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## **Food production chain code under investigation**

**Today the Hungarian Competition Authority (GVH) has initiated a proceeding against several associations, product councils and chambers of the food industry for alleged infringement of the prohibition of restrictive agreements.**

The GVH has launched a competition supervision proceeding against Mezőgazdasági Szövetkezők és Termelők Országos Szövetsége (Hungarian association of agricultural allies and producers), Magyar Agrárkamara (Hungarian chamber of agriculture), Élelmiszerfeldolgozók Országos Szövetsége (Hungarian association of food processors), Tej Termékτανács (product council of milk and dairy products), Magyar Zöldség-Gyümölcs Szakmaközi Szervezet és Termékτανács (Hungarian organisation and product council of vegetables and fruits), Vágóállat és Hús Szakmaközi Szervezet és Termékτανács (professional organisation and product council of fat stock and meat), Baromfi Termékτανács (product council of poultry), Országos Kereskedelmi Szövetség (Hungarian trade association) and Általános Fogyasztási Szövetkezetek és Kereskedelmi Társaságok Országos Szövetsége (Hungarian association of everyday consumption co-ops and trade associations) for alleged infringement of Article 81 of the EC Treaty and of Article 11 on the Prohibition of Agreements Restricting Economic Competition of the Hungarian Competition Act (Act LVII of 1996 on the Prohibition of Unfair and Restrictive Market Practices).

Based on the information available for the GVH, certain points of the Élelmiszer Termékpanya Kódex (code of ethics on the food production chain, hereinafter referred to as Code), signed by the associations, chambers and product councils under investigation, that contain special rules in connection with contracting conditions, rules on the food production chain and domestic products of high importance, treat the domestic food products more favourably than those originating from other Member States. Hereby the Code is capable of discriminating between the domestic undertakings or those dealing with the production and sales of some significant domestic products and the undertakings engaged in the production, import and distribution of products originating from other MSs, thus restricting the selling possibilities of the latter in Hungary.

The agreement may affect trade between MSs, since this market practice covers the whole territory of the Republic of Hungary, and as an effect arising from its nature – by hindering the principle of the “free movement of goods” established in the EC Treaty – it might advance the allocation of markets among nations. Pursuant to Council Regulation 1/2003, the GVH cooperates in the proceeding with the European Commission and other MS competition authorities.

The commencement of a competition proceeding does not mean that the violation has been committed by the undertakings involved in the proceeding. The proceeding aims at clarifying the facts and proving the infringement. It also gives an opportunity for those under

investigation to prove that some of the points of their agreement that are capable of restricting competition have more advantages than disadvantages from a consumer welfare point of view.

Under the Competition Act, the GVH has 180 days to close such proceedings, which period - depending on the complexity of the case - may be extended two times by 180 days each.

Case number: **Vj-65/2009.**

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