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Directorate for Financial and Enterprise Affairs
COMPETITION COMMITTEE

Annual Report on Competition Policy Developments in Latvia

-- 2016 --

5-6 December 2017

This report is submitted by Latvia to the Competition Committee FOR INFORMATION at its forthcoming meeting to be held on 5-6 December 2017.

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FOREWORD BY THE CHAIRWOMAN OF THE COMPETITION COUNCIL

1. When asked about what year 2016 has been significant for to the Competition Council, several substantial events and achievements come into my mind. I must admit that they are natural outcomes of hard work done by a team of professionals and the common vision of a fair competition environment in Latvia.

2. Primarily, year 2016 will be remembered for the adoption of the amendments to the Competition Law that came into effect. This is a truly historical moment because, first of all, it is the largest set of amendments since 2004 when the harmonisation of the Latvian competition law with the regulatory framework of the European Union took place. Secondly, the Competition Council had never before seen such a bumpy and uncertain four-year long road towards advanced competition law. The modernised Competition Law of Latvia was implemented successfully already in the second half of 2016, increasing protection of undertakings and their interests to a larger extent as well as supporting the Authority in the exercising of its powers.

3. Nevertheless, we do not intend to stop and shall continue to perfect the competition law in close liaison with the Ministry of Economics. Hence, new amendments have been initiated and pushed through the corridors of various institutions and the government in order to supplement the Competition Law with new provisions regarding the duty of public entities to observe the principle of competitive neutrality with respect to all market players. The amendments are intended to prevent the state and local governments from giving unfair advantages to any “chosen” entities by using the public resources, and to empower the Competition Council to bring proceedings against those who ignore this provision.

4. The necessity for such amendments has been evident on daily basis for several years now. Ever more frequently, we receive applications from undertakings regarding discriminating activities of various types and extent by public entities. The problem is also evidenced by the opinion survey conducted by us in the autumn of 2016. 61% of the addressed undertakings and 50% of the addressed associations particularly mentioned the unjustified involvement of public entities in economic activities as one of the most frequent problems with regard to competition. This confirms that the problem is undeniable, and the society no longer wishes to put up with it. But can the lawmakers ignore this?

5. Another significant opinion is to be highlighted when speaking about this survey. I.e., 79% of the surveyed entrepreneurs acknowledged that, overall, the operation of the Competition Council has positive impacts on the competitive situation in the markets. And this is for a very good reason because year 2016 was no exception, as we took important decisions and realized several competition advocacy activities. We also implemented our new powers - consultancy of state owned entities with regards to their responsibilities and involvement in commercial activities, monitoring of fair retail trade, and taking decisions regarding the sufficiency of the activities carried out by the undertakings fined for cartel offences for them to participate in tenders.

6. From the large amounts of work we have done, I would like to highlight two important issues. In the autumn, we issued our decision in a cumbersome and complex matter regarding abuse of dominant position by the undertakings of the Knauf Group. With generous loyalty rebates, the undertakings locked in the largest Latvian retailers of building materials for several years to make sure they primarily opt for the gypsum plasterboard manufactured by the Knauf Group instead of seeking for other alternatives.

7. Work of equal significance has been carried out during the inquiry into the household waste management market. This was the first research of such extent for us, with preliminary formation of the project management team consisting of representatives from all structural units. This was particularly important because gradual elimination of competition in the market has been clearly evident in the last few years, where municipalities opt to establish their own commercial service providers and avoid organisation of public procurement tenders. The conclusions drawn during the market inquiry will also help in the further dialogue with the supervisory bodies of this market and the municipalities to facilitate development of competition instead of eliminating it.

8. In 2016, we gained valuable experience in the development of new working methods and performance of more complex tasks. This was exactly why we were proud to receive the high three-star rating in the prestigious yearbook of ratings published by the Global Competition Review where the efficiency of our work and the professionalism of our employees were highlighted. We are equally proud of the certificate of appreciation awarded by the Latvian government for our efforts in the facilitation of free competition.

9. Recognition and appreciation live a short life if one rests on their laurels after receiving them. This is why we shall continue following the chosen path selflessly and setting new and ambitious targets in order to facilitate competition to the best of our ability for a better future welfare of the entire society.

