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**ANNUAL REPORT ON COMPETITION POLICY DEVELOPMENTS IN LITHUANIA**

-- 2012 --

*This report is submitted by Lithuania to the Competition Committee FOR INFORMATION at its forthcoming meeting to be held on 19-20 June 2013.*

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## Executive Summary

1. To carry out its mission of safeguarding effective competition for the benefit of consumers, in the beginning of 2012 the Competition Council of the Republic of Lithuania (*Konkurencijos taryba*, KT) set out three strategic goals:

- maximising consumer welfare,
- strengthening the society's competition culture, and
- strengthening the KT's administrative capabilities.

2. In terms of consumer welfare, the KT runs a regular impact assessment exercise, with the latest 2010–2012 impact assessment report having been published in March 2013. According to the report, in each year covered by the survey, the average direct financial benefit to consumers amounted to about EUR 13.24 million, which almost 13 times exceeded the KT's average annual budget.

3. As regards the enforcement exercises in the E-turas case, the KT's infringement decision stopped 29 travel agencies coordinating their pricing policies to the detriment of consumers. The investigation into the exclusivity arrangements between G4S, the largest provider of cash handling services, and the Lithuania's three top banks, encouraged the parties to terminate the exclusivity clauses even before the KT issued its infringement decision. The latter set a record-high fine amounting to a total of EUR 16 million. More importantly, the KT's intervention reduced the entry barriers for G4S competitors, thus creating better conditions for competition. This should benefit consumers as cash handling costs incurred by banks are eventually covered by consumers when paying cash handling related fees. The focus on preventing consumer harm will continue in 2013 as we will become better at using our newly acquired prioritization tool.

4. On the advocacy front, the challenges to building a better competition culture remain, but in 2012 the KT showed its strong commitment to lead the change. We listened to the voice of the business community arguing for more competition education and responded with a series of seminars – to be continued this year – targeting trade associations, which, as our decisional practice confirms, appear to be vulnerable to price coordination activities. We have also increased our advocacy efforts in relation to municipalities and ministries, in particular in the field of state aid and public restrictions of competitions. To this end, the KT issued a Guide for Competition Impact Assessment of Draft Decisions, which we will continue to promote in 2013.

5. To strengthen our administrative capacity, we invested in people, investigative technologies and better working environment. The latter has been improved with the KT moving to a new building, where, unlike in our communal past, the authority operates completely on its own. A number of new people have been hired and five members of staff spent long spells being seconded or doing traineeships at the world's leading competition agencies, such as the EU Commission, the FTC and the OFT. We will need and expect the best from our staff in 2013: not only will we continue to focus on high impact cases and advocacy actions, but our authority will play an important role in the forthcoming Lithuania's presidency in the EU.

## **1. Changes to competition laws and policies, proposed or adopted**

### ***1.1 Summary of new legal provisions of competition law and related legislation***

6. On 1 May 2012, a new wording of the Law on Competition came into force enabling the KT to conduct the investigations concerned with the infringements of the Law on Competition more efficiently and, thus, ensure a better understanding of the individuals involved in the procedure.

7. The KT anticipated its right to determine the prioritisation principles in order to utilise its limited resources for the investigation of the most significant infringements and, thus, ensure the greatest benefits to consumers.

8. The new wording of the Law on Competition granted the KT with increased powers concerned with the investigation of infringements and the collection of evidence. One of the most significant new powers is the right to obtain the information on the subscribers and users of the services as well as the content transferred by the means of the electronic connection networks from the providers of electronic connection services. This right creates better conditions for the KT to prove the most serious infringements of the Law on Competition that are usually secret and hard to investigate.

