

GVH would provide relief for operators in the hospitality sector

10 February 2023, Budapest - The Hungarian Competition Authority (GVH) launched a sector inquiry to analyse the procurement of beverages by restaurants. The national competition authority made a number of suggestions to the players of the industry and proposed legislative relief for undertakings in difficulty. The relevant market operators have 30 days to comment on the draft report of the investigation.

The Hungarian Competition Authority has closed its sector inquiry [into the procurement of drinks domestic restaurants, pubs and other catering outlets - i.e., the HORECA sector](#). The GVH investigated in detail the business practices, market conditions and sector specificities related to the procurement of beverages at all levels of the value chain, as well as consumer preferences and sectoral experience in other EU Member States.

The investigation found that the widespread market practice of large drinks distributors providing support (in the form of equipment, facilities and financial discounts) to their contracted catering outlets can result in low consumer prices. However, in order to realise consumer benefits, it is necessary that the obligations in exchange for the preferences do not impede market competition. The ideal balance between the parties is assisted by the proposals of the Authority in its report.

The GVH analysis included [also the trade regulation that came into force a few years ago, expanding the choice of beverages](#). The investigation revealed, and it is good news for the HORECA sector, that large beverage distributors no longer explicitly use exclusivity clauses in their contracts. The regulation also requires catering facilities that in specific types of beverages [consumers are given a choice, i.e. stocking products from several manufacturers](#). However, in view of the higher costs of stockholding and the difficulties caused by the energy crisis, labour shortages and economic uncertainty linked to the war situation, which are already affecting the sector, the Competition Authority recommended that the legal obligation for caterers be suspended for at least the duration of the state of emergency. The proposal of the GVH would be a significant relief, in particular for those catering establishments with lower consumer demand for small-scale drinks brands (e.g. pubs, beach bars). The results of the investigation show that in those places where there is a strong consumer demand for a wider range of products, speciality, small-scale products are still being sold on the drinks menu even in the absence of a legal obligation.

The Competition Authority will give stakeholders 30 days (until 13 March 2023) to comment in writing on the draft report, which will be available on the website of the Authority, before the conclusion of the sector inquiry:

https://gvh.hu/en/resolutions/sectoral_inquiries_market_analyses/sectoral_inquiries/sectoral_inquiries

GVH Public Service and International Section

Further information:

Bálint Horváth, Head of Communication +36 20 238 6939

Katalin Gondolovics, Spokesperson +36 30 603 1170