



GAZDASÁGI  
VERSENYHIVATAL

**Hungarian Competition Authority**  
**Budapest, Hungary**

## **Annual Report on Competition Law and Policy Developments in Hungary**

(January – December 2009)



### **Introduction**

#### **Greetings by the President**

#### **Dear Reader,**

You are about to read the report of the Gazdasági Versenyhivatal (the Hungarian Competition Authority – GVH) about its activity in 2009. The GVH continued its high quality of work in 2009.

In the course of the competition surveillance work of the GVH there were a few decisions in 2009 that attracted considerable attention within professional circles and the wider public, e.g. the decision of the GVH establishing the infringement of payment card issuing banks and payment card schemes (Visa and MasterCard) in a restrictive agreement case, or the decision of the GVH prohibiting the concentration of Magyar Telekom and ViDaNet. What is perhaps even more important to us is that we could also give guidance to the decision-making actors of the business society in a far more transparent and foreseeable manner. This was assisted by our everyday

work, by the “regular” decisions irrespective of their professional field, i.e. M&A control, consumer protection or unfair market practices.

In our competition advocacy activity we have made gradual efforts to support the work of the Hungarian Government, Parliament and – if needed – also the legislative work of the municipalities in order to ensure an equal balance between competition-related aspects and other public policy goals in the course of their decision-making activities. In these cases the most important goal for us is to assist regulators in achieving their aims through means which are proportionate and which restrict competition to the least possible extent. In (a few) other cases we are proactive in initiating amendments to regulations and statutes. E.g. in 2009 we turned to Parliament in order to curb the practice of banks that had unilaterally modified contractual terms and conditions at the expense of their clients.

We have been focusing our attention on the development of a culture of competition for years. Fair business practices, well-established decisions made by appropriately informed consumers and preparatory legislative work that takes into account the elements of competition are all based and supported by an increase in competition awareness. To this end, in 2009 the GVH also provided technical and financial assistance to high-quality researchers for well-organised professional events. The GVH itself, from its “own resources” organised professional programmes within the framework of ‘lunchtime’ talks and also a conference in Budapest with Neelie Kroes, Competition Commissioner of the European Union. Two goals of the GVH, namely the support of domestic undertakings in their capital investments in eastern- and south-eastern European countries, on the one hand, and the moral obligation of the GVH to support competition authorities from the same group of countries, on the other hand, met successfully and took the form of the establishment of the OECD/GVH Regional Centre for Competition in Budapest, which has been operating for five years. The existence and activity of this regional centre proves that the GVH has gained a leading role in the region on the basis of its high level of performance in law enforcement and competition advocacy activities, as mentioned above.

What demonstrates that the work of the GVH has been clearly acknowledged as displaying a high level of performance and that this has been explicitly reiterated by the domestic business community, the narrower professional circles, Parliament, which exercises democratic control over the GVH, the European Competition Commissioner and the Chairman of the Competition Committee of the OECD?

Each colleague at the GVH respects and follows, to the greatest extent possible, (the essential elements determined by) the ‘Fundamental Principles’ of the GVH as well as institutional and operational principles. We bear in mind that our work has to assist the competitive operation of markets, for the benefit of consumers. We strive to enforce the provisions of competition law for the sake of public interest, in order to enhance long-term consumer welfare and thus competitiveness. The welfare-oriented approach of competition policy provides clear guidance for assessing each case and also assists our competition advocacy work.

The GVH has independent status. In our view this independence from the rest of the public administration as well as from businesses is the most essential institutional prerequisite to enforce our competition policy objectives and it is not just a goal in itself. The GVH works independently from politics, from the everyday economic policy considerations of the Government and the lobby groups of undertakings, doing its job autonomously, exclusively considering competition policy aspects. In order to reach

our target goals we are willing to make use of our independence, even if this results in conflict. We believe that actual independence is not only important but also the credibility of our independent operation.

In the course of our operation we take into consideration the general economic policy environment and its endeavours and plans. We cooperate with other administrative institutions on competition policy related issues in so far as this cooperation serves the fulfilment of competition policy related goals or assists the other party to achieve its objectives in a manner which does not endanger the pro-competitive activity of the GVH.

We are committed to the transparent operation of the GVH and we place great emphasis on communicating our activity to both professionals and the wider public. Transparency and publicity, on the one hand, are required by the principles of 'good administration', on the other hand, these assist legal certainty, predictability, compliance with the law, law enforcement and also the competition policy activity of the GVH.

In addition to all of these, some fortitude is also required in order to pursue our tasks that are determined by law in a manner that is effective, efficient, free from subjectivity, credible, fair and that abides completely to the relevant provisions of the law.

***Budapest, 4 August 2010***

***Zoltán Nagy***  
***President of the GVH***

The most important events of 2009:

January 2009	The Competition Culture Centre (CCC) of the GVH publishes the Hungarian translation of the textbook “The Power of Productivity Wealth, Poverty, and the Threat to Global Stability” by William W. Lewis
May 2009	Conference on “Law of Advertisement” organised jointly by the American Chamber of Commerce (AmCham) and the CCC of the GVH
May 2009	International conference on competition law for the newly-joined EU Member States
June 2009	Entry into force of the amendment to the Competition Act
June 2009	Parliament enacts, by unanimous voting, the report of the President of the GVH on the activity of the Competition Authority in the year 2008
July 2009	Appointment by the President of the State of Mr. Gergely Dobos, as a new member of the Competition Council
September 2009	Meeting of the heads of the Hungarian Authority for Consumer Protection, Hungarian Financial Supervisory Authority and the GVH in order to evaluate the cooperation of the three institutions
September 2009	Ms. Márta Nagy, Vice-President of the GVH and Mr. András Bodócsi, members of the Competition Council retire
September 2009	The President of the State appoints the two new Vice-Presidents of the GVH, Mr. Gábor Gadó and Mr. Lajos Wallacher
November 2009	Conference on “Market and Regulation for the Competitive Media: in the Television Broadcasting Service in the Focus”
November 2009	Large scale conference with the participation of Ms. Neelie Kroes Competition Commissioner of the European Union on “The Balance of 5 years’ Competition Policy – What Has the EU Accession Brought for Hungary and for the Region?”
November 2009	Annual Meeting of the heads of the competition authorities of the beneficiary countries of the OECD/GVH Regional Centre for Competition in Budapest
December 2009	Award for Competition Culture to Noémi Alexa, chief executive officer of Transparency International Hungary and Media Award for Competition Culture to the editorial staff of Inforádió

### ***The organisation of the GVH***

The Gazdasági Versenyhivatal (GVH – Hungarian Competition Authority) is the state body responsible for the protection of the freedom and fairness of competition. The activities of the GVH for the protection of competition are based on three pillars: (1) during its **competition supervision procedures**, the GVH enforces Hungarian and EU competition rules, (2) in the ambit of **competition advocacy** it strives to influence state decisions according to the competition related public interest, (3) while also **contributing to the enhancement of a culture of competition and the development of conscious consumer behaviour**. The GVH also has a role in the field of **competition related consumer protection** when it enforces provisions ensuring that undertakings provide consumers with proper information.

The GVH is **independent from the government** and it is supervised only by the Hungarian Parliament. The GVH has **competence in the whole territory of Hungary** and it has no regional offices. The authority is headed by the **President**, while the organisation is led by the **General Secretary** under the direction of the President. The President's work is assisted by **two Vice-presidents**, one of them is in charge of directing and supervising the investigative sections, while the other is the Chair of the Competition Council, the final decision-making body of the GVH. The investigative sections are organised according to the sectors of the economy or according to particular types of procedures. There is a unit dealing with network industries, a unit dealing with various productive industries and services and another dealing with financial markets. In addition to these, the GVH has a unit dedicated to cartels, dealing only with hard-core horizontal restrictions for all sectors and another unit dedicated to consumer fraud cases. Legal, international and competition policy sections, along with the chief economist's team, support the work of the investigative sections. In accordance with the competition supervision procedures, the final decisions of the GVH are adopted by the **Competition Council**. This is a separate decision-making body within the organisation of the GVH. The Competition Council is also responsible for the enforcement of the GVH's final decisions.

The table on the next page represents the organisation of the GVH.

