[LV] Disputes on Digital Terrestrial Television in Latvia

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

As reported before (see IRIS 2010-2: 1/27) SIA Lattelecom (Lattelecom), the incumbent fixed telephony operator of Latvia, has been selected to carry out the implementation of digital broadcasting. Lattelecom's task has been approved by the Cabinet of Ministers as well as by the National Broadcasting Council. Lattelecom acquired the rights to use the relevant frequencies until the end of the year 2013. In fact, this results in the legal monopoly of Lattelecom in the transmission of programmes within the digital terrestrial television format. Television broadcasters must conclude agreements with Lattelecom for their channels to be included in the broadcasting packages (multiplexes). According to the regulations of the Cabinet of Ministers, Lattelecom 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 Lattelecom 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 Lattelecom is too high, also in comparison with the neighbouring countries. Thus, TV3 is of the opinion that Lattelecom 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 Lattelecom 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 Lattelecom). As a consequence, other TV operators may be squeezed out of the market. Baltkom also noted that Lattelecom already has a dominant position in the fixed voice telephony, internet and data transmission markets in Latvia.

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

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