

Instead of a fine, Spar chose to improve: a new opportunity for local small producers

10 December 2020, Budapest – As a result of a competition supervision proceeding conducted by the Hungarian Competition Authority (GVH), Spar will begin developing a new regional supplier system next year. The programme, which will have a budget of 1.7 billion Hungarian forints, will improve the sales opportunities of Hungarian small producer-suppliers and create new jobs as well.

The recently concluded investigation of the GVH found that although SPAR Magyarország Kereskedelmi Kft. (Spar) had discontinued the ex-post supplier fee, which was [established to be infringing the law in 2012](#), it had also introduced a new fee with an identical effect. Within the framework of the competition supervision proceeding, the GVH proved that this fee, applied as a mandatory contractual term between 2014 and 2015, violated the Act on Trade just as its predecessor did, meaning that the supermarket chain abused its dominant position once again. This was due to the fact that the bonus system implemented by Spar unilaterally required the payment of unwarranted fees by suppliers in order to get their products stocked on the shelves of the supermarket chain.

In addition to establishing the fact of the infringement, the national authority resolved to order the company to fulfil certain obligations instead of imposing a fine. The Competition Council of the GVH considered the social benefits of such a commitment programme to be more significant than those of the fine it could have imposed based on its calculations: the compensation programme is going to have a budget of 1.7 billion Hungarian forints and create 23 jobs, thus directly serving public interests. This audited development process is going to effectively improve the market access of Hungarian products, provide an opportunity for local small producers, and at the same time, serve as guidance for other multinational retail chains on how to increase the percentage of Hungarian products on their shelves instead of their imports. The decision is especially significant since, during the global COVID-19 pandemic, it is more difficult to sell Hungarian goods abroad. It is also a forward-looking solution as it allows further disputes to be avoided.

Spar offered a commitment toward the GVH to establish 6 regional supplier centres (Győr, Hódmezővásárhely, Nyíregyháza, Pécs, Székesfehérvár, Zalaegerszeg) in order to improve the sales opportunities of local small producers. Ninety per cent of the opportunities created by this regional system will be offered to micro, small and medium suppliers and the system will simultaneously increase the number of goods procured from the existing small producer partners of the supermarket chain. The commitment will improve the situation of local domestic small producers, contribute to the development of the local economy, and stimulate demand for local goods. In addition, Spar agreed to support the activities of suppliers by offering training opportunities on the topics of quality assurance, logistics, warehousing, and marketing.

The commitment required from the supermarket network also included a way to verify compliance with these obligations, which allows the GVH to review the relevant expenses down to the last penny. The company is going to certify its spending on furthering its commitment via reports attested by an independent auditor and submitted to the GVH annually.

The official registration number of the case is: **VJ/43/2016**.

GVH Press Office