepreneurs are rather passive in assessing problems related to the competition in their industries. Meanwhile, those who did provide with an insight into their industries helped the CC to identify a number of competition challenges, to which the CC has already focused on or plans to address in near future.

The assessment of the competition situation by entrepreneurs were provided in such industries as pharmaceuticals, manufacturing of construction, education, transportation, postal services, IT, waste management, public procurements, publishing, involvement of municipalities in business etc.

53 % of respondents claimed they have faced competition restrictions by suppliers, as the most common restriction naming unjustified refusal to deliver goods. In some cases there are indications of concerted practices and signs of possible resale price maintenance.

45 % of respondents admitted that competitors have tried to hinder the business, choosing a pricing policy to reduce prices close to or below the cost level, which entrepreneurs explicate with the inherent economic strength demonstration of large or dominant market participants. Therefore, entrepreneurs appeal the CC to restrict the market power of dominant undertakings and to avert targeted price dumping. This tendency is characteristic in public procurements, publishing, transportation and security services.

As a significant restriction 41 % of entrepreneurs name actions or decisions adopted by the state or local governments. For example, in favour of specific market participants, benefits in regulations of the public procurement are incorporated, thus, the competition being only imitated. Furthermore, entrepreneurs brought to light the pharmaceuticals, where the development of the competition is hindered by a large-scale business regulation, and local governments' involvement into the publishing, wrecking the private sector.

Lastly, entrepreneurs pointed out issues regarding other violations of normative enactments, such as tax administration and smuggling. Undeniably, mentioned issues are a threat to the fair competition, though cannot be solved by tools of competition law.

In order to reveal the situation within the local market, it is planned for the CC to conduct similar surveys once in a year.

The survey was conducted in collaboration with Confederation of Latvian Employers. The aim of the survey was to gather information on competition restrictions, which hinder the successful business. Furthermore, all collected data will be used in the operation of the CC in order to prevent violations of the Competition Law.

Related topics

[News](#)

<https://www.kp.gov.lv/en/article/latvian-entrepreneurs-are-passive-assess-competitive-situation-their-industries>