Yours sincerely,



Skaidrīte Ābrama,
Chairwoman of the Competition Council

1. BASIC INFORMATION

10. The Competition Council is a direct administrative institution under the supervision of the Ministry of Economics that implements state policy on the matters of development and protection of competition. Independence of the Competition Council during investigations and decision-making is established in the Competition Law.

11. The main aim of the Competition Council is to give every market participant a possibility to perform economic activities in a free and fair competition environment, as well as to ensure a favourable environment for maintenance, protection and development of competition for the benefit of society.

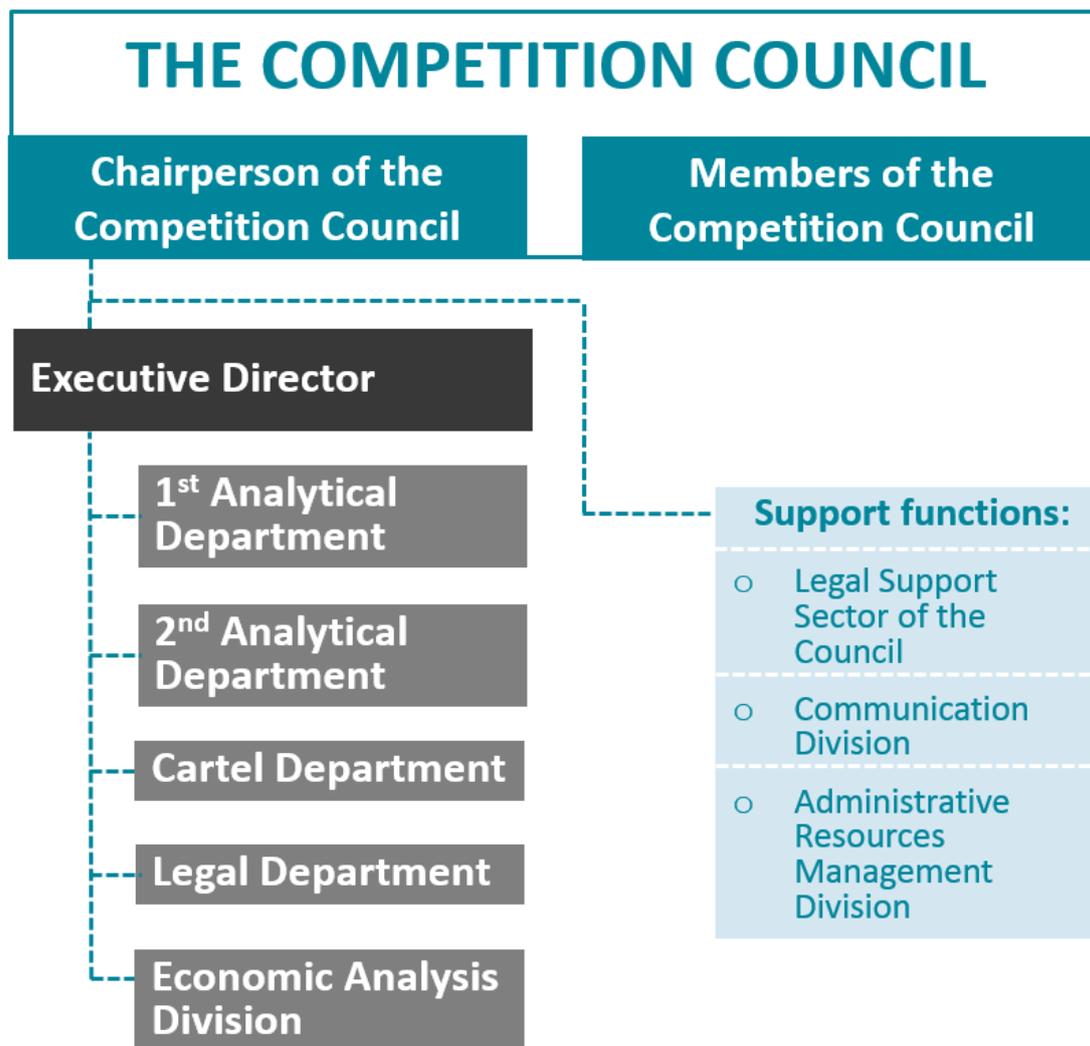
12. Tasks of the Competition Council are:

