

Annual Activity Report 2020

OECD-GVH Regional Centre
for Competition in Budapest (Hungary)



September 2021



GAZDASÁGI
VERSENYHIVATAL

I. Introduction and organisational setup

The OECD-GVH Regional Centre for Competition in Budapest (Hungary) (“RCC”) was established by the Gazdasági Versenyhivatal (GVH, Hungarian Competition Authority) and the Organisation for Economic Co-operation and Development (OECD) on 16 February 2005 when a Memorandum of Understanding was signed by the parties.

The main objective of the RCC is to foster the development of competition policy, competition law and competition culture in the South-East, East and Central European regions and to thereby contribute to economic growth and prosperity in the involved regions.

The RCC provides capacity building assistance and policy advice through workshops, seminars and training programmes on competition law and policy for officials in competition enforcement agencies and other parts of government, sector regulators, and judges. The RCC also works to strengthen competition law and policy in Hungary and in the GVH itself.

The RCC’s work **focuses on four main target groups**. The **first group of beneficiaries** are the competition authorities of South-East Europe and the majority of the CIS countries, namely Albania, Armenia, Azerbaijan, Belarus, Bosnia and Herzegovina, Bulgaria, Croatia, Georgia, Kazakhstan, Kosovo¹, Kyrgyzstan, North Macedonia, Moldova, Montenegro, Romania, the Russian Federation, Serbia and Ukraine. The work targeting these economies is regarded as the core activity of the RCC. These economies have all progressed with the development of their competition laws and policies, but are at different stages in this process. As a consequence, the needs for capacity building differ among the involved non-OECD member economies and this necessitates a broad approach to competition outreach work. Major capacity building needs in these regions include (a) enhancing analytical skills in competition law enforcement, (b) raising the awareness of the judiciary regarding the specific characteristics of competition law adjudication, (c) pro-competitive reform in infrastructure sectors, (d) competition advocacy, (e) relations between competition authorities and sector regulatory agencies, (f) legal and institutional reform in the area of competition, and (g) building international co-operation and networking.

Judges represent the **second target group** of the RCC’s activities. The seminars for judges provide judges with an opportunity to improve their understanding of competition law and economics, to exchange views on the latest developments in EU competition law, and to discuss the key challenges arising in competition law cases.



The **third group of beneficiaries** of the work of the RCC are the competition authorities which belong to the Central European Competition Initiative (CECI). This Initiative aims to provide a forum for co-operation on competition matters and was established by the Central European competition authorities in 2003. It is a network of agencies and operates via workshops and informal meetings. Involved are the competition authorities of Austria, the Czech Republic, Poland, Slovakia, Slovenia and Hungary. These countries all belong to the same geographic region, share fundamentally similar cultural traditions and historical experiences and are, more or less, at the same stage of development. As a result, their competition authorities face several common challenges and difficulties. Moreover, from time to time these authorities deal with markets which are regional, overlapping or which are connected to each other, and they may also on occasion deal with the same parties (the same companies within the region).

The **fourth beneficiary of the RCC’s work** is the GVH itself. The agendas of the RCC workshops that are organised for the staff of the GVH 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 practices.

Concerning the functioning of the RCC, the Memorandum of Understanding of the RCC provides that the GVH and the OECD are to make major decisions on their activities and work jointly. For this purpose, the parties meet on an annual basis to review the operation and performance of the RCC and to prepare the annual work plan.

Regarding the financing of the RCC, the GVH is responsible for providing most of the necessary funding for the functioning of the RCC, including an annual voluntary contribution to the OECD for the costs associated with the staff position in Paris. The OECD helps to co-finance the RCC’s operation and activities. In addition to this, both the GVH and the OECD co-operate in efforts to raise additional financial support for the RCC from third parties.

¹ This designation is without prejudice to positions on status, and is in line with UNSCR 1244 and the Advisory Opinion of the ICJ on Kosovo’s declaration of independence. Hereafter referred to as Kosovo.

Covid-19 challenges to competition policy

Seen from Eastern Europe and Central Asia

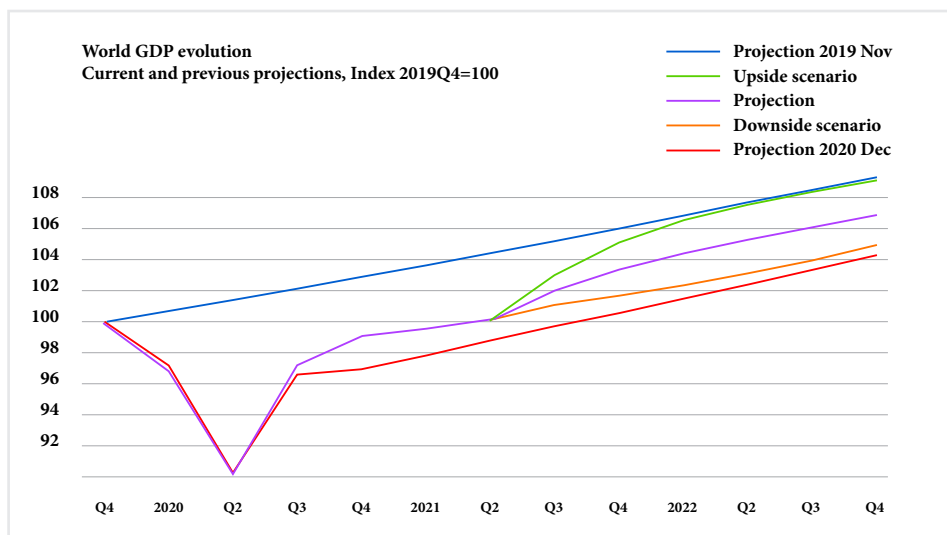


Renato Ferrandi
Senior Competition Expert,
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The Impact of Covid-19 on Eastern Europe and Central Asia

Eastern Europe and Central Asia have not escaped the global economic downturn caused by the Covid-19 pandemic. According to OECD estimates, in 2020 the sanitary crisis

inverted the upward trend of the previous years and particularly hit Eastern Europe (which exceeded the 5% EU average decline).²



Source: OECD Economic Outlook, May 2021, <https://www.oecd.org/economic-outlook/#recovery>

Several specific factors make the economic impact of the Covid-19 crisis particularly strong in Eastern European and Central Asia economies.³

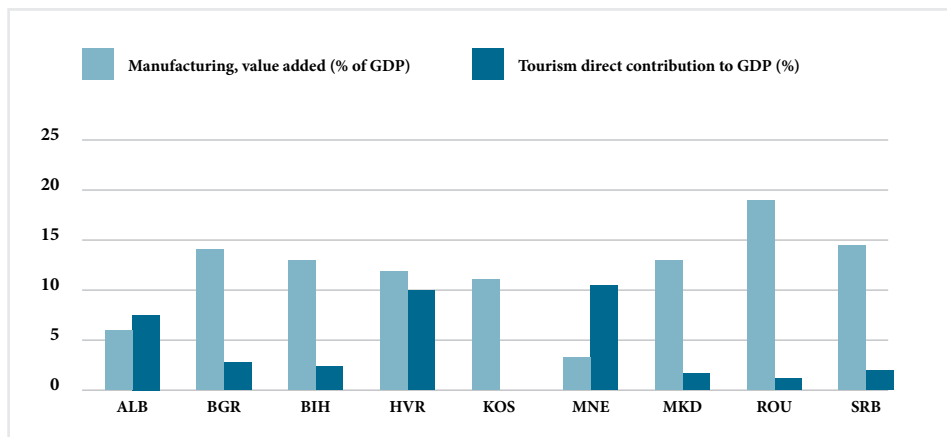
The collapse of tourism has hit Eastern Europe countries hard, for which it represents a considerable share of the GDP: in Albania and Montenegro tourism revenues exceed 20% of GDP.

Western Balkan countries will also have to face a decline in foreign direct investment (FDI), which has contributed considerably to the economies of these countries in recent years, and remittances, which account for 15% of overall GDP in Kosovo and approximately 10% in Bosnia and Herzegovina, Montenegro, Albania and Serbia.

² OECD calculation based on the IMF database for the EU average. Source: IMF World Economic Outlook, April 2021.