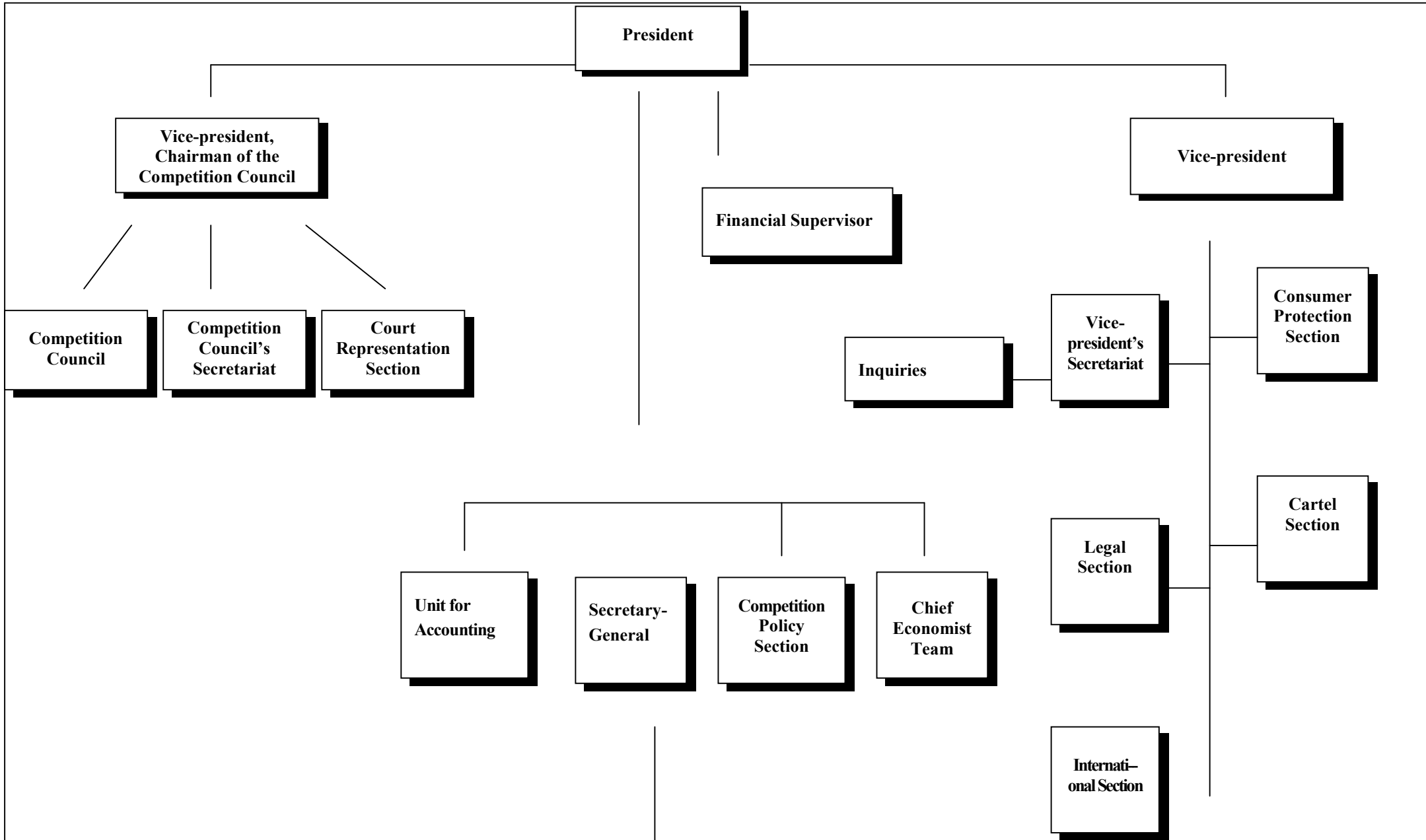
In 2009, the GVH had 125 employees; an additional 12 trainees were also involved in the work of the authority. Not including the administrative staff, 81 employees out of the 125 participated directly in the primary functions of the GVH (competition supervision, competition advocacy and the development of competition culture). Out of these 81 employees, 41 were lawyers, 26 were economists (4 with a PhD) and 14 were from other educational backgrounds. The average age of the staff was 35 years, while the average tenure at the agency was 6 years. The **annual budget** of the agency for the financial year 2009 reached 2.121 billion HUF (approximately 7.5 million EUR) the main part of which was allocated to staff wages. Besides this, the GVH also spent a significant amount of money on the development of a culture of competition.

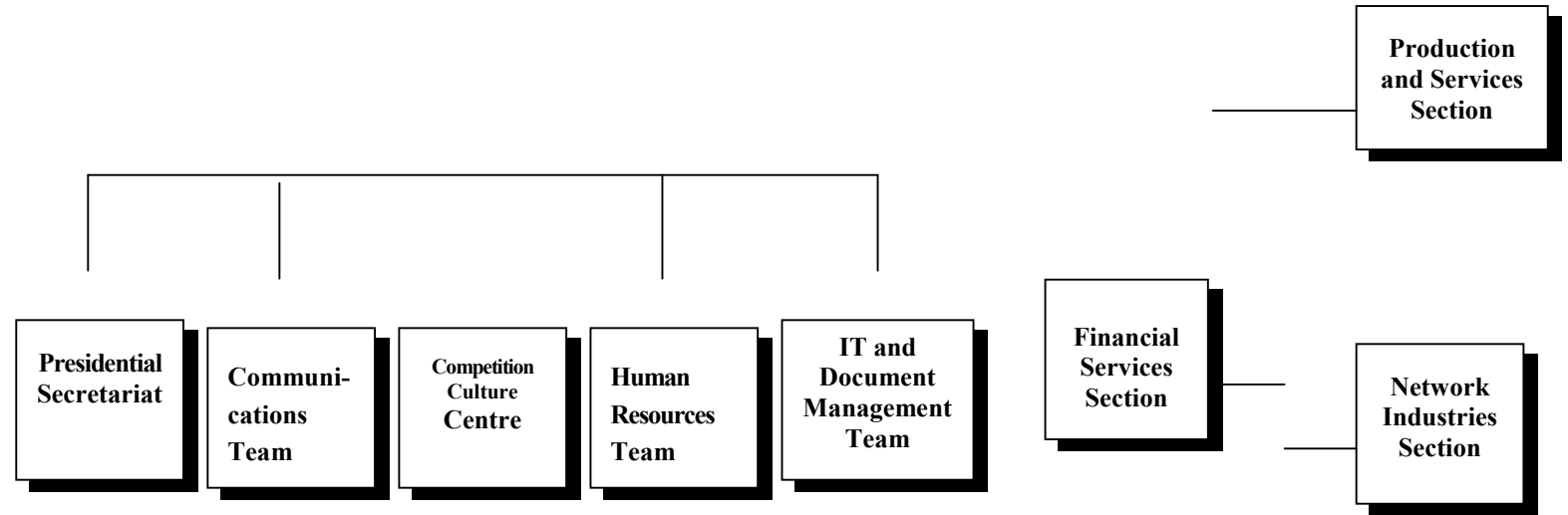
### ***"Annual objectives of the GVH", the focus of the GVH's activities***

During 2009, the GVH concentrated its attention and efforts mainly on **banks, the media sector and agriculture**; nevertheless, it also appeared in other fields through its competition supervision proceedings and competition advocacy. During its competition supervision procedures the GVH placed great emphasis on the unfair manipulation of consumer choice, unfair trading practices and restrictive agreements cases.

**ORGANISATION CHART OF THE GVH**

(01. 01. 2010)

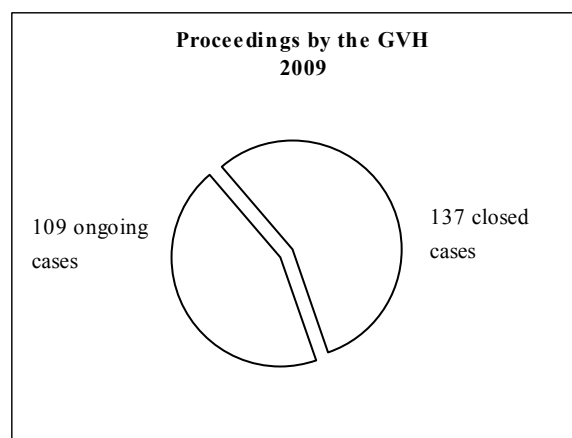




Concerning the **financial markets**, in 2009 the GVH concluded and evaluated its sectoral inquiry on switching costs in the retail bank business. The final report of the sectoral inquiry was published in the first half of 2009 and contained several observations based upon which the GVH had already initiated several competition advocacy activities in 2008. Based on the results of the inquiry, the GVH considered it necessary to enhance regulation in four areas (unilateral contract modifications, excessive explicit switching costs, the limited comparability of prices, the competition distorting effects of state subsidies provided to consumers) in order to improve the conditions of competition in the loan refinancing and loan granting markets. First of all, the possibility of banks to unilaterally modify long-term loan contracts had to be re-regulated. The GVH launched an extensive competition advocacy initiative for the creation of a regulation that would only allow banks to unilaterally modify their existing contracts if such modifications to the individual contracts were objectively justifiable by external events and beyond the reach of the bank's operation. Initially the proposals of the GVH were objected by both the governmental and supervisory bodies, nevertheless, in December 2008, the Minister of Finance submitted a proposal to Parliament on this issue, which was adopted in its final form in March 2009.

