

## **GVH decision is made in the car refinishing paints agreement**

**The Gazdasági Versenyhivatal (GVH – the Hungarian Competition Authority) stated that importers of car refinishing paints and an undertaking operating damage calculation software had an anticompetitive agreement when, during a six-year period, they set an average price that was higher than the real price for car refinishing paints used in domestic damage calculation software. The GVH imposed a total fine of 175,900,000 HUF (586,300 EUR) on seven undertakings.**

In its proceeding the GVH investigated whether domestic importers of car refinishing paints and undertakings operating damage calculation software for car repair had coordinated the price increases of car paints and auxiliary materials and the fees which may be charged by repair services working under insurance contracts. The GVH also investigated whether the Board of Car Polishers (an ad-hoc organisation of the undertakings whose activities are connected to car refinishing works and in which in addition to importers of car refinishing paints also other undertakings like insurers, professional interest organs and settling agents have represented themselves) had influenced the level of the average price used for damage calculation software, or limited market access of new potential entrants.

Based on the information at its disposal, the GVH found that several importers of paints – e.g. ALAMI Kereskedelmi és Ipari Kft., AUTOCOLOR Festékgyártó és Forgalmazó Kft, AUTO FINISH Kereskedelmi Kft., Duplakk Kereskedelmi Kft., ERGOLAKK Kereskedelmi Kft., KAMÉLEON MIX Kereskedelmi és Szolgáltató Kft. and SERVIND BUDAPEST Kereskedelmi, Ipari és Szolgáltató Kft. "f. a. " – moreover EUROTAX GLASS'S MAGYARORSZÁG Autóinformatikai Kft. operating the EUROTAX damage calculation software, had for at least six years violated the Competition Act by fixing the average price of car refinishing paints for the purpose of damage calculation software higher than the real level.

For most motor vehicle repair works completed under Casco or third-party liability insurance, insurance companies and repair shops use “vehicle repair estimating systems” between each other to determine the price of repairs. These systems are developed to calculate the cost of repairing damage to motor vehicles. Part of the cost of car repairs is the cost of polishing. The average cost of polishing in the repair estimating systems is calculated on the basis of polishing paint-importers’ list prices that are given to EUROTAX GLASS HUNGARY by the importing companies. These are then forwarded by EUROTAX to an independent company which estimates the average cost of polishing. However, refinishing-paint importers reduced their prices in more than 90% of completed sales by 35-45% compared to the retail price lists that they had given to EUROTAX. This means that the list prices provided by importers - to favour repair shops connected to them - were significantly higher than the real prices, which distorted the average cost of polishing which was the basis of calculating the cost of repair jobs.

Since the coordinated conducts described above had both anticompetitive objects and effects, the GVH imposed the following fines as:

- ALAMI Kereskedelmi és Ipari Kft.: 17,300,000 HUF (57,700 EUR)
- AUTOCOLOR Festégyártó és Forgalmazó Kft.: 71,200,000 HUF (237,300 EUR)
- AUTO FINISH Kereskedelmi Kft.: 32,700,000 HUF (109,000 EUR)
- Duplakk Kereskedelmi Kft.: 2,100,000 HUF (7,000 EUR)
- ERGOLAKK Kereskedelmi Kft.: 14,300,000 HUF (47.700 EUR)
- EUROTAX GLASS'S MAGYARORSZÁG Autóinformatikai Kft.: 2,800,000 HUF (9,300 EUR)
- KAMÉLEON MIX Kereskedelmi és Szolgáltató Kft.: 35,500,000 HUF (118,300 EUR)

The GVH, due to a lack of evidence terminated its proceeding concerning the following conducts:

- practice aiming to determine polishing price index;
- publication on the website of EUROTAX of price lists of importers supplying data, information on polishing price index for the members of the Board of Car Polishers;
- conduct aiming to coordinate price increases of importers of car refinishing paints;
- conduct aiming to limit the number of undertakings supplying data for the calculation of the average cost of refinishing paints.

Case number: **Vj-2/2010.**

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Hungarian Competition Authority

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