- To ensure a coherent application of the competition legislation so that:
 - the market participants would not enter into prohibited agreements;
 - there would be no changes in markets that may have a negative impact on consumers and other market participants in case of mergers or acquisitions;
 - market participants would not abuse their dominant position that may have a negative impact on other market participants and consumers;
 - market participants would not engage in misleading advertising that has a significant impact on the overall competition;
- To promote competition in markets with limited competition within the scope of the Competition Council;
- To ensure that legislation developed by other state institutions ensures protection, maintenance and development of competition;
- To ensure that society has access to comprehensive information about the positive effects of fair competition on market functionality and social welfare;
- To ensure that Latvia's interests are fully represented in the relevant institutions of the European Union and international organizations.

13. *Implementation of the competition policy* as a key objective of the Competition Council is divided into two categories. The first concerns the overall protection of fair competition, which involves protection of market participants and the society against negative effects of market concentration and violations of the Competition law. The second concerns development of the competition culture. This measure includes provision of proposals aimed at reducing administrative barriers, as well as information provision for consumers, market participants, public and local government authorities about the nature and application of the Competition Law. These measures aim to pre-emptively prevent risks of competition violations.

1.1. Structure of the Competition Council of Latvia

Figure 1. Organizational chart of the Competition Council



14. The Decision-Making Authority – the Competition Council – consists of a Chairperson, who is also head of the institution, and two Council Members. The Chairperson and Council Members are appointed by the Cabinet of Ministers based on the recommendation by the Minister of Economics. The Chairperson and Council Members have five-year term limits, and these officials may be re-appointed. The Chairperson manages activities of structural units subordinated to the Council – Administrative Resources Management Division, Communication Division and Legal Support Sector.

15. The Executive Institution – the Executive Directorate – is run by the Executive Director who is directly subordinated to the Chairperson. Structural units of the Executive Directorate include three analytical departments, the Legal Department, and the Economic Analysis Division. These departments evaluate various applications and

investigate violations of the Competition Law, as well as prepare conclusions and draft decisions, perform supervision of competition environment, control execution of legal obligations and represent the Competition Council in courts. The Economic Analysis Division provides an in-depth economic and econometric analysis during case investigations.

2. PERFORMANCE RESULTS OF THE COMPETITION COUNCIL IN 2016

16. In 2016, the Competition Council has achieved all the expected performance results set out by the institution in the budget sub-programme “Implementation of Competition Policy” (see Table 1).

Table 1. Result-based Performance Indicators of the Competition Council

	Measure/activity result activity	Targets 2016	Results2016
1	Investigation of alleged violations/sector inquiries (number of cases)	34	33
2	Planned mergers impact assessment on competition in the market (number of cases)	15	14
3	Endured representation in proceedings (number of proceedings)	20	27
4	Provision of explanations related to legislation regulating competition; proposals for improvement in laws (number of conclusions)	70	115
5	Informative and educational activities, such as press conferences, meetings, seminars, trainings (number of activities)	30	36
6	Ensuring successful participation in the OECD (number of documents and events)	6	8

17. Thus, the Competition Council has provided both, interinstitutional and public services. The institution has investigated violations of the Competition Law, provided consultations on the competition legislation, considered and adopted decisions on mergers of market participants, as well as informed the public about protection and supervision of competition.

2.1. Decisions of the Competition Council of Latvia

Table 2. Statistical summary of decisions

Prohibited agreements	5
Detection of violation	3
Termination of investigation	2
Abuse of dominant position	2
Detected violations	2
Notified mergers and agreements	14
Approved mergers	12
Approved agreements	2
Procedural violations (failure to fulfil lawful requests of officials)	1
Total	22

18. In 2016, the Competition Council adopted a total of 22 decisions. 5 decisions detected violations of the Competition Law, imposing fines in the amount of EUR 1 657 196.70 on 15 enterprises.

19. In one case, the Competition Council imposed a fine of EUR 13 175.30 on the enterprise for failure to execute lawful requests during an investigation carried out by the Competition Council.

