

Competition Council
Republic of Latvia

**ANNUAL
REPORT
2018**

FOREWORD BY THE CHAIRWOMAN

**HAVE WE MANAGED TO MAKE THE COMPETITION ENVIRONMENT BETTER
IN THE PREVIOUS YEAR?**



Definitely, yes. At first, last year have reached record number of merger notifications. That led us to analyse approximately 25 economic sectors. In one of them - retail - we took a decision to prohibit the merger based on the analysis of data gathered in consumers' survey. Thus, we ensured to the consumers that the possibilities of choice and variety of shopping places do not reduce.

There were also sufficiently significant infringements established. Like always, our studies included many bid-rigging cases. In two cases - regarding procurements of office equipment

and procurements of amelioration services - decisions were made and fines were imposed. In another seven cases for alleged signs of coordinated actions in total 37 persons received warnings, which is the highest number of warned persons per year. We are sure that such active prevention measures can improve the environment of public procurements and warned persons will review their operation and refrain from implementation of allegedly illegal actions in future.

The Competition Council actively continued to supervise unjustified involvement of public administrative bodies in business. It appears that advocacy - recommendary callings to refrain from actions promoting competition distortions - not always may achieve the positive result.

If an undertaking owned by a local government is in a dominant position, it shall have special responsibility in order not to abuse its market power against customers, suppliers etc. For example, SIA ZAAO, which is owned by 28 municipalities possess a dominant position in the Northern Vidzeme waste management region. The Authority concluded that the abuse of market power was permanently ignored. Therefore, the Authority adopted a decision, imposed a fine and legal obligations in order to change its actions.

In many other cases the Competition Council did not have the power given by law to refrain public administrative bodies from creation of competition distortions. Thus, we are excited about year 2019 when new members of the Parliament will discuss amendments to the Competition Law. We hope that members of the Parliament will understand the importance of competition neutrality and how important it is for the competition authority to receive bigger powers to eliminate competition distortions made by public administrative bodies. The amendments to the Competition Law are extremely necessary to improve the competition environment where the interests of public administrative bodies and private entrepreneurs clashes.

No doubt that last year was special with important market studies in high prioritized sectors. In two of them - states' monopoly position in the vehicle technical inspection market and identified problems in distribution of reimbursed medicines - we concluded that everything is not that perfect as it seems on the daily basis. And here we are not saying that consumers do not receive particular goods or services,

but the question is how expensive and with what kind of availability. Advantages from high prices go to product and service providers, rather than society. Discussions that rose up after market studies bring hope that we are on the right way to make the competition environment better in these sectors.

In 2018, the Competition Council unfortunately got an approval that although we live in the free market economy, the term 'monopoly' is still respected in public sector and partly in society. We organized large number of different educating workshops, conferences and meetings across the whole Latvia in order to explain what fair competition means, how responsible procurement organizers as well as honest and independent applicants should behave. That definitely made the competition environment better. However, we understand - we still have a lot to do so the competition culture would become an integral value of our life and economy.

And this is what I appeal to all readers of the annual report!



SKAIDRĪTE ĀBRAMA
Chairwoman of the Competition Council

STOP-MOTION VIDEO CONTEST

In autumn 2018, the Competition Council organized the annual contest for pupils of secondary schools of Latvia. The Authority invited to prepare original stop-motion videos on the topic “In competition – more is better”.

While preparing stop-motion videos pupils learnt what do free, fair competition and bigger number of companies on the market give. Competitive prices, broader possibilities of choice for consumers and occurrence of innovations should be mentioned among the key advantages of competition.

The winners of the competition were pupils from the Eastern Latvia Technologies Secondary School.

Awarding of the participants “In competition – more is better” was held on the World’s Competition Day, on 5th December. It is possible to view the videos of winners on the website of the Competition Council www.kp.gov.lv. The Authority launches contests for pupils and/or students on an annual basis.



1
prize
winner
st

**Mr Dāvis Pavlovs
(Grade 10),**

1st prize winner: “Competition is necessary in order the manufacturer would think about product price, quality thereof as well as functions that would satisfy the needs of a consumer. Also innovations and technologies are of significant importance that would go along the time, without specially changing the price, and would increase demand.”



2
prize
winner
nd

**Mr Jānis Platacis
(Grade 10),**

2nd prize winner: “Competition is important! In order there would not be monopolies, it is significant that there are some companies, producing similar products, thus providing bigger choice, and the consumer, by saving his or her means, would satisfy his or her unlimited needs!”



Executive Director Māris Spička:

“The future professionals, who will become economically active citizens very soon and probably will manage organizations, as well as adopt significant decisions, learn the moral of competition while growing up. Principles of fair competition - to be the best, to think new ways on how to become more visible and thus improve - become a self-evident value of both daily and professional life. It is extremely important for development of healthy environment of competition culture.”

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THE COMPETITION COUNCIL. PASSPORT OF THE AUTHORITY

The Competition Council of the Republic of Latvia is a direct public administration authority operating under supervision of the Ministry of Economics. The principal area of operation of the Competition Council is the implementation of the competition policy, and it is divided into two sub-areas – development and protection of the competition culture. The independence of the Competition Council is stipulated in the Competition Law.

Aim

Aim of the Competition Council is to provide possibility to each market participant to conduct business activities under free and fair competitive conditions and to ensure favourable conditions for protection and development of competition for the benefit of society.

Our resources



State financing

1 280 553 €



26 years of
operation of the
Authority



46 knowledgeable
and motivated
employees

Under conditions of fair competition effective companies are found, motivated to provide high quality, variety of choice, innovations, competitive prices and other advantages to win the competition for consumers' choice.

Mission

Mission of the Competition Council is implementation of competition policy, protection and stimulation of free and equal competition within all the fields of national economy between market participants, creation of new and innovative products, zero tolerance to unjustified involvement of public administrative bodies in free competition.

Areas of activity and outcomes

- ▶ **Detection of Prohibited Agreements:** undertakings do not engage in cartels or enter any other prohibited agreements;
- ▶ **Aversion of Abuse of dominant position:** large and dominating companies in their market sectors do not abuse their market power;
- ▶ **Merger control:** mergers that create monopolies or excessively large companies with potentially negative impacts on the interests of consumers or cooperation partners do not occur;
- ▶ **Control over legislation:** legislation, regulations and any other state or local government decisions or actions do not restrict the development of free and fair competition;
- ▶ **Promotion of competition:** competition is promoted in the markets, including the regulated ones, where it is limited or non-existent;
- ▶ **Raising public awareness:** society receives comprehensive information about the positive effects of fair competition on market functionality and social welfare.