9. Moreover, with the aim of encouraging the companies, subject to the most serious infringements of the competition rules, to address the KT and confess, the new wording of the Law on Competition determines that the participants of a prohibited vertical agreement on direct or indirect fixing of prices may be also exempted from the fine. The sanctions as set by the Law on Competition would not be applied to the head of the company exempted from the fine (as well as the head with whom the business relations are terminated). With the aim of ensuring the interests of the companies concerned (e.g. that the information provided by them would not be used against them in the cases concerned with the actions for damages), the information in question may only be introduced to the companies suspected of the infringement of the Law on Competition and only with the aims related to the right of defence. This regulation will encourage companies and their heads to provide the possessed information about the infringement and, thus, avoid the sanction. The KT will work on better assumptions to ascertain the most serious infringements of the Law on Competition.

10. In the new wording of the Law on Competition the regulation of mergers has been partially changed. The change having the most significant impact on the undertakings is the increase of the amount of the combined aggregate income of the merging parties from LTL 30 million (EUR ~ 8,688,601) to LTL 50 million (EUR ~ 14,481,001), which when exceeded, the intended merger must be notified to the KT and the clearance must be obtained. By the means thereof, the KT seeks for the notification of those mergers that may affect the structure of markets to the greatest extent, which in turn would effect the competition.

11. The new wording of the Law on Competition introduced some other innovations that made the implementation of mergers easier for the undertakings:

- The notion of related persons has been changed. Henceforth, when calculating the combined aggregate income, the undertakings included in the calculation must possess 1/3 or more of the shares, votes or assets, including all previous acquisitions (according to the wording held thitherto, when calculating the combined aggregate income the undertakings included had to possess 1/4 or more of the shares, votes and assets).
- New provision has been introduced, according to which, the cases when two or more undertakings create a new undertaking – a joint venture which do not perform functions of an independent undertaking, are not considered to be mergers. In this case, there is no need to notify the KT.

- The new wording of the Law on Competition has changed the regulation of the consequences of a non-notified merger whereof notification is required. Solely those merger agreements that have not been later cleared by the KT, are considered invalid and do not create any consequences in law.
- With the aim of improving the conditions for business, the new wording of the Law on Competition has established additional cases wherein the undertakings can perform individual merger actions without the KT's prior clearance of the merger. The Law on Competition acknowledges the opportunity of undertakings to announce public bid to buy-up shares or conclude agreements on the transfer of securities, included in the trade in the controlled market, even without the permission for individual actions, provided that the actions concerned will be notified to the KT during a seven day period from the moment they were performed, and without the use of benefits granted by securities.
- The merging undertakings themselves have to evaluate the compliance of the obligations, present under the absence of competition, with the Law on Competition. After the new wording of the Law on Competition came into force, the KT was relieved of the responsibility to evaluate every additional restriction of activity created by the merging parties, i.e. the agreement which restricts the ability of the merging parties to freely operate in the relevant market (for instance, obligation not to compete, purchase obligation and other). Before setting additional restrictions of activity, the undertakings participating in the merger are obliged to self assess whether these agreements are necessary and directly related to the implementation of the merger. The KT holds that restrictions are necessary and directly related to the implementation of the merger when they are in line with the principles established in the practice of the European Commission. When conducting the assessment of the set restrictions of the merger, the undertakings have to take into account the principles, set out in the notice of the European Commission, on restrictions, necessary or directly related to the merger of companies (2005/C 56/03) and determined by the European Commission's decisions in the merger cases, as well as assess whether the specific agreements can be considered to be directly related to the merger and necessary to its implementation.

## **1.2 *Other relevant measures, including new guidelines***

- **Guidelines for competition impact assessment of draft decisions**

On June 2012, the KT issued the Guidelines for Competition Impact Assessment of Draft Decisions (Guidelines). It is expected that the Guidelines will become a helpful tool to be used by public administrative bodies (decision makers) in order to evaluate the possible impact that the draft decision will have on the competition and select the most appropriate decisions as well as evaluate already enforced decisions' impact on competition. The Guidelines may help to avoid ungrounded restrictions on companies when public administrative bodies adopt decisions related to economic activity.

Public administrative bodies as well as other policy makers are advised to act pursuant to the general competition assessment principles set out in the Guidelines.