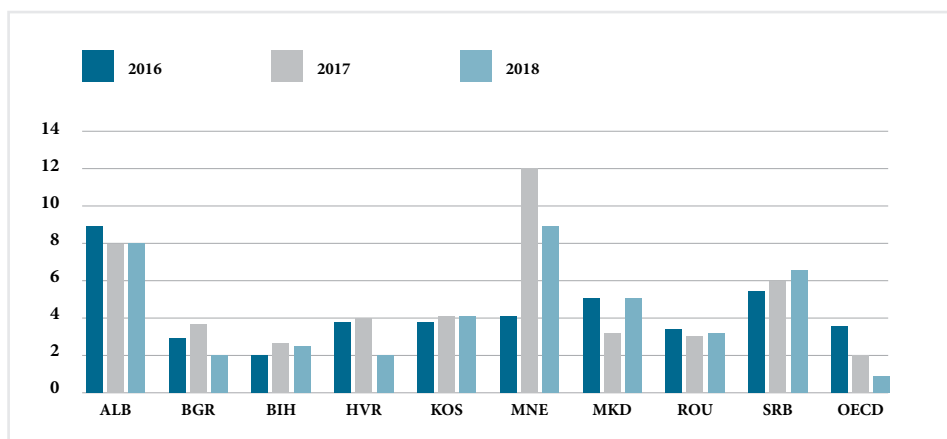
³ Data and analysis are taken from OECD, COVID-19 crisis response in South East European economies, April 2020, <http://www.oecd.org/coronavirus/policy-responses/covid-19-crisis-response-in-south-east-european-economies-c1aacb5a/>

Contribution of tourism and manufacturing sector in South East Europe (2018)



Note: Albania's manufacturing employment data is for 2017. There is no available tourism data for Kosovo. Source: World Bank Data and ILOSTAT.

Foreign direct investment, net inflows (% of GDP)

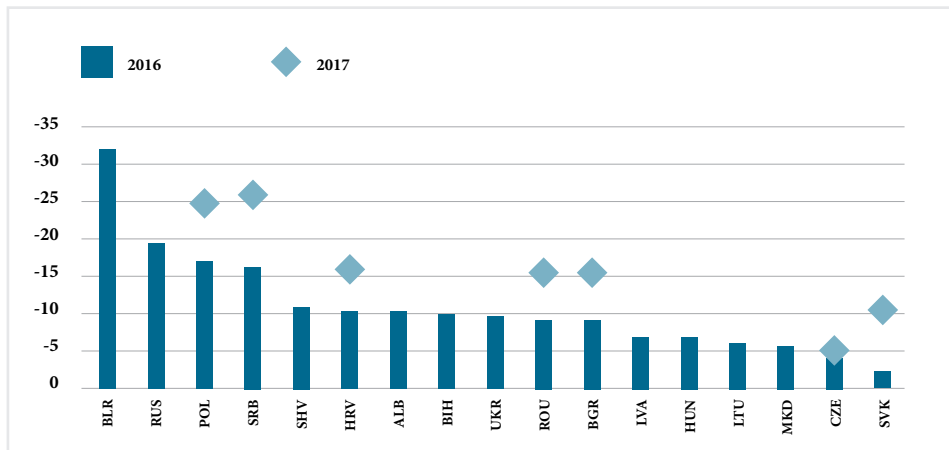


Moreover, the vast majority of firms in the Western Balkans are small and medium sized enterprises (SMEs). They generate around 65% of total business sector value added and account for 73% of total business sector employment. The COVID-19 pandemic is putting labour markets in the Western Balkans under enormous pressure, adding to existing constraints such as high unemployment levels (especially

youth unemployment), high shares of informality and sustained outflows of skilled labour.

State-owned enterprises (SOEs) still account for at least 10% in most of Eastern European countries. In Russia and Ukraine, SOEs account for approximately 15% of the overall national employment, while in Belarus the share is around 30%.

SOE Value Added, 2005 and 2016 (Percent of total economy)

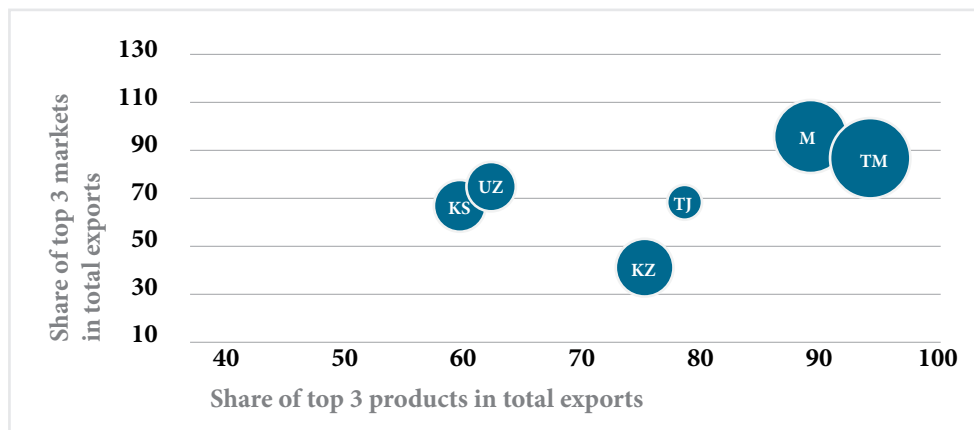


Source: IMF, *Reassessing the Role of State-Owned Enterprises in Central, Eastern, and Southeastern Europe* (2019)

Some challenges are different in Central Asia. The COVID-19 crisis is affecting key drivers of growth in the region, which include oil and mineral exports, the service sector and migrant remittances. Many economies in Central Asia are characterised

by highly concentrated and undiversified production and export profiles, relying heavily on the export of raw extractive goods.

Concentration of export baskets in some Central Asian economies



Countries and share of export in GDP (also represented by the size of the bubble)

KS:	Kyrgyzstan	32%
UZ:	Uzbekistan	29%
KZ:	Kazakhstan	38%
TJ:	Tajukistan	14%
M:	Mongolia	60%
TM:	Turkmenestan	74%

The pace of recovery in the region in 2021 is expected to be at 3.6 percent, reflecting lingering disruptions to activity from an earlier resurgence of COVID-19 and the emergence of more contagious variants of the virus. Growth is then expected to rise to 3.8 percent in 2022, as the effects of the pandemic gradually wane and the recovery in trade and investment gathers momentum. The outlook remains highly uncertain and growth could be weaker than envisioned if the pandemic takes longer than expected to fade, external financing conditions tighten, policy uncertainty spikes, or geopolitical tensions escalate again.

Governments play a critical role in the economies of Europe and Central Asia, as government expenditures are close to 40% percent of gross domestic product and the aging populations in the region require increased public services such as health care, disability services, and long-term care. In addition, globalisation and technological change have led to reduced

job security and incomes for the most vulnerable, and the resulting rise in inequality has led to increased demand for redistribution. Finally, the COVID-19 crisis has increased people’s risk aversion and reinforced their desire for the state to socialise individual risks and play a more important role in public health systems, education, and social protection.⁴

Already before the Covid-19 outbreak, governments in the region had triggered new reforms in such diverse fields as customs regulation, tax administration and investor protection, though implementation has often been uneven. Support for start-ups is expanding. There is also a new regional dynamic at work, creating better conditions for trade and integration.

4 World Bank. 2021. “Data, Digitalization, and Governance” Europe and Central Asia Economic Update (Spring), Washington, DC; <https://openknowledge.worldbank.org/handle/10986/35273>

However, there is more to do, particularly the creation of favourable conditions for the growth of new firms and SMEs, which are the critical drivers of innovation, job-creation and diversification.⁵

What is the role of competition authorities in Eastern Europe and Central Asia, in the face of these challenges? How can they

prepare and engage to duly contribute to a quick and vigorous recovery? In 2020, the Regional Centre triggered fruitful discussions on several key issues and proposed some possible initiatives, building on the international debate and the experience of advanced competition authorities. This inspiring journey has continued in 2021.

Is competition policy an appropriate response in times of crisis?

The antitrust community is currently confronted with a dual challenge, both from a technical and a political perspective.

The technical issue is to find a credible and quick answer to the legitimate question whether traditional competition enforcement is still fully fit-for-purpose in the face of this global sanitary crisis. The political issue is to keep competition policy high on the political agenda and resist pressures for State-driven, nationalistic approaches. This is already an ambitious objective in jurisdictions with a well-established antitrust tradition; it becomes extremely hard in Eastern Europe and Central Asia, where competition authorities are young institutions and competition culture is still nascent.

Indeed, it would be short-sighted to argue that competition policy should not be put into question by the recent developments. The crisis has exposed a number of weaknesses in the current economic system. In the short-term, the usual competitive adjustment between demand and supply has often resulted slow or even unsuccessful, thus leading to shortages of goods and services. The economic crisis has also brought into question the real benefit of globalisation, insofar as it has clearly revealed how international specialisation has led many countries to give up some of their industrial capacities. The corresponding interdependence between economies and a lack of flexibility has resulted in significant disruptions in value chains.

Some critical voices have argued that competition in a time of depression may be not as important as in a time of economic growth, while industrial policy should hold a paramount position and grant State aid to alleviate the impact of the crisis.

