

**Directorate for Financial and Enterprise Affairs
COMPETITION COMMITTEE**

Annual Report on Competition Policy Developments in Estonia

-- 2019 --

This report is submitted by Estonia to the Competition Committee FOR INFORMATION at its forthcoming meeting to be held on 10-12 June 2020.

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Estonia

1. About the authority

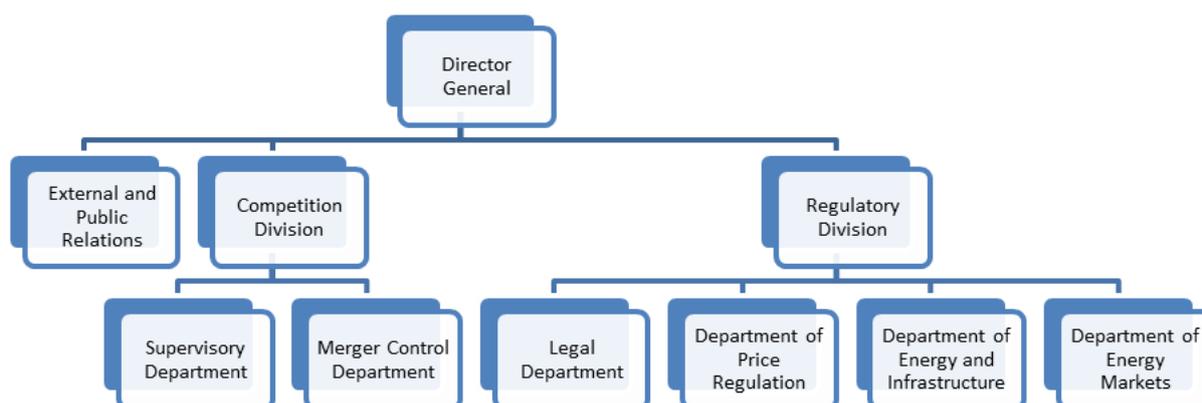
1. The Estonian Competition Authority exercises supervision in the fields of competition, electricity, natural gas, district heating, postal services, public water supply and sewerage and railways. In addition, the Authority settles disputes regarding airport fees. The Competition Authority is in the area of government of the Ministry of Justice.

2. The functions of the Authority are divided between two divisions. The Competition Division exercises competition related supervision, control of concentration in all economic sectors, analyses the competitive situation and raises competition related awareness. The Regulatory Division implements price regulation and market supervision in the markets of electricity, natural gas, district heating, water, railways and postal services. The External and Public Relations Department is responsible for ensuring effective support services of the Authority (including international and public relations, personnel work and training co-ordination, document management).

3. The Competition Authority employed 39 people as of the end of the year 2019, and 36 were civil servants and 3 were employees. The Authority employed 30% of men and 70% of women. The average age of a staff member was 46 years and the average years of service at the Authority was 13 years.

4. Most staff members have higher education in economics or law. In addition, there are officials with higher education in other disciplines such as thermal engineering, public administration, chemistry or other.

Figure 1. Structure of the Competition Authority



2. Co-operation

5. The Authority considers both international as well as national co-operation highly important. The Authority routinely participates in the work of different field-based working groups, networks and organisations.
6. Competition agencies and sector regulators in various countries share knowledge and experience in the form of bilateral co-operation, but most of the international co-operation is achieved via respective co-operation networks and organisations.
7. The European Commission's Directorate General for Competition and the national competition authorities in all EU Member States co-operate with each other through the **European Competition Network**. As all the members of the network apply the European competition rules, it is necessary for the competition authorities to pool their experiences and share best practices in order to ensure the effective and consistent application of these rules.
8. **European Competition Authorities** is a forum of discussion for the competition authorities in the EU Member States, European Commission and the EFTA States to discuss competition related problems and share experiences.
9. **OECD Competition Committee** is a committee of the Organisation for Economic Co-operation and Development, focusing on competition issues in the area that includes all 35 members of the organisation.
10. **International Competition Network** is a global network with members from every region in the world ranging from small agencies to large ones with different resources and capabilities. The network is an informal venue and it is mostly addressed to maintain contacts and create convergence towards sound competition policy principles and application thereof.
11. The Estonian Competition Authority has very good relations and co-operation with colleagues from neighbouring countries. Often the undertakings are active in many neighbouring countries and authorities are facing similar challenges. Annual meetings take place with Latvian, Lithuanian and Finnish colleagues for discussing competition as well as regulatory issues.
12. The Authority has contributed to co-operation and foreign aid projects whenever possible in terms of human resources.
13. Just as important as international co-operation is developing co-operation on a national level with both public sector authorities and undertakings or unions thereof.

