

The GVH started the new year with 5 proceedings at a time - increased supervision over the procurement of beverages in the catering sector

6 January 2022, Budapest – The Hungarian Competition Authority has launched its first proceedings to enforce provisions of the Trade Act related to the purchase of beverages in the catering industry, which aim to expand consumer choice. The national competition authority has launched investigations against two large domestic fast-food chains and three breweries.

By 1 August 2021 domestic catering units were obliged to bring their practices in line with the [new rules of the Trade Act](#), which aim to curtail the prevalence of exclusive beverage procurement contracts and facilitate the market entry of smaller beverage producers. Last year, the Hungarian Competition Authority (GVH) [warned the undertakings concerned](#) to prepare in time for legislative changes.

After several months of grace, the Authority started enforcing the new consumer-friendly rules by launching in parallel five competition supervision proceedings in the relevant markets.

The proceedings cover on the one hand whether catering units offer products of at least two different manufacturers in the required beverage categories (e.g., beer, soft drinks, juice, mineral water) in line with legislative changes. The GVH suspects that two domestic fast food franchise chains – Kentucky Fried Chicken and Burger King – fail to meet the requirements and continue to sell products from a single manufacturer only in certain beverage categories.

On the other hand, the proceedings aim to monitor compliance with the requirement according to which catering units are only permitted to procure 80% of their products at most from the same manufacturer in each beverage category. The only exception from this rule is on-tap beer if the catering unit in question ensures that it has the beer of at least one small brewery on tap at all times. The competition authority suspects that three brewers with significant market power – Dreher, Borsodi and Heineken – have exclusive contracts with certain catering units, which means that these units procure their entire beer supply from one of the major producers. At the same time, it is likely that certain catering units fail to meet the general requirement to include the products of at least two different breweries on the beverage list.

The initiation of the competition supervision proceedings does not mean that the undertakings have in fact committed the infringement. The proceedings are aimed at clarifying the facts and thereby proving the alleged infringement. The time limit for the completion of the proceedings are six months which, where justified, may be extended on two occasions by a maximum of six months each.

The official registration number of the cases are: **VJ/48/2021., VJ/49/2021., VJ/50/2021., VJ/51/2021., VJ/52/2021.**

GVH Press Office