Nevertheless, it should be highlighted that competition policy can and should still play a key role. The primary objective of governments is to react to the crisis by fostering a quick and vigorous recovery, through a coordinated set of measures, including public investments, support of investments and trade, employment, access to finance, as well as to fight against corruption and the digital divide. Competition policy is a yeast in the growth recipe. Competition is the catalyst of the economic system, insofar as it ensures a level playing field and creates the right incentives to invest, innovate and thrive.

Competition enforcement will need to be more pragmatic, even though the objectives and usefulness of competition remain unchanged. In the virtual seminar held by the RCC in July 2020, prominent competition experts displayed how competition authorities in Eastern Europe and Central Asia can take inspiration from advanced authorities in OECD countries. The latter have stepped up their enforcement against abusive

exploitative prices, undertaken not to prioritise some problematic horizontal agreements, taken into consideration public interest or delayed decisions on mergers.

Applying competition law to address **exploitative pricing** practices during a crisis may prove even more challenging than in normal circumstances and come with the risk of unintended consequences, e.g., diverting goods to places where prices are not regulated. At the same time, bringing excessive pricing cases may not only be well justified, but also the best available alternative for addressing the challenges caused by significant price increases of essential goods during a crisis. Competition authorities must stick to the analytical framework for excessive pricing, which poses two main challenges in times of crisis. First, the investigated company must be dominant. The complexity of establishing dominance is exacerbated during a crisis, when market power may disappear, and where past data on market shares, entry barriers, buyer-power may no longer be meaningful.

In the extraordinary circumstances of the COVID-19 crisis, there are a number of reasons that may push **competing companies to collaborate**, e.g., to address demand and supply shocks in the short term or to joint investments in R&D projects in the longer term. In several jurisdictions, competition authorities have provided guidance to help companies determine ex ante whether a proposed collaboration may raise issues, or have adopted block exemptions to preclude the application of competition law to given sectors for some time.

In times of acute crisis, competition authorities may be called to scrutinise alleged **rescue mergers**, whereby the parties put forward the so-called failing firm defence (FFD) to obtain merger clearance for transactions that should otherwise be prohibited. The rationale behind the failing firm defence is that it would be less harmful to competition to allow the proposed merger to proceed than it would be to allow the failing firm to exit the market. There is general consensus that this defence should only be accepted when three cumulative conditions are met: (i) in the absence of the merger the failing firm would exit the market in the near future as a result of its financial difficulties; (ii) there is no feasible alternative transaction or reorganisation that is less anti-competitive than the proposed merger; and (iii) in the absence of the merger the assets of the failing firm would inevitably exit the market. In the aftermath of the 2008 financial crisis, competition authorities found no justification for relaxing the standards applicable to this defence and held that there were other policy instruments available (e.g. bankruptcy law and State interventions such as subsidies) to help failing firms through the crisis.

⁵ W. Tompson, *Quo Vadis? Policy challenges in Eastern Europe and Central Asia*, in “Competition Policy in Eastern Europe and Central Asia”, February 2020.

Nevertheless, they recognised that procedural changes might be justified to ensure speedier review. Similar considerations are likely to also apply during the current crisis.

Finally, there has been a general call for an active industrial policy to quickly address the catastrophic consequences of the market failures experienced during the crisis. It is for competition authorities to show that an effective industrial policy is not an antagonist but a complement to competition policy. **Competition advocacy** may help governments to

ensure that new regulations do not unduly restrict competition. Competition authorities can also advocate for lifting existing regulatory obstacles when they prevent the smooth adjustment of supply and demand. At the same time, they should provide guidance to the business community on how the principles of competition law enforcement would apply in the context of the crisis, so as to ensure that firms have a clear understanding of what is allowed and prohibited.⁶

Enhancing competition in banking and insurance

In the immediate aftermath of the sanitary crisis, the financial sector, particularly banks, was expected to play an important role in absorbing the shock by supplying vital credit to the corporate sector and households. In an effort to facilitate this, central banks and governments around the world enacted a wide range of policy measures to provide greater liquidity and support the flow of credit. An important policy question is the potential impact of these countercyclical lending policies on the future stability of banking systems and the extent to which their strengthened capital positions since the global financial crisis will allow them to absorb this shock without undermining their resilience.

Meanwhile, digitalisation and technological innovations have been transforming the intermediary role that traditional banks and insurers have played in the allocation of capital and risk in many countries. **Competitive and financially stable banking and insurance sectors** are key to the efficient allocation of capital and risk across an economy and to its further development and growth. Sensitivity to these issues has been increasing over the last few years, particularly following the 2007-09 financial crisis.

In Eastern Europe and Central Asia, the banking and insurance sectors lag behind Western countries: in 2018, domestic credit to the private sector averaged about 37% of GDP, i.e. one-quarter of the OECD average or one-third of the average for all middle income economies. Nonetheless, digital innovation in the banking and insurance sectors is strongly affecting the region and some competition authorities have taken significant initiatives in this respect. It is likely that other competition authorities in the region will shortly follow suit.

The combination of platform technologies and access and operation by users can result in competition issues related to network effects, interoperability, and access to data. Data driven network effects reinforced by user feedback loops, and high economies of scale associated with information technology infrastructures, may provide companies that own the data with market power and create a tendency for markets to tip where the “winner takes all”. An active pursuit of **non-interoperability** by dominant players may act as a deterrence

with anticompetitive effects on access to markets by making it difficult or costly to enter.

The intensive use of data and technology may also lead to **personalised pricing**, a form of price discrimination. Personalised pricing is typically pro-competitive and often enhances consumer welfare. On certain occasions, however, personalised pricing can also be harmful as it may enable consumers to be exploited and create a perception of unfairness. This is particularly relevant in insurance, where the use of big data and advanced analytics enable a more granular risk segmentation that creates a breakdown of the current risk pooling principles. While this may lead to improved consumer outcomes for some consumers, it could also increase the likelihood of consumers being unable to purchase insurance at a reasonable premium level as far as risk-based premiums are concerned.

With regard to **collusive conducts**, it has been argued that the widespread use of computer algorithms may in fact be incentivising and increasing the ability of companies to take part in, monitor and enforce explicit and tacit collusion, insofar as pricing algorithms may increase companies’ ability to detect and punish deviations. In addition, due to enhanced transparency and processing capacity, collusive conducts that have typically been confined to oligopolistic and highly concentrated markets may also arise in markets that do not possess the structural features that ordinarily facilitate collusion.

Competition advocacy is the area in which the practice of more experienced competition authorities can perhaps provide the most meaningful insights for their peers in Eastern Europe and Central Asia. Financial regulation can influence the nature of competition, thus minimising or amplifying the potential competition concerns described above. After the financial crisis, new models can emerge with respect to the role of competition in the financial services sector including new methods of co-operation between competition authorities and financial regulators. For example, competition authorities can be involved in the process of designing new regulatory regimes in the context of co-operation within dedicated Working Groups.⁷

6 See R.Ferrandi, G. Szilágyi, *Competition Policy Responses to the Crisis in Eastern Europe and Central Asia: Key findings from the Virtual Seminar of the OECD-GVH Regional Centre for Competition* and other articles in “Competition Policy In Times Of Crisis, Supplement to Competition Policy in Eastern Europe and Central Asia”, July 2020. These topics were addressed in the RCC Virtual Seminar on Competition Policy Responses to the Crisis, 1-2 July 2020

7 See P. Bascunana, R. Ferrandi, *Empowering consumers in the banking and insurance sectors: Addressing novel competition issues in Eastern Europe and Central Asia in light of international experience*, and other articles in “Competition Policy in Eastern Europe and Central Asia”, February 2020. These topics were addressed in the RCC Seminar on Competition enforcement and advocacy in the banking and insurance sectors, 18-20 February 2020.

Equal competitive terms for State Owned Enterprises

In Eastern Europe and Central Asia, the relevance of SOEs is particularly evident, due to the historical role played by governments in the national economy. Despite a gradual decrease in the last decade, the share of SOEs in total value-added in 2016 was still significantly higher than 10% in Belarus, Russia, Poland and Serbia and reached approximately 10% in Slovenia, Croatia, Albania, Bosnia Herzegovina, Ukraine, Romania and Bulgaria. In Russia and Ukraine, SOEs account for approximately 15% of the overall national employment, while in Belarus the share is around 30%.

In most jurisdictions, the State has a dual role as policy maker/sector regulator and supplier or purchaser of goods and services. In markets open to competition, governments may be tempted to grant SOEs certain advantages over private businesses, e.g. privileged market position, soft loans, outright subsidies, regulatory exemptions or tax benefits. This creates an unlevel playing field and prevents the most capable entities – whether public or private actors – from providing consumers with goods and services at a higher quality and lower prices.

Against this background, competition authorities should engage to ensure **competitive neutrality**, i.e. a framework within which all enterprises, irrespective of their ownership (state-owned or privately owned) or nationality (domestic or foreign), face the same set of rules and where State action does not result in a competitive advantage for a particular market participant.