3. Competition supervision

14. The competition supervisory activities are generally divided in two major parts: solving cases related to competition restricting agreements and conducting proceedings related to the activities of undertakings in a market dominant position. For the Authority, that means conducting criminal, misdemeanour or administrative proceedings. In addition, the Authority analyses the competitive situation in different economic sectors and if necessary makes proposals to respective ministries to improve the competitive situation.

3.1. The obligation offered by Piletilevi facilitates the use of several ticket intermediaries by the event organiser

15. The Competition Authority initiated supervision proceedings on its own initiative with the aim of ascertaining whether the activities of AS Piletilevi are in accordance with § 16 of the Competition Act. As part of the supervisory proceedings, the Competition Authority investigated the agreements concluded between AS Piletilevi and the organisers of various events. The standard contracts submitted to the Authority contained two contractual clauses, which the Agency considered to be incompatible with competition law. One restrictive clause stipulated that an undertaking that enters into an agreement with AS Piletilevi undertakes to guarantee AS Piletilevi the exclusive right to ticket intermediation for events in case of an exclusive sale. Otherwise, the commission fees according to the price list will be applied, which are listed on the website of AS Piletilevi. The second clause restricting competition stated that if AS Piletilevi finds that in contradiction with the agreements, tickets for the event will also be sold in companies competing with AS Piletilevi, the service fee will be calculated according to the non-exclusive commission table. In addition, the undertaking is obliged to pay a contractual penalty of 190 euros to AS Piletilevi.

16. As AS Piletilevi is a very important partner for event organisers, agreement conditions in any way restrictive make it extremely difficult for competitors to enter and operate in the market. During the supervisory proceedings, very active communication took place between AS Piletilevi and the Competition Authority, as AS Piletilevi wanted to improve the competitive situation, which is why AS Piletilevi started to renew the standard agreements concluded with its customers. During the proceedings, AS Piletilevi expressed its readiness to accept the obligation, and the Competition Authority approved the obligation on 09.09.2019. The core content of the obligation was to renew the standard agreements and make the fees contained therein more transparent.

17. The amended agreements do not include a specific discount for the event when purchasing a ticket sales service only or mainly from AS Piletilevi. AS Piletilevi also does not make the amendment of the agreement conditional on the acceptance of other conditions. Even if the event organiser does not want to renew the standard agreement, AS Piletilevi informs the customer that the specific discount, in situations where the ticket sales service is purchased only from AS Piletilevi, will no longer apply.

18. Regarding the administration fee, the most important point of the obligation to alleviate the competition situation is that the organiser of the event can make the first change of the order submitted to AS Piletilevi without additional charge. AS Piletilevi also allows the customer to independently administer ticket sales under the conditions specified in the obligation and at the customer's request, which means that AS Piletilevi does not charge for event management services and administration services.

19. With regard to the ticket control service, AS Piletilevi publishes an IT standard with which the ticket files must comply for any undertaking that wishes to sell tickets through several intermediaries and expresses a wish to do so. In a situation where the ticket files sent to Piletilevi comply with the given standard, Piletilevi does not charge a fee for entering tickets in its system for the purpose of controlling.

