

Input of Latvia for the 2025 Rule of Law Report on the single market dimension

Pillar I:

Quality of justice

- *Specialisation (of judges/specific courts/chambers within courts) and training for the judiciary to deal with commercial cases.*

Although Latvia does not generally distinguish between types of judicial specialization, such as specialization in commercial cases, the Economic Court has been operating in Latvia since March 31, 2021. Its jurisdiction includes, among other things, the following categories of cases related to commercial matters:

1. Claims arising from reinsurance contracts;
2. Claims arising from investment service or ancillary investment service agreements;
3. Claims by investors from European Union Member States against the State of Latvia for the protection of investments;
4. Claims arising from legal relationships within groups of companies;
5. Claims arising from mutual legal relationships of shareholders (stockholders) of a capital company;
6. Claims arising from financial collateral arrangements;
7. Claims arising from transactions of capital companies with related persons, as defined in the Commercial Law and the Financial Instrument Market Law;
8. Claims arising from the transition of undertakings and the reorganization of a company, excluding claims by employees;
9. Claims arising from contractual obligations between participants in a construction process, including subcontractors, related to the construction of structures in the second and third groups, for which a construction permit is required. This excludes the construction of individual single-apartment or duplex residential houses and functionally linked structures;
10. Claims for violations of competition law;
11. Claims regarding decisions made at shareholder (stockholder) meetings of a capital company;
12. Applications for the liquidation or insolvency of credit institutions.

Given the existing scope and capacity of the Economic Court, it has been concluded that the expansion of the Economic Court's jurisdiction should be considered. This issue is being further assessed in connection with the necessary increase in the number of judges and the provision of appropriate infrastructure.

Regarding training related to the handling of commercial cases, it should be noted that in 2024, representatives of Latvian courts attended the internationally organized seminar "Jurisdiction and Applicable Law in Civil and Commercial Matters: Brussels Ia, Rome I, and Rome II." Additionally, during the reporting year, judges received training on the topic "Current Issues in Commercial Law."

- *Alternative dispute resolution mechanisms and mediation*

Regarding alternative dispute resolution mechanisms, it should be noted that amendments to the Civil Procedure Law concerning the regulation of arbitration courts entered into force in 2024. These amendments were developed to ensure the implementation of the Constitutional Court's judgment in case No. 2022-03-01, including:

1. Amendments to Chapter 66 of the Civil Procedure Law, which align arbitration regulations with international standards, particularly the UNCITRAL Model Law on International Commercial Arbitration. The amendments introduce the possibility of setting aside an arbitral award and specify the grounds for refusing to issue a writ of execution for the enforcement of an arbitral award. They also allow for the recognition and enforcement of all arbitral awards, not just those made by a permanent arbitration court.

2. Amendments to the Civil Procedure Law that add a new Chapter 65.1 on court assistance in arbitral proceedings. This chapter enables courts, in cases specified in the Arbitration Law, to address the following matters: assisting the arbitral tribunal in taking evidence, issuing interim measures in relation to arbitration proceedings, deciding whether a dispute is subject to arbitration, appointing an arbitrator, deciding on the challenge of an arbitrator, and determining whether to terminate the mandate of an arbitrator.

In 2024, the Council of Certified Mediators, in cooperation with the Ministry of Justice, continued to implement the program "Mediation in Family Disputes," under which the state subsidizes the resolution of disputes involving children through mediation.

This program can be applied in various child-related disputes, such as matters concerning daily care, upbringing, and education, in the event of parents' divorce, or when there are disputes over the child's place of residence, access rights, and/or the amount of alimony. The program is available both for disputes that have not yet reached court and for those where legal proceedings have already been initiated.

The Consumer Rights Protection Law¹ stipulates that any dispute arising between a consumer and the trader or service provider shall be settled by negotiation, upon the parties trying to reach an agreement. If this fails, the consumer shall submit a written submission to the trader or service provider. If the dispute cannot be resolved also in this way, the consumer is entitled to turn to: 1) the Consumer Rights Protection Centre in order to receive assistance in solving the dispute, including when solving it in the Commission for Solving the Consumer Disputes; 2) an out-of-court solver of consumer disputes, if such has been established in the relevant field; 3) the court.