20. Overall in 2016, decisions establishing a violation of the Competition Law were adopted in 5 cases. A total of 2 decisions to terminate investigations were made in cases where despite initial information indicating otherwise, no violations in the Competition Law were found. Lastly, 14 of the decisions were related to merger control, and 2 of the decisions concerned assessment of notified arrangements.

21. The amount of fine imposed on market participants for violations of the Competition Law within the reported period ranged from EUR 6000 to EUR 1 345 161.42. The amount was based on turnover of the previous financial year for the market participant involved, as well as other factors, such as the severity, length and consequences of the violation.

22. In 2016, fines in the amount of EUR 4 867 133.87 for violations of the Competition Law imposed by the Competition Council in 2016 and previously, have been paid into the state budget.

23. By the end of 2016 (including previously imposed fines), fines in the amount of EUR 16 707 617.77 imposed by the Competition Council have not yet been paid because of several reasons. Either the payment period has not yet expired, a compulsory enforcement of the decision has been initiated and is being implemented by sworn bailiff, or the decision has been appealed and there are pending legal proceedings. In cases when a decision made by the Competition Council is appealed, the enterprise shall be obliged to pay the fine only after legal proceedings have been finalized, except for cases when the court revokes the decision made by the Competition Council.

2.2. Legal proceedings

24. 12 legal proceedings regarding the decisions of the Competition Council were completed in 2016. In ten of these, the decision taken by the Authority was upheld, including after the signing of an administrative contract with the company involved in the legal dispute.

25. Following the coming into effect of the decisions, including after the completion of the legal proceedings, EUR 4 867 133.87 were paid into the state budget in 2016.

26. One of the most significant judgements in 2016 was the decision of the Supreme Court to uphold the decision taken by the Competition Council in 2013 regarding the penalty on JSC Latvijas Gāze (state owned natural gas supplier) for abuse of its dominant position.

27. The Competition Council found that JSC Latvijas Gāze abused its dominant position by refusing to sign natural gas supply contracts with new clients until they have paid the debts of the previous client. During the investigation, the Authority received applications from consumers and businesses regarding more than 500 such cases when JSC Latvijas Gāze had refused to sign new contracts.

28. The Supreme Court upheld the decision of the Competition Council regarding the fine imposed on the construction company SIA RCI Gulbene for involvement in a cartel. Therefore, this is the first decision which has entered into force regarding a cartel detected following a leniency programme report.

2.3. Investigation of Violations of the Competition Law

2.3.1. Prohibited agreements

29. In 2016, the Competition Council adopted 5 decisions on possible prohibited agreements. A total of 2 decisions to terminate investigations were made in cases where despite the initial information indicating otherwise, no violations of the Competition Law were found. In one case, the Competition Council decided not to open an investigation because the concerns about possible violations expressed in the notification were not confirmed.

30. In 2016, the Competition Council found 3 prohibited agreements, all of which were collusion schemes among procurement participants. 12 undertakings were involved in violations, and the Competition Council imposed fines totalling EUR 294 833.45.

31. To avoid potential cases of prohibited agreements of a smaller scale or volume, the Competition Council issued six warnings to 21 undertakings after the preliminary investigation, without initiating formal proceedings.

32. The Competition Council gives warnings without initiating a formal investigation if the alleged violation is small, has not been on-going and the company promises not to repeat it, as well as if resources required for the investigation of the violation may exceed the possible public benefit. The discussion procedure allows smaller cases regarding abuse of a dominant market position to be resolved.

33. Because of the disclosed prohibited agreements, distortion of competition occurred in 34 construction tender procedures and four different medical equipment procurements. Among the penalised undertakings are those who appeared as bidders for the implementation of the water management development projects in the municipal

territories of Talsi and Kuldīga, the construction and repair services ordered by the State Joint-stock Company *Latvijas dzelzceļš* (Latvian Railway) in various regions of Latvia as well as supply of medical equipment to Ogre District Hospital and Salaspils Health Centre.

34. To obtain the necessary evidence regarding the potentially prohibited agreements implemented by the undertaking, the Competition Council conducted the total of five dawn raids or unnoticed visits in 16 undertakings in 2016.

