

## Regional publishers shared the market of county-wide daily newspapers

**The Hungarian Competition Authority (Gazdasági Versenyhivatal – GVH) established that Axel Springer Magyarország Kft. (Axel Springer, its new name: Mediaworks Kft.), Russmedia Kft. (Russmedia, its former name: Inform Média), Lapcom Kiadó Kft. (Lapcom) and Pannon Lapok Társasága Kiadói Kft. (Pannon Lapok) had entered into competition restrictive agreements aimed at preventing direct entry into each other's geographical area. The GVH imposed a total fine of 2.2 billion HUF (approximately 7.3 million Euro) for the infringement.**

The GVH noticed that the contracts entered into by the above-mentioned undertakings that were legally valid from 2000 (lasting from November 2000 and from May 2002 to April 2010) (or their legal predecessors) concerning Sunday papers contained mutual non-compete clauses and price fixing clauses.

The existence of competition restrictive agreements was supported by the mutual non-competition clauses contained in the contracts between Axel Springer and Inform Média, and between Axel Springer and Lapcom, which stipulated that the parties may not invade each other's county-wide/regional market.

Based on the bilateral contracts between Axel Springer and Inform Média, Axel Springer and Lapcom, and Axel Springer and Pannon Lapok, it could be assumed that the above-mentioned undertakings were coordinating both retail prices and advertising prices.

According to the decision of the GVH, the bilateral agreements between Axel Springer and the other three groups of undertakings were anti-competitive in nature and were part of a comprehensive market sharing agreement which purposely restricted the county publishers from entering into each other's territory with secondary daily newspapers or other alternative publications.

The GVH found that as a result of their conduct the above-mentioned undertakings had infringed the prohibition of restricting competition, and consequently imposed a competition supervision fine amounting to a total of 2 164 869 000 HUF, divided as follows:

- Axel Springer	615 471 000 HUF	2.1 million Euro
- Russmedia	480 836 000 HUF	1.6 million Euro
- Lapcom	313 140 000 HUF	1.1 million Euro
- Pannon Lapok	755 422 000 HUF	2.5 million Euro.

The cartel agreement lasted for almost ten years and therefore the base amounts of the fines calculated on the basis of the *'Notice on the method of setting fines'* in the case of each undertaking significantly exceeded the legal maximum set out by the Competition Act. Accordingly, the GVH imposed the maximum fine on each undertaking, which amounts to 10% of the net turnover of each of the undertakings from the previous year.

Without imposing a fine, the GVH also established in its decision that in July 2010 and September 2011, the undertakings concerned, furthermore in December 2010 and June 2011 Axel Springer and Inform Media, had restricted competition when they shared with each other sensitive information regarding the prices and circumstances influencing the prices of advertisements not published jointly or through consignment sales.

The GVH terminated the proceeding concerning the coordination of retail prices.

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Hungarian Competition Authority

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