20. Thus, the obligation of AS Piletilevi significantly facilitates the use of several ticket intermediaries by the event organiser and thereby enables AS Piletilevi's competitors to develop without obstacles. Although, according to the obligations, some of such service fees will remain, which may theoretically be higher for the event organiser when using the

service of a competitor of AS Piletilevi, in the opinion of the Authority, this would take place only in exceptional cases. An event organiser who reasonably plans his/her business has a good chance of avoiding these surcharges altogether. The obligation is valid until 31.12.2021

3.2. The Supreme Court took a position on the application of the Competition Act in the waste management sector

21. The Competition Authority has processed several cases in recent years in the waste management sector, including precepts made to the local government units (Tallinn City Government) or a non-profit association authorised by the local government (MTÜ Lääne-Viru Jäätmekeskus), who have carried out organised waste transport under § 66 section 1 of the Waste Act. By acting in this way, the local government unit or a non-profit association authorised by it mediates the service of waste handlers and carriers to consumers and adds its mark-up to the service fee for keeping records of waste holders and settling accounts. In its decisions, the Authority found that a local government unit operating in this way or a non-profit association authorised by it was acting as an undertaking, and in these cases, as a dominant undertaking, they had imposed an unfairly high price on consumers and obliged them to reduce the price.

22. On 25 April 2019, the Supreme Court made a decision in which, contrary to the Competition Authority, it found that the activities of MTÜ Lääne-Viru Jäätmekeskus are not entrepreneurship within the meaning of the Competition Act, but exercise of public authority, therefore, the Competition Authority did not have the right to exercise supervision. More specifically, the Supreme Court found that keeping records of waste holders and settling accounts with them is not an independent service for which there would be a separate product market. These activities have only an ancillary function. As the organisation of waste transport is a local government task arising from law, where public Authority is exercised, keeping records of waste holders and settling accounts with them is an activity related to the exercise of public Authority which cannot be regarded as entrepreneurship within the meaning of competition law.

23. The Supreme Court also explained that since the waste management service fee established by a local government or its authorised NPO is a financial obligation under public law, any holder of waste can contest the obligation imposed on him or her in an administrative court if he or she finds it disproportionate.

24. Although the court clarified that the waste holder has the right to go to court to protect his or her rights, the Authority considers that such a possibility does not ensure real effective protection of consumers' interests, therefore, protecting the interests of consumers in the event of market power in some waste management sectors should be considered in advance when drafting waste law in the future.

3.3. Recommendation for opening notary fees to price competition

25. The Competition Authority recommended setting notary fees not as fixed rates but as an upper threshold (limit prices), notaries then being able to use price lists below that limit and if necessary then to agree more favourable prices with a client. With this, the consumer gets the opportunity to choose between notaries offering the same operations for different prices. As a result of the change, competition will drive the prices lower in certifying high-price real estate transactions and other similar operations, the notary fee

rates of which currently exceed the cost-based level. Additionally, the price competition will ensure a better transparency upon choosing a notary.

26. Notary fees are set out in the law, but the revenue from those fees is not going into the public revenue, instead it goes into covering the costs of notaries and into their profits. According to an analysis, the average Estonian notary earns three times, the notary with the highest income even fifteen times the salary of a state judge. The only reason why notaries are able to earn that much is because the state has no way to verify the cost basis of the notary fees. This would not be possible in free market conditions. With price competition, the client would get the opportunity to receive price quotes from different notaries. Currently, notaries earn large income from certifying large real estate transactions but they are not allowed to take notary fees below the rates set in the law.

27. The setting of limit prices will not deteriorate the access to notary operations in any way. No price competition will occur in the field of socially affordable operations and those will continue to be performed at the upper limit price. In its analysis sent to the Ministry of Justice and the Chamber of Notaries, the Competition Authority presented the reasons why the amendment would not damage the sustainability or independence of the activities of notaries, the quality of their operations, nor accessibility for people with lower income.

3.4. Competition in granting 5G frequency licences

28. The Competition Authority formed an opinion about the competition of frequency licenses in the frequency band of 3,410-3,800 MHz, as a result of which, the undertakings acquiring the licenses will start building a so-called 5G network for communications services.

29. The Competition Authority finds that the frequency band should not be divided into three or four parts, and sees instead an opportunity to put the frequency licenses on auction as smaller blocks of frequencies. Frequency licenses for 3,410-3,800 MHz band in 5 or 10 MHz blocks have been auctioned in several other European Union countries. This situation would stimulate competition not only between the three major mobile communications operators but would also provide players with new business model with an opportunity to develop a 5G network in Estonia. The estimated application range of the 5G technology is much wider and more varied than merely higher data communication speeds.

