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Assessing the impact of competition authorities' activities – Contribution from Lithuania

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More documentation related to this discussion can be found at: oe.cd/gfc26.

Mr Antonio Capobianco [Antonio.Capobianco@oecd.org]

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Lithuania

1. Introduction

1. The primary function of the Lithuanian Competition Council is to supervise compliance with the Law on Competition of the Republic of Lithuania and to implement competition policy in Lithuania. In carrying out this function, the Competition Council is guided by the objective of protecting consumer welfare. Accordingly, by safeguarding effective competition in the market, it seeks to generate direct economic benefits for consumers.

2. To assess the impact of its activities, the Competition Council annually evaluates and publishes the assessment of the benefits it generated for consumers over the last three years. The primary objective of this assessment is to demonstrate the direct economic benefits expected to accrue to consumers. As of 2025, the Competition Council also assesses the indirect benefits arising from deterrence, in accordance with its Deterrent Impact Assessment Methodology[1]. This methodology was developed on the basis of surveys conducted in 2024 among businesses and competition law practitioners and draws on the practices of the United Kingdom's competition authorities (Office of Fair Trading and Competition and Markets Authority) and the European Commission.

3. The impact assessment of the Competition Council's activities serves two main objectives. First, it forms part of the institution's external accountability framework, enabling the public to assess its performance and the expected direct benefits generated by its activities. Second, given the Competition Council's objective of continuing to act in line with its established priorities and focusing investigations on areas where addressing restrictions of competition is likely to generate the greatest benefits for consumers, it also forms an integral part of the Competition Council's decision-making process when deciding whether to launch an investigation.

4. Data on the benefits generated for consumers by the Competition Council helps to maintain the authority's reputation and strengthens its position in the legislative process and in public debates on various competition policy issues. The institution aims to ensure that the ratio of its average annual budget over a three-year period to the average annual expected direct benefits to consumers over the same period is at least 1:5.

2. The principles of the impact assessment

5. The Competition Council quantitatively assesses its activities in terms of both direct (since 2008) and indirect (since 2025) benefits for consumers. Fines imposed by the Competition Council for infringements of the Law on Competition are not considered benefits generated for consumers and are therefore not included in the impact assessment. The impact assessment is carried out by the Competition Council's Economic Analysis Group, which carries out the impact assessment using the data provided by other departments and other available public sources.

6. **Direct benefits** include the expected savings associated with lower prices that consumers are expected to obtain directly as a result of the Competition Council's activities, namely:

[1] The methodology is available online (in Lithuanian): Atgrasymo metodika.pdf.

1. decisions terminating anticompetitive agreements, abuses of dominant position, or infringements of Article 4[2] of the Law on Competition, as well as decisions refusing to clear mergers that would otherwise have led to a creation of strengthening of a dominant position or significant restriction of competition or clearing them subject to commitments; and
2. recommendations that lead to the removal of restrictions of competition from legislation or to changes in companies' conduct.

7. The assessment of direct benefits does not capture the broader aspects of the Competition Council's work. For example, in many cases it does not reflect the Competition Council's work in providing opinions on draft legislation. Nor does it take into account the benefits associated with the Competition Council's supervision of unfair practices by online platforms and retail undertakings, or other direct benefits unrelated to lower prices, such as improved quality or wider choice. This assessment reflects the expected *ex ante* direct benefits for consumers in the future, rather than an *ex post* evaluation of the effectiveness of individual decisions.

8. When assessing the direct impact of its activities relating to the supervision of compliance with the Law on Competition, the Competition Council relies on:

1. conservative assumptions set out in the guidance of the Organisation for Economic Co-operation and Development (OECD), which are intended to assist competition authorities in assessing the benefits they generate for consumers (OECD Guidance);
2. the OECD methodology set out in the Competition Assessment Toolkit, which is intended to assist governments and competition authorities in assessing the impact of decisions and/or legislation on competition and consumers (OECD Methodology); and
3. data available in case files and assumptions regarding the expected impact of decisions.

9. **Indirect benefits** reflect broader, and often significantly greater, impact of competition enforcement compared to the direct benefits described above.

10. In 2024, the market and public opinion research company "Spinter tyrimai" conducted a study on the likely scale of indirect benefits - that is, benefits arising from deterrence - generated for consumers by the Competition Council's activities in supervising compliance with the Law on Competition with respect to anticompetitive agreements and mergers. The study confirmed that the Competition Council's supervision of mergers and anticompetitive agreements plays an important role in preventing other relevant anticompetitive conduct, and that indirect benefits generated by the Competition Council substantially exceed the direct benefits associated with lower prices. In 2025, relying on the results of that study, the Competition Council began assessing indirect benefits

[2] Article 4. Duty of Public Administration Entities to Ensure Freedom of Fair Competition

1. In carrying out the assigned tasks related to the regulation of economic activities within the Republic of Lithuania, public administration entities must ensure freedom of fair competition.

2. Public administration entities shall be prohibited from adopting legal acts or other decisions which grant privileges to or discriminate against any individual undertakings or their groups and which give or may give rise to differences in the conditions of competition for undertakings competing in a relevant market, except where the difference in the conditions of competition may not be avoided when meeting the requirements of the laws of the Republic of Lithuania.

generated by deterring undertakings from entering into future anticompetitive agreements or mergers that could adversely affect competition.

11. The Competition Council has developed a methodology for assessing the deterrent effect generated by its activities. The deterrence methodology was prepared with reference to the good practices of the United Kingdom's competition authorities (Office of Fair Trading and Competition and Markets Authority) and the European Commission.

