



Regional Centre for Competition in Budapest (Hungary)

ANNUAL ACTIVITY REPORT, 2021





I. INTRODUCTION AND ORGANISATIONAL SETUP

The OECD-GVH Regional Centre for Competition in Budapest (Hungary) (RCC) was established by the Gazdasági Versenyhivatal (GVH, Hungarian Competition Authority) and the Organisation for Economic Co-operation and Development (OECD) on 16 February 2005 when a Memorandum of Understanding was signed by the parties.

The main objective of the RCC is to foster the development of competition policy, competition law and competition culture in the South-East, East and Central European regions and thereby to contribute to economic growth and prosperity in the involved regions.

The RCC provides capacity building assistance and policy advice through workshops, seminars and training programmes on competition law and policy for officials in competition enforcement agencies and other parts of government, sector regulators, and judges. The RCC also works to strengthen competition law and policy in Hungary and in the GVH itself.

The RCC's work **focuses on four main target groups**. The **first group of beneficiaries** are the competition authorities of South-East Europe and the majority of the CIS countries, namely Albania, Armenia, Azerbaijan, Belarus, Bosnia and Herzegovina, Bulgaria, Croatia, Georgia, Kazakhstan, Kosovo¹, Kyrgyzstan, North Macedonia, Moldova, Montenegro, Romania, the Russian Federation, Serbia and Ukraine. The work targeting these economies is regarded as the core activity of the RCC. These economies have all progressed with the development of their competition laws and policies,

but are at different stages in this process. As a consequence, the needs for capacity building differ among the involved non-OECD member economies and this necessitates a broad approach to competition outreach work. Major capacity building needs in these regions include (a) enhancing analytical skills in competition law enforcement, (b) raising the awareness of the judiciary regarding the specific characteristics of competition law adjudication, (c) pro-competitive reform in infrastructure sectors, (d) competition advocacy, (e) relations between competition authorities and sector regulatory agencies, (f) legal and institutional reform in the area of competition, and (g) building international co-operation and networking.

Judges represent the **second target group** of the RCC's activities. The seminars for judges provide judges with an opportunity to improve their understanding of competition law and economics, to exchange views on the latest developments in EU competition law, and to discuss the key challenges arising in competition law cases.

The **third group of beneficiaries** of the work of the RCC are the competition authorities which belong to the Central European Competition Initiative (CECI). This Initiative aims to provide a forum for co-operation on competition matters and was established by the Central European competition authorities in 2003. It is a network of agencies and operates via workshops and informal meetings. Involved are the competition authorities of Austria, the Czech Republic, Poland, Slovakia, Slovenia

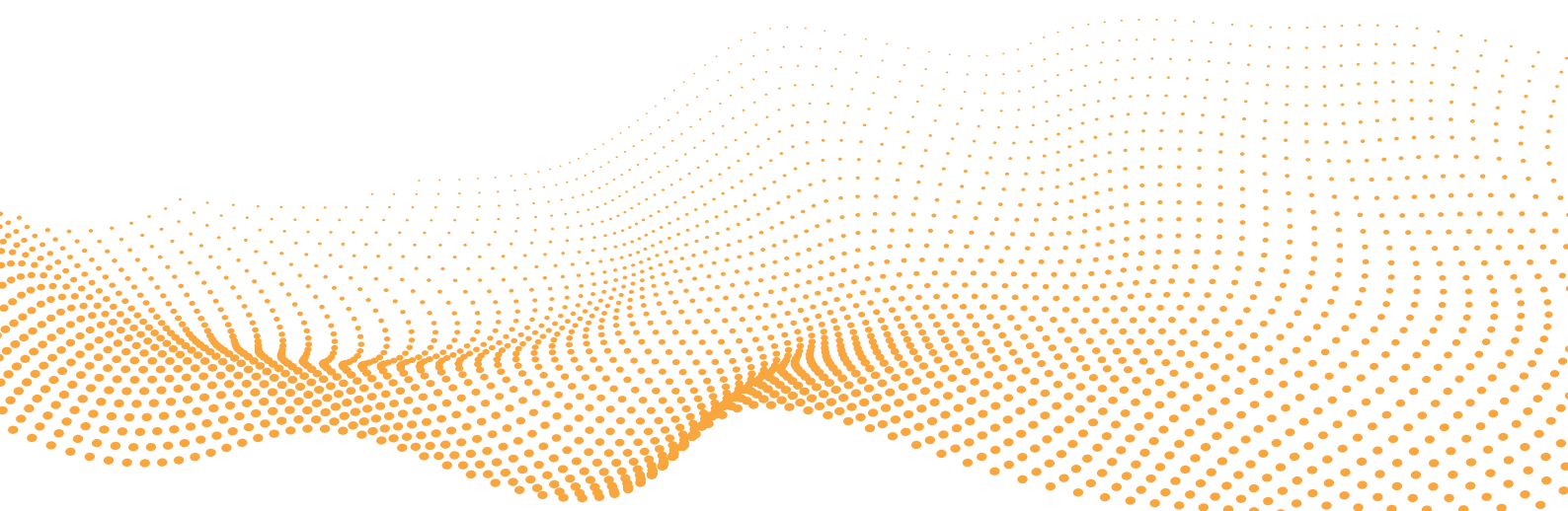
¹ This designation is without prejudice to positions on status and is in line with UNSCR 1244 and the Advisory Opinion of the ICJ on Kosovo's declaration of independence. Hereafter referred to as Kosovo.

and Hungary. These countries all belong to the same geographic region, share fundamentally similar cultural traditions and historical experiences and are, more or less, at the same stage of development. As a result, their competition authorities face several common challenges and difficulties. Moreover, from time to time these authorities deal with markets which are regional, overlapping or which are connected to each other, and they may also on occasion deal with the same parties (the same companies within the region).

The **fourth beneficiary of the RCC's work** is the GVH itself. The agendas of the RCC workshops that are organised for the staff of the GVH are related to ongoing projects or “hot” topics and provide an excellent opportunity for staff to learn about state-of-the-art antitrust theory and enforcement practices.

Concerning the functioning of the RCC, the Memorandum of Understanding of the RCC provides that the GVH and the OECD are to make major decisions on their activities and work jointly. For this purpose, the parties meet on an annual basis to review the operation and performance of the RCC and to prepare the annual work plan.

Regarding the financing of the RCC, the GVH is responsible for providing most of the necessary funding for the functioning of the RCC, including an annual voluntary contribution to the OECD for the costs associated with the staff position in Paris. The OECD helps to co-finance the RCC's operation and activities. In addition to this, both the GVH and the OECD co-operate in efforts to raise additional financial support for the RCC from third parties.



NAVIGATING TROUBLED WATERS

Competition responses in Eastern Europe and Central Asia

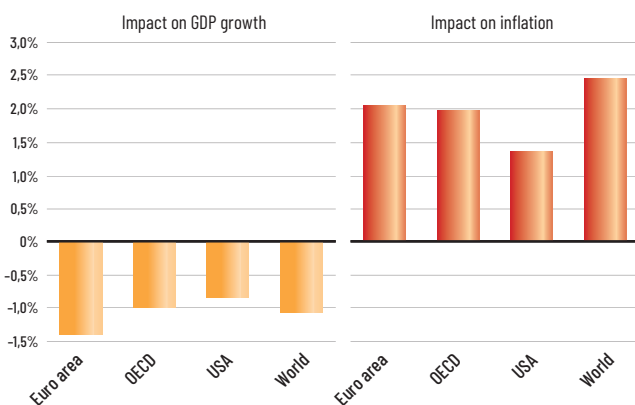


Renato Ferrandi
OECD, Senior Competition Expert

The economic situation before the outbreak of war in Ukraine

The war in Ukraine is a humanitarian disaster. There are also, however, numerous significant economic implications. The economic damage is already being felt worldwide and risks becoming increasingly severe and long-lasting. The OECD estimates 2022 global economic growth could be more than 1 percentage point lower than was projected before the conflict, while the impact on inflation could be at least a further 2.5 percentage points on aggregate across countries.

SIMULATED IMPACT ON ECONOMIC GROWTH AND INFLATION



Source: OECD Economic Outlook, Interim Report March 2022

The prices of the principal export commodities of Russia and Ukraine have risen sharply. Russia and Ukraine together account for about 30% of global exports of wheat, 20% for corn, mineral fertilisers and natural gas, and 11% for oil. In addition, supply chains

around the world are dependent on exports of metals from Russia and Ukraine. Russia is a key supplier of palladium, used in catalytic converters for cars, and nickel, used in steel production and the manufacture of batteries. Russia and Ukraine are also sources of inert gases such as argon and neon, used in the production of semiconductors, and large producers of titanium sponge, used in aircraft. Both countries also have globally important reserves of uranium. Disruptions to wheat, maize and fertiliser risk raising hunger and food insecurity across the world in particular in emerging market and low-income countries. Soaring metals prices could affect a wide range of industries such as aircraft, car and chip manufacturing².

Needless to say, the most impacted region by the war and its consequences is Eastern Europe and Central Asia. Paradoxically, these tragic developments affect a promising phase of recovery after the Covid-19 crisis, even though the prospects were different in the various countries.

In the fall 2021, the World Bank announced that a surprisingly strong rebound in the first half of 2021 had boosted economic activity in developing countries in the Europe and Central Asia region. The regional economy was projected to expand by a better-than-expected 5.5% in 2021³.

The rebound in the region was largely driven by a strong recovery in exports and by strengthening domestic demand due to vaccinations and support packages. In 2022, regional growth was forecast to moderate, as external and domestic demand stabilized and pandemic stimulus was withdrawn. The World Bank also highlighted – prophetically – that regional recovery remained vulnerable to financial stress, which could be triggered by an abrupt tightening of external financing conditions or a sharp rise in policy uncertainty and geopolitical tensions⁴.

As mentioned, the economic fundamentals of the beneficiary economies of the OECD-GVH Regional Centre for Competition were quite diversified, spanning from the four EU members and Moldova to the Western Balkan region, from Central Asia to Ukraine, from Caucasus to Russia.

2 OECD Economic Outlook, Interim Report March 2022: Economic and Social Impacts and Policy Implications of the War in Ukraine, <https://www.oecd-ilibrary.org/sites/4181d61b-en/index.html?itemId=/content/publication/4181d61b-en>
 3 World Bank Group, Press Release No: 2022/ECA/23, *Croatia Records Strong Recovery Amid Regional Economic Rebound*, October 5, 2021, <https://www.worldbank.org/en/news/press-release/2021/10/05/strong-rebound-in-2021-boosts-economies-in-emerging-europe-and-central-asia-and-in-croatia>
 4 World Bank Group, Competition and Firm Recovery, Post-COVID-19, Europe and Central Asia Economic Update, Office of the Chief Economist, Fall 2021, <https://openknowledge.worldbank.org/bitstream/handle/10986/36296/9781464818028.pdf>

Bulgaria, Croatia, Hungary, Romania and Moldova

In **Bulgaria**, prior to the pandemic unemployment had reached historical lows, and wages had grown substantially. Impressive structural reforms were made to boost productivity, increase income convergence and address social challenges. The Covid-19 pandemic had interrupted this progress, with an output fall not seen since the 1996-97 banking crisis. Travel, accommodation and food services suffered a large contraction. Manufacturing is mostly export-oriented and was hit by initial large volume and price declines. A recovery is underway, but uncertainty was high. Service and retail sector activity has been held back by consumer income losses, the rise in precautionary savings and continued restrictions on some activity⁵. **Croatia** had recorded a strong post Covid-19 recovery in 2021. GDP growth in the Croatian economy was supported by higher external demand, improved labour market conditions and dynamic tourism activity⁶. In December 2021, the GDP of **Hungary** was projected to expand by 6.9% in 2021, while growth slows were expected in 2022 and 2023. The recovery was driven mainly by domestic demand, accompanied by high headline inflation high, reflecting supply-side constraints and a tight labour market⁷. In **Romania**, the Covid-19 pandemic put a halt to fast improvements in living standards. Before the pandemic, the economic performance of Romania was impressive. In less than 20 years, Romania has reduced the gap in GDP per capita to the OECD average by half, from close to 70% to around 35%. Before the war in Ukraine, growth was set to remain strong, but the OECD warned that risks were high. The crisis hit the economy hard as GDP fell by 3.7% in 2020 before surpassing its pre-crisis level in 2021. The pursuit of the recovery will critically hinge on the developments of the pandemic and the government's capacity to weather possible future economic shocks⁸. With a decline in GDP of 7 per cent in 2020, **Moldova** was among the countries in Europe most affected by Covid-19, which significantly impacted households and businesses across the country. The pandemic exposed the vulnerabilities to shocks of Moldova's growth model, reliant on remittance-induced consumption⁹.

Western Balkan economies

The COVID-19 pandemic had a significant impact on the Western Balkan economies, on the back of falling domestic demand and exports. Lockdown measures, disruptions to global value chains and travel restrictions strongly affected critical service and manufacturing sectors, including retail and wholesale trade, transport as well as tourism and hospitality.

The Western Balkan region is predominantly service-oriented, though some manufacturing sectors have been expanding in recent years. Services account for the largest share of the regional gross domestic product, dominated by wholesale and retail trade. In Montenegro and Albania, tourism also contributes a significant share to the services sector (32.1% and 21.2% of GDP respectively). Industry contributes 23.4% to GDP, with the highest contribution coming from the manufacturing and construction sectors.

The degree to which each economy has been affected by the crisis has depended on key economic fundamentals, the strength of the fiscal response as well as the relative strength of the pandemic wave. **Montenegro** was by far the most badly affected WB6 economy due to its high dependence on tourism, as well as its limited scope for a proportional fiscal response in light of the already high level of public debt. In **Albania**, meanwhile, the strong impact on the tourism sector and on domestic demand was mitigated by the recovery from the 2019 earthquake. **Serbia's** economy declined by just 1% in 2020 thanks to its more diversified economic base and the strong fiscal stimulus implemented to combat the economic fall-out of the crisis. Meanwhile, the economies of **Bosnia and Herzegovina**, **North Macedonia** and **Kosovo**^{*10} were more strongly affected by the second wave of the pandemic; this impact could not be lessened despite the additional stimulus measures implemented in the second half of 2020. The impact on the labour market was mitigated by government measures aimed at supporting employment and the liquidity of companies in the most critically affected sectors of the economy. Montenegro and Bosnia and Herzegovina saw the highest increase in unemployment. In Albania, unemployment remained relatively unchanged, while in the other three economies the decline in unemployment continued despite the pandemic¹¹.

