

Fine reduction via leniency policy

The Gazdasági Versenyhivatal (GVH – Hungarian Competition Authority) established that BTH Fitting Gyártó és Forgalmazó Kft. (BTH), Pipelife Hungária Műanyagipari Kft. (Pipelife), Wavin Hungary Ipari, Kereskedelmi and Szolgáltató Kft. (Wavin) concluded market sharing and price fixing agreements. The GVH imposed a total fine of more than 725 million HUF (approx. 2.3 million EUR).

The so-called ‘pipe cartel case’ affected the markets of plastic pipelines and related plastic fittings (necessary to connect pipes to each other). All of the undertakings involved in the case are leading firms of domestic plastic pipes and plastic fittings production and distribution.

According to the decision made by the GVH, in the framework of bilateral coordination, **between April 2009 and December 2011 BTH and Pipelife, and between June 2009 and December 2011 Pipelife and Wavin**, violated competition law in the form of a single, complex, continuous infringement, by

- sharing their wholesalers,
- determining minimum prices applicable towards their wholesalers, and
- sharing the sales of pipes and fitting products among themselves.

In the course of the investigation Pipelife and BTH submitted leniency applications. As a consequence of the application of the leniency programme the GVH granted full immunity to Pipelife, with the result that the undertaking was not required to pay a fine which would have amounted to more than 800 million HUF (more than 2.5 million EUR). As regards to BTH’s leniency application, this resulted in a 40% reduction in the fine, with a limited total fine of 55,314,000 HUF (approx. 176 thousand EUR) being imposed on the undertaking. Wavin, which had increasingly objected to the finding that it had committed an infringement, was obliged to pay a fine of 669,963,000 HUF (approx. 2.1 million EUR).

When calculating the basic amount of the fine in accordance with its [‘Fining Notice’](#) the GVH took into account – as relevant turnover:

- **for Pipelife:**
 - in relation to the infringement between Pipelife and BTH, the turnover of all pipe fittings and drain pipe sold in the period of the violation of the law,

- in relation to the infringement between Pipelife and Wavin, the turnover of all plastic pipes, drain pipe and delivery pipes, sold in the period of the violation of the law,
- **for Wavin**, the turnover of all plastic pipes, drain pipe and delivery pipes, sold in the period of the violation of the law,
- **for BTH**, the turnover of all pipe fittings and drain pipe fitting, sold in the period of the violation of the law.

Cartels involving price fixing and market sharing are considered to be the most egregious competition infringements.

The GVH took into account, as an aggravating circumstance, that the market players hold significant market positions and therefore could have been aware of the unlawfulness of their conduct.

A further aggravating circumstance that was taken into account in the case of the infringement between Pipelife and BTH was the fact that the undertakings enforced the details of their agreements in practice, with the consequence that the infringement had a real impact on the market. However, regarding the agreement concluded by and between Wavin and Pipelife, the GVH took into account, as a mitigating circumstance, the fact that the restrictive conduct appeared not to have been implemented in full in all respects.