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COMPETITION COMMITTEE**

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ANNUAL REPORT ON COMPETITION POLICY DEVELOPMENTS IN LITHUANIA

-- 2002 --

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Executive Summary

1. The year 2002 for the Competition Council of the Republic of Lithuania was the tenth year of its activity. The comparison of the attainments over the decade in terms of the number of conducted investigations and scope thereof, as well as the general trends of the activity and tasks assigned to the institution clearly reveals the intensifying pace of the activity and the enhancing complexity of the tasks.

2. In 2002, the authority managed to reveal the most severe infringements of the Law on Competition, - prohibited agreements and abuse of dominant position. The abuse of the dominant position constituted the grounds to impose upon AB Lietuvos Telekomas a fine exceeding LTL 2 million (EUR 580 000¹), which was the largest pecuniary fine to have ever been imposed in the history of the Lithuanian Competition Council.

3. Applications to authorise mergers submitted by undertakings continue to remain quite numerous, and not infrequently the mergers of major foreign companies and undertakings enjoying significant market power required a most thorough analysis of the situation in the relevant market and all circumstances related to the filed applications. This holds true for the permissions for NORD/LB to acquire AB Lietuvos Žemės Ūkio bankas, also for Eolian Trading Limited to acquire AB Lifosa; ICA Baltic AB to acquire UAB EKOVALDA; Rurgas AG and E.ON Energie consortium to acquire AB Lietuvos dujos, Pfizer INC. to acquire Pharmacia Corporation and others.

4. It may be noted that during the recent years in particular due to the work performed in the application of the Law on Competition the awareness of competition rules has significantly enhanced. An increased number of undertakings seeking exemptions for certain agreements between undertakings constitute an additional confirmation of the statement.

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

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

5. In 2002 the Competition Council draw up and passed Resolution No. 129 "On the Procedures of the Competition Council". The new regulation will facilitate the enforcement of the operational procedures of the institution and thus improve the organisation of the work.

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 competition authorities*

6. During 2002, 68 investigations were launched in accordance with the requirements of the Law on Competition, including one investigation on the initiative of the Competition Council and the remaining on the basis of requests submitted by undertakings.

¹ Exchange rate as of April 1, 2003; 1 Euro = 3,4528 LTL

7. The Competition Council took 70 decisions. 8 decisions were taken concerning prohibited agreements, 6 concerning abuse of the dominant position. In addition, on 2 occasions the Competition Council took a decision to grant an individual exemption, in one event it confirmed that the intended agreements qualified for a block exemption.

8. One of the main areas of the activity of the institution was to expose agreements between undertakings, which seek to fix prices, restrict production or sales volumes or share the market. In 2002, the Competition Council passed one resolution concerning infringement of Article 5 of the Law on Competition stipulating the prohibition of agreements restricting competition. In one instance the initiated investigation was terminated having failed to determine the infringement of Article 5 of the said Law, in two other cases the institution refused to launch the investigations according to complaints lodged by undertakings.

9. In 2002 the Competition Council imposed penalties upon defaulting undertakings in the amount of LTL 2 363, 154 (EUR 684 416): for prohibited agreements LTL 160 000 (EUR 46 339); for abuse of a dominant position LTL 2.202 154 (EUR 637 787); for failure to fulfil the instructions of the Competition Council LTL 1 000 (EUR 289).

2.1.2 description of significant cases

2.1.2.2 Restrictive agreements: Agreement in the Insurance Market

10. The investigation concerning an alleged prohibited agreement between insurance undertakings was initiated in November 2001, upon receipt of the complaints from UAB Chrysler Jeep Autocentras and UAB Inta. The complaints indicated that starting from October 2001, four insurance undertakings have been imposing a requirement to install the "Mobisafe" satellite surveillance system in cars insured against the theft risk.

11. In the course of the investigation evidence and facts collected were sufficient to confirm the suspicion that the insurance undertakings concerned had made an agreement to apply uniform requirements to the car alarm systems for the purpose of insurance against theft risk.