5 OECD Economic Surveys: Bulgaria 2021, https://www.oecd-ilibrary.org/economics/oecd-economic-surveys-bulgaria-2021_1fe2940d-en

6 World Bank Group, Press Release No: 2022/ECA/23, *cit.*

7 OECD Hungary Economic Snapshot, Economic Forecast Summary (December 2021), <https://www.oecd.org/economy/hungary-economic-snapshot/>

8 OECD Economic Surveys, Romania, January 2022, <https://www.oecd.org/countries/romania/oecd-economic-surveys-romania-2022-e2174606-en.htm>

9 World Bank, Moldova, Overview, Oct 13, 2021, <https://www.worldbank.org/en/country/moldova/overview#1>

10 * This designation is without prejudice to positions on status, and is in line with UNSCR 1244 and the Advisory Opinion of the ICJ on Kosovo's declaration of independence. Hereafter referred to as Kosovo.

11 OECD (2021), Competitiveness in South East Europe 2021: A Policy Outlook, Competitiveness and Private Sector Development, OECD Publishing, Paris, <https://doi.org/10.1787/dcbc2ea9-en>

Central Asia

The impact of the Covid-19 pandemic on the economies of Central Asia - **Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan** (the last three countries do not belong to the RCC beneficiaries) – has been profound, and will have serious implications for their continued development and diversification in the years to come. With the exception of Uzbekistan, the economies of Central Asia, which are relatively small and in most cases fairly undiversified, depend heavily on foreign trade. The ratio of trade turnover to GDP across the region averages 65%, higher than the 58% OECD average. To some extent, trade dependence is a natural concomitant of market size – other things being equal, smaller countries tend to trade more. In Central Asia, however, trade integration is rendered all the more difficult by low population density, remote location and infrastructure bottlenecks, as well as by numerous policy barriers that serve to amplify the “distance penalty” that exporters in the region face on account of geography. Weaknesses in the institutional environment impede private sector growth, so the development and export¹².

Ukraine

Because of the prolonged lockdown in early 2021, **Ukraine’s** economy declined by 2.2 per cent year-on-year in the first quarter, before embarking on a recovery of 5.7 per cent in the second quarter. Driven by double-digit growth in household consumption and investment, the recovery was underpinned by strongly rising prices for major export products such as cereals and iron. Improved terms of trade helped to maintain a positive current account, which increased the supply of foreign currency and sparked the appreciation of the local currency, hryvnia¹³.

Caucasus

Although a recovery in the Caucasian area is underway, long-standing structural issues prevent the country from reaching its full potential, including weak connectivity, the fiscal challenges of an aging population and significant outward emigration and pervasive informality. **Georgia’s** economy expanded rapidly during the pre-COVID period, growing at a robust annual average rate of 5 percent from 2005 to 2019. The COVID-19 pandemic

reversed some of Georgia’s gains. Economic output fell, as mobility restrictions were implemented and tourist arrivals collapsed¹⁴. In **Armenia**, economy expanded rapidly between 2017 and 2019, with the annual GDP growth rate averaging 6.8 percent. However, in 2020 the twin shocks of the Covid-19 pandemic and the military confrontation with Azerbaijan derailed Armenia’s economic expansion and resulted in a sharp 7.4 percent contraction of the economy¹⁵. Economic prospects of **Azerbaijan** largely rely on rising gas exports. The country needs reforms to boost private sector investment, reduce the state footprint, tackle issues of competitiveness, and develop human capital¹⁶.

Russian Federation and Belarus

As Covid-19 restrictions were eased in **Russia** in late 2020 and early 2021, consumer demand surged ahead in the second quarter, supported by savings built up over 2020 and rapid credit growth. Investment in Russia was also strong in the second quarter of 2021. Inflation was on the rise throughout 2021 as Russia was coping with high demand, rising commodity prices and supply bottlenecks. Finally, Russia’s federal budget had seen impressive increases in revenues in 2021; oil and gas revenues were up by 60 percent, and VAT and income taxes by around 30 percent each¹⁷. In 2020, the COVID-19 shock had a limited impact on the economy of **Belarus** due to the absence of mobility restrictions and credit support to state-owned enterprises. While strong exports growth drove a 2021 cyclical upturn, the economy was expected to weaken considerably in 2022¹⁸.

The role of competition

It is telling that, against this backdrop, the World Bank Chief Economist for Europe and Central Asia stated: “The role of competition is important because it is associated with dynamism, incentivizes firms to innovate, forcing more efficient firms to enter and grow, while facilitating the exit of less efficient ones”¹⁹.

This is consistent with the policy indications provided by the OECD at the start of the Covid-19 crisis. Industrial policy should not lead to protectionist measures. In their efforts to encourage an economic recovery, governments need to ensure competition in markets.

12 OECD (2021) Beyond COVID-19: Prospects for Economic Recovery in Central Asia, OECD Publishing, Paris, https://www.oecd.org/eurasia/Beyond_COVID%2019_Central%20Asia.pdf

13 European Bank for Reconstruction and Development, *New EBRD forecast sees Ukraine’s recovery gaining traction*, 4 Nov 2021, <https://www.ebrd.com/news/2021/new-ebrd-forecast-sees-ukraines-recovery-gaining-traction.html>

14 World Bank, Georgia, Overview, Oct 13, 2021, <https://www.worldbank.org/en/country/georgia/overview#1>

15 World Bank, Armenia, Overview, Oct 12, 2021, <https://www.worldbank.org/en/country/armenia/overview#1>

16 World Bank, Azerbaijan, Overview, <https://www.worldbank.org/en/country/azerbaijan/overview#1>

17 World Bank, Russia Economic Report, December 1, 2021, <https://www.worldbank.org/en/country/russia/publication/ter>

18 World Bank, Belarus, Overview, <https://www.worldbank.org/en/country/belarus/overview>

19 World Bank Group, Press Release No: 2022/ECA/23, *cit.*

Shielding companies from competition can reduce their efficiency and their contribution to the economic recovery. Markets should be kept open and respect competitive neutrality principles. In this framework, competition authorities should: *i)* help governments implement the state support measures by providing inputs and advice; *ii)* issue opinions/guidance to governments on how to ensure a level playing field and avoid market distortions by providing clear, general and objective rules applicable to all firms in the economy, sector or region; *iii)* advocate for industrial policies that focus on pro-competitive alternatives to any planned government interventions that may risk long-term harm to markets; *iv)* co-operate with other jurisdictions to ensure a degree of international agreement in the approach that is taken to ensure a level playing field also amongst countries and continue to advocate against protectionist measures²⁰.

In 2020 and 2021, the OECD-GVH Regional Centre for Competition addressed some competition issue that can play a crucial role in the coming months and years, to support the economic recovery of Eastern Europe and Central Asia. **Public procurement and bid rigging** are likely to become paramount, as long as government could decide to increase public spending to support recovery. **Market studies** can help competition authority to gain a better understanding of markets disrupted by shocks or sudden changes, while making advocacy initiatives evidence-based and hence more credible. Interventions tackling **abuse of dominance** can help prevent exclusionary or exploitative practices by powerful firms, particularly in fast-changing digital markets. **Competitive neutrality** allows enterprises, irrespective of their ownership (state-owned or privately owned) or nationality (domestic or foreign), to face the same set of rules and prevents State action from resulting in a competitive advantage for a particular market participant²¹.

These topics were the object of the seminars addressed by the Regional Centre to the staff of its 18 beneficiary competition authorities in Eastern Europe and Central Asia, as well as the focus of the latest issues of the RCC review “Competition Policy in Eastern Europe and Central Asia” and of the RCC training videos “Key competition topics explained in few minutes” launched in 2021.

Public procurement and bid rigging

Bid rigging is illegal collusion in public procurement

Bid rigging is an illegal agreement through which companies that should be genuinely competing in a public procurement process collude to fix their bids, in order to raise prices and/or lower the quality of the goods or services that they offer. It may be accompanied by other illegal and punishable conducts, like corruption, fraud and mismanagement. Studies show that bid rigging in public procurement can increase prices by 20%.

Bid rigging a hard-core cartel conduct, prohibited under competition laws in all OECD jurisdictions, and a criminal offence in 29 out of 37 Members. Combatting bid rigging is crucial to ensuring that public procurement procedures are competitive, and that the public sector has opportunities to achieve value for money. This is why mature and developing competition authorities around the world prioritise investigating and prosecuting bid-rigging cartels. In many jurisdiction, companies that have been found guilty of bid rigging can be debarred from participating in other tenders, for a period of time.

The OECD developed Guidelines for Fighting Bid Rigging in Public Procurement in 2009 and, in 2012, included and expanded them in an OECD Recommendation on Fighting Bid Rigging in Public Procurement.

Bid rigging cases in Eastern Europe and Central Asia

As discussed, the economies of Eastern Europe and Central Asia entered a serious recession following the Covid-19 pandemic and are further impacted by the on-going war. Competition authorities in the region are aware that it is even more important to ensure value for money in public procurement at times of economic recession and have set the fight against bid rigging as a priority for their action in the coming years.

In 2021, the **Georgian** National Competition Agency concluded an investigation into a case of bid rigging related to free community canteen services. In **Romania**, the Competition Council discovered that during a long period more than seven years some firms rigged public tenders for the acquisition of electric meters. In 2019, the Antimonopoly Agency of **Kazakhstan** carried out two major investigations on big rigging in public

20 OECD competition policy responses to COVID-19, April 2020, https://read.oecd-ilibrary.org/view/?ref=130_130807-eqxgniyo7u&title=OECD-competition-policy-responses-to-COVID-19

21 This article will not discuss competitive neutrality because this topic was already addressed by an article appeared on the 2020 RCC Annual Report. See R. Ferrandi, *Covid-19 challenges to competition policy Seen from Eastern Europe and Central Asia*, in Annual Activity Report 2020, OECD-GVH Regional Centre for Competition in Budapest (Hungary), September 2021.

procurement for the supply of cars and trucks. Also in 2019, the Antimonopoly Committee of **Ukraine** fined participants in a collusion that affected seven tenders in the military defence sector, also thanks to the introduction of e-procurement in Ukraine, which allowed big data analysis and increased detection opportunities. For their part, the **Albanian** Competition Authority and the **Serbian** Commission for the Protection of Competition have an appreciable record of formal proceedings tackling horizontal agreements, including bid rigging in public procurement. In 2018, the highest court in Serbia upheld a complex bid rigging decision by the Commission for the Protection of Competition on the procurement of consumable material for personal and collective hygiene by the Ministry of Defence.

Cooperation with public procurement officials

Competition law enforcement is regularly accompanied by advocacy initiatives undertaken by competition authorities to raise awareness on bid-rigging costs, promote competition in public procurement, and recommend good practices in the prevention and detection of collusion. Training public procurement officials on the risks, costs, prevention and detection of bid rigging is extremely useful, insofar as procurement officials are in the best position to limit and identify collusion in public tenders. By acquiring appropriate knowledge, they can design tenders that make bid rigging difficult, and be aware of cases that merit reporting to the competition authority. At the same time, procurement officials can contribute to better competition enforcement because they can share their comprehensive knowledge of the relevant market, provide access to tender data and documents, and report suspicious patterns of behaviour in the bidding process.

Several competition authorities of Eastern Europe and Central Asia co-operate with the domestic public procurement bodies. Since 2019, the **Albanian** Competition Authority has in place a Memorandum of Understanding with the Albanian agency of public procurement on co-operation to fight against bid rigging in public procurement. Upon request by the domestic agency for public procurement, the Competition Council of **Bosnia and Herzegovina** recently analysed the rules on public tenders. The Commission for the Protection of Competition of **North Macedonia** published Guidelines for detecting bid rigging in public procurement, in co-operation with the Bureau for Public Procurement and, in 2019, issued a formal opinion on the national Law on Public

Procurement. The Agency for Protection of Competition of **Montenegro** signed a Co-operation Agreement with the Public Procurement Administration in 2015. The **Romanian** Competition Council compiled a Bid-Rigging Module in 2010. Under this structure, Council's experts cooperate and exchange information with representatives of the national regulator on public procurement, the National Council for Solving Complaints, the Prime Minister's Control²². The Hungarian competition authority GVH has a fruitful cooperation in place with the Public Procurement Authority of Hungary and the Prime Minister's Office, which regularly report possible competition infringements in public tenders²³.

Market studies

Market studies can examine broader competition issues

Competition issues can result from several factors and enforcement is not always the most suited tool to address those issues. Therefore, competition authorities need a diversified toolkit, particularly in the face of a complex, fast-changing economic environment.

Market studies are a flexible tool that allows competition authorities to examine broader competition issues in a market. They usually conclude with recommendations for regulatory changes or calls for changes in firms' behaviour. In a few jurisdictions, market studies can also lead to the imposition of remedies. Moreover, they can lead to more informed enforcement interventions.

Most competition authorities in the world use market studies in some form in their work, ranging from short, informal assessments to lengthy, formal processes involving multiple rounds of stakeholder input and empirical analysis.

Market studies to tackle emerging competition issues

Market studies are particularly suited for emerging competition issues. Emerging competition issues can be categorised in terms of their drivers: they can be structural, demand-side or regulatory. Structural issues emerge, for example, when large economies of scale and scope, strong network effects, high barriers to entry, and "winner-takes-most" dynamics contribute to increasingly concentrated markets. Serious demand-side issues have recently arisen with the increased digitalisation of markets such as the use of 'dark patterns' or tricks used in websites and apps that make consumers do things that

22 See OECD-GVH RCC, *Competition Policy in Eastern Europe and Central Asia, Focus on Bid Rigging in Public Procurement*, July 2021, <https://www.oecd.org/daf/competition/oecd-gvh-newsletter17-july2021-en.pdf>. See also the RCC training video "Bid rigging and competition policy explained in 7 minutes", <https://www.youtube.com/watch?v=JSPoHSqtVyY&list=PLYBGvyEYBNlq5nWCYUzri1-1XvMTNAf2N&index=5>

23 GVH, Flash Report on the Activities of the Hungarian Competition Authority in 2021, https://gvh.hu/pfile/file?path=/en/gvh/flash-reports/Flash-Report_2021.pdf2&inline=true.

they did not mean to do, resulting in harm. Regulatory competition issues materialize, for instance, when regulations do not keep the pace of changes in the market, or public-policy initiatives alter market dynamics.

