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**Global Forum on Competition**

**FROM GLOBALISATION TO REGIONALISATION – Contribution from Hungary**

**- Session I -**

7 December 2023

This contribution is submitted by Hungary under Session I of the Global Forum on Competition to be held on 7-8 December 2023.

More documentation related to this discussion can be found at: [oe.cd/fgtr](https://oe.cd/fgtr).

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## *From Globalisation to Regionalisation*

### *From Globalisation to Regionalisation – Central European experience and perspective*

#### *- Contribution from Hungary –*

## **1. Introduction**

1. As stated in the OECD Briefing note for the permanent delegations, competition policy and regulation may significantly vary across different regions around the world, since competition is not a one-size-fits-all concept. For National Competition Authorities, it means continuous balancing between global and regional competition policy trends and interests. Jurisdictions can hardly maintain independent competition regimes: as our economies have become increasingly digitalized and globalized, international cooperation among competition enforcers can benefit all stakeholders, especially at regional level.

- Today, cooperation with a number of international organizations is at the heart of the Hungarian Competition Authority (hereinafter referred to as the GVH): the Competition Committee of the Organisation for Economic Cooperation and Development (OECD),
- the beneficiaries within the framework of OECD-GVH RCC,
- the International Competition Network (ICN),
- the European Commission and the national competition authorities of the EU Member States,
- the competition authorities of the Visegrad Four,
- as well as bilateral and multilateral cooperation with regional partners.

2. During the transition period to a free-market economy, Hungary and the GVH relied heavily on the experience of its regional partners, including the OECD or the competition authorities of the European Community, as well as on exchanges of experience with competition authorities in neighbouring countries with similar economic and social background. In this way, it has shaped its competition law through the interaction of global and regional trends and policies.

## **2. Historical background**

3. In the first phase of the transition, the GVH always considered that international cooperation was essential. This was first expressed in the context of the Visegrad Four cooperation<sup>1</sup> as early as autumn 1993. At the time, the GVH invited the other competition authorities of the Visegrad Four (the Czech Republic, Poland and Slovakia) to Visegrad, Hungary, to discuss certain issues under the European Agreements, which our countries

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<sup>1</sup> <https://www.visegradgroup.eu>

had concluded with the European Communities. In the 1990s, this meeting inspired a series of annual meetings organised by the European Commission for the competition authorities of the Visegrad and Baltic countries, as well as Slovenia, Bulgaria, Romania, Malta, and Cyprus<sup>2</sup>, the so-called “Associated Countries”.

4. Building on the positive reaction of the EU, the Hungarian and Polish competition authorities launched the Central European Competition Initiative (CECI) in 2003. The CECI refers to the cooperation between the competition authorities of Czechia, Hungary, Poland, Slovakia, and Slovenia. Between 2003 and 2010, the CECI organised regular professional events to discuss a range of issues, including the issue of how these authorities could fulfil their tasks and responsibilities as members of the EU. There were two main considerations behind this initiative. One is that competition authorities in the region face several common challenges. The other is that these authorities – from time to time – have to deal with regional markets that overlap or are interconnected, and with companies operating across borders in the region.<sup>3</sup>

5. After Hungary’s accession to the European Union, the GVH has gradually observed that the European Commission strongly supports sub-regional cooperation between competition authorities within the EU, and therefore regional cooperation has continued. It is worth mentioning that the GVH already organised three conferences for the competition authorities from the Visegrad countries in 2014, 2018 and 2022.<sup>4</sup> These events allowed us to overview legislative developments and the most important competition enforcement cases before our authorities. On each occasion, we invited representatives from DG Competition and competition authorities from other countries in the region. We have also received colleagues from Croatia, Slovenia, Romania and Austria.

### 3. Global and regional participation

#### 3.1. OECD - global forum for sharing experiences

6. The GVH actively participates in the OECD's competition policy activities, both in the OECD Competition Committee and in the work of the two working groups and regular meetings. Participation in the work of the OECD Competition Committee and in events such as the Global Forum on Competition provides an excellent opportunity for the GVH and other national competition authorities to further improve their knowledge of global trends, while also sharing national and regional specificities as well as enforcement practices with OECD member authorities in best practice roundtables.<sup>5</sup>

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<sup>2</sup> Note by Türkiye: The information in this document with reference to “Cyprus” relates to the southern part of the Island. There is no single authority representing both Turkish and Greek Cypriot people on the Island. Türkiye recognizes the Turkish Republic of Northern Cyprus (TRNC). Until a lasting and equitable solution is found within the context of United Nations, Türkiye shall preserve its position concerning the “Cyprus” issue.

