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Annual Report on Competition Policy Developments in Hungary

-- 2023 --

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Table of contents

1. Changes to competition laws and policies, proposed or adopted	3
1.1. Summary of new legal provisions of competition law and related legislation	3
1.1.1. Legislative changes affecting the competence of the GVH.....	3
1.1.2. Legislative changes affecting the proceedings of the GVH.....	4
1.2. Other relevant measures, including new guidelines	4
2. Enforcement of competition laws and policies	4
2.1. Overview	4
2.2. Action against anticompetitive practices; agreements and abuse of dominance	5
2.2.1. Anticompetitive practices and sectoral inquiries	5
2.2.2. Abuse of dominance / abuse of significant market power	6
2.3. Mergers & acquisitions.....	9
2.4. Consumer protection	9
2.4.1. Significant cases	9
2.4.2. Sweeps.....	11
2.5. Judicial review of the GVH’s decisions	12
3. Competition advocacy & competition culture	12
3.1. Competition advocacy	12
3.2. Competition culture	12
4. International relations	13
4.1. Cooperation within international organisations	13
4.2. Activity of the OECD-GVH Regional Centre for Competition.....	14
5. Resources of the Competition Authority	16
6. Recommendations of the GVH for the Parliament in 2023	17
6.1. Developing the Price Monitoring System.....	17
6.2. Proposals for pending legislation on the regulation of online accommodation intermediaries	17
6.3. New legislative proposal: timeshare holiday rights	17

Tables

Table 1. Table Annual budget	16
Table 2. Number of employees	16

Hungary

1. Changes to competition laws and policies, proposed or adopted

1.1. Summary of new legal provisions of competition law and related legislation

1.1.1. Legislative changes affecting the competence of the GVH

1. The amendment of the Act LVII of 1996 on the “Prohibition of Unfair and Restrictive Market Practices” (Hungarian Competition Act – HCA) entering into force on 1st January 2023 expanded the toolbox of the Hungarian Competition Authority (Gazdasági Versenyhivatal –GVH) with a new legal instrument. The amendment empowered the GVH to issue a formal notice to the relevant undertakings in certain cases of suspected infringement. The basic aim of this new soft law tool was to assist the undertakings with the possibility to voluntarily comply with the law. Through this way the President of the GVH has the right to signal competitive concerns directly for the businesses if the GVH notices market processes on the basis of which infringements might be assumed. The undertaking addressed this way may voluntarily explain its position regarding the GVH’s concerns in detail via a reply letter. This letter of formal notice provides the opportunity to voluntarily and early remedy competitive concerns, thereby avoiding the time and burdens associated with the competition supervision procedure for both businesses and the GVH. From 2024, in every year the GVH will publish on its homepage by markets, without indicating the names of the given businesses, which relevant markets and which presumed violations were tackled by letter of formal notices.

2. With the effect of 1 January 2023, the amendment of the HCA designated the GVH as competent authority responsible for the application of Regulation 2022/1925 of the European Parliament and of the Council of 14 September 2022 on contestable and fair markets in the digital sector and amending Directives (EU) 2019/1937 and (EU) 2020/1828 (Digital Markets Act). Based on the Hungarian Competition Act the GVH may launch competition supervision proceedings to determine whether, in their opinion, the digital platform providers with significant market power, i.e. the so-called gatekeepers are complying with their obligations under EU law. The Hungarian Competition Authority reports on the results of its investigation to the European Commission, which is responsible for enforcing the obligations.

3. The Government Decree on the elaboration of an online price monitoring database entered into force on 9 May 2023 entrusting the GVH as the authority operating the system. The price monitoring system aimed at protecting consumers by fostering competition on the markets by facilitating the detection of market practices contrary to the prohibition of cartels and abusive practices both under the national and European competition laws.

4. The Act on “Complaints, Formal Complaints in the Public Interest, and Rules related to Reporting Abuses” also obliges the GVH to operate a separate abuse reporting system, which the GVH operates based on its complaint handling system regulated in the HCA.

5. According to an amendment of the HCA at the end of 2023, as from 1st January 2024 the GVH is the competent authority to implement all the tasks stemming from Regulation (EU) 2022/2560 of the European Parliament and of the Council of 14 December 2022 on foreign subsidies distorting the internal market. The GVH can launch targeted

investigations into foreign subsidies that distorts the EU market, at the request of the European Commission.

6. In 2022, the GVH made a legislative proposal for the Parliament in order to amend the Act XLVII of 2008 on the “Prohibition of Unfair Business-to-Consumer Commercial Practices”. As a result of this proposal, at the end of 2023 the amendment of this Act authorised the GVH to order the inaccessibility of data published via an electronic communication network (e.g. a website), due to the publication of which a competition supervision procedure had been initiated, and the inaccessibility of which is necessary in view of the extensive involvement of consumers in order to prevent the risk of serious violation.