35. Since 2016, the undertakings penalised by the Competition Council for involvement in a cartel may implement certain procedures to receive a positive opinion from the Competition Council and appear as bidders in procurements even during the 12-month prohibition period. If it pleads guilty as well as complies with several specific requirements, including provision of training to its employees regarding the compliance with the competition law and taking action to avoid similar violations in the future, the fined company may receive a positive opinion from the authority to be able to appear as a bidder in procurement tenders.

36. Having evaluated the credibility restoration measures performed by eight undertakings, the Competition Council issued positive opinions regarding them in 2016.

2.3.2. Abuse of a dominant position

37. In 2016, the Competition Council adopted two decisions on abuse of dominant position imposing fines in the total amount of 1 349 187.90 €. The Competition Council completed an investigation during which it investigated the loyalty rebate scheme application practices as an alleged abuse of the dominant position for the first time. For anticompetitive activities, the Competition Council decided to impose a fine of 1 345 161.42 € on SIA Knauf and SIA Norgips parent company Norgips Sp. z o.o. that is also a part of the Knauf Group.

38. The Competition Council concluded that the Knauf Group undertakings had set up a loyalty rebate scheme for their customers (the largest retailers of construction materials in Latvia) and implemented it at least between 2009 and 2014. The system was based on the establishment of individualised rebate terms and conditions applied to all units purchased that motivated the retailers to purchase primarily the gypsum plasterboard manufactured by the Knauf Group undertakings (along with other building materials manufactured and distributed by the undertakings of the Knauf Group).

39. In 2016, the Competition Council precluded four instances of potential abuse of market position without initiating formal investigation.

2.4. Merger Control

40. The Competition Council reviewed 12 notified mergers and two notified agreements in 2016. The largest notified mergers and agreements affected competition in 12 market sectors and a segment of the Latvian national economy worth more than one billion Euro in total.

41. The largest transactions per number of businesses involved, total number of cases, and in terms of the financial consequences affected the market of unspecialised retail trade shops, wholesale of commodities of other categories, including wholesale of agricultural products, tobacco and other products, as well as milk processing.

42. The Competition Council also held 34 pre-merger consultations so that it is easier for the undertakings to draft merger notifications and the Authority can review these notifications within the shortest period possible.

43. Amendments to the Competition Law which improved the control over mergers in Latvia came into effect on 15 June 2016. The amendments were made along with changes in the merger notification criteria to abandon the 40% market share criterion and proceed with the turnover thresholds only.

44. Latvia also introduced the fee to be paid by the merger notifying parties into the state budget prior to the submission of the notification to the Competition Council. The amount of the fee paid into the state budget in 2016 was 44 000 €. Thus, the merging parties, who were the direct beneficiaries from the merger, partially covered the expenses incurred by the state in association with the merger notification review procedures.

2.5. Sector inquiries

45. In 2016, the Competition Council completed sector inquiries in 19 different industries. Some inquiries allowed the Competition Council to obtain valuable information to take further actions, such as adopt a decision or open an investigation into a potential violation. If information obtained in a sector inquiry can potentially benefit public interests, the institution prepares a public report.

46. The Competition Council launched inquiry into the raw milk market following the receipt of several applications asking for an evaluation of the raw milk procurement price reduction in 2014 and 2015. The Authority concluded that the intelligent adaptation was typical in the sector. I.e., when purchasing raw milk, the dairy processors evaluate the information available in the market regarding the activities of their competitors and adapt to the market trends accordingly to earn maximum profit.

47. Towards the end of 2016, the Competition Council completed its inquiry into the household waste management market. The Authority identified several structural and regulatory barriers which prevent waste management service providers from fair and equal competition and limit the possibilities of new undertakings to enter the market.

48. A substantial obstacle in the development of competition in this market is the dual role of municipalities, as they are responsible for the development of the regional waste management plans, establishment of the waste management procedures, setting the prices in the territory of the municipality, and at the same time often municipality itself also provides waste management services. Furthermore, at least a half of the Latvian municipalities either partially or fully own the capital shares in the undertakings which provide the waste management services in their territories and thus competing with the private sector.

2.6. Improvements in the Legal Framework

49. Amendments to the Competition Law entered into effect on 15 June 2016, after four yearlong efforts to substantially modernise the application of the competition law in Latvia.