Pros and cons of market studies

Market studies analyse whether there are competition problems in a sector instead of analysing the conduct of individual firms in that market. Therefore, these studies are holistic in nature and can cover a broader set of issues than can be done in competition enforcement. Moreover, competition enforcement tends to focus on the actual or potential harm caused by historical or on-going anticompetitive practices. Market studies contribute by providing the flexibility to be forward looking. Finally, market studies provide an opportunity for an authority to reduce uncertainties about how the authority will apply competition principles for new or fast changing business models and markets, or where there have been recent changes. This enables the authority to shape early on the development of business practices in new or changing markets in a way that is compatible with competition principles.

However, market studies also have downsides. First, recommended changes to legislation or regulation tend to be static in nature, and can take time to implement. At a time of rapid technological change, they may quickly become obsolete. In addition, in most jurisdictions, recommendations are not legally binding. Due process guarantees are lower than in competition enforcement and normally market studies do not undergo judicial review. Finally, market studies can be costly and time consuming. The OECD's Market Studies Guide and the ICN's Good Practice Handbook provide precious guidance on how to conduct effective market studies.

Market studies in Eastern Europe and Central Asia

The competition authorities of Eastern Europe and Central Asia attach great importance to a wise use of market studies.

The Competition Council of **Moldova** has developed and implemented a methodology for selecting those sectors that are of particular importance for the national economy and that show signs of a possible distortion of competition. The integrated risk indicator, calculated annually based on statistical information at an economic sectoral level, is based on the structure-conduct-performance model, according to which the competitive environment has a direct impact on market structure, which in turn influences the conduct of enterprises in the market and so affects the performance of the economic sector. One of the markets identified by the indicator was the retail market for phytosanitary

products and fertilisers. The market study, initiated in 2019, allowed the Competition Council to find signs of an anticompetitive agreement. As a result, an investigation was launched in 2020, which ended in March 2021 with the discovery of the largest cartel ever detected by the Competition Council.

In **Serbia**, the Commission for the Protection of Competition has prioritised markets that have recently been liberalised (such as those for petroleum products and rail-freight transport); markets where major structural changes have occurred (such as those for sugar and sugar-beet production and sale, wholesale of mineral fertilisers, and food retail), and markets that have developed rapidly (such as software and IT equipment).

The **Albanian** Competition Authority launched a landmark sector enquiry in the hospital services market in 2018. It found high barriers that restrict the entry of potential competitors in the market, including: legal barriers, rules, licences, and specific criteria; economic barriers of structural nature; strategic barriers related to governance policies.

In **Bulgaria**, the Commission for Protection of Competition began a sectoral inquiry of the competitive environment of the wholesale electricity market at freely negotiated prices in 2020. The Commission proposed a number of measures aimed to: ensure a predictable and stable regulatory framework, achieve complete liberalisation of the electricity market, ensure active and effective ex ante control over the activity of the electricity exchange operator and foster active control of the wholesale trade.

In 2019 and 2020, the Antimonopoly Committee of **Ukraine** conducted a study of the banking-services market that aimed to detect any violations of the principle of competitive neutrality through the adoption of legislative and regulatory acts that give public-sector banks exclusive rights to provide banking services in certain segments of the banking market. The Committee found that only public-sector banks are allowed to provide banking services in certain market segments, with entry barriers for privately held banks. In addition, it was established that the vesting of exclusive rights to service a particular segment of the banking services market may also apply to only a specific bank among public-sector banks. Therefore, the Antimonopoly Committee sent a set of proposals to the Cabinet of Ministers of Ukraine.

In 2021, the State Service for Antimonopoly and Consumer Market Control of **Azerbaijan** initiated a case against a cement producer, which was useful for a market studies. The results of the analysis revealed an oligopolistic market structure, and the existence of a dominant position and complicated distribution channels, which together had led to price increases.

In Hungary, the competition authority GVH initiated its first market study in 2001 and has since concluded three market analyses and eight sectoral inquiries. It is currently working on two market studies: a market analysis of the e-commerce sector, and a sectoral inquiry into the hospitality industry’s beverage-distribution sector. One accelerated sectoral inquiry was also recently carried out, which related to disturbances in the construction industry due to the COVID-19 outbreak. In some cases, the findings of a sectoral inquiry have led to the initiation of a formal antitrust investigation. For example, the initiation of and reasoning in the decision of an abuse of dominance case in the banking sector relied heavily on the knowledge gathered in a 2009 GVH sectoral inquiry on customer mobility in retail banking in Hungary²⁴.

Abuse of dominance in digital markets

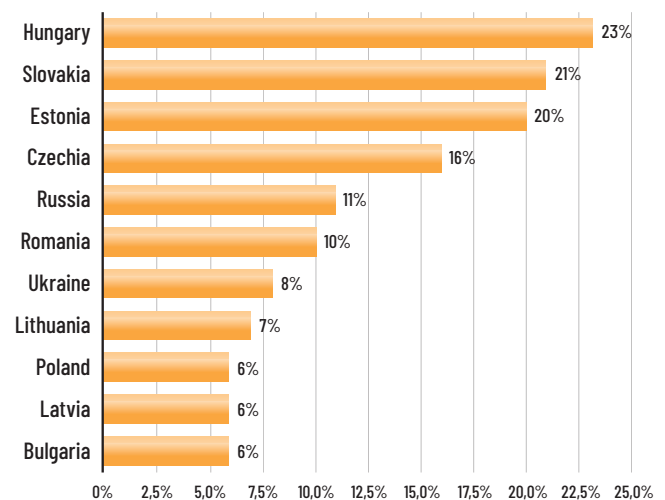
The growth of E-commerce

The Covid-19 crisis has boosted E-commerce all over the world. In the EU Members, online retail sales in April 2020 increased by 30% compared to April 2019, while total retail sales diminished by 17.9%. In the United States, the share of e-commerce in total retail spiked to 16.1% between the first and second quarter of 2020 after slowly increasing between the first quarter of 2018 and the first quarter of 2020 (from 9.6% to 11.8%)²⁵.

In Eastern Europe and Central Asia, these developments impacted economies that have been slowly but steadily turning to online purchases. Although Western Europe is still the most developed E-commerce market in Europe (it accounted for 70% of the total E-commerce value in Europe in January 2020), the biggest growth in 2019 occurred in the eastern part of Europe, where Romania and Bulgaria recorded an increase of 30%²⁶.

As of 2021, Hungary was the country with the highest share of e-commerce in retail in Central and Eastern Europe, measured at 23%. Slovakia followed it with a 21% share. Poland, Latvia and Bulgaria had one of the lowest figures in the region, as e-commerce represented only 6% of total retail in these countries (see Figure).

Figure. E-commerce share in total retail in CEE region 2021, by country, 2021



Statista 2021 (<https://www.statista.com/statistics/1167300/e-commerce-share-in-cee-by-country/>)

Specific challenges for digital markets

Many digital markets exhibit characteristics that result in high market shares for a small number of firms, namely low variable costs, high fixed costs and strong network effects. In some cases, this can even lead to “competition for the market” dynamics, in which a single firm captures the vast majority of sales. Therefore, the state of competition in digital markets has become a major concern for policymakers, the media, and, increasingly, the general public.

One tool in a competition authority’s toolbox is an abuse of dominance, or monopolisation, investigation. It focuses on situations in which a dominant firm uses its position to exclude rivals, raise rivals’ costs or (in some jurisdictions) impose unfair terms on consumers. These investigations should be approached with caution – they can be lengthy and resource-intensive. In addition, they focus on conduct that might be procompetitive or anticompetitive, depending on the situation. Thus, authorities must carefully balance the risks of over- and under-enforcement.

Despite these challenges, more authorities are opening or considering abuse of dominance investigations in digital markets, for several reasons. First, dominance may be a relatively common feature of digital markets. Second, some strategies and digital product features could make anticompetitive conduct more attractive

24 See OECD-GVH RCC, *Competition Policy in Eastern Europe and Central Asia, Focus on Market Studies*, January 2022, <https://www.oecd.org/daf/competition/oecd-gvh-newsletter18-january2022-en.pdf>. See also the RCC training video “Effective market studies on competition issues explained in 7 minutes”, <https://www.youtube.com/watch?v=01mgPv42cP8&list=PLYBGvyEYBNlq5nWCYUzri1-1XvMTNAf2N&index=2>

25 OECD, E-commerce in the times of COVID-19, 7 October 2020, <http://www.oecd.org/coronavirus/policy-responses/e-commerce-in-the-time-of-covid-19-3a2b78e8/#back-endnotea0z3>

26 Ecommerce News, *Ecommerce in Europe: €717 billion in 2020*, July 9, 2020, <https://ecommercenews.eu/e-commerce-in-europe-e717-billion-in-2020/>

and impactful. Third, the growing importance of digital markets to the economy could justify greater prioritisation of enforcement in these markets.

The notion of abuse of dominance refers to a wide range of conduct, which is expanding as new theories are being identified with respect to digital markets. The assessment of strategies carried out by dominant players should be effects-based and is complex because strategies could generate efficiencies for consumers and be beneficial overall rather than breach competition rules. Below a list of most recurrent alleged abusive practices in the digital realm.

- Refusals to deal arise when a vertically-integrated firm denies rivals access to an important input. These cases generally involve an indispensable input that can be feasibly provided to the rivals in question. In certain digital cases, data or access to a specific platform may be an indispensable input.
- Predatory pricing generally involves a firm cutting prices in order to force rivals out of a market, at which point prices can then be increased. In digital markets, these strategies may be particularly effective, since they can deny rivals sufficient network effects and scale in order to compete.
- Margin squeeze involves a vertically-integrated dominant firm attempting to narrow the margins of its rivals, thus making it more difficult for them to compete. These theories of harm may arise with regard to vertically-integrated digital platform markets. If a firm offers its downstream rivals worse terms, for example when a digital platform engages in “self-preferencing,” some jurisdictions may determine that a “discriminatory” margin squeeze has occurred.
- Exclusive dealing clauses and loyalty rebates can also be a mechanism to exclude rivals from a market or raise their costs. In digital markets, these strategies may also be used to deny rivals network effects and access to a customer base.
- Tying and bundling strategies consist of selling products together, either by refusing to sell the products individually or by offering a discount for a bundle purchase. These strategies can be beneficial for consumers, but in some cases, may be used to leverage market power in one market to exclude competitors in another. Dominant digital firms may use technical means to tie or bundle products together, such as limited compatibility or default settings.

- Exploitative abuses involve the use of a dominant position to impose unfair prices or conditions on consumers. In digital markets, determining what constitutes unfair terms can be particularly challenging, notably when services are provided for free due to cross-subsidisation business models.

Addressing digital abuses in Eastern Europe

Some competition authorities in Eastern Europe have played their part in this field. The Polish authority UOKiK opened formal proceedings in December 2019 against Allegro, the largest E-commerce platform in **Poland**. Notably, Allegro claims to have 20 million customers (unique visitors) visiting the platform each month, being equivalent to 80% of all Internet users in Poland. It debuted on Warsaw Stock Exchange in October 2020 and immediately became the largest company ever listed in Poland. The UOKiK alleged that Allegro abused its role as e-commerce platform by granting favourable treatment to its own online store, e.g. by prioritising its products in search results. In **Serbia**, in January 2020 the Commission for the Protection of Competition found that the two major online operators offering cross-border money transfer services collectively abused their joint dominant position by imposing restrictive agreements on commercial banks in the country. The FAS **Russia** has investigated several alleged abuses of dominant position by digital operators over the last five years, including Google, Apple, Microsoft, Booking, as well as digital taxi and job search platforms. We can expect that these initiatives will inspire other competition authorities in Eastern Europe and Central Asia, which may become more active in addressing digital abuse of dominance cases. In doing so, they could benefit from a clear grounding in economic theories of harm, and caution with respect to enforcement errors that could harm consumers rather than benefit them. In December 2020, the Romanian Competition Council fined on firm which manages an online marketplace in **Romania** for abusing its dominant position. The Council found that the company used algorithms to prioritise its own products to the detriment of competing products offered on the platform. In addition to the fine, the Council imposed a series of measures on the firm, such as informing its customers about the use of algorithms, ensuring non-discriminatory access to aggregated data collected on the platform and implementing good practices in managing the relationship with the platform’s participants²⁷.

27 See OECD-GVH RCC, *Competition Policy in Eastern Europe and Central Asia, Focus on Abuse of Dominance in Digital Markets*, March 2021, <https://www.oecd.org/daf/competition/oecd-gvh-newsletter16-mar2021-en.pdf>. See also the RCC training video “Abuse of Dominance explained in 7 minutes”, <https://www.youtube.com/watch?v=9IX6zAXVgcI&list=PLyBGvyEYBNlq5nWCYUzri1-1XvMTNAf2N&index=1>

Conclusions

The end of the war is undisputedly the first priority to put an end to the current humanitarian and social shock. Thereafter, appropriate policies will be necessary to support the most vulnerable sections of the population and foster a quick and inclusive economic recovery. Competition authorities should actively participate in this process and provide their technical support.

