



GAZDASÁGI
VERSENYHIVATAL

ANNOUNCEMENT OF THE HUNGARIAN COMPETITION AUTHORITY

Extension of the responsibilities of the Hungarian Competition Authority after the Act on Trade taking effect from 1 June 2006

Act CLXIV of 2005 on Trade enters into force on 1 June 2006. The basic responsibilities and competences, as well as the procedural order of the Gazdasági Versenyhivatal (Hungarian Competition Authority – GVH) are regulated further on by Act LVII of 1996 on the Prohibition of Unfair and Restrictive Market Practices (hereinafter: Competition Act) but due to the provisions of the Act on Trade, these responsibilities and competences are extended.

The Act on Trade entering into force introduced a regulation called to influence the conduct of large scale traders (having significant market buyer power) against their suppliers by prohibiting, as of 1 June 2006, abusive practices of traders having significant market power against their suppliers from 1 June 2006. The supervision based on the substantive law provisions of the Act on Trade and related to the abuse of traders having significant market power is exercised by the GVH in a way that during its procedures it must apply the procedural rules and other provisions included in the Competition Act (governing the examination of the abuse of dominance).

In addition to this, traders having significant market power are also obliged by the Act to create and apply such a self-regulating code of ethics that covers both the application of fair trading practices in their connections with the suppliers as well as the procedural order to be applied in the case of an infringement of the rules of the code. Traders concerned are obliged to prepare this code, and submit it to the GVH for approval, until 1 December 2006. In the course of the approval procedure the GVH applies Act CXL of 2004 on the General Rules of Public Administrative Procedures and Services.

In performing its new responsibilities and competences, the GVH has published a notice and a form for complaints today. By the completion of the latter, proceedings may be initiated against practices prohibited by Act on Trade. Both documents are available on the website of the GVH.

The GVH starts investigation in cases where the conduct in question falling both in the scope of the Act on Trade and in the competence of the GVH is likely, based on the information in its possession about the facts of the case, to infringe the provisions of the Act.

The GVH hopes commercial undertakings having significant buyer power has had time enough to prepare themselves to comply with the provisions of the Act on Trade and they will soon prepare and apply the self-regulation further assisting them in the prevention of abusive conducts, in the peaceful settlement of disputes between traders and suppliers and in the avoidance of interventions of the State and of authorities.

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General Secretariat, Communication Group

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