

# GLOBAL COMPETITION REVIEW

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## Overview

**László A Kelemen and Geoff Bennett**

Szabó Kelemen & Partners Attorneys

In Hungary, the agency entrusted with competition enforcement is the Hungarian Competition Authority (HCA) (Gazdasági Versenyhivatal). The HCA is an independent central state budgetary organ that is subject only to parliament in relation to its budget, tasks (ie, new tasks may be assigned to the HCA only by legislation) and its obligation to report on its activities annually.

### Tasks

The HCA's basic tasks are threefold, as prescribed by Act LVII of 1996 on the Prohibition of Unfair Market Behaviour and the Restriction of Competition, as amended (the Competition Act), and as expressly declared by the HCA: enforcing competition law, including both domestic and EC competition law; promoting competition in the course of opining on state decision-making procedures; and developing a competition culture.

Concerning enforcement, it is the HCA's primary duty, as the public enforcer of competition law in the public interest, to enforce the provisions of the Competition Act on the prohibition of agreements containing horizontal or vertical restraints and abuse of dominance. In recent years, the HCA has also placed more emphasis on its role of enforcing the prohibition of unfairly influencing consumer decisions. In addition, the HCA has exclusive competence in merger control procedures with a Hungarian dimension.

Except for merger control and reviewing practices that unfairly mislead consumers, other state organs are also involved in domestic competition law enforcement. In certain sectors, for example, the sectoral regulator may have competence in relation to competition issues. Furthermore, as of November 2005, within the framework of the private enforcement of competition law, national courts are also permitted and obligated to apply the rules regarding cartels and abuse of dominance (in which case the HCA will act as an *amicus curiae*), and criminal law enforcement organs may be involved in cartel cases involving tender procedures in connection with public procurements or concession activities - cartels

in such procedures are criminalised under the Criminal Code (1978). The HCA actively strives to build and develop its cooperation with other state organs that may support the HCA's enforcement role; for example, the HCA has already concluded a cooperation agreement with the Hungarian Financial Supervisory Authority.

In addition to the above, the HCA may pursue sectoral investigations in order to determine the circumstances and status of market competition in the given sector – such an investigation was recently conducted into housing loans in the financial sector.

As far as the enforcement of EC competition law is concerned, the HCA, as a member of the European Competition Network, enforces articles 81 and 82 of the EC Treaty, and often takes part in merger control cases that may affect competition in Hungary. In its practice, the HCA endeavours, where possible, to actively apply EC competition law parallel to the application of domestic competition law.

The HCA's tasks are not, however, exclusively prescribed by the Competition Act: it is also the enforcer of the recently introduced prohibition of the abuse of significant market power under Act CLXIV of 2005 on Trade, which penalises the abuse of buyer power against suppliers in the commercial sector. The HCA also has competence in protecting the fairness of commercial advertisements and certain pricing levels.

With regard to the HCA's other two tasks, namely, promoting competition and developing a competition culture, briefly, it is statutorily required to opine on bills and other measures that may affect competition and it regularly holds competitions open to the public in order to enhance competition culture and awareness. A separate unit within the HCA – the Centre of Competition Culture – has also been established, which is responsible for the HCA's activities in the field of competition culture promotion.

### Organisation

The HCA is a vertically organised independent governmental organ headed by the president, Zoltán

Nagy. There are two vice presidents: Tihamér Tóth is responsible for the operation of the Competition Council, which hands down competition decisions, and Márta Nagy is responsible for the operation of the specialised sections, such as the consumer protection, info-communication, industry, food industry and services sections and the cartel unit. These sections are supported in their operations by the competition policy, and the legal and the international sections. Based on other

European examples, the HCA in 2006 introduced the position of chief economist, who is responsible for providing the HCA's conceptual approach to economics and is also involved in particular cases.

The HCA's website ([www.gvh.hu](http://www.gvh.hu)) has substantial English-language content providing a detailed description of the HCA's organisation, operation and practice, including relevant court practice.

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### Szabó Kelemen & Partners Attorneys

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Váci út 20  
1132 Budapest  
Hungary  
Tel: + 36 1 288 8200  
Fax: + 36 1 288 8299

**László Kelemen**  
[laszlo.kelemen@sz-k-t.hu](mailto:laszlo.kelemen@sz-k-t.hu)

[www.sz-k-t.hu](http://www.sz-k-t.hu)

Szabó Kelemen & Partners Attorneys is a full-service law firm that traces its origins back to Szabó & Partners Attorneys, which was established in 1996. The firm was the Hungarian member of the Ernst & Young Law Alliance from 1996 to 2003, and from 2004 worked in cooperation with Salans for two-and-a-half years. The firm's impressive client base consists of multinationals, as well as large and medium-sized Hungarian companies.

The firm is particularly strong in tax, competition and merger and acquisition work, as well as in various industry sectors, including financial services and real estate. Many of the firm's Hungarian lawyers have worked in law offices or barristers' chambers abroad, and many hold postgraduate qualifications from foreign institutions. The working languages of the firm are Hungarian, English and German.

The firm's core practice areas are: competition law; banking and securities; corporate and commercial, including company group financing and royalty payment structures; corporate restructuring, mergers and acquisitions; employment; insurance; litigation and arbitration; public procurement; and real estate and commercial property.