

**ANNUAL REPORT
ON COMPETITION POLICY
DEVELOPMENTS IN HUNGARY**

(July 1997 December 1998)

*Gazdasági Versenyhivatal
(the Hungarian competition authority)
1999*

Contents

I. Changes to competition law and policy proposed or envisaged.....	5
1. Summary of new legal provisions of competition law	5
2. Government proposals for new legislation	6
II. Enforcement of competition law and policy.....	7
1. Actions against restrictive agreements and abuses of dominant positions	7
2. Mergers and acquisitions	10
3. Experience related to court reviews	12
III. HCO participation in the formulation and implementation of other policies	12
IV. Resources of the competition authority	14
V. Publications on competition law and policy.....	15
VI. Statistical information on the application of the 1996 Competition Act in the period from July 1997 till December 1998.....	16
1) Types of Cases concluded by the Decisions of the Competition Council:	16
2) Types of the Decisions of the Competition Council	16
3) Imposed Fines (in thousand HUF)	17

I. Changes to competition law and policy proposed or envisaged

1. Summary of new legal provisions of competition law

1. The Hungarian Competition Act, namely Act No. LVII/1996 on the Prohibition of Unfair and Restrictive Market Practices entered into force on 1 January 1997 replacing the previous Act No. LXXXVI/1990 on the Prohibition of Unfair Market Practices.

2. The most important elements of the Act to be applied for proceedings commenced from 1 January 1997 are as follows:

- the *scope* of the Act [Art. 1] covers market practices carried out by natural and legal persons and companies without legal personality. Market activities of undertakings carried out abroad in respect of anticompetitive practices are also covered by the Competition Act. Nevertheless, the Act does not cover practices, which are differently regulated by statutes;
- the Act covers not only the three traditional areas of antitrust but it also contains provisions relating to ‘consumer fraud’ and other ‘unfair market practices’;
- the Act prohibits all kinds of *anticompetitive agreements* [Art. 11] including vertical-type ones. Agreements violating the provisions of the Act are automatically void;
- in the field of *abusive control* the definition of dominance builds on the ability of the undertakings to act independently to a great extent from other market participants [Art. 22]. Costs and risks of market entry and exit, financial strength of the undertakings, the structure of the relevant market and market shares are among the factors to be taken into account assessing the existence of dominance in a particular case. The Act contains a general prohibition of abuse [Art. 21];
- *mergers and acquisitions* have to be notified in advance if they fulfil certain turnover thresholds. Temporary acquisitions by financial institutions do not fall under the scope of M&A control. The authorisation of the concentration may not be refused if it does not create or strengthen a dominant position, does not impede the formation, development or continuation of effective competition on the relevant market or on a considerable part of it, or if the concomitant advantages outweigh the concomitant disadvantages [Art. 30]. The Hungarian competition authority may decide about separation or divestiture of the merged undertakings if the parties failed to apply for authorisation and the authority may not have been authorised the transaction [Art. 31].

3. The Competition Act empowers the Government to adopt regulations exempting automatically certain groups of agreements. Since 1 January 1997, the date of entry into force of the Competition Act, the Government adopted five group exemption regulations:

- 50/1997. (III.19.) on insurance agreements;
- 53/1997. (III.26.) on exclusive distribution agreements;
- 54/1997. (III.26.) on exclusive purchasing agreements;

- 246/1997. (XII. 20.) on franchise agreements; and
- 247/1997. (XII. 20.) on motor vehicle distribution and servicing agreements.

2. *Government proposals for new legislation*

4. There are further group exemption regulations under elaboration the adoption of which can be expected in the first half of 1999. These regulations will cover:

- research and development agreements;
- technology transfer agreements; and
- specialisation agreements.

5. Both the 1997 regulations and those under elaboration in their draft forms represent simplified versions of the relevant EC regulations.

II. Enforcement of competition law and policy

6. The Competition Act and related government regulations are enforced by the Hungarian Competition Office (HCO, in the Act: Office of Economic Competition). Decisions are made by a separate decision-making body of the Office - the Competition Council.

