

Rīga, 28 April 2015

**AS “LATVIJAS TILTI” comments on the BNS publication of 24 April 2015:
“Vilnius hoping for compensation of EUR 76 million losses from “Latvijas tilti””**

In response to the article “Vilnius is hoping for compensation of EUR 76 million losses from “Latvijas tilti”” prepared by BNS and published in the news portal www.delfi.lv on 24 April 2015 (henceforth Article), AS “LATVIJAS TILTI” would like to point out that the Article includes incorrect formulations, such as the title “*Vilnius hoping for compensation of EUR 76 million losses from “Latvijas tilti”*” or, for example, the misleading sentence “*The municipality of Vilnius has asked the Court <...> to establish that the Latvian road and bridge construction company “Latvijas tilti”, after the request of which the tender has been stopped, pays the EUR 76 million losses that the city may suffer due to it*”, which makes the reader of the Article think that losses in the amount of EUR 76 million have already arisen and should be collected from AS “LATVIJAS TILTI”.

AS “LATVIJAS TILTI” wishes to inform that, contrary to the information contained in the Article, the municipality of Vilnius has **not requested compensation of already existing losses (because there are no losses yet)**, but only a security, i.e. guarantee that in the case that such losses arise and if it is proven in the Court both their amount and causal link between such losses and actions performed by “LATVIJAS TILTI”, AS “LATVIJAS TILTI” will be able to compensate them.

On 19 February 2015 AS “LATVIJAS TILTI” filed a lawsuit in the court of Lithuania demanding to annul the restrictive requirements stated in the tender conditions of the public procurement “*Trans-European Transport Network: Ring Road of Vilnius City, Part III*” (henceforth the Procurement) that limit free competition. AS “LATVIJAS TILTI” also asked the Court to apply interim measures by stopping the Procurement procedures. On 9 April 2015 the Lithuanian Court of Appeal satisfied the claim of AS “LATVIJAS TILTI” and forbade the contracting authority, the municipality of Vilnius, to conclude the Procurement contract or, in the case that the Procurement contract had already been concluded, to stop its execution until the day the court decision takes effect.

Similar claims regarding competition restrictions contained in the tender conditions of the Procurement were also submitted by the Lithuanian road construction company UAB “Kauno Keliai”, UAB “Legrana” and UAB “Eltel Networks”, a member of the international group “Eltel”.

Parallel to the aforementioned legal proceedings, the Public Procurement office of the Republic of Lithuania initiated a separate investigation regarding the possible breaches of the Procurement procedure and has, based on the results of the initial check, forbidden the municipality of Vilnius to conclude the Procurement contract until the end of the investigation process.

On 15 April 2015 the municipality of Vilnius submitted a request to annul the applied interim measures, as well as to require a **security for the compensation of potential losses in the total amount of EUR 76 million** from AS “LATVIJAS TILTI”. The previously stated **potential losses** comprise: 1) the lost funding of European Structural Funds (approximately EUR 71.5 million) and 2) the increase of the Procurement contract sum (approximately EUR 4.5 million) that may arise from extending the deadline for the execution of the works by 24 months.

On 24 April 2015 AS “LATVIJAS TILTI” submitted explanations to the court regarding the request of the municipality of Vilnius being unfounded, stating, as one of their main arguments, that **in fact no funding of European Structural Funds has been assigned for the execution of the Procurement. Moreover, there is no evidence that the municipality of Vilnius has submitted a respective request**; therefore, there is no causal link between the loss of not assigned funding of European Structural Funds, estimated at EUR 71.5 million and the application of interim measures to the Procurement.

The Chairman of the Board of AS “LATVIJAS TILTI” Genadijs Kamkalovs considers that “the claim submitted by the municipality of Vilnius is unfounded, and the likelihood of the losses resulting from the application of interim measures to emerge is greatly exaggerated, but in case such losses nevertheless arise, their amount would be incomparably lower than is estimated by the municipality of Vilnius”.

The joint suits of AS “LATVIJAS TILTI”, UAB “Kauno Keliai”, UAB “Eltel Networks” and UAB “Legrana” regarding the annulling of the restrictive requirements stated in the tender conditions of the public procurement “*Trans-European Transport Network: Ring Road of Vilnius City, Part III*” that limit free competition will be considered in the Lithuanian Court of First Instance on 30 April 2015.

Yours Sincerely,

AS “LATVIJAS TILTI”
Chairman of the Board
GENADIJS KAMKALOVS