30. The development of the offered communications services will depend on the manner of building the 5G networks. One choice, highly likely to be followed by the owners of nationwide mobile communications networks, is to establish the 5G network on top of the existing network and as an addition to it. Another, differing developmental direction is to establish the new network for 5G services as a stand-alone network, with respect to the choices stemming from the new standard. In the latter case, the owners of the 4G network will have no technological advantage. Business models with a future outlook are the competitive ones.

31. Pursuant to the European Commission's guidelines, the frequency band should be divided into sufficiently large blocks, preferably with the bandwidth of 80-100 MHz. The Competition Authority estimates that the efficient use of the frequency range is not hindered by the blocks sold at auction for being significantly smaller than the total frequency range that a communications company will acquire in the end. Relevant criteria can be deployed at the auction in order to ensure equal opportunities for all participants, while also preventing fragmentation and inefficient use of the frequency range.

32. Before publishing its opinion, the Competition Authority sent its draft to the Estonian Association of Information Technology and Telecommunications, to the Ministry of Economic Affairs and Communications, and to OÜ Levikom, the applicant. The feedback received did not indicate any significant hindrances to auctioning the aforementioned frequency range in Estonia as small blocks. The Competition Authority recommended that the Ministry consider this solution also when preparing the planned spectrum auction of the 700 MHz frequency range.

3.5. Compromise with the Estonian Broadband Foundation

33. At the end of 2017, the Competition Authority terminated the supervision procedure against the Estonian Broadband Foundation with a precept. The Competition Authority demanded that the Estonian Broadband Foundation relax the conditions for access to the EstWin base network in order to improve the possibilities of providing high-speed internet to the residents of rural areas.

34. The Estonian Broadband Foundation filed a complaint with the Tallinn Administrative Court to establish the precept of the Competition Authority of 19.10.2017 as void or revoke it. Within the framework of the court proceedings, the parties reached a compromise agreement, which was approved by the court by a court ruling of 10.05.2019. Due to the compromise concluded between the Competition Authority and the Estonian Broadband Foundation, the Estonian Broadband Foundation changed the product conditions of the service “fiber rental for consumer connection” designed for rural areas so that the possibilities of using the service are wider and more flexible than before.

35. It is extremely important for the Competition Authority that in rural areas, there are reasonable opportunities to use broadband service with the technical solutions preferred by consumers. The renewed product terms reached in the compromise agreement will create better conditions for users of the 'fiber to the consumer' service in rural areas and improve access to high-speed internet for rural residents.

3.6. Supervisory proceedings against AS Eesti Post

36. On the basis of the complaint of AS Express Post, the Competition Authority initiated supervisory proceedings against AS Eesti Post in connection with the application of nationwide discounts for addressed direct mail delivery services and unaddressed direct mail delivery services.

37. AS Express Post provides home delivery in urban areas via its carrier network. In rural areas, AS Express Post does not have its own carrier network, and in order to serve its customers, it must purchase a carrier service from AS Eesti Post.

38. AS Eesti Post applies discounts to advertising home delivery services, the amount of which depends on the volume of customers' subscriptions nationwide. Due to the discounts, it is not possible for AS Express Post, which purchases the service from AS Eesti Post only in rural areas, to offer nationwide home delivery at a price competitive with AS Eesti Post. As advertising customers buy home delivery from one nationwide service provider, they are motivated to buy both advertising deliveries from AS Eesti Post due to discounts.

39. During the proceedings, AS Eesti Post was not able to convincingly demonstrate that the nationwide discounts applied to the advertising of home delivery services are

objectively justified, therefore, they have an anti-competitive effect both from the point of view of AS Express Post and other potential competitors.

40. On 20.12.2019, the Competition Authority issued a precept to AS Eesti Post prohibiting the application of nationwide discounts in its current form. AS Eesti Post challenged the precept in court, and a lawsuit is currently pending.