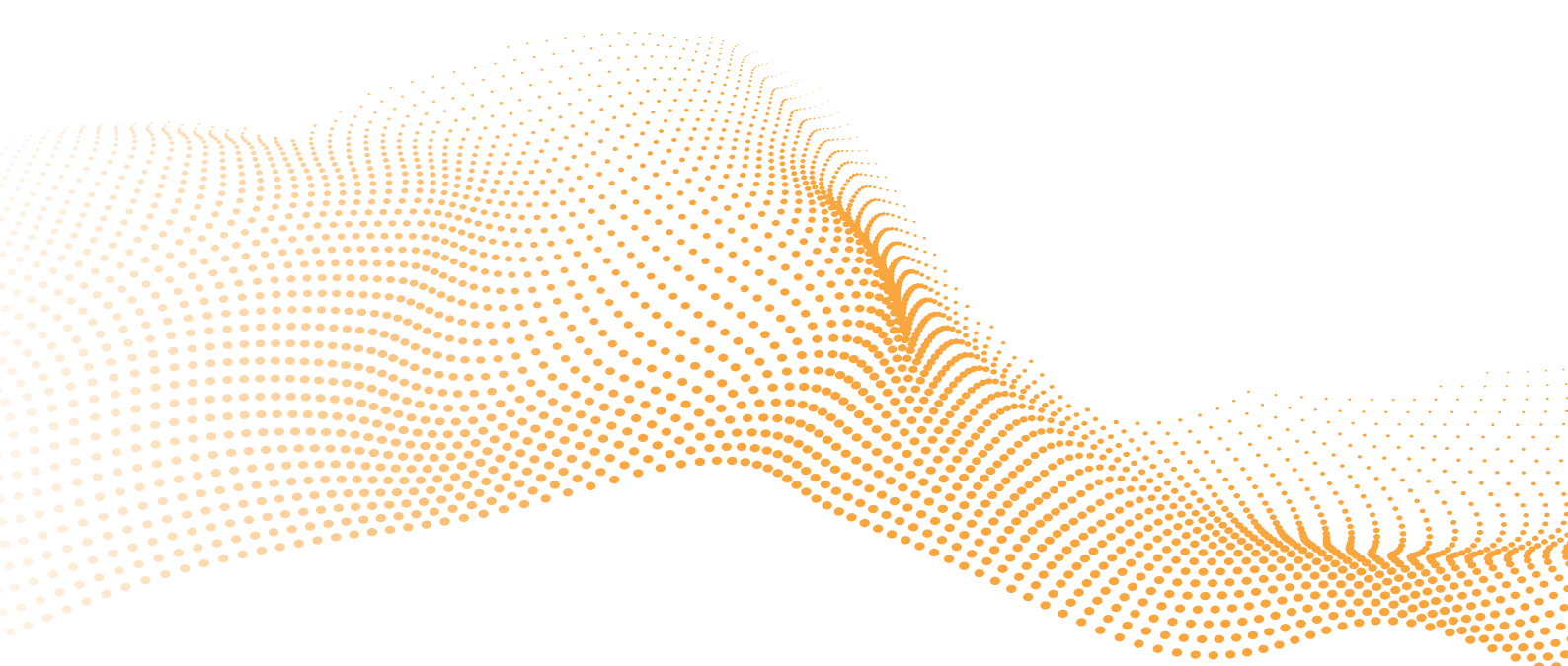
Robust public procurement will likely be necessary to provide citizens with many essential services, especially in Eastern Europe and Central Asia. Competitive procedures are the most effective way to identify the best suppliers and obtain fair and reasonable prices, while fighting corruption. Competition authorities will need to intensify their efforts to deter and detect bid rigging by a combination of enforcement and advocacy initiatives.

At the same time, market studies can play a key preventive role in identifying and diagnosing emerging competition issues, by exploring the different drivers and clarifying the options available to tackle them

from the perspectives of competition policy, competition enforcement, regulation, or other policy solutions, with a view to better delivering benefits to society in a changing world.

Furthermore, competition authorities in Eastern Europe and Central Asia may, like many other authorities around the world, be faced with potentially anticompetitive conduct by dominant digital firms. In seeking to address these concerns, authorities face the challenge of avoiding arbitrary or erroneous decisions that may either fail to address anticompetitive harm, or even harm consumers through over-enforcement.

To better surmount these challenges and be influential actors in the domestic economic debate, competition authority of Eastern Europe and Central Asia can rely on the experience gathered by more advanced competition authorities worldwide, and on the guidance provided by international organizations like the OECD. These considerations seem to militate in favour of the value of the contribution offered by the OECD-GVH Regional Centre for Competition.





II. OVERVIEW OF THE ACTIVITIES FOR THE YEAR 2021

The RCC organised six events in 2021. Seminars focused on core competences of competition authorities and on best practices in the area of competition policy. In addition to its core seminars, the RCC organised

a virtual outside seminar in cooperation with Moldova, a training for the staff of the GVH and a special seminar organised jointly with the FAS Russia.

Table №1: Total number of speakers per country or institution

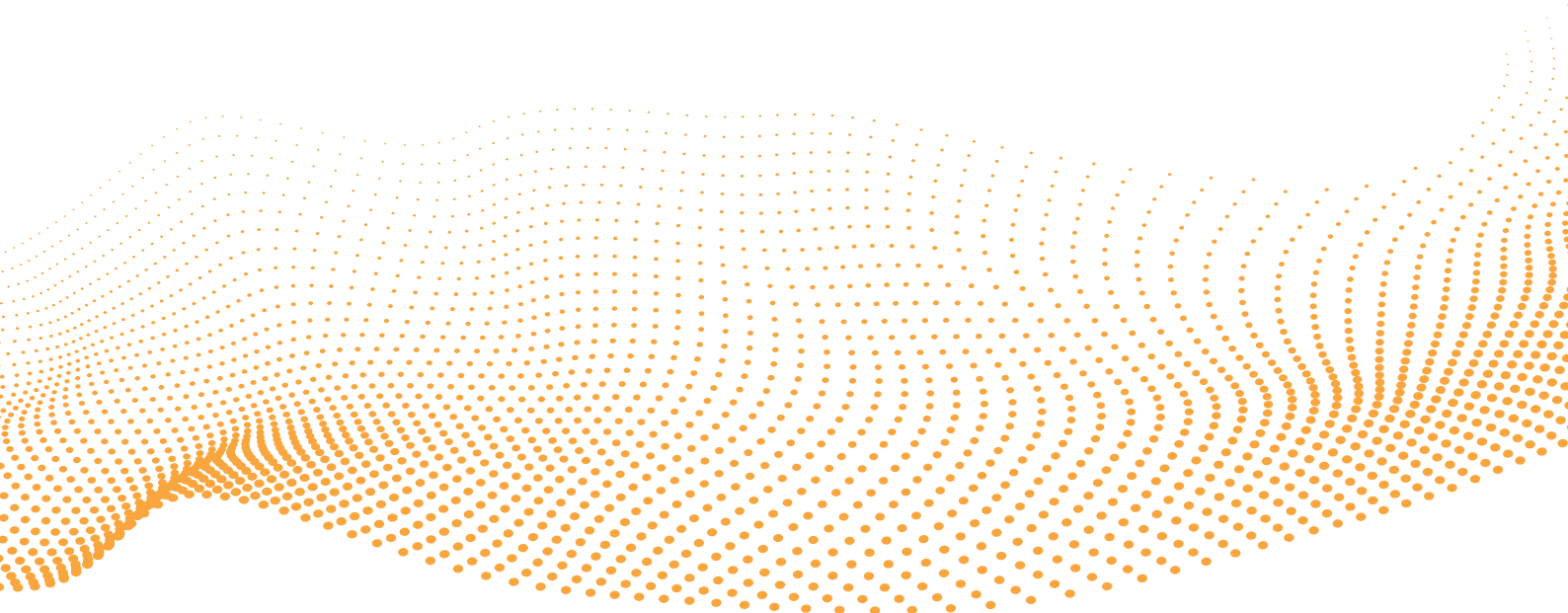
Speakers Country or institution	Number	Person-days
Canada	1	2
European Commission	3	6
France	2	4
Germany	1	2
Greece	2	6
Hong Kong	1	2
Hungary	8	20
Israel	1	2
Italy	1	2
Mexico	1	2
OECD	6	14
Portugal	2	4
Romania	1	3
Russia	2	4
Spain	1	2
Sweden	1	3

Speakers Country or institution	Number	Person-days
the Netherlands	2	4
Ukraine	1	3
United Kingdom	3	6
United States	3	6
WilmerHale	1	2
WIPO	1	2
Aggregate	45	101

Altogether, over the course of the year, the RCC invited 394 participants and 45 speakers to its events. All in all, participants from 25 economies and institutions attended the RCC's programmes, coming from Albania, Armenia, Azerbaijan, Belarus, Bosnia and Herzegovina, Bulgaria, Croatia, Eurasian Economic Commission, Georgia, Hong Kong, Hungary, Hungarian Public Procurement Authority, Kazakhstan, Kosovo, Kyrgyzstan, Moldova, Montenegro, North Macedonia, OECD, Romania, Russian Federation, Serbia, Spain, Ukraine and Uzbekistan. At the same time, experts from 22 countries and institutions attended as panel members: Canada, European Commission, France, Germany, Greece, Hong Kong, Hungary, Israel, Italy, Mexico,

OECD, Portugal, Romania, Russia, Spain, Sweden, the Netherlands, Ukraine, United Kingdom, United States, WilmerHale, and WIPO.

Due to travel restrictions imposed by the Covid-19 pandemic, the RCC was unable to hold in-person seminars and welcome its beneficiary agencies to Budapest. However, it did manage to adapt to this challenge and held the seminars in the virtual format. This solution, which also implied reshaping the usual structure of the events to align it with the new modality, was highly appreciated by the participants. Furthermore, it is worth noting that the virtual format of the events allowed for the participation of a much wider audience than would have been possible for a real-life event.





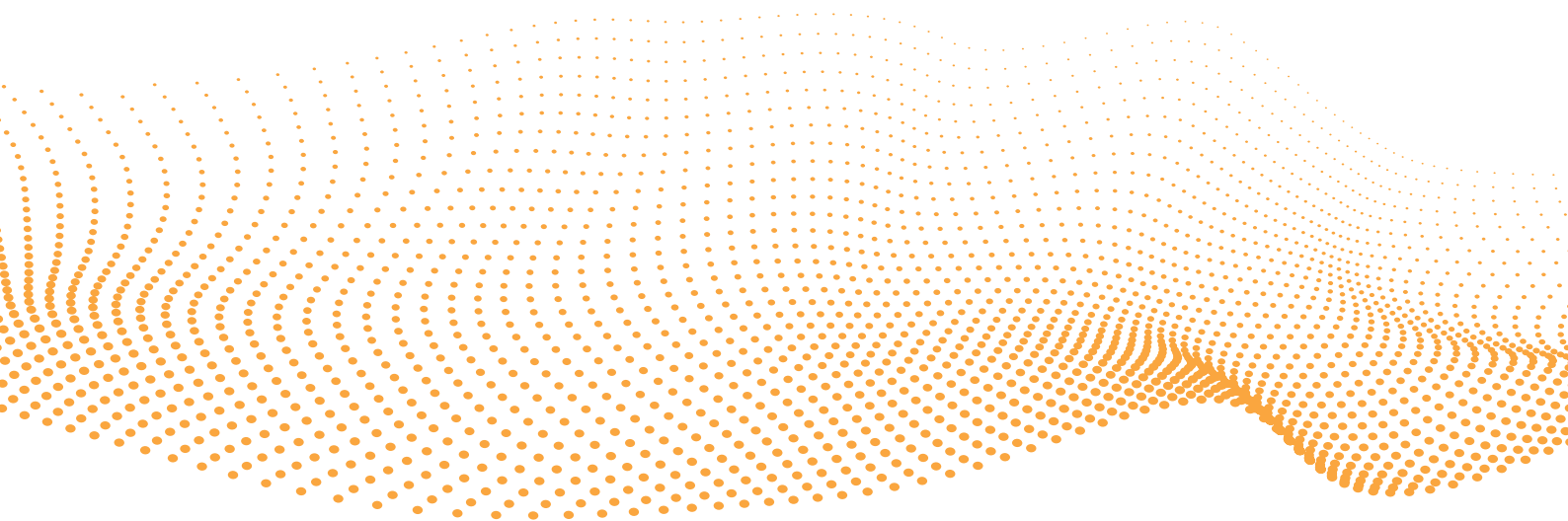
III. DETAILED REVIEW OF THE ACTIVITIES IN THE YEAR 2021

Table №2 provides a brief overview of the topics of the seminars held in 2021 as well as the participating economies and institutions.

Table №2: Summary of activities in 2021

Event Topic	Date	Total Number of Participants and Speakers	Attending Economies/Institutions
Virtual Seminar on Tackling Bid Rigging in Public Procurement	2-4 March	89+10	Participants: Albania, Armenia, Belarus, Bosnia and Herzegovina, Bulgaria, Croatia, Eurasian Economic Commission, Georgia, Hungarian Public Procurement Authority, Kazakhstan, Kosovo, Kyrgyzstan, Moldova, Montenegro, North Macedonia, OECD, Romania, Russian Federation, Serbia and Ukraine Speakers: Greece, Hungary, Israel, OECD, Romania, Sweden and Ukraine
Virtual Seminar on Market Studies: A Key Driver for Competition Advocacy and Enforcement	18-19 May	63+9	Participants: Albania, Armenia, Belarus, Bosnia and Herzegovina, Croatia, Eurasian Economic Commission, Georgia, Hong Kong, Kazakhstan, Kosovo, Kyrgyzstan, Moldova, Montenegro, North Macedonia, OECD, Romania, Russian Federation, Serbia, Spain and Ukraine Speakers: Hong Kong, Hungary, OECD, Spain, the Netherlands, United Kingdom
Virtual Seminar on the Assessment of Abusive Conduct by Dominant Players – Focus on Digital Markets	21-22 September	69+7	Participants: Albania, Armenia, Azerbaijan, Belarus, Bosnia and Herzegovina, Bulgaria, Croatia, Eurasian Economic Commission, Hungary, Kazakhstan, Kosovo, Kyrgyzstan, Moldova, Montenegro, North Macedonia, OECD, Romania, Russian Federation and Uzbekistan Speakers: European Commission, France, Germany, Hungary and OECD
Virtual GVH Staff Training on Competition Policy and Consumer Protection in the Digital Era: Adjustment or Reform?	3-4 November	73+6	Participants: Hungary Speakers: United States, European Commission, Hungary, Mexico, United Kingdom and WilmerHale

Event Topic	Date	Total Number of Participants and Speakers	Attending Economies/Institutions
Virtual RCC-FAS Russia Seminar on Competition Policy and Intellectual Property Rights	15-16 November	53+6	Participants: Albania, Armenia, Azerbaijan, Belarus, Bulgaria, Croatia, Eurasian Economic Commission, Kazakhstan, Kosovo, Kyrgyzstan, Moldova, Montenegro, North Macedonia, Romania, Russian Federation and Serbia Speakers: Canada, Italy, OECD, Russian Federation and WIPO
Virtual Seminar on Carrying Out Effective Antitrust Investigations	9-10 December	47+7	Participants: Albania, Armenia, Azerbaijan, Belarus, Bosnia and Herzegovina, Bulgaria, Croatia, Eurasian Economic Commission, Georgia, Hungary, Kazakhstan, Kosovo, Kyrgyzstan, Moldova, Montenegro, North Macedonia, OECD, Romania, Russian Federation, Serbia and Ukraine Speakers: Hungary, OECD, Portugal, United States





IV. STANDARD PROGRAMMES IN THE FRAMEWORK OF THE CORE ACTIVITY

Virtual Seminar on Tackling Bid Rigging in Public Procurement, 2-4 March 2021

Topic

The RCC held the virtual seminar “Tackling Bid Rigging in Public Procurement”. During this three-day event, expert competition officials illustrated enforcement and advocacy actions conducted in their jurisdictions against bid rigging. Participants had the chance to expand their knowledge on practical tools and tips for an

effective investigation, including the OECD Guidelines for Fighting Bid Rigging in Public Procurement, through the careful examination of best practices. They also gained new perspectives on how to improve cooperation between competition authorities and public procurement bodies.



