

Case number:	Vj-089/2003/58
Short title (party, conduct, type of case):	HUNNIA Vadgazdálkodási Kft et al. / Vadgazdálkodási Szolgáltatások és Termékek Terméktanács / Budapesti Agrárkamara – lease hunting – restrictive agreement
Type of case:	Restrictive agreement Horizontal
Date:	December 9, 2004, Budapest

V j - 0 8 9 / 2 0 0 3 / 5 8

“The hunting cartel case”
(restrictive agreement)

s u m m a r y

The Competition Council of the Hungarian Competition Authority (GVH) has found that the Council for Wild Animal Products and Services and the Budapest Agrarian Chamber, by setting minimum prices on the market of hunting, have infringed the Hungarian Competition Act. The infringement of the same Act was also established for several undertakings, active on the market of hunting, which agreed on minimum prices.

The Hungarian Competition Authority (Gazdasági Versenyhivatal, hereinafter: **GVH**) has learnt that the undertakings Pegazus, Vadőr, Hubertus, Naturhun, and NUOVA DIANA STAR uniformly increased the price for the lease hunting of stag by 5-10 % in 2003-2004 thus infringing Article 11 of the Hungarian Competition Act. The GVH has therefore initiated proceedings against them on 3 July 2003.

According to further facts, the Council for Wild Animal Products and Services and the Budapest Agrarian Chamber annually determined minimum prices to be charged by their members.

Moreover, on 9 October 2003, the GVH extended the procedure against several other lease hunting undertakings as well as against the Agrarian Chamber.

I. Exercising of the hunting rights

The big game and the small game population in Hungary constitute part of the national property. The relevant law on hunting is contained in Act LV of 1996. According to this law, the hunting right is a group of rights and obligations existing in relation to games (e.g. means of hunting, protection of sources of feeding, etc.)

Potting and catching of games in the hunting area by the owner of the area, is one of the elements of the hunting rights, which can be independent or associated rights. Both of them can be leased out. Therefore the leaseholder is entitled to hunt, as well. This can be:

- any society having members with hunting-licence (hunters' society),
- the representative bodies of these societies,
- organisations dealing with agriculture and forestry (under certain conditions),

The leaseholder may not sublease the hunting rights.

The person entitled to hunt can exercise his/her hunting right in three ways:

- by doing this himself/herself,
- by inviting a guest hunter and ensuring him/her the opportunity to hunt,
- by ensuring the opportunity, based on an agreement, for hunting certain species and games on the this area in the frame of lease hunting.

The hunting with guests and the lease hunting does no qualify as sublease. If the hunter is a natural person, he must have a hunting-licence. The hunting advisory board determines, for each season, the number of trophies per species each person is entitled to hunt. The person entitled to hunt decides on using of these allocations, but certain amounts may be offered to different organizers, for the purpose of offering them mainly to foreign hunters.

II. The relevant product market

The organisation of hunting is a complex and special service which involves the assurance of the opportunity to hunt. The undertakings dealing with the organization of hunting can be classified as undertakings having hunting areas and undertakings without such hunting areas.

III. The geographic market

Hungary, due to its special circumstances, is considered as an important country for lease hunting, and therefore a significant flow of tourism from all over Europe is based on this activity. But its hunting market is not comparable with the market of other countries and with that of the EU Member States as the species of the games differ from those found in the surrounding countries. Moreover, the hunting of the different species needs different services linked to it and each country has a special hunting system, which differs from that of the others. The increase in the Hungarian price level does not affect the price level of other states, because of the special and complex demand. Therefore, it may be concluded that the relevant geographic market is Hungary's territory.

IV. Prices in lease hunting

Generally, most of the hunting organizers prepare price-lists only for foreigners despite the fact that they also organise hunting for Hungarians; however the proportion of the latter is minor compared to that of foreigners. The Council for Wild Animal Products and Services and the Agrarian Chamber issue a price-list which applies only to foreigners.

These price-lists are prepared at the end of the previous year and are announced at the hunting exhibition in the following year. The price of certain species does not affect the others' prices owing to professional reasons, furthermore, they vary from region to region. The starting price is generally 20% higher in more preferred regions than in other regions. Hunting is practised based on price-lists elaborated either by the hunting-organizer or by the persons entitled to hunt. In the latter case this person concludes an agreement with the hunting organizer and receives a certain commission of the total income for this service (ca. 5-10%). It is important to mention that price deals (i.e. reduction of prices) are very common in order to attract guests.

V. Price-lists in the years 2002-2003 and 2003-2004

The Council for Wild Animal Products and Services's price-list proposals for 2002-2003 were received by hunting organisers on 16 October 2001. This price-list was confirmed by the manager of Hunnia, which in practice meant that the manager submitted this list to his rivals and proposed the acceptance of it. Following this proposal most undertakings declared their intention not to decrease their prices in 2002-2003. Nevertheless, the Council for Wild Animal Products and Services elaborated a final price-list containing minimum prices for 2002-2003. These two price-lists from different sources were practically the same, since the structure and the elements repeated according to the previous years' customs containing the quality of the trophies, services linked to them, etc.

VI. The investigation and decision of the Competition Council

The Competition Council concluded, that the parties had a direct intention to restrict the competition as the Production Council and the undertakings agreed on a prevailing price on the market.

Despite the fact that the minimum prices were not obligatory in nature the Competition Council stated that this practice, by itself, was capable to restrict competition. Moreover, this proposal of setting prices became actual practice of the hunting organisers. Furthermore, a mutual consultation mechanism was set up for the purpose of monitoring prices. (The regulation of the Hungarian agricultural regime made it a task of the minister responsible for the agriculture to ensure that the economic advantages resulted from the application of indicative prices and quantitative restrictions exceed the disadvantages resulting from those restrictive practices. The price setting in question was, however, not a restriction of the kind falling under the regime.)

The minimum prices affected not only the members' prices, but those of the whole sector and were detrimental to consumers. Hence, the Competition Council fined HUF 150 million (EUR 600 thousand), HUF 15 million and (altogether) HUF 17.3 million the Council for Wild Animal Products and Services, the Budapest Agrarian Chamber and 15 undertakings respondents in the case, respectively. (For comparison: the total income from lease hunting of the sector in the year 2003 was higher than HUF 8 billion.)