3.7. Supervision proceedings concerning Narva taxis

41. In July 2018, the news was reported in the media that the ridesharing platform SmileTaxi faced barriers to entering the Narva taxi service and ridesharing services market, which allegedly consisted of a ban by local taxi undertakings for taxi drivers to co-operate with the platform. The Competition Authority initiated supervisory proceedings with the aim of verifying the information published in the press about a possible agreement restricting the access of the ridesharing platform entering the market to the provision of ridesharing services in the City of Narva.

42. During the proceedings it became clear that the representatives of the three taxi companies operating in Narva held a meeting, which was also attended by the taxi drivers working for these companies. The meeting discussed, among other topics, possible countermeasures against the ridesharing platform entering the market. In addition, it was explained to the taxi drivers that in case they start co-operation with the SmileTaxi ridesharing platform, the co-operation with the respective taxi drivers will be terminated. As a result of the activities of the three largest taxi companies operating in Narva, taxi drivers operating in Narva did not start co-operating with the ridesharing platform, as is done in other cities of Ida-Virumaa, where the ridesharing platform SmileTaxi provided its services.

43. It is contrary to § 4 (1) of the Competition Act to organise a joint meeting by three taxi companies, which was attended by representatives of all three taxi companies and taxi drivers in a contractual relationship with the taxi company and where any conditions related to the activities of taxi drivers or conditions related to the provision of taxi services were discussed. The position of the Competition Authority was that the taxi companies must decide on the respective issues independently, without consulting and co-ordinating activities with other taxi companies.

44. According to SmileTaxi, the situation in the market of Narva taxi services became significantly better during the proceedings, as taxi drivers joined both the SmileTaxi service and Bolt Services EE OÜ, which started offering ride mediating services in Narva. Thus, the Competition Authority found that although the competition was restricted at the meeting, the competition situation in the Narva taxi services market had improved so much during the supervision procedure that it was no longer expedient to continue the supervisory proceedings and the Authority terminated the proceedings.

4. Control of Concentrations

45. The purpose for control of concentrations is to ensure conditions of competition in product markets and market structures open to competition. The Competition Authority will intervene in a concentration only if the concentration may significantly impede effective competition in the Estonian markets or in a substantial part thereof, especially as a result of the creation or strengthening of a dominant position in the market. The primary

way to avoid restriction of competition is to impose conditions on the parties to the concentration to fulfill their obligations, such as the obligation to divest part of their business, etc. However, a concentration may be prohibited if the obligations taken are not sufficient to prevent restrictions of competition or if the parties to the concentration do not propose undertaking obligations. The parties to the concentration also have the opportunity to abandon the proposed concentration. If the parties to the concentration abandon the concentration, the Competition Authority shall terminate the concentration proceedings.

46. The concentration must be notified to the Competition Authority after the conclusion of the agreement, the conclusion of a transaction, or act for the acquisition of control or the announcement of a public offer, but before the entry into force of the concentration. A concentration may also be notified to the Competition Authority as soon as the parties indicate with sufficient certainty their intention to complete the concentration.

47. The control applies to concentrations between undertakings if the total turnover of the parties in Estonia in the previous financial year exceeds 6,000,000 euros, and the turnover of at least two parties to the concentration in Estonia each exceeds 2,000,000 euros. A concentration that must be controlled by the Competition Authority may not be enforced until a decision approving the concentration has been made.

48. During 2019, the Competition Authority had a total of 51 concentration control proceedings, of which 45 concentration notifications were submitted in 2019, and 6 notifications were transferred from 2018. At the same time, 45 decisions to grant permission to concentrate were made within the 30 days prescribed by law, including one permission to concentrate with obligations (AS Aqua Marina and AS Oiltanking Tallinn).

49. In 2019, two concentration proceeding decisions were made to initiate supplementary proceedings, and two supplementary proceedings were transferred from 2018. Supplementary proceedings will be carried out to gather additional information and to determine whether there are circumstances restricting competition in case of concentration of the subject to control. According to the law, the length of supplementary proceedings may be up to four months. In the course of supplementary proceedings in two cases (UAB Lords Asset Management and OÜ Europark Estonia and SIA Europark Latvia; Parma Oy and AS TMB) the parties to the concentration abandoned the concentration, in one case (Estravel Holding OÜ and Aktsiaselts Wris) a prohibition decision was issued, in one case (AllePal OÜ, auto24 AS, and VIN Solutions OÜ) a permission to concentrate was granted with an obligation. The Competition Authority also made a notification on the non-initiation of the concentration proceedings (Forum Cinemas OÜ and Solaris Kino OÜ) due to the fact that one of the parties to the concentration did not intend to enter into the transaction. Two proceedings moved to 2020.