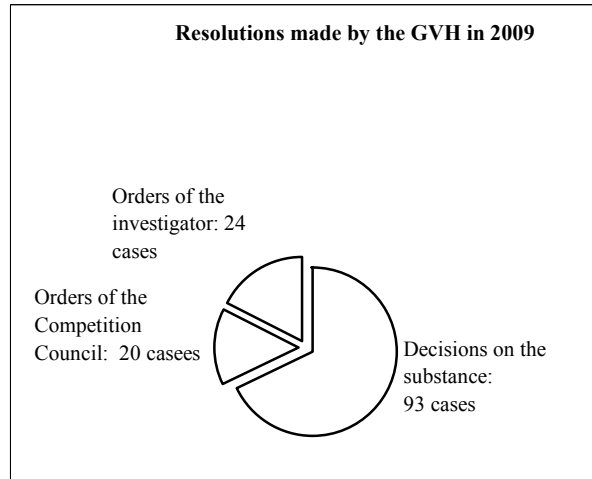
The GVH also concluded its sectoral inquiry into the **electronic media sector**, which dealt with the wholesale, retail and TV advertising market of TV broadcasting (content providing and packaging), in order to understand and evaluate the market processes related to the sale of TV spots, access to sports and filming rights and the terms and conditions of broadcasting TV channels. The experience of the inquiry was also successfully utilised by the GVH during the consultation process concerning the new Act on Media Services. Building on the experience gained through the sectoral inquiry, in autumn 2009 the GVH organised the conference "Market and regulation for a competitive media". The GVH intended to launch with the organisation of this event an open and professional dialogue between the parties concerned by the inquiry and also tried to contribute to the professional establishment of the long due regulatory reform of the Hungarian media sector. At the event, besides the conclusions of the sectoral inquiry, the issues of consumer protection, media regulation and competition policy were also discussed.

### ***Competition law enforcement***





In 2009 the GVH conducted 137 **competition supervision proceedings** out of which 93 cases were concluded by a resolution on the merits (decision or order imposing commitments) of the Competition Council. In two out of the 93 cases the GVH investigated two types of cases at the same time (concerning a restrictive agreement and concentration). Besides the above-mentioned, the case handlers and the Competition Council of the GVH dealt with a further 109 cases during the year in which no decisions were made in 2009.



Out of the 93 resolutions of the Competition Council, 51 were related to unfair manipulations of consumer choice and unfair trade practices, while 42 of them concerned antitrust issues. The total number of **interventions** by the GVH was 59, they were made mainly in cases concerning unfair manipulations of consumer choice and unfair trade practices (48 cases), and the rest were in cases with an antitrust relevance (11 cases). The Competition Council of the GVH imposed fines in 57 decisions. The total amount of the fines imposed were 6026.3 million HUF (approx. 21.5 million EUR), including 38.5 million HUF (approx. 137.5 thousand EUR) imposed for missing the deadline set for the submission of merger-notifications.

The vast majority ( 5081 million HUF – approx. 18.1 EUR) of the fines imposed in 2009 came from condemnations for restrictive agreements. The legal instrument of commitment decisions (which was introduced in 2005) has become an integrated element of the GVH's practice. In 2009 the Competition Council of the GVH terminated the proceedings in 4 cases with regard to the parties' commitments. Experience shows that besides the quicker settling of the competition supervision proceedings, commitments may also have an additional benefit, namely that the undertaking may undertake more than the GVH could otherwise enforce (e.g. compensation of customers, repayment or not only modifying the relevant deceiving communication campaign but also revising the whole communication practice of the undertaking concerned).

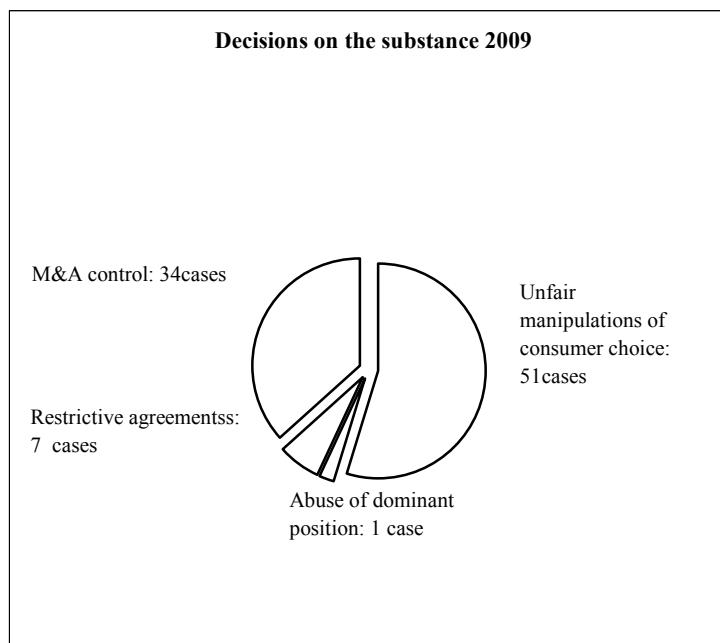
### ***Complaints and informal complaints***

The special legal instruments allowing for the submission of complaints and informal complaints can serve as the basis for the initiation of competition supervision

proceedings and can help assess the necessity of the investigation – in this way they can be important sources of information for the GHV.

In 2009 the GVH assessed 1334 submitted complaints. 209 of these documents served as a basis for initiating 104 competition supervision proceeding. In 2009, complainants disfavoured for the most part the followings: agents' activities, financial service providers, telecom companies' advertising and promoting activity and deceiving advertisements concerning some products with curative effects. A proportion of the submitted complaints concerned phenomena that cannot be remedied by the competition authority or other bodies due to lack of competence or other reasons. In these cases, where it is possible, the GVH tries to gain the attention of the body located closest to the problem or anomaly. However, there are some remaining phenomena that still need to be remedied.

### ***Proceedings***



### **Unfair manipulations of consumer choice and unfair trade practices**

The GVH's antitrust and consumer-protecting activities complement each other by serving consumers' interests: competition makes it possible for consumers to choose the most suitable option from the maximum possible choices. However, if consumers are not able to make rational decisions they cannot gain from the benefits of competition. In this regard the protection of competition and the protection of consumers cannot exist without each other and the best result can only be achieved if these are able to complement each other.

The main goal of the GVH's consumer protection activity is to assure undistorted competition and to maximise consumer welfare through the freedom of consumer choice. The GVH's consumer protection activity primarily focuses on the demand side of the markets: by investigating the communication activity of the supply side its aim is to protect the free and undistorted choice of the consumer. If it can be established that the choices of consumers in a given market have been unfairly manipulated by an undertaking, for example by inducing consumers to make a

decision which they would not have otherwise made, the competition processes may be distorted as a consequence of the distorted decisions of the consumers.

In 2009, the Competition Council adopted 51 resolutions on the merits in unfair manipulations of consumer choice and unfair trade practices cases. The GVH intervened in 48 of these cases. Out of these 48 cases the Competition Council established an infringement in 46 cases and imposed a total fine of 906.8 million HUF (approx. 3.2 million EUR) in 43 cases. In two cases the GVH terminated the proceedings with regard to the parties' commitments. Out of the 51 resolutions, 26 exclusively concerned unfair manipulations of consumer choice, 12 solely concerned unfair trade practices, while in 13 cases the GVH proceeded on the basis of both sets of provisions.

As regards unfair manipulations of consumer choice and unfair trade practices cases, the following sectors generated more intense competition supervision activity.

