

## **GVH proposes sustainable product path and boosting domestic production in the insulation materials market**

**Budapest, 5 August 2022 - The Hungarian Competition Authority (GVH) has completed its accelerated sector inquiry into the market of thermal insulation materials and made proposals to the manufacturers, the public, the waste management organisations and the legislator with a view to reducing product prices. Industry actors may comment on the public results of the inquiry until 15 August 2022.**

The GVH has completed its [accelerated sector inquiry launched in June](#) into the domestic market for thermal insulation materials. The Hungarian Competition Authority carried out a series of coordinated on-site investigations in various parts of Hungary, aimed both at insulation material producers and building material distributors, collecting data on market structure, value chain and price developments. At the same time, the Authority requested similar information from more than 100 other market actors in order to gather a wider set of data.

In the course of the inquiry the GVH did not find any circumstance giving rise to competition proceedings, however, it identified a number of factors unfavourable for the market. To mitigate them, the Competition Authority made several proposals.

**With respect to manufacturers**, the Competition Authority recommends that, in order to compensate for the significant rise in raw material prices, manufacturers should increasingly focus on introducing waste materials and recovered products into the manufacturing processes as well as on recycling and creating the necessary technological background. Recycling can help manufacturers cope with possible raw material shortages and reduce product costs, which could also be reflected in consumer prices. The Authority also recommends for manufacturers to pay more attention to responsible environmental, social and governance aspects in the course of planning their transport and carriage capacities, which can also lead to significant savings amid rising fuel prices.

**As for the general public**, the GVH recommends that customers and designers consult with the insulation contractors as early as possible (preferably before conclusion of contract) to allow for determining the type of insulation materials to be used, taking into consideration the current price as well as procurement options. The insulation materials under review (EPS, XPS, mineral wool) are practically interchangeable; however, once insulation has been introduced into the technical and fire protection plans, it is no longer possible to modify them.

The GVH proposes to the holder of the **waste management concession** to adapt the selective waste collection system in a way so that the public can conveniently dispose of styrene and polystyrene packaging materials at multiple locations free of charge. The products collected in this way can be recycled, thus providing a cost-effective source of raw material for manufacturers.

**For the legislator**, the GVH suggests that it would be worthwhile to keep the demand for insulation products at a permanent level in the long term by means of various public subsidies for housing and building renovation purposes to avoid occasional extreme fluctuations in demand. It will help in planning production capacities and making investment decisions by manufacturers and will ensure higher certainty on the supply side of the market as well as a better chance of avoiding product shortages. Some of the funds expected from the EU for energy independence purposes could be used to this end, helping to reduce the energy exposure of Hungary.

A draft report based on the results of the inquiry has been made available for public consultation on the website of the Authority. It is possible for the market players to comment until 15 August. After the deadline the GVH will publish the report on the results of the accelerated sector inquiry with a summary of the comments received and, if requested, the full comments on its website. The draft report on the accelerated sector inquiry can be accessed here (available in Hungarian):

[https://www.gvh.hu/dontesek/agazati\\_vizsgalatok\\_piacelemzesek/agazati\\_vizsgalatok/jelentestervezet-a-hoszigetelo-anyagok-magyarorszagi-piacan-lefolyatatott-gyorsitott-agazati-vizsgalatrol](https://www.gvh.hu/dontesek/agazati_vizsgalatok_piacelemzesek/agazati_vizsgalatok/jelentestervezet-a-hoszigetelo-anyagok-magyarorszagi-piacan-lefolyatatott-gyorsitott-agazati-vizsgalatrol)

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