

Controversial Amendments to Estonia's Competition Act

July 2025

On 17 June 2025, Estonia's Riigikogu (Estonian parliament) passed significant amendments to the Competition Act after over four years of political debate. The revisions, required by the ECN+ Directive (Directive (EU) 2019/1 of the European Parliament and of the Council of 11 December 2018 to empower the competition authorities of the Member States to be more effective enforcers and to ensure the proper functioning of the internal market), were delayed despite the EU Commission's warning and penalties for non-compliance.

Key Change: Misdemeanour Procedures

The key change involves how competition violations will be handled. Initially, the government proposed an administrative procedure, but the law was amended to implement misdemeanour procedures. This change, promoted by the Minister of Justice Liisa Pakosta, was seen as a more efficient way to deal with competition breaches, promising quicker and fairer enforcement. Critics, especially from the Social Democrats (SDE), argued that this approach could overload the judicial system, leading to more legal challenges and delays.

Political Tensions and Lobbying Allegations

The bill's passage has been contentious. Following a government reshuffle in 2024, the Eesti 200 party took charge of the Ministry of Justice and Digital Affairs, and Pakosta's revision of the law sparked considerable political friction. While her supporters argue that the changes align Estonia with EU directives and promote fair competition, opposition figures like Jaak Aab (SDE) warn that the law would not tackle the core issue of market monopolies, leaving consumers to face high prices.

Lobbying has also been a significant issue, with reports of influential businessman Margus Linnamäe using media influence to sway political opinions on the bill. This has raised concerns about the law's potential bias towards protecting the interests of large companies rather than ensuring a level playing field.

Mixed Reactions from Industry

Industry reactions have also been mixed. The Estonian Competition Authority expressed concerns that the new law could complicate enforcement, with its provisions potentially leading to more drawn-out legal processes. The authority has also raised questions regarding the alignment of the law with the requirements of the ECN+ Directive.

Government's Justification

Despite the criticism, the Estonian government maintains that the law will strengthen market competition, reduce monopolistic practices, and provide consumers with better options at fairer prices. The law grants the Competition Authority the power to impose significant fines for violations, ensuring a more robust competitive landscape.

Conclusion

The government is optimistic that the new law will improve fairness and transparency in the market. However, there are concerns that the law may create administrative burdens and leave certain business sectors unchallenged. As these changes are implemented, stakeholders will need to monitor how they affect competition dynamics and enforcement practices. While the law passed with 66 votes in favour and 16 against, the heated debates suggest that future revisions might be necessary to address the concerns raised by political and industry stakeholders.