- **Description of the enforcement priority**

Exercising prioritization powers enshrined in the new wording of the Law on Competition, on 2 July 2012, the KT on its website published the KT's enforcement priority – to conduct investigations or interfere in the way the market works, provided that such interference would significantly contribute to protection of effective competition with the purpose of maximizing consumer welfare.

The KT has also announced the Description of enforcement priority's implementation principles, according to which, the KT will decide whether the investigation falls within the established enforcement priority. These principles are: a) the potential impact of an investigation on effective competition and consumer welfare; b) the strategic importance of such an investigation; and c) the rational usage of resources. Pursuant to the principles concerned, the KT will allocate its resources to the investigations of those infringements of the Law on Competition that are considered to be of utmost significance and harm to consumers.

### **1.3 *Government proposals for new legislations***

- **Methodology of setting fines for the infringements of the Law on Competition**

By the resolution of 18 January 2012, No. 64, the Government of the Republic of Lithuania approved new methodology of setting fines for the infringements of the Law on Competition (Methodology of setting fines).

According to the new Methodology of setting fines, the base amount of the fine is calculated by taking up to 30 per cent of value of sales directly or indirectly related to the infringement. Such methodology of setting fines allows to achieve better individualisation of fines and, when needed, to apply bigger fines with stronger deterrent effect, for instance, to multiply the base amount of the fine by the number of years of infringement and increase the amount of the fine for the repeated infringement with the aim of achieving deterrence. It is expected that the new methodology of setting fines and a clear system concerned with the exemption from fines and their reduction, established in the Methodology of fine setting, will encourage the companies to avoid infringements.

## **2. Enforcement of competition laws and policies**

### **2.1 *Action against anticompetitive practices, including agreements and abuses of dominant positions***

#### **2.1.1 *Summary of activities of the KT***

12. In 2012, the KT initiated 11 investigations, terminated 9 investigations and adopted 5 resolutions concerning anticompetitive practices, including agreements and abuse of dominant position. With regard to anticompetitive practices, the KT imposed fines on 37 undertakings in the amount of more than EUR 18 million.

13. In 2012, the KT conducted few investigations of a significant scope, one of them being concerned with wholesale and retail trade of food products. The findings are to be presented in 2013. During this investigation one of the suspected undertakings failed to provide information necessary for the investigation. To this end, the KT launched the investigation which resulted in the imposition of a fine on

the suspected undertaking. This KT's decision was appealed to the Court. The Supreme Court of Lithuania upheld the KT's decision, however the Court reduced the fine by 0.5 per cent.

- **Prohibited agreement within the package tour sector**

The KT imposed fines totalling LTL 5 million (EUR ~ 1,5 million) on 29 companies engaged in sales of package tours and on *UAB Eturas*, the administrator of the online tour search system, for the prohibited agreement by the means of which the application of discounts when selling package tours online was being limited.

Having conducted the investigation, the KT concluded that 30 tour operators, which used the online tour search and booking system *E-TURAS*, and the system administrator *UAB Eturas* had coordinated the discount level for online tours sold to consumers. It was established that during the period of August 2009 to March 2010 the maximum discount that consumers could get had been limited up to 3 percent of the total tour price. In this case the discount limit was set through the *E-TURAS* system without any direct contact of the tour operators. By such actions the tour operators and the system administrator *UAB Eturas* infringed Article 5 of the Law on Competition which prohibits anticompetitive agreements such as price-fixing agreements between competitors. Furthermore, having considered that such discount limitation through the *E-TURAS* system affected trade between Member States of the EU, the infringement of Article 101 of the Treaty on the Functioning of the European Union was also established.

Competing in prices is one of the key factors of effective competition making it possible for buyers to purchase goods or services under the best conditions. In Lithuania as well as in the EU, agreements on the price or fixing of the part thereof and, thus, on the discount or fixing of the part thereof, are considered to be one of the most severe and the most harmful infringements of competition law as the agreements concerned affect the process of competition directly and are *per se* restrictive of competition.

