

## **Investigation against OFFI terminated by the Hungarian Competition Authority (GVH)**

**On 21 May 2013, the Gazdasági Versenyhivatal (GVH – Hungarian Competition Authority) terminated the competition supervision proceedings that had been initiated against OFFI.**

The GVH investigated whether the prices set by the National Office for Translation and Attestation Ltd. (Országos Fordító és Fordításhitelesítő Iroda Zrt. – OFFI) for certified translations and the attestation of translations provided by customers were unreasonably high, and whether this conduct could have constituted an infringement of the prohibition of abuse of dominance as set out in the Hungarian Competition Act.

The scope of the investigation concerned the certification and attestation service of OFFI. Certified translations and attested translations of Hungarian and/or foreign-language documents are usually provided for use in official proceedings, such as administrative or judicial procedures. OFFI appends an authentication clause to all certified translations to attest that the translated text is equivalent to the original document in terms of content and meaning. This service – with few exceptions – shall only be provided by OFFI, yet no comprehensive act or legal provision exists on the detailed functioning of OFFI.

During the investigation, the GVH established that - compared to commercial translation price levels -, OFFI provides its certified translation services at a higher fee. However, the GVH also established that the characteristics of OFFI rates are not directly comparable to the prices charged by other market participants. Due to legal obligations imposed on OFFI by the law (e.g. service obligations, the maintenance of a nationwide branch network), OFFI faces higher costs than other translators and translation agencies. Thus, higher costs may be justified by applying higher prices. However, the GVH did not have enough information to assess this in more detail as the law does not define the precise activities of OFFI, furthermore, no in-depth cost analysis could be undertaken by the GVH due to the lack of a detailed cost accounting system.

Similar conclusions were drawn in connection with prices required for the attestation of translations provided by customers. While it was concluded that OFFI's proofreading services (attestation) were more expensive than translations made by commercial market players, this difference - at least partly - also seemed justifiable as the quality of external translations may differ from own (internal) translations. However, due to the before mentioned reasons, justifiable surcharges could not be quantified and assessed properly.

With regard to the above, the GVH terminated its investigation in connection with the price setting of certified translations and attestation of translations, as according to the evidence obtained, an infringement of the Hungarian Competition Act could not be proven and no further results could be expected from continuing the procedure.

As a result of its investigation, the GVH decided to take advocacy steps and to recommend to the legislator that there should be clarification and regulation of the activities connected to certified translations and attestation services. A regulatory act of the legislator could precisely determine the scope, nature, framework and other conditions of such activities – as it was also stated in the decision of the Competition Council.

Case number: **Vj-111/2010.**

Budapest, 30 May 2013

Hungarian Competition Authority

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