



# Unfair Trade Practice Prohibition Law: National Regulation of the UTP Directive in Latvia



Competition Council  
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3 December 2021

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# Key milestones of the national UTP law



<https://likumi.lv/ta/en/en/id/322554-prohibition-of-unfair-trading-practices-law>

# Prohibition of Unfair Trading Practices Law introduces stricter rules than laid down by the UTP Directive

## UTP directive

Definition of UTP & minimum list of prohibited UTPs

**Blacklist – 10 practices**  
**Grey list – 6 practices**

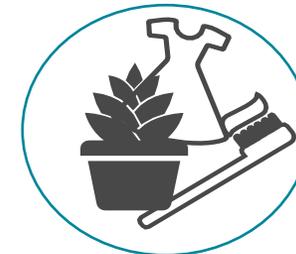


## Prohibition of Unfair Trading Practices Law

General clause with the definition of UTP & list of prohibited UTPs

**Blacklist – 16 practices**  
**Grey list – 5 practices**

+



6 prohibited practices for non-food products from Unfair Retail Trade Practices Prohibition Law

**VS**

# Expanded boundaries by the national UTP law



Supplier of agricultural and food products

**producer** or any **natural** or **legal** person or an **association** of such persons, which **sell** agricultural and food products



Buyer

**natural** or **legal** person or an **institution** (which operates in accordance with the **principles of public law**), that purchases agricultural and food products



Retailer of agricultural and food products

sells agricultural and food products **in retail** at a **permanent sales location**



**Same operator** in the agricultural and food supply chain can be both the **buyer** and the **supplier**

# Written justification for requested payments

The buyer, requesting payments from supplier, must provide clear and traceable written justification

**For the total payment or payment per unit**



**Estimate with objective and traceable costs and justification**

## **Products being present at a sales location**

PUTP law Section 5. (1) 2)c

## **Bulk discount or campaign discount**

PUTP law Section 5. (1) 16)

## **Advertising**

PUTP law Section 5. (2) 1)

## **Marketing**

PUTP law Section 5. (2) 2)

## **Logistical service**

PUTP law Section 5. (2) 3)

*At the request of the supplier of agricultural and food products*

## **Advertising**

PUTP law Section 5. (2) 1)

## **Marketing**

PUTP law Section 5. (2) 2)

## **Logistical service**

PUTP law Section 5. (2) 3)

# Advertising, marketing and logistical service

## Advertising

### Announcement or endeavour

Information on the internet; television; radio; outdoor advertising; brochures; posters etc.

## Marketing

### Development of a strategy

Involves bringing a product to market from producer to consumer. Marketing is understood as a set of planned measures - introduction of a product into production, price, design, brand, promotion, choice of sales channels until it reaches the consumer in order to achieve the goals set in the target market

## Logistical service

### Set of activities

Including transportation of agricultural and food products; processing and fulfillment of orders; inventory management; organization of the storage facility

# Liability for Violations of Prohibition of Unfair Trading Practices Law

- 1** Decision to establish a violation
- 2** Decision to impose a legal obligation
- 3** Decision to apply a fine  
The Competition Council is entitled to impose a fine on a retailer of non-food products or on a buyer of up to 0.2 % of its net turnover for the last reporting year
- 4** Warning  
The Competition Council, by assessing the relevant essential circumstances of the violation, is entitled to substitute decision on a fine with warning. The warning shall be published in accordance with the procedures specified in the Competition Law for the publication of decisions

# Cooperation between suppliers & retailers (year 2016-2021)



return of goods - more than **30%** of the total questions received



payment terms for delivered goods



unfair, unjustified, or non-contractual payments

**2016  
2017**

**2018  
2019**



return of goods



unfair, unjustified, or non-contractual payments



sanctions for the violation of contractual provisions

**Related to the COVID-19  
emergency situation  
in Latvia**



return of goods



sanctions for the violation of contractual provisions

**2020  
2021**

# Cross-border agreements and extraterritorial application of the Prohibition of Unfair Trading Practices Law

Def: **Supplier of agricultural and food products** - a producer of agricultural and food products or any natural or legal person or an association of such persons, including a producer organisation, a supplier organisation and an association of such organisations which sell agricultural and food products **irrespective of the place of economic activity** thereof *PUTP law Section 1. 3)*

Def: **Buyer** - a natural or legal person or an association of such persons **irrespective of their place of economic activity** if its net turnover in the last financial year exceeds EUR 2 000 000 or an institution in the European Union (national, regional or local institution or an association of several such institutions which operates in accordance with the principles of public law) that purchases agricultural and food products *PUTP law Section 1. 7)*

Competition Council shall examine the submissions regarding violations of this Law in relation to the **economic activity** of a supplier, buyer or retailer of non-food products **in Latvia** *PUTP law Section 4 (1) 2nd sentence*



! The Competition Council as an enforcement authority when the complaint is addressed to it **shall be competent to enforce the prohibitions**

! **Prohibitions to be enforced irrespective of the place of economic activity of the trading parties** i.e. when at least supplier, buyer or retailer of non-food products perform their economic activity in Latvia

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Konkurences padome

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