The GVH has pursued considerable activity in the infocommunications sector for years, since the marketing communication activity is very wide in this sector and undertakings constantly introduce new innovations and develop distributed products. In past years, numerous investigations of the GVH touched upon telecommunications markets; these investigations generally focused on practices which were common throughout a whole given sector or tried to counterbalance the harmful effects of the low-level of consumer awareness concerning various technical innovations. Consumers faced with competition among "strong brands" in the infocommunications markets generally conclude long-term agreements from which they cannot quit unless they pay a penalty. Therefore, it also applies to these markets that the decisions of non-conscious, non-optimal consumers may result in serious harm to the consumers. In past years, internet service providing was the most rapidly developing service of the market players. A number of new consumers who entered into this market could often not understand the technical attributes of these complex and frequently bundled products. In 2009, the GVH conducted proceedings against all three mobile operators in the Hungarian market concerning their marketing communication, as regards mobile-internet services.

In 2009, the GVH placed great emphasis on monitoring financial markets. The economic crisis exposed several problems in regard to the limited information being given to consumers stemming from the information asymmetry between consumers and market players. These markets regularly offer novel products and services which are rather complex for consumers. Certain decisions of consumers in the financial markets result in high value decisions (e.g. a foreign currency housing loan could be the most valuable transaction in the consumer's entire life) therefore the harm to the consumer resulting from a non-optimal decision could be very significant.

In financial markets a distinction can be made between two types of undertakings. On the one hand, there are some undertakings (whose operations are strictly regulated) that provide otherwise useful services to consumers, but commit faults in their marketing communications due to the difficulties of advertising stemming from the complexity of their products. On the other hand, the other type of undertakings' activity is based entirely on the unfair manipulation of consumers. These two types of undertakings can be differentiated according to the fact that the latter ones mainly offer their products to consumers with weaker knowledge and a worse financial position. The *undertakings organising purchasing groups* generally fail to provide

information or do not provide unequivocal information in their advertisements about the essential features of the purchasing groups. The target group of these advertisements consists basically of consumers in a temporary or permanently weak financial position or who are excluded from the banking services of financial institutions. Based on the advertisements, clients conclude agreements with the organiser of the purchasing group with the expectation of receiving credit, however, this generally proves to be false.

The tendency of past years shows an increasing number of competition supervision proceedings against undertakings selling products that allegedly have health preserving or preventive effects. According to the GVH's experience, in some cases, the communication activity and selling practice of these undertakings is based in its entirety on objectionable statements. Once again, in 2009, the authority condemned several companies for stating unfounded statements (mainly suggesting false curative effects).

In 2009 the GVH condemned several airline companies. These investigations of the authority concerned the correct indication of prices and showed similar problems with the airline companies' communication practice as the relevant report of the network of the Member States' consumer protection authorities.

Commercial communication in the retail sector was subject to numerous competition supervision proceedings in 2009 as well, due to the high number of consumer transactions. Basically two types of commercial practices were investigated in these proceedings. One of the issues concerned the pieces of information provided in connection with discounted products in the leaflets of retail chains – the question was whether the chains had satisfactory stocks of the discounted products from the beginning and over the whole sale period.

### **Restrictive agreements**

In 2009 the GVH conducted 13 proceedings concerning restrictive agreements. The competition authority made decisions on the merits in 7 cases. In 3 cases the Competition Council, and in 3 other cases, the investigators terminated the proceedings by order. Out of the 7 cases on the merits the Competition Council imposed a total fine of 5010 million HUF (approx. 17.9 million EUR) in 6 cases, while in one case, the proceeding ended with a commitment. According to the GVH's experience, due to the rigorous activity of the authority and the resulting serious consequences for cartelists, they have become more watchful in recent years; therefore, detecting secret cartels is becoming a more difficult challenge for the authority. The fight against cartels (which are the most serious, secret and prohibited restrictive collusions) still constitutes one of the most accentuated objectives of the GVH. In past years, the authority condemned several undertakings participating in a cartel and imposed deterrent fines. Thus, the GVH imposed a fine amounting to almost 3 billion HUF (approx. 11 million EUR) on three road construction companies (Strabag Építő Zrt., Egút Egri Útépítő Zrt. And Colas Dunántúli Zrt.) for cartel activity. The undertakings colluded in the public procurement tenders published for road and bridge construction and reconstruction works in Heves and Nógrád counties between 2002 and 2006. They allocated the market among themselves, agreed on the prices and who the winner was going to be. Another participant in the cartel did not receive a fine since the undertaking cooperated with the GVH in the proceeding within the framework of the leniency policy and also admitted its participation. This helped with

the thorough discovery of the cartel and also helped to prove the infringement. The aggregate value of the project was 1 billion HUF (approx. 3,6 million EUR).

The authority did not accept the commitments offered by the parties in the proceeding against Hungarian payment card issuing banks and payment card schemes Visa and MasterCard. The investigation concerned interchange fees applied in four-sided card payment systems which were fixed by the horizontal agreement of the Hungarian banks – they set uniform interchange fees in transactions by the payment cards of Visa and MasterCard. The practice of the payment card schemes also infringed competition because it enabled the banks to conclude agreements that hindered competition. The GVH imposed a total fine of 1.9 HUF billion (approx. 7 million EUR).

Besides establishing the infringement, the GVH obliged Castrol Hungária Kereskedelmi Kft. to bring the objected contractual provisions into line with the Competition Act. The clauses were applied in the undertaking's (indeterminate or temporary) concluded contracts with car repair shops for selling lubricants.

The GVH established a violation of the Competition Act and imposed a serious fine amounting 103 million HUF (approx. 367 thousand EUR) on a Taiwanese undertaking producing MITAC products and its three Hungarian distributors. The undertakings concerned fixed the minimum retail prices of their navigation tool products and threatened the undertakings that applied lower prices with sanctions.

In 2009 the GVH continued the investigation and evaluation of the recommended prices issued by professional chambers and associations. A condemnatory decision was delivered concerning the setting of the recommended minimum prices by the professional guild of dental mechanics. The competition authority terminated the proceeding against Békés Megyei Ügyvédi Kamara (Bar Association of Békés County) for excessive and discriminatory registration fees since the Association undertook commitments. The GVH initiated proceedings against Magyar Pékszövetség (Hungarian Association of Bakers) and 23 undertakings in the bakery sector because the interest group coordinated its members price increases in August 2006 and February 2007. The authority made a condemnatory decision.

### **Abuse of dominance**

In 2009 the GVH conducted 14 proceedings based on a suspicion of an abuse of dominance. In 4 cases the Competition Council proceeding in the case, and in 9 cases the investigators, terminated the proceedings by order. The authority made one decision on the merits in which it accepted the commitment of Raiffeisen Bank. The financial institution undertook to pay compensation to certain clients, furthermore, the clients would have an opportunity to pay a reduced fee if they would like to repay their Hungarian forint or foreign currency loans partially or completely in advance. Among others, the competition authority investigated in its proceedings the behaviour of Magyar Távirat Iroda Zrt. (Hungarian News Agency) which has the determinant position in the news agency market; the modifications of the price formula (and the circumstances of its application) of the natural gas supply contract between EMFESZ Első Magyar Földgáz és Energiakereskedelmi és Szolgáltató Kft. (EMFESZ First Natural Gas and Energy Trading and Service Provider Llc.) and Nitrogénművek Vegyipari Zrt. (a fertilizer manufacturer). The GVH evolved its viewpoint in two proceedings concerning the authorisation and control of placing advertisements in public premises.

## **Control of concentrations**

The GVH applied the so-called dominance test when assessing transactions in the case of mergers implemented before the 1<sup>st</sup> of June 2009. As a result of the amendment to the Competition Act, from that date the authority applies the so-called significant lessening of competition test – thus, it may not refuse to grant authorisation for a concentration where the concentration would not significantly reduce competition – in particular as a result of the creation or strengthening of a dominant position – in the relevant market. Otherwise, on the basis of assessing the advantageous and the disadvantageous effects on competition, the concentration can be prohibited. In 2009, the GVH conducted 37 proceedings concerning the control of concentrations. The authority made 34 decisions on the merits, while in 1 case the Competition Council proceeded in the case, and in 2 cases the investigators, terminated the proceedings by order. The proceeding initiated on the application of Magyar Telekom Zrt. was of great importance. The GVH refused to authorise Magyar Telekom's application to acquire sole control over ViDaNeT Kábeltelevíziós Szolgáltató Zrt. (cable television provider) since as a consequence of the concentration, one group of undertakings would have controlled the fixed telephone line and cable television networks – pledges of effective infrastructure-based competition – in the relevant geographic market. Through this decision the GVH unequivocally casted its vote for infrastructure-based competition. In the construction industry field, the GVH approved the acquisition of control over Cemex Austria AG by Strabag SE on the condition that the buyer makes Cemex divest itself of the plant producing premixed concrete in Salgótarján and sells it to an independent undertaking.

