

The GVH has eliminated another public procurement cartel

10 May 2021, Budapest – The Hungarian Competition Authority (GVH) has established that 10 undertakings shared certain public procurement tenders announced by an electricity provider for the replacement of electric meters among themselves. The GVH imposed a fine of approximately HUF 300 million in total for the infringement.

‘It came out too low. We forgot to tell them about the minimum price’ complained one of the managers in an email after seeing the winning tender of a competitor. The correspondence was uncovered during a GVH proceeding: the Authority was investigating the behaviour of the undertakings that submitted bids for the public procurement procedures announced by the electricity provider E.ON for the replacement and reconnection of electric meters in 2014 and 2016 and arrived at the conclusion that 10 undertakings colluded during the tender procedures in a way that infringed the law. This is due to the fact that the undertakings coordinated their tenders and provided each other with detailed information in order to share the market among themselves and determine the winners of the public procurement procedures in advance.

The cartel affected the tender procedures concerning services in the Székesfehérvár-Szolnok-Veszprém region in 2014 and the Nagykanizsa-Szolnok-Veszprém region in 2016. The proceeding uncovered that the collusion of these ten undertakings had an actual effect on the results of the affected public procurement procedures. The fact of the infringement was evidenced by detailed direct proof (primarily based on correspondence between the undertakings) and one of the undertakings admitted to coordinating the tenders as well.

Sharing the market and fixing prices are the most severe market restriction as they cause significant harm to the society. When determining the value of the fine, the Competition Council of the GVH took into account not only the gravity of the infringement, but the market positions of the undertakings, their financial capacity, and the fact that all of the involved undertakings qualified as small and medium enterprises. The GVH imposed competition supervision fines of approximately HUF 337 million in total on the undertakings, of which the undertaking participated in the settlement proceeding by admitting to the infringement and waiving its right to legal remedies, received a 35% reduction of the fine imposed.

The official registration number of the case is: **VJ/31/2017**.

GVH Press Office