



Annual Report of the GVH for 2023

Executive Summary





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Fair competition - direct benefits for consumers

The Hungarian Competition Authority's (GVH) efforts to protect competition result in direct financial benefits for domestic consumers. According to the Authority's impact assessment, the prevention of the harmful effects of restrictive agreements, dominant abuses and anti-competitive mergers detected in the last six years (2018-2023) has brought a total of HUF 84,961 million in benefits to the citizens of Hungary. This amounts to around EUR 222.3 million and around USD 242.5 million (at the average MNB exchange rate of January 2024). This means that the GVH has generated more than four times the budget resources spent on its operations in welfare benefits, without even counting the impact of consumer protection cases.

HUF 85 billion

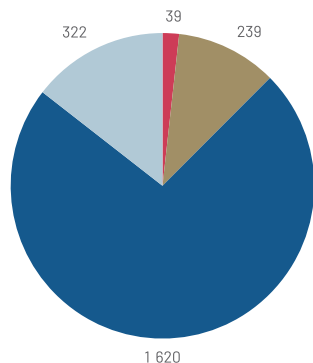
more than quadruple the demonstrated social benefits of the GVH's activities between 2018 and 2023.

Strong action to protect consumers

In 2023, the Competition Council of the GVH ruled on a total of 41 cases against 97 companies. The national competition authority found infringements in around three quarters of the cases. In 27 final decisions, the authority imposed fines totalling more than HUF 2.2 billion on 57 companies.

Fines imposed by type of infringement (HUF million)

- Mergers - 3 cases
- Abuse of dominance - 4 cases
- Unfair trade practices - 17 cases
- Competition Restrictive Agreements - 3 cases



In 2023, the Hungarian Competition Authority will continue to focus its work on uncovering unfair commercial practices against consumers. Around 73% (HUF 1.62 billion) of the Competition Council's fines were imposed for unfair commercial practices.

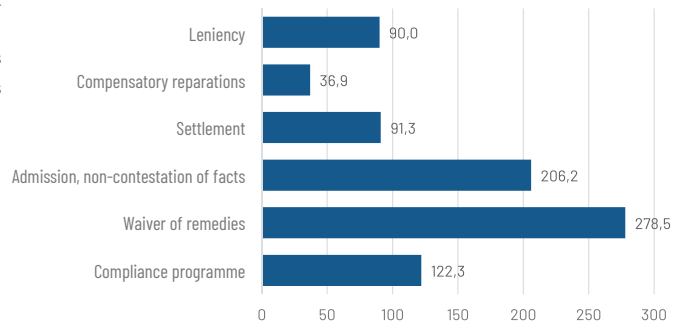
73% is the proportion of competition fines imposed for unfair commercial practices in 2023.

Also, in terms of closed cases, unfair commercial practices accounted for the largest share, at around 62%. The NCA continued to place a strong emphasis on the detection of restrictive agreements, with almost 14% of fines imposed being for the sanctioning of restrictive agreements.

Collaboration opportunities: useful for consumers, useful for businesses

The Competition Act gives businesses several opportunities to cooperate to reduce the legal consequences of their anti-competitive behaviour. Various forms of cooperation can lead to reduced (or even no) fines for businesses, save time and money for the authorities and help to promote consumer interests.

Value of fine reduction for cooperation (HUF million)



HUF 825.2 million is the amount of the reduction in fines granted by the GVH to businesses in cases closed in 2023.

Commitments and obligations (to reduce fines) also provide an opportunity for cooperation and incentives for businesses. In this way, the GVH's decisions can also cover commitments that benefit consumers that the authority would not otherwise be able to enforce directly. The benefits thus obtained contribute to increasing social welfare.

HUF 254 million the value of consumer compensation commitments required under GVH procedures in 2023.

Dawn raid and data analysis - the basics for effective competition enforcement

As cartels are among the most serious competition law infringements – and therefore the behaviour that carries the highest fines – companies try to keep them secret. The investigative work of the NCA is therefore crucial in uncovering cartels.