There is a general consensus that competition law should apply in a neutral way to both private enterprises and SOEs that engage in economic activities. In particular, when it comes to anti-competitive conduct, SOEs should be assessed under the same standards as those applied to privately owned businesses. If this is not the case, this may result in an unlevel playing field and in competition distortions between state-owned and privately owned competitors. That being said, enforcing competition rules against SOEs presents enforcers with particular challenges.

First, some jurisdictions provide for **exemptions** in their competition laws in relation to specific conducts, sectors, and entities (such as SOEs), thereby resulting in adverse effects on competitive neutrality. The scope of these exceptions varies. In some jurisdictions, exemptions are limited to the provision of services of general economic interest and are often accompanied by proportionate and appropriate regulation aimed at minimising the risk of market distortions.

Second, even in the absence of exemptions, SOEs may avoid liability on a case-by-case basis by claiming a “**State action defence**”, which can be used to avoid liability for anti-competitive conduct if it was imposed or authorised by law. However, such defence can be invoked only if specific conditions are met, according to the legislative framework in place, and SOEs are normally required to provide substantial evidence to show that their actions were “state-imposed”.

Distortions of competitive neutrality principles may also be the result of policy and legislative initiatives falling outside the enforcement powers of competition authorities, especially in those jurisdictions without a “state aid” framework. In these circumstances, competitive neutrality may be best ensured through **advocacy** activities of competition authorities.

It is important to highlight that competitive neutrality is not an absolute principle. In specific circumstances, SOEs may be granted exceptions in the interest of **public policy objectives**. In some other instances, even privately owned companies can be tasked with public policy objectives and, for such purposes, may benefit from more favourable treatment (e.g. regulatory or financial). Such exceptions from the competitive neutrality principle should be limited to what is deemed strictly necessary for achieving the underlying objectives: the pursued public policy goal should be balanced against the potential consumer welfare loss, especially if the same objectives can be achieved through less competition-restrictive means, such as competition enforcement and/or regulatory intervention. Moreover, undue compensation and special advantages granted to SOEs in return for public policy obligations can create asymmetric contestability in home markets for foreign competitors and have harmful spillover effects in other jurisdictions. Competition authorities may effectively advise against the adoption of measures that would distort competition.

Competition authorities may also play a key role in the context of **privatisation and liberalisation** reforms, typically jointly or in consultation with sector regulators (where present) and sectorial ministries. In a privatisation context, the main aim of advocacy initiatives should be to ensure that no undue competitive advantage is transferred from a State-owned (often monopolist) company to the (private) acquirer of the SOE's assets and activities that are being privatised. Similarly, competition authorities may engage in advocacy efforts to ensure that, in a newly liberalised sector, incumbent firms and new entrants are subject to the same set of rules and regulatory burdens. These are initiatives that would mitigate the risks of anti-competitive conducts in the long run.⁸

8 See R. Ferrandi, M. Giangaspero, Competitive Neutrality in Eastern Europe and Central Asia: A key tool to foster economic recovery and other articles in “Competition Policy in Eastern Europe and Central Asia”, July 2020. These topics were addressed in the RCC Virtual seminar on Competition policy to ensure a level playing field between private and public firms 15-16 December 2020.

The key role of international co-operation

Competition enforcement is typically national, insofar as it is based on a national legal framework and is applied by a national competition authority. Nevertheless, the most relevant competition infringements are increasingly international or regional and take the form of cross-border cartels or abuses of dominance by international players with a global strategy. Furthermore, a growing number of mergers have a multi-jurisdictional nature.

In tackling cross-border cases, competition authorities have to face several issues such as case allocation, coordinated evidence gathering (most importantly through dawn raids), exchange of information, consistency of their decisions (and possible related remedies), implementation and monitoring of the decisions (including the execution of sanctions) and consistency of judicial review in different jurisdictions.

International organisations like the OECD, the International Competition Network (ICN) and the UNCTAD share a mission to promote effective international co-operation between competition authorities. They have worked for years to improve the resources, frameworks and opportunities required for effective collaboration.

In January 2021, the OECD and the ICN published a **Joint Report on International Co-operation in Competition Enforcement**,⁹ which outlines key aspects of the current state of international enforcement co-operation between competition authorities. The document contains a description of the drivers of international enforcement co-operation, a high-level review of the main OECD and ICN initiatives to support international enforcement co-operation and the results and analysis of a survey of OECD and ICN members.

According to the Report, there has been an overall increase in international enforcement co-operation across all enforcement

areas, which has provided benefits, regardless of the size and level of maturity of the competition authorities involved. Importantly for authorities in Eastern Europe and Central Asia, enforcement co-operation within regions (including through specific regional arrangements) has proven to be one of the most significant and successful types of co-operation.

That said, the Report identified **five key categories of challenges** that limit international enforcement co-operation: legal limitations, especially relating to confidential information sharing and investigative assistance; resourcing; co-ordination and timing of parallel investigations; trust and reciprocity between competition authorities; practical issues, including language, time zones and cultural differences.

It remains to be seen whether Covid-19 has created an economic situation that increases or decreases cross-border matters, but we can expect that the long-term drivers for improving enforcement co-operation will remain. Competition authorities around the world have responded to the additional challenges presented by Covid-19 to competition enforcement practice and policy by sharing views and approaches about the best way to respond.

A telling example in this respect is the **Joint statement issued in April 2020 by the European Competition Network (ECN)** on the application of competition law during the Corona crisis,¹⁰ in which the ECN members announced that they would not actively intervene against “necessary and temporary” measures, including cooperation among competitors, in order to avoid a “shortage of supply.” At the same time, they cautioned that they would actively intervene against any measures taken by companies to limit the supply or charge excessive prices for critical products.¹¹

Conclusion

The topics addressed by the OECD-GVH Regional Centre for Competition in Budapest in 2020 can help the competition authorities of Eastern Europe and Central Asia to ensure efficient and effective competition enforcement actions during and after the Covid-19 crisis. Other key issues, like bid rigging in public procurement, market studies and abuse of dominance in digital markets, have been discussed in the Centre in 2021.

The characteristics of competition authorities in Eastern Europe and Central Asia vary considerably, from experienced and influential institutions to young authorities at their first steps. Likewise, the main challenges resulting from the sanitary crisis depend on the particular economic features of the countries, insofar as Eastern European economies focus more on manufacturing and tourism and see a preponderant role of

SMEs, while some Central Asian economies rely on capital-intensive extractive industries and exports of raw goods. However, all countries in the region face some common crucial issues, such as the relevance of the informal economy and the major role still played by SOEs.

Competition authorities in Eastern Europe and Central Asia can benefit from advice by their international sister institutions and fruitfully exploit opportunities for international and regional cooperation, including those offered by the OECD-GVH Regional Centre for Competition. Experience gained during previous crises shows that competition policy becomes particularly important in moments of crisis and remains crucial even in the face of an expanded role played by industrial policy.

9 <https://www.oecd.org/daf/competition/OECD-ICN-Report-on-International-Co-operation-in-Competition-Enforcement.pdf>

10 https://ec.europa.eu/competition/ecn/202003_joint-statement_ecn_corona-crisis.pdf

11 These topics were discussed at the Virtual RCC–FAS Seminar on Russia Enforcement Cooperation in Cross-border Cases, 27-29 October 2020.

II. Overview of the activities for the year 2020

The RCC organised five events in 2020. Seminars focused on core competences of competition authorities and on best practices in the area of competition policy. In addition to

its regular seminars, the RCC continued a special seminar organised jointly with the FAS Russia.

Table No1: Total number of speakers per country or institution

Speakers		
Country or institution	Number	Person-days
Austria	1	3
Belgium	1	3
Georgia	3	3
Hungary	8	10
Italy	2	3
Lithuania	1	3
Mexico	1	3
Norway	1	2
Portugal	1	3
Romania	1	3
Russian Federation	5	5
Spain	1	5
Serbia	1	2
United States	1	2
EU Commission	1	2
OECD	17	13
Aggregate	46	65

Altogether, over the course of the year, the RCC invited 404 participants and 46 speakers to its events. All in all, participants from 19 economies and institutions attended the RCC's programmes, coming from Albania, Armenia, Azerbaijan, Belarus, Bosnia and Herzegovina, Bulgaria, Croatia, Eurasian Economic Commission, Georgia, Kazakhstan, Kosovo, Kyrgyzstan, Moldova, Montenegro, North Macedonia, OECD,

Romania, Russian Federation, Serbia, Spain, Ukraine and the GVH, Hungary. Meanwhile, experts from 16 countries and institutions attended as panel members: Austria, Belgium, European Commission, Georgia, Hungary, Italy, Lithuania, Mexico, Norway, OECD, Portugal, Romania, Russian Federation, Serbia and United States of America.

