



## **The Hungarian Competition Authority has launched a sector inquiry into the television broadcasting and distribution markets**

**According to market signals received by the Hungarian Competition Authority (GVH), television broadcasters provide their services to larger television distributors at lower fees than to smaller distributors. As a result, smaller distributors incur higher costs and are likely to be placed at a competitive disadvantage, thereby potentially leading to distortions or restrictions of competition (supply). This may ultimately lead to the choice of domestic consumers being limited to a smaller number of service providers and lower value-for-money programme packages. Consequently, the President of the GVH has decided to launch a sector inquiry in order to explore these market processes and identify any further measures that need to be taken.**

Television distributors (such as companies operating cable networks or other technologies) compile content purchased from broadcasters into programme packages and then sell these packages to consumers. The level of the fees paid by the television distributors for content therefore has a significant impact on the price at which they can offer their services to consumers. The higher costs borne by smaller distributors may have an impact on the supply of television programmes and consumer prices.

At the same time, the increased price and quality competition generated by larger distributors and the increase in efficiency of some telecommunications service providers may even have positive effects for consumers. Therefore, the sector inquiry will also cover the impact of market developments on consumer welfare.

With the aim of clarifying all of the above, as regards to the development of the pricing relations between television broadcasting and distribution companies, in the sector inquiry the GVH will assess the following:

- the characteristics and the contexts of television broadcasting and distribution markets,
- the impact of these on the strategies of the market participants and on prices in the wholesale market, and
- how economies of scale apply.

Undertakings operating on the relevant markets are obliged to cooperate with the GVH in the sector inquiry, which will be concluded by the publication of a public report.

If the sector inquiry detects market distortions, the GVH may initiate a competition supervision proceeding, publish non-binding recommendations for market participants or initiate the enactment or amendment of legislation.

With the present sector inquiry, the GVH intends to contribute to ensuring that competition between companies on the markets subject to the sector inquiry best serves the interests of consumers, both in terms of choice between service providers and competitive prices.

The injunction on the launch of the sector inquiry is available [here](#) in Hungarian.

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