50. The amendments widened the opportunities to undertakings and the powers of the Competition Council. Now, undertakings may receive exemption from the penalty, explain their position to the Authority as well as be reimbursed for the losses caused by

distortion of competition. At the same time, the Competition Council now has more power to assure that businesses pay the penalties imposed upon them and comply with the measures taken by the Competition Council. Furthermore, possibilities to the Authority to prioritise its actions in order to primarily focus its resources on the elimination of the most serious violations are granted as well.

51. Considering the increasing number of instances when competition is distorted by public entities (state and local government ones), new amendments to the Competition Law have been drafted to enable the Competition Council to address such distortions more efficiently. This would improve the competition law and balance the application of the regulatory framework both in private and public sector.

52. The Law on Prohibition of Unfair Retail Trade Practices came into effect in Latvia on 1 January 2016. It is expected to balance the interests of traders and suppliers in the food and non-food commodity retail.

53. During the first year, the Competition Council, which supervises the compliance with it, actively provided consultations to undertakings regarding the new regulatory provisions. The experts of the Authority provided consultation services to a total of more than 400 retailers and suppliers, 93 telephone consultations, 29 consultations in person, answered 67 applications received from undertakings, and organized five seminars.

54. In the autumn of 2016, the Competition Council conducted an opinion survey in which the respondents indicated that distortion of competition caused by state owned entities is among the most topical aspects which restrict competition. This is also evidenced in the daily work of the Authority. Within the year, the Competition Council have received almost 50 applications regarding restrictions of competition by the state and municipalities, which is twice as much as in 2015.

55. According to the good governance principles and the regulatory provisions, state owned entities are entitled to carry out commercial activities in exceptional cases only, i.e., if market deficiency cannot be eliminated otherwise or it is necessary to create products or services, or manage property which are strategically significant for the development of the administrative territory of the state or the municipality, or for national security.

56. To preclude unjustified competition restrictions by the state or local government owned undertakings, they are required to consult with the Competition Council since 1 January 2016 – (1) when planning to establish own capital company or (2) in case of a revaluation for participation in a capital company.

57. Within the year, the Competition Council provided its opinion in seven such cases. In four of them, the Authority found that the involvement is justifiable, carried out additional research in two cases, and did not support the involvement in one case. The Competition Council indicated in its negative opinion that it was necessary to terminate the involvement of the state in the VSIA Meliorprojekts because there is no evidence that market deficiency actually exist. Furthermore, the competition in the market of waterworks design and survey services is increasing, and it is possible that the involvement of the state in the market restricts other private undertakings to enter the market.

58. To assure timely prevention of damage to competition due to adoption of various regulatory enactments, the Competition Council indicated 28 cases of risk to competition

potentially caused by the regulatory environment in 2016. In a total of nine cases, the Authority achieved an outcome which is favourable for competition.

3. MANAGEMENT OF THE COMPETITION COUNCIL

3.1. State Budget Financing

59. In 2016, the Competition Council had a budget of EUR 1 080 844 as a part of the “Implementation of Competition Policy” sub-programme, including EUR 10 800 that was paid into international organisations and programmes (current membership fee of the OECD). See Table 3.

60. The approved expenditure of the Competition Council for 2016 was EUR 1 079 583,51. Thus, in 2016 the Competition Council used 98,95 % of the EUR 1 080 844 allocated to the institution.

Table 3. Financing for principal activities of the Competition Council (EUR)

No	Financial indicators	Previous year (actual performance)	Reporting year	
			Approved by law	Actual financial performance
1.	Financial resources to cover expenditures (total)	1 094 258	1 080 844	1 079 584
1.1.	Grants	1 080 976	1 061 989	1 061 989
1.2.	Chargeable services and other own income	-	-	-
1.3.	Foreign financial assistance	-	-	-
1.4.	Donations and gifts	-	-	-
2.	Expenditures (total)	1 091 123	1 080 844	1 069 483
2.1.	Maintenance costs (total)	1 074 403	1 080 122	1 068 763
2.1.1.	Current expenditure	1 063 603	1 080 122	1 068 763
2.1.2.	Interest expenditure	-	-	-
2.1.3.	Subsidies, grants and social benefits	-	-	-
2.1.4.	Current contributions to the European Union budget and international cooperation	10 800	-	-
2.1.5.	Maintenance cost transfers	13 282	18 855	17 595
2.2.	Expenditure on capital investments	16 720	722	720

3.2. Personnel

61. In 2016, the Competition Council had 49 employment positions, out of which 40 were civil servant and nine were state employee positions.