12. It is important to note that the deterrent effect does not capture a significant part of the indirect benefits generated by the Competition Council, such as educational and general preventive activities aimed at fostering a culture of competition in society, more active competition in markets, and increased confidence of consumers and undertakings in markets.

13. Every year the Competition Council publishes the results of the impact assessment of its activities, together with the methodology underpinning the calculations, on its website[3].

3. Direct benefits generated for consumers by the Competition Council in 2025

14. The likely direct benefits generated for consumers by the Competition Council in 2025 were calculated primarily on the basis of data from individual cases and, where such data were insufficient, on the assumptions regarding price increases and duration set out in the OECD Guidance and the OECD Methodology.

15. Direct benefits (EUR 21.9 million) in 2025 were generated in relation to the following decisions and observations/proposals adopted or submitted by the Competition Council regarding:

1. merger control interventions in the media, infrastructure and insurance sectors, including the prohibition of an anticompetitive transaction and the approval of mergers subject to remedies;
2. enforcement action against a municipality for measures restricting competition in local waste management services markets;
3. advocacy interventions aimed at removing restrictions on consumer choice in vehicle maintenance and repair services;
4. advocacy interventions promoting competitive and non-discriminatory procedures for the allocation of public electric vehicle charging infrastructure sites;
5. advocacy interventions promoting competitive procurement arrangements in the defence sector, including the procurement of military equipment and related supplies;
6. advocacy interventions eliminating discriminatory conditions that restricted access to municipal support schemes and disadvantaged certain categories of economic operators.

16. The above list does not mean that the Competition Council's activities generated benefits only in the cases indicated above. Direct economic benefits for consumers were also likely generated in other cases, but there was insufficient data to calculate those, or it was not possible to express them in monetary terms with sufficient precision.

[3] Information available online (in Lithuanian): Veiklos vertinimas | Konkurencijos taryba.

17. Comparing the Competition Council's expected average annual direct benefits generated for consumers during the period of 2023-2025 (EUR 21.9 million) with its average annual budget for 2023-2025 (EUR 3.35 million), it can be seen that the direct benefits generated for consumers by the Competition Council's activities exceeded its annual budget by a factor of 6.3.

4. Indirect benefits generated for consumers by the Competition Council in 2025 through deterrence and total benefits generated in 2025

18. The deterrent effect of the Competition Council's activities is much greater than the direct benefits for consumers. As described above, in 2025 direct benefits arising from the supervision of compliance with the Law on Competition amounted to EUR 21.9 million. Indirect benefits for consumers arising from the deterrent effect with respect to anticompetitive agreements and mergers could be 2.1 to 12.3 times higher, corresponding to an additional EUR 45.9-268.8 million in 2025.

19. Indirect benefits for consumers arising from deterrence were assessed using deterrence multipliers derived from the aggregated results of the survey of competition law practitioners and businesses. The survey of competition law practitioners indicates that, during the period 2021-2024, at least seven agreements were abandoned or substantially modified for every infringement decision adopted by the Competition Council, resulting in a deterrence multiplier of 7.6. At least two proposed mergers were abandoned or modified, resulting in a deterrence multiplier of 2.6. Based on the responses by the businesses participating in the survey, the deterrence multiplier for agreements was calculated at 46.4. The deterrence multiplier for anticompetitive agreements derived from the business survey is substantially higher than the multiplier derived from the survey of competition law practitioners. This difference may partly reflect situations where companies abandon or modify potentially problematic agreements without seeking external legal advice.

20. The findings are empirical and based on responses by the competition law practitioners and businesses that completed the questionnaires. It is also not known whether the agreements and mergers that were abandoned or modified in the past were larger or smaller than those currently under investigation. Accordingly, the deterrence multipliers, and the indirect benefits calculated on their basis, should be regarded as an approximate benchmark indicating the scale of the deterrent effect, rather than as the actual value of deterrence.

21. We applied those deterrence multipliers to the previous years as well and estimated that the average annual indirect benefits in 2023-2025 ranged from EUR 38.6 million to EUR 188 million, and their ratio to the Competition Council's budget ranged from 11.5 to 56.1.

22. The total expected average annual benefits, comprising both direct and indirect benefits, amounted up to EUR 209.3 million in 2023-2025, and its ratio to the Competition Council's budget was up to 62.4.

Table 1. Average annual direct and indirect benefits, EUR million

Period	Average annual direct benefits	Average annual direct and indirect benefits — upper estimate
2020–2022	18.4	200.5
2021–2023	16.7	127.5
2022–2024	17.5	204.7
2023–2025	21.3	209.3

5. Conclusions

23. As demonstrated in this Note, a significant proportion of the consumer benefits, both direct and indirect, generated by the activities of a competition authority can be quantified and expressed in monetary terms. These benefits most often arise from infringement decisions or decisions prohibiting mergers or clearing them subject to commitments. Nevertheless, preventive letters and opinions on draft legislation may also generate direct benefits.

24. At the same time, a substantial proportion of the benefits generated by a competition authority's activities cannot be quantified in terms of consumer benefits, either because the relevant data are unavailable or because of the nature of the activity concerned, such as educational activities.

25. Despite these limitations, the Competition Council's impact assessment is nevertheless highly important. It helps demonstrate that investment in the authority's activities is significantly lower than the consumer benefits generated by those activities. Moreover, the deterrent effect of competition enforcement provides an important argument in legislative discussions, showing that competition policy and regulation should preserve sufficiently deterrent fines in order to generate indirect benefits for consumers.

26. While the impact assessment could be expanded through *ex post* evaluations, the Competition Council does not currently undertake those due to its relatively small size and limited resources, which must also be allocated to investigations, merger control and other important functions.