When competing undertakings conclude a prohibited agreement (cartel), the undertakings not involved in the agreement suffer, since by competing fairly the undertakings concerned, contrary to the participants of the cartel, are subject to higher risk which limits their possibilities to provide consumers with more beneficial offers. More importantly, such agreements harm consumers by limiting their possibilities to take advantage of the benefits of competition, for instance, purchase products and services for the price determined by effective competition rather than by the agreements between competitors. Under a coordinated maximum level of discount, the process of competition, safeguarded by the KT, was harmed. The tour operators avoided the need to compete while providing discounts to consumers, who, in turn, lost a possibility to take advantage of the benefits of competition.

One of the offending companies, *UAB 700LT*, was exempted from the fine by the KT as this company being the first to provide the KT with all information related to the prohibited agreement complied with all conditions of immunity. *UAB 700LT* avoided a fine of LTL 160,000 (EUR ~ 46,339) to be imposed for the infringement established. This example shows that a company, which is a party to the prohibited agreement between the competitors, having provided the KT with the information regarding such agreement and having fulfilled the established requirements set out in the Leniency rules may avoid sanctions.

- **Restriction of competition in the markets of cash handling and cash-in-transit services**

The KT imposed fines exceeding LTL 57 million (EUR ~ 16 million) on the provider of security services *G4S Lietuva (G4S)* and three major banks in Lithuania: *AB DNB* bank, *AB SEB* bank and *Swedbank* (together the Banks). The fines were imposed because *G4S* and the Banks concluded agreements which restricted the abilities of *G4S* competitors to operate in the markets of cash-in-transit and cash handling services.

Having received a complaint from the provider of security services, i.e. cash-in-transit and cash handling services, *Eurocash, UAB*, in 2009, the KT launched an investigation.

As the Banks committed themselves to buying all cash handling services exclusively from *G4S*, the ability of other providers of such services to compete had been significantly restricted. For the duration of the agreements, the Banks could not use cash handling services provided by the competitors of *G4S* even if the former were to make better offers.

Provision of cash handling services is closely related to provision of cash-in-transit services, which are provided to the clients of the Banks (companies). These circumstances meant that the above mentioned agreements were harmful to the clients of the banks as well. The clients of the Banks could not choose any other provider of cash-in-transit services but *G4S*.

After considering all the circumstances under investigation, the KT found *G4S* and the Banks in breach of Article 5 of the Law on Competition prohibiting anticompetitive agreements. In addition, the KT acknowledged that the agreements, concluded between the Banks and *G4S*, had had an impact on trading between EU Member States and, thus, had violated Article 101 of the Treaty on the Functioning of the European Union.

Having repealed the investigated provisions restricting the abilities of the Banks to choose providers of the services concerned, the abilities of *G4S's* competitors to enter the market of cash handling and cash-in-transit services or expand within it increased, which, in turn, resulted in the increase of the opportunities of the Banks and their clients to enjoy the benefits brought by the competition between the companies.

- **Undertaking fined for the failure to comply with the officers of the KT request to provide information**

The KT imposed a fine of LTL 86,400 (EUR ~ 25,023) on *UAB Plungės duona* for a failure to comply with the obligatory requirements to provide the information needed for the investigation.

When conducting the investigation on a suspected prohibited agreement between the undertakings engaged in the wholesale and retail trade of food products, the officers of the KT a couple of times addressed *UAB Plungės duona* asking to provide the information needed to conduct the investigation. The requested information failed to be provided in due time and even after the repeated instigations. The answers were received only after the investigation on the failure to comply with the obligatory instructions of the KT's officers had been launched.

The admitted infringement of *UAB Plungės duona* is held to be a severe infringement of the requirements of the Law on Competition of a procedural nature. As a result of such undertakings' actions preventing the needed actions of the investigation from being undertaken in due time, prompt and good quality performance of actions is weighted or becomes even impossible. The fine imposed on *UAB Plungės duona* is a clear signal that the KT will strictly evaluate intended or careless actions of undertakings by the means of which the KT's officers are prevented from conducting the investigation.