7. One of the characteristics of the Competition Act is that it regulates also unfair market practices and deception of consumers. Whilst rules relating to unfair market practices fall within the exclusive competence of the civil courts, the second area belongs to HCO competence. A substantial part of the workload of the Office ensues from the law enforcement in this latter field, nearly half of the Competition Council decisions belongs to this category.

I. *Actions against restrictive agreements and abuses of dominant positions*

8. The application of the 1996 Competition Act has two years practice. Since cases commenced before the entry into force of the 1996 Act were assessed under the 1990 Act, in the first half of 1997 the 1990 and the 1996 Competition Acts were applied parallel. Nevertheless the reported period can be characterised by the application of the 1996 Competition Act.

a) *Restrictive agreements*

9. While the number of cases investigated in this category increased substantially both relating to previous years and within the reported period itself, the number of violations did not show similar tendency. There were 20 decisions during the one and half years. Half of these cases were initiated ex officio and another ten were pre-notified. In spite of the increase, the number of cases is not so high that well-founded consequences could be drawn. However, in certain cases the role of the state appeared to be organising anticompetitive agreements or creating circumstances having certain anticompetitive effects.

Sugar Cartel

10. In the '*Sugar cartel case*' three sugar companies were investigated in connection with co-ordination of the price for sugar beet. However the Competition Council did not find grounds for condemnation. According to the regulation on agricultural policy recommended prices of sugar beet can be set for procurement by the relevant product councils. In these product councils some kind of price co-ordination is practice the characteristic of which is that both the sellers - growers of the sugar beet - and the buyers - sugar companies - participate in this premium. The product council prepared the initiation for the recommended 'ground' prices which were not accepted by the growers. Although earlier the sugar companies applied different ground prices, in 1997 and 1998 they applied these unified recommended ground prices. This practice was objected by the sellers. The Competition Council found that the actual buying prices - which were influenced by certain premium systems - differed substantially.

Taxation Filling Forms

11. In the case of '*taxation filling forms*' the Hungarian Tax Office contributed to the co-ordination. A tender was published for manufacturing and distribution of taxation filling forms, which are not free but available for public only from retail shops. The tender was awarded to four undertakings which got exclusive manufacturing and distribution rights of these products on the whole territory of the country for an undefined period of time. Under the agreement, concluded between the Tax Office and the

undertakings concerned the Tax Office recommended the wholesale- and retail prices of filling forms and the recommended retail prices had to be printed on the filling forms. Also for the request of the Tax Office the undertakings had to harmonise their manufacturing and marketing activities in order to assure the continuous supply. Taken into consideration the recommended nature of the resale prices and the lack of evidence regarding the actual enforcement of these recommended prices the Competition Council did not object to this kind of behaviour. Nevertheless it did find anticompetitive the co-ordination of production and distribution and imposed fine (HUF one million - about 4.000 ECU) on the undertakings.

Agreement of insurance companies

12. In the so-called '*Atom Pool*' case the Hungária Insurance Company and eleven other insurance companies made a co-insurance agreement which covered the insurance for material damages of nuclear installations and third parties liability (TPL) losses relating to its associated operation, aiming at safeguarding the co-operation on insurance coverage of nuclear installations in Hungary as well as to regulate the co-operation on the reinsurance coverage relating to nuclear installations abroad. The parties applied for a negative clearance requesting the Competition Office to state that the planned agreement fell within the scope of Government Regulation 50/1997. (III.19.) exempting certain types of agreements in the insurance sector.

13. The Competition Council pointed out the horizontal character of the agreement and the fact that group exemption regulation on insurance agreements could not be applied because on the different segments of the market the joint market share of the parties was almost complete (93-98 per cent) exceeding the 40 per cent threshold of the block exemption regulation limiting its scope of application.