62. The Competition Council had 42 employees by late 2016, 36 of whom were civil servants and six of whom were employees.

63. Number of employees:

- Economists – 14 (economists by education)
- Lawyers – 20 (lawyers by education)
- Support staff – 8 (some of the support staff also have legal or economic education)

- All staff combined – 42
64. Human resources applied to:
- Enforcement against anticompetitive practices – 34 (all employees in Legal department, two analytical departments and Cartel department. Investigation typically is conducted by a team of one case handler and one lawyer from the Legal Department)
 - Merger review and enforcement – 21 (all employees in Legal Department and two analytical departments. Same employees do both, antitrust and merger review cases)
 - Advocacy efforts – 5 (3 in a special advocacy unit, 2 in Communication Unit), however many other employees, among them also Council Members and case handlers, are involved in advocacy activities.
65. In 2016, civil service relations were established with six servants, while employment legal relations were established with another two employees. In 2016, nine civil servants and four employees were dismissed.
66. At the end of 2016, approximately on average employees had worked at the institution for more than seven years.
67. In 2016, 41 of 42 employees of the Competition Council had higher education and 72% of employees had obtained a master's degree. Several servants have two higher educations.
68. Considering the specific nature of the institution, the majority of employees have acquired higher education in either Legal or Economic fields. The rest have acquired education in Engineering Science, Business Management, Communication Science and other fields.
69. In 2016, after assessing performance results of the personnel, employees of the Competition Council participated in trainings aimed at improving project management, presentation skills, mediation and other alternative dispute resolution methods, prevention of conflicts of interest, professional ethics of public authority, etc.

3.3. Improving Performance of the Institution

70. In 2016, the Competition Council took active measures to improve the internal organisation of the Authority. The structural reorganisation plan of the internal units was developed to optimise the operation of the Authority. The changes took effect in the beginning of 2017.
71. To facilitate compliance with the good governance principle and improve the processes, the Authority commenced the preparation of the Quality Management System Manual. It is planned to combine the collected information in a single material during 2017 to secure the performance of the internal processes of the Authority and assure further transfer of the knowledge to the new employees.
72. To improve the professional qualification of the employees, the staff participated in trainings of various types, incl. on use of information technologies for detection of violations and prevention of conflicts of interests, and also educated the other colleagues in the Authority about their experience in the detection of competition infringements.

4. COMMUNICATION WITH THE PUBLIC

73. One of the key tasks of the Competition Council is promotion of fair competition by improving public understanding of the Competition Law and impacts of violations on business environment and consumers.

74. Improving public understanding increases intolerance towards violations of competition law, thus improving the capacity of the regulatory institution to discover or pre-emptively tackle violations.

75. An essential communication channel between the Competition Council and its target audience is the website of the authority – www.kp.gov.lv. The site provides access to decisions adopted by the institution, as well as relevant court rulings. Furthermore, the site allows public to report on possible violations of the competition law anonymously.

76. The Competition Council informs media on adopted decisions and latest news in competition control on a regular basis. This is done because decisions made by the institution apply not only to a particular case and market participants, but also to the overall competition environment. Publicly available information on detected violations clearly discusses consequences of illegal activities, thus increasing public awareness and promoting legal practices on behalf of market participants.

77. In order to explain competition situation in different product and service markets, the Competition Council informs mass media about results of sector inquiries. In 2016, the Competition Council prepared 93 press releases in Latvian and 35 in English. To provide more detailed explanation of decisions that are particularly important for markets and consumers, the Competition Council organised three press conferences.

78. Throughout the year, the Competition Council either suggested publications, provided information for publications or was mentioned in publications in different electronic and printed media outlets. Overall, in 2016 the Competition Council was mentioned in media 1602 times.