<sup>3</sup> <https://www.oecd.org/daf/competition/prosecutionandlawenforcement/36001193.pdf>

<sup>4</sup> [https://gvh.hu/en/press\\_room/press\\_releases/press-releases-2022/the-gvh-brought-together-the-competition-authorities-of-the-visegrad-four](https://gvh.hu/en/press_room/press_releases/press-releases-2022/the-gvh-brought-together-the-competition-authorities-of-the-visegrad-four)

<sup>5</sup> <https://www.oecd.org/daf/competition/roundtables.htm>

7. The OECD (as well as the ICN, see point 4) has developed many resources, frameworks and opportunities required for effective collaboration, which the GVH can help to disseminate among its regional partners (e.g., the OECD-GVH RCC beneficiary authorities) and to further develop based on regional experiences implemented in the global context.

### **3.2. OECD – GVH RCC: global knowledge – regional goals**

8. The GVH has always been committed to fostering the development of competition law, policy and culture in the South-East, East and Central European region. The OECD-GVH Regional Centre for Competition<sup>6</sup> was established in 2005 in Budapest and is a joint venture of the two organisations. The main objective of the RCC is to foster the development of competition policy, law and culture and to thereby contribute to economic growth and prosperity in the involved regions. It also places a great emphasis on capacity building assistance and networking. The main beneficiaries of this initiative are the competition authorities of South-East Europe and the majority of the CIS countries. Another beneficiary of the RCC's work is the GVH itself – the agenda of the RCC workshops for the staff of the GVH are related to ongoing projects or “hot” topics and provides an excellent opportunity for the staff to learn about state-of-the-art antitrust theories and enforcement practices. The GVH organises 7-8 seminars per year which provide participants with a deeper understanding of competition policy and economic theories, international best practices and European Commission case law.

### **3.3. ICN – global body devoted exclusively to competition law**

9. Hungary has been a member of the International Competition Network (hereinafter referred to as the ICN) since its foundation in 2001 and participates in the ICN's main areas of work, practical cooperation, exchange of views and strategic direction setting. From 2016 until spring 2022, the GVH co-chaired a sub-group of the Cartel Working Group (SG1) and maintained the cartel template, i.e., ensuring updates from national authorities. The GVH is currently a member and co-chair of the Agency Effectiveness Working Group (AEWG).<sup>7</sup> The main forum for setting strategic directions is the Steering Group (SG). In 2021, the Hungarian Competition Authority had the honour of hosting the organisation's annual conference. The GVH also participates in the ICN Steering Group's Special Project Group, the International Enforcement Cooperation Group.<sup>8</sup> In general, this group focuses on the benefits of international cooperation among enforcers and the ways and methods of how this can be effectively enhanced. The motivation for the participation of the GVH is that cooperation can be facilitated and trust can be built by better understanding how a potential cooperating partner investigates its cases, as well as its laws, policies and limitations, confidentiality protections and the cooperation tools available.

### **3.4. EU integration – regional relations come first**

10. Regional cooperation is key between the national competition authorities of the EU Member States. Member states are required to implement the EU regulation in the field of competition law and policy. In view of the decentralised nature of EU competition law, the GVH is obliged to apply EU competition rules in all cases where the conduct under

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<sup>6</sup> <https://oecdgvh.hu/>

<sup>7</sup> <https://www.internationalcompetitionnetwork.org/working-groups/agency-effectiveness/>

<sup>8</sup> <https://www.internationalcompetitionnetwork.org/working-groups/icn-operations/cooperation/>

investigation may affect trade between Member States. It is also part of the task of the Member States' authorities to participate in the decision-making process on cases conducted by the EU Commission's Directorate-General for Competition, and to assist each other by sharing theoretical and practical experience.

### 3.5. Visegrad Four initiative

11. In the framework of the Hungarian Presidency of the Visegrad Group, competition law experts from the four countries meet regularly in Budapest at the competition law conference organized by the GVH. The heads and experts from the competition authorities of the Visegrad Countries discussed competition law issues and legislative practices in the region, as well as challenges and possible solutions in the construction sector and digital markets at the recent event in 2022.<sup>9</sup>

12. In addition to regular conferences with V4 enforcers, the GVH has placed a great emphasis on the wider involvement of stakeholders. Last year the GVH, together with the Office of the Commissioner for Fundamental Rights, launched a study competition in the four Visegrad countries. The competition contest offered law and PhD students the opportunity to submit essays on competition law and fundamental rights. In addition to the prize, the authors of the winning entries were also given the opportunity to have their work published in a special issue of the Competition Mirror (Versenytükör), the professional journal of the Hungarian Competition Authority.<sup>10</sup>

### 3.6. Bilateral and Regional Cooperation 2023

13. It is in Hungary's interest that the Western Balkan countries, including the beneficiaries of the OECD-GVH RCC, join the European Union as soon as possible. The GVH shares its enforcement and competition expertise and provides its regional partners with all the support they need to bring their competition rules into line with EU law. The GVH has signed Memoranda of Understanding (MoUs) with national and regional competition authorities from various non-EU-member countries in the region (e.g., Serbia, Albania, Ukraine, Moldova)<sup>11</sup>. The latest MoU was recently signed with the Montenegrin Agency for the Protection of Competition (APC) in November 2023.<sup>12</sup>