1.1.2. Legislative changes affecting the proceedings of the GVH

7. As from 1st January 2023, the turnover notification thresholds under the Hungarian M&As control increased from HUF 15 billion (EUR 39.2 million) to HUF 20 billion (EUR 52.2 million) and the turnover threshold of participating individual undertakings also increased from HUF 1 billion (EUR 2.6 million) to HUF 1.5 billion (EUR 3.9 million). As a consequence of the increase of these thresholds less transactions will be notified to the GVH which leads to decreasing the burden of undertakings, but in parallel it fosters the more effective allocation of the GVH’s resources. At the same time the control of concentrations threatening with decreasing of competition is guaranteed even after the increase of the notification thresholds since the notification remains an option for the businesses if they are uncertain whether the transaction lessens competition on the relevant market(s). The procedural fees of M&A control also increased and the fining policy concerning the prohibition on the implementation of concentrations changed to some extent.

8. In order to increase the deterrence impact of the GVH actions against violations, as from 1st September 2023 the upper limit of the fine which might be imposed by the Competition Council (the decision-making body of the GVH) was increased from 10 per cent to 13 per cent of the financial year’s net turnover preceding the year when the decision was adopted.

9. With effect of 5 June 2023 the HCA provides for the possibility of conducting the hearing via an electronic communications network.

1.2. Other relevant measures, including new guidelines

10. The Government Decrees on the exemption from the prohibition on restriction of competition of certain groups of research and development agreements and on the exemption from the prohibition on restriction of competition of certain groups of specialisation agreements (block exemption regulations) entered into force on 16 October 2023. The rules under the Government Decrees containing the previous rules have been amended or supplemented where the underlying EU block exemption rules have also been amended.

2. Enforcement of competition laws and policies

2.1. Overview

11. In 2023, the **GVH initiated a total of 34 proceedings**. Out of all proceedings initiated:

- 6 concerned restrictive agreements,
- 19 cases concerned unfair commercial practices,
- 9 were merger control investigations.

12. In 2023, **the GVH concluded a total of 44 proceedings** (further 48 M&A cases were closed via official certificates). In three quarters of the decisions – in 31 cases, against 71 undertakings – it found that an infringement had been committed, and in 27 decisions - against 57 undertakings - it imposed fines totalling HUF 2.2 billion. (EUR 5.7 million).

13. Out of all proceedings concluded:

- 5 concerned restrictive agreements,
- 4 were decisions concerning abuse of dominant position and abuse of significant market power.
- 27 cases concerned unfair commercial practices,
- 8 were merger control investigations.

2.2. Action against anticompetitive practices; agreements and abuse of dominance

2.2.1. Anticompetitive practices and sectoral inquiries

14. In 2023, the GVH fined undertakings in 3 cases for restrictive agreements, two of which involved collusion in public procurement procedures. In these three cases the GVH's Competition Council imposed fine of HUF 321.8 million (EUR 840 thousand) for cartel-type infringements.

Significant cases

15. The GVH launched an investigation in 2015 into suspected collusions between participants in public procurement tenders for certain domestic traffic engineering activities, predominantly the painting of road markings and the installation of road signs. The investigation revealed that the companies concerned had agreed on the prices they would bid for the tenders, the winners of the tenders and the compensation for their works – thereby dividing the domestic market between themselves between 2012 and 2014. It was found that infringements at regional level extended to certain national level tenders and even to other competitive tendering procedures (below value thresholds or by private operators). Together, the infringements affected the entire country, and the anticompetitive division of the market involved most of the domestic road marking and signposting companies. The cartel participants violated not only national competition rules, but also Article 101 of the TFEU, as their conduct may have affected trade between Member States of the European Union. The investigation – mainly due to the large number of players and the large number of tenders involved – proved to be particularly complicated. Over the course of the 8-year procedure, more than 1,100 sub-documents were gathered in the case file, and the GVH had to wait – in total – almost 2,300 days (more than 6 years) for various information disclosures and court proceedings related to the case to be completed. Among the latter, the GVH was forced to suspend its competition supervision proceedings until the conclusion of a 4-year-long criminal proceeding between 2018 and 2022, as some of the elements of the cartel also constituted a criminal offence according to the decision of the Budapest-Capital Regional Court. When assessing the infringements committed, the Competition Council of the GVH considered as a particularly aggravating circumstance that in most cases they were aimed at divvying up procurement procedures involving public funds, and in many cases the companies' senior officials were also involved. However, the

authority took into account the cooperation of certain participants as a mitigating circumstance, as almost half of the companies fully admitted to the infringements in a so-called settlement procedure. In the end, fines totalling HUF 284.8 million (EUR 744 thousand) were imposed by the competition authority on 17 firms involved in the case.

16. The GVH has imposed a fine of HUF 27 million (EUR 70.5 thousand) on the largest wholesalers of fishing tackle, Top-Fish 2001 Ltd, for unlawfully setting the lowest retail prices for its product range to retailers. Top-Fish 2001 constantly monitored compliance with its ‘recommended’ prices to retailers and threatened to suspend deliveries to those who did not comply. Retailers could not hold promotions or discounts without consulting Top-Fish 2001. The undertaking was able to significantly reduce the fine imposed by the GVH because of its cooperative behaviour during the procedure.

17. The GVH imposed HUF 6.5 million (EUR 16.9 thousand) fine on Dunai Személyszállító (Danube passenger transporter Ltd), Duna-Weser Ltd. and Rubin Group Ltd. In the public tender for the operation of inland scheduled ferry services in 2020, the undertakings involved in the procedure coordinated their behaviour in order to win the tender. The undertakings admitted the infringement during the procedure and voluntarily provided evidence during the investigation by applying for leniency, which the Competition Council accepted and reduced the fine by around a third. Although the undertakings admitted the infringement in their leniency applications, they challenged the decision in court, which led the GVH to find that one of the statements made by the undertaking during the procedure had not been properly assessed by the GVH in the light of the duty to cooperate in the leniency procedure. The GVH Competition Council therefore revoked its decision and imposed a higher fine on the companies, totalling HUF 10 million (EUR 26.1 thousand).