### 2.1.2 *Court cases*

14. Here are presented the most significant judicial review cases of the decisions adopted by the KT.

- **Decision within the market of the orthopaedic devices production and trading**

In May 2012, the Supreme Court of Lithuania (Supreme Court) upheld the KT's decision of January 2011, to impose fines on the Association of Providers of Orthopaedic and Rehabilitation Services and nine companies engaged in the production and trading of orthopaedic devices for concluding prohibited agreements. The agreements were concerned with the prices and production amounts of orthopaedic devices reimbursed by the Compulsory Health Insurance Fund (CHIF) as well as the sharing of funds allocated by the CHIF for the reimbursement of the devices concerned.

The SACL concluded that as a result of the concluded agreements the National Health Insurance Fund (NHIF) was deprived of the possibility to take advantage of the benefits granted by competition, i.e. to purchase from the companies of orthopaedics larger quantities of orthopaedic devices for a lower price. Both, the State and consumers had been harmed since the agreement, having set non-objective prices of the orthopaedic devices and the CHIF's budget being limited, caused a deterioration in supply for consumers. Such agreements distorted the structure of competition and eliminated the conditions to efficiently allocate resources as well as improve the quality of orthopaedic devices.

- **Decision in the insurance sector**

In April 2012, the Supreme Court upheld the KT's decision of December 2012, wherein the KT acknowledged that two of the biggest insurance companies operating in Lithuania concluded an insurance pool agreement in the construction sector. In this case, for the first time the agreement's compatibility with the General block exemption Regulation had been assessed. Even though general block exemption agreements are not always subject to the breach of the requirements set out in the rules of competition, in this particular case the SACL concluded that the agreement failed to comply with the conditions of the General block exemption Regulation and could have restricted the competition in the relevant market.

By acknowledging that the assessed an insurance pool agreement could have restricted competition, the Supreme Court noted that when standardizing the conditions of insurance agreements as well as the sums of insurance and deposits, the competition could have been harmed since the independence of the undertakings was restricted and, thus, distorted the structure of fair competition. The Supreme Court took into account the fact that the agreement provided a thorough regulation of risk assessments, the amount of insurance deposits calculation, the set minimal deposit and the maximum possible deposit as well as the set amount of commission. The Supreme Court admitted that whether the agreement restricts or may restrict competition does not have any impact on the qualification of the breach, however it is important to prove the breach as the KT carries different kind and level responsibility of proof.

In this case the Supreme Court for the first time upheld that as a result of the prohibited agreement the trade between Member States could have been restricted, and, thus no only the Law on Competition, but also the requirements of Article 101 of the Treaty on the Functioning of the European Union had been infringed. The Supreme Court acknowledged that anticompetitive agreements covering the whole territory of the State are regarded as being capable to restrict the trade between Member States.

- **Decision regarding actions of Plungės duona**

In November 2012, the Supreme Court upheld the KT's decision of February, and admitted that *UAB Plungės duona* failed to comply with the requests of the officers authorised by the KT to provide the information needed for the investigation and, thus, infringed the requirements of the Law on Competition.

As the Supreme Court noted, a failure to provide information harms the investigation carried out by the KT, and therefore, the KT justly imposed a fine on *UAB Plungės duona*. This case is the first occurrence when the undertaking was sanctioned for the failure to provide the information important for the investigation.

## 2.2 Mergers and acquisitions

### Dynamics of Merger Cases

Years	2012	2011	2010	2009	2008
New notifications received	31	46	40	42	54
Total authorisations granted:	29	49	33	47	52
Authorisations subject to conditions and obligations	0	1	0	1	4
Authorisations to perform individual actions of concentration	0	7	4	3	2
Refusals to issue an authorisation	0	0	0	0	0
Withdrawn notifications	2				

#### 2.2.1 Summary of significant cases

- **Failure to notify a merger prior its implementation**

In March 2012, the KT imposed a fine of LTL 100,000 (EUR ~ 28,962) on the *Corporation of European Pharmaceutical Distributors N. V. (CEPD)* for implementing unauthorised merger.