III. Detailed review of the activities in the year 2020

Table No2 provides a brief overview of the topics of the seminars held in 2020 as well as the participating economies and institutions.

Table No2: Summary of activities in 2020

Event Topic	Date	Total Number of Participants and Speakers	Attending Economies/Institutions
Competition enforcement and advocacy in the banking and insurance sectors	18-20 February	35+6	Participants: Albania, Armenia, Azerbaijan, Belarus, Bosnia and Herzegovina, Bulgaria, Croatia, Eurasian Economic Commission, Georgia, Kazakhstan, Kosovo, Kyrgyzstan, Moldova, Montenegro, North Macedonia, Romania, Russian Federation, Ukraine and Hungary Speakers: Lithuania, Portugal, OECD and Georgia
Virtual Seminar on Competition Policy Responses to the Crisis	1-2 July	137+7	Participants: Albania, Armenia, Belarus, Bulgaria, Croatia, Eurasian Economic Commission, Kazakhstan, Kosovo, Kyrgyzstan, Moldova, Montenegro, North Macedonia, Romania, Russian Federation, Serbia, Ukraine and Hungary Speakers: OECD and Hungary
Virtual Introductory Seminar for Young Staff on Competition law principles and procedures	22-24 September	44+7	Participants: Albania, Armenia, Azerbaijan, Belarus, Croatia, Eurasian Economic Commission, Georgia, Kazakhstan, Kosovo, Kyrgyzstan, Moldova, Montenegro, North Macedonia, Romania, Russian Federation, Serbia, Ukraine and the GVH, Hungary Speakers: Austria, Belgium, OECD and Hungary
Virtual RCC-FAS Seminar in Russia on Enforcement cooperation in cross-border cases	27-29 October	36+11	Participants: Azerbaijan, Belarus, Bosnia and Herzegovina, Croatia, Eurasian Economic Commission, Kazakhstan, Kosovo, Moldova, Russian Federation and the GVH, Hungary Speakers: Italy, Mexico, Russia, OECD and Hungary
Virtual seminar on Competition policy to ensure a level playing field between private and public firms	15-16 December	152+15	Participants: Albania, Armenia, Azerbaijan, Belarus, Bosnia and Herzegovina, Bulgaria, Croatia, Eurasian Economic Commission, Kazakhstan, Kosovo, Kyrgyzstan, Moldova, Montenegro, North Macedonia, Romania, Russian Federation, Spain, Ukraine and Hungary Speakers: Russia, Romania, United States, European Commission, Georgia, Spain, Serbia, Norway, OECD and Hungary

1. Standard programmes in the framework of the core activity

Competition enforcement and advocacy in the banking and insurance sectors, 18-20 February 2020

Topic

The main object of this seminar was to introduce the financial sector, which is characterised by a number of specific features that competition authorities have to consider, including extensive regulation and concerns about financial stability and systemic effects. Furthermore, the banking and insurance sectors were explored since they have been confronted with digital disruption resulting from the emergence of FinTech operators in the provision of financial services. Expert speakers and participants shared their experience on competition enforcement and advocacy in the financial sector and discussed current and future challenges.



Speakers



Ms Jurgita Brėskytė

Head of Dominant Undertakings
and Mergers Division, Competition
Council of Lithuania



Mr Márk Pánczél

Head of Antitrust Section,
GVH Hungary



Ms Patrícia Oliveira

Case Handler,
AdC Portugal



Ms Patricia Bascunana,

Senior Economist,
OECD



Mr Renato Ferrandi

Senior Competition Expert,
OECD

Main Results

The seminar on competition enforcement and advocacy in the banking and insurance sectors was held by the Hungary centre for almost 40 participants from 19 different jurisdictions. The seminar covered a variety of competition topics concerning remedies and commitments as possible solutions to competition problems in merger and abuse of dominance cases while exploring the use of structural and behavioural remedies and commitments. Participants were encouraged to exchange

experiences enriching the agencies' remedy toolboxes. Renato Ferrandi chaired the seminar and gave a presentation on the economic specificities of the banking and insurance sectors, and Patricia Bascunana presented work by the UK on open banking. In addition, participants explored two hypothetical scenarios during the breakout sessions.

Virtual Seminar on Competition Policy Responses to the Crisis 1-2 July 2020

Topic

The Covid-19 pandemic has set in motion a major economic crisis that will burden our societies for years to come. Sound competition policy is important in moments of crisis to prevent anti-competitive practices and pave the way to a quick and sustained economic recovery. This requires competition

authorities to be vigilant and proactive. The objective of this seminar was to foster a discussion on how competition policy can help address the immediate challenges raised by the crisis while preparing for the post-pandemic future.

Speakers



Mr Frédéric Jenny

Chairman of the OECD
Competition Committee



Mr Antonio Capobianco

Acting Head of the
Competition Division, OECD



Mr László Bak

Vice President of the GVH



Ms Isolde Lueckenhausen

Senior competition expert,
OECD Competition Division



Mr Pedro Caro de Sousa

Senior competition expert,
OECD Competition Division



Mr Paulo Burnier

OECD Competition Division



Mr Renato Ferrandi

Senior Competition Expert,
OECD

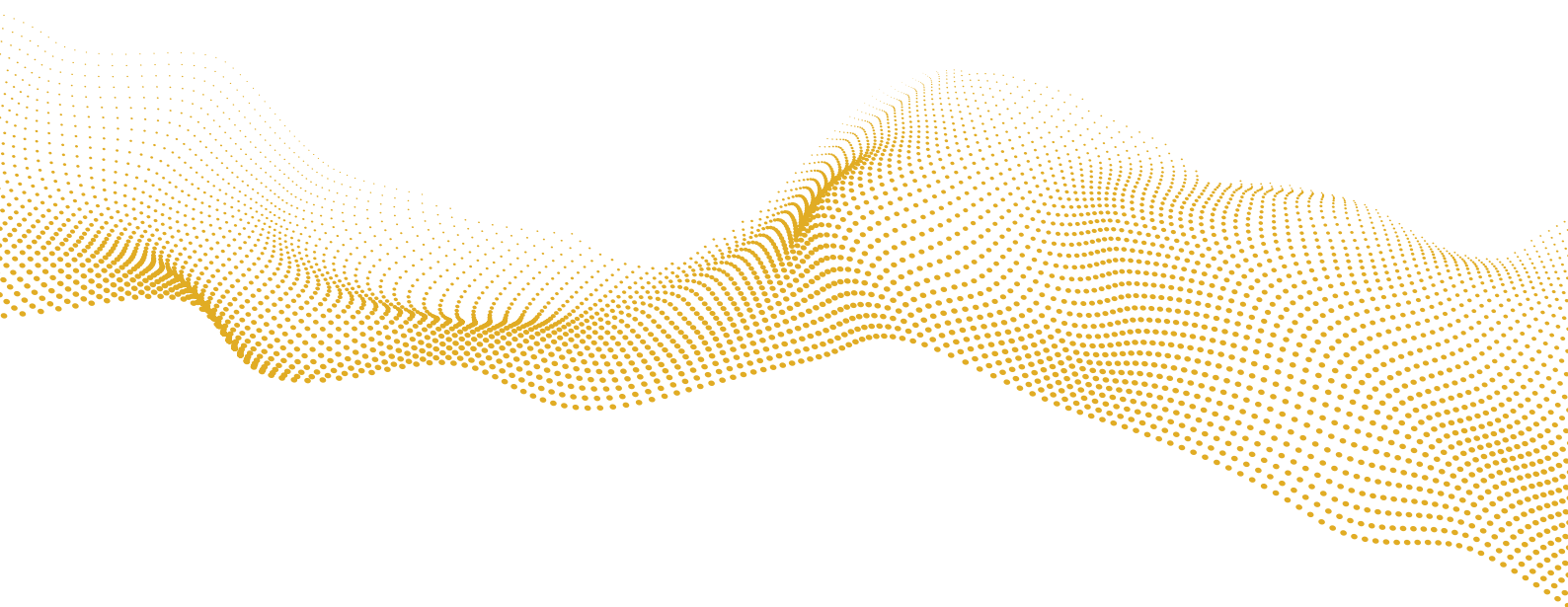
Remarks were made by Ms Dar'ya Cherednichenko, Ukraine, Ms Shushan Sargsyan, Armenia, Ms Nina Vasić, Serbia,

Mr Ion Maxim, Moldova, Ms Mirta Kapural, Croatia, and Mr Mukhamed Khamukov, Russia.