79. To provide public with a broader understanding of the competition law, experts of the Competition Council provide lectures and seminars for employees of certain undertakings or the NGOs, students of Latvian higher educational institutions and employees of state and local governments.

80. In 2016, the Competition Council continued to explain competition law and inform citizens about competition news using various communication channels. In this way, the institution used the social networking site Twitter (@KPGovLV) as means of communication, thus allowing public to ask questions about competition law in a more informal setting.

81. In the autumn of 2016, the Competition Council conducted a biennial opinion survey. The respondents (undertakings, associations, law offices and municipalities) indicated that, currently, there are two topical competition law problems in Latvia bid-rigging schemes in procurements and distortion of competition caused by state owned entities.

82. In the evaluation of the work done by the Competition Council and the efficiency of its operation, there is a larger number of the respondents who consider that the decisions taken by the Authority have positive impact on the markets. The respondents have also appreciated the cooperation with the employees of the Authority by specifying that it is easy to contact the Competition Council and that its employees are responsive. In

the survey, the undertakings have provided higher rankings for the item “the employees of the Authority listen to and take into account the opinions of undertakings”.

83. Educating various target groups enables the addressed audience to not only comply with the principles of fair competition, but also take an active role as whistleblowers who report to the Competition Council potential violations.

84. The Competition Council organised and took part in nearly 20 different informative events in 2016 to educate undertakings on the competition law, students and judges. Organisers of state and municipal procurement tenders were provided with practical information about indicative signs that there might be prohibited agreements between undertakings that place bids in tenders.

85. To educate pupils about the competition policy, the Competition Council liaised with the Ministry of Economics and the Consumer Rights Protection Centre during the Open Doors Day of the public administration to invite them to take part in a way-finding game “Find 9 Pokemons in Economics!” in an attractive and informative manner.

86. As an established tradition, the Competition Council also held yet another Lawyers’ Forum in 2016 to gather the competition lawyers for a discussion on the topical issues in the application of the competition law. This was already the fourth time the event was held.

87. To provide information to the society about the key findings identified during the of the household waste management market inquiry and find solution to eliminate them, the Competition Council organised the conference “Waste Management: Business. Competition. Responsibility”.

5. PLANS FOR 2017

88. According to operation strategy, The Competition Council, will focus on three basic directions:

- detection of and imposing severe penalties in the most severe competition law violations;
- facilitation of fair competition in society, especially among public servants, thus ensuring equal conditions for all market participants;
- strengthening the institutional capacity and efficient management of competition protection processes.

89. In 2016, the authority will focus on the following issues:

- Eradication of violations: Detection of prohibited agreements between bidders in procurements to assure an efficient use of the resources allocated from the Latvian and EU budget and prevent abuse of the dominant position. Meanwhile, issue warnings and use negotiation procedure regarding violations of a smaller scale.
- Assurance of an environment for fair competition: Turning against the state owned entities who take competition-distorting decisions.
- Responsible merger control: Provision of pre-merger consultations, swift and client-focused review of the merger notifications.
- In-depth sector inquiries: In-depth supervision of the markets to obtain a comprehensive overview of the sectors which are the most significant for the consumers and the national economy (power industry, digital economy,

pharmacy, bank services, public procurements, relationships between retailers and food suppliers.

- Control over the compliance with the decisions: Exercising control over the compliance with the issued decisions in order to terminate distortion of the market, and monitoring of the payment of the fines into the state budget.
- Facilitation of the culture of competition: Education of various target groups (undertakings, associations, students, state and municipal authorities) regarding the competition law and compliance with it. Year 2017 will be the 25th anniversary of the application of the competition law in Latvia. For this reason, the Competition Council plans to organise a public event at the end of the year to look back at the competition development processes in Latvia and the future challenges associated with the competition policy.
- Strengthening of the regulatory framework: Making sure that Latvia adopts the EU regulations on claims for reimbursement of the losses caused by competition distortions as well as development of guidelines on topics which are essential for undertakings.
- International operation: Participation in foreign events in order to improve the recognisability of the Competition Council and sharing of the good practices.
- Faithfulness to the fundamental values: Working fairly, professionally and independently in the interests of the entire society. For this reason, the Competition Council will work cohesively and optimise the structure to strengthen the legal capacity and professional performance of the Competition Council.