12. Although in addition to the four undertakings under consideration comparative services were made available by over ten other insurance undertakings, the market share held thereby has in recent years decreased. Besides, the existing market situation impeded the acquisition of vehicles by leasing, since the leasing companies considered as reliable only those four insurance undertakings and insisted upon acquisition of insurance coverage specifically in the insurance undertakings concerned.

13. The Competition Council imposed a fine of LTL 40 000 (EUR 11 584) upon each insurance undertaking - AB Lietuvos Draudimas, UAB ERGO Lietuva, UADB Preventa and UAB IF Draudimas. The fines were imposed having due regard to the fact that the investigation did not reveal any aggravating circumstances, also that the agreements concluded by insurance undertakings were in effect for a comparatively short period of time, and the undertakings terminated the agreement, also the fact that the restriction of competition involved a comparatively small group of vehicles in the market concerned, thus did not produce any tangible damage upon the activities of undertakings and consumer interests.

2.1.2.3 Milk purchase market

14. The Competition Council conducted an in-depth and large-scale investigation seeking to expose an agreement among milk processing undertakings in fixing the milk purchase prices. The investigation was conducted upon the order of the Government of the Republic of Lithuania.

15. The facts accumulated during the investigation, their thorough analysis and the obtained results showed that the Lithuanian milk processing undertakings had reduced the milk purchase prices for objective economic reasons: the fall of dairy product prices on foreign markets, as well as dollar exchange rate, severe competition on the domestic market. A certain impact was also made by the increased supply of milk during the summer as well as obligations assumed by undertakings to purchase the surplus milk. All these factors eventually caused a crisis in the milk processing sector and the major national milk processing undertakings suffered losses. This forced the milk processing undertakings to reduce the milk purchase prices. It is notable that the milk purchase prices were reduced not only by major milk processors suspected to have concluded a prohibited agreement, other minor undertakings in the sector opted to reduce the prices on repeated occasions.

2.1.3 *Individual exemptions*

2.1.3.1 Individual exemption in beer market

16. The Competition Council considered an application filed by six Lithuanian beer brewing companies, - AB Kalnapilis, AB Švyturys-Utenos Alus, AB Ragutis, AB Vilniaus Tauras, AB Kauno Alus and AB Mažeikių Lokys, - to grant an individual exemption to the contract establishing the terms for the use of uniform packaging, the principles of its management and handling.

17. The contract tabled for consideration stipulated mandatory obligations imposed upon the parties thereto to first purchase and utilise the surplus and reserve items of packaging, and only then to acquire new ones. Such requirements would have restricted the possibilities of brewers to stock up with uniform packaging. The applicants were suggested they modify certain terms of the contract.

18. The examination of the modified draft contract established that the agreement did not afford contracting parties the possibility to restrict competition in a large share of beer and packaging products markets and would not prevent entry to the packing market. Furthermore, the agreement would promote investment and technical progress, and the intended restrictions of activity were indispensable for reduction of beer packaging costs.

19. The Competition Council established that the modified contract was in compliance with the requirements of Article 6 of the Law on Competition and individual exemption was granted with respect of the said contract.

2.1.3.2 Individual exemption in computer games software and other markets

20. In the course of the investigation it was established that the concluded agreement pursuant to which UAB Firma GPX transferred to UAB GNT Lietuva, and UAB GNT Lietuva acquired from UAB Firma GPX the distributor's rights under distribution agreements, also the seller's "know-how" relating to the distribution agreements, including the existing business relations and other information and expertise relevant to the distribution business, may qualify for the granting of exemption.

21. The agreement between UAB GNT Lietuva and UAB Firma GPX was regarded as horizontal agreement, since both UAB GNT Lietuva and UAB Firma GPX operated in the wholesale distribution market for computer games software, consoles and computer accessories. The provisions stipulated in the agreement obligating UAB Firma GPX not to import into Lithuania the computer games software, computer accessories (computer manipulators) and game consoles divides the product market on a territorial basis, since one of the market participants (UAB Firma GPX) is prevented from importing the said products into Lithuania (not only according to the relevant distribution agreements), which reduces competition in the wholesale distribution market for computer games software, game consoles and computer accessories. The identical obligation to refrain from import assumed by UAB GNT Lietuva and the only shareholder and sales manager of UAB Firma GPX prevents them from being potential competitors, able to establish new entities or pursue the same activity through the existing ones or other entities in the wholesale distribution market for the products in question in Lithuania.