In accordance with the strategy for operation of the Competition Council for 2017 - 2019, the authority had determined the following priority directions in 2018:

- ▶ capacity strengthening, grounding of professional and responsible employees;
- ▶ disclosure and prevention of most severe competition infringements and market distortions, non-allowance of negative effects on the market;
- ▶ promoting of understanding of market participants and public administrative bodies regarding free competition, competition politics and culture;
- ▶ strengthening of the Authority's role and recognition within the international environment.

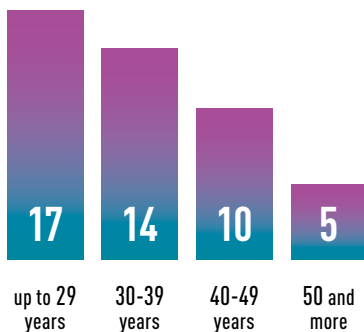
Key values of the Competition Council are **legality, professionalism and independence.**

TEAM OF THE COMPETITION COUNCIL

The Competition Council consists of a Decision-making body - Council - and an Executive body. The authority had 46 employees at the end of 2018, 40 out of which were in the status of officials, but six - in the status of employees.

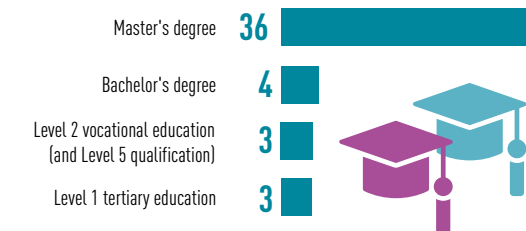
There were 50 positions in the list of positions, 45 of which were official positions and six employees' positions. In 2018 the labour turnover of the Competition Council reached 24%. Namely, 11 persons terminated the state civil service relations and legal employment relations, but 13 persons - commenced.

Age



The average age of personnel of the Competition Council at the end of the reporting year was 35.5 years.

Education



83%
or 38 employees
were women



17%
or 8 employees
were male.

3 Council members

A Council of 3 professionals adopts decisions by voting. Appears as the first instance court when taking a decision based on information gathered and the investigation carried out by the case handlers. The work of the Council is managed by the Chairperson.

1 Executive Director

Executive Director ensures institutional integration, delegates responsibilities within the Authority, provides legal and conceptual support to the officials of the Executive body regarding investigative and court proceedings.

19 Investigators

19 investigators identify and investigate violations. Follow the market processes and amendments to the regulatory framework. Provide consultations for undertakings and other stakeholders as well as hold lectures and seminars.

12 Lawyers

12 lawyers prepare the legal justification for decisions of the Competition Council. Represent the Authority in courts, prepare draft legislation as well as evaluate if the documents, prepared by other institutions and authorities do not distort competition and provide suggestions for possible solutions.

2 Economists

2 economists prepare the economic justification for the decisions and market inquiries of the Competition Council. Explores and develops new methods of econometric analysis.

1 Head of Strategical Planning and Development

Head of Strategical Planning and Development provides recommendations for development of the state policy in competition protection, ensures development of the strategy and work plan for activities of the authorities, follows market developments and provides information on the current issues.

1 Competition Policy Advisor

Competition Policy Advisor ensures improvement and development of the competition policy, regulatory framework and rule of law, as well as provides consultations to the state/municipal authorities, market participants, non-governmental organisations and persons regarding the application of regulatory enactments in the area of Competition Law.

7 Support staff members

7 support staff members establish communication with the public and coordinate international operation, take care of personnel management, quality management, accountancy and organization facilities.

YEAR 2018 IN FIGURES

Prohibited agreements	3
Detected violations	2
Terminated investigations	1
Abuse of dominant position	1
Detected violation	1
Mergers	21
Cleared mergers	19
Blocked mergers	1
Infringement established (failure to notify the merger in a timely manner)	1
Unfair retail practice	1
Detected violation	1
Total number of decisions	26

Other relevant figures

Prevention:

- ▶ 7 warnings to 37 persons regarding potential coordination of activities
- ▶ 3 negotiation procedures regarding abuse of market power

Infringement statistics:

- ▶ Fines imposed on undertakings 308 514 €
- ▶ Fines paid into the state budget 445 613 €
- ▶ 8 undertakings penalised
- ▶ 7 terminated legal proceedings, in all the decision issued by the Authority has been upheld
- ▶ 3 concluded administrative agreements, terminating the legal dispute
- ▶ 2 dawn raids in 6 undertakings (including support to the Competition Council of Lithuania)

Submissions and opinions:

- ▶ 290 applications received regarding matters associated with the competition law
- ▶ 63 applications received regarding activities of public administrative bodies
- ▶ 48 opinions regarding risks to competition which may be caused by regulatory framework

Consultations and market research:

- ▶ 49 pre-merger consultations
- ▶ Completed inquiries in 8 markets



Three stars - the Competition Council for the fourth year in a row maintained its position in the prestigious Global Competition Review Rating Enforcement among the World's best competition authorities.



PROHIBITED AGREEMENTS

Invariable anti-record-holder of competition infringements – bid-rigging in procurements

In 2018, the Competition Council detected **two prohibited agreements**, and both were related to **bid-rigging in public procurements**.

The Authority established that three amelioration undertakings - SIA LIMBAŽU MELIO, SIA Bauskas meliorācija and SIA Meliorācijas eksperts - have unlawfully acted in four price quotations for the projects of the fund administered by the Rural Support Service. While the office equipment service providers and suppliers SIA TOMEGA and SIA BTK.LV distorted competition in several procurement procedures.

All undertakings acted according to the similar scheme - agreed the cost-estimates to be submitted for tenders and agreed on the terms and conditions of participation as well as on the winner. Thus, there was no genuine competition between participants of the market, offers were not made in the circumstances of real competition, as well as the customers were misled on the real market situation.

The Competition Council imposed to amelioration undertakings a fine in the amount exceeding 70 000 €, while to the office equipment service provider and the supplier SIA TOMEGA (the second company was liquidated before adoption of the decision) - in the amount of slightly exceeding 33 000 €.

Warnings as an effective tool for improvement of competition environment

If the Competition Council finds any signs of possible prohibited agreement, but they still do not indicate on severe, repeated and broad harm to competition, the Authority may issue warnings to market participants. In such cases the purpose of prevention is to promote understanding of entrepreneurs, therefore, the Authority does not impose a fine to the warned persons.

In 2018, the Competition Council **issued warnings to 37 persons in seven alleged infringements**. That is the biggest number of warned persons within a one year since 2013, when the Authority established the practice of warnings.

More responsible customers mean more successful procurements

Procurement organizers have special responsibility in order the organised tender would justify the purpose and limited resources would be spent as effective as possible. If the responsible persons find suspicious signs in offers, which might indicate on the prohibited agreements between applicants, the Competition Council has to be informed without delay.



