

Cartelist road salter companies “slipped”, fined 400 million

Budapest, 1 February 2024 - The Hungarian Competition Authority (GVH) has closed another major competition supervision procedure against bid-rigging cartel, finding that between 2011 and 2014 seven major road salt distributors colluded with each other in seven public tenders. Fines were imposed on six companies totalling around HUF 400 million, of which four admitted the infringement. Restrictions of competition in the context of bid-rigging are considered to be the most serious competition law infringements and the GVH therefore gives priority to the elimination of bid-rigging cartels.

Just four months ago, at the beginning of October 2023, the GVH announced that the majority of road marking and road signage companies had divided the domestic market between themselves in between 2012 and 2014. The GVH imposed fines of around EUR 300 million on 17 companies for a series of collusive practices covering the whole country, and some of those responsible also faced criminal sanctions.

The GVH has now closed another competition supervision proceeding against a similar cartel case. The GVH launched an investigation in 2014, after it found that major road salt distributors in Hungary had colluded on the prices to be submitted in public tenders for the purchase of anti-slip materials and divided the tenders among themselves. The competition supervision procedure showed that between 2011 and 2014, the companies concerned agreed on the prices to be offered, the winning bidder and the allocation of some tenders between themselves in seven tenders, most of which were public tenders. These included the procurement of Magyar Közút Zrt., Fővárosi Közterület-fenntartó Zrt. and tenders in Székesfehérvár and Gödöllő. In two cases, the illegal negotiations were conducted through intermediaries.

The GVH was forced to suspend the complex procedure against the cartel, which investigated a significant number of companies and a large number of tenders, as the collusion under investigation not only entailed competition proceedings consequences, but also criminal proceedings were pending in relation to certain bid-rigging contracts. The GVH waited for three and a half years for the final conclusion of the criminal proceedings, which also necessitated a reassessment of the available evidence. In several of the tenders under investigation, the Metropolitan Court of Budapest also found in its final judgment that a cartel offence had been committed.

In its assessment of the infringements, the Competition Council of the GVH took into account as particularly aggravating circumstances the fact that the infringements were aimed at the allocation of public contracts and that the companies' executives were involved. However, the competition authority took into account the cooperation of some of the participants as an mitigating circumstance, as four of the six undertakings fully admitted the infringement, waived

their right to appeal and undertook to implement a compliance programme as part of a settlement procedure.

The Competition Council of the GVH finally imposed fines of HUF 139 million on MAGYAR PLASTIROUTE Kft, HUF 112.4 million on SOLINWEST 2000 Kft, HUF 74.4 million on SZABOLCS-MAG 98 Kft, HUF 42 million on "TRANSIT-SPEED" Kft, HUF 24 million on Kelet-Trans 2000 Kft and HUF 8 million on Agrochimtranspack Kft, i.e. a total of HUF 399.8 million.

Case reference number: VJ/76/2014.

GVH Public Service Communications Section

Further information:

Bálint Horváth, Head of Communication +36 20 238 6939

Katalin Gondolovics, Spokesperson +36 30 603 1170