The Law On Out-Of-Court Consumer Dispute Resolution Bodies (hereinafter – the Law)² establishes uniform requirements for the out-of-court dispute resolution bodies, in order to enable consumers to exercise and protect their lawful rights through independent, impartial, transparent, efficient, fast, and fair out-of-court dispute resolution. The Law shall be applicable to out-of-court dispute resolution bodies handling an out-of-court dispute, including a cross-border dispute, between a consumer and a trader or service provider. The Law also stipulates that the Consumer Rights Protection Centre shall be the single contact point for communication with the European Commission.

Based on the Law and other regulatory enactments, there are currently 6 out-of-court dispute resolution bodies in Latvia: the Commission for Solving the Consumer Disputes, the Public Utilities Commission, the Latvian Council of Sworn Advocates, the Ombudsman of the Finance Latvia Association, the Motor Insurers' Bureau of Latvia and the Ombudsman of the Latvian Insurers Association. These out-of-court dispute resolution bodies have different structures, applicable procedures, areas of competence, as well as the nature of the decision taken (mandatory or recommended).

Since January 2024, no reforms or developments have been made to the Latvian consumer out-of-court dispute resolution system.

Pillar II:

Prevention

- *Measures for the prevention of corruption in relation to the issuing of official permits (e.g. related to environment, energy and various types of construction)*

In relation to the issuance of permits in the environmental sector, the duties of employees of the **Nature Conservation Agency**³ that are related to the issuance of decisions and administrative acts binding on other people (for example, the issuance of permits, certificates, opinions and granting of other rights) in the environmental field are subject to the risk of corruption.

¹ <https://likumi.lv/ta/en/en/id/23309-consumer-rights-protection-law>

² <https://likumi.lv/ta/en/en/id/275063-law-on-out-of-court-consumer-dispute-resolution-bodies>

³ <https://www.daba.gov.lv/en>

The Nature Conservation Agency has developed an Anti-Corruption Action Plan, which provides for the following measures to reduce and prevent corruption risks in connection with the issuance of permits in the environmental field:

- conduct random follow-up checks of decisions, including checking whether decision-makers were not in a conflict-of-interest situation when making a decision;
- observe the "four-eyes principle" when making important decisions and implementing follow-up checks on decisions;
- apply the principle of randomness in the distribution of work tasks;

A Code of Ethics⁴ has been approved, which sets out binding ethical principles for all employees of the Nature Conservation Agency, including basic principles of ethical behaviour in communication with lobbyists and actions in conflict-of-interest situations, as well as conditions for the treatment of gifts and hospitality offers;

- ensure regular improvement of employees' knowledge in order to raise awareness of the restrictions set out in regulations on the activities of public officials in order to prevent conflicts of interest;
- provide anonymous reporting channels for the Nature Conservation Agency employees regarding abuse of official position, detected violations, for example, boxes where anonymous reports can be placed and/or an anonymous reporting tool on the Nature Conservation Agency website.

In regards to other permits:

The Ministry of Economy (the Ministry) provides licensing services for **real estate intermediaries**, as well as for **privatisation certificates trading intermediaries**. The Ministry has implemented the following anti-corruption measures in line with the Anti-Corruption Action Plan for 2023-2025:

- Employees observe, and heads of departments inform employees about the rules of conduct in the Ministry and outside working hours, as well as the values of public administration and the basic principles of ethics and conduct in accordance with the Code of Conduct of the Ministry. In addition to that, the Ministry has developed Internal Regulations for the Prevention of Conflict of Interest.
- The Human Resources Management Unit of the Ministry organises, and staff members attend training at the School of Public Administration on current issues in the field of conflicts of interest and anti-corruption. It is the employee's duty to participate in training on the prevention of conflict of interest within a month of starting work at the ministry, and then at least once every three years. If the employee has not participated in the training on conflict-of-interest prevention within the term specified, the Human Resources Management Unit informs the State Secretary and provides proposals for further action.
- Heads of units of the Ministry inform staff how to handle situations where a bribe or gift is offered. Ministry informs staff about the duties and liabilities in situations of conflicts of interest. It is the employee's duty to inform the immediate supervisor in writing about a possible conflict of interest situation during the performance of his duties.
- Employees are informed about the procedure for combining posts.
- Each year, after the deadline for submitting the declaration of public officials, a check is carried out to ensure that the information provided in the declaration of employed public officials corresponds to the information available to the Ministry.
- The Ministry identifies positions exposed to the risk of corruption, and when the functions or conditions affecting the risk change, the Ministry conducts a review and update of the corruption risks. The Ministry ensures that employees are informed about the possibility of risks.
- The Ministry ensures the principle of four-eyes in the evaluation process and other processes.

⁴ <https://www.daba.gov.lv/lv/etika> - only available in Latvian

- If the employee has violated the law "On Prevention of Conflict of Interest in Activities of Public Officials", the information is transferred to The Corruption Prevention and Combating Bureau, the head of the Human Resources Management Unit and the direct manager of the employee ensure cooperation with The Corruption Prevention and Combating Bureau.

In recent years, not a single case of violation of the conflict-of-interest prevention regulation has been found.

The Consumer Rights Protection Centre (the Centre) provides special authorisation (licensing) of **package travel service providers**, licensing of **consumer credit service providers** and licensing of **debt recovery service providers** and has implemented the following anti-corruption measures in the licensing process:

- The performance of the process (function) of granting a special authorisation (licence) by the Centre is defined in external and internal regulations, which contain precise indications on the process of the task to be performed (the process of case examination is reflected in a service report of an official in a certain form, information and inquiries necessary for decision-making are obtained mainly from other institutions).
- The principle of rotation within the cases to be dealt with is ensured (including the fact that the executing officer cannot influence the assignment of the task).
- The Centre ensures strict control during the execution of the process (function). The four-eye principle is applied in the execution of the task and coordination at several levels is ensured, so that the infringement can be known before it is committed. The draft decision relating to the granting, suspension and revocation of a special authorisation (licence) shall be examined by a panel, involving in addition the Head of Unit, the Director of the Department and an expert from the panel. The final decision on the granting of the special authorisation (licence) shall be signed by the director of the Centre.
- In the performance of its duties, the members of the decision-making bodies shall take decisions in compliance with the requirements of regulations, avoiding the appearance or potential of conflicts of interest and shall be as independent as possible from external circumstances, taking responsibility for the decisions taken and observing both generally accepted ethical principles and the standards of professional conduct set out in the Code of Conduct of the Centre.
- The appearance or mere possibility of any conflict of interest must be reported immediately to a superior official. An official shall not be entitled to participate in a case where there is any conflict of interest. In the event that it is not possible to take a decision in the decision-making body in relation to a potential conflict of interest, the decision shall be referred to a superior official, disclosing all information concerning the conflict of interest.
- In 2024, officials attended the School of Public Administration courses "Restrictions on combining posts, their role in mitigating corruption risks" and "Prevention of conflict of interest and professional ethics of public officials (for public officials only)".

In addition, the Centre takes the following actions in accordance with the Anti-Corruption Action Plan 2023-2025:

- Staff members are informed about the rules of conduct during and outside working hours, as well as about the values and basic principles of ethics and conduct in accordance with the internal rules "Rules of Procedure" and "Code of Conduct". Staff members are also informed about how to handle situations where a bribe or gift is offered.
- New staff members are informed about the measures to prevent corruption and conflicts of interest, the whistleblowing mechanism, as well as the basic principles of ethical behaviour and good governance - rule of law, openness, equality, impartiality, proportionality, legal certainty, legitimate expectations, respect for reasonable time, participation, transparency and efficiency.
- Selection for the vacant posts is performed in accordance with the internal rules "Procedures for the selection of candidates for the post".