22. It was established that the agreement under consideration promoted investment, improved the product distribution, and allowed all consumers to get additional benefit. The said agreement did not afford the contracting parties to restrict competition in a large share of the relevant market and did not impose restrictions upon the activity of the parties that were not indispensable for the attainment of the objectives. The restrictions upon import as stipulated in the agreement were deemed to be temporary non-competing reservation directly related to the business transfer transactions and necessary for the successful implementation thereof. Besides, the Lithuanian markets for computer games software, game consoles and computer accessories are very dynamic. There were no restrictions imposed in respect of entry into the markets concerned.

23. Therefore it was decided to grant the individual exemption to the agreements between UAB Firma GPX and UAB GNT Lietuva, between Aleksandras Urbanavičius and UAB GNT Lietuva, between Dainius Urbanavičius and UAB GNT Lietuva according to terms and conditions set forth in the application for an individual exemption and accompanying contracts submitted by UAB GNT Lietuva and UAB Firma GPX. The individual exemption was granted to be in effect for the period from December 19, 2002 until June 30, 2005.

24. It needs to be noted that the Competition Council has a right to amend or revoke its decision to grant an individual exemption if there has been a change in at least one of the circumstances due to which the decision to grant an individual exemption has been made.

2.1.4 Block exemption

2.1.4.1 Block exemption in car distribution market

25. The Competition Council examined the application submitted by an authorised representative for trade in new cars UAB Moller Auto to confirm that the intended agreement with companies Autojuta, Baltic Auto, Transalda, Kredora and Magira on car distribution qualified for a block exemption.

26. In the course of the investigation it was established that UAB Moller Auto was engaged in import of new Volkswagen cars, also active in the markets for wholesale trade in the cars of the brand and their spare parts and the repair. The operation of the company in the retail trade was limited to Vilnius region only. Whereas the other five companies were operating the wholesale trade market for the cars concerned, their spare parts and repair in Kaunas, Klaipėda, Šiauliai, Panevėžys and Alytus regions.

27. The intended distribution agreements between UAB Moller Auto and the other five companies were regarded as vertical agreements. The individual examination of each agreement established that UAB

Moller Auto and each of the five companies were operating in different levels of distribution of Volkswagen products, i.e. UAB Moller Auto was supplying Volkswagen products to companies which further sold them to final consumers in individual regions of Lithuania. The agreement could not substantially restrict competition since neither the market share of UAB Moller Auto, nor that of the other five companies exceeded 30%, therefore the competition restrictions could be authorised by granting a block exemption pursuant to Resolution No. 38 of December 27, 1999 of the Competition Council "On granting of a block exemption to vertical agreements in accordance with Articles 5, 6 and 7 of the Law on Competition".

28. It was confirmed that the agreement under consideration qualified for a block exemption.

2.1.5 *Abuse of dominant position*

2.1.5.1 Telecommunications Market

29. The investigation was launched in May 2001 upon the request of UAB Interprova. AB Lietuvos Telekomas accused the company of the infringement of the exclusive rights granted to AB Lietuvos Telekomas and in December 2000 blocked the ISDN flows and telephone lines operated by UAB Interprova. As a result, UAB Interprova was prevented from the provision of the Internet telephony services and suffered a loss of about LTL 1 million (EUR 289 620), since the blocking of the telephone lines made it impossible for the company to operate in the market and compete with other companies rendering the data transmission services. For the purpose of providing the data transmission services UAB Interprova had concluded the agreement on the lease of dedicated lines with AB Lietuvos Telekomas.

30. Disclosing all the circumstances in the course of the investigation was a challenging task, since the Internet telephony services are not adequately regulated in Lithuania. Thus investigation focused on the method of the Internet telephony service when the telephone connection to the server of the Internet telephony provider is established through the public fixed telecommunications network operated by AB Lietuvos Telekomas within the Republic of Lithuania.