In the newspapers market, Ringier Kiadó Kft. and Ringier AG the publishers of the daily tabloid "Blikk" applied to the competition authority for clearance to acquire 100% of the shares of Híd Rádió Zrt. which is the publisher of the daily newspaper "Bors". According to the GVH's preliminary position, acquiring the control would have resulted in the Ringier-group gaining the dominant position in the daily tabloids' market. Therefore, the authority would not authorise the merger. Ringier Kiadó Kft, however, withdrew its application for authorisation and the competition authority, therefore, terminated the proceeding.

### ***The application of European competition law in the competition supervision proceedings of the GVH***

In 2009 the GVH initiated 10 cases under European competition law. With these 10 new cases **the number of cases initiated under European competition law** since accession has increased to 76. Practice shows that about 40 percent of the cases that the GVH initiates under EU and domestic (double) legal bases concern anticompetitive agreements and abuses of a dominant position. On the one hand, this rate is slightly higher than in the majority of other Member States, on the other hand – considering the openness of the Hungarian economy – this is an understandable phenomenon.

In 2009 the GVH closed 8 cases in which EU competition law was applied in addition to domestic norms. The GVH intervened in 4 of these cases: there was one commitment decision and in three cases the GVH established an infringement. A fine was imposed in two cases. In the remaining four cases a violation of competition law was not established.

2009 brought one M&A case (Syngenta/Monsanto transaction) in which more thorough cooperation had to be established. In this case the parties notified their transaction to the Hungarian and Spanish competition authorities (they did not have to notify it under the European Merger Regulation). The Spanish competition authority initiated the referral of the case to the Directorate General for Competition of the European Commission. After thorough analysis and clarification of the procedural right aspects of the case, the GVH joined the Spanish initiation and the case was referred to the European competition authority.

By 2009 the European Member States – including the GVH – had been applying European competition law for more than 5 years. Similarly to the practice of previous years, the **participation of the GVH in the European Competition Network (ECN)** proved to be smooth also in 2009. During the year there were no cases that would have been reallocated from other national competition authorities to the GVH and the GVH did not reallocate any cases to any other ECN members either.

The GVH did not request investigatory assistance from other MSs' competition authorities (this is, however, possible under the procedural rules) it also happened to be the case that no other member of the ECN requested such action from the GVH. The GVH assisted the DG for Competition of the European Commission in an inspection on one occasion (it was an unannounced on-the-spot inspection, a so-called 'dawn raid' action).

Within the ECN it has increasingly become a general practice that member competition authorities of the ECN pose questions to each other informally, inquire about each other's experience e.g. in market analysis topics, in concrete cases or regulatory issues. Although in 2008 there were only 25 such informal requests for information, in 2009, there were 75 inquiries of this kind.

### ***Experiences concerning judicial reviews***

Similarly to previous years, in 2009 around half of the condemning decisions of the GHV were also challenged in court. There were no requests for a court based review of decisions that did not establish a violation of the Competition Act or authorise M&As with commitments. There was one concentration case in which the parties turned to the court against a decision of the GVH denying the authorisation of a transaction and another decision was challenged that found that a transaction did not qualify as a concentration within the meaning of the Competition Act.

Since the currently effective Competition Act entered into force (in January 1997), 459 decisions of the GVH have been challenged in court. 80 percent of these cases have been closed by a final judgement. Out of these cases, the Budapest Metropolitan Court (the first instance review court) and the Appeal Court of Budapest (the second instance review court) changed the decisions of the GVH – partially or in their entirety concerning the legal basis – in 24 cases, and in a further 30 cases the fines were decreased to a smaller sum by a considerable extent. In addition to all of these, the courts obliged the GVH to open new proceedings in 18 cases. The vast majority of these cases were decided during the period 1997-2005. During the last 5 years the courts have obliged the GVH to initiate new proceedings in 4 cases and in two of these cases the essential legal aspects of the decisions were approved and new proceedings had to be launched only for fine calculation. All of these phenomena clearly show that the harmony in law enforcement between the GVH and the courts has remained.

The judgment of the Supreme Court brought in a national highway construction cartel case, fully accepting the decision of the GVH, has to be highlighted among the final court judgments. Furthermore, it is worth mentioning that the Supreme Court also made a judgment in a case related to a public procurement cartel concerning the construction of the metropolitan metro line Nr. 4, in which the GVH found three construction companies engaged in cartel activity in 2004. The Appeal Court of Budapest approved the proceeding of the GVH and the findings of its decision. Following a subsequent challenge to the decision by the parties in 2009, the Supreme Court's judgment upheld the original decision, except the amount of the fine imposed on one of the cartel members. The Supreme Court accepted the market definition of the GVH in the public procurement cartel case in which the Hungarian Pensions Insurance Authority invited tenders to an open pre-qualification process for the complete reconstruction, renovation, building contractors and sub-construction works of its seat in 2001. The Budapest Metropolitan Court partially altered the part of the GVH's decision that established the infringement of the Hungarian Bar Association. Final judgment was brought in the so-called 'insurance cartel' case: while the first instance review court did not share the GVH's assessment concerning brokerage contracts it otherwise approved the decision, in the second instance the Appeal Court of Budapest rejected the plaintiffs review requests in their entirety. In 2009, the final judgment was delivered in an abuse of a dominant position case in which in its original decision, the GVH found that the Magyar Államvasutak Zrt. (Hungarian Railways Zrt.) had abused its dominant position by requiring potential entrants to provide an unconditional bank guarantee in the contracts concluded for 2005, for the use of its track railway infrastructure, thereby, imposing unjustified disadvantageous market conditions on these potential competitors. As regards the violation, the conclusive judgement confirmed the GVH's decision. However, the review court found the amount of the fine excessive and reduced it. Another market opening related decision of the GVH, the one brought in an abusive case against Dél-magyarországi Áramszolgáltató Zrt. was also confirmed by the Supreme Court.

### ***Amicus curiae activities***

Another feature of the relationship between the GVH and the courts is **cooperation in private enforcement procedures**. The provisions of the Hungarian Competition Act provide for the possibility of privately enforcing claims related to infringements of competition law. Courts must immediately inform the GVH in all cases where infringements of competition rules have arisen. In these cases, the GVH has the opportunity to submit its opinion on the claim as an *amicus curiae*, either on its own initiative, or at the request of the court.

In 2009, the GVH submitted its opinion to the courts in four cases which raised an issue of competition law. All of the cases dealt with the issue of an abuse of a dominant position and one of them also raised the application of the prohibition on cartels. In three cases the GVH found that there was no dominant position in the relevant market, therefore, it did not initiate a competition supervisory procedure. Concerning the remaining case, it had earlier conducted its own investigations but terminated them because no infringement had been found and for some of the behaviours, commitments were undertaken by the parties. In each of these *amicus curiae* cases the GVH submitted a detailed analysis in order to assist the courts in their assessment of the eventual abuse of a dominant position.



In one of the cases the plaintiff claimed that the respondent committed an exclusionary abuse in the advertising market when it refused, without justification, to maintain business relations appropriate for the type of transaction. Another case related to a contract for the creation of an internal call centre, where the plaintiff alleged an abuse of a dominant position concerning the long-term contractual relationship between the parties. In its submission, the GVH expressed its opinion that the eventual defencelessness created by a long-term contractual relationship could not establish the dominant position of the contracting party. In the third case, the plaintiff claimed that the respondent abused its dominant position in the Hungarian retail mobile telephony market by including unilateral advantages for itself in the general terms and conditions of the services. According to the GVH, neither the mobile operator on its own, nor all Hungarian mobile operators jointly, were likely to possess a dominant position in the relevant market. Finally, in the fourth case, the plaintiff sued for damages because in its opinion, the respondent refused to conclude a contract with him for an authorised repairer status for motor vehicles and did not carry out a technical audit for this purpose either. The respondent argued as one of its reasons for the refusal, that according to its internal rules, it could not contract for an authorised repairer's position with undertakings with which it had ongoing legal disputes. In the GVH's opinion, based also on earlier investigations, the respondent's dominant position in the relevant market could not be presumed since the particular brands of motor vehicles belonging to the same category were, by all means, substitutes for each other. In addition, the GVH explained that if the above-mentioned practice of contracting was based on an internal rule, which qualified only as a unilateral statement and not as a vertical agreement, then it could not be a restrictive agreement either.