Ieva Šmite, The Head of the Cartel Department:

“Although the cartel schemes disclosed last year may be called as the classical ones, they are found in new sectors during the practice of the Authority. It confirms the current observations that procurement organizers of every sector have to be cautious from activities of dishonest applicants and evaluation of offers should be performed with special care. Confidence that it is necessary to educate all parties involved in procurements, in the perspective of different sectors, becomes stronger each year. We did it in 2018 and will continue to do also in the future.”

During case investigations, the Authority quite often face the situations, when not procurement organizers, but rather supervising authorities report on infringements of alleged bid-rigging. It is to be explained by both, the limited knowledge of responsible persons as well as sometimes also intentionally negligent action.

In order to **systematically strengthen knowledge of organizers of public procurements** in the sectors that have had repeatedly appeared in the view of the Competition Council in the perspective of prohibited agreements, the Authority educated the representatives of the Ministry of Culture, the Ministry of Defence, the Ministry of Welfare and the State Employment Agency in 2018. During such educational events the Authority trained procurement organizers on how to recognize signs of cartels.

In 2018, the Authority received **nine applications from procurement organizers** regarding the alleged cartel agreements.

ABUSE OF DOMINANT POSITION

Waste manager punished for abuse of the market power

In 2018, the Competition Council established **one abuse of dominant position of an undertaking**.

On 21 March, the Competition Council entered into the administrative agreement with the undertaking SIA ZAAO, owned by 28 municipalities and being in the dominant position in the waste management region of Northern Vidzeme.

The undertaking unreasonably prohibited cooperation partners to enter into agreements only regarding particular waste collection fields that are necessary for operations thereof, forcing to use all fields owned by SIA ZAAO. Besides, the undertaking applied the field infrastructure maintenance fee, which was not economically reasonable, and it was determined differently to every packaging manager.

The Competition Council imposed an obligation on SIA ZAAO to eliminate the established non-conformities, as well as applied a fine in the amount of 36 665 €.

Negotiation procedures for correct compliance with dominance

In cases, when the Competition Council finds alleged non-compliances in the activities of dominant undertakings, but these actions do not affect large part of the market, the Authority may perform negotiation procedure with the particular market participant. Thus signs of the alleged infringement are eliminated, without imposing a fine on the undertaking. In 2018, the Competition Council achieved an outcome beneficial for competition during **three negotiation procedures**.

In the beginning of the year the Competition Council completed negotiations with AS Riga Airport Commercial Development that is the manager and the lessor of commercial space of Riga

International Airport. The undertaking at the same time leases retail areas of the airport to sub-lessees as well as operates as the retailer in this territory, thus competing with sub-lessees (other retailers).

The Authority concluded that provisions included in agreements caused possibilities for AS Riga Airport Commercial Development to acquire from sub-lessees the commercial information related to the sale of products, as well as to limit the product assortment offered by the particular sub-lessee. As the undertaking showed readiness to cooperate with the Authority, the Competition Council prevented the above-mentioned competition limitations during the negotiation procedure.

Court obligates the public administrative body to compensate damages caused by use of market power

At the end of 2018, the Supreme Court decided that the Freeport of Riga Authority must compensate damages to the private undertaking AS PKL Flote for involvement in commercial activities that were improper for the public administrative body and the followed abuse of dominant position. An obligation was imposed on the Freeport of Riga to compensate in the amount of almost 1.35 million €.

The Competition Council adopted four decisions while averting the abuse of dominant position of the Freeport of Riga Authority for seven years. In total, the competition Authority imposed fines in the amount of approximately 850 000 €. Market power was expressed as unreasonable restrictions to private entrepreneurs to offer the tugboat services in the Port of Riga.

This is the **first time**, when a court in Latvia has concluded that a **public person has an obligation to compensate damages to the private commercial company for abuse of a dominant position**.



Ilze Tarvāne, Head of the Analytical Department:

“Market participants being in dominant position have special responsibility towards other undertakings, cooperation partners and customers due to the fact that most often the involved parties do not have any alternatives to select any other service provider. We consider the judgment of the Supreme Court as particularly preventive, reminding to the dominant undertakings that they shall not abuse their power, because they may have to compensate damages not only to the state, but also to the injured parties.”

UNFAIR RETAIL PRACTICE PROHIBITION LAW

The Unfair Retail Practice Prohibition Law (the URPPL) came into force in Latvia on 1 January 2016. The purpose of it is to restrict the use of the buying power of retailers against suppliers in order to balance their interests in retail. The Competition Council is the responsible authority for supervision of the compliance with the law.

Within a year the Authority provided to market participants three workshops on the application of norms of the URPPL, as well as provided 16 statements.

First offenders of the URPPL forced to change unfair practice

Since 2015, the Competition Council has actively implemented various measures in order to promote understanding of entrepreneurs on the URPPL and its application in practice. The Authority has consulted more than 500 representatives of undertakings, organized several conferences and workshops, as well as prepared and updated guidelines and has performed inquiry of the market for introduction of the URPPL.

During the inquiry the Authority found alleged non-conformities in the activities of the manager of the stores with trademarks Mego and Vesko - SIA Baltstor and the partner, being in its retail cooperation, SIA Lenoka and decided on initiation of the infringement case.

During the investigation, the Competition Council established that both undertakings have applied to suppliers unfair and unreasonable sanctions both, for inaccurate prices in delivery notes as well as incomplete performance of product orders. The amount of sanctions exceeded 10% and reached up even more than 400% from the sum of the principal debt. At the

same time undertakings have failed to perform measures in order to initially eliminate and minimise errors, thus causing beneficial circumstances for re-application of sanctions.

The Competition Council imposed a fine on **SIA Baltstor in the amount of 13 533 €** and on **SIA Lenoka in the amount of 60 487 €**. A legal obligation was imposed on undertakings to change the dishonest practice.

Unfair retail to be governed across the EU

At the end of the year the European Parliament, Council and Commission reached an agreement regarding the **new set of rules that will ensure protection to the EU farmers and EU farming food undertakings** against unfair practice and trade. The planned Directive will prohibit 16 types of unfair practice, how trade undertakings may use their market power against partners. Other kind of practice will be permitted only pursuant to clear, unequivocal and direct agreement of involved parties.

The new regulation will refer to retailers, food processors, wholesalers, cooperatives and manufacturers' organizations or individual manufacturers, who will practice any types of unfair practice discussed in the Directive.

In Latvia such protection is partially provided by the URPPL, the scope of which will be expanded as of the Directive coming into force. All the EU Member States will have to introduce similar regulation in their national legal acts within a time period of two years.

In 2018, the Competition Council participated and evaluated the draft Directive in more than ten EU level meetings and work groups.



SECTOR INQUIRIES

The purpose of sector inquiries is to get in-depth insight into different economic sectors, to gather information about competition issues and to search solutions for elimination of them. In 2018, the Competition Council completed eight sector inquiries.