14. The Competition Council took into consideration the possibilities for an individual exemption of the agreement and found that the agreement did not fulfil each of the conditions which are necessary to gain an individual exemption under the Competition Act. So the Competition Council exempted the Hungarian Atom Pool from the prohibition on condition that the co-insurance must not be applied for every kind of insurance policy but exclusively for the material damages of nuclear installations and the associated liability losses. With this condition all the criteria of the relevant provision of the Competition Act were fulfilled: (i) the agreement contributed to the more reasonable organisation of liability loss insurance, (ii) it allowed consumers a fair share of the resulting benefit as the insurance holder could take out a policy with such an insurance pool which was able to undertake insurance risk and held co-reinsurance with other pool, (iii) the concomitant restriction of competition did not exceed the extent necessary to attain economically justified common goals, (iv) "the agreement did not create the possibility of excluding competition in respect of a substantial part of the products concerned" as entering the market by other insurance companies e. g. for property insurance was possible.

Agreement of chambers/Budapest Electricity Works in the electricity sector

15. The Budapest Electricity Works (BEW), three chambers and the National Alliance of Private Entrepreneurs in the Electricity Sector intended to conclude an agreement for the establishment of a qualification system for private electricians operating in households. The participation on a training course and an exam were the preconditions of the qualification of the electricians. Limiting the market access abilities of the electricians this system had restrictive effects on competition. At the same time this system contributed to the more reasonable organisation of "distribution", since customers had access to files of the BEW, getting information in this way about the list of electricians whose work would not be objected by the BEW taking into consideration their higher qualifications. Customers benefited from the resulting advantages since those entrepreneurs who joined the system were able to offer and perform higher quality of work than those who did not join. Participation in the system did not cause excessive burdens on

entrepreneurs and the fourth condition of exemption was fulfilled also since the agreement did not exclude competition on the market. Since the system was open for everyone, every entrepreneur was able to participate on the one hand and after the qualification they were able to continue competing. The Competition Council exempted the agreement until 31 December 2002.

b) *Abuse of dominant positions*

16. The Competition Council made 72 decisions concerning the abuse of dominance. Out of these, the respondent was condemned in nine cases, while the proceedings were terminated in 63 cases. The absence of dominance was the main reason of the high proportion of terminated cases. The total amount of fines was HUF 40 million in this category (about USD 200 thousand, ECU 175 thousand). Unfair pricing played decisive role in the abusive cases.

Cable TV services

17. Both in 1997 and 1998 cable TV enterprises gave continuous engagement to the competition authority. The Competition Council established its approach in respect of this kind of services and this approach was also confirmed by judgements of the Supreme Court. According to this a service provider of this sector enjoys dominant position even if switch to another service provider can be solved technically but this switch would cause substantial switching costs for the consumers.

18. Based on complaints, proceedings were launched against *Kábeltel Budapest Ltd* and the Competition Council found that Kábeltel abused its dominant position when it stipulated unilaterally in the contract concluded with the subscribers the possibility of increasing the subscription fee once a year. The Competition Council did not object the degree of the increase of the fee but qualified the way of the increasing of the fee as a stipulation of unilateral advantages. Therefore Kábeltel was ordered to terminate its anti-competitive market conduct and, taking into consideration a previous decision, the Competition Council imposed a fine on it amounting to HUF 3 million (about USD 17.200, ECU 15.000).

19. The Competition Office launched proceedings against *Kaposkábel Ltd* because suspicion of abuse was arisen concerning its behaviour in providing cable TV services in a county town. Referring to its contractual possibilities on 1 January 1998, it doubled the price of different program-packages. Kaposkábel argued for its very significant price increase stemming from its large-scale investment of advanced technical-technological level, it had expanded its service by a significant number of indirect programs and the increase of subscription fee covered only the charge of program-transmission in the past two years. To some extent the Competition Council accepted this justification. On the given territory services similar to those offered by Kaposkábel can be purchased from also other servicing company in theory, but the possibility of carrying out a switch over in practice is difficult because of the high entrance fee. Based on the *captured customers* principle the Competition Council established the dominant position of Kaposkábel and qualified the market behaviour of the servicing company abusive when it stipulated unilaterally the possibility of the change of the subscription fee in the signal-servicing contract. As a result of these, the increase of signal-servicing fee was much higher as it was justified by certain economic circumstances. Therefore the Competition Council imposed a fine on Kaposkábel, amounting to HUF 2 million (about USD 11.500, ECU 10.000), and stopped its unlawful market practice from the date of the publication of the decision.

