

One of the main Lithuanian retailers sanctioned for unfair commercial practices aimed at suppliers

On 22 October 2019, the Competition Council of the Republic of Lithuania decided that one of the largest companies and taxpayers in Lithuania, the retail company Maxima LT contravened the Law on the Prohibition of Unfair Practices of Retailers.



Maxima LT had required that food and drink suppliers paid fees for sales promotion, and levied fines or compensation for failure to comply with the requirements. A fine of EUR 51,600 was imposed on the retail company.

The investigation carried out by the Competition Council showed that the suppliers were required to pay certain fees for sales promotion activities, although no specific actions were agreed upon in writing. Maxima LT also retained the right to make one-sided decisions regarding the payable sums and sales promotion activities.

According to the Competition Council, Maxima LT adopted unfair commercial practices and transferred the risk to the food and drink suppliers which were not ensured that agreements on sales promotion activities and budget served their interest and goodwill. The suppliers had to pay all set fees for sales promotion, irrespective of whether such activities were undertaken or not. Additionally, the retail company established the right to plan such activities at the suppliers' expense in cases when the retail company did not conduct sales promotion in retail stores without a valid reason or did so improperly.

The Law on the Prohibition of Unfair Practices of Retailers prohibits major retailers (such as MAXIMA, RIMI, IKI, NORFA, LIDL) from requiring that suppliers pay any "entry" fees, buy goods or services from third parties, as well as pay compensation for smaller-than-expected income, pay any operational costs related to sales promotion, etc. In case of contravention of the Law, a fine of up to EUR 120,000 may be imposed on the respective retailer.