Proposal to liquidate unreasonable state monopoly in the vehicle technical condition control market

In 2018, the Competition Council completed inquiry into the market of technical inspections. The Authority was established that the **state unreasonably limits the possibilities of the private sector to provide one of the components of the technical inspection** - control of vehicle technical condition. It should be highlighted that Latvia has significantly stricter limitations for undertakings to get involved on this market than the minimum requirements of the European Union (EU) provides.

In Latvia the performance of the control of technical condition is entrusted to VAS *Ceļu satiksmes drošības direkcija* (Road Traffic Safety Directorate - CSDD), which has accredited also four other undertakings, where CSDD is also the holder of capital shares and implements control of them, for provision of such services. These undertakings together with the Directorate are in the collective dominant position.

Harm to competition

CSDD has a double role on the market - it supervises the provision of the service and at the same time, while being related to four private undertakings, carries out the control of vehicles technical condition. Thus, when making a decision regarding introduction of potential competitors on the market, it is impossible for CSDD to take the impartial and neutral position, because the Directorate has the financial interest to protect the operation of undertakings partially owned by it and to restrict the possibilities of other undertakings to enter the market.

The Authority also finds it harmful to competition that the accredited undertakings do not mutually compete for clients as far as a specific territory is allocated for each of them where to provide their services. Therefore, equal consequences have been created for one of the most severe competition infringements - allocation of the market.

Harm to consumers

Harms is also caused to consumers in the closed market conditions, to be related with expenses, availability and other advantages of competition, for example, possible repeated control free of charge. In the conditions of closed market expenses for performance of technical control have increased by 50 - 60% to consumers during the recent ten years. In comparison with the other EU countries, technical inspections in Latvia must be passed almost twice as often, therefore the total expenses thereof during the operational cycles of cars (in five, ten and 15 years) are among the most





expensive ones in the EU countries, but in Baltic States - the most expensive ones.

Besides, the availability of the service is significantly limited for consumers. For example, 30% of all 700 thousand vehicles are located in the capital Riga, having only one technical inspection station. That is on average by 20 times less than on the open market.

Proposal

The current system permits unreasonable interruption of the state, limits competition and leaves a negative impact on consumers. In order to eliminate the above-mentioned circumstances, the Authority proposed to open this market for free competition. In accordance with the publicly available information, the Ministry of Transport plans that CSDD will cease to perform the service of vehicles technical condition control as of 2023. The Competition Council continues to follow the events on this market.

Inquiry highlights problems in the distribution of reimbursed medicines

In 2018, the Competition Council completed the inquiry into the market of distribution of reimbursed medicines, **establishing systemic issues both, in the distribution of medicines as well as procedure for allocation thereof, leaving a negative impact on the availability of medicines to consumers.**

The Authority organized the consumers' survey in the context of supervision. The data shows that 87% of respondents have had difficulties to receive reimbursed medicines in pharmacies, which indicates in joint relation with other conclusions made during the supervision that there are problems existing in Latvia in the physical availability of medicines.

The Authority established that the market concentration for wholesale of medicinal products is increasing - 83% of the market consists of four biggest wholesalers, causing high competition risks. Besides, there are circumstances existing

in both levels of distribution of medicines - manufacturers and wholesale - delaying availability of reimbursed medicines to consumers.

On the manufacturer level this include difficulties to plan delivery volumes, which is affected by the inaccessibility of information on the actual demand for medicines in the state, stocks in wholesale and exports, performed by wholesale. While on the wholesale level - non-existence of transparent system for allocation of medicines. That does not allow supervisors of the sector to effectively control, whether pharmacies are provided with medicines within 24 hours and whether the competing pharmacies are not discriminated.

After completion of the inquiry the Competition Council initiated the meeting with participants of the sector in order to discuss conclusions and possible further activities.

Evaluated activities of the mobile communications operators during the changes in roaming

One of the most significant events of 2017 was cancellation of the additional roaming fee. The purpose of this regulation was to reduce expenses for consumers, arising when using the mobile communication services for roaming. Shortly before cancellation of this additional fee the Latvian mobile communication operators publicly announced the price increase for tariff plans. That attracted the attention of the Competition Council.

In 2018, the Authority established that **changes in the tariff prices are to be explained by several reasons**, including additional expenses for operators due to introduction of the new regulation and oligopoly market structure.

The Authority observed that during the changes certain operators popularized the most expensive (including roaming) tariff plans, thus making difficult access for customers to cheaper services. After reprimands made by the Competition Council on such practice the mobile communication operators, who offer tariffs without roaming, undertook to change their way of acting and to make the information on the local tariffs more easily available.

MERGERS

In 2018, the Competition Council **adopted 21 merger decisions**. In 19 cases the Authority did not find any harm to competition and cleared the notified mergers, but in one case established significant harm to competition, therefore prohibited to implement the planned transaction. In one case the Competition Council established unnotified merger and imposed a fine on the market participant.

In 2018, undertakings involved in mergers have paid into the State budget fees in the amount of 92 000 €. In order to facilitate for market participants preparation of the merger notification to be submitted to the Competition Council or establish that the notification is not required, the Authority provided 49 pre-merger consultations.

Strengthening of market power in retail prohibited

On 17 December, the Competition Council decided to prohibit one of the largest retailers in Latvia SIA MAXIMA Latvija (MAXIMA) to use the commercial premises in centre of the capital city, where SIA ESSA was operating at the moment of submission of the merger notification. SIA ESSA is operating on the daily consumer products retail market under the trademark "top!".

During the course of merger review, the Authority performed survey of consumers and established that the affected market is the daily consumer products retail market within the walking distance of approximately four minutes around the particular commercial premises. At the moment of submission of the notification in total five shopping places were operating in this territory, in three of which SIA RIMI LATVIA (the other largest retailer) is providing services, in one - MAXIMA and in one - SIA ESSA.

After implementation of the transaction on the particular market only two biggest retailers would continue their operation, thus increasing their market share as well as the number of MAXIMA stores. That would change the structure of the market and would significantly decrease competition, as well as restrict the possibilities of consumers to purchase more various products in stores of the bigger number of companies. Taking into account the above-mentioned circumstances, the Competition Council did not permit SIA MAXIMA Latvija to acquire the rights of lease for the commercial premises in Riga, at Tērbatas iela 33/35.