Renato Ferrandi,
OECD



Despina Pachnou,
OECD



Kelly Benetatou,
Greece



Lefkothea Nteka,
Greece



Haim Arbiv,
Israel



Attila Karsay,
Hungary



Oana Neg,
Romania



Sabine Zigelski,
OECD



Olga Nechytailo,
Ukraine



Victoria von Uexküll,
Sweden

Agenda

Bid rigging: a key field for competition enforcement and advocacy

Ms Despina Pachnou, OECD and Mr Renato Ferrandi, OECD

Successful examples of bid rigging investigations

Ms Kelly Benetatou and Ms Lefkothea Nteka, Greece; Mr Haim Arbiv, Israel

Simulation: inside a bid rigging investigation

The key ingredients of an effective investigation: planning, evidence gathering, assessment and fines

Ms Kelly Benetatou and Ms Lefkothea Nteka, Greece; Mr Haim Arbiv, Israel; Despina Pachnou, OECD

Fostering bid rigging prevention and detection

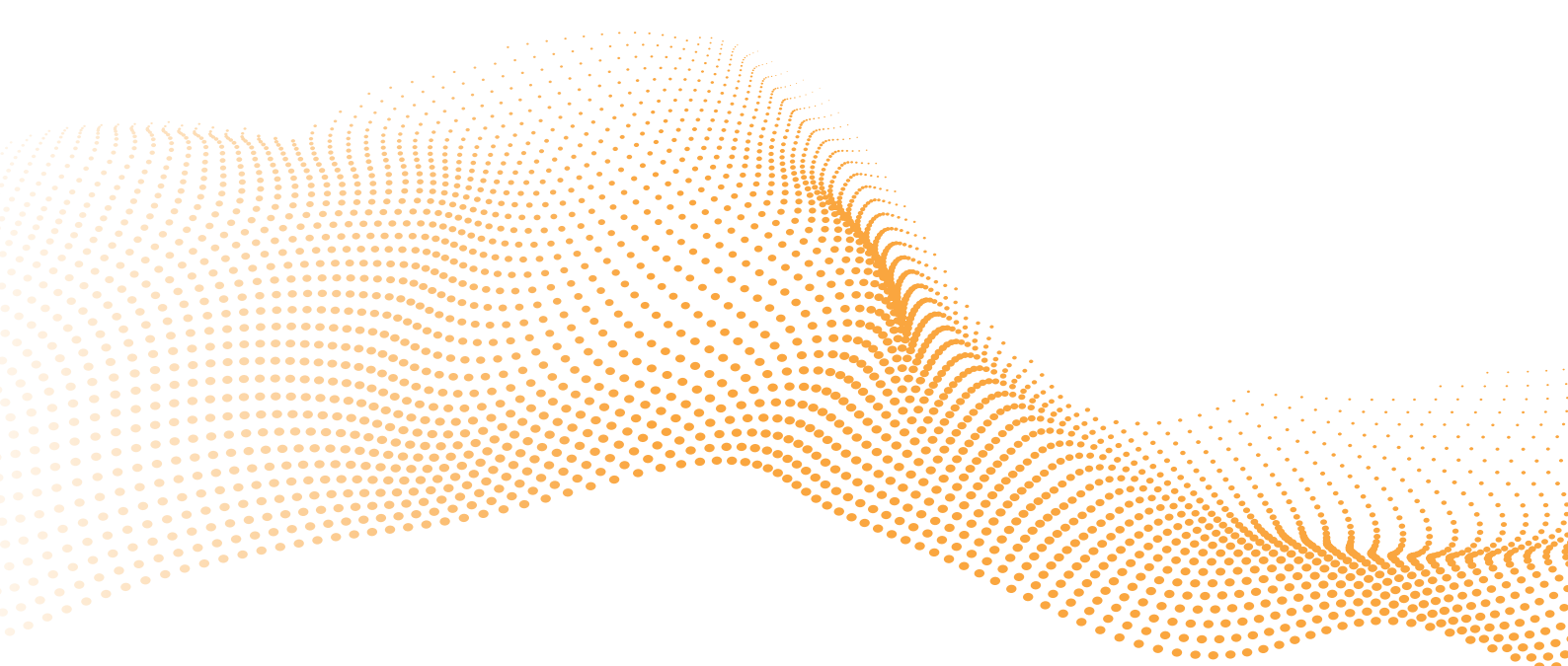
Ms Despina Pachnou, OECD and Mr Renato Ferrandi, OECD

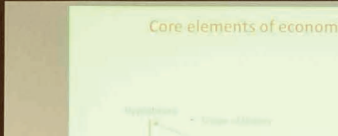
Effective cooperation with public procurement bodies and authorities

Ms Victoria von Uexküll, Sweden and Mr Attila Karsay, Hungary

Opportunities for Eastern Europe and Central Asia

Ms Oana Neg, Romania, Ms Sabine Zigelski, OECD and Ms Olga Nechytailo, Ukraine





Virtual Seminar on Market Studies: A Key Driver for Competition Advocacy and Enforcement, 18-19 May 2021

Topic

The RCC held the virtual seminar “Market Studies: A Key Driver for Competition Advocacy and Enforcement”. The seminar enabled competition experts from several jurisdictions to clarify the objectives of market studies and highlight their key role in supporting advocacy

efforts and fostering more informed enforcement decisions. The OECD experts Patricia Bascunana and Renato Ferrandi also illustrated the crucial steps to follow and the pitfalls to avoid in order to ensure successful market studies.



Renato Ferrandi,
OECD



Patricia Bascunana,
OECD



**Femke Nagelhoud-de
Jong,**
the Netherlands



Samira Rharissi,
the Netherlands



Borbála Szathmáry,
United Kingdom



Adrian Leigh,
United Kingdom



Mariann Leskó,
Hungary



Lara Tobías Peña,
Spain



Matthew Wong,
*Hong Kong; on behalf of the
ICN AWG co-Chairs*

Agenda

Using Market Studies to Tackle Emerging Competition Issues

Ms Patricia Bascunana and Mr Renato Ferrandi, OECD

The Dutch experience with market studies: objectives, risks and opportunities

A case study into mobile appstores

Ms Femke Nagelhoud-de Jong and Ms Samira Rharissi, the Netherlands

Market studies can enhance and support competition enforcement

Ms Borbála Szathmáry and Mr Adrian Leigh, United Kingdom

Market studies can strengthen competition advocacy initiatives

Ms Mariann Leskó, Hungary

The Spanish experience on Market study: practical tips

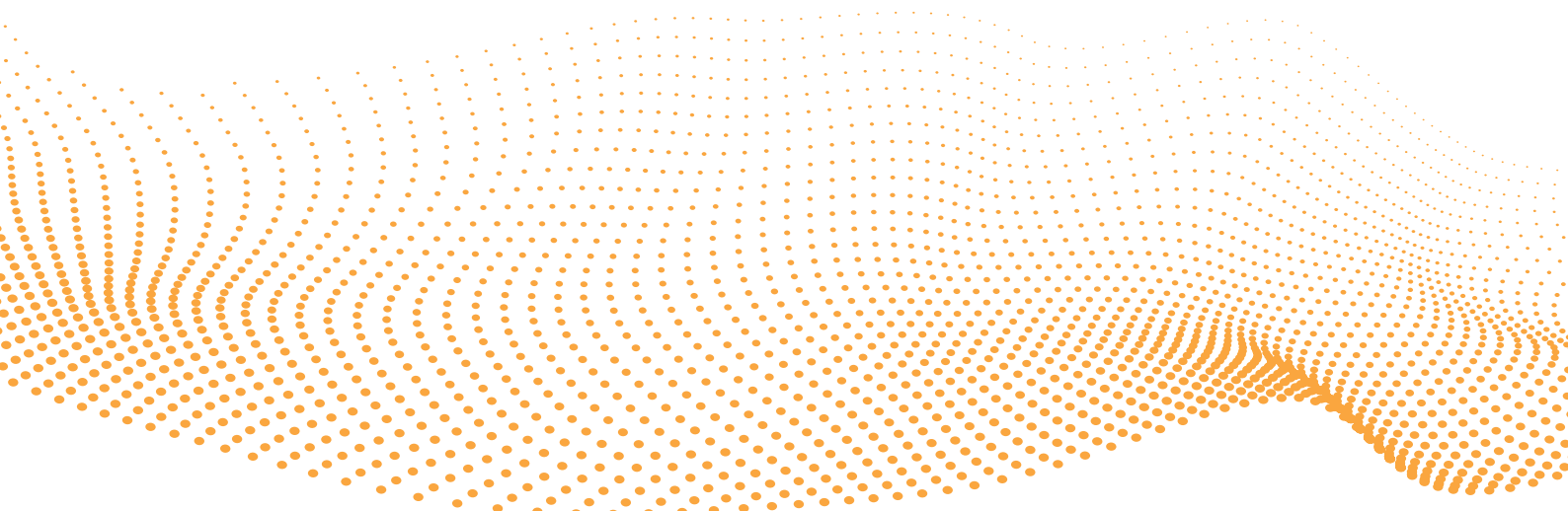
Ms Lara Tobías Peña, Spain

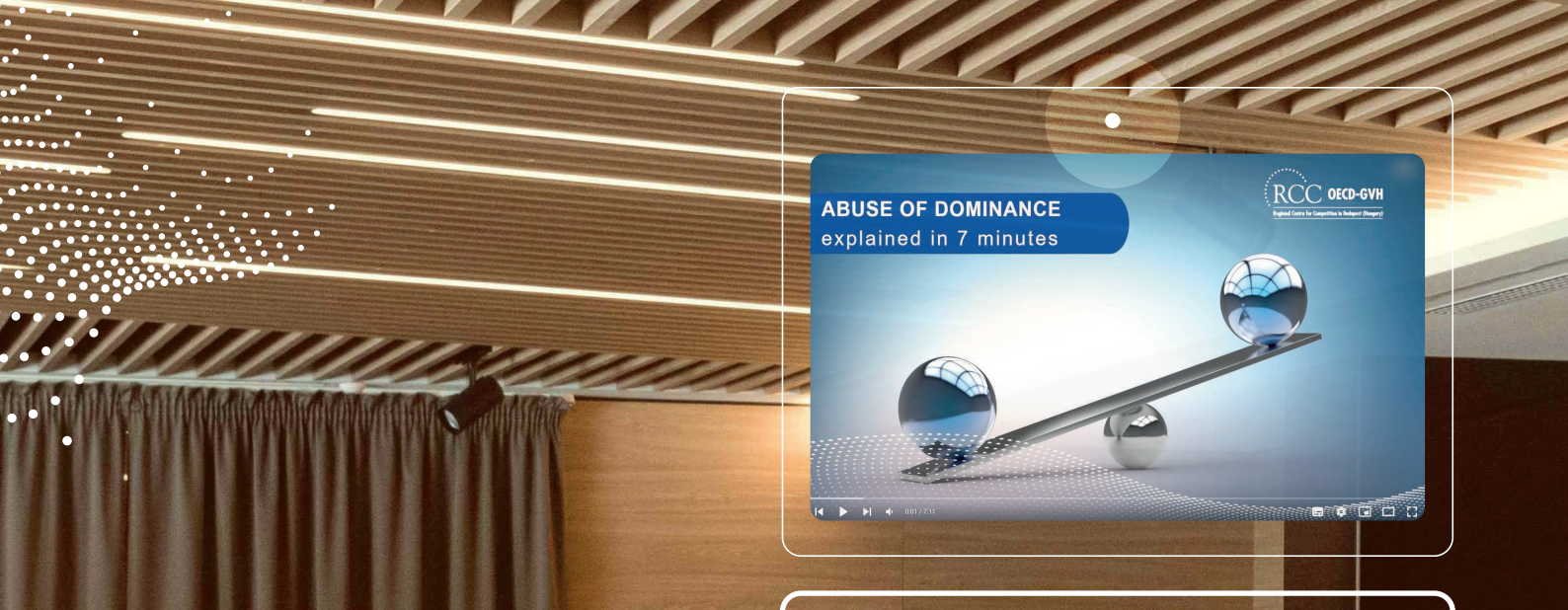
The ICN Work Products on Market Studies

Mr Matthew Wong, Hong Kong, on behalf of the ICN AWG co-Chairs

Managing the process: how to plan and conduct effective market studies

Ms Patricia Bascunana and Mr Renato Ferrandi, OECD





Virtual Seminar on The Assessment of Abusive Conduct by Dominant Players – Focus on Digital Markets, 21-22 September 2021

Topic

The RCC held the virtual seminar “The Assessment of Abusive Conduct by Dominant Players – Focus on Digital Markets”. Cases of abuse of dominance are becoming increasingly complex for competition authorities. Building on the best international practices, this seminar went through the steps that lead to a careful and informed assessment, starting from market definition and the identification of market power. Experts from

the EC Legal Service, the German and French competition authorities, as well as James Mancini and Renato Ferrandi from the OECD shared methods and tools that competition authorities may deploy to evaluate the effects of the conduct on competition and on consumers, in order to distinguish unlawful practices from legitimate competitive initiatives.



