

The CC Repeatedly Fines Riga Freeport Authority for Abuse of Dominant Position

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News

On 29 April 2011 the Competition Council (CC) adopted a decision to fine Riga Freeport Authority for abuse of its dominant position, as the Authority restricted actions of a competitor – provider of tugboat services PKL Flote JSC – in the territory of Freeport. The fine was set at the amount of € 149 402.

It was established that Riga Freeport Authority without justification forbid PKL Flote JSC to commence providing tugboat services with a tugboat that was not used previously in the territory of Riga Freeport. Riga Freeport Authority also hindered the ability of ships to freely choose the provider of tugboat services, as in four cases it acted fully and in 10 cases partly against the choice of ships' agents to use services of PKL Flote JSC and instead provided the services with its own tugboats. Thus Riga Freeport Authority has gained personal benefit and caused harm to PKL Flote JSC both withdrawing profit and creating risk to lose clients.

The abuse of Riga Freeport Authority's dominant position also consisted in lack of just, objective and non-discriminatory terms of division of responsibilities in situations when ships/agents have not chosen the provider of tugboat services.

The Authority has already been fined before for restriction of free competition in the market of tugboat services. After purchasing its own tugboats and starting its economic activity in the market of towboat services in the freeport of Riga, the Authority abused its dominant position against PKL flote JSC Ltd. Thus, in 2009 Riga Freeport Authority was fined for the violation consisting in blocking and impeding PKL flote JSC to provide tugboat services in the freeport of Riga by setting unreasonable requirements, as well as by not allowing PKL flote JSC to provide towboat services to its customers. Riga Freeport Authority was also fined in 2010, because it had not fully complied with the legal obligations set out in the decision of 2009.

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