'New Home' building deposit campaign

20. In 1987, National Savings Bank (OTP), having almost 90 per cent share on the market of building deposits, launched a five-year-period *building deposit* campaign under the name of 'New Home', with the condition that customers were eligible for tax relief after their monthly payments. Under the contract the withdrawals before maturity date or within 90 days after maturity date of savings result in paying back of the tax relief with penalty.

21. Although the 'New Home' building deposit campaign was terminated at the end of 1996 the contracts which were not expired at that time remained valid for five years with the same conditions. OTP, however, reduced the interest rate of 'New Home' between the 1st of January 1997 and April 1998, four or five times, between 4 and 5 per cent, depending on contracting bank agency. Consequently, the interest rate of the building deposit changed from 19.5 per cent to 14 per cent while the base rate of the central bank was reduced by only 3.5 per cent, from 23 per cent to 19.5 per cent.

22. The Competition Council stated the dominant position of OTP on the relevant product market and the fact that those customers, who concluded contracts before the end of 1996 and their five-year period had not expired yet, were captured by the disadvantageous conditions since they were not able to transfer their savings into another bank or take their savings out without unfavourable consequences. In this situation OTP used its dominant position by setting an unfairly low interest rate. Taking into consideration the large number of customers involved on the one hand and the acceptability of the development of interest rate tendency (but not the extent) on the other, the Competition Council condemned the market conduct of OTP as abusive and imposed a fine amounting to HUF 10 million (about USD 48 thousand, ECU 40 thousand).

'Törökbálint' local newspaper case

23. In this case the Competition Council stated the violation of the Competition Act by the Törökbálint Municipality through aiding its own local newspaper 'Törökbálint'. This newspaper was published by the municipality itself at a price of HUF 40/copy although two newspapers with similar content and title ('Törökbálint Local News' 75 forint/copy, and 'Bálint Villager' 45 forint/copy) had already been on that local market.

24. All the three papers were made in similar style and with similar content (local news of public interest, timely news of municipality etc.). Costs of production and distribution of the papers were comparable but their prices were different since *Törökbálint* was marketed at an excessively low price as a result of the fact that *Törökbálint* enjoyed an annually defined amount of aid from the municipality.

25. The Competition Council stated that the excessively low price was suitable to exclude the competitors from the market, so Törökbálint Municipality's market conduct was qualified as predatory pricing and therefore anti-competitive. Taking into consideration the intention of serving the public and the voluntary undertaking of the defendant concerning the termination of unlawful market conduct the Competition Council did not impose fine.

2. Mergers and acquisitions

26. While during the early 1990-ies concentrations did not represent a high proportion in the workload of the Competition Office the number of concentration cases has increased since the 1996

Competition Act entered into force. To some extent this can be owed to the fact that the amended Act extended its scope to concentrations which were not covered by the previous Competition Act. Another reason of the increasing number of concentrations was that after the deconcentration process of the transition period the economy arrived to a new period. This period can be characterised by a new wave of concentrations since the economic entities which survived the "problematic years" or began their operation in the first half of the decade started to look for partners to concentrate in order to expand their activities.

27. The Competition Council adopted decisions on 74 cases, 25 of which were notified in 1997 and further 49 cases were assessed in 1998. Authorisation was given in 60 cases, the number of notifications which did not fall under the Competition Act was relatively high - nine cases - and blocking decision was made in one case.

28. Contrary to the practice of the previous years notifications concerning privatisation were rather rare - restructuring of private capital was the main motivating factor in the majority of concentrations. Numerous concentrations derived from international processes since according to the rules of the present Competition Act concentrations of foreign undertakings fall under the Hungarian law provided that they fulfil the notification thresholds (for example: Bank Austria/Creditanstalt, Compaq/Digital, Borealis/Polimere AG, Shell/Exxon JV). These foreign concentrations were generally worthy of authorisation since they had marginal effects on the national market. Mergers of subsidiaries performed by their owner did not raise competition concerns either.