31. According to AB Lietuvos Telekomas the provision of telecommunications services to UAB Interprova was terminated in late 2000 because the latter was providing the international telephone services while according to the Law on Telecommunications this right was exclusively granted to AB Lietuvos Telekomas. UAB Interprova, however, explained that it was rendering the Internet telephony services. The provision of this kind of services was also specified in the licence application filed by UAB Interprova.

32. Since the Law on Telecommunications does not provide the definition of the concept of the Internet telephony or the voice transmission over the Internet the investigation also duly took into consideration the provisions of the competition law and policy of the European Community in the field of telecommunications and the general economic practice. The investigation also took due regard of the experience of other European institutions in investigating comparable cases. The facts accumulated during the investigation and the assessment of the market situation permitted a conclusion that the Internet telephony service provided by UAB Interprova was not the voice telephony service in respect of which AB Lietuvos Telekomas has been granted an exclusive right, since the signal transmission was not performed in real time. Transmission over the Internet network as part of the service was not able to ensure the duration and transmission parameters required by voice telephony.

33. Enjoying the dominant position in the fixed public telecommunications network market and the market for the lease of the telecommunications networks AB Lietuvos Telekomas passed a decision to block the lines leased by UAB Interprova and about 30 more undertakings providing the Internet telephony

services, as a result eliminating competition and consolidating its dominant position in the Internet telephony service market. Such actions by AB Lietuvos Telekomas were qualified as the restriction of the Internet telephony services and market monopolisation in breach of the Law on Competition.

34. In view of the conclusion of an infringement of the Law on Competition by AB Lietuvos Telekomas the company was obligated to resume the provision of the services concerned to UAB Interprova not later than within 10 days from the publication of the concluding part of the decision of the Competition Council. Having assessed the extent of damage incurred to the undertaking and also in view of the repeated nature of the determined infringement AB Lietuvos Telekomas was subject to a fine in the amount of 0.2 percent of the gross annual income of the company, i.e. LTL 2.077 000 (EUR 601 540).

35. AB Lietuvos Telekomas appealed to court against the decision. The claim is pending in Vilnius County administrative court.

2.1.5.2 Cement distribution market

36. In 2002 the Competition Council completed the investigation, which had been launched on the basis of the request of the Association of Construction Industry.

37. The investigation established that holding a dominant position and taking advantage of its market power in equivalent contracts with cement buyers UAB Cemeka had established discriminatory prices and other dissimilar (discriminatory) purchase-sale conditions. In respect of its regular customers large enterprises UAB Stimeksa and AB Kauno Tiekimas, UAB Cemeka applied discriminatory terms, such as fixing the time limit for payment for the product, late payment interest for defaulted timely payment, fixing a permissible arrears of the buyer with respect to the seller. At the same time UAB Cemeka established much more favourable terms and lower prices when dealing with AB Markučiai and AB Viliampolės Gelžbetonis, these being companies in which the seller was holding a significant interest and could estimate some economic benefit.

38. When buying cement the companies were not informed under what conditions they could expect any discounts or of any other more favourable purchase-sale conditions. In fact, the buyers were not aware of some other companies being offered substantial rebates and of any reasons therefore, since the dominant undertaking's policy was to negotiate the cement purchase prices and the purchase-sale terms with each buyer individually, without using any publicly disclosed discount system.

39. By the above-described actions UAB Cemeka committed an infringement of item 3 of Article 9 of the Law on Competition, which prohibits application of dissimilar (discriminating) conditions to equivalent transactions with certain undertakings, thereby placing them at a competitive disadvantage.

40. UAB Cemeka was subject to a fine of LTL 25,000 (EUR 7 240). In addition the company was obliged regularly – on a quarterly basis – provide information to the Competition Council on the effected cement pricing and discount policy.

