



# **25th Anniversary of the Hungarian Competition Authority**

**Remarks by Pierre Poret**

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*(As prepared for delivery)*

President Juhász, State Secretary Berke, Mr. Jasser, Council Chairman Tóth, Distinguished Guests, Ladies and Gentlemen,

The OECD would like to extend its warm congratulations to the Hungarian Competition Authority – GVH – on its 25<sup>th</sup> anniversary. For a competition authority this is an impressive age. When the GVH was founded in 1991 there were only 21 competition authorities globally. Today, that number has increased to more than 120. Hungary and the GVH were pioneers and that is why this 25<sup>th</sup> anniversary is all the more meaningful. It is also an anniversary for competition policies and an acknowledgement of their relevance to make growth more inclusive and to create fairer and more sustainable economies.

### **Hungary has shown great leadership in the area of competition**

The establishment of a competition authority at such an early stage demonstrates Hungary's longstanding commitment to the idea that an economy cannot work properly unless it has an independent and strong referee that makes sure everyone obeys the rules of the game and promotes a level playing field. Since Hungary became an observer at the OECD Competition Committee in 1992, a member of the OECD in 1996 and of the EU in 2004, it has made outstanding efforts to bring its competition law and policy in line with international standards and has in several ways become a reference of best practice.

On the national level I would like to highlight your continued efforts in competition advocacy. The existence of the Competition Culture Centre since 2005; media campaigns; the publication of the commentary to the Competition Act; the consumer protection work; and also last year's academic competition are all impressive signs of commitment.

And regarding active enforcement, which is the best advocacy instrument, the GVH has also proven that it is worth its money. The enforcement activity of the GVH has led to consumer savings of EUR 307 million between 2009 and 2014. This equals four times the budget of the GVH in that same period.

### **Your efforts to promote more and better competition stem beyond the national sphere**

The GVH is one of the most active competition authorities internationally. The GVH is the OECD's reliable partner in a very successful joint venture: the OECD-GVH Regional Centre for Competition in Budapest – RCC.

The RCC was jointly established in 2005 and has since offered an annual programme of competition law seminars to 18 jurisdictions from East and South Eastern Europe, to European judges and also to the staff of the GVH. The programme is funded to a large extent by Hungary, which has enabled the RCC to provide its seminars free of charge to all its beneficiaries.

This initiative has strengthened collaboration between Hungary and the OECD and we are extremely grateful to the GVH and the Hungarian Authorities for their support. It has also contributed to developing sound competition policies and institutions in Eastern Europe. The RCC has held more than 90 seminars by now, assisted by roughly 550 expert speakers from OECD countries, and trained more than 2,700 participants.

Three of the beneficiary countries - Romania, Bulgaria and Croatia - have succeeded in joining the EU since 2005, and others are making big efforts to transform their competition law in the direction of the European model. Moldova recently stated that as a result of the co-operation with the RCC it

got its competition law framework aligned to European law. Others like Ukraine are moving in the same direction and the RCC helps them with this big task.

### **These are outstanding accomplishments but there is room for improvement**

As we say at the OECD, better policies for better lives should be a state of mind and there are always some areas where we can improve.

According to the OECD's assessments of Hungary, measures could be taken to address comparatively high administrative burdens, regulatory volatility, barriers to growth of small and medium-sized enterprises and limited competition in some major non-tradable sectors. This could contribute to stimulating productivity and investment. Numerous studies have pointed out that the removal of market barriers and the introduction of competition can increase productivity of an industry by as much as 2 – 5 % per year.

There is an area where recent OECD analysis has shown room for substantial gains. In line with the *OECD Recommendation on Competition Assessment*, Hungarian competition law requires that any draft bills or regulations which may affect competitive conditions must be submitted to the GVH for its opinion. However, in the recent past, there has been increased resistance to do so, making it harder for the GVH to exert a pro-competitive influence in law-making.

Competition assessment may achieve big gains, without compromising the policy goals of the laws and regulations in question.

For example, Australia experienced an additional GDP growth of 2.5 % after introducing pro-competitive assessment and subsequent reforms of their laws and regulations. In Greece, a comprehensive competition assessment of four sectors resulted in OECD recommendations that could lead to consumer savings of at least EUR 2.5 billion.

The OECD would therefore strongly encourage the Hungarian government to make better use of the GVH's expertise in this area. This would enable the GVH to provide the necessary recommendations to maintain a level playing field in the Hungarian economy and promote more inclusive growth.

Ladies and Gentlemen,

Let me finish by reiterating the OECD's support to the GVH and our appreciation for the outstanding achievements that have resulted from your support to our collaboration. For all OECD countries, it is extremely encouraging to see an institution that, for a quarter of a century, has been committed to promoting the cause of competitive markets domestically and internationally. Count on the OECD to keep promoting fair competition, for more inclusive and sustainable growth! Thank you!