29. Besides the decisive role of foreign capital, as a new phenomenon, and the increasing activity of domestic capital can also be observed in the background of some concentrations.

30. The majority of concentrations had horizontal character affecting mainly the sectors of food processing and retail trade. This latter sector has been influenced by substantial changes. Numerous competitors entered the market the majority of which were SMEs but entry of powerful multinationals could be observed as well. Facing the great numbers of entries the incumbent firms reaction was to concentrate. Since these concentrations affected different geographic markets on the one hand and resulted relatively small joint market shares on the other hand, the Competition Council did not oppose these tendencies.

MATÁV/Jásztel

31. Against the former provisional approval of the competent minister, the Competition Council prohibited the proposed buy up of a small regional telecom operator, JÁSZTEL by the national telecom operator, MATÁV (Hungarian Telecommunications Plc.). The Competition Council acknowledged the fact, that at present these companies do not compete with each other, since they operate under concessions granting them exclusive rights on their respective territory. However, by 2002 the Hungarian telecom market will be fully liberalised. If MATÁV was allowed now to buy up its future competitors then there would be no competition on the liberalised market of the next years. The abolishment of legal barriers on an area where no sufficient number of competitors exists will never lead to effective competition, the competitiveness of the industry will be endangered - argued the Competition Council in its decision.

Hollow Ware Orosháza /Glassworks Sajószentpéter

32. Both Hollow Ware Orosháza (sole owner: Owens Illinois Hungary Inc.) and Glassworks Sajószentpéter (17 domestic owners with no means for the necessary modernisation or renewal of the

factory) manufactured and distributed, to an extent of 90 percent for domestic users, preserve jars and white and green bottles with a capacity utilisation of about 50 percent. They applied for the authorisation of a concentration where Hollow Ware Orosháza would purchase the hollow ware manufacturing (assets, properties and business) of Glassworks Sajószentpéter.

33. There was only very limited substitutability at the users of hollow ware. Therefore the (domestic) market of hollow ware was deemed by the Competition Council to be the relevant market. On this market Hollow Ware Orosháza and Glassworks Sajószentpéter had a joint market share in 1997 of 67 percent. At the same time the market share of the imported goods, after a 120 percent increase in value in comparison with the year 1995, reached 29 percent. There was a high rise in competitiveness of hollow ware imports, coming mainly from the neighbouring countries, as a result of a decrease in the customs duty, charges, fees and an additional duty, which amounted altogether to a total of 19.8 percent in early 1995, to the zero level by 1 July 1997.

34. In the case concerned the value of HHI in 1997 was 3156 and would have been after carrying out the concentration at issue (taken the joint share of imports as that of one market participant) 5340. The competitiveness of the Hungarian hollow ware production would, however, improve through structural streamlining, economic rationalisation and the exploitation of economies-of-scale possibilities and the efficient competition would be sustained. "Even the possibility for the users to get competitive imports puts the undertaking" [i.e. Hollow Ware Orosháza] "under pressure to take into account the reactions and interests of their market partners when deciding its market conduct" - the Competition Council stated and authorised the concentration.

3. *Experience related to court reviews*

35. Decisions of the Competition Council can be challenged before the Metropolitan Court of Budapest, with possible subsequent appeal to the Supreme Court.

36. The complainants challenged more than 20 per cent of the terminating decisions. Condemnations were challenged in much higher proportion, out of 39 condemnations 25 decisions were appealed in 1998. Decisions where the Competition Council did not impose fine at all or the amount of fine was rather low were not challenged by the interested parties. The total number of challenged decisions were altogether 64 in the years of 1997-1998, 21 of which have already been judged by the courts. In two instances the court obliged the Competition Office to launch new proceedings, however decisions of the Competition Council were confirmed in 19 cases by the first instance court (Metropolitan Court). This circumstance shows a high level harmony of law enforcement of the Competition Office and that of the court.