Renato Ferrandi,
OECD



James Mancini,
OECD



Roland Schwensfeier,
Germany



Grégoire Colmet Daâge,
France



Damien Seux,
France



Manuel Kellerbauer,
*Members of the Legal
Service, EC*



Gero Meeßen,
*Members of the Legal
Service, EC*

Agenda

Key concepts in abuse of dominance cases

Mr James Mancini and Mr Renato Ferrandi, OECD

General principles through concrete examples: the experience of the German Competition Authority

Mr Roland Schwensfeier, Germany

Addressing abuse of dominance in digital markets: lessons learned in France

Mr Grégoire Colmet Daâge and Mr Damien Seux, France

The EU case law of abusive conduct

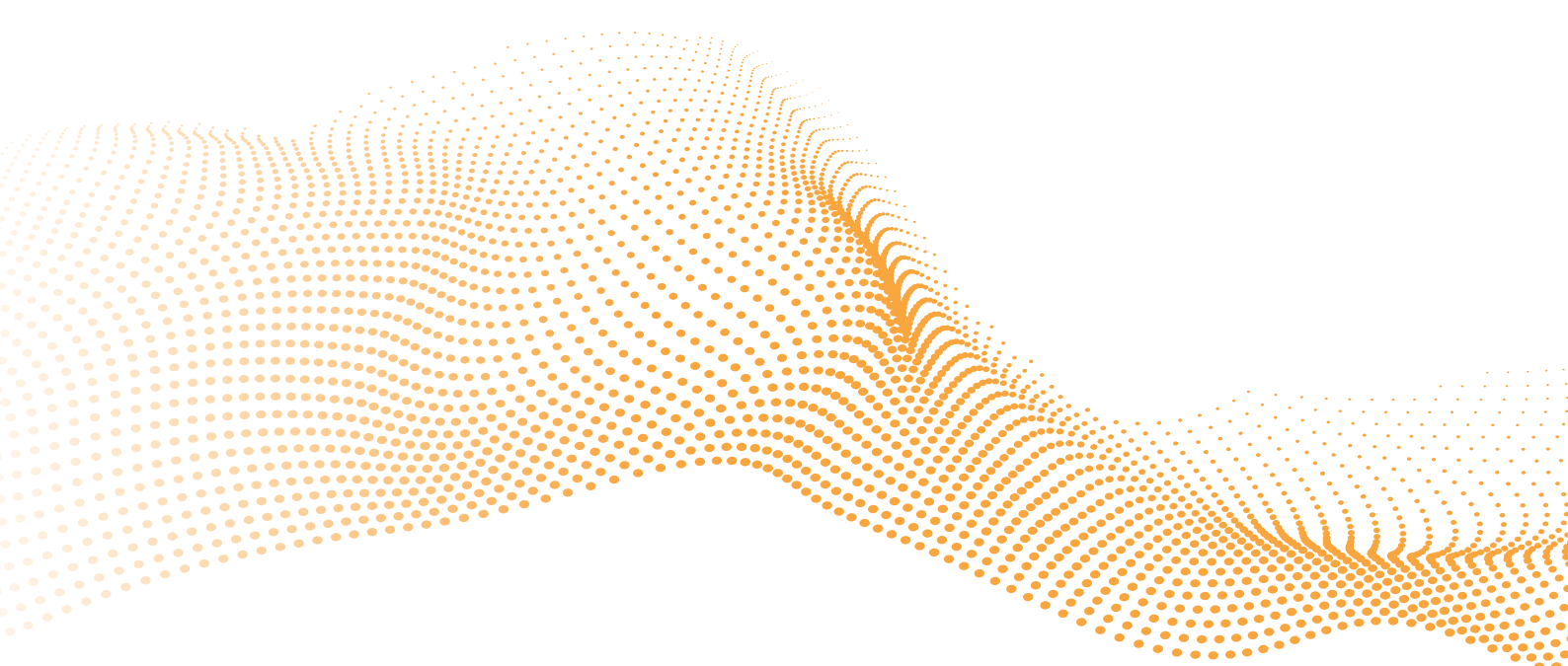
Mr Manuel Kellerbauer and Mr Gero Meeßen, Members of the Legal Service, EC

Addressing abuse of dominance in digital markets

Mr James Mancini, OECD

Abuse of dominance from A to Z: hints to plan and conduct effective cases

Mr Renato Ferrandi, OECD





Virtual Seminar for the GVH Staff on Competition Policy and Consumer Protection in the Digital Era: Adjustment or Reform?, 3-4 November 2021

Topic

Competition in major digital markets is different in some ways from competition in more traditional markets. This sector often includes platform-based business models, multi-sided markets, network effects and economies of scale, which render competition issues more complex and often interrelated with consumer protection. Moreover, digital markets are characterised by high rates of investment and innovation, which lead to rapid technological progress in the sector, and to increased disruptive innovation. This seminar, specifically targeted to the

Staff of the Hungarian Competition Authority explored a number of issues that can be traced back to digitalisation: competition policy challenges, the increased role of data, additional criteria for assessing vertical restraints, competition advocacy in digital markets and the relationship between consumers and online platforms. Particular attention was devoted to the recent evolution of the EU case law. The Keynote Speech was addressed by Prof William Kovacic.



Renato Ferrandi,
OECD



Professor William Kovacic,
George Washington University, US



Kassiani Christodoulou,
DG COMP, European Commission



John Ratliff,
WilmerHale, Brussels



José Eduardo Mendoza Contreras,
Mexico



Andrew Hadley,
United Kingdom

Agenda

Introduction: are we really seeing what is happening?

Mr Renato Ferrandi, OECD

KEYNOTE SPEECH: New challenges to competition enforcement stemming from the digitalisation of the economy

Professor William Kovacic, George Washington University, US

The review of the EU Vertical Block Exemption Regulation and Vertical Guidelines: genesis, process and state of play

Ms Kassiani Christodoulou, DG COMP, European Commission

Workshop on Consumer Protection

Experience sharing between the GVH Consumer Protection Section and consumer protection experts from the CMA, United Kingdom

Major Recent Developments in EU Competition law

Mr John Ratliff, WilmerHale, Brussels

Competition in digital markets: the perspective of another competition authority

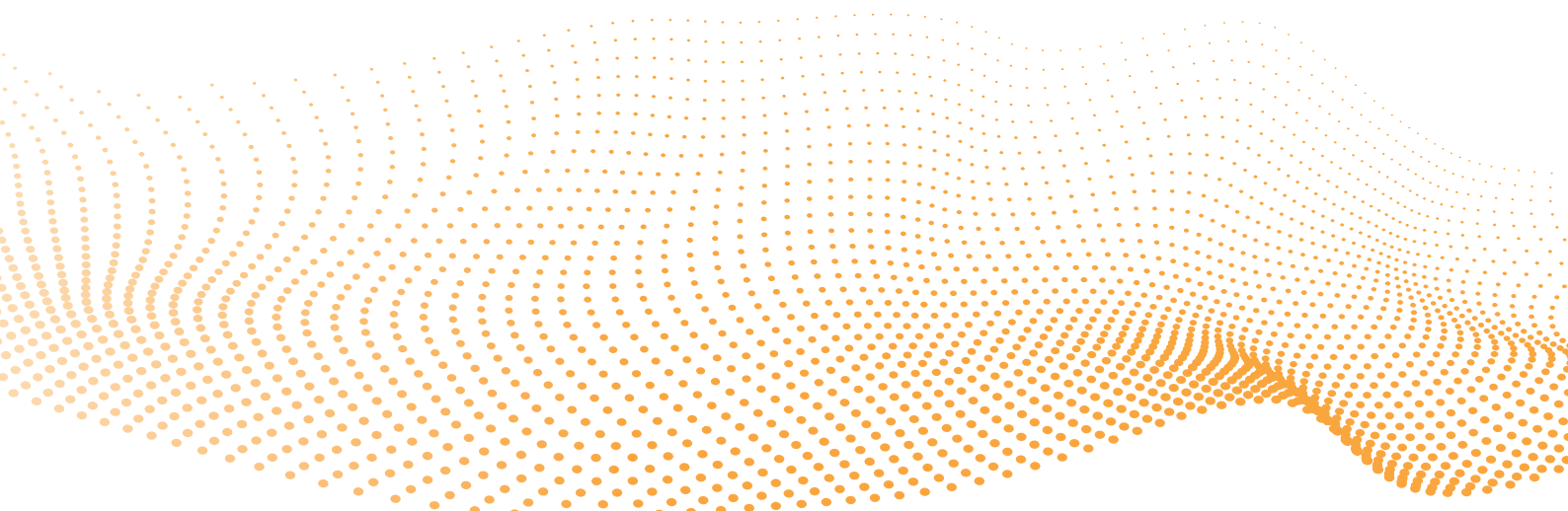
Mr José Eduardo Mendoza Contreras, Mexico

Consumer protection online

Mr Andrew Hadley, United Kingdom

Final remarks

Mr Renato Ferrandi, OECD





Virtual RCC-FAS Russia Joint Seminar on Competition Policy and Intellectual Property Rights, 15-16 November 2021

Topic

The RCC held the virtual seminar “Competition Policy and Intellectual Property Rights”. IP rights, which create limited exclusive rights that protect investments in research and some creative activities, have taken on an increasingly prominent and extensive role in economic activity – and in competition as well. As the economy digitalises and the importance of intangible assets in the overall economy increases, the relevance of the interaction between competition and IP law has grown. Experts

from the Canadian and the Italian competition authorities, as well as Mr Giovanni Napolitano from WIPO and Mr Pedro Caro de Sousa and Mr Renato Ferrandi from the OECD, discussed in what circumstances IP rights can give rise to competition concerns and how competition authorities can address these concerns without undermining firms’ incentives to invest and innovate.



Renato Ferrandi,
OECD



Pedro Caro de Sousa,
OECD



Giovanni Napolitano,
WIPO



Andrea Minuto Rizzo,
Italy



Alan Gunderson,
Canada



Artem Molchanov,
FAS Russia

Agenda

The interface between IP rights and competition: key policy and enforcement issues

Mr Pedro Caro de Sousa and Mr Renato Ferrandi, OECD

Online platforms and IP rights: new challenges for competition policy

Mr Giovanni Napolitano, WIPO

Antitrust cases involving IP issues: specific elements to be considered

Mr Andrea Minuto Rizzo, Italy

Providing enforcement guidelines: the example of the Intellectual Property Enforcement Guidelines in Canada

Mr Alan Gunderson, Canada

Balance between competition interests and intellectual property

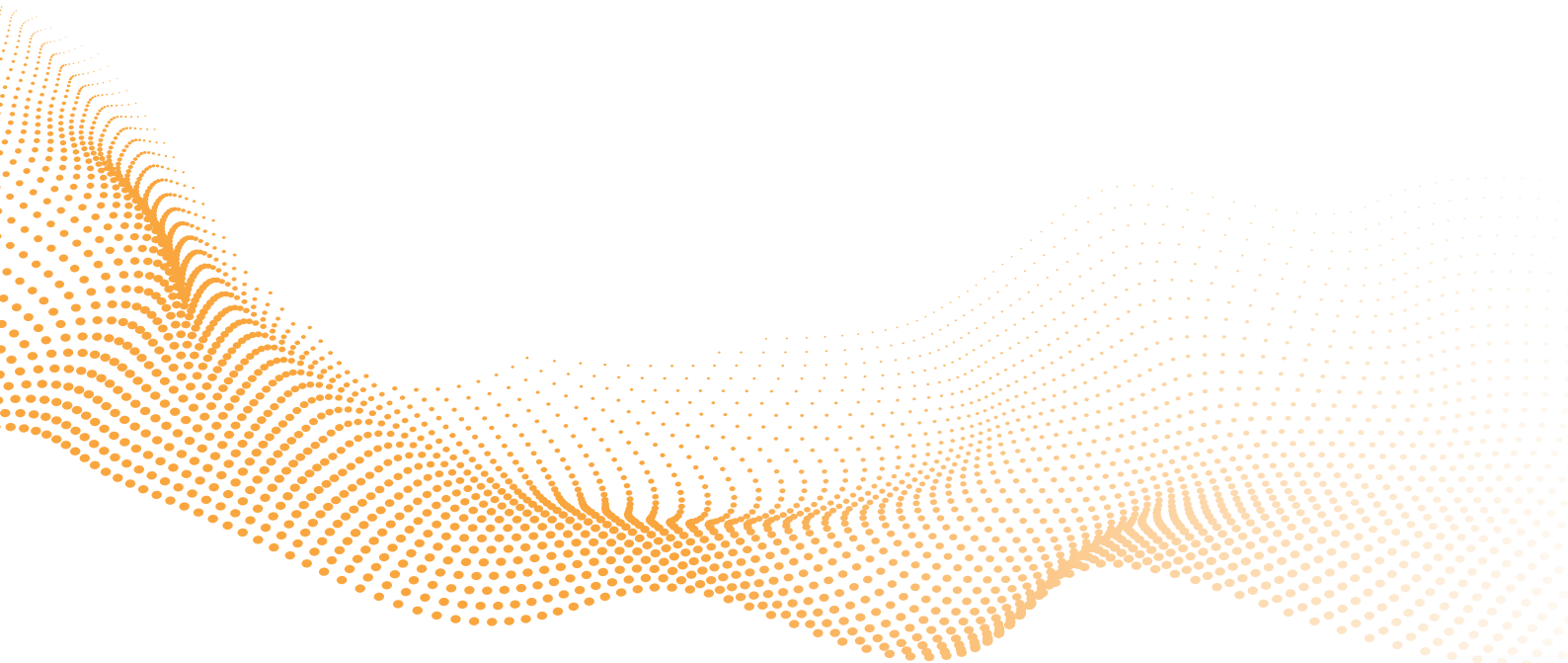
Mr Artem Molchanov, FAS Russia

The pharmaceutical sector: issues and key cases involving IP rights

Mr Pedro Caro de Sousa, OECD

Opportunities for cooperation between competition and IP agencies

Mr Giovanni Napolitano, WIPO



Virtual Seminar on Carrying out Effective Antitrust Investigations, 9-10 December 2021

Topic

Renato Ferrandi chaired the virtual seminar of the RCC on effective investigation in competition proceedings. The seminar examined the set of tools available to competition authorities to gather direct and indirect evidence, including requests for information, dawn raids, hearings, leniency systems and efficient procedures. International best practices and hands-on experience of

advanced competition authorities such as the US DoJ, the Portuguese and the Hungarian authorities provided participants with precious insights for taking full advantage of their toolbox. Despina Pachnou emphasised the key role of procedural fairness to build solid decisions, able to withstand judicial review.