2.2.2. Abuse of dominance / abuse of significant market power

18. In Hungary, the abuse of a dominant position is prohibited by Article 21 of the Competition Act, which is essentially the same as Article 102 of the Treaty on the Functioning of the European Union.

19. A different category is the abuse of significant market power, which in Hungary is covered (among others) by the Act on Trade. According to Article 7 of the Act “the abuse of significant market power against suppliers is forbidden”. The Act then lists the forms of abuse by way of example and defines who is a “significant market power” and gives the GVH the power to investigate violations of the prohibition, except for agricultural and food products.

20. The GVH is also responsible for the enforcement of another provision of the Act on Trade. This provides that in connection with the supply of certain drinks, no legal statement can be made suggesting that more than 80 per cent of all procurements of the restaurant or a place of accommodation is from the same manufacturer, furthermore, restaurants selling drinks should offer the products of at least two different manufacturers for each product.

21. Concerning the **abuse of dominance**, in 2023 the GVH closed two procedures in this category. Both were connected to previous decisions of the authority, i.e. both were post investigations. In one of the cases the GVH fined five domestic collective rights manager organisations (CMOs) for more than HUF 210 million HUF (EUR 548.6 thousand) for failing to comply with their obligations to reform the way they set the private copying levy tariffs. The associations - despite their commitment - have still not mapped the changed usage patterns in an acceptable way, so they collected around HUF 11.4 billion (EUR 29.8 million) in fees from consumers in 2018, based on incomplete and flawed

analyses. In the other abuse of dominance case the GVH found that the Magyar Telekom Plc. had not fully complied with the commitments it had been obliged to make in a previous competition supervision procedure.

22. Regarding **significant market power cases**, at the beginning of 2022, the GVH launched [five simultaneous proceedings](#) to enforce the trade regulation, known in the press as the "beer law", introduced by the legislator two years earlier, to expand the choice of drinks and curb the exclusivity agreements that are common in the sector. Investigations into two fast-food chains, Burger King and KFC, were closed in 2022, finding that both companies had breached the new rules. In 2023, the GVH closed its case run against Heineken. The GVH's investigation revealed that Heineken had, despite the legal prohibition, established an almost exclusive supplier cooperation with a restaurant in the capital. The ruling of the GVH ordered Heineken to implement an internal compliance programme for all its HORECA partners in Hungary and has imposed a HUF 15 million (EUR 39.2 thousand) fine on the Dutch-owned multinational beer company, based on the size of its business relationship (with a single selected restaurant) under investigation.

23. In another similar case involving significant market power, the GVH investigated the commercial relationship between Dreher Brewery and a restaurant in Budapest. The investigation revealed that Dreher had set up a cooperation on terms which encouraged the pub concerned to buy its beer almost exclusively from it. This limited consumer choice and prevented other beer producers from competing. The GVH imposed a fine of HUF 12 million (EUR 31.3 thousand) on Dreher, in addition to an obligation to set up a compliance programme to ensure that Dreher's future conduct complies with the applicable trade rules, given that only one restaurant was involved in the cooperation. Considering that the compliance programme will apply to all pubs and restaurants that have a commercial relationship with the brewer, its positive effects will be felt throughout the domestic market, benefiting a wide range of consumers. In the subsequent Administrative Court case, the court requested the Constitutional Court to review the relevant legislation in order to review the individual norms.

24. Besides its competition law enforcement activity, the GVH aims to get acquainted and disclosed market anomalies by conducting market analyses, sector- and accelerated sector inquiries. In 2021, the GVH's antitrust toolbox was expanded to include the possibility of a so-called "accelerated sector inquiry", which requires a new type of approach and investigation methods. The accelerated sector inquiry allows the GVH to respond to market problems in a short time, more extensively and more efficiently than before.

25. In 2023, the GVH continued to devote significant resources to accelerated sector inquiries in markets of importance to the national economy and the domestic population, contributing this way to fight against inflation, especially in the food markets. The most important market studies, sector- and accelerated sector inquiries were as follows:

Claims related to the environment

26. In its market analysis carried out in 2023, the GVH examined the environmental ("green") and sustainability claims made by manufacturers, distributors and retailers for certain product groups, the extent to which these claims are widespread and how they influence consumers' transactional decisions. The market analysis revealed that the sustainability related logos and claims create a more positive product image than reality and increase consumers' willingness to buy, but consumers are not aware of the exact content of the claims they see and often misunderstand them. Some claims are inaccurate, misleading and lack substantiation. In a study published [on its website](http://www.gvh.hu) (www.gvh.hu), the GVH has also made recommendations to market players and the legislator.