37. The time consuming nature of the court proceedings is rather problematic. A procedure of the Metropolitan Court requires one - one and half years as an average, in the case of second challenge the procedure of the Supreme Court requires three years. In a relatively small proportion of cases the consequence is that the defendant undertaking terminates its operation before the legally binding judgement would be made.

III. HCO participation in the formulation and implementation of other policies

38. According to the provisions of the Competition Act, the President of the HCO has to be heard concerning all draft submissions or draft legislation that have a bearing on the responsibilities of the

Office, in particular if these planned measures or legislation restrict competition. In 1997 the HCO received about four hundred drafts, the half of which effected competition. In 1998 the number of draft regulations were about three hundred.

39. During the reported period as a consequence of the issuance of a Government Regulation in the topic of "Transferring certain administrative tasks to the chambers" liveliness of the activities of chambers could be observed. The Regulation contributed to solving some problematic questions of the past. E.g. for the request of the Competition Office, the regulation provided that tourist contracts (i.e. the contracts concluded between the travel agencies and the tourists) have to be had written and certain price rules connected to the tourist sector were annulled.

40. Ethic codes of chambers were sent to the Competition Office also. The HCO made comprehensive analyses of these codes since ethic rules of chambers are frequently stricter than legal rules of the relevant activity which phenomenon tends to lead to restriction of competition. Nevertheless the planned codes did not raise competition concerns.

41. The HCO gave detailed opinion to the planned amendment of the Act on Internal Trade. The opinion called the attention that the basic concept of the regulation was not complete, it did not take into consideration changes of market conditions and penetration of new forms of retail trade in the country. Furthermore, the planned provisions contradicted to each other and also to the provisions of other Acts. The amendment of the Act has been postponed which fact causes less problems than an unsuccessful amendment. Opinions of the Office given to amendments of some essential laws (e.g. Act on Pricing, Act on Dues, Act on Copyright) are also worth mentioning.

42. For the request of the Economic Committee of the Parliament the HCO prepared a detailed submission in June of 1997 summarising the most important competition policy aspects of the regulations in the different specific sectors. Discussing this document the Committee requested the Ministry of Industry, Trade and Tourism and the Ministry of Transport, Telecommunications and Water Management to survey the regulations of these sectors. In March of 1998 the Economic Committee of the Parliament gave a hearing on the basis of which a Parliamentary Statement was issued. This statement provided that:

- until the end of 1999 regulatory regime of electricity has to be amended with proper account also to competition policy aspects;
- potential amendment of Act on District Heating has to be analysed in the light of competition policy aspects;
- in the field of telecommunications the regulation of interconnection fees has to be re-regulated during 1999;
- further measures have to be taken in order to enforce greater efficiency by regulating and supervising natural monopolies and exclusive rights, this belongs to the responsibility of the legislation and that of the Government.

43. The work aiming at the transformation and re-regulation of the electricity sector begun in mid-1998. HCO experts participate in the working groups advocating in favour of introduction competition in this sector. As a result of discussions it can be stated that competition can be introduced on a step-by-step basis to this particular industry. The effective regulation is in force until the end of 2000 so re-regulation has to be finished until this date.

IV. Resources of the competition authority

Resources	1995	1996	1997	1998
<i>Annual budget¹</i>				
HUF million	231.2	297.7	340.3	409.8
USD million	1.8	1.9	1.8	1.8
<i>Number of employees</i>				
economists	115	106	106	111
lawyers	42	38	38	39
other professionals	35	30	31	35
support staff	2	3	3	3
	36	35	34	34
<i>Human resources applied to²</i>				
law enforcement	63	55	57	59
advocacy efforts	10	10	10	14

1. The HCO pays 15 per cent of its budget as office rental.
2. The separation of responsibilities is rather difficult since some of the colleagues active in law enforcement take also part in competition advocacy if e.g. a draft regulation relates to their industries. The figures of the chart are rough calculations based on the workload.