Renato Ferrandi,
OECD



Despina Pachnou,
OECD



Anita Nyeső,
Hungary



Sara Carvalho de Sousa,
Portugal



Mark Grundvig,
US



Carla Stern,
US



Tais Issa De Fendi,
Portugal

Agenda

Antitrust investigations step by step

Ms Despina Pachnou and Mr Renato Ferrandi, OECD

Managing complex cases in practice

Ms Anita Nyeső, Hungary and Ms Sara Carvalho de Sousa, Portugal

Panel 1 - Evidence gathering: how to collect the right evidence

Mr Mark Grundvig, US and Ms Anita Nyeső, Hungary

Panel 2 - Evidence review: how to examine the evidence appropriately

Ms Sara Carvalho de Sousa, Portugal and Ms Carla Stern, US

Procedural fairness in antitrust investigations

Ms Despina Pachnou, OECD

Focus on dawn raids

Ms Taís Issa De Fendi, Portugal

Planning and conducting effective investigations: lessons learned

Mr Renato Ferrandi, OECD

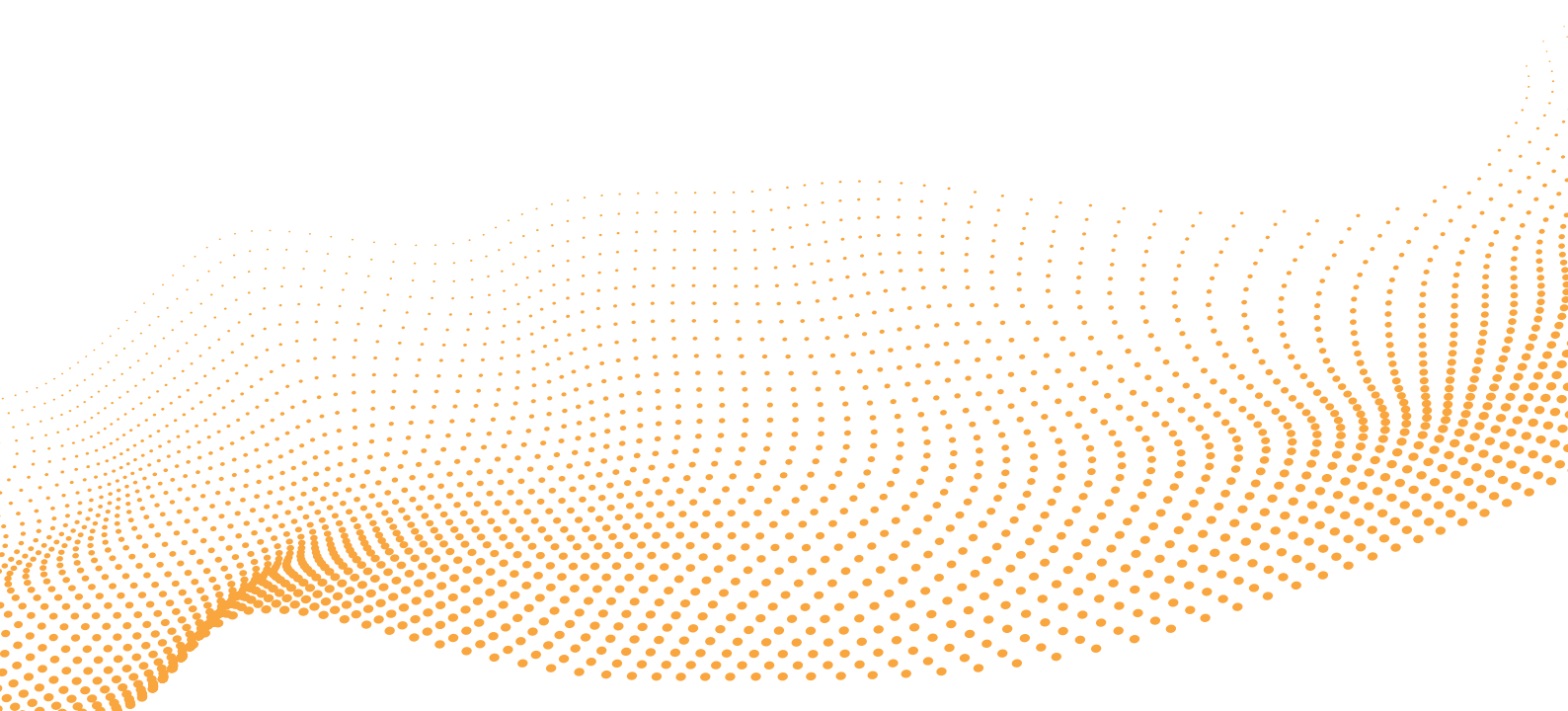




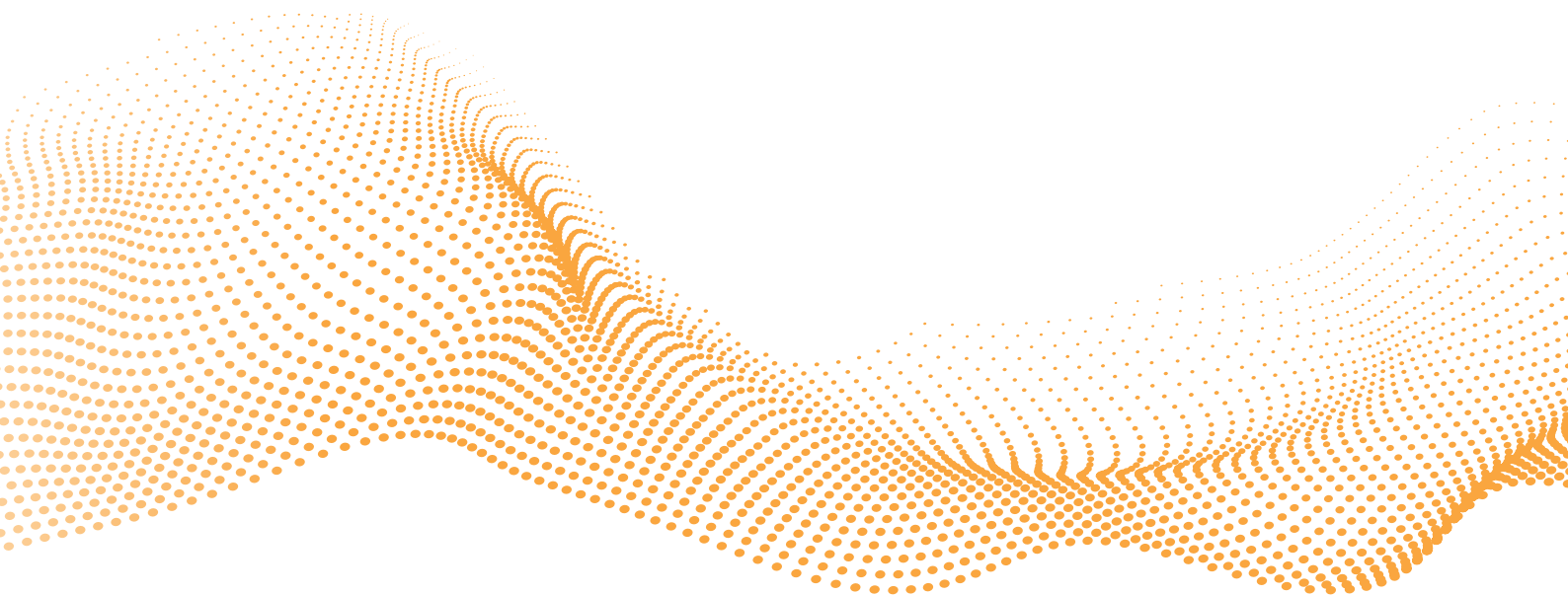
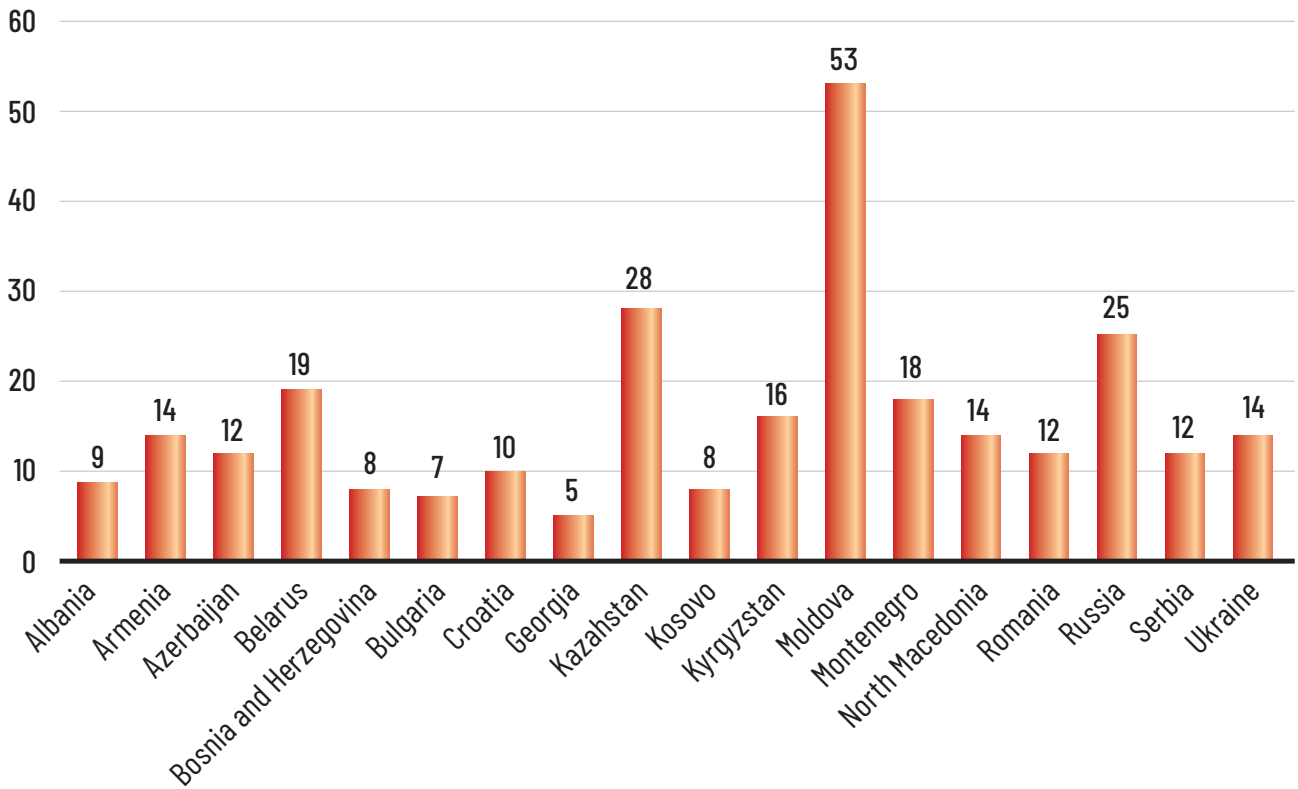
Table №3 provides an overview of the number of participants at the seminars. This summary focuses on the participants of the seminars organised as part of the core activity of the RCC.

Table №3: Number of participants and events attended

Economy	Number of participants	Person-days	Events attended
Albania	9	20	5
Armenia	14	32	5
Azerbaijan	12	24	3
Belarus	19	42	5
Bosnia and Herzegovina	8	19	4
Bulgaria	7	16	4
Croatia	10	22	5
Georgia	5	11	3
Kazakhstan	28	64	5
Kosovo	8	17	5
Kyrgyzstan	16	39	5
Moldova	53	124	5
Montenegro	18	44	5
North Macedonia	14	32	5
Romania	12	28	5
Russian Federation	25	53	5
Serbia	12	29	4
Ukraine	14	35	3
Total	292	651	115

Chart №1 provides an overview of the number of participants per primary beneficiary authority economy.

Chart №1: Total number of participants from the primary beneficiary economies attending seminars organised as part of the core activity of the RCC



V. EVALUATION OF RCC SEMINARS

Participants are always asked to provide feedback on RCC seminars so that the standard of the events can be maintained and even possibly improved. According to the feedback, participants found that the seminars provided theoretical and practical information that was highly relevant to their day-to-day work and that the seminars also provided a good opportunity for the exchange of opinions between participants and experts.

The average value of all of the answers for the entire year was 4.5 out of a maximum of 5.

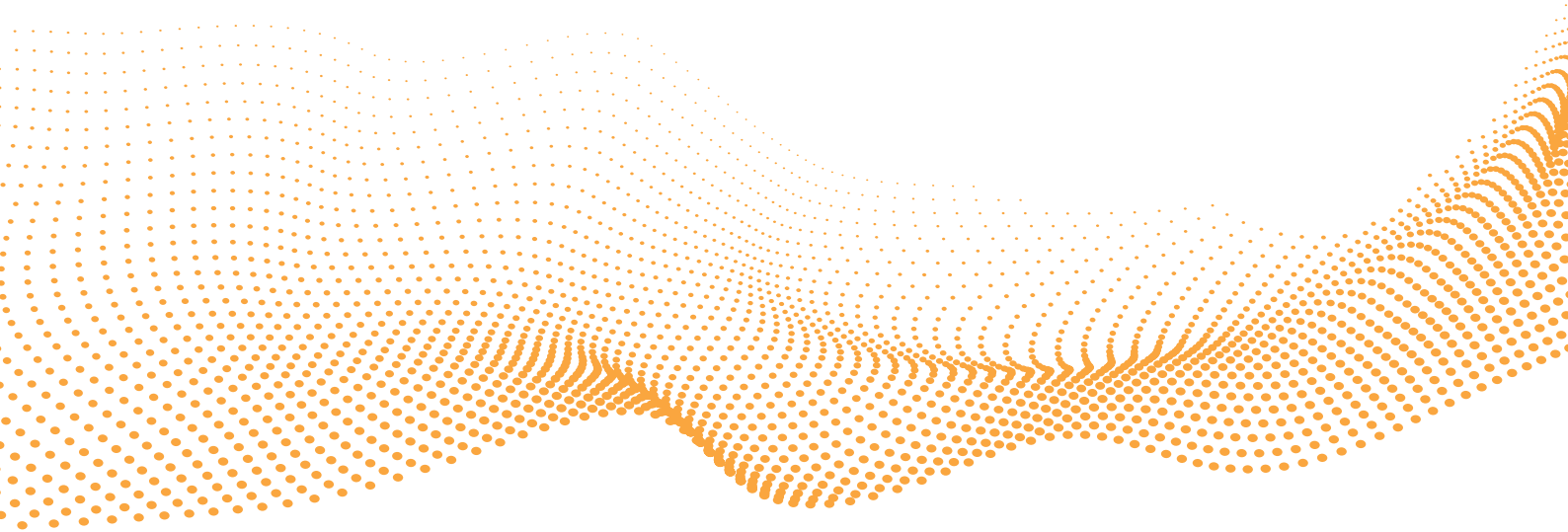
Participants considered the overall usefulness of the programmes to be either very high or high – 94 percent of respondents rated the seminars on this basis. Based on the feedback, the current distribution of the topics was well received.

