

The GVH cracked down on another cartel: fines of HUF 660 million were imposed on the undertakings which shared public procurement tenders among themselves

3 March 2021, Budapest – The Hungarian Competition Authority (GVH) imposed fines of approximately HUF 660 million in total on the three undertakings which shared social security tenders for specialised medical equipment among each other.

The investigation of the GVH established that Medtronic Kft., Unicorp Kft., and Medibis Kft. illegally shared the centralised public procurement tenders announced by the National Health Insurance Fund in 2014 and 2016 (and others planned to be announced in the future) for the procurement of so-called neuromodulation devices among each other. Neuromodulation is the collective name of the medical equipment and technologies which serve to treat the symptoms of chronic neurological disorders with the help of targeted electric or chemical stimulation of the nervous system.

The proceeding of the GVH revealed that the three undertakings conducted negotiations and shared information with each other in order to determine their submitted prices and the designated winners of the public procurement procedures. Among other illegal activities, the undertakings, acting in parallel with each other, contributed to the over-specification of the invitations to tender, meaning that the tender specifications limited or excluded each other's products from consideration, thus ensuring similar chances of winning for each undertaking across a series of tenders. The undertakings coordinated their activities in the tender submission phase as well in order to implement their plan to share the market among themselves.

Fines of approximately HUF 660 million in total were imposed on the three undertakings for the infringement. When determining the amount of the fines, the competition council of the GVH took into account the fact that each of the three undertakings cooperated with the Authority during the proceeding to varying extents. Therefore, the individual fine amounts were reduced in consideration of the voluntary disclosure of the facts, the admission of the infringement, the waving of the right to legal remedies, and the implementation of so-called compliance programmes, which aim to eliminate the possibility of any future infringements. Furthermore, the GVH took into account the market position and financial capacity of the undertakings in order to ensure that the fines are proportionate to the size of these small and medium enterprises but still have sufficient deterrent effect.

A public procurement cartel is one of the most severe competition law infringements as it causes enormous damage to society. Therefore, such restriction of competition leads not only to high administrative fines but also to exclusion from future public procurement procedures. Over the last period, the GVH further increased its cooperation with other authorities (e.g. the Public Procurement Authority), allowing it to fight against cartels effectively in addition to its significant consumer protection activities.

The official registration number of the case is: **VJ/80/2016.**

GVH Press Office