Failure to notify on the merger in a timely manner - a breach of law

The Competition Council permitted the Lithuanian company UAB Vaizga to acquire decisive influence over SIA Petrol Property in April. As far as UAB Vaizga submitted a merger notification to the competition authority already after



Artūrs Kuka,
the Head of the
Economic Analysis
Unit:

"In 2018 in comparison with the previous year the Authority evaluated by 60% more mergers. The increasing consolidation is to be explained with several reasons: strengthening of the market position and export capability, also change of the business focus. Mergers become even more complicated, in particular in sectors important for consumers. That stimulates the competition authority not to rely only on structural indicators, for example, distribution of market shares, but also to analyse in depth the intensity of competition, advantages of efficiency and volume economy, refocusing possibilities of consumers and other factors."

the actual merger, the Competition Council initiated the infringement case regarding unnotified merger.

In accordance with the Competition Law, the applicable fine to undertakings for unlawful merger is up to 3% from the net turnover thereof from the last financial year. **UAB Vaizga, when admitting the infringement**, proposed to enter into the administrative agreement with the Competition Council. Undertaking paid into the state **budget a fine in the amount of 57 419 €.**

LITIGATIONS

In 2018, **seven court proceedings were completed**, and in all cases the outcome beneficial for competition was achieved. In one of the cases the court proceeding was terminated afterwards, when the Authority entered into the administrative agreement with the infringer.

After decisions of the Competition Council coming into force, including after completion of court proceedings, **undertakings have paid into the state budget the imposed fines in the amount of 445 612.93 €.**

The court recognizes the use of the market power by AS Liepājas autobusu parks

On 20 February the Supreme Court decided to uphold the decision of the Competition Council of 2014 to fine **AS Liepājas autobusu parks for abuse of dominant position.**

In the decision the Authority established that the undertaking, at the same time being both, the manager of Liepāja Bus Terminal as well provider of the public transportation services to its competitors - other carriers of passengers - unreasonably applied significantly higher price for use of the services of the bus terminal. Thus AS Liepājas autobusu parks created significant competitive advantages in procurements organized by the state, not only limiting the competitiveness of other carriers, but

also not permitting the carriers, who were more efficient in terms of costs, to win procurements.

A fine in the amount of 129 369 € was imposed on the undertaking for competition distortion.

Parent companies may be responsible for competition infringements of subsidiary companies

On 17 May, the Supreme Court adopted the judgment, pursuant to which it is stipulated in the competition law of Latvia that parent companies may bear joint responsibility for competition law infringements committed by subsidiaries.

That means that also in the future in cases of infringement of competition law the Competition Council will be entitled to impose responsibility on the parent undertakings regarding competition infringements committed by subsidiaries.

The Competition Council ensured representation at 25 court sessions during 2018.



CHANGES IN THE LEGAL FRAMEWORK OF COMPETITION



Amendments to the Competition Law to discipline public administrative bodies

On 26 June, after discussions for more than two years the Cabinet of Ministers **approved amendments to the Competition Law** that would provide effective authority to the Competition Council to turn against competition distortions created by public administrative bodies (state and municipalities). Such distortions are most often expressed as unreasonable involvement in entrepreneurship and being one of the most common problem of the competition environment in Latvia for many years.

Amendments, that have become more compliant during discussions of the involved parties and without effective sanctions only affirm the principle that public administrative bodies should comply with the competition neutrality, were reviewed by the Saeima. As far as the election of the Saeima were held in October 2018, the new composition of the Saeima Economic, Agricultural, Environmental and Regional Policy Committee insisted at the end of the year on more strict conditions for disciplining public administrative bodies. Review of amendments will be continued also in 2019.

ECN+ directive for more efficient application of competition law

The agreement reached by the EU on the ECN+ directive is among the most important topics for regulation of the competition law in 2018. Taking into account the different scope of rights and powers of the European competition authorities entrusted to them for fulfilment of duties, the European Parliament and the EU Council, on the basis of the recommendation of the European Commission, adopted a Directive in 2018 that the national competition authorities shall ensure:

- ▶ a) effective tools for investigation and decision-making;
- ▶ b) the right to impose severe and preventive penalties;
- ▶ c) properly developed Leniency programme, providing a possibility for an undertaking that is or was involved in a cartel, to submit evidence as the first one on a voluntary basis and to receive complete exemption from a fine, as well as an exemption from the prohibition to participate in public procurements;
- ▶ d) enough resources for implementation of determined tasks, as well as independence in decision-making and during the investigation process.

The Directive will come into force in 2019 and a transitional period of two years will be determined for the Member States, in order the Directive would be adopted by national legal acts.

IMPACTS ON COMPETITION OF PUBLIC ADMINISTRATIVE BODIES AND DECISIONS TAKEN BY THEM

Competition distortions caused by public administrative bodies is a topical issue, confirms public opinion and practice of the Authority

The results of the public thought survey conducted by the Authority in 2018 show that **competition distortions caused by public administrative bodies is one of the most important and current issues of the competition environment in Latvia**. Most often they are expressed as unreasonable involvement of public administrative bodies in entrepreneurship, adopting conditions discriminating private entrepreneurs and creating unfair competition conditions on the market.

Section 88 of the State Administration Structure Law (the SASL) provides that state and municipalities may get involved in entrepreneurship only in certain cases: 1) if there are no private undertakings, being able to provide the specific services, and otherwise it is not possible to effectively prevent market failures; 2) if it is necessary to create goods or services, or managed properties that is of strategic importance for development of the administrative territory of the state or municipality or national security.

In order to minimise unreasonable involvement in entrepreneurship, public administrative bodies shall consult with the Competition Council before planned foundation of the capital undertaking or reassessment of their activity therein. In 2018, the Authority provided an opinion in 16 such cases.

During the year the Authority evaluated the compliance of the activities of Bauska municipal company SIA Zemgales mutes veselības centrs with Section 88 of the SASL. The Competition Council did not establish any circumstances that would indicate on market failure in the field of dental services in Bauska region, which would serve as a ground for the municipality to retain participation in the capital undertaking. The Authority recommended the municipality to keep of provision of dental services to adults, as well as to grant co-funding on equal terms

to private merchants, in order they could cover expenses, arising from provision of state funded dental services to children in the age up to 18 years.

In total the Competition Council received **63 applications in relation to activities of public administrative bodies, including competition distortion**.

Adoption of regulatory enactments beneficial for competition

In order to eliminate harm to competition in different economic sectors, which could be potentially caused by changes in the legal framework, in 2018 the representatives of the Competition Council drew the attention of legislators by **48 opinions on 26 sectors**. In nine cases the legislator listened to the arguments of the Authority and the regulation harmful for competition was not adopted.

The Authority highlights the competition restrictions in draft regulations prepared by the Ministry of Welfare regarding facilitation of employment and qualification increase of unemployed persons and regulations issued by the Ministry of Education and Science regarding improvement of professional competence of employed persons.

Namely, the regulations included the criteria that primary the state and municipality founded professional education institutions would be attracted for implementation of trainings, restricting the possibilities of private entrepreneurs. The procedure caused unreasonable advantages for state and municipality founded professional education institutions with regards to conclusion of cooperation agreements with the State Education Development Agency regarding implementation of the professional further education and professional improvement education programmes. After opinions provided for several times and discussions the provisions restricting competition were erased from the regulation.