2.1.5.3 Actions of AB KLAIPĖDOS JŪRŲ KROVINIŲ KOMPANIJA (Klaipėda stevedoring company)

41. The investigation was launched at the request of undertakings supplying vessels with food stocks, ship equipment and spare parts, and concerned actions of the AB Klaipėdos Jūrų Krovinių Kompanija issuing permits to the undertakings to access the vessels fastened to the embankment. Dominating in the market for issuing permits to render the services concerned to final consumers AB Klaipėdos Jūrų

Krovinių Kompanija established dissimilar competition conditions to undertakings servicing ships. The company was issuing permits to ship servicing undertakings single charged permits to access on foot or by car the vessels at the embankment subject to the condition that the undertakings provide in advance the order of the owner, captain of the vessels or their authorised representative. However, the subsidiary UAB Komeksimas was exempted from this requirement. This undertaking was operating within the territory of the company and in 2001 its employees were issued permanent permits to engage in the activity at no charge.

42. It was concluded that the actions of AB Klaipėdos Jūrų Krovinių Kompanija by which one undertaking was favoured while other undertakings operating in the relevant market were treated in a discriminatory manner were abuse of its dominant position.

43. In view of new circumstances revealed the decision was taken not to impose any monetary sanctions, however, the company was obligated to issue the permits to undertakings supplying and servicing the vessels for the access to the vessels though the land rented by AB Klaipėdos Jūrų Krovinių Kompanija at the same (non-discriminatory) terms.

44. AB Klaipėdos Jūrų Krovinių Kompanija appealed the decision of the Competition Council to court, which satisfied the complaint of the company and repealed the decision of the Competition Council.

2.1.5.4 Market of alcoholic beverages

45. SPAB Stumbras, while enjoying a dominant position in the strong alcoholic beverages market in the course of 2001 paid over LTL 3 million (EUR 868 860) to purchasers of its production – the retail chains and wholesalers in consideration for marketing (advertising) services and rent of sale space. The services provided for in the concluded contracts were not accurately specified, of very general character and the data specified in the statements on the performance of the services were not related to the performance of the services concerned. Some of the statements indicated the performance of work that actually does not need any confirmation since this kind of work is normally performed in any retail chain or store. Meanwhile, marketing service agreements concluded with some minor wholesalers which were offered the lowest consideration, specified the work to be performed at a specific place and at a specific time, and the payment due was made subject to the scope of such work

46. The said circumstances revealed that certain wholesalers enjoying additional consideration from SPAB Stumbras were able to sell its products at lower prices, as compared to those, which were not granted any additional amounts.

47. Furthermore, SPAB Stumbras in its contract with UAB Palink for the year 2000 obligated the purchaser to ensure that the products of Stumbras occupy not less than 30 percent of the entire sale space allocated to the Lithuanian alcoholic beverages producers and to display the entire assortment of the products of Stumbras. Comparable requirements were provided for in the agreement with another wholesaler UAB Autosaniteks. The contracts with UAB Mineraliniai Vandenys provided for the obligation imposed upon the purchaser to sell products other than that produced by Stumbras, at a price higher at least by 2 percent. Such requirements severely restricted the possibilities of other suppliers to distribute their products and freely establish the prices of the goods.

48. SPAB Stumbras was fined LTL 100.000 (EUR 28 962).

2.2 *Mergers and acquisitions*

2.2.1 *Statistics on number, size and type of mergers notified and/or controlled under competition laws*

49. During 2002, the Competition Council received 52 notifications concerning authorisation to implement mergers of market structures. In 48 cases mergers were authorised, including 2 cases of authorisations subject to certain conditions. In 2 cases the applicant undertakings withdrew their applications to implement a merger, the consideration of 2 cases is still in progress during the year 2003. In one case having examined the application filed by the undertaking the Competition Council refused to initiate the examination of the notification. In 3 cases, where the intended merger apparently could not create a dominant position, or restrict competition and also seeking to faster consider the notifications of undertakings to implement concentrations the authorisations were granted to exercise individual actions of concentration pending the adoption of final decision.

50. During 2002, total 15 authorisations were issued to foreign undertakings. In 4 cases the merger was intended to be implemented between undertakings registered abroad, including 3 cases where merging undertakings were operating in information technologies and telecommunications market and 1 case in the pharmaceutical industry which resulted in an increased concentration of market structures in Lithuania since the undertakings were also operating in the Lithuanian product markets, on 11 cases foreign undertakings were authorised to acquire undertakings operating in Lithuania. Of all above referred cases as many as 11 mergers were recognised as horizontal, in 2 cases - as conglomerate, and 2 cases were deemed vertical mergers.

