

# LITHUANIAN COMPETITION COUNCIL

# **ANNUAL REPORT | 2020**



LIETUVOS RESPUBLIKOS  
KONKURENCIJOS TARYBA



# MAIN RESULTS

# 482

examined draft legal acts

# 24

cleared mergers

# 42

state aid schemes notified to the European Commission

# € 1 634 962

finances paid to the state budget by the infringers

# 3

identified competition law infringements



retailer fined for unfair practices to food and drink suppliers

# € 933 720

imposed fines

# 1:8

1 euro allocated to the authority's activities brought 8 euros of expected benefits

# € 19.3 million

average direct expected benefits to consumers in 2018–2020



# MAIN ACHIEVEMENTS AND EVENTS



## **We identified 3 infringements of the Law on Competition:**

- the film distributor *Theatrical Film Distribution* and the firms *NCG Distribution* and *Forum Cinemas*, which belong to the same group of companies, agreed on the prices of their distributed films in order to limit special offers and discounts in cinemas;
- the Lithuanian transport safety administration restricted competition and impeded the entry of new market participants by extending contracts with 42 regular road passenger transport service providers without a competitive procedure;
- the Ministry of Justice failed to ensure the freedom of fair competition as foreseen by the Law on Competition when it set the minimum and fixed notary fees and thus restricted the ability of notaries to compete on price.

We concluded that one of the major retail companies in Lithuania *Palink* carried out unfair commercial activities when it pushed food and drink suppliers to spend all preliminary budget intended for sales promotion activities for the current year.



## **We reviewed mergers and issued 24 clearances:**

- 3 mergers in banking, lending, leasing and financial services, telecommunications sectors led to an in-depth review;
- one merger in the telecommunications market was cleared subject to remedies which were evaluated as sufficient to ensure effective competition in the market.

## We supervised the activities of public institutions and submitted proposals concerning draft legal acts:

- we drew the attention of the Ministry of Justice and the Government that regulating prices during the emergency situation could negatively affect the availability of goods and cause other problems, which in the long run could damage the economy. The Seimas agreed with the veto used by the President Gitanas Nausėda and refused plans to regulate wholesale and retail prices;
- having assessed the draft Law on Concessions which proposed to establish in-house agreements in cases of concession, we noted to the Ministry of Economy and Innovation that in-house agreements can

be concluded only in exceptional cases, i.e. when the continuity, good quality and availability of the relevant service could not be ensured by a service provider chosen through a competitive procedure. The draft proposal was not adopted;

- we submitted comments to the Ministry of Health which proposed to set the upper limit of the indicator used for calculating the price premium of reimbursable drugs (20 per cent of the average reimbursable price of the prescription) to prevent the increase of price premiums for reimbursable drugs. We noted that imposed price reduction when the “ceiling” of composite reimbursable drugs for one supplier is set might create obstacles for suppliers to enter the price list of reimbursable medicines and affect competition in the market.



**We provided consultations to state institutions** which notified to the European Commission 42 state aid schemes to support the Lithuanian business and different sectors of the economy affected by the COVID-19 outbreak.

## Courts upheld the authority's decisions in significant cases:

- the construction company *Panevėžio statybos trestas* and company *Irdaiva* restricted competition in the construction sector when they presented joint bids in 24 public tenders;

- fine imposed on the company *Kauno grūdai* for an unnotified merger was proportionate to the gravity of the infringement;
- *Panevėžio melioracija* will have to pay the fine for rigging bids in 25 public tenders on street and road repair and land melioration works in 2012–2017.

## Amendments to the Law on Competition entered into force:

- clarified rules on immunity from fines or their reduction under which undertakings which provide evidence having added value regarding an anti-competitive agreement to the Lithuanian competition authority may be exempted from fine or offered a reduction in fine;
- explicitly reflected the liability for undertakings forming a single economic unit and successor's liability so that companies could not escape fines through corporate re-structuring;
- in order to increase the effectiveness and deterrent effect of sanctions imposed on undertakings for breaches of the EU an-



titruster rules, it was specified that the maximum amount of fines is calculated based on the undertaking's total worldwide turnover in the preceding business year;

- the authority gained powers to impose higher fines on undertakings for continuous or repeated infringements committed not only in Lithuania, but also in other EU jurisdictions;
- the amendments also ensure more guarantees of independence for Konkurencijos taryba as a national competition enforcement authority and require that it has sufficient human, financial, technical and technological resources.

### **We engaged in the following competition advocacy activities:**

- shared information on how to recognise cartels with different target groups;
- encouraged persons and companies to report anti-competitive behaviour;
- consulted and sent warnings to companies on actions which might infringe the Law on Competition;
- drew the attention of undertakings stating that the authority would not tolerate conduct by companies that seek to exploit the COVID-19 crisis as a cover for anti-competitive agreements.



clarified rules on immunity from fines or their reduction



changed calculation of the maximum amount of fines



stricter liability for continuous or repeated infringements



more guarantees of independence for Konkurencijos taryba

