

IRIS 2010-4/33

LV-Latvia: Disputes on Digital Terrestrial Television in Latvia

Two major Latvian commercial broadcasters have approached the Latvian Competition Authority with complaints that SIA Lattелеcom, the introducer of the digital terrestrial television, is abusing its dominant position.

As reported before (see IRIS 2010-2:1) SIA Lattелеcom (Lattелеcom), the incumbent fixed telephony operator of Latvia, has been selected to carry out the implementation of digital broadcasting. Lattелеcom's task has been approved by the Cabinet of Ministers as well as by the National Broadcasting Council. Lattелеcom acquired the rights to use the relevant frequencies until the end of the year 2013. In fact, this results in the legal monopoly of Lattелеcom in the transmission of programmes within the digital terrestrial television format. Television broadcasters must conclude agreements with Lattелеcom for their channels to be included in the broadcasting packages (multiplexes). According to the regulations of the Cabinet of Ministers, Lattелеcom is obliged to provide a free-to-air package, but simultaneously it may also offer pay-TV packages.

Two commercial broadcasters are dissatisfied with the above situation and in February 2010 submitted complaints to the Latvian Competition Authority. One of the complainants is the major commercial terrestrial broadcaster TV3 (member of the MTG group) who has failed to agree with Lattелеcom on the inclusion of its channel in the free-TV package, as the companies have not reached an agreement on the price for the inclusion. TV3 is arguing that the price requested by Lattелеcom is too high, also in comparison with the neighbouring countries. Thus, TV3 is of the opinion that Lattелеcom is abusing its dominant position by charging unfair prices.

A further major commercial cable broadcaster, Baltkom, launched a similar complaint with the Competition Authority. Besides complaining about excessive prices, Baltkom pointed out that Lattелеcom uses the same broadcasting infrastructure for transmission of both free-to-air programmes and paid programmes. Thus, it is possible that the transmission of paid programmes is cross-subsidised from the income gained from the transmission of free-to-air programmes (for which other TV broadcasters have to pay Lattелеcom). As a consequence, other TV operators may be squeezed out of the market. Baltkom also noted that Lattелеcom already has a dominant position in the fixed voice telephony, internet and data transmission markets in Latvia.

The Competition Authority has assessed both complaints and decided to initiate a formal investigation.

Ieva Bērziņa-Andersonne

Sorainen, Latvia

The objective of IRIS is to publish information on legal and law-related policy developments that are relevant to the European audiovisual sector. Despite our efforts to ensure the accuracy of the content, the ultimate responsibility for the truthfulness of the facts on which we report is with the authors of the articles. Any opinions expressed in the articles are personal and should in no way be interpreted as representing the views of any organisations represented in its editorial board.

© European Audiovisual Observatory, Strasbourg (France)