51. In other 33 examined cases the mergers were implemented by undertakings registered in Lithuania, including 16 cases when permissions were issued to undertakings controlled by foreign capital. In 21 cases the mergers were considered horizontal mergers, including 12 cases in trade sector, 2 in energy sector, 3 in industry sector and 4 cases in information technologies sector. In 3 cases the mergers were considered bearing features of horizontal merger, in 4 cases mergers were vertical and in 5 cases the mergers were conglomerate.

52. In 2001, the institution received 47 notifications on intended mergers, while in 2002 the number increased to 52 which allows a conclusion that the concentration processes in the national economy were undergoing just very insignificant changes.

53. In certain cases, following consultations with the Competition Council and having considered the possible creation of a dominant position, the undertakings abandoned their intentions to implement mergers.

2.2.2 *Summary of significant cases*

2.2.2.1 *Telecommunications and information technologies market*

54. In Lithuania Telia AB and Sonera Corporation were jointly controlling AB Lietuvos Telekomas and UAB Omnitel through Amber Teleholding AB and Amber Mobile Teleholding AB. AB Lietuvos Telekomas holds a dominant position in certain relevant service markets. UAB Omintel holds a major share of the market for mobile telecommunications and data transmission. Although the degree of concentration in the relevant telecommunications and information technologies markets was not changing, having acquired Sonera Corporation Telia AB would be able to further develop economy of scale and increase the volumes of investment into the development of new technologies, technology-based vertical and horizontal integration of the existing and newly created telecommunications networks, alongside

implementing reforms of organisational management structures which possibly would reduce competition. Therefore Telia AB was authorised to implement the merger under the condition that TELIA AB (including undertakings directly or indirectly controlled by Telia AB) does not change (strengthen) the scope of control over UAB Omnitel, and UAB Omnitel is not reorganised by way of joining or merging with AB Lietuvos Telekomas or any other undertaking directly or indirectly controlled by Telia AB, without having notified the Competition Council thereof in the manner and within the time limits stipulated by the Law on Competition, and without having received the permission of the Competition Council to implement such act of an concentration.

2.2.2.2 Market for retail trade in oil products

55. AB Mažeikių Nafta together with other shareholders was authorised to acquire a joint control over UAB Uotas. However, in order to avoid any unjustified discrimination and establishment of dissimilar competitive conditions in the markets for retail trade in oil products the authorisation was issued subject to the condition that UAB Uotas will not be reorganised by joining or merging with AB Mažeikių Nafta, and transactions between AB Mažeikių Nafta and UAB Uotas establish prices and other conditions no different from those set forth in equivalent transactions between AB Mažeikių Nafta and other undertakings.

2.2.2.3 Other markets

56. In 2002, the Competition Council in 4 cases issued permissions to implement mergers through transactions stipulating certain restrictions upon economic activity within the periods of time defined by the relevant contracts. The restrictions of the economic activity of merging undertakings were directly related and necessary to effect the transaction, since should there be no non-compete obligations the implementation of the transactions would be substantially impeded or rendered impossible. The non-compete provision was justified by the need to ensure that the acquired material and immaterial assets accounting for a significant share of the assets (such as the company's reputation, experience and knowledge) do not lose its value immediately following the acquisition thereof. The non-compete obligation is a temporary measure, to be in effect for no longer than three years. Such conditions were stipulated in respect of permission issued for the following transactions: Dragsbaek Margarinefabrik A/S to acquire UAB Vilniaus Margarino Gamykla; International Business Machines Corporation to acquire an interest in Pricewaterhouse Coopers; UAB Olifeja to acquire Gtech Lit Corporation; UAB Minordija to acquire a part of the assets of the individual undertaking Ž.Povilonis Firma.

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

57. The activity of the Competition Council helps to promote competition and economic growth. Competition Council actively co-operates with the President's Office, the Seimas, the Government of the Republic of Lithuania, and other authorities.