In 2023, the GVH carried out unannounced on-site inspections in 6 cases, at a total of 26 operators, at 22 locations. In addition, it carried out 3 on-site inspections in the framework of an accelerated sector inquiry, on 9 occasions.

5 TB: the amount of data held and processed by the competition authority in the course of its investigative activities in 2023, equivalent to more than 500 films.

1000 MOVIES
650K PICS
10 000 MUSIC CD
5TB

The amount of data seized and processed by the GVH in 2023 is equivalent to nearly 1 000 movies, 650 000 photos, 10 000 hours of CD-quality music content.

Judicial confirmation, well-founded decisions

The tendency of businesses to litigate against decisions of the Competition Council has increased compared to last year but remains relatively low. Only 26% of the fines imposed by the competition authority in 2023 were appealed to an administrative court. This is also the result of the GVH's new strategy of cooperation, which will be progressively implemented from 2020.

As in previous years, the courts confirmed the Authority's position on the assessment of infringements in 75% of the review requests.

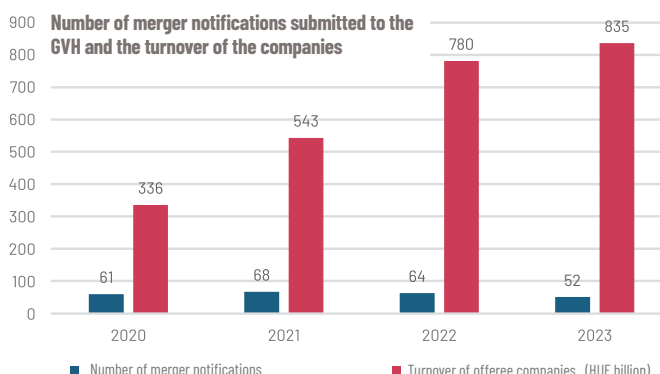
HUF 570 million was definitively decided in favour of the Hungarian budget in 2023 in administrative lawsuits against the decisions of the GVH.

Efficient and fast merger control, growing businesses

92% of merger notifications were closed within four days with the issuance of an official certificate. This continues to make the Hungarian Competition Authority one of the fastest merger control authorities in Europe. In 2023, for the first time in Hungary, the rate of preliminary consultations (pre-notifications) on merger notifications was 100%. Since the introduction on 1 July 2023, 11% of merger notifications have been submitted using a simplified form, which has contributed to reducing the administrative burden for companies.

In 2023, for the first time in Hungary, the proportion of pre-notifications of merger notifications was **100%**.

The number of merger notifications submitted to the Hungarian Competition Authority in 2023 is 52, a noticeable reduction of around 20% in bureaucracy reduce compared to previous years. Despite this, the combined turnover of the target companies affected by mergers continued to increase in 2023, exceeding HUF 835 billion.



Fast and comprehensive investigations for fair markets

The Hungarian Competition Authority not only acts to protect competition by investigating infringements by individual companies and carrying out ex-ante merger control, but also, where necessary, by gathering information on the competitive process in entire sectors or markets to identify and address market distortions.

- **Claims related to the protection of the environment**
In its market analysis carried out in 2023, the Hungarian Competition Authority examined the environmental and sustainability claims made by manufacturers, distributors and retailers for certain product groups, the extent to which these claims are widespread and how they influence consumers' transaction decisions. The market

analysis revealed that sustainability logos and claims create a more positive product image and increase consumers' willingness to buy but are often not understood by consumers. Some claims are inaccurate, misleading and lack substantiation. In a study published on its website (www.gvh.hu), the GVH has also made recommendations to market players and the legislator.