In order to defend equal competition positions, the representatives of the Authority in total participated in 65 different events (at ministries, the Saeima, the Cabinet etc.).



Antis Apsītis, the Head of the Competition Promotion Unit:

“Principle of the competition neutrality takes even more important role both in the daily agenda of the Authority as well as general pattern of competition and economical growth. That means - the state and municipalities have to carefully assess the validity of their decisions and planned activities and compliance with the principles of fair competition, in order not to unreasonably restrict the development of healthy entrepreneurship in Latvia. We firmly believe that the principle of competition neutrality will become a self-evident part of the culture of activities of public administrative bodies.”

COMMUNICATION AND COOPERATION

Almost 600 procurement organizers and applicants educated during the cycle of workshops

In 2018, the Competition Council in cooperation with the Corruption Prevention and Combating Bureau and Procurement Monitoring Bureau **completed the two years long educational cycle of workshops “On Fair entrepreneurship”**. The purpose of seminars was to educate two groups - representatives of state and municipalities, the daily work of whom is related to the field of procurements, as well as entrepreneurs, who participate in the procurement procedures.

During workshops every involved institution introduced the audience with the issues of their competence in relation to procurements. The Competition Council introduced with the topics of prohibited agreements: 1) what entrepreneurs should pay attention to in communication with competitors, in order not to permit infringement of the Competition Law; 2) how organizers of procurements can identify possible signs of cartels between applicants.

In total almost 600 procurement organizers and applicants were educated during the cycle of workshops “On Fair Entrepreneurship” during two years in 11 cities of Latvia. Majority, 70% of trained persons were procurement organizers.

Workshops ended in Riga, in the premises of the Latvian Chamber of Commerce and Industry. Presentations of lecturers

from all three authorities from the closing workshop can be found on the website of the Competition Council (in Latvian).

In total the Competition Council implemented 33 educational events within a year for different target groups - entrepreneurs and their associations (such as, the security sector, which has appeared in the view of the Authority for several times), procurement organizers, universities, students etc.

The Competition Council gets involved in the anti-fraud movement #FraudOff!



In 2018, the central topic for the anti-fraud movement implemented by the Ministry of Finance #FraudOff! was dedicated to the employment relations of youth (16 to 24 years). In the movement have joined different public, private and non-governmental organizations, as well as the Competition Council. This year, the Authority drew the attention of youth during several events to the principles of fair competition, in particular informing on cartels.

It should be highlighted that in 2018 the Competition Council together with the movement #FraudOff! participated for the first time in the annual conversation festival LAMPA. In order to introduce the target audience and other visitors of the event with the issues of competition law, the Authority prepared the **strategic role play “Cartel”**. Three types of roles are allocated to participants on the basis of random choice: the fair entrepreneur, cartel member and competition authority.

Representatives of the Competition Council provided comments for at least 130 times to mass media during the year. The most topical themes during the year were suggestion to open the technical inspection of vehicles market, the course of alignment of amendments to the Competition Law, problems of the taxi service market, resumption of the car wheels blocking procedure at the car parking lots administered by municipality owned company. The Authority was mentioned on mass media for almost 1700 times in total.

Cycle of workshops “On Fair Entrepreneurship” educates organizers and applicants of procurements in Jurmala.





Kartelis

Kartelis jeb aizliegta vienošanās starp konkurentiem par cenām, tarifiem, dalību iepirkumos u.c. nereti tiek salīdzināts ar zādzību no sabiedrības.

Ja Tu esi iesaistījies kartelī, uztiesies Konkurences padomei un atzīties pārkāpumā, izmantojot iecietības programmu, kas var pilnībā vai daļēji atbrīvot no naudas soda.

Ja Tev ir informācija par kartelī, uztiesies Konkurences padomei un ziņo par to. To var darīt arī anonīmi iestādes tīmekļa vietnē www.kp.gov.lv.

Players, upon substantiating why do they represent the honest part and who could be the unfair participants, have to manage that the team represented by them wins.

In 2018, the Competition Council participated in total in 34 cross-institutional meeting events in order to discuss the possible cooperation, exchange with the good practice of authorities etc.

Participation of society in the field of competition law

In 2018, the Authority conducted biennial public opinion survey. The results showed that **every tenth** questioned Latvian **entrepreneur would be ready to deliberately make an agreement with competitors** on prices, market etc. or implement any other competition distortion, in order to gain illegal profit, thus making consumers to overpay for goods and services. Also 8% of questioned municipalities showed readiness to support involvement of capital undertakings owned by them in the competition infringement in order to earn additional profit.

Respondents admit that the **key issues of the competition environment in Latvia are bid-rigging in procurements and competition distortions caused by public administrative bodies**. When assessing the Authority, 69% of persons positively assess the activities of the Competition Council. Respondents evaluate the most the fact that it is easy to communicate with the Authority and employees are responsive.

In accordance with the survey data, 43% of entrepreneurs know or rather know about the Leniency programme. In comparison with the previous years, the level of knowledge of entrepreneurs on this topic has increased, however, in order to facilitate visibility of the programme, the Authority prepared **Guidelines of the Leniency programme** in 2018. They summarizes explanations on the principles for application thereof and current practice of the Authority.

In order to strengthen the practice for application of competition law, the Authority organized the **6th Lawyers Forum** in 2018, which has become a platform, where representatives of the Competition Council meet in presence with advocates and lawyers, in order to discuss theoretical and practical issues regarding application and interpretation of provisions of competition law. Besides, the representatives of the Competition Council **lead the trainings for judges** regarding the international and national legal framework with regards to problematic aspects of damage claims.

The Competition Council had **43 meetings with entrepreneurs and associations represented by them**, in order to discuss the development of the competition situation and possible problems in several sectors. These sectors include pharmacy, vehicle technical inspection, taxi services and financial services.

Competition Council improves online communication

In 2018, the Competition Council improved its digital communication. In order to ensure modern consumption of information, facilitate availability of the information, as well as improve safety, the **website** of the Competition Council **www.kp.gov.lv in the new design** was published in autumn.

Also, the **newsletter** of the Authority "**Konkurence Tuvplānā**" experienced the format change, where information about the current events of competition law is collected in a concentrated manner. Since summer the newsletter is published once per quarter and everyone may apply for receipt of it on the website of the Authority.

To ensure reaching and education of the broader part of inhabitants about the competition law, application thereof and current events, the Competition Council **commenced to communicate on the social network Facebook** at the end of the year.

INTERNATIONAL OPERATION



Opening of the 15th Baltic Competition Conference. Starting from the left: the Chairwoman of the Competition Council of Latvia Skaidrīte Ābrama, Chairman of the Competition Council of Lithuania Šarūnas Keserauskas and the Director General of the Estonian Competition Authority Märt Ots.