Alcoholic and alcohol-free beverages

27. In August 2023, the GVH closed its market analysis which was launched due to the numerous complaints concerning the contracts of different drink distributors concluded with HoReCa sector members. In the course of the investigation the GVH found that although the mentioned agreements actually make it difficult for smaller beverage distributors to enter the market, the subsidies and discounts they offered contributed greatly to the functionality of HORECA units and the creation of new catering units. The GVH – accepting the observations received from market participants – recommended to the legislator the review of the relevant legal provisions in order to deal with the problems of the sector.

Accelerated sector inquiry into the milk and dairy markets

28. Consumer prices for milk and dairy products increased dramatically in December 2022 in Hungary. An accelerated sector inquiry was opened on 20 January 2023, due to the potential distortions of competition in the market of milk and dairy products. At the same time, the signals received by the GVH showed a weakening trend in the supplier positions of domestic operators producing and processing in the dairy sector. Based on the outcome of the inquiry, the GVH made six recommendations to curb inflation. The GVH proposed to revise the methodology used for the prognosis for raw milk base price, offered professional consultation assistance for future legislative considerations related to price caps, suggested the development and operation of an online price monitoring system, improving the position of consumers of plant-based drinks and soy yoghurts through trade policy instruments and promoting sustainable packaging. Additionally, the GVH stressed the importance of continuous monitoring of food trade sector developments by the competition authority.

Accelerated sector inquiry into the markets of preserved foods

29. The extremely high inflation in the markets of preserved foods (canned and frozen products) reasoned the initiation of an accelerated sector inquiry on these markets. Based on the results of the inquiry, the GVH's experts formulated recommendations and action points that could contribute to more effective competitive relations, to strengthening competition in the market and thus to reducing prices. Proposals include promoting the production of fruit and vegetables in Hungary, increasing efficiency, automating agricultural production, installing irrigation systems, promoting the use of renewable energy sources, encouraging precision training in agriculture, and promoting sustainable packaging systems. At the same time, the GVH indicated that it will continue to pay increased regulatory attention to the commercial sector.

Online accommodation reservation and accommodation service

30. Following many market complaints from the domestic accommodation partners of the most prominent international accommodation intermediary, the GVH decided to launch an accelerated sector inquiry in Summer of 2023. The GVH's investigation analysed in detail the markets concerned, the contracts and the general terms and conditions, and made an online survey among the accommodation providers. Based on the findings of the inquiry the GVH suggested stricter regulation of the framework of general contractual terms and conditions (and related business practices) of major accommodation intermediaries and that the legislator should prohibit the use of so-called 'price parity clauses' by online accommodation intermediaries. The GVH also recommends that accommodation intermediaries make the criteria for ranking search results transparent on their platforms.

2.3. Mergers & acquisitions

31. Compared to previous years, the number of M&A cases decreased to some extent in 2023, but in spite of this, the 56 decisions of the GVH in this case category seems high.

32. In 2023, the aggregate turnover of the target undertakings affected by the merger transactions further increased and it is beyond HUF 835 billion (EUR 2.2 billion).

33. Among the merger decisions of the GVH in 2023 the “Highway Concession” case should be highlighted. The key element of this case was the joint acquisition of the highway operation and maintenance business of Hungarian Public Roads Nonprofit Plc by Opus Funds and Minerva Funds. Following a second phase procedure, the GVH cleared the transaction by imposing the obligation that the Concessionaires enter into a so-called ‘*clean team agreement*’ in order to remedy the competition concerns arising in connection with the coordination between the Concessionaires.

34. In 2023, the GVH continued to take firm action due to violations of the enforcement ban. As in 2022, this year three competition proceedings were decided for breaches of enforcement prohibitions. In each case, the procedure for violation of the enforcement ban was conducted after the voluntary notification of the merger. In the three cases, the GVH imposed a fine of HUF 38.9 million (EUR 101,4 thousand) based on the current legislation.

35. The average administration time of the simplified merger procedures was 21 days, which shows some improvement compared to the data of a year earlier. In the second phase merger procedures, the average administration time was 92 days. This favorable decrease of the deadlines was facilitated by the fact that the companies took advantage of the possibility of preliminary consultation before merger notifications were made in each case. In the GVH’s practice, it happened for the first time in 2023 that the GVH conducted preliminary negotiations in connection with a total of 67 transactions during the year. Electronic submission of the notification remained unbroken: 98% of notified transactions were submitted electronically.

2.4. Consumer protection

36. In 2023, the GVH opened 19 consumer protection competition proceedings and adopted decisions in this same case category in 27 cases. The Authority imposed fines of more than HUF 1.6 billion (EUR 4.2 million) on undertakings that had engaged in unfair commercial practices.

2.4.1. Significant cases

37. According to the medium-term digital consumer protection strategy of the GVH, the investigation of digital service-related commercial practices is among the procedural priorities. For instance, the GVH examined the commercial practices of one of the most popular international e-commerce marketplaces, Wish (which is operated by the Dutch ContextLogic B.V.). The procedure was closed by commitment, according to which the company undertook a complex compensation package. In this context, the company also undertook to financially compensate the 100-150 thousand affected consumers, which means a total of HUF 150-225 million (EUR 391.9-587.8 thousand) financial compensation. In addition, the Dutch company has agreed to refrain from using the practice of displaying discounts and their “instant offers” objected by GVH.

