

GVH also protects anglers - one of the largest wholesalers of fishing items in Hungary has restricted competition

13 April 2023, Budapest - The Hungarian Competition Authority found that Top-Fish 2001 Kft, the dominant player in the wholesale fishing items trade, had for years imposed minimum internet prices for its products on fishing shops. The undertaking cooperated with the national competition authority, acknowledged the infringement and undertook an internal programme to avoid similar infringements, so the GVH's Competition Council set the fine at HUF 27 million.

In the summer of 2021, the Hungarian Competition Authority launched proceedings against Top-Fish 2001 Kft, one of the most important wholesalers in the domestic market for fishing items, distributing brands such as NEVIS, SPOR, STÉG and premium brands such as Van Den Eynde.

It shows the significance of the recently concluded proceedings of the Hungarian Competition Authority that fishing has become increasingly popular in recent years and is now one of the most popular leisure activities in Hungary. According to the records of the Hungarian Fishing Association (MOHOSZ), the number of registered anglers is significantly increasing year by year, with more than seven percent of the total population now holding a fishing licence. The GVH's proceedings and decision therefore primarily protect the interests of hundreds of thousands of active anglers.

The investigation revealed that Top-Fish 2001 Kft. had unlawfully set the lowest retail prices for its product range for retailers. It constantly monitored compliance with the prices it 'recommended' to retailers, and threatened to suspend deliveries to those who did not comply - i.e. shops that sold products cheaper than the set prices on their websites. Reselling retailers were not allowed to run promotions or offer discounts without consulting the undertaking.

Resale price fixing is one of the most serious competition infringements, as consumers may face higher prices than the prices they would see if there were fair competition between retailers. The fishing tackle wholesaler thus infringed both the national competition law and the EU competition regulations by restricting the freedom of fishing shops to set prices. The GVH conducted its proceedings on a dual - domestic and EU - legal basis, which is allowed under the existing legislation.

During the proceedings, the undertaking cooperated with the competition authority: it admitted the infringement, voluntarily provided evidence, waived its right to appeal and agreed to implement an internal corporate programme to prevent similar infringements in the future. By making use of the cooperation opportunities, Top-Fish 2001 Kft. was able to significantly reduce the imposed competition supervision fine, which the GVH'S Competition Council finally set at HUF 27 million.

The rise of online commerce is posing significant challenges to traditional sales channels, while in-store sales bring important value through the presence of qualified salespeople and the presentation of products. However, the answer to these challenges is not to restrict competition, but to find ways (either on the manufacturer/importer side or at the retailer level) to offset the higher costs of selling in stores and the ‘free-riding’ of online retailing (selecting products in stores and then ordering them more cheaply online). This could include, for example, setting different wholesale pricing for online and offline sales, which is allowed under the European Commission's new [Vertical Block Exemption Regulation](#) and [Guidelines](#), which entered into force recently, as long as it aims to encourage or reward an appropriate level of investment online and offline and is reasonably related to the different level of cost/investment. It is important to note, however, that the exemption does not extend, under either European or national legislation, to particularly severe restrictions of competition such as the one that has just been concluded, which completely remove retailers' freedom to set prices.

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