The 15th Baltic Competition Conference held in Riga

On 15 and 16 May, the **Competition Council of Latvia organized the 15th Baltic Competition Conference**, which is an annual experience exchange event for competition supervision authorities of three neighbouring countries. During the conference of this year among the most important topics on the application of competition law special attention was paid to competition distortions implemented by public administrative bodies and possibilities of prevention thereof.

Heads and experts from the competition authorities of the Baltic States traditionally participate in the conference. The special guest of the event in 2018 was the representative of the European Commission, who introduced with investigation of infringements in the European Commission. In order to expand the experience exchange, also guests from the competition authorities of Ukraine, Poland, Sweden, Denmark, Finland, Norway and Georgia participated in the conference.

The event is held in the format of common discussions as well as separate working groups of experts on different topics of competition law, including mergers, prohibited agreements, abuse of dominant position, current events in case law etc.

The Chairwoman included in the Bureau of the OECD Competition Committee

On 27 November, the **Chairwoman of the Competition Council Skaidrīte Ābrama was elected in the Bureau of Competition Committee of the Organisation for Economic Co-operation and Development (OECD)**, thus becoming as the first representative from the Eastern Europe, having a possibility to participate in the development of competition policy programme and agenda of the organization.

Election of the Chairwoman in the Bureau of the OECD Competition Committee is a confirmation of the global level experience and knowledge of the authority supervising competition in Latvia as far as 12 OECD Member States out of 36 are represented in the Bureau. Along with long-term members of the Committee from the European Commission, Belgium, France, Germany, Japan, New Zealand, Spain, Norway and Mexico, there will be also heads of the competition authorities from Switzerland and Korea represented in the Bureau.

The Competition Council keeps its position among the best competition authorities

Already for the fourth year in a row the prestigious Global Competition Review Rating Enforcement has ranked the **Competition Council of Latvia among the best and most efficient world's competition authorities**. Such a long-term preservation of the leading position in the important global level rating is to be considered as **a unique achievement among the state administration authorities of Latvia**.

The edition highlighted in the Latvian Report on 2018 that the Competition Council has the smallest budget out of all authorities supervising competition included in the rating, however, regardless of the limited resources; the Competition Council proves itself as one of the most effective ones in the world. The keynote of the Authority is - "Doing more with less".

In total there are competition supervisory authorities in more than 140 countries of the world, but only 38 out of them have managed to be in the Global Competition Review Rating Enforcement rating.

In 2018 the representatives of the Competition Council with 37 activities have strengthened the role and visibility of the Authority in the international environment, including participation in events and publications in foreign editions. The representatives of the Authority have made significant contribution to 16 international events, by giving public speech and exchanging with the Latvian experience in the area of competition supervision.

MANAGEMENT OF THE COMPETITION COUNCIL

Key performance results of the Competition Council

In 2018, the Competition Council had achieved the planned resulting numbers in total, which were defined for the Authority by budget sub-programme "Implementation of Competition Policy". Certain positions, such as evaluation of merger notifications, representations during court proceedings and provided explanations, opinions and recommendations were exceeded.

Measure Activity	Targets 2018	Results 2018
1. Disclosure and prevention of most severe competition infringements and market distortions, non-allowance of negative concentration on markets		
1.1. Preventive measures and investigation of alleged violation cases performed, market inquiries (total number of measures/ number of measure with high priority) Priority sectors - transports and communications, digital economic, pharmacy, finance and insurance services, public procurements, relations between retailers and food suppliers	28/10	25/13
1.1.1. including in relation to the application of the URPPL	2	2
1.2. Performed in-depth analyses of data (digital evidences) acquired during dawn-raids (number of analysed image copies) To be calculated once a year	15/5	20/5
1.3. Representation in the court proceedings	8	8
1.4. Pārstāvība tiesvedības procesā	15	25
1.5. Completed administrative proceeding and upheld decisions of the Competition Council (proportion %) To be calculated once per year	80	100
2. Promotion of understanding of market participants and public administrative bodies regarding free and fair competition, competition policy and culture		
2.1. Provided explanations, opinions, recommendations, ensured drafting of regulatory enactments and guidelines (number of documents)	90	131
2.1.1. including in relation to the application of the URPPL	10	17
2.1.2. including in relation to the application of Section 88 of the SASL	10	16
2.1.3. The Authority's eliminated limitations from activities of public administrative bodies (proportion of the achieved positive result versus the number of all performed measures %) To be calculated once per year	14	30 (9/30)
2.2. Promotion of public understanding on free and fair competition (number of events)	11	31
2.2.1. including in relation to the application of the URPPL	1	4
2.3. Positive assessment from entrepreneurs on the activities of the Competition Council (proportion of answers "positive" and "rather positive" to the relevant question in the survey in %) To be calculated once per year	85	69
3. Strengthening of the Authority's role and recognition within the international environment		
3.1. Strengthened role and visibility of the Competition Council internationally (number of publications and events)	31	37
4. Capacity strengthening, grounding on professional and responsible employees		
4.1. Turnover of employees (number of employees who left versus the total number of employees %) To be calculated once per year	25	24
4.2. Loyalty of employees (proportion of employees, %, who have responded in the survey that they will continue legal relations with the Authority for the next 2 years) To be calculated once per year	70	86

STATE BUDGET HIGHLIGHTS

The Authority implements by its activities the budget programmes “Ensuring of fair competition, protection of the domestic market and consumers rights” (26.00.00), the sub-programme “Introduction of the Competition Policy” (26.02.00).

Planned expenses of the reporting year was 1 280 553 €, performance thereof - 1 259 593 €. In 2018, the Competition Council has used 98.36% from the funding provided for the Authority.

No.	Financial indicators	Previous year (actual performance)	Reporting year	
			Planned	Actual performance
1.	Financial resources to cover expenditures (total)	1 266 592	1 280 553	1 280 553
1.1.	Grants	1 266 592	1 280 553	1 280 553
1.2.	Chargeable services and other own income			
1.3.	Foreign financial assistance			
1.4.	Donations and gifts			
2.	Expenditures (total)	1 214 867	1 280 553	1 259 593
2.1.	Maintenance costs (total)	1 197 857	1 260 954	1 240 084
2.1.1.	Current expenditure	1 197 857	1 260 954	1 240 084
2.1.2.	Interests expenditure			
2.1.3.	Subsidies, grants and social benefits			
2.1.4.	Contributions to the European Community budget and international cooperation			
2.1.5.	Maintenance cost transfers			
2.2.	Expenditure on capital investments	17 010	19 599	19 509

OPERATIONAL IMPROVEMENT

Strengthening of the capacity of the Authority is one of the priority directions in accordance with the Strategy for operation of the Competition Council in 2017 - 2019. Therefore, in order to strengthen capacity of the Competition Council, amendments to the Law On Remuneration of Officials and Employees of State and Local Government Authorities came into force on 1 January 2018, **providing independence to the Authority for determination of monthly salaries.**

During the first half a year the Authority in cooperation with Hay Group developed the new labour payment system. The new remuneration system is determined on the basis of job classification methodology "JobMapping™". The methodology is developed in cooperation with the University of Harvard, is based on standard job models, relative weight of jobs in the organization and ensures internal honesty and external competitiveness of remuneration.

