

## **The range of beverages offered at catering units is being expanded; the GVH is monitoring the contracts**

**8 July 2021, Budapest – The choice of beverages at catering units is expected to be expanded by the beginning of August at the latest: this is the deadline for these businesses to bring their contracting practices in line with the new provisions of the Hungarian Trade Act. As a general rule, exclusive contracts can no longer be concluded with the largest beverage suppliers; furthermore, each catering unit is obliged to offer the products of at least two different manufacturers to consumers.**

The National Assembly amended the Trade Act last December in order to curtail the prevalence of exclusive beverage procurement contracts in the Hungarian HoReCa sector and facilitate the entry of smaller beverage producers to the market. Pursuant to the amended legislation, catering units are obliged to offer the products of at least two different manufacturers for sale in each beverage category (e.g. beer, soda, mineral water). Therefore, the choice of consumers is expected to be expanded in the future, which will promote growth on the market. Another important new development is that catering units will only be permitted to procure 80% of their products at most from the same manufacturer in each beverage category. The only exception from this rule can be on-tap beer if the catering unit in question ensures that it has the beer of at least one small brewery on tap at all times.

It is important that the prohibition on exclusivity only affects the contracts concluded with the largest beverage manufacturers, which possess significant market power. However, as of August, a general obligation applicable to all catering units will become effective to ensure that their drink menus always include the products of at least two manufacturers in each category, thus providing a choice between brands to guests in the case of all types of drinks.

Legal statements concluded earlier but do not comply with the new regulations will become null and void on 1 August 2021, after a several-month long grace period: from this date onward, any affected exclusivity contracts and agreements above 80% will become null and void. The GVH would like to warn the affected catering units to prepare for the changes in legislation on time and proceed with care and in compliance with the applicable provisions when entering into beverage procurement contracts and selecting their suppliers.

The Act appoints the GVH as the competent authority to investigate any behaviours that may infringe these new legal provisions. The Hungarian Competition Authority has made preparations to fulfil its new responsibilities and it is monitoring the development of beverage procurements in the Hungarian HoReCa sector to take action if any unlawful conducts are observed.

GVH Press Office