V. Publications on competition law and policy

44. In the reported period surveys and reports relating to competition law and policy were published as follows:

Boytha, Enikő (Ms): On the Hungarian Competition Act in Brief, (manuscript in English, prepared for the request of the Hungarian Association of Competition Law, March 1998, Budapest)

Boytha, Enikő (Ms): Merger control under the Hungarian Competition Law, (manuscript in German and Hungarian, prepared for the Conference organised by the Hungarian-German Association of Lawyers, 30 April - 2 May 1998, Budapest)

Boytha, Enikő (Ms): Competition Law

Szent István Társulat, Budapest, 1998 (in Hungarian, pp 231)

Kovács, Csaba: Hungarian competition policy during transition and competition policy for integration, in: Rules of Competition and East-West Integration (edited by Fritsch and Hansen), Kluwer Academic Publisher Boston/Dordrecht/London, 1997

Sárai, József: Law Approximation in Practice - the Case of Hungary, (manuscript in English, prepared for the Conference "A Practical Introduction to EC Competition Law" 30 March - 1 April 1998, Prague)

Szántó, Tibor: Experiences of the Hungarian Office of Economic Competition with transportation, energy and telecommunications, (manuscript in English, prepared for the Conference "Competition Policy in the Transition Process", 9-11 October 1998, Budapest)

Tóth, Tihamér: Competition Law in Hungary - Harmonisation Towards E.U. Membership, ECLR [1998] pp. 358-369

Török, Ádám: Competition for the ability to compete? ISM Publication, Budapest, 1999. (pp 247, in Hungarian)

Vissi, Ferenc: Competition Policy and its Approximation to EU Regulation, (manuscript in English, prepared for the Second International Hungarian Finance Forum 9 -11 February 1998 Budapest)

Vissi, Ferenc: Competition Policy in the Phase of Transition to Market Economy, (manuscript in English, prepared for the Conference "Challenges and Opportunities for the Economic Transition in Yugoslavia" 5-6 November 1997, Belgrade)

Vissi, Ferenc: Priorities of competition policy during the transition - Hungarian experiences, (manuscript in English, prepared for the "Seminar on Competition Policy for Economists", 22 September 1997, Dublin)

Vissi, Ferenc: Competition ethics in a global world, (manuscript in English, prepared for the "Competition Policy for the 21st Century Symposium in Commemoration of the 50th Anniversary of the JFTC" 1-2 December 1997 Tokyo)

VI. Statistical information on the application of the 1996 Competition Act in the period from July 1997 till December 1998

1) Types of Cases concluded by the Decisions of the Competition Council:

Type of the case	1997 2nd half	1998
Consumer fraud	49	72
Agreements	1	9
Cartel notification	4	6
Abuse of dominant position	28	44
Mergers and acquisitions	25	49
Case transferred by court for imposing fine	2	-
Sum total	109	180

2) Types of the Decisions of the Competition Council

Type of the decision	1997 2nd half	1998
1. Establishing the Violation of Law	20	39
Consumer fraud	14	30
Agreements	-	1
Omission of application for exemption	-	1
Abuse of dominant position	4	5
Imposing fine based on a court decision	2	-
Omission of application for authorisation of M&As		1
2. Termination of Proceedings	60	90
Consumer fraud	35	42
Agreements	1	7
M&As	-	2
3. Notifications		
<i>for exemptions of agreements</i>	4	6
– does not fall under prohibition	1	1
– individual exemption	3	4
– group exemption (negative clearance)	-	1
<i>of merger or acquisition</i>	25	46
– cannot be qualified as M&A	1	-
– does not fall under the Act	1	8
– authorisation	23	37
– blocking decision	-	1

3) *Imposed Fines (in thousand HUF)**

Type of the case	1997	1998
	2nd half	
Consumer fraud	44 050	35 650
Cartel	-	5 000
Abuse of dominant position	11 000	29 000
Case transferred by court for imposing fine	20	-
Total	55 070	69 650
Average sum per case	≈3 200	≈2 200

* Exchange rates:

1997: 1 USD ≈ 190 HUF
1 ECU ≈ 220 HUF

1998: 1 USD ≈ 230 HUF
1 ECU ≈ 250 HUF