Upon using the specific methodology, the job positions of employees of the Competition Council are classified into job levels or salary groups from 12 to 22. There is a set range of monthly salary for each salary group, considering the amount of financial means approved in the state budget for remuneration of the Authority for each year. The new remuneration system is applied in the Authority since 1 June 2018.

The Authority also improved the organizational structure in the middle of the year to improve the operation of the Competition Council and successful perform. In order to strengthen capacity of the Authority for work with regulatory enactments distorting the competition and unjustified activities of public administrative bodies in entrepreneurship, the Competition Promotion Unit was established. The following positions were established for effective operation: Competition Policy Advisor, Chief Litigation Legal Advisor and Chief Mergers Expert.

The Ministry of Economics organized a competition for **the position of the Member of the Competition Council** in autumn. The Competition Commission **proposed Ms Liga Daugaviete** as the most appropriate candidate for the position for approval by the Cabinet of Ministers. The Commission highly appreciated the understanding of L. Daugaviete on the competition law, work experience in both, public as well as private sector, analytical skills and managerial experience. L. Daugaviete commenced to perform her work duties on 10 December.

In order to strengthen the practice of the Authority for application of competition law and to perform necessary updates, the Competition Council **improved or prepared seven materials for internal use** in 2018. They include Employee Handbook, summarizing the key questions about the Authority and processes thereof, as well as dawn-raids and seizure of electronic evidence.

In order to improve their professional skills, **employees** of the Competition Council **participated in 40 trainings** in 2018. Employees were educated on different topics, including about the administrative proceedings, promotion of competitiveness, aspects of anti-corruption and combating of shadow economy in the work of controlling authorities, state administration communication, data protection and analysis.



PRIORITIES AND TASKS IN 2019

Year 2019 is the last year of performance of the three-years operational strategy of the Competition Council, therefore the Authority will continue to operate in four defined principal directions.

1st direction.

Capacity strengthening, grounding of professional and responsible employees.

Application of competition law becomes more and more complicated each year. In order to assess the compliance of market participants and NGOs represented by them with the basic principles of fair competition in a legally and economically correct manner, in-depth knowledge in many related areas are required: in economics, law, IT, finances etc. Currently the Authority as much as never before needs universal and fair professionals, understanding the dynamic changes in markets and being able to differ, which of them facilitate positive innovations and advantages for society, but which - strengthen the market power of certain players and actually cause negative impact to consumers by reducing the competitive pressure.

Therefore, in 2019 the Competition Council will continue to invest in the professional development of employees, will improve the remuneration reform initiated in 2018 and will popularize the image of the Authority as a positive employer.

2nd direction.

Disclosure and prevention of most severe competition infringements and market distortions, non-allowance of negative concentration on the market.

There are two significant issues in the competition area in Latvia: bid-rigging and activities of public administrative bodies creating unequal competition circumstances or discriminating entrepreneurs. In addition to that, the Competition Council identifies and prevents violations of abuse of the market power, which quite often are not easily to be recognized and investigated due to their complicated forms. The Authority has to review even bigger number of mergers of undertakings, in order not to

permit concentration of markets adverse for competition, as well as has to perform assessment of different sector policies and has to submit to ministries and other state authorities' proposals on adjustments to legal acts and other documents.

Therefore, in 2019 the Competition Council will mercilessly turn against the implementers of the most severe competition infringements and unnotified mergers, as well as will improve the protection of whistleblowers, determining individual responsibility for officials regarding the permitted competition infringements. Besides, the Authority will continue to struggle for expansion of authorities with regards to elimination of competition distortions caused by public administrative bodies.

The priority sectors in 2019 are: food retail, financial and insurance sectors, public utilities, pharmacy, wood industry, digital economics and the sector of culture events.

3rd direction.

Creation of understanding of market participants and public administrative bodies regarding free and fair competition, competition politics and culture.

All economic sectors are in the view of the Competition Council, thus the field of work is broad. Therefore, without support of public and, first of all, entrepreneurs, no authority supervising competition itself is able to change the competition culture and to make the competition environment really beneficial for the private sector. The Competition Council needs a wide range of allies, including also among other state administration and law enforcement authorities.

Therefore, in 2019 the Competition Council will organize and participate in different informative events, in order to educate different target groups on the principles of fair competition. Besides, the Authority will establish in-depth communication with organizations and supervisors of entrepreneurs of sectors, where competition issues have already been established (building, construction material trade, pharmacy, energy industry) as well as will popularize the Leniency Programme and protection possibilities of whistleblowers.

4th direction.

Strengthening of the Authority's role and recognition within the international environment.

For the fourth year the Competition Council keeps high position - three stars in the scale of five stars - on the prestigious Global Competition Review Rating Enforcement among the World's best competition authorities. That gives huge responsibility for the work not only on the national, but also international scale. In addition to that, the Authority is represented in the Bureau of the OECD Competition Committee since 2019. That gives the Authority broader possibilities as the only of the new Member States of the European Union to influence the agenda of the OECD competition protection issues and will stimulate to pay more attention also to the most characteristic trends of the Baltic States region.

Therefore, in 2019 the Competition Council will continue to give a significant contribution to collection of the competition idea and practice on the international scale, by cooperating with international organisations and networks, will strengthen cooperation with the competition authorities of the Baltic States and Northern Countries, as well as will support the competition authorities, being on the way to market economy and free competition (Ukraine, Georgia etc.).

REFERENCE AND COMMUNICATION

- ▶ Swiftly – **Twitter: @KPgovLV** briefly of news
- ▶ Popularly – **Facebook: KPgovLV**
- ▶ In detail – **www.kp.gov.lv** for decisions, guidelines, explanations and other materials of the Authority
- ▶ Concisely – subscribing to the newsletter “**Konkurence Tuvplānā**” published by the Authority
- ▶ Personally – applying for a free seminar for your association, undertaking or municipality
- ▶ Anonymously – reporting violations on **www.kp.gov.lv**
- ▶ Conventionally – asking questions by phone (**+371 67282865**) and e-mail (**konkurence@kp.gov.lv**)
- ▶ In person – **At Brīvības iela 55, Rīga, LV – 1010, Latvia**