### ***Sectoral inquiries***

In 2009 the GVH finished two **sectoral inquiries**. At the beginning of the year it finished its **inquiry into financial services**, more precisely, retail banking and the possibility of bank switching for consumers. According to the GVH, shortcomings in the regulation related to switching may substantially distort the decisions of consumers, resulting in all of the benefits of competition in the markets concerned not being fully realised. For the enhancement of effective competition, the GVH made recommendations for the re-regulation of unilateral contract modifications, the maximisation of closing charges, the comparability of prices and the portability of state subsidies received by customers.

Based on the conclusions of the inquiry, with regard to state subsidies, due to the developments in the market and the frequently changing legislation on state subsidies, financial service providers can easily segment distinct group of consumers and differentiate them. Due to the spread of foreign currency loans and their subsequent domination in the market, the frequent changes in the system of state subsidies and the limited portability of subsidies received by consumers, there are several segments of consumers that do not have the same availability of favourable financial products at the time of credit refinancing than at the time when submitting their credit request for the first time. Given the lack of portability of state subsidies, consumers willing to switch have to take into account not only the direct switching costs but also the loss of their subsidies.

The GVH believes that closing charges (exit fees, switching costs) in current-account market competition are not significant neither in the retail, nor in the small business sector, and the difficulties of switching can be traced back mostly to the absence of a comparability of offers and related administrative problems. When consumers make their decisions concerning current account services, there are no clearly understandable pieces of information of the kind which would enable an easy comparison of the products, and thereby the adoption of rational decisions. Therefore, the improvement of price comparability is likely to result in significant efficiencies. Consequently, the GVH recommended that a product comparison website relating to current account products (similar to the one recommended in the case of loan products) should be operated. Furthermore, to facilitate switching-related administration, the GVH believes that it would be justifiable to realise the automatic transfer of direct debits in cases where there is a switch of financial operator.

Following the completion of the sectoral inquiry, several authorities and organisations, including the Hungarian National Bank and the Hungarian Association of Banks, made comments on the GVH's recommendations, out of which they supported the portability of state subsidies received by consumers. Even the 2009 country report on Hungary, prepared by the OECD, indicated that the non-portability of state subsidies received by consumers, restricts competition in the refinancing of existing loan products. Although none of the stakeholders expressed any opposition against the issue of portability, so far no further steps have been taken. Following the publication of the sectoral inquiry's results, the President of the GVH also aroused the attention of the members of Parliament with its letter on the significance of the legislation in relation to unilateral modifications of contracts by emphasising that this might enhance effective competition without actually endangering the stability of the banking system.

During the sectoral inquiry into the electronic media sector, the GVH examined the access possibilities of programme providers to the cable television platform. This is because the success of their entry into the market seemed to depend only on their appearance on cable TV networks, especially considering that the programme providers, relying primarily on advertisement revenues, are typically not present in Hungary at the moment. Therefore, programme fees received from programme distributors could be important for any new entrant. On the other hand, it could also be assumed that the fact that the programme packages of the cable networks may only be purchased from platform providers, integrated vertically to a certain degree, also makes the entry into the market more difficult for programme providers and may also reduce the intensity of competition. The third issue examined was the assumed disproportionality of the viewing and advertising market share of programme providers. It was suggested that this phenomenon might have been the result of the advertisement sales practice of the national commercial channels, or the potential competition distorting effect of some other market condition.

In relation to the distribution and advertising markets, the sectoral inquiry revealed several conditions indirectly connected to circumstances that justified the initiation of the inquiry. These were taken into account in the opinion given by the GHV during the re-regulation process of the electronic media sector. Concerning one of the issues related to the distribution markets, namely the access of programme providers to the cable television networks, the GVH drew the conclusion that due to the

intensification of competition between platforms, the unjustified reluctance of cable providers to distribute programmes would become less and less probable. The other problem raised by the sectoral inquiry in relation to cable TV broadcasting was that the lack of independent content packagers and the integration of content packaging and transmission may have a detrimental impact on competition. In its sectoral inquiry, the GVH concluded that at present the appearance of independent content packagers on cable networks was objectively hindered, and, on the other hand, that integrated packaging itself did not hinder broadcasting competition.

As regards the TV advertising market, the GVH analysed the discrepancy between the share in the advertising market and the viewing of the two national commercial channels, as a condition that was potentially distorting competition. In relation to this, the GVH concluded that the assumed discrepancy could only be observed in regard to the most popular national commercial channel, RTL Klub. Nevertheless, on the basis of the information obtained in the sectoral inquiry, the degree of this discrepancy could not be criticised in comparison to the adequate viewing indicators, due to the specificities of the advertising market and the advertising efficiency advantages of the channel.

The sectoral inquiry revealed two important factors that were not foreseen as problematic issues during the initial phase of the inquiry and that may be significant in relation to programme providing and the distribution of competition: digital terrestrial broadcasting and the measurement of audience. Based on the conclusions of the sectoral inquiry, the digital terrestrial platform is significant mainly in terms of the competition of broadcasters, since it can contribute to the intensification of the broadcasting competition and, thereby, to the disciplining effect on broadcasters in relation to programme providers. According to the information obtained in the sectoral inquiry in relation to audience measurement, the selling mechanisms in the advertising market strongly rely on audience measurement, and it could not be excluded that the lack of reliable data concerning smaller channels and smaller target groups made it difficult for the thematic channels to expand in the market. In addition, reliable data on the number of viewers is also required by the state for regulatory purposes. Therefore, the GVH concluded that companies have to be selected for performing measurements in particular periods based on regular applications, because this solution may be the best for resolving market problems and that the state, which becomes a user of the service, should have access to the service under the most favourable terms and conditions.

### ***Functions stemming from Act CLXIV of 2005 on Trade***

Although the competence of the GVH is determined by the Competition Act and the provisions of EC Competition Law, other regulations also impose obligations on the GVH. The GVH has new responsibilities under the Trade Act which was enacted on the 1<sup>st</sup> of June 2006. On one hand, the provisions of the Trade Act prohibit abuse by large traders (with significant power) against their suppliers, while the GVH is responsible for the supervision of such abuses based on the substantive provisions of the Trade Act. On the other hand, the Trade Act also imposes an obligation on trading undertakings with a considerable customer base to adopt and apply a self-regulatory Code of Ethics. This covers fair trading practices with regard to suppliers and specifies the procedures that must be followed if the provisions of the code are violated. The GVH is responsible for authorising these Codes of Ethics.

Out of the nine competition supervision proceedings that were initiated between 2006 and 2009 by the GVH that aimed to investigate whether the trading undertakings abused their dominant position, two were closed by decisions of the the Competition Council in 2009. In comparison with the number of complaints submitted to other sectors, only a few complaints and informal complaints were received by the GVH with regard to the alleged abuse by traders of suppliers since the Trade Act entered into force. Although the number of verbal inquiries were much higher, in most of the cases, responses given by the GVH to verbal inquiries were not followed by the submission of an informal complaint.

### ***Competition advocacy***

Within the framework of competition advocacy, the GVH aims to influence state decisions (enforcement of various public policies in support of competition, including various regulations, other public decisions and individual administrative steps) in favour of competition. One of the most important forms of competition advocacy is the giving of opinions on **the legislation** and concepts submitted to the GVH for discussion, this is because in line with the Competition Act, all draft proposals and legal regulations that may affect the tasks and competences of the Authority must be discussed with the President of the GVH. In certain cases or on certain topics, the GVH does not confine itself to reacting to the legislative acts of other institutions but rather has a proactive approach, initiating legislative steps itself.

