Latvia: The Competition Council fines collective Copyright Management Association for Excessive Pricing

On 2 April 2013, the Competition Council of Latvia (CC) adopted a decision to fine the collective copyright management association AKKA/LAA for having abused its dominant position by applying excessive tariffs in Latvia, and thereby infringing Latvian and EU competition rules.

AKKA/LAA has exclusive rights to licence public use of musical works in Latvia and represents both Latvian and foreign authors.

The CC found that royalty tariffs for music airplay in retail spaces and customer service areas set by AKKA/LAA for small and medium businesses in Latvia were substantially higher than similar tariffs not only in neighbouring Lithuania and Estonia, but also in the majority of other EU member states.

Music airplay in premises that do not exceed 300 m² cost businesses in Latvia at least twice as much as in Lithuania and Estonia, which are countries with a comparable economy and welfare level as Latvia. Tariffs in Estonia are substantially lower in all categories. In Lithuania, tariffs are lower for undertakings with premises under 850 m², while tariffs for larger businesses slightly exceed those of Latvia.

Moreover, the comparison undertaken by the CC, using purchasing power parity and the GDP index, showed that tariffs in Latvia are 50 to 100% higher (depending on the size of premises) than the EU average.

The CC concluded that such excessive tariffs were not objectively justified and reduced the competitiveness of businesses in Latvia, both within the Baltics and on the international level. It found that this constitutes an infringement of Article 13(1)4) of the Latvian Competition Act and Article 102(a) TFEU. The amount of the fine was set at € 64 948.

See more information on the price comparison (in English).