Table №4: Participants' evaluation of events organised by the RCC in the year 2021

Distribution of answers	Very low	Low	Moderate	High	Very high
Overall usefulness of the event	0%	0%	2.3%	49.4%	48.3%
Overall usefulness of the topics	0%	1%	8%	46%	45%
Usefulness and quality of materials	0%	0%	6%	47%	47%
Overall quality	0%	0.3%	5.5%	47.6%	46.6%

Table №5: Detailed evaluations by events and by categories

Summary of evaluations 2021	Virtual Seminar on Tackling Bid Rigging in Public Procurement	Virtual Seminar on Market Studies: A Key Driver for Competition Advocacy and Enforcement	Virtual Seminar on the Assessment of Abusive Conduct by Dominant Players – Focus on Digital Markets	Virtual GVH Staff Training	Virtual RCC-FAS Russia Seminar on Competition Policy and Intellectual Property Rights	Virtual Seminar on Carrying Out Effective Antitrust Investigations	2021
Overall usefulness of the event	4.5	4.5	4.3	4.5	4.5	4.5	4.5
Overall usefulness of the topics	4.4	4.4	4.3	4.1	4.3	4.6	4.4
Quality of presentations	4.6	4.6	4.6	4.5	4.6	4.6	4.6
Usefulness and quality of materials	4.4	4.5	4.3	not rated	4.5	4.4	4.4
Usefulness of hypothetical cases / country contributions / breakout sessions	4.3	not rated	not rated	4.4	not rated	not rated	4.4
Average	4.4	4.5	4.4	4.4	4.5	4.5	4.5



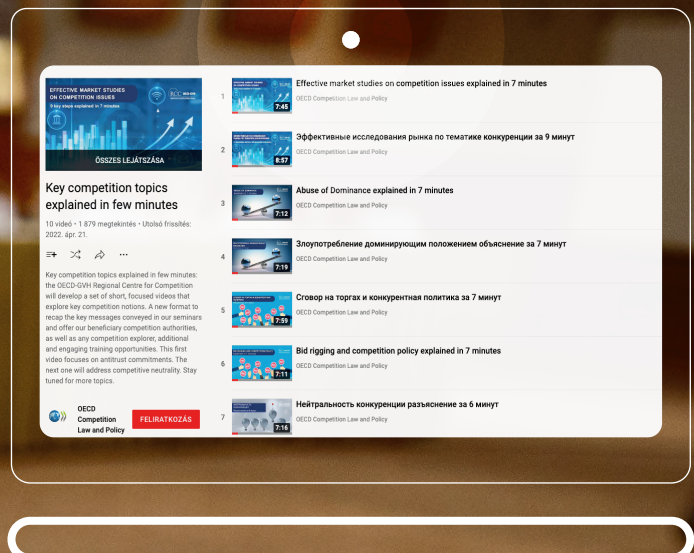


VI. REVIEW

In 2021, the OECD-GVH RCC published two editions of the review “Competition Policy in Eastern Europe and Central Asia”, focused on Abuse of dominance in digital markets (March 2021) and the fight against bid rigging (July 2021). The review has become a prominent

specialised publication in the region, which attracts contributions not only from the RCC beneficiaries, but also from competition authorities all over the world, from New Zealand to Canada, from India to Brazil.





VII. TRAINING VIDEOS “KEY COMPETITION TOPICS EXPLAINED IN FEW MINUTES”

Building on the findings of the OECD-GVH Regional Centre for Competition seminars, the training videos explain key competition topics in few minutes, offering additional, engaging training opportunities to beneficiary competition authorities and anyone interested in competition issues.

In 2021, the RCC has released four training videos, all in English and in Russian. In 2022, the project will continue to be developed and launch five additional videos.

The first Key competition video focused on anti-trust commitments. Published in February 2021, it has reached over 1 800 views in early April 2022 (more than 1 200 for the English version and 600 for the Russian).

The second video addressed competitive neutrality and was released to coincide with the adoption by the OECD Council of a Recommendation on Competitive Neutrality. This establishes a set of principles to ensure that governments’ actions are competitively neutral and that all enterprises face a level playing field, irrespective of factors such as ownership, location or legal form. The RCC video provides a comprehensive overview of these issues in only six minutes. The video currently has around 1 500 views (1 100 for the English and over 400 for the Russian version).

The third video explains how competition authorities and procurement bodies can contribute to the fight against bid rigging and to obtain better and cheaper public services. The two versions of the seven-minute video have reached almost 2 400 views, making it the most viewed OECD video on competition in 2021 and the third ever.

Finally, the fourth video, released in late October 2021, illustrates abuse of dominance and explains which criteria competition authorities use to distinguish between lawful and abusive practices by dominant firms, such as digital giants. In early April 2022, the video has reached 1 500 views (1 250 for the English and 250 for the Russian version).

Thanks to the support of beneficiary competition authorities, the RCC is adding subtitles to all videos. Languages already available are Albanian, Armenian, Bulgarian, Georgian, Romanian, Serbian and Ukrainian, as well as Finnish, French, German, Italian, Portuguese, Spanish and Swedish.

The OECD-GVH RCC and the United Nations Economic and Social Commission for Western Asia have signed an agreement for the creation of Arabic versions of the RCC training videos.



VIII. FINANCIAL AND INTELLECTUAL CONTRIBUTION

According to the Memorandum of Understanding that was signed by the parties in 2005, it is the task of the founding parties, namely the GVH and the OECD, to ensure that the RCC operates at the highest level. Both institutions provide financial and intellectual contributions towards the operation of the RCC. The accumulated experience and expertise of the OECD members

also contributes to the training programmes offered by the RCC.

The RCC had a budget of 244 171 EUR for 2021. This includes funds provided by the GVH.

The following tables provide details on the total costs of the operation of the RCC in 2021 by sources of funds, by events and by major categories of costs.

Table №6: The sources of funds

Sources of funds (EUR)	
Gazdasági Versenyhivatal (Hungarian Competition Authority)	226 113

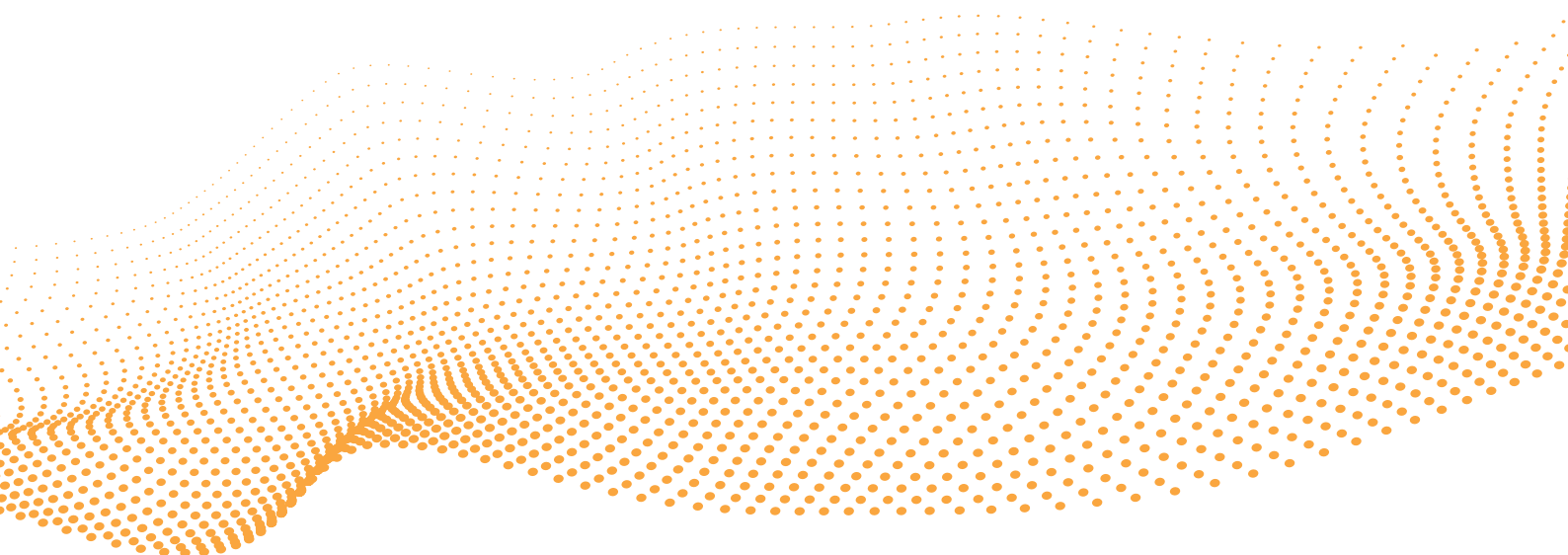


Table N°7: Breakdown of total expenses by items

Breakdown of total expenses (EUR)	
A) Direct organisational costs	
Virtual Seminar on Competition Policy to ensure a Level Playing Field between Private and Public Firms (2020)	2 383
Virtual Seminar on Tackling Bid Rigging in Public Procurement	3 738
Virtual Seminar on Market Studies: A Key Driver for Competition Advocacy and Enforcement	2 773
Virtual Seminar on Assessment of Abusive Conduct by Dominant Players – Focus on Digital Markets	3 328
Virtual GVH Staff Training on Competition Policy and Consumer Protection in the Digital Era: Adjustment or Reform?	-
Virtual RCC-FAS Russia Seminar – Competition Policy and Intellectual Property Rights	3 572
Virtual Seminar on Carrying Out Effective Antitrust Investigations	2 264
Total direct organisational costs	18 058
B) Overhead and operational costs of the RCC	
	10 513
C) Staff costs transferred by the GVH to the OECD¹	
	197 542
TOTAL EXPENSES in 2021	226 113

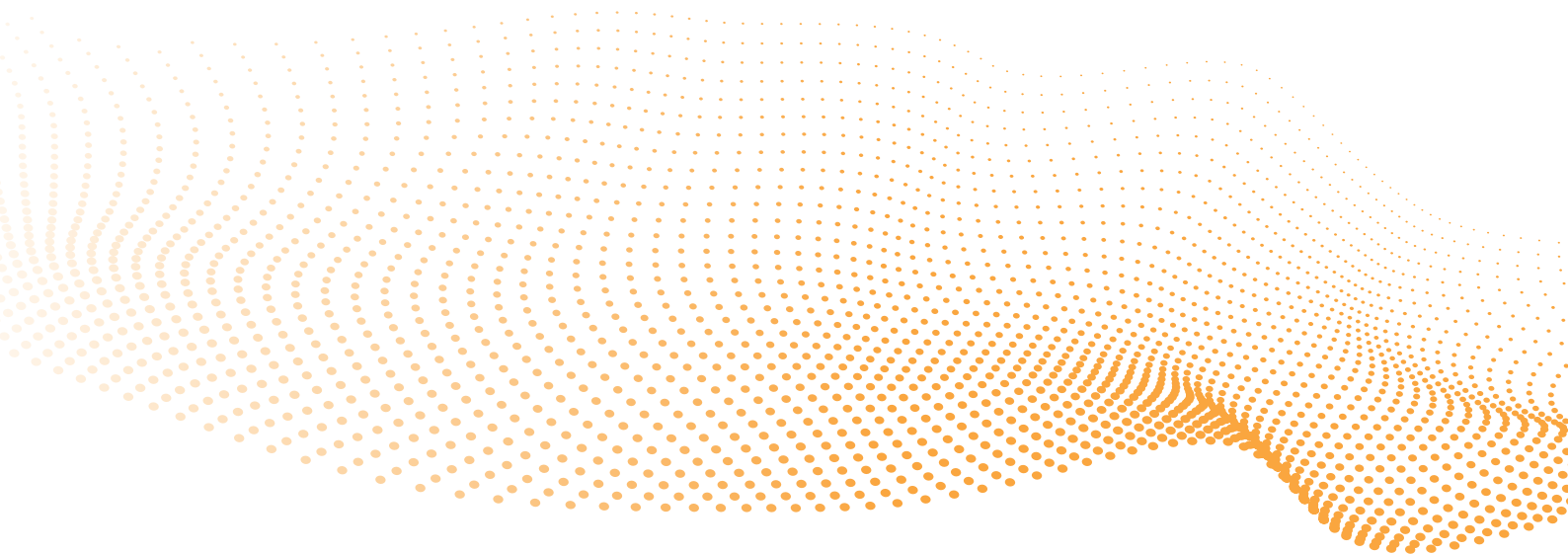
1 On the basis of the Memorandum of Understanding, the GVH made a voluntary contribution to the OECD for staff-related purposes



RCC DEDICATED STAFF

The RCC is a “virtual” centre, thus it does not have a central office but is accommodated in the headquarters of the GVH. The virtual existence of the RCC allows it to concentrate funds on the real purpose of its establishment, that is, organising seminars and inviting and training participants. The virtual structure also facilitates adaptation to changing situations. The RCC is run by a senior competition expert at the OECD headquarters in Paris and by a consultant and an assistant who are at the same time employees of the GVH in Budapest.

The work of the RCC is based on the expertise of both the GVH and the OECD. The GVH is responsible for inviting participants and organising all of the practical arrangements for the RCC’s programmes. The expert at the OECD sets up the content of the programmes and invites speakers to the seminars. The GVH provides speakers or panellists for each seminar. Other speakers are invited from different OECD member states.



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