The KT determined that the *CEPD*, which prior the merger together with other share holder possessed the control over *UAB Nacionalinė farmacijos grupė*, increased the amount of its shares up to 100 per cent and, thus, acquired a total control over *UAB Nacionalinė farmacijos grupė*.

Such acquisition of a total control is considered to be a merger in the sense of the Law on Competition. If the total income of the merging parties exceeds thresholds provided in the Law on Competition, the merger has to be cleared by the KT. The *CEPD* notified the KT about the intended merger only after its implementation. The KT, having examined the notification concerned, concluded that the merger should not create or strengthen a dominant position or significantly restrict competition in the relevant markets and, therefore, cleared the implemented merger, however it did not eliminate the *CEPD's* liability for the infringement of the Law on Competition.

The implementation of a merger without the clearance of the KT is a serious infringement of the Law on Competition, regardless of whether the competition was restricted as a result thereof. The supervision of the implementation of mergers is carried out in order to observe structural changes

in the relevant markets and prevent such mergers or their individual actions wherefore the undertakings would become dominant or would strengthen their dominance in the relevant markets or significantly restrict competition in other ways. The KT strictly evaluates the failure to comply with the obligation set out in the Law on Competition, according to which, the merger has to be notified and cleared prior its implementation, because, otherwise, such actions violate the major aim of the merger control.

- **Abandoned intentions to implement mergers**

Two undertakings have abandoned their intentions to implement mergers already notified to the KT. Having conducted the preliminary assessment, the KT concluded that after the implementation of the mergers, wherein *UAB Lodvila*, would have acquired 45 per cent of *GP GRUPĖ*, *UAB* shares, and *UAB Fragrances International* would have acquired 49 per cent of *SIA Douglas Baltic* shares, two biggest competitors would be joined. In the former case, the undertakings producing security documents (personal identity documents, banderols on tobacco and alcohol products, recoverable medicine passports and others) and commercial printings, whereas in the latter case, the undertakings engaged in the trade of cosmetics and perfumery would merge. It was determined that in both cases a respectively small number of undertakings had been operating in the assessed markets until the mergers, therefore, according to the KT's examination, the implementation of the mergers between the two biggest competitors could have lessened the competition in the assessed markets. Having received the KT's preliminary conclusions, in both cases, the undertakings concerned withdrew their merger notifications and informed the KT that they abandon their intentions to implement the mergers.

### **3. The role of competition authorities in the formulation and implementation of other policies, e.g. regulatory reform, trade and industrial policies**

15. According to the Law on Competition the KT is empowered within the scope of its competence, carry out expert examination of draft laws and other legal acts, submit conclusions regarding the effect of these acts on competition to the Parliament of the Republic of Lithuania and the Government of the Republic of Lithuania as well as submit proposals to the Government of the Republic of Lithuania to amend legal acts restricting competition. Exercising this power the KT, in 2012 submitted comments and remarks to the legal acts drafted by Ministries and other Public Administration Entities.

- **Comments on the draft amendments to the Law on Heat Economy of the Republic of Lithuania**

The Law on Heat Economy regulates the national management of the heat economy, the activity and responsibility of the undertakings within the heat economy as well as the rights of heat consumers. The aim of the Law is to create assumptions for the functioning of a competitive, economically grounded and trusted heat economy and ensure effective protection of rights and legal interests of the consumers and participants of the market.

The KT noted that the draft amendments to the law sets the means whereby one company would be granted exclusive rights to transmit and supply the heat within the relevant market. Hence, the suggested legal regulation would create a monopoly of heating network operator, therefore, the competition in the relevant market would be eliminated, and the companies providing the same services would be forced to leave the market. Moreover, the suggested separation of vertically integrated companies raised doubts for the KT. The KT noticed that some of the means provided in the draft amendments to the law may be considered to be state aid and, therefore, should be negotiated with the European Commission.