38. The GVH proceeded against the US-registered, Chinese-owned video-sharing service provider, TikTok Technology Ltd. As a result of the GVH’s procedure, TikTok undertook several commitments which ensure that TikTok improves its communication

allowing consumers to learn about the features of the platform and can make more informed decisions. The issue is also of particular importance for family protection, as the main users of the platform are young people and children. Thanks to the action of the GVH, TikTok agreed to apply an automatic daily screen time default setting for users under 18 years of age. The tech giant has also pledged to promote features that help families, such as parental controls and other settings that protect children. As part of the measures, Tik-Tok is creating an Information Data Centre and has agreed to voluntarily apply a 20% advertising limit. This latter restriction is unprecedented in the world of so-called non-linear media services. The measures undertaken could also have a global impact that will be felt by users worldwide.

39. In its case run against the sports betting advisory site Sport & Tip, the GVH found that the site's practice was misleading when it advertised its services as a safe money-making option for consumers. The site's advertisements did not give a true picture of the risks of the service and therefore misled consumers. Not only did the undertaking fail to support the 300-400% profit margin, but it also consistently understated the risks of tipping in general in relation to the profits to be made – misrepresenting the essential features of the service. The advertisements also portrayed the undertaking as a market leader to gain consumer confidence, which the undertaking was also unable to justify. Apart from its own advertisements, the undertaking also commissioned several Hungarian influencers with many followers to promote its service. In several cases they published the unfair advertisements in a disguised manner, without indicating of their remunerated nature. This was also illegal, as in such cases the business relationship between the advertiser and the influencer must be made known to consumers clearly, prominently, unambiguously and in plain language. Some of the targeted consumers were particularly vulnerable due to their gambling addiction, which aggravated the infringement. The GVH imposed a fine of HUF 9 million (EUR 23.5 thousand) on the service provider One Billion Kft. and a total of more than HUF 10 million (EUR 26.1 thousand) on the seven influencer agencies and individual entrepreneurs responsible for the infringement.

40. The GVH pursued a competition supervision proceeding against a Czech undertaking, Helvetia Direct Marketing. The investigation revealed that the company engaged in illegal practices when it sold dietary supplements by Helvetia Apotheke to Hungarian consumers in a deceptive manner, ignoring even the most basic information. Consumers were not even informed that if they agreed to "test" the product, they were actually entering into a contract with the company for regular parcel delivery. Furthermore, Helvetia Direct Marketing vaguely, ambiguously, or quite simply did not disclose its name and address, neither the cost of the regular packages, nor the conditions for cancelling them. The GVH fined the undertaking to HUF 116.8 million (305.1 thousand EUR).

41. Pursuant to the GVH's decision, Telemarketing International Ltd. (operating the Mediashop website) and its Austrian parent company, Mediashop GmbH. unfairly advertised several products on national television channels and via direct marketing tools. Among others, the undertakings gave the impression that the discount on the price of the products was only available for a limited time, they communicated deceptively about the price advantage compared to competitors, the "gift" nature of certain individual accessories and about the functional characteristics of some products. As a result of the GVH's procedure, in the case of one product (electronic weed exterminator), the undertakings made it possible for all consumers who bought its accessory – the need for which was misleadingly communicated to the customers – to return the accessory at the expense of the undertakings, with a full refund of the purchase price. In addition to the mandatory requirements for undertakings, the GVH imposed a total of HUF 113 million (EUR 295.2 thousand) fines on the firms.

42. The GVH devotes particular attention to vulnerable consumer groups; it protects children, families, the elderly and the sick. Although timesharing cases have shown a decreasing trend in recent years, they can still be considered an evergreen topic in the practice of the GVH. In the summer of 2023, the GVH condemned three undertakings for knowingly deceiving consumers, often elderly, who wanted to get rid of their timesharing contracts. The undertakings approached timeshare right holders, claiming that a private individual would buy the timeshare right from them for cash. However, in the actual contracts, credits that could not be exchanged for money were included as consideration, in a closed purchase system. In order to achieve this, the customers had to undertake and pay additional costs under various legal titles. When considering the infringement, it was an aggravating aspect that the undertakings targeted vulnerable consumers with misleading messages and offered a quick solution to a problem that typically posed a serious financial burden. Taking all these into consideration, the GVH imposed a maximum fine of HUF 14 million (EUR 36.6 thousand) on Web Trender Kft., BIÁS Trade Ltd. ("f.a.") and ERATEX Service Provider and Commercial Ltd.

2.4.2. Sweeps

43. From time to time, the GVH carries out a comprehensive sweep investigation in certain markets to obtain a general overview of the commercial practices applied. The results of sweep investigations may also justify, if necessary, the opening of possible competition proceedings. In 2023, the GVH conducted three sweeps.

- In the framework of the market analysis on "The elaboration and application of claims related to environmental protection by market players" the GVH investigated the differences between the real content of various environmental protection (so-called 'green') advertising messages and how consumers interpreted them. As part of the market analysis, the GVH conducted a sweep in January 2023 to explore what green labels and claims some businesses use for their own company or products on their websites. Among other things, the accelerated analysis provided preliminary information for, which undertakings should be approached in the subsequent part of the market analysis, and this laid the basis for GVH's recommendations for the final study of the market analysis.
- In 2024, in the framework of a sweep the GVH investigated whether games aimed at children, which can be downloaded for free on mobile phones, use so-called dark patterns. The GVH's accelerated analysis uncovered several problems, most of which were related to game-interrupting ads, which are the main source of revenue for free-to-download gaming apps. During the sweep, the GVH also identified dark patterns that tried to encourage children to continue playing compared to their original intentions. The GVH made suggestions for both parents and the undertakings involved.
- The European Commission jointly with the consumer protection authorities of the EU Member States investigated the communication practice of influencers. In the framework of its accelerated market analysis on the social media platforms, the GVH investigated the practice of 28 Hungarian influencers who produce content on a variety of topics. The sweep revealed a number of shortcomings in the information practice of the analysed influencers, and 25% of them did not mention, for example, the fact of advertising at all, in a given content.