Main Results

Over 110 participants from 19 jurisdictions attended the Budapest Centre for Competition's virtual seminar on Competition Policy Responses to the Crisis. The seminar explored how competition policy can help address the immediate challenges raised by the crisis while preparing for the post-pandemic future. It consisted of four sessions, each of them targeted to different attendees. A policy session included a keynote speech by our Committee Chair Frederic Jenny and offered a policy discussion on the key challenges for competition policy brought about by the

COVID-19 crisis. The other three enforcement sessions were mainly targeted at officials carrying out antitrust or merger cases. Each of them was dedicated to a different topic: exploitative pricing, merger control and co-operation between competitors, all of which were placed in the specific context of COVID-19. They included both presentations and an informal, interactive discussion among participants in smaller groups, in dedicated breakout sessions (one in English, one in Russian).



Virtual Introductory Seminar for Young Staff on Competition law principles and procedures 22-24 September 2020

Topic

The aim of this seminar was to provide staff members of competition authorities with an opportunity to deepen their knowledge of key notions and procedures in competition law enforcement. Experienced practitioners from OECD countries shared their knowledge and engaged in lively exchanges with

the participants on cartels, mergers and abuse of dominance. They discussed basic legal and economic theories as well as the relevant case law. Participants also had a chance to face and discuss procedural issues through practical exercises.

Speakers



Ms Natalie Harsdorf

Head of Legal Services,
Federal Competition Authority,
Austria



Ms Livia West

Founder & Managing Director,
The Vectory, Brussels



Ms Zsófia Nagy

Deputy Head Merger Section of
GVH, Hungary



Mr Jordi Calvet Bademunt

Competition expert, OECD, Paris



Mr Renato Ferrandi

Senior Competition Expert,
OECD

Main results

The virtual seminar for young staff of beneficiary competition authorities helped them deepen their knowledge of key notions and procedures in competition law enforcement. Four experienced practitioners from OECD countries engaged in lively exchanges with the participants on cartels, mergers and abuse of dominance from basic legal and economic theories to relevant case law. The first day of the seminar was dedicated to the detection and investigation of cartels as well as to the procedural issues that might become critical in

formal proceedings. The second day explored the key steps of an investigation on abuse of dominance, also showing how the assessment may differ across jurisdictions. Finally, the third day was devoted to merger review. On each day, participants also split into smaller breakout sessions (one in English, one in Russian) and engaged in an informal, interactive discussion on a hypothetical case. The number of participants was kept limited (46 delegates from 18 jurisdictions) to preserve a more intimate atmosphere, closer to that of an in-person seminar.

Virtual RCC–FAS Seminar in Russia on Enforcement cooperation in cross-border cases 27-29 October 2020

Topic

The topic in question was globalisation and the digital economy, as well as the increasing significance of emerging economies and the proliferation of competition regimes which have increased the complexity of cross-border competition law enforcement cooperation. Several initiatives by international organisations were discussed such as the OECD Recommendation on International Co-operation on Competition Investigations

and Proceedings, the ICN-led Framework to Promote Fair and Effective Agency Process and the UNCTAD Guiding Policies and Procedures under Section F of the UN Set on Competition aim to explore the ways in which costs can be reduced, inconsistencies can be avoided and procedural fairness can be guaranteed in parallel proceedings. This seminar explored best practices for formal and informal enforcement cooperation.

Speakers



Ms Alessandra Tonazzi

Director of the European and International Affairs Directorate, Italian Competition Authority (AGCM)



Ms Anastasia Dokukina

Deputy Head of the International Projects Division, Department for International Economic Cooperation, FAS Russia



Ms Heidi Sada

Executive Director for International Affairs, Mexican Federal Economic Competition Commission (COFECE)



Ms Isolde Lueckenhausen

Senior Competition Expert, OECD



Ms Lesya Davydova

Head of the Department for International Economic Cooperation, FAS Russia



Ms Tatiana Oinvid

Deputy Head of the Department for International Economic Cooperation, FAS Russia



Mr Michele Pacillo

International Affairs, Italian Competition Authority (AGCM)



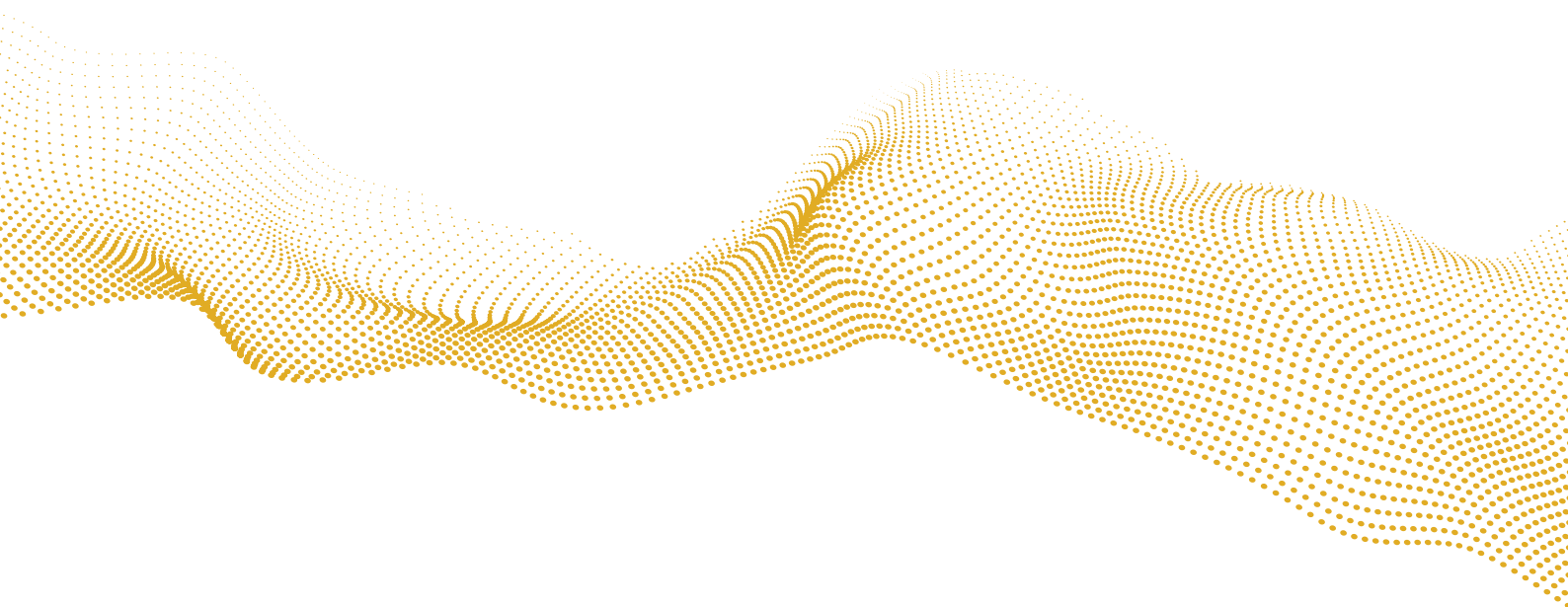
Mr Renato Ferrandi

Senior Competition Expert, OECD

Main results

The OECD-GVH Regional Centre for Competition in Budapest and the FAS Russia jointly organised a Virtual Seminar on Enforcement Co-operation in Cross-border cases. Over 60 participants benefitted from the experiences of four experts from OECD countries and three from FAS Russia who also provided useful insights and advice on how to co-operate successfully. The speakers illustrated the increasing involvement of competition authorities in international cooperation activities, as well as concrete experiences

of co-operation inside and outside the European Competition Network. They also explored issues and opportunities for formal and informal cooperation. Finally, they presented recent initiatives on international co-operation, such as the OECD Recommendation/resources and the OECD-ICN Joint Project on International Enforcement Co-operation. Participants had the opportunity to engage in an interactive discussion in small groups on a hypothetical case.



Virtual seminar on Competition policy to ensure a level playing field between private and public firms 15-16 December 2020

Topic

The seminar explored the fundamental principle of competition law and policy that firms should compete on their merits and should not benefit from undue advantages due to their ownership or nationality. In particular, this seminar addressed

the challenges of enforcing competition rules against state-owned enterprises and the advocacy actions that can help governments to achieve competitive neutrality between publicly-owned and privately-owned competitors.

