



GAZDASÁGI
VERSENYHIVATAL

Crisis and competition

On the occasion of its fifth anniversary, the OECD-Hungary Regional Centre for Competition in Budapest (RCC) organised an international conference entitled *Competition policy after the crisis* on 3 March 2010. The heads of the Central and Eastern European competition authorities, after the lectures and professional debates where they could get familiar with the experience of the Western-European and Hungarian countries, defined new directions in their competition policy strategies. The event also provided a great occasion for the leaders of the different national competition authorities to deepen personal relationships with each other. Moreover the conference has further increased the prestige of the RCC and the role of the Hungarian Competition Authority in the region.

In its opening speech, Aart De Geus Deputy Secretary-General of the OECD appreciated the activity of the RCC and the Hungarian Competition Authority (GVH) for the development of competition culture in the region. Péter Gottfried, Hungary's Ambassador to the OECD talked about the role of the OECD in the life of its member countries. In his opinion, the OECD is a value-based organisation, it is a matter of prestige to be its member. The OECD gives possibility to its member countries to deeply debate about a problem, it provides them with advice and it inspires them to find the solutions. Péter Balázs, Minister of Foreign Affairs of Hungary, evaluated the regional relationships from a diplomacy point of view. In its inaugural speech about the role and importance of the RCC, Zoltán Nagy, President of the GVH, pointed out that the RCC has already proved its effectiveness at several occasions and that it constitutes a real intellectual centre for the competition authorities of the region. He also talked about the effects of the crisis on competition policy. In his opinion, competition is not part of the problem, but part of the solution. For giving an impulse to the economic increase, competition is not harmful at all, on the contrary, it is essential and it has great importance in the current economic situation. It is possible that after the relief of the crisis, the siren voices calling for soft management/regulation of the different restrictive practices of undertakings might not arise concerns any longer. What matters more is the enduring consequences of the crisis. We should not forget that though in the beginning a lot of people lost faith in the functioning of the market, there are more and more people nowadays who believe that the source of the problem is the state and the regulation. It is very likely that the challenges and possibilities in the future will be rather determined by such factors that for instance a new, may be more intensive economic role of the state and its consequences.

Frederic Jenny, Chairman of the Competition Committee of the OECD, also talked about the development of competition policy after the crisis while mentioning some concrete examples. In his opinion, the various protectionist measures are worrisome since they entail/lead to the revenge of those countries that have suffered harm. In spite of this fact, the governments are under intensive political pressure in order to lessen the effects of the crisis and to their best to avoid similar crises in the future. It is of high importance to harmonise the different bail-outs in order that they should not restrict competition. However it does not seem easy since

the governments have failed to consult with the competition authorities so far. In order to remedy the crisis, on the one hand, an overall, visible and competition friendly view is required, if not, the effect of such decisions might be disputable.

László Bencsik, Deputy CEO of OTP Bank playing a determining role in the region, presented the development of the strategy of OTP in his speech. He claims that OTP resisted the impact of the crisis with success and in a stable way and flexibly adapted itself to the changed circumstances. Its profitability has remained stable, capital position outstandingly strong and its liquidity very favourable. 2010 might be the year of recovering and 2011 the year of the relaunch of convergence for the region. However we have to face a serious dilemma in this situation. Due to the crisis, the regulation of the financial sector has got stricter, and this might constitute an obstacle in the path of development by the initiation of growth.

Most of the countries have been extremely worried and fortunately they have reacted to the economic crisis in an optimistic but watchful way – said Professor David Lewis, ex Chairman of the Competition Tribunal of South Africa. The banks and the automobile industry have been given bailouts and the voices of protectionism have become shriller, but fortunately the anti-cartel rules have not been suspended and the weakening of strong national and international competition law institutions has not taken place. In his opinion, the source of the problem does not reside in the crisis of the markets, but in the one of business conducts. As a consequence of the crisis, competition law enforcement seems to get stronger, however competition policy faces weakening. Fight against cartels has become consistent, strategic views for the defenceless have come to light, but protectionism is getting stronger and a lot of undertakings are becoming nationalized again and sectoral regulations have remained weak. Lewis believes that it is necessary to eliminate information asymmetries, to establish competition and to increase commitment to international institutions.

The representatives of the Moldavian, Albanian, Bulgarian, Kazakh, Croatian and Romanian competition authorities shared with the public what changes the crisis has brought about in their countries, what remedies have been suggested, and what challenges the regulatory bodies have had to face. And finally but not least William E. Kovacic, Commissioner of the Federal Trade Commission of the USA sought answers for the question how competition policy might develop after the crisis. First of all, the reasons for the crisis have to be revealed. Then it is necessary to investigate whether competition policy has contributed to the evolvement of the problems, and finally the model of the future regulatory apparatus has to be shaped.

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