2.5. Judicial review of the GVH's decisions

44. In 2023, the willingness of undertakings to challenge the GVH's decisions in court increased. During the year, the GVH imposed HUF 2.2 billion (EUR 5.7 million) fine and 26% of the fines HUF 584 million (EUR 1.5 million) was challenged in court. This means that approximately one in five of the fines imposed by the GVH were contested in court. In addition, in the administrative lawsuits initiated against the GVH's decisions, the courts definitively awarded HUF 570 million (EUR 1.5 million) to the Hungarian budget.

3. Competition advocacy & competition culture

3.1. Competition advocacy

45. In addition to competition supervision, the second pillar of the tasks of the GVH consists of the so-called competition advocacy activities. Within the framework of these activities, the GVH publishes its opinions on regulatory concepts and draft legislation that include provisions concerning its scope of tasks and competence, competition, the conditions for market entry, prices, or the relevant evaluation criteria, with the exception of municipal decrees. As part of its competition advocacy activities, the GVH attempts to use the tools at its disposal to influence the legislative process and public administrative decisions in a way that allows the enforcement of important public interest principles in the form of market competition. Public administrative decisions include the development and enforcement of public policies, governmental economic policy, as well as the individual administrative measures and interventions of other state agencies.

46. The activities related to competition advocacy includes on the one hand reactive measures, i.e., responses to direct or indirect external requests (e.g., draft legislations published on a government portal, responses to other external requests). On the other hand, it covers proactive measures based on its own initiatives, either in the context of competition supervision or on the basis of legislative anomalies, other findings or priorities identified in sector inquiries, market analyses.

47. In 2023, the GVH made a total of ten observations to the legislator on competition issues. The most significant work has been the involvement in amendments to the laws giving the GVH tasks and powers (in particular the Hungarian Competition Act and the Act on the Prohibition of Unfair Commercial Practices against Consumers), incorporating EU legal requirements and the experience gained in the application of the law. Furthermore, the participation in the elaboration of the online Price Monitoring System, which plays a role in reducing inflation, and in the incorporation of the new EU horizontal group exemption regulations to the Hungarian competition regime deserve to be highlighted.

3.2. Competition culture

48. As part of its competition culture development activities, in 2023, the GVH contributed to increasing the social acceptance of competition, increasing consumer awareness and promoting businesses in their compliance efforts.

49. An online conference was held to discuss the lessons to be learned after year from the stricter price-fixing rules introduced in Spring 2022, and an international workshop was held with several EU competition authorities to discuss the management of food inflation.

50. The GVH organised an international conference on the role of environmental considerations in competition law enforcement and related economic analysis

considerations in Budapest. The conference addressed the question of how the effects of sustainability initiatives on consumer welfare can be quantified, what benefits can be taken into account in the analysis, and when these can offset potential consumer harm from agreements between competitors. The conference provided a detailed presentation of related initiatives (e.g. sandboxes) and practices of the Dutch and Greek competition authorities.

51. At the end of the year, the "VIth Hungarian Competition Law Forum" discussed the most current issues of competition law via lectures and panel discussions. In 2023, the Forum covered two main topics, the relationship between competition law and consumer protection, and the current issues of the new European Digital Market Authority (DMA), which became applicable in Spring 2023. Participants were also able to gain insight into the latest developments in EU regulation and case law.

52. The press releases and the social media platforms have remained the major communication channels for the GVH, also in 2023. These were the channels through which the GVH informed the public about its decisions, events of the GVH and certain topics of outstanding importance. During the year, the GVH published 121 press releases on its website, which were also directly sent to the media. The GVH replied to 427 press inquiries in various questions relating to the GVH's activities. The experts of the GVH gave a total of 293 interviews to various media during the year. In addition, 22 presidential press interviews and key media appearances took place during 2023.

4. International relations

4.1. Cooperation within international organisations

53. In 2023, the GVH paid special attention and significant resources to the performance of international tasks, representing Hungary in the European Competition Network (ECN), in the bodies and working groups of the Organisation for Economic Cooperation and Development (OECD) and the International Competition Network (ICN). Furthermore, for the GVH important areas of the international cooperation were the Visegrad 4 cooperation, the bilateral relations and the professional relations with the members of the Organisation of Turkic States.

54. Similarly to the practice of previous years, the case-related cooperation within the European Competition Network (ECN) in respect of the application of the competition rules of the EU continued to be one of the main fields of the international relations. In 2023, the GVH initiated 3 cases on double (under EU and national) legal bases in the category of restrictive agreements. With these, the number of competition law cases initiated by the GVH under EU competition norms increased to 161 since Hungary joined the European Union in 2004. During the year, 2 such cases were closed, both of which resulted in an infringement being found and a fine imposed.