58. In May 2002, a joint working group of the Communications Regulatory Authority and the Competition Council was set up, which was obligated to examine competition in the relevant telecommunications markets seeking to identify undertakings exercising most market influence which should be subject to obligations stipulated in the Law amending the Law on Telecommunications of the Republic of Lithuania, and present conclusions concerning the status of undertakings in this market. The implementation of the said obligations and other measures is meant to create conditions for the new undertakings to successfully launch their activities in the fixed telecommunications market. In December

2002, the joint investigation was completed and proposal was tabled concerning the identification of undertakings having large influence in the markets: in the market for public fixed telecommunications service and (or) networks - AB Lietuvos Telekomas; the market for public mobile telecommunications services and (or) networks – UAB Omnitel and UAB Bitè GSM; the market for dedicated line services - AB Lietuvos Telekomas; national network connection market – UAB Omnitel and AB Lietuvos Telekomas.

59. In addition to the supervision of the Law on Competition, the Competition Council performed supervision of the Law on Monitoring of State Aid to Undertakings, and also carried out functions assigned by the Law of Prices, the Law on Advertising. The authority of supervision of the Law on Anti-Dumping was transferred to the Ministry of Economy of the Republic of Lithuania, although specialists of the CC completed the three previously launched investigations in the area.

60. Within its competence to exercise the supervision of the Law on Prices the Competition Council was further engaged in assessment of the prices and tariffs on goods and services of monopolistic character supplied by state enterprises and public institutions, and the procedures for establishing thereof, except the prices for electric power, hot and cold water, and natural gas.

61. Acting in accordance with the Law on Prices and seeking to ensure that prices for goods and services of monopolistic character are fixed in an established manner, the Competition Council drew up the draft of a relevant Resolution. The Government of Lithuania approved such the procedure by its Resolution No.756 of May 28, 2002 “On the approval of the general procedure for pricing of goods and services of monopolistic character supplied by state enterprises and public institutions established by Ministries, Government institutions and county administration offices and controlled thereby” and stipulated that the procedures for fixing and application of prices of goods and services of monopolistic character are subject to coordination with the Competition Council. In the implementation of this Resolution of the Government, the Competition Council compiled and systemized the nomenclature of goods and services to be subject to coordination, as well as the Register of state enterprises and public institutions rendering services of monopolistic character. Based on the Register Competition Council exercises monitoring of prices and tariffs on goods and services of monopolistic character. During 2002 the Competition Council approved 11 procedures for fixing prices developed by state enterprises and public institutions established by Government institutions and county administrations, analysed and approved the price-lists submitted by ministries and government offices of 37 goods and services including over 1100 items.

62. Competition Council was actively involved in the expert examination of the legal acts as well as providing advise to public authorities on a wide range of issues relating to competition law. The Competition Council made appropriate comments as to approximation with the Law on Competition of the concept of the Law on Economic (international) Sanctions of the Republic of Lithuania, also the Law on Design, the Law on the Production of Securities, Document Blanks, Banderols and Markings, the Law on Investment, the Law on Concessions, the Law on Insuring the Deposits and Liabilities Towards Investors, the Company Law, individual drafts of resolutions of the Government and other documents. CC specialists participated in the working group set up by the Ministry of Foreign Affairs for the purpose of drafting the concept of the Law on Economic (International) Sanctions of the Republic of Lithuania, also made comments concerning the draft “Code of Advertising of program broadcasting and the public broadcaster” and other legal acts.

4. Resources of competition authorities

4.1 Resources overall (current numbers and change over previous year):

a) Annual budget (in your currency and USD):

- LTL 2,741 thousand (USD 860 thousand) in 2002²
- LTL 2,409 thousand (USD 756 thousand) in 2001

b) Number of employees (person-years):

- Economists 36
- Lawyers: 9
- other professionals: 2
- support staff: 15
- all staff combined: 62

4.2 Human resources (person-years) applied to:

- a) Enforcement against anticompetitive practices: 21
- b) Merger review and enforcement: 4
- c) Advocacy efforts: 7

4.3 Period covered by the above information: 2002

² Exchange rate as of April 1, 2003; 1 USD = 3,1877 LTL