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**DIRECTORATE FOR FINANCIAL AND ENTERPRISE AFFAIRS  
COMPETITION COMMITTEE**

**ROUNDTABLE ON COMPETITIVE NEUTRALITY IN COMPETITION ENFORCEMENT**

-- Note by Lithuania --

**16-18 June 2015**

*This document reproduces a written contribution from Lithuania submitted for Item 9 of the 123rd meeting of the OECD Competition Committee on 16-18 June 2015.*

*More documents related to this discussion can be found at [www.oecd.org/daf/competition/competitive-neutrality-in-competition-enforcement.htm](http://www.oecd.org/daf/competition/competitive-neutrality-in-competition-enforcement.htm).*

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## LITHUANIA

### 1. Case study of *Vilnius veža*

1. Competition Council of the Republic of Lithuania (Competition Council or KT) not only protects competition from unfair businesses practices, but also has also an interest to ensure that public institutions would undertake actions to encourage fair competition. When realizing this goal, the Council analyses the possible effect on competition by legal acts drafted by institutions, examines already adopted competition restrictive decisions of institutions. The Council applies such practice pursuant to Article 4 of the Competition Law of Lithuania. Article 4 requires public administrative bodies to protect fair competition and not to discriminate undertakings. If Council finds the infringement of this Article, it requests institutions to amend or revoke the whole such legal act or certain articles.

2. This article has a great impact on fair competition and aims to protect businesses against unfair competition practices committed by public administrative bodies. Statistics show, that 24 decision were adopted enforcing Article 4 during last 5 years.

#### 1.1 *Anti - competitive actions of Vilnius City Municipality*

3. In 2012, Vilnius City Municipality adopted the decision to establish the public company *Vilnius veža*. According to the Municipality, this decision was adopted in order to solve the existing problems in the taxi services market (tax evasion, illegal activities and etc.).

4. The Competition Council has started an investigation in order to determine the impact on competition caused by the decisions of the Municipality regarding *Vilnius veža* and their compliance with the Law on Competition.

5. The Council has found that the purpose and the main economic activity of *Vilnius veža* was the transport of passengers by taxi. According to the legislation of the Republic of Lithuania, passenger transportation by taxi is an economic activity that is regulated, organized and supervised by municipalities – they issue permits and execute the control of taxi service providers.

6. During the investigation it was found that taxi services market is competitive in Vilnius city – until 2013, Vilnius City Municipality issued permits to 29 taxi firms and 1193 individual taxi drivers working on business certificates.

7. The Council has also found that the Municipality:

- In 2012 – 2014, granted to *Vilnius veža* subsidies amounting to more than 400 000 euros;
- Favoured the company with various privileges such as obtaining documents necessary for entering the market of taxi services, promoting the services provided by *Vilnius veža* on the Municipality's official website and offering consumers to use the services provided by the company.

8. In the Council's opinion, the Municipality, as administrative authority for taxi services, was obliged to solve the identified problems (tax evasion, illegal taxi activities etc.) by using legislative regulatory measures, rather than establishing another business entity in a competitive market.

9. The Council found that Vilnius City Municipality favoured the public company *Vilnius veža* and, thus, discriminated against private companies. The Council determined that the Municipality's decision to establish *Vilnius veža* and the preferential treatment of the company, breached Article 4 of the Law on Competition.

10. The Municipality appealed the Council's decision to Vilnius Regional Administrative Court. The outcome is to be expected by the end of this year.