- **Alcoholic and non-alcoholic beverage products**

The sector inquiry, which closed in August 2023, was originally launched by the competition authority because it had received a few complaints about the agreements of various drinks distributors with domestic catering services. In the course of the investigation, the GVH's experts found that, although these agreements in fact make it more difficult for smaller beverage distributors to enter the market, the subsidies and discounts they offer contribute significantly to the viability of HORECA and the creation of new catering outlets. The Competition Authority, interpreting the comments of market players, has proposed to the legislator to revise the relevant legal provisions in order to address the problems of the sector.



- **Milk and dairy products**

Food inflation in Hungary rose to a dramatic level in December 2022. To gain a deeper insight into these developments, the competition authority launched two accelerated sector inquiries. Based on the accelerated sector inquiry into the domestic market for milk and dairy products, the GVH's experts made six recommendations to reduce inflation. They proposed a review of the price formula for raw milk, offered technical assistance for future legislative considerations on food price freezes, suggested strengthening the comparability of consumer prices, suggested improving the market position of vegetable drinks and promoting sustainable packaging. In addition, the competition authority continued to consider it necessary to continue monitoring the food trade and to strengthen competition.



- **Preserved foods**

The GVH conducted another accelerated sectoral inquiry on the domestic market of preserved foods. The main goal of the investigation was to encourage the reduction of food prices with the broadest possible professional consensus. The latter include encouraging the domestic production of vegetables and fruits with subsidies for the installation of irrigation systems, supporting the use of renewable energy sources, optimizing agricultural vocational training, as well as developments aimed at automation and precision farming, and cooperation with producers. In addition, the GVH recommended that the packaging of preserved foods should shift towards greater sustainability, in accordance with the principle of the circular economy which also promises significant cost-saving potentials.



- **Online booking and accommodation services**

During the summer of 2023, the GVH received many complaints regarding online booking platforms and one

accommodation-intermediary with a significant market share, therefore decided to launch an accelerated sectoral inquiry. During this process, the GVH analysed the affected markets, contracts and general terms and conditions in detail, contacted all major intermediary booking platforms, and conducted an online questionnaire survey among accommodation providers. Based on the results, the GVH recommended to the legislator the stricter regulation of the framework of the general contract conditions (and related business practices) of the larger accommodation brokers and the prohibition of price parity clauses in the online accommodation brokering market.



For 5 markets and sectors, the GVH launched or completed comprehensive or accelerated sector inquiries in 2023, the second time in the NCA's 33-year history, repeating the record set in 2022.

Inter-institutional cooperation for family-friendly consumer protection

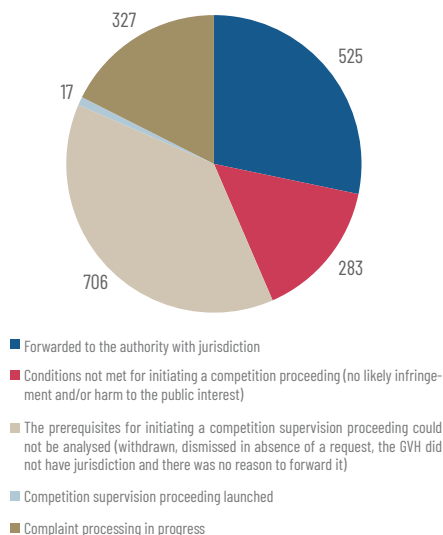
The family, as one of the most well-defined group of consumers is often the target of misleading advertisements and commercial practices. In 2022, the president of the GVH created a Family-friendly Working Group to facilitate the work of the Consumer Protection Roundtable set up by the Ministry of Justice. In 2023, the working group was active in two areas to promote legislation and legal enforcement aimed at protecting families and family relationships. The Family-friendly Working Group dealt with, among other things, the often misleading and aggressive advertising used in free-to-download video games, as well as deceptive practices targeting owners of timeshare entitlements.

13 representatives of various public and civil society organisations participated in the joint work of the Family-friendly Working Group 2023 alongside the GVH.