Speakers



Ms Eleanor Fox

Walter J. Derenberg
Professor of Trade Regulation
at New York University School of Law



Mr Antonio Capobianco

Acting Head of the
Competition Division,
OECD



Mr Bogdan Chirițoiu

President of the Romanian
Competition Council



Mr Alexandre Bertuzzi

Merger case support and policy,
DG Competition,
European Commission



Mr Matteo Giangaspero

Competition Expert,
OECD



Ms Salome Kavtaradze

Head of the Division
for the detection and prevention
of anticompetitive agreements,
Georgian Competition Authority



Mr Joaquín López Vallés

Director of the Department
for Competition Advocacy,
National Commission for
Markets and Competition,
Spain



Mr Chris Pike

Competition Expert,
OECD



Ms Ivana Rakić

Special Adviser,
Commission for
Protection of Competition,
Serbia



Mr Kjell J. Sunnevåg

Director for External Relations,
Norwegian Competition Authority

**Ms Gabriella Szilágyi**

Head of the International Section,
GVH Hungary

**Mr Andrey Tsyganov**

Deputy Head of the FAS,
Russia

**Ms Sabine Zigelski**

Senior Competition Expert,
OECD

**Mr Renato Ferrandi**

Senior Competition Expert,
OECD

Main results

The seminar addressed the challenges of enforcing competition rules against state-owned enterprises and the advocacy actions that can help governments to achieve competitive neutrality between publicly-owned and privately-owned competitors. The seminar virtually connected more than 150 participants

from 25 countries. Participants were able to deepen their professional knowledge on competitive neutrality through the experience of prominent international scholars (including Professor Eleanor Fox), experts of national competition authorities and the OECD.

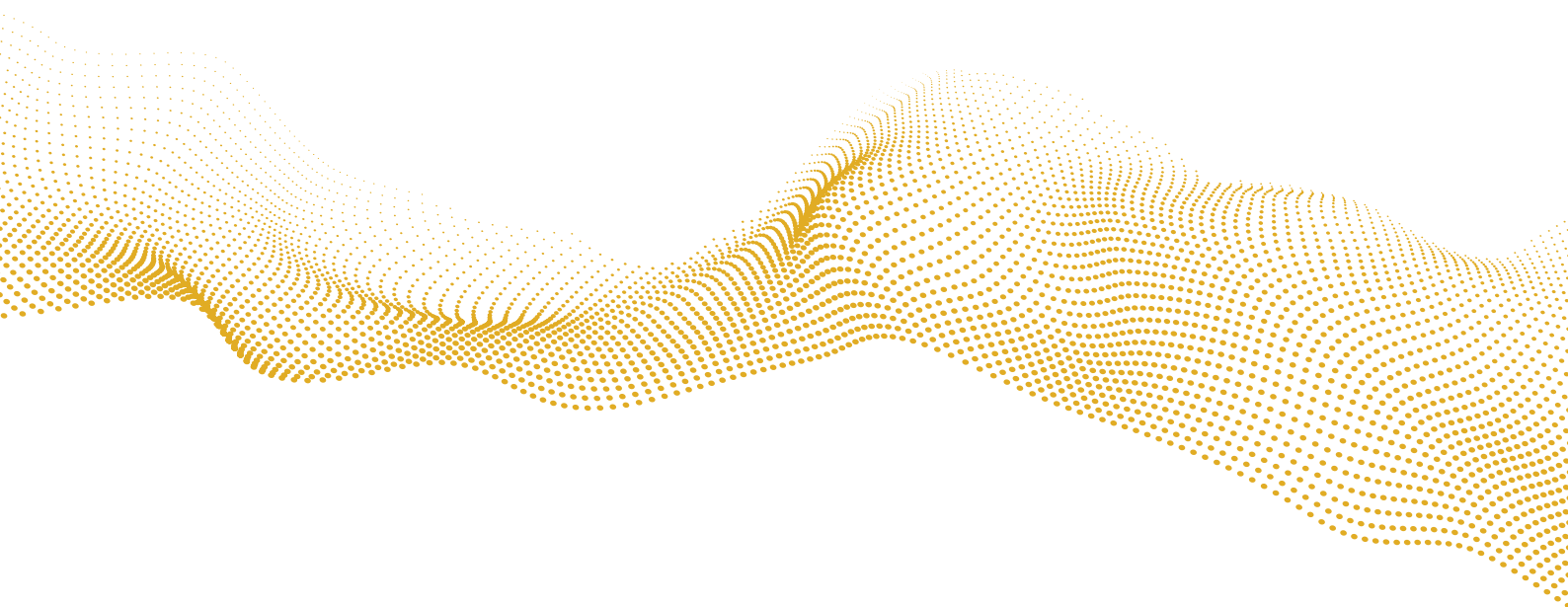


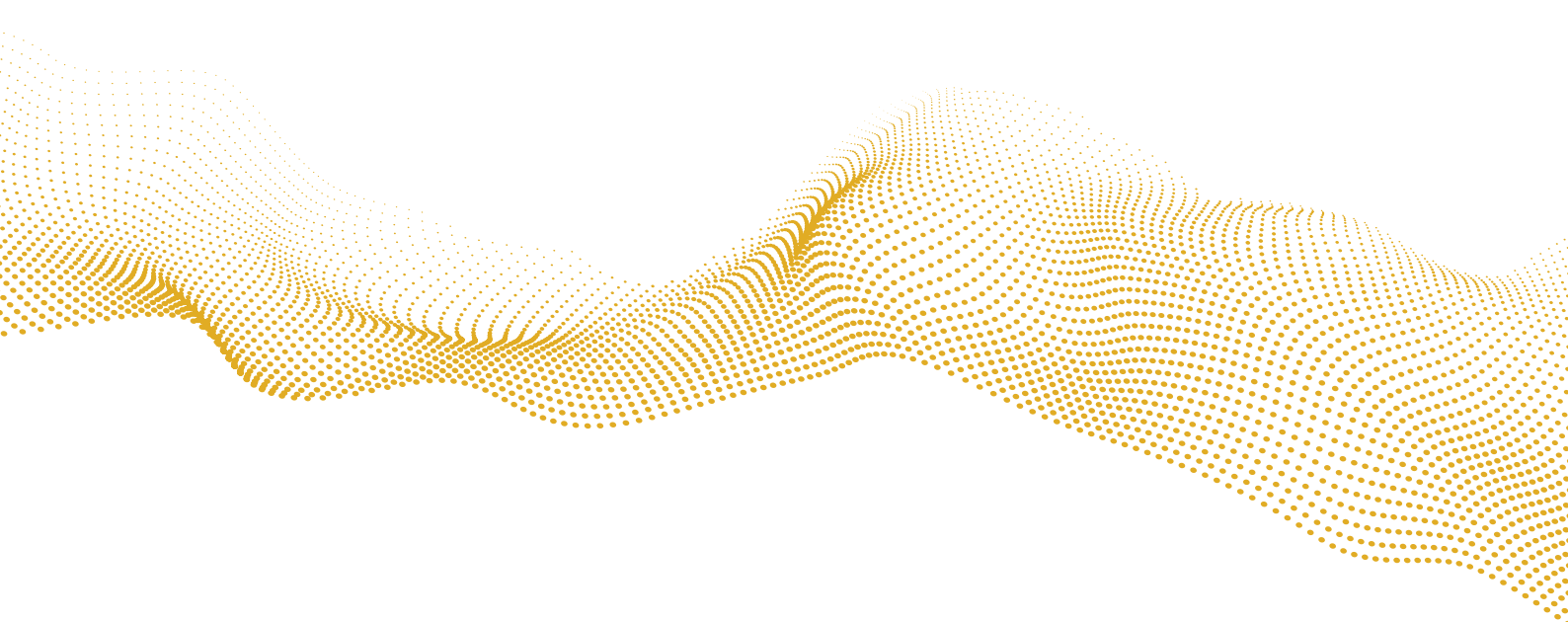
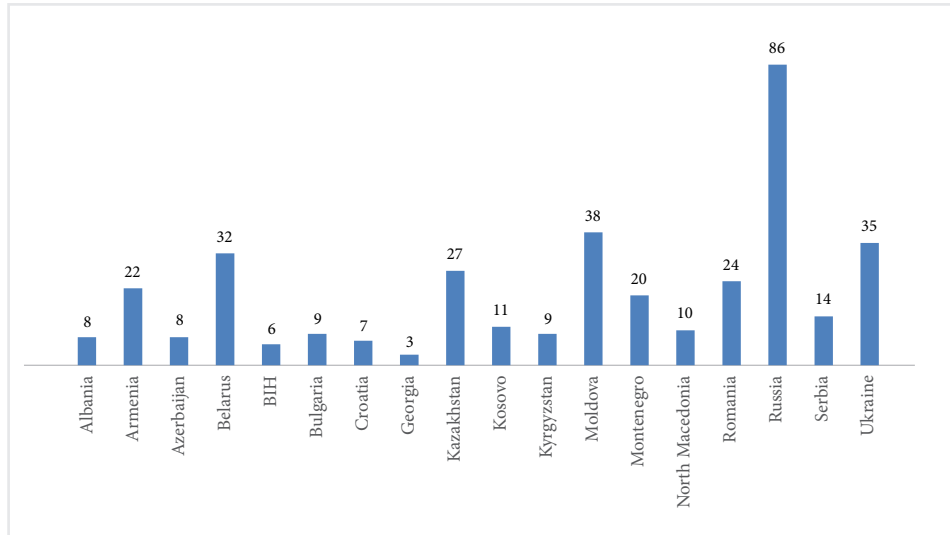
Table No3: Number of participants and events attended

Table No3 provides an overview of the number of participants at the seminars. This summary focuses on the participants of the seminars organised as part of the core activity of the RCC.