50. By type of concentration, the concentrations were as follows:

- 47 concentrations involved the acquisition of control by an undertaking over another undertaking or a part thereof (§ 19 (1) 2) of the Competition Act);
- 3 concentrations concerned the acquisition of joint control by undertakings over a third undertaking or a part thereof (§ 19 (1) 3) of the Competition Act);
- 1 concentration was a merger of undertakings within the meaning of the Commercial Code (§ 19 (1) 1) of the Competition Act).

51. During the year, the Competition Authority processed concentrations in the following economic sectors:

- commercial real estate (renting and handling)
- production and sale of laminate boards
- production and sale of cement and ready-mixed concrete
- casinos
- sale of coffee and coffee machines
- dairy farming and raw milk production
- forwarding services
- operation of advertising portals
- film production and cinema activities
- growing of vegetables
- manufacture and sale of trailers
- laundry services
- production and sale of meat products
- IT services
- building materials
- shipping container shipping services
- production and sale of concrete elements
- logging and sales
- retail and wholesale of motor vehicles
- publishing of newspapers and magazines
- mining and sale of aggregates (limestone, gravel, sand)
- banking services
- activities of travel agencies and tour operators
- retail sale of automotive fuel (operation of service stations)
- sale of electronic products
- energy production and sales
- advertising services
- parking services
- catering services
- port services
- sale of wooden aluminum windows and doors
- retail and wholesale
- leasing and insurance brokerage services

52. Most of the concentrations (32) took place between Estonian undertakings, and in the case of 8 concentrations, both parties to the concentration were foreign undertakings. In eleven cases, the parties to the concentration were both an undertaking registered abroad and an Estonian undertaking.

4.1. AllePal OÜ and AS auto24 VIN Solutions OÜ concentration

53. On 27.12.2019, the Competition Authority granted permission for the concentration of AllePal OÜ, auto24 AS, and VIN Solutions OÜ, provided that AllePal OÜ transfers the advertisement portal SOOV.

54. The business activities of the parties to the concentration overlap in the management of the advertising portals. Table 1 lists the advertising portals belonging to the parties to the concentration.

Table 1. Advertising portals belonging to the parties to the concentration

	AllePal OÜ	auto24 AS
Real estate advertisements	www.kv.ee ; www.city24.ee	
Car advertisements		www.auto24.ee
Generic advertisements	www.sooov.ee ; www.osta.ee	www.kuldnebors.ee

55. The Competition Authority assessed the impact of the concentration on competition between advertisement portals as well as how the concentration may affect competition in the mediation of the publication of real estate advertisements and car advertisements.

56. Given that car advertisements and real estate advertisements are not interchangeable, belong to different product markets and the business activities of the parties to concentration in terms of real estate advertisements and car advertisement portals do not overlap (see Table 1), according to the Competition Authority, the concentration would change the structure of product markets primarily due to the higher concentration of generic advertising portals. Concentrations between generic advertising portals would be most affected by the concentration. In addition, the business activities of the parties to the concentration overlap in the mediation of car and real estate advertisements through generic advertisement portals, as they contain car advertisements and real estate advertisements.

57. As the business activities of the parties to the concentration overlapped more specifically in the field of generic advertising portals, in order to speed up the procedure, the parties to the concentration proposed a draft proposal of taking the obligations to an early stage of the supplementary procedure in order to avoid possible competition concerns arising from the proposed concentration. This proposal was the transfer of the generic advertisement portal SOOV. Therefore, the Competition Authority assessed the impact of the concentration on competition in a situation where the generic advertising portal SOOV is transferred.

