



The GVH intervened in the structure of the Hungarian beer market

The Hungarian Competition Authority (Gazdasági Versenyhivatal – GVH) accepted the commitments offered by Heineken Hungária Sörgyárak Zrt. (Heineken), Dreher Sörgyárak Zrt. (Dreher) and Borsodi Sörgyár Kft. (Borsodi), as a result of which the three largest Hungarian beer companies will decrease their respective beer sales tied by exclusive contracts. Having regard to this, the GVH did not establish that an infringement would have been committed and did not impose any fines in the case.

The GVH found that through exclusive contracts Heineken, Borsodi, Dreher and Pécsi Sörfőzde Zrt. (Pécsi Sörfőzde) taken together took up 43.5-44.3% of the sales of beer consumed on premises in Hungary. Moreover, (along with Carlsberg) the five largest market players accounted for 82-95% of the total sales made in the so called HoReCa (Hotels, Restaurants and Catering/Cafes) market in the period investigated. As a consequence of the exclusivity clauses, neither imports nor small breweries were able to gain market shares vis-á-vis the large beer companies.

On the basis of the commitments offered by the undertakings the GVH has imposed an obligation on Heineken, Borsodi and Dreher to decrease the amount of beer sold to single outlets under exclusivity terms (i.e. hindering the products of other breweries) in two steps by almost 20% in total by the end of 2017.

As a result of the decreases pursuant to the commitments, **the market shares foreclosed from competition will decrease by about 4% in the case of Heineken and about 5% each in the case of Borsodi and Dreher by the end of 2017**. This means that the market share foreclosed through the simultaneous ties will fall from 43-44% to about 30% in total, thereby increasing the chances that alternative beer companies (including small breweries) will enter the Hungarian market. Due to its small market share Pécsi Sörfőzde did not contribute to an appreciable extent to the cumulative effects of parallel networks; therefore based on the provisions on minor importance the GVH terminated the proceeding against Pécsi Sörfőzde.

When assessing a commitment application the main goal of the GVH is to ensure the efficient protection of the public interest. Commitments enable a more efficient elimination of a behaviour that is contrary to the provisions of the Competition Act, and the decision made on a commitment application also serves as a guideline for other market operators. When making a decision about a commitment the GVH assesses all of the factors both for and against its acceptance, while taking into consideration the characteristics of the relevant market.

After analysing the contents of the commitment application, the GVH established that

- by accepting the commitments the cumulative market foreclosure effect having triggered the competition concerns will cease and the smaller market players will have greater chances to put competitive pressure on the larger beer companies;
- the risk of repetition of the perceived competition problem will likely decrease;
- having regard to the mechanism for certification of their fulfilment the commitments meet the requirement of verifiability.

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Hungarian Competition Authority

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