

The court leaves effective a decision of the Competition Council on involvement of SIA “Rīgas satiksme” in the so-called nano water acquisition bid-rigging

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On 9 April, the Senate of the Supreme Court rejected the cassation claim of Riga Municipality capital company SIA “Rīgas satiksme” on [the decision of the Competition Council \(the CC\)](#), according to which the authority in 2019 detected a prohibited agreement implemented by SIA “Rīgas satiksme” and six other companies in price quotations on supply of nanotechnology chemicals, organised by the company owned by the local government. Consequently, [the judgment of the Administrative Regional Court](#) has come into effect and SIA “Rīgas satiksme” is obliged to pay a fine equal to 2.4 million euros into the state budget for involvement in the prohibited agreement.

In 2019, the CC detected that six market participants with the support of the procurement organizer coordinated their tenders in two price quotations organised by SIA “Rīgas satiksme”, implemented in the period from 2012 to 2014 with the total contract sum exceeding 800 thousand euros and aimed at ensuring the supply of nanotechnology chemicals.

In the decision, the CC detected participation in a prohibited agreement by the customer SIA “Rīgas satiksme”, as the company’s official actively coordinated with tenderers of the price quotation the participation conditions and documentation to be submitted and agreed on the planned winner. The customer was penalised alike each of the other participants of the prohibited agreement.

Valentīns Hitrovs, the Head of the Legal Department of the CC: “The decision adopted by the Senate of the Supreme Court makes a valuable contribution to the development of the competition law in Latvia. The Senate approved the opinion of the CC that also a procurement organizer, which performs an economic activity and engages in a prohibited agreement against free competition, can be held liable together with procurement tenderers. The procurement is a part of the competition process existing on the market and guaranteed by the law and hindering of this process is inadmissible also in the procurement organizer’s conduct. This decision serves as an important signal for capital companies of public administrative bodies, which face greater risk to be involved in prohibited agreements while administering the public capital.”

Juris Gaiķis, the Chairman of the CC: “This decision serves as a reminder both for procurement organizers and participants of procurements that each market participant is fully liable for individual conduct by its employees. Although a market participant has not been aware of infringements committed by a particular employee or has implemented preventive measures for mitigation of infringement risks, incl., dismissing the employee after detecting an infringement, it does not diminish the established court practice that a market participant shall be held liable for unlawful conduct by its employee. Therefore, it is advisable not only for Riga City Council and its capital companies but also for any other market participant to improve the management and timely prevent any risks related to the alleged involvement of employees of any level in competition distortion, for example, by developing own Corporate competition law compliance programme and ensuring training of employees.”

In its decision adopted in 2019, the CC imposed a fine of 2,417,000 euros on SIA “Rīgas satiksme”.

<https://www.kp.gov.lv/en/article/court-leaves-effective-decision-competition-council-involvement-sia-rigas-satiksme-so-called-nano-water-acquisition-bid-rigging>