14. In addition to bilateral regional relations, the GVH also fosters multilateral regional cooperation. In Spring 2022, the GVH was the first authority in the region to raise the issue of strengthening and institutionalising professional relations among the competition authorities of the region. The GVH and nine other competition authorities in the region signed an MoU in Warsaw on 18 April 2023 to strengthen their partnership in the field of competition policy.<sup>13</sup> Regional cooperation helps to find more effective responses to

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<sup>9</sup> [https://gvh.hu/pfile/file?path=/en/gvh/Conference/iii.-v4-competition-conference/III.\\_Visegrad\\_4\\_Competition\\_Conference\\_Programme\\_220426.pdf&inline=true](https://gvh.hu/pfile/file?path=/en/gvh/Conference/iii.-v4-competition-conference/III._Visegrad_4_Competition_Conference_Programme_220426.pdf&inline=true)

<sup>10</sup> [https://gvh.hu/pfile/file?path=/gvh/kiadvanyok/versenytukor/lapszamok/Versenytukor\\_2023\\_kulonszam\\_VIII&inline=true](https://gvh.hu/pfile/file?path=/gvh/kiadvanyok/versenytukor/lapszamok/Versenytukor_2023_kulonszam_VIII&inline=true)

<sup>11</sup> [https://gvh.hu/en/gvh/international\\_relations/international\\_bilateral\\_cooperation\\_agreements/6416\\_en\\_international\\_bilateral\\_cooperation\\_agreements](https://gvh.hu/en/gvh/international_relations/international_bilateral_cooperation_agreements/6416_en_international_bilateral_cooperation_agreements)

<sup>12</sup> [https://gvh.hu/en/press\\_room/press\\_releases/press-releases-2023/cooperation-agreement-between-gvh-and-the-montenegrin-competition-authority](https://gvh.hu/en/press_room/press_releases/press-releases-2023/cooperation-agreement-between-gvh-and-the-montenegrin-competition-authority)

<sup>13</sup> [https://gvh.hu/en/press\\_room/press\\_releases/press-releases-2023/competition-authorities-of-the-region-strengthen-their-cooperation](https://gvh.hu/en/press_room/press_releases/press-releases-2023/competition-authorities-of-the-region-strengthen-their-cooperation)

economic challenges, including tools that can help fighting inflation. As the cooperation remains open to invite other NCAs, the parties agreed that the Austrian NCA will also join the regional cooperation. The amendment to the MoU will be signed during the OECD Competition Week in December 2023.

15. The cooperation agreement established an informal professional relationship between the parties, as reflected in the language of the agreement and was drafted in a way that allows for maximum flexibility to meet the needs of the parties and to facilitate their regional cooperation in various areas of competition law. As such, the obligations of the parties are essentially recommendations rather than enforceable tasks.

16. According to the parties to the MoU, cooperation is essentially of an expert nature. In this context, expert working groups were set up in Warsaw alongside the Presidential Round Table. In addition, three further technical training sessions were organised in 2023. These training sessions lasted five working days and covered various topics related to competition law and the operational functioning of competition authorities. One-week long training sessions were hosted by Moldova on two occasions and by Poland on one occasion and were attended by experts from the competition authorities. In the interest of cost-effectiveness, participation in the training courses was made possible both online and in person.

17. The rotating presidency is considered a key institution for cooperation. The rotating president is the driving force behind cooperation, proposing topics for training and playing a key role in operational organisation. This year, in 2023, the Office of Competition and Consumer Protection (UOKiK) is holding the Presidency. The duties of the President-in-office include convening and organising the Presidential Round Table and the expert working groups during the year of his/her presidency.

18. Each year, the President's Roundtable discusses the issues of the current year and decides on the President for the following year. Under the cooperation agreement, unless otherwise agreed, the authorities will succeed each other in the presidency in alphabetical order (according to the short English names of the countries of each party), with Poland followed by Romania in 2024.

#### 4. Concluding remarks

19. In summary, these steps demonstrate that the GVH has always attached great importance to regional cooperation, in addition to its involvement in global competition initiatives. Cooperation with regional partners allows NCAs to better react to recent challenges, e.g., the consequences of the war in Eastern Europe and the high inflation that has caused major problems in all European economies, but especially in Central and Eastern Europe. Close regional cooperation allows NCAs to share good solutions and best practices. A recent example is the initiative of the GVH to set up an online price monitoring database<sup>14</sup> in July 2023, based on the good experience of the regional NCAs in Greece and Romania. With increasing price transparency in Hungary in recent months, enhancing comparability of consumer prices can stimulate competition, lower prices and generate greater consumer awareness. Therefore, the GVH intends to share the prosperity of this system with its regional counterparts who face equivalent issues. Ultimately, it is evident that exchanging experiences and best practices at the regional level can aid in ensuring more effective enforcement of competition law and policy, which is evolving worldwide.

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<sup>14</sup> <https://arfigyelo.gvh.hu/>