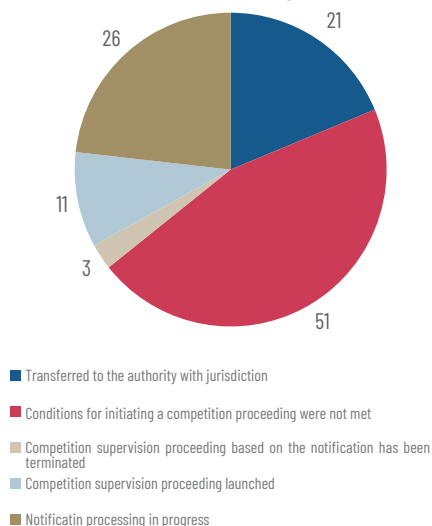
More and more people turn to GVH, growing consumer confidence

The customer service of the Hungarian Competition Authority received a total of 1,696 complaints and 102 reports in 2023, which is a significant increase compared to previous years. In addition, another 162 complaints and 10 reports were handled from the previous year. The growing number of data is an important signal: consumers continue to trust the GVH. The incoming complaints and reports prove to be a source of information for the Authority, which are always subject to a thorough investigation. At the same time, a significant part of the complaints and reports does not fall under the jurisdiction of the GVH, however, many complaints and reports contribute to the official investigation of behaviours disrupting competition. In 2023, on the basis of a total of 38 external indications, competition supervision proceedings were initiated.

Informal complaints-related measures in 2023
(number of informal complaints)



Formal complaints-related measures in 2023
(number of formal complaints)



The international expansion continued in 2023

In its nearly three and a half decades of existence, the Hungarian Competition Authority has built out an extensive network of international relations regarding the direct application of EU law, deeply rooted in connectivity. In 2023, the GVH continued to be an active member of the global network of competition authorities. As an authority of a globally and continentally small market, GVH was still able to maintain its position as a professionally recognised participant of international affairs also shaping the latest developments of global trends.

Social awareness, continuous and proactive communication

The Hungarian Competition Authority's active and targeted communication helps consumers to identify and avoid unfair practices, so these become ineffective and

can simply “disappear” from markets where competition enforcement action would otherwise fail.

The GVH issued a record number of press releases in 2023, with **121** releases in total. This is equal to almost one release in every three days.

In 2023, the national competition authority issued 121 press releases, published numerous news, and shared 416 posts on its decisions, events and issues of particular interest on various social media platforms. It also published several press releases to help consumers make informed choices and to guide businesses to follow the competition law. Consumers received useful information from the Authority every day of the year.

The professional conferences building the academic community of competition law are essential events of the authority's competition culture development program. Two of the most highly anticipated events of 2023 were the Hungarian Competition Forum arranged for the sixth time and the release conference of the authority's second volume of the Competition Mirror book.

More than 150 lawyers, judges, corporate and official experts, as well as press representatives have registered for the professional program of the VI. Hungarian Competition Law Forum.

Protecting families through competition

On 1 July 2023, the Hungarian Competition Authority launched the online Price Monitoring System at www.arfigyelo.gvh.hu. The system's objective is to compel retail chains with a minimum turnover of HUF 100 billion to engage in daily price competition, thereby reducing the prices of the available products on the website. The implementation of the online Price Monitoring System will facilitate daily price competition, thereby enabling Hungarian consumers to save both time and money on their daily shopping.

Initially, **62** product categories including hundreds of products were available in the Price Monitoring System with prices updated daily. In early 2024, the wide range of product categories has been expanded to include more products in the Price Monitoring System.

The system has been popular among the Hungarian population since the beginning. Based on the surveys, the vast majority of respondents were familiar with and used the online Price Monitor.

1,5 million unique visitors of the Price Monitoring System website in 2023.

In half a year, the number of the visitors of the Price Monitoring System has reached 1.5 million and the average time spent www.arfigyelo.gvh.hu exceeded 4 minutes.



Hungarian Competition Authority

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