55. The GVH is active in the work of the ECN working groups. In 2023, two working groups of the ECN (Chief Economists' and Cartel WGs) held their meetings in Budapest at the premises of the GVH.

56. The GVH's contribution to the work of the OECD Competition Committee and to its working groups continued to be of uppermost importance also in 2023 and in this year, the GVH sent contributions to OECD roundtables held on the following topics:

- assessing and communicating the benefits of competition interventions;
- competition in the circular economy;

- future of effective leniency programmes;
- theories of harm for digital mergers;
- serial acquisitions and industry roll-ups;
- alternatives to leniency programmes.

57. In 2023, the GVH continued its active work in international organizations also in the field of consumer protection, an activity that promises many results, sources of inspiration, and growing opportunities for international action. The GVH participates as a member of 3 different working groups ("Finance of the Future", "Misleading green claims", "Online marketing") in the work of ICPEN (International Consumer Protection and Enforcement Network), the largest international umbrella organization of consumer protection authorities, bringing together consumer protection authorities from 64 countries.

58. In June 2023, the German-based European Law Academy (Europäische Rechtsakademie – ERA), which is the most recognized Community Law Training Center with more than 30 years of history, held an international seminar jointly with the GVH. The two-day training organized in Budapest scrutinized the practice of unannounced on-site inspections (dawn raids) by EU competition authorities in the light of the Charter of Fundamental Rights of the European Union and the jurisprudence of the European Court of Justice and the European Court of Human Rights.

4.2. Activity of the OECD-GVH Regional Centre for Competition

59. The OECD-GVH Regional Centre for Competition in Budapest (RCC) was established by the OECD and the GVH on 16 February 2005. Relying on the professional background of the Competition Division of the OECD and the GVH, the Centre provides capacity building assistance and policy advice for the competition authorities of the Central, East and South-East European region, namely for Albania, Armenia, Azerbaijan, Belarus, Bosnia and Herzegovina, Bulgaria, Croatia, Republic of North Macedonia, Georgia, Kazakhstan, Kosovo, Kyrgyzstan, Moldova, Montenegro, Romania, the Russian Federation, Serbia and Ukraine. The RCC is financially supported by the Hungarian Government.

60. The programmes of the RCC, besides others, deal with the following topics: building blocks of competition policy, analysis of competition cases, investigative techniques, training of judges, law enforcement priorities, framework for the cooperation of the competition authorities of the region, competition advocacy, cooperation between competition authorities and regulatory bodies, and other general issues falling under competition law and policy.

61. Over the years, the RCC, bearing in mind the needs of the beneficiary competition authorities, and as a result of regular dialogue with the heads of the authorities and the participants, has developed a continuously developing program structure that meets the training needs of the participants.

62. In the framework of the 2023 programme, seven seminars were organised during the year, six of which were attended in person in Budapest and one in Baku in cooperation with the Azerbaijani Competition Authority. Among the events organized in 2023, the two trainings in Budapest organized for judges dealing with competition law from EU Member States should be highlighted: the GVH successfully won financial support from the European Commission for these events, which means outstanding professional recognition.

63. The RCC has a positive impact not only on regional cooperation in competition matters, but also on the organisation of events, which allows us to further strengthen the already very close formal and informal contacts with national competition authorities, competition law experts from the European Commission and the OECD, who, alongside the GVH staff, typically participate as speakers in seminars for competition authorities in the region. The seven seminars organized in 2023 hosted a total of 48 speakers from 27 institutions and 272 participants from 33 institutions.

64. In 2023, the RCC organised seminars on the following topics:

- 14-16 February 2023: Merger control in times of uncertainty

65. The seminar focused on theories of harm for merger cases, basic economic methods, investigative steps and effective merger remedies. Special emphasis was put on the adequate treatment of innovation. Merger control experts from OECD countries presented case studies, and participants practised their merger skills in hypothetical exercises.

- 28-30 March 2023: Intellectual property rights and competition policy: friends or foes?

66. The objective of intellectual property rights is to protect investments in research and creative activities. With digitalisation, the importance of intangible assets has increased, and IP rights have taken on a prominent role. This seminar discussed in what circumstances IP rights could give rise to competition concerns and how competition authorities could address these concerns without undermining firms' incentives to invest and innovate.

- 30-31 May 2023: Competition lab for judges – Stepping up with the fundamentals of competition law: Key developments in digital markets and regulated industries

67. The event addressed key developments in the notions of market power, dominance and abuse, initially in 'traditional' settings and then in digital markets, to better highlight how to apply the traditional competition law concepts to digital markets. The sessions on regulated markets overviewed key developments in the pharmaceuticals, telecommunications and energy sectors both under an Article 101 TFEU and an Article 102 TFEU angle. In the latter case, the focus was on horizontal cooperation agreements.

- 19-21 September 2023: Joint Seminar in cooperation with the State Service for Antimonopoly and Consumer Market Control under the Ministry of Economy of the Republic of Azerbaijan in Baku – Competition advocacy to embed competition principles in regulations

68. Building on the OECD's Competition Assessment Toolkit, this seminar showcased the experience of advanced competition authorities with identifying unnecessary restraints and developing alternative, less restrictive measures that still achieve government policy objectives. Special consideration was devoted to effective way to approach policy makers.

