

Areas of activity

Published: 18.09.2020.

Priority tasks of the Competition Council in 2021

In 2021, developing the competences of employees of the Competition Council, as well as the technical and technological capacity of the authority, the authority's backbone will be strengthened in fighting competition distortions – involvement of entrepreneurs in bid-rigging, abuse of dominant position and unfair trade practice, as well as competition distortions caused by the state and local governments, which delay healthy development of the market, where every market participant and consumer would benefit.

The year 2021 was the second year of implementation of the 3-year (2020-2022) operational strategy of the Competition Council. The Competition Council has defined three priorities for achieving the set overarching goal of the authority:

More efficient protection of competition;

Professional, engaged and development- and cooperation-oriented employees;

More comprehensive education of the public and competition promotion.

Based on the aforesaid main priorities, the authority has defined three main operational directions:

Operational direction. Detection and elimination of severe competition infringements and market distortions, as well as non-allowance of negative effects on the market concentration.

Operational direction. Strengthening of the capacity and growth of the Competition Council.

Operational direction. Raising awareness of sectoral participants and public administrative bodies of free and fair competition, as well as development of the competition policy and culture on a national and international scale.

According to the results of public opinion survey there are two significant problems in the competition area of Latvia: prohibited agreements in procurements and activities of state and local governments that create conditions of unequal competition or discriminate entrepreneurs; moreover, the Competition Council pays particular attention to competition distortions caused by public administrative bodies since 2020, when amendments to the Competition Law came into effect.

In addition to that, the Competition Council has to monitor and prevent infringements of abuse of the market power by the dominant companies, market concentration that is harmful for competition, unfair trade practice and inclusion of groundless competition restrictions in laws and other regulatory enactments.

Therefore, in the year 2021:

The Competition Council will ruthlessly turn against the most severe infringements of the competition law, also concluding investigation of the alleged infringements in the construction and waste management sectors.

In order to timely identify administrative obstacles or obstacles created by market participants for free and fair competition, during the market surveillance, the Competition Council will focus on the sectors with significant influence on the national economy, as well as the markets that experience rapid growth or introduce innovations that may increase the market influence in the nearest future; among other things, the authority will pay attention to competition conditions in retail sales, insurance and finance, and heat supply areas, and the impact of digital platforms on customers and competitors.

Considering that Section 14¹ of the Competition Law came into effect in 2020, extending the authority's powers in surveillance of public administrative bodies and their capital companies, and that in 2020 and 2021 majority of state and local government capital companies have to carry out reassessment of their activity on markets in accordance with Section 88 of the State Administration Structure Law, the Competition Council will continue consulting and education of public administrative bodies with the aim to prevent groundless competition obstacles and ensure fair competition conditions; however, if necessary, the authority will immediately use its powers stipulated in the Competition Law, conducting in-depth investigation of priority cases.

The Competition Council will actively address inclusion of groundless competition restrictions in the regulatory framework of different sectors, and will participate in the process of improvement and development of the regulatory framework of the competition law in order to achieve closer harmonisation of the Latvian and European competition laws, also integrating into the national regulatory enactments the ECN+ Directive, which determines that all European competition authorities shall be provided with resources required for work, and the Directive on prohibition of unfair trade practice in the entire food supply chain, and will eliminate the identified shortcomings in the effective regulatory enactments concerning the competition law, based on the accumulated experience.

In order to provide as efficiently and qualitatively an opportunity for every market participant to carry out the economic activity under free and fair competition conditions, and to facilitate development of competition in all sectors of the national economy, the Competition Council needs to constantly develop and strengthen the capacity of the authority according to the current trends.

Under the influence of various factors, mainly the economic globalisation and new digital tools, markets and behaviour of market participants experience rapid changes. Detection of infringements of the competition law, bid-rigging in particular, becomes increasingly more complicated due to the complexity of infringements, as well as technical and technological development. The technical equipment of the Competition Council for obtaining and processing of digital evidence is insufficient and is lagging behind those solutions that are available to market participants for concealing the evidence. As a result, detection of competition distortions require from specialists of the authority not only new knowledge and methods of analysis, but also specific technical solutions, including automated tools that can record and analyse information that may indicate to alleged competition deformation on the market.

The necessity to strengthen the capacity of the authority is stressed both by recommendations of the Organization of Economic Cooperation and Development (OECD), and the ECN+ Directive.

Therefore, in the year 2021:

The Competition Council will develop the HR management policy, making its formulation clear and understandable for employees, so that every employee could see their opportunity for growth in this policy.

The Competition Council will take care of development of competencies, facilitating personal growth of employees.

The Competition Council will strengthen the capacity of information technology, establishing an IT laboratory and ensuring an opportunity for employees to use the latest IT technical equipment for obtaining and processing of electronic evidence, paying particular attention to the possibilities of development of automated tools for identification of features of cartel agreements.

For entrepreneurs to understand the benefits of fair and free competition and act in good faith, the Competition Council needs to implement its communication activities not only in its direct target group (entrepreneurs, public administrative bodies), but also at the secondary level, for example, developing targeted communication activities at the level of societies of business communities (societies representing entrepreneurs), at the level of organizations, i.e., cooperating with other state administration authorities that deal with education of market participants, and at the political level, timely following changes to regulatory enactments and stimulating their compliance with the principles of fair competition.

Therefore, in the year 2021:

Market participants, especially those who represent the sectors that are most frequently “cartelised” and affected by other infringements of the competition law, as well as public administrative bodies, will be educated in a way that is convenient for them: in seminars, webinars and individual consultations.

In case of less important competition restrictions, the Competition Council will preventively warn and educate both companies and public administrative bodies, using the “Consult at first” principle.

The authority will continue to develop tools that encourage entrepreneurs and public administrative bodies to control their conduct and participate in prevention of competition infringements themselves, for example, through developing convenient self-assessment tools and promoting the opportunities offered by the Leniency Programme.

Considering the rapid development of information technology and habits of the public in using information, the Competition Council will strengthen its digital ecosystem as a unified whole, using different tools of digital communication (podcasts, video messages, infographics) and also actively addressing new audiences on social media platforms.