Economy	Number of participants	Person-days	Events attended
Albania	8	10	4
Armenia	22	10	4
Azerbaijan	8	11	4
Belarus	32	13	5
Bosnia and Herzegovina	6	8	3
Bulgaria	9	7	3
Croatia	7	13	5
Georgia	3	6	2
Kazakhstan	27	13	5
Kosovo	11	13	5
Kyrgyzstan	9	10	4
North Macedonia	38	13	5
Moldova	20	10	4
Montenegro	10	10	4
Romania	24	10	4
Russian Federation	86	13	5
Serbia	14	10	4
Ukraine	35	10	4
Total	369	190	74

Chart No1: Total number of participants from the primary beneficiary economies attending seminars organised as part of the core activity of the RCC

Chart No1 provides an overview of the number of participants per primary beneficiary authority economy.



IV. Evaluation of RCC Seminars

Participants are always asked to provide feedback on RCC seminars so that the standard of the events can be maintained and even possibly improved. According to the feedback, participants found that the seminars provided theoretical and practical information that was highly relevant to their day-to-day work and that the seminars also provided a good opportunity for the exchange of opinions between participants and experts. The average value of all of the answers for the entire year was 4.3 out of a maximum of 5.

Participants considered the overall usefulness of the programmes to be either very high or high – 86 percent of respondents rated the seminars on this basis. Based on the feedback, the current distribution of the topics was well received.



Table No4: Participants' evaluation of events organised by the RCC in the year 2020

Distribution of answers					
	Very low	Low	Moderate	High	Very high
Overall usefulness of the event	0%	0%	7%	42%	46%
Overall usefulness of the topics	0%	2%	6%	43%	48%
Usefulness and quality of materials	0%	1%	11%	46%	41%
Workshop preparations	0%	1%	7%	41%	50%
Overall quality	0%	0%	7%	35%	58%

Table No5: Detailed evaluations by events and by categories

Summary of evaluations 2020	Competition enforcement and advocacy in the banking and in- surance sectors	Virtual Seminar on Competition Policy Responses to the Crisis	Virtual Intro- ductory Seminar for Young Staff on Competition law principles and procedures	Virtual RCC- FAS Seminar in Russia on Enforcement cooperation in cross-border cases	Virtual seminar on Competition policy to ensure a level playing field between private and public firms	2020
Overall usefulness of the event	4.6	4.3	4.1	4.3	4.4	4.3
Overall usefulness of the topics	4.3	4.3	4.3	4.1	4.3	4.2
Quality of presentations	4.7	4.6	4.5	4.7	4.6	4.6
Usefulness and quality of materials	4.5	not rated	4.1	4.4	4.4	4.3
Workshop preparations	4.6	not rated	4.2	4.4	4.6	4.5
Usefulness of hypothetical cases / country contributions / breakout sessions	4.4	not rated	4.2	4.3	4.4	4.3
Average	4.5	4.4	4.2	4.4	4.5	4.4

V. Financial and intellectual contribution

According to the Memorandum of Understanding that was signed by the parties in 2005, it is the task of the founding parties, namely the GVH and OECD, to ensure that the RCC operates at the highest level. Both institutions provide financial and intellectual contributions towards the operation of the RCC. The accumulated experience and expertise of the OECD members also contributes to the training programmes offered by the RCC.

The RCC had a budget of 252.412 EUR for 2020. This includes funds provided by the GVH and the OECD as well as grants received from the European Commission, the latter of which were used to fund the seminars on European Competition Law for National Judges.

The following tables provide details on the total costs of the operation of the RCC in 2020 by sources of funds, by events and by major categories of costs.

Table No6: The sources of funds

Sources of funds (EUR)	
Gazdasági Versenyhivatal (Hungarian Competition Authority)	242 389
OECD	10 023
Total funds	252 412

Table No7: Breakdown of total expenses by items

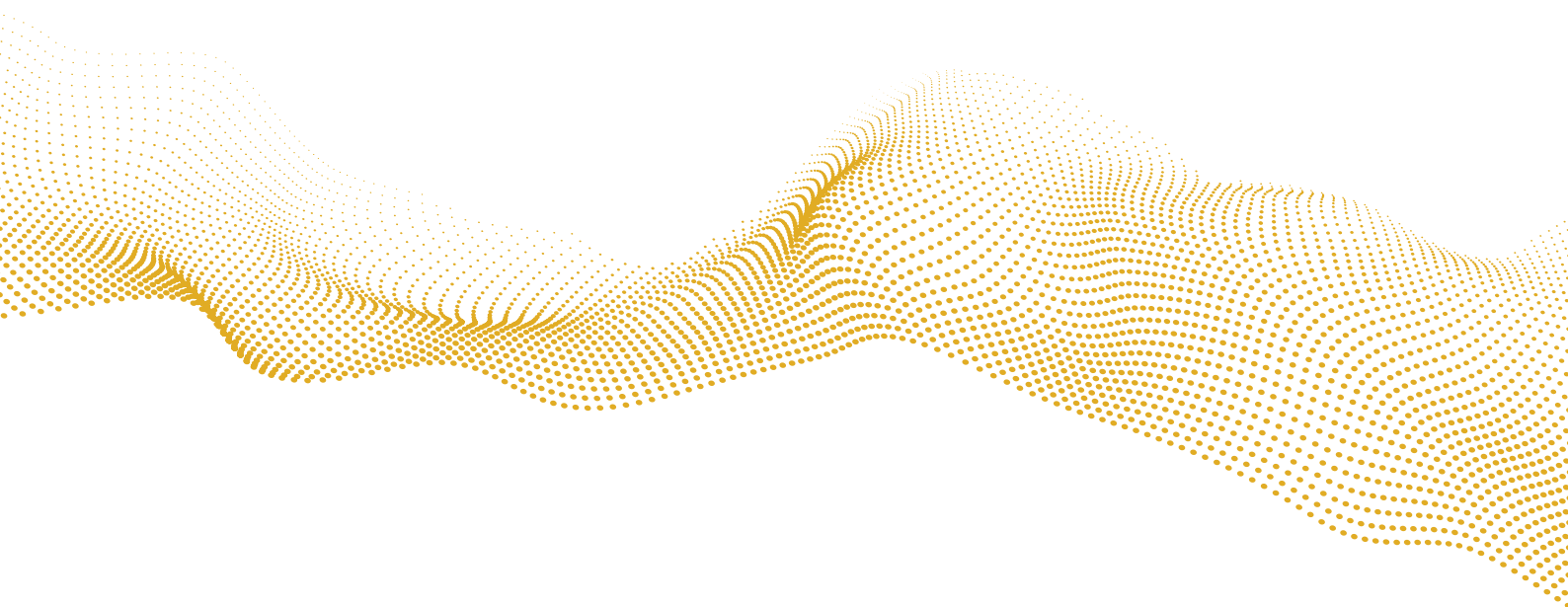
Breakdown of total expenses (EUR)	
A) Direct organisational costs	
Competition enforcement and advocacy in the banking and insurance sectors	43 986
Virtual Seminar on Competition Policy Responses to the Crisis	1 969
Virtual Introductory Seminar for Young Staff on Competition law principles and procedures	3 699
Virtual RCC–FAS Seminar in Russia on Enforcement cooperation in cross-border cases	4 036,30
Virtual seminar on Competition policy to ensure a level playing field between private and public firms	583
Total direct organisational costs	54 273
B) Overhead and operational costs of the RCC	24 018,89
C) Staff costs transferred by the GVH to the OECD¹²	174 120
TOTAL EXPENSES in 2020	252 412

¹² On the basis of the Memorandum of Understanding, the GVH made a voluntary contribution to the OECD for staff-related purposes

VI. RCC Dedicated Staff

The RCC is a “virtual” centre, thus it does not have a central office but is accommodated in the headquarters of the GVH. The virtual existence of the RCC allows it to concentrate funds on the real purpose of its establishment, that is, organising seminars and inviting and training participants. The virtual structure also facilitates adaptation to changing situations. The RCC is run by a senior competition expert at the OECD headquarters in Paris and by a consultant and an assistant who are at the same time employees of the GVH in Budapest.

The work of the RCC is based on the expertise of both the GVH and the OECD. The GVH is responsible for inviting participants and organising all of the practical arrangements for the RCC’s programmes. The expert at the OECD sets up the content of the programmes and invites speakers to the seminars. The GVH provides speakers or panellists for each seminar. Other speakers are invited from different OECD member states.



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