

A quarter of a century supporting fair competition in the interest of consumers – the GVH is 25 years old

This year the Gazdasági Versenyhivatal (GVH – the Hungarian Competition Authority) celebrates the 25th anniversary of its establishment and the passing of the first Competition Act. The GVH will mark this momentous occasion with several publications, a renewed homepage, a jubilee image and a number of competition events.

The Competition Act passed in 1990 established the GVH as an independent state administrative authority and the GVH started its operation on 1 January 1991, with the entry into force of the act. The **mission of the GVH** has remained unchanged for the last 25 years; its operation is based on **three pillars**: on **competition supervision**, on **competition advocacy** and on the development of **competition culture and consumer culture** in Hungary, thereby promoting an increase in consumer welfare.

Since the establishment of the GVH, **competition supervision proceedings** have constituted the most defining part of its work. In the last 25 years the GVH has brought more than 3500 decisions closing cases, on average in around 40% of which infringements have been found, and it has imposed fines of about 70 billion HUF (cca 221.5 million EUR).

For years the GVH has had as its main priority the **fight against cartels**, considering that cartels have a harmful effect on the development of the whole economy, cause severe and direct harm to consumers and also result in a general decline in efficiency. The amendments that have been made to the Competition Act – following changes in the international regulatory environment and in the European Union – have resulted in new tools for more efficient detection, such as the leniency policy, unannounced inspections and the informant reward, thereby facilitating the discovery of cartels. By 2014, the GVH had brought a final decision in the case of almost 300 restrictive agreements, in about half of which it had also established an infringement and imposed sanctions in the form of fines amounting to more than 54 billion HUF (170.1 million EUR).

Maintaining competition is an important public interest together with ensuring that also the consumers themselves perceive the welfare effects of competition. Therefore, the GVH pays particular attention to **consumer protection**, since this activity and the regular tasks of a competition authority amplify each other's effects. Since 2008, in line with the directives of the European Union, new provisions have been enacted which protect consumers from those undertakings employing unfair commercial practices. The protection of **vulnerable consumers** who, due to their health, age or financial difficulties, are more easily influenced by advertisements and offers is a top priority of the GVH.

In 2013 the **merger procedures** were also modernised and became clearer. In the last few years the Global Merger Control Index of the renowned international institution, the Center for European Law and Economics Global Merger Control, has placed Hungary among the leaders of the member states of the Union regarding the effectiveness of merger procedures.

The GVH quantified the **social benefits of its activities** for the first time in 2013. Calculated on the basis of the economic methodology used by the leading competition authorities, consumers saved at least 58 billion HUF (cca 183.5 million EUR) through the competition supervision proceedings of the GVH relating to restrictive agreements, abuses of dominant position and mergers in the period between 2008 and 2012, and concerning the period

between 2009 and 2014 the GVH estimates its social benefits – based on a methodology that was improved in 2014 – to be of about 97 billion HUF (cca 307 million EUR). The calculation is based on the price constraining effect of competition: the intervention of the GVH in thwarting anticompetitive conducts and mergers saves consumers the additional expenditure that they would otherwise face in the absence of such intervention.

The GVH is responsible for the **development of competition culture** and is therefore charged with ensuring the dissemination of competition knowledge and appropriate information in order to facilitate compliance with the law. The GVH established the **Regional Centre for Competition in Budapest (RCC)** in association with the OECD, the aim of which is to support competition culture in the countries of Central, Eastern, and South East Europe and Central Asia. The GVH has achieved significant international recognition due to its educational activity through the operation of the RCC.

The GVH remains committed to supporting the law abiding behaviour of market operators and to this end it works non-stop to ensure that the administration and application of the law is carried out in a citizen friendly, transparent and predictable manner. With its explanatory notes, guidelines and notices, the GVH provides guidance to market operators and helps them to increase their competition law related case law knowledge. The GVH, as it places great emphasis on the issue of leniency, has recently launched a leniency programme, and with its thematic websites (e.g. <http://megfeleles.hu/>; <http://www.nedoljonbe.hu/>; <http://versenyugyi-tanacsadoiroda.hu/>) and several ads it is also attempting to raise the awareness of consumers and undertakings in relation to a number of significant competition law problems through the provision of detailed, specific information.

The openness of the GVH can be seen by the fact that a number of the notices on its activities have been discussed in a public consultations with concerned market operators, professional associations and trade unions..

In 2014, The GVH elaborated its **institutional strategy and vision for the future** for the following four years, focusing on the baselines of its operation, such as timeliness, predictability, customer-orientation – giving increasingly the image of a cooperative office which reacts in a timely and professionally manner to market processes.

The **competition advocacy** activities of the GVH played a key role in modernising and developing the Hungarian competition rules. The development and maintenance of effective competition require pro-competitive regulations, thus the GVH by all means available seeks to influence state decisions in the interest of competition.

While over the past 25 years the GVH has undergone significant changes and development, its main role as the guardian of fairness and freedom of competition has remained unchanged, as maintaining and promoting competition is an important **public interest** which brings social benefits and contributes to the improvement of consumer welfare.

On the occasion of the anniversary the image of the GVH's homepage (<http://www.gvh.hu/>) has been renewed and will regularly be updated with news regarding the jubilee events.

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