- The Centre performs an annual check of officials' declarations in the Electronic Declaration System of the State Revenue Service to determine whether all positions are combined in accordance with the established procedure, and additional information is requested from employees (officials) if necessary.
- Each member of the Procurement Commission shall sign a declaration of impartiality in the Electronic Procurement System before participating in the procurement. After receipt of tenders, each member of the Procurement Commission signs a declaration of absence of conflict of interest in the electronic procurement system. Each time a Procurement Commission is approved, its members are familiarised with the essential requirements of the laws and regulations in the field of procurement.

The State Construction Control Bureau (The Bureau) provides recognition of **professional qualification of foreign construction specialists** only in the specialty of construction expertise.

In the process of recognition of professional qualifications of foreign construction specialists in expertise the Bureau must observe not only the requirements set down in the legislation, but also the principles defined in the standard ISO/IEC 17024:2012 regarding inviolability, independence and transparency of the process. In order to prevent the risks according to open and transparent process of recognition of professional qualifications of foreign construction specialists in the expertise the certification process performed by Bureau is supervised not only by State Agency "Latvian National Accreditation Bureau", but also by the Ministry of Economics. Furthermore, to prevent the corruption risks in the certification process the Bureau has developed a corruption risk prevention plan for risk mitigation of prevention measures, which is monitored and updated annually.

State Agency "Latvian National Accreditation Bureau" (The Agency) by granting accreditation, provides authoritative assurance to third parties that an **accredited conformity assessment body** is competent and capable of carrying out specific conformity assessment activities in compliance with the requirements set out in the harmonised standards and any additional requirements, including those set out in the relevant sectoral frameworks, but the Agency is not authorised to grant any form of formal permits.

The Agency conducts its activities in compliance with the requirements of impartiality, objectivity, confidentiality, prevention of conflicts of interest, and anti-corruption, as stipulated in the standard LVS EN ISO/IEC 17011:2017 "Conformity assessment. Requirements for accreditation bodies accrediting conformity assessment bodies" and relevant legal acts. Moreover, an internal control system has been implemented in accordance with Cabinet of Ministers Regulation No. 630 of October 17, 2017, "Regulations Regarding the Basic Requirements for an Internal Control System for the Prevention of Corruption and Conflict of Interest in an Institution of a Public Person⁵" and Cabinet of Ministers Regulation No. 326 of May 8, 2012, "Regulations Regarding the Internal Control System in Institutions of Direct Administration⁶."

To ensure the management of corruption risk prevention, the Agency has established an internal control system that provides for the timely and ongoing identification of risks, the implementation of risk mitigation measures, their review and evaluation of effectiveness, as well as monitoring.

According to the Agency's internal regulations "Procedure for Ensuring Risk Management in the State Agency 'Latvian National Accreditation Bureau,'" employees are required to immediately report to their direct supervisor or the risk management process coordinator any potential risk or an actual risk event.

Any corruption risks associated with an employee's intent to derive personal benefit or actions involving personal or financial interests of their relatives or business partners are addressed without delay.

⁵ <https://likumi.lv/ta/en/en/id/294518-regulations-regarding-the-basic-requirements-for-an-internal-control-system-for-the-prevention-of-corruption-and-conflict-of-interest-in-an-institution-of-a-public-person>

⁶ <https://likumi.lv/ta/en/en/id/247746-regulations-regarding-the-internal-control-system-in-institutions-of-direct-administration>

To ensure effective risk management, the Agency has established a Risk Management Committee, which, as necessary but at least once a year, reviews identified risks and evaluates the effectiveness of risk mitigation measures, providing recommendations when required, including suggestions for improving documentation related to risk management.

Additionally, internal regulations have been developed titled “Actions of Public Officials and Employees in Preventing Conflict of Interest and Corruption Risks,” ensuring, among other things, that employees reporting cases of potential conflict of interest or corruption-related violations within the Agency are guaranteed anonymity and protection. Furthermore, a Code of Ethics and a Whistleblowing Report Management and Review Procedure have been established.

As part of the internal control system, a dedicated Anti-Corruption Action Plan has been developed, under which potential corruption risks are identified, analysed, and assessed annually, and measures to mitigate these risks are defined.