Although 2008 was regarded as a nadir, in 2009, 283 proposals and drafts were submitted to the GVH for an opinion. This number was down by 20% from the previous year. This downward trend in the number of drafts and proposals received was also noted last year and appears to be remaining constant due to the negligence of the proposers, who are failing to submit drafts and proposals in areas that may affect the tasks and competences of the GVH. The GVH tries to bring this problem to the attention of the codifiers and prepares and submits its opinion even if it is only informed about the piece of legislation after it has been adopted. Similarly to the rates observed last year, every sixth of the submitted drafts and regulations (48 pieces) required a detailed analysis from a competition perspective, while one quarter of the received drafts were completely irrelevant to market competition. In contrast to that, 77 laws were adopted by Parliament that were not submitted to the GVH for a prior opinion, although the laws concerned would have been relevant from a competition perspective. In 2009 the GVH also placed special emphasis on the efficiency of its reviews on draft legislation and on the enforcement of its advocacy on competition policy. In the form of public administrative reviews, the GVH regularly requests administrative agencies that do not comply with the GVH's opinions to publish with their proposals the authority's dissenting opinion and also a summary explaining the reasons for rejecting the observations and proposals. As the GVH's experiences show, the person who makes the proposal rarely undertakes this. In most of the cases, the GVH can only observe the efficiency of its reviews after the adoption of the laws concerned.

One of the greatest legislative tasks of the last year was the implementation of Directive 2006/123/EC on services in the internal market that positively affected competition policy. When negotiating the draft on the **development of anticorruption measures and governmental anti-corruption strategy**, the GVH

held several meetings with experts of the Ministry of Justice and Law Enforcement and expressed its comments on the establishment of the Anti-corruption Coordination Committee ("Közérdekvédelmi Hivatal") and on the procedures to be followed if the provisions of fair trial were violated. Within the framework of competition supervision proceedings and investigations conducted by the GVH in recent years, the authority has suggested many times that in order to ensure effective competition there is a need to re-regulate the current regulation of the **credit market**. In its annual reports that were submitted to Parliament, the President of the GVH indicated on a number of occasions the above-mentioned problem to the members of Parliament. Two reports (2005, 2007) contained proposals regarding the re-regulation of the exceptionable provisions. According to the opinion of the GVH, the unrestricted possibility of banks to **unilaterally modify** long-term agreements eliminated competition in this market and highlighted the fact that without an effective regulatory environment there are no safeguards ensuring that other proposals aimed at the promotion of competition will materialise at some point.

In March 2009 the President of the GVH also aroused the attention of members of Parliament with its letter on the significance of the legislation on unilateral modifications of contracts by emphasising that this may enhance effective competition without actually endangering the stability of the banking system. Those banks that function effectively do not have to face a massive loss in their client base because if disadvantageous conditions in the credit agreements are the neutral consequence of amendments to the regulatory environment, clients will not terminate their credit agreements to switch to competitors as other banks will also be affected by the amendments.

**Act CLXII of 2009 on credit agreements for consumers** has implemented directive 2008/48/EC on credit agreements for consumers in Hungary. The first draft of the bill that was successfully challenged by the GVH did not extend the scope of the bill to mortgage loans with regard to the beneficial regulations for consumers concerning early repayments and exit costs. Nevertheless, a similar recommendation concerning state subsidies was rejected. However, it is very likely that with the possibility of early repayments, state expenses could have also been diminished. A proposal of the GVH that intended to furnish long-term agreements with a retroactive approach was also rejected even though the authority pointed out that it would have beneficially affected consumers and would have also standardised the agreement-structure of banks.

The draft ministerial decree on the **operation of electronic public services** assigned the operation of the central electronic system to an undertaking that is 100% controlled by Nemzeti Vagyonkezelő Zrt. (Hungarian State Holding Company). The GVH disapproved of this assignment, as it would grant a questionable exclusivity. Moreover, the GVH raised serious concerns with regard to the lack of a legal basis for the assignment.

The GVH submitted its general and targeted comments on several drafts amending the ministerial decree on **construction investments**. Since the GVH suspects that the building sector is highly infected with cartel activity and corruption, it is not surprising that competition in the building sector is eliminated. This consequently leads to the inefficient utilisation of sources and to fragmentation.

Concerning the ministerial decree on the **wholesale and retail trade of pharmaceutical products**, the GVH signalled that although both the Pharmaceutical Products Act and the ministerial decree contain provisions relating to the service supply obligation, they fail to define it. In addition, the GVH also drew attention to the fact that regulations do not compel marketing licensees to supply self-produced products to wholesale traders. Therefore, there was a discrepancy between the vertical participants in the sector which was eliminated due to the incorporation of the accepted proposal submitted by the GVH. Moreover, the GVH pointed out several provisions concerning the amendment of the ministerial decree on the **distribution of pharmaceutical products** that may infringe the principle of competition neutrality and aggravate the conditions of distribution.

The GVH only had the opportunity to propose its reviews on the ministerial decree on **cross board transportation of electric energy** after it was adopted. It served as a great surprise to the GVH that in December 2009 significant amendments took place on the **regulation of the compulsory originality control of motor vehicles**. After the adoption of the amendments, the President of the GVH turned to the responsible ministries with its public letter. This letter contained objections to the amendments, stating that instead of improving the supply of public services, it would presumably place harmful effects on them. The GVH had already signalled in its previous annual report that the system of compulsory originality control of motor vehicles needed to be re-regulated, while in November 2008, the authority published a sector analysis report concerning the regulation of compulsory originality control of motor vehicles. As a consequence of the amendments during 2009, the costliness of the system did not change positively and the GVH could not force the codifiers and the participating authorities to replace the current regulation with amendments that would be beneficial to both citizens and entrepreneurs.

### ***Development of a culture of competition***

Besides competition supervision and competition advocacy, the GVH is also responsible for **developing and disseminating a culture of competition and a culture of consumer choice**. This developing activity covers the tasks of increasing competition awareness, competition policy and competition law, facilitating conscious consumer choice, improving public attitudes to competition and promoting competition related legal and economic activities that serve public interests. In 2005 with the establishment of a specialised unit at the authority, the **Competition Culture Centre (CCC)**, the activity of the GVH relating to the development of a culture of competition, was institutionalised. The tasks of the CCC are defined in its **annual work plan**. Apart from the activities focusing on the development of a culture of competition with the technical support of the GVH, the work plan also contains programmes, for the implementation of which, the GVH relies on the contribution of other organisations to which it provides financial and, as circumstances may require, also technical support from its available budget.

In 2009 the GVH CCC provided the translation and publication of the textbook "Competition Law" by Richard Whish. With the publishing of this fundamental textbook the CCC aimed to increase the number of competition law textbooks available in the Hungarian language aimed at professionals and lawyers engaged in European Law. The CCC applied the same approach by providing the Hungarian translation of the textbook "The Power of Productivity: Wealth, poverty and the threat of global stability" by William W. Lewis in the second half of 2009.

The GVH CCC organised a large number of high quality professional events last year. On the 7<sup>th</sup> of May 2009 the conference “Law of Advertisement” took place, jointly **organised by the American Chamber of Commerce (AmCham) and the CCC of the GVH** with the participation of the representatives of commerce authorities and the main figures of the Hungarian commerce sector. The conference aimed to provide factual assistance to market players by reducing their level of risk in relation to legal issues and by facilitating their responsible activity in connection with daily marketing and communicational work. With the technical support of the CCC, an **international conference** was jointly organised by the CCC, the Hungarian Association of Competition (“Magyar Versenyjogi Egyesület” - HAACL) and the Office of Fair Trading (OFT) **for the newly-joined EU Member States**. In November 2009 a large scale conference took place on “**Market and Regulation for the Competitive Media: the Television Broadcasting Service in the Focus**”. On the 25<sup>th</sup> of November 2009 a conference entitled “**The Balance of 5 years’ Competition Policy – What has the EU Accession Brought for Hungary and for the Region?**” was organised with the participation of Ms. Neelie Kroes, Competition Commissioner of the European Union.

Publications for educational purposes that took the form of **booklets or flyers** were updated in 2009 and the GVH continued to publish **Versenytükö** (“Mirror of Competition”), a quarterly on competition law and policy. The GVH also continued to organise the **series of traditional discussions** entitled “Competition law chats at noon time” (lunchtime lectures). As in 2008, in addition to improving its collection of **technical books**, the GVH supported higher education institutions and also the Hungarian Academy of Judges (“Magyar Bíróképző Akadémia”) in the development of the related technical book collections of their libraries. The GVH CCC established the **competition statistics databases that provide indicators for weighing the competition intensity** of the relevant activities.

In the framework of **open tender procedures**, in 2009 the CCC granted support to scientific and educational projects that contributed to the improvement of theoretical and empirical knowledge on competition law, competition policy, market theory and consumers’ conscious decision making. In response to the above-mentioned invitation, the CCC received 148 tenders and supported 77 out of them during 2009.