58. In assessing the concentration, the Competition Authority came to the opinion that the approval of the concentration, together with the obligation, would not significantly affect the product markets of real estate advertisements and car advertisements. Undertakings in a dominant position or with very high market power are already active in these product markets before the concentration. As generic advertising portals do not exert significant competitive pressure on them, the concentration will not significantly affect the

competitive situation in these product markets. The transfer of SOOV eliminates the potential risk of restriction of competition that could have arisen from the loss of competitive pressure resulting from the concentration of two closely competing generic advertising portals, SOOV and Kuldne Börs. It is important to emphasise that this is an elimination of the potential risk of restriction of competition, as the Competition Authority did not analyse whether the concentration of generic advertising portals would actually restrict competition. However, it is clear that if the concentration were to restrict competition, this could only be possible through the concentration of generic advertising portals.

4.2. Concentration of UAB Lords LB Asset Management (CITYPARK EESTI OÜ) and Private Limited Liability Company EUROPARK ESTONIA, SIA EUROPARK LATVIA

59. In February 2019, the Competition Authority terminated the concentration proceedings of UAB Lords LB Asset Management and the Private Limited Liability Company EUROPARK ESTONIA and SIA EUROPARK LATVIA, as UAB Lords LB Asset Management decided not to concentrate in respect of the Private Limited Liability Company EUROPARK ESTONIA. Previously, the Competition Authority had come to the conclusion that the concentration could significantly restrict competition in the market for the provision of parking services in Tallinn and Pärnu, and the obligations assumed by the parties to the concentration are not sufficient to prevent the restriction of competition.

60. There was a horizontal overlap between the business activities of the parties to the concentration as regards the organization of parking. CITYPARK EESTI OÜ, a company under the control of UAB Lords LB Asset Management, operates open car parks and parking houses in Tallinn and Pärnu. Private Limited Liability company EUROPARK ESTONIA mainly organises parking in Tallinn, Tartu, Pärnu, Rakvere, and Kuressaare.

61. Parking management includes, on the one hand, the provision of parking services to vehicle drivers and, on the other hand, the provision of operator services to owners or tenants of parking houses and car parks (hereinafter property owners). These are closely related services. For example, sales revenue from the provision of parking services can be generated in a number of different ways: (a) the undertaking providing parking service collects a parking fee from the drivers to the property owner and the property owner pays a fixed service fee to the parking service provider; (b) the undertaking providing parking services collects a parking fee from the drivers, which is shared with the property owner as agreed in the contract; (c) the undertaking providing parking service collects a parking fee from the drivers and pays a fixed fee to the property owner. The price of the parking fee applicable to drivers is also determined in several different ways: the price is set by the parking service provider, the price is set by the property owner, or the price is decided jointly by the parking service provider and the property owner. Considering the integration of the parking service provided to drivers and the parking operation service provided to property owners, the Competition Authority assessed the impact of the concentration and the post-concentration position of the parties to the concentration in the parking services market as a whole, without distinguishing between services provided to drivers and services provided to property owners.

62. The activities of the parties to the concentration in the provision of parking services overlapped in Tallinn and Pärnu. In both Tallinn and Pärnu, it is possible to distinguish between parking in a public parking area belonging to the city and parking in private parking lots (open parking lots, parking houses, parking lots for commercial buildings,

etc.). The City of Tallinn has selected a service provider to organise parking in public paid parking areas through a public procurement, while the Pärnu City Government agency Pärnu Haldusteenused organises parking in the public paid parking area of the City of Pärnu. In Tallinn, in addition to the parties to the concentration, the largest parking service provider was AS ÜHISTEENUSED. However, the combined market share of the parties to the concentration in the provision of parking services in Tallinn was over 50%. In Pärnu, the combined market share of the parties to the concentration in the provision of parking services in private car parks was almost 100%.

63. As a result of the proceedings, the Competition Authority concluded that the concentration might significantly restrict competition in the provision of parking services in Tallinn and Pärnu, including the negative impact of the concentration on the structure of product markets. In a situation where the number of undertakings providing parking services was relatively small before the concentration (compared to another sector of the economy), only two significant companies (in addition to some very small competitors) would have remained active in the product market, and the choice of buyers of the service would be minimal. Through the concentration, the possibility of the Private Limited Liability Company EUROPARK to influence the price of the service, parking fee, and other conditions would have increased.