- **Comments for the National health insurance fund**

In October 2012, the KT submitted comments on two documents drafted by the National Health Insurance Fund, i.e. the order of the Minister of Health Care whereby a change in the organisation of state support method for the purchase of orthopaedic devices was sought (Method), as well as the draft on the purchase of orthopaedic devices reimbursed by the Compulsory Health Insurance Fund, and that of the methodology of setting base prices. The KT drew attention to the fact that by the means of the relevant points set out in the Method the suggestions were made to indirectly set the sum, allocated to the reimbursement of the produced orthopaedic devices, in the agreements with the orthopaedic companies. The funds divided according to the amount of orthopaedic devices' production allowed to be produced by the companies would result in a groundless restriction of companies' abilities to compete.

- **Comments on the legal acts concerned with State aid**

The KT examined a draft law amending Articles 15 and 18 of the Law on Higher Education and Research of the Republic of Lithuania submitted by the Prime Minister. Having conducted a thorough investigation, the KT drew attention to the fact that the law project concerned suggests to determine that the parks of education and technology, provided they are public physical persons, would be granted the right to manage, use and dispose of the property of the state on the grounds of trust. Hereby, the said parks could rent the received property for 25 or 20 years on the grounds of trust without any competition to the companies which would conduct applied research and perform experimental activity as well as introduce innovations, if it is set in the trust agreements and necessary to ensure the activity of education and technology parks. The KT noted that the transference of the property may be regarded as state aid and suggested the providers of help to act pursuant to the acts of the European Union regulating state aid or to amend relevant points without the violation of the legal acts of state aid. Moreover, the KT, with the aim of ensuring the principle of fair competition and creating equal conditions for all the companies to compete for the ability to claim the right concerned with the rent of premises, suggested to adopt a resolution, according to which, the park of education and technology would have to organize the competition of the companies for the right to receive the services of property rent.

- **Comments to the draft law amending the Law on Post**

Having examined the draft law amending the Law on Post submitted by the Ministry of Transport and communication, the KT noted that the requirements concerning state aid set out in EU legal acts are applied to the means provided in the draft. With regard to this, the KT suggested the Ministry of Transport and Communication to assess whether compensations to the providers introduced in the project of the Law on Post do not violate the provisions of the EU Law.

- **Comments concerning energy production**

The KT more than once submitted comments on the energy production from renewable sources as well as on the possible conformity of the financing, concerning services related to sponsorship and public interests, with the criteria defined by the EU legal acts. The KT noted that when implementing the means of sponsorship mentioned above, the provisions of the EU legal acts regulating state aid should not be violated and suggested to inform the European Commission about the means concerned.

**4. Resources of Competition authorities**

16. Annual budget:

- LTL 3.49 million (USD 1.35 or EUR 1.01 million at the currency rate of early 2012) in 2011.
- LTL 4.41 million (USD 1.65 or EUR 1.28 million at the currency rate of 16 May 2013) in 2012.

17. Number of employees related to the enforcement activities:

- economists – 10
- lawyers – 24
- other professionals - 3
- support staff – 27
- all staff combined – 64

18. Human resources applied to:

- Enforcement against anticompetitive practices – 17
- Merger review and enforcement - 8 (they also are included in the staff number of 37, since those 8 people are also engaged in the enforcement of anticompetitive activities)
- Advocacy efforts - 20

19. Period covered by the above information – year 2012.

**5. Summaries of or references to new reports and studies on competition policy issues.**

- More information on the KT's website <http://kt.gov.lt/index.php>.
- Annual report 2012 (version in Lithuanian - [http://kt.gov.lt/veikla/2012\\_1\\_lt.pdf](http://kt.gov.lt/veikla/2012_1_lt.pdf)).
- Impact assessment 2012 - [http://kt.gov.lt/en/info/doc/news\\_2013-04-10.pdf](http://kt.gov.lt/en/info/doc/news_2013-04-10.pdf).