- 3-4 October 2023: GVH Staff Training Seminar – “How innovation is affecting enforcement and competition advocacy”

69. Staff of the GVH had the opportunity to exchange views with representatives from leading European competition authorities and institutions, as well as antitrust experts. In separate sessions, dedicated trainings and lectures were provided for the various sections and for the decision-making body of the GVH.

- 30 November – 1 December 2023: Competition lab for judges – Stepping up with the economics of competition law: Between competition and regulation

70. This seminar explored the economic concepts underlying competition law enforcement in digital markets and regulated sectors. Through references to case examples and recent key developments, the seminar addressed market power, abuse of dominance, theories of harm, while highlighting the impact of regulation on the competitive landscape.

- 12-14 December 2023: Detection tools

71. Unannounced inspections at company premises, referred to commonly as dawn raids, have long been a vital tool used to detect and prosecute cartels. By conducting dawn raids, it is possible for competition agencies to search company premises, seize key evidence and interview relevant employees. The seminar analysed the tools available to competition authorities to detect cartels.

72. In 2023, the RCC published its Newsletter twice on English and Russian languages under the title “*Competition Policy in East Europe and Middle Asia*”, in order to provide – through the contributions of the beneficiary authorities, international organizations and the OECD – a more comprehensive picture about the development of competition of these regions. The January newsletter focused on enforcement and ex-ante regulation of digital markets, while the September issue dealt with mergers, partly by presenting Hungarian practice.

5. Resources of the Competition Authority

73. The Hungarian Parliament approved the planned amount of the budget of the GVH for 2023, which was initially calculated as HUF 3.493 billion (EUR 9.1 million) including the sum to be used for the activities of the OECD-GVH Regional Centre for Competition in Budapest, which was initially calculated as HUF 188.7 million (EUR 493 thousand) for 2023. Following the modification of the planned amount, the available budget for the GVH and the RCC was HUF 5.246 billion (EUR 13.7 million).

74. The annual finances of the budget chapter were balanced, with no liquidity issues arising; the GVH honoured its payment obligations in time.

Table 1. Table Annual budget

	2022
million HUF	5,245.8
million EUR	13.7

75. The total number of staff in the GVH was 157 as of 31 December 2023.

Table 2. Number of employees

	2023
Economists	17
Lawyers	117
Lawyer-economists	9

6. Recommendations of the GVH for the Parliament in 2023

6.1. Developing the Price Monitoring System

76. The double-digit inflation and food inflation environment experienced at the end of 2022 and the beginning of 2023 put an extraordinary burden on the everyday life of Hungarian businesses and especially on the Hungarian consumers and families. Recognizing this critical situation, GVH joined the efforts of the government and the central bank in order to break inflation as soon as possible. To this end the GVH initiated two accelerated sector inquiries in two segments of the domestic food market. Based on the interim results of the inquiries, the President of the GVH proposed the elaboration of a flexible online price monitoring database providing real-time consumer prices.

77. After a development period of about 2 months and the support of the Government of Hungary, the online Price Monitoring System (PMS) was launched on 1 July 2023. The operation of the PMS is ensured in two ways. On the one hand, by the Government Decree on the establishment and operation of the PSM, which regulates the operating principles of the system, the scope of those obliged to provide data, and the details of the data provision. On the other hand, by a Ministerial Decree on the product categories and products included in the PMS, which determines the range of product categories tracked in the system and the exact products belonging to them.

6.2. Proposals for pending legislation on the regulation of online accommodation intermediaries

78. The GVH recommended several points of intervention to the legislator based on the results of its accelerated sector inquiry into online accommodation booking platforms and one accommodation provider with a significant market share, which was conducted in the summer of 2023. The GVH recommended stricter regulation of the framework of the general contract terms and conditions (and related business practices) of larger accommodation brokers with regard to the complaint handling mechanisms open to accommodation providers, as well as the mutual legal consequences of faulty performance, and in addition, the prohibition of price parity clauses in the online accommodation brokerage market. It has proposed a stricter framework for the general terms and conditions (and related business practices) of major accommodation intermediaries, with open complaint mechanisms for accommodation providers and reciprocal remedies for misperformance, and a ban on price parity clauses in the online accommodation intermediary market.

79. Taking into account the GVH's recommendations, a draft bill on the regulation of the relevant areas of the online accommodation booking market *in the interest of Hungarian consumers and businesses* was submitted to the Parliament in December 2023, and adopted by the Parliament in June 2024. The amendment that entered into force on 1st July 2024, stipulates that online accommodation platforms may not apply a contractual condition that contains a price parity clause or based on which the payment deadline established for the online accommodation broker is longer than 45 days from the date of completion. The GVH is entitled to conduct a competition supervision procedure if the rules set out in the law on contract conditions are violated.

6.3. New legislative proposal: timeshare holiday rights

80. Given that timeshare holiday right is often linked to fraudulent market conduct, the GVH recommends that the legislator should consider making it easier for consumers who

have a holiday right but wish to withdraw from it to exit from the contract and increasing the information requirements for businesses. The GVH is consulting with the Ministry of Justice and investigating authorities to further develop this proposal and will come forward with a concrete competition proposal before the end of 2024.