4.3. Prohibition of the concentration of Estravel Holding OÜ and Aktsiaselts Wris

64. On 15.08.2019, the Competition Authority prohibited the concentration of Estravel Holding OÜ and Public Limited Liability Company Wris. With this transaction, Estravel Holding OÜ intended to acquire 75% of the shares of Public Limited Liability Company Wris. The Competition Authority found that the concentration would have negatively affected the structure of the goods market and the functioning of competition, especially in the market of travel services intermediation for business customers.

65. The tourism sector includes many different services, and there are companies with different orientations operating in the sector. The provision of travel services generally takes place at three levels, with the following operators: (i) travel service suppliers (i.e., input providers to the following levels) - air, train, bus or boat operators, accommodation operators, car rental operators, etc; (ii) tour operators - undertakings which create tourism products by purchasing individual services from travel service suppliers and bundling them together into travel package; (iii) travel agents - undertakings which mediate a variety of travel services, including the services of both travel service suppliers and tour operators, to end-users (business or private), which is essentially retail of travel services.

66. The business activities of Estravel Holding OÜ and Public Limited Liability Company Wris overlap in the intermediation of travel services (incl. both business and private travel), i.e., at the retail level. Both parties to the concentration offer a wide range of travel services and serve both business and private customers. The services offered to both business and private customers are mainly mediation of airline tickets, hotel accommodation, boat tickets, train tickets, bus tickets, car rental, as well as visa support services, travel insurance brokerage, and 24-hour assistance in resolving unexpected travel situations (24/7 customer service). The parties to the concentration also mediate package tours of wholesale tour operators.

67. In assessing the concentration, the Competition Authority had to find out whether the concentration would change the structure of product markets in a way that would lead to a significant restriction of competition. Consequently, it was necessary to identify those

competitors of the parties to the concentration which exert competitive pressure on them and restrict their independent activities. Therefore, in order to analyse the market for travel intermediation services, the Competition Authority collected data on the sales revenue of undertakings from travel services from all major undertakings operating in the goods market (both tour operators and travel agents) and found that there was a clear distinction between tour operators and travel agents. The Competition Authority also concluded that predominantly companies with IATA accreditation and providing travel services with a wide range of services compete with each other.

68. In defining the product market and its geographical scope, the Competition Authority took into account the practice of the European Commission, the choice of services provided by the parties to the concentration, and the information gathered during the proceedings. Based on the information gathered during the proceedings, it was confirmed that the needs of business and private customers are different. Moreover, there are also differences in the provision of services to business customers. These differences are mainly due to the degree of complexity of the services to be purchased, the level of flexibility, the additional services required, the terms and methods of payment.

69. For example, private individuals do not have a number of procedural restrictions on the purchase of travel services that are specific to legal entities and, in particular, to purchasers from state authorities (e.g., the obligation to organise public procurements). As a general rule, the successful tenderer(s) will be selected on the basis of the most advantageous sample offer, but in many cases, the procurement conditions will favor larger companies, as they include criteria relating to both turnover and number of employees. In addition, IATA accreditation is generally required to qualify for procurement. In the procurements, there is a competition between travel agents offering a wide range of services, and the parties to the concentration have been direct competitors in many procurements, in a situation where a relatively small number of different undertakings are involved in the procurements.

70. The Competition Authority assessed the competition situation in Estonia both in the field of travel services intermediation as a whole and in terms of its sub-markets, i.e., business and private travel intermediation. Following the concentration, the combined market share of the parties to the concentration in the market of travel services intermediation services in Estonia would be over 50%, including 40-50% for business travel intermediation and 60-70% for private travel intermediation. According to the Competition Authority, a product market structure in which one very large undertaking operates and the remaining ones are significantly smaller, does not promote effective competition, but a company much larger than other undertakings has several advantages over competitors, and this also creates the possibility of foreclosing competitors in the longer term.

71. In order to prevent the competition restriction resulting from the concentration, the parties to the concentration did not submit any obligations taken, therefore, the Competition Authority prohibited the concentration of Estravel Holding OÜ and Public Limited Liability Company Wris.