Overall, the Agency has established a control environment that includes a range of measures, such as an internal audit process, management reviews, and regular information exchange with stakeholders, to effectively and continuously manage corruption risks.

Additionally, the Agency has established a policy⁷ aimed at ensuring the integrity, impartiality, and confidentiality of the State Agency “Latvian National Accreditation Bureau.” This policy also ensures the prevention of conflicts of interest and the implementation of anti-corruption measures. The details of this policy are published on the Agency's website⁸, accessible to all stakeholders and the general public.

- *Reporting on the use of digital technologies to enhance transparency and oversight in public procurement*

The Procurement Monitoring Bureau, continuing the Publication Management System modernization project started in 2023, which includes the development of solutions for broader data usability for procurement performers, policymakers, and the public, announced the publication of the new procurement data visualization. The data visualization is available in the “Data Visualization” section of the Bureau’s website.

The data visualization, supported by the Power BI analytics solution, reflects real-time public procurement data in various dimensions, providing everyone with the opportunity to freely and transparently obtain up-to-date information on public procurements. The procurement data in the visualization is available for the period from October 25, 2023, when the new standard notification (e-forms) publication was launched in accordance with the European Commission Implementing Regulation (EU) 2019/1780 (September 23, 2019), which establishes standard forms for the publication of notifications in the field of procurement and repeals Implementing Regulation (EU) 2015/1986.

Pillar IV:

The process for preparing and enacting laws

- *Safeguards to ensure legal certainty, the stability of the legal framework and non-discrimination. [this question complements the exiting question on rules and use of fast-track and emergency procedures]*

Regarding Pillar IV - the process for preparing and enacting laws - we would like to point out that we have already provided information about the urgency procedure as outlined in the Constitution.

Independent authorities

⁷ <https://www.latak.gov.lv/en/media/141/download?attachment>

⁸ <https://www.latak.gov.lv/en>

- *Safeguards to ensure the effective independence of supervisory and regulatory authorities with a direct impact on economic operators*

On 28 of November 2024 the legislator approved amendments to the Competition Law⁹, establishing a new function for the Competition Council (the CC) to provide methodological support to public procurement entities in identifying, assessing, and calculating damages resulting from violations of competition law. The amendments came into force on 26 of December 2024.

As a result, the CC will now offer consultations to public procurement entities regarding damages assessment calculations and the selection of calculation methods (Article 6(1) point 9¹ of the Competition Law). Additionally, the CC will provide support in calculating incurred damages to assist public procurement entities in submitting claims to the court.

The law also includes specific conditions for implementing this new function, distinguishing it from the investigations of competition law violations to mitigate risks of conflicts of interest. This means that the new division of the CC will only analyze information submitted by public procurement entities, and its opinions, calculations, and consultations will be advisory in nature. Furthermore, it is stipulated that the chairman of the CC will oversee this new division in an institutional supervisory capacity without engaging in providing opinions or their content (Article 6(1¹) of the Competition Law).

Accessibility and judicial review of administrative decisions

- *Respect of the good administration principle (including the obligation of the administration to give reasons for decisions) [this question complements the existing question on transparency of administrative decisions]*
- *Safeguards (other than judicial review) regarding decisions or inaction of administrative authorities, including remedies. [this question complements the existing question on judicial review of administrative decisions]*

Regarding Pillar IV - accessibility and judicial review of administrative decisions, we would like to point out that, according to the State Administration Structure Law, state administration must comply with the principles of good administration in its activities. These principles include openness with respect to private individuals and the public, the protection of data, the fair implementation of procedures within a reasonable time frame, and other regulations aimed at ensuring that state administration respects the rights and lawful interests of private individuals.

In accordance with the Administrative Procedure Law, an administrative act (decision) issued in writing must include the basis for the administrative act (decision), including, in particular, considerations of usefulness. The purpose of providing this basis is to inform the addressee about why the administrative act of specific content was adopted. At the same time, it ensures that the administrative act (decision) issued by the institution is not arbitrary.

⁹ (the latest version of the law with amendments available only in Latvian: <https://likumi.lv/ta/id/54890-konkurences-likums>)