Besides the technical and financial support granted to organisations that conduct valuable research from a competition perspective, the GVH CCC also contributes to the growth of theoretical and empirical knowledge on competition law. Surveys have continuously been conducted for years by the GVH/CCC about the **status of a culture of competition law** in Hungary. The CCC carried out a series of surveys that began in 2008 and concentrated on a narrow field of the GVH’s activity: the surveys aimed to investigate public opinion on competition supervision proceedings, the “reputation” of competition advocacy and the activity pursued by the authority.

The GVH CCC intends to establish a framework for **cooperation** among enforcement authorities that aims to develop and disseminate competition advocacy, including the maintenance of cooperation agreements that have already been concluded by the GVH over recent years. One of the most important objectives is the continuation and dissemination of the intense trilateral cooperation agreement between the GVH, the Central Bank of Hungary (“Magyar Nemzeti Bank”) and the Hungarian Financial Supervisory Authority (PSZÁF) concerning the development of

the financial culture in Hungary. The three authorities have jointly published a special edition of a free program-flyer that is distributed widely throughout Hungary.

The GVH places special emphasis on the **technical support of those judges who need to develop their understanding of competition law**. Judges usually deal with competition regulations and competition law during the review of resolutions and in connection with the private enforcement of claims. Since a lot of judges are compelled to improve their understanding of competition law, the GVH CCC supports them by providing technical textbooks to the Centre for Information and Documentary of the Hungarian Academy of Judges (“Magyar Bíróképző Akadémia Tájékoztatási és Dokumentációs Központja”) and by organising seminars for judges.

The CCC established the **Competition Culture Award** to recognise the activities of experts working outside the competition authority who have made outstanding contributions to the development of a culture of competition. In 2009 the award was given out for the fourth time.

In 2009 the Competition Culture Award was granted to Ms Noémi Alexa, chief executive officer of Transparency International Hungary. She received the award in recognition of her efforts for the protection of effective competition and for a cleaner public life without corruption. In addition, the GVH CCC presented its **Media Award for Competition Culture** for the first time. The media award was granted to the editorial staff of Inforádió for contributing significantly to the growth of public information on competition policy and competition law.

In 2009 the GVH CCC attended the **Sziget festival** for the second time and provided interactive informative programmes for two days long to the participants.

In 2009 the GVH/GVH CCC further strengthened its **informative activity performed via the press**. The GVH CCC published 6-6 thematic pages concerning competition law in two economic journals, and appeared a number of times on different media channels in the electronic press. In comparison with earlier years, in 2009, the appearance of the GVH/CCC in the journals dealing with consumer protection became more intensive; the goal of this appearance was the dissemination of a culture of conscious consumer choice.

### ***International relations***

The **international relations** of the GVH were also characterised in 2009 by co-operation with the European Commission and the national competition authorities of the EU Member States, co-operation within the framework of the **Competition Committee of the Organisation for Economic Co-operation and Development (OECD)** and the **International Competition Network (ICN)**, as well as by bilateral co-operations. The case-related co-operation within the **European Competition Network (ECN)** in respect of the application of the competition rules of the EU continues to be one of the main fields of the international relations. Concerning co-operation with the **International Competition Network (ICN)** participation in the Cartel Working Group, where besides the DG Comp of the European Commission the GVH is the co-chair, continues to be a focal field. As a member of the **International Consumer Protection and Enforcement Network (ICPEN)**, the GVH also took part in 2009 in the so-called Sweep Week, i.e. unannounced scanning of websites of undertakings. In 2006 the European Union established the CPCS which links together national consumer protection authorities with the aim of improving cooperation in the field of consumer protection enforcement. The GVH participates in



the system by implementing the Unfair Commercial Practices Directive and the national law transposing the Directive.

Within the framework of the **Central European Competition Initiative (CECI)**, established in 2002 on Hungarian initiative by the competition authorities of the Czech Republic, Poland, Slovakia, Slovenia and Hungary and joined by Austria in 2008, the members organised two conferences in 2009. The **professional co-operation between the GVH and the Federal Trade Commission (FTC)**, one of the federal competition agencies of the USA, dates back fifteen years. Within the framework of this co-operation, which was re-launched at the end of 2008, experts of the FTC visited the GVH on four occasions in 2009. The colleagues of the GVH continue to actively take part in the meetings of the **European Forensic IT** and in the activities of the respective working groups.

Besides the excellent connections formed with the **Croatian and Austrian** competition authorities in previous years, the GVH took steps to form and further strengthen **bilateral relations**. In 2009, coordination concerning several bilateral agreements had been launched as a result of which the GVH concluded cooperation agreements with the **Polish** and the **Albanian** competition authorities. At the end of 2006 the GVH and the French competition authority DGCCRF won the tender to **provide technical assistance to the Anti-Monopoly Authority of Ukraine within the framework of a twinning project**. This project was closed with a grandiose conference in May 2009 in Kiev, where the President of the GVH also participated as a speaker. In 2009 the GVH, in association with the Italian competition authority and the British Ministry responsible for state aids, prepared an offer to **tender concerning twinning projects**, the beneficiaries of which would be the **Albanian and the Moldavian competition authorities**.

### **RCC**

The **OECD-GVH Regional Centre for Competition in Budapest (RCC)** was established by the OECD and the GVH on the 16<sup>th</sup> February 2005, financially supported by the Hungarian government. Relying on the professional background of the Competition Division of the OECD and the GVH, the Centre provides capacity building assistance and policy advice through workshops, seminars and training programmes on competition law and policy in the Central, East and South-East European region. The RCC's work focuses on **four main target groups**. The first set of economies involved in the framework of the RCC are the regions of South-East and Eastern Europe, namely Albania, Armenia, Azerbaijan, Belarus, Bosnia and Herzegovina, Bulgaria, Croatia, Georgia, Macedonia, Moldova, Montenegro, Romania, the Russian Federation, Serbia and Ukraine. These countries have a common historical heritage; their economy was characterised by a centrally planned economy. The work to promote these economies switch to a market economy is regarded as a core activity of the RCC. The second group of beneficiaries of the work of the RCC are the countries which belong to the CECI. The third beneficiary of the RCC's work is the GVH itself. The RCC organises training for the GVH's staff on different topics of competition law and policy. The agendas of these workshops are related to ongoing projects or hot topics and provide an excellent opportunity for staff to learn about state-of-the-art antitrust theory and enforcement practice. Judges represent the fourth target group of the RCC's activities. Seminars offered to judges provide judiciaries with an opportunity to improve their understanding of competition law and economics, exchange views on the latest developments in EU competition

law and discuss key challenges arising from competition law cases from a judicial perspective. The seminars offered to judges are jointly organised by the Competition Division of the OECD, the Association of European Competition Law Judges and the RCC.

In 2009, similarly to the previous years' events, the RCC offered **a wide variety of topics across its numerous programmes**. The RCC organised a total of nine events, which focused on some of the most important core competences of competition authorities as well as best practices in the area of competition law. Along with some innovations, the RCC continued with its special initiative, with the organisation of the workshop with special focus on the interface between competition policy and sector regulation. Altogether, the RCC invited 269 participants and 65 speakers to its events. Through the RCC's core events it delivered 833 person-days of capacity building. Experts from 15 countries and international institutions attended as panel members and participants from 35 economies attended the RCC's programmes. In 2009 the RCC introduced a new seminar format: a seminar which will be held once a year in one of the beneficiary countries. As a unique feature, this seminar format enables the host country to have a significantly higher number of participants and to have topics and an agenda tailored to its priorities. Of course, the whole group of countries is invited to participate in the seminar. The first host country was Albania. European competition law judges were also in focus in 2009, what is more, two seminars were organised within that year, which was unprecedented. As a result of a successful competition the RCC received financial support from the European Commission for the training of national judges in EC competition law.

### ***Recommendations of the GVH***

In its 2009 annual report to Parliament, the GVH made recommendations on the basis of its law enforcement experience. The GVH advised the Government to take special account of competition related aspects and the effects of its decisions on competition when making political decisions targeting the acceleration of the economy in order to reduce the consequences of the crisis. The GVH also advised legislators to elaborate upon the planned measures and legislation on the basis of effect studies, in the course of which effects on competition should be identified and taken into account separately. Finally, the GVH advised Parliament to consider working out the legislation regulating the framework of organisation and operation of the so-called purchasing groups.