

The Hungarian Competition Authority uncovered a nationwide cartel on road signs and road markings - resulting in a fine of almost €300 million

Budapest, 5 October 2023 - The end to a long-running cartel case has been reached. The Hungarian Competition Authority (Gazdasági Versenyhivatal - GVH) has found that a large number of road marking and road signposting companies divided the domestic market amongst themselves between 2012 and 2014. The national competition authority imposed fines on 17 companies – totalling around HUF 300 million – for a series of nationwide collusive practices. Furthermore, some of the parties responsible faced criminal sanctions as well.

The Hungarian Competition Authority launched an investigation in 2015 into suspected collusions between participants in public procurement tenders for certain domestic traffic engineering activities, predominantly the painting of road markings and the installation of road signs. The competition supervision proceedings revealed that the companies concerned, had agreed on the prices they would bid for the tenders, the winners of the tenders and the compensation for their works – thereby dividing the domestic market between themselves between 2012 and 2014. The investigation found that infringements at regional level extended to certain national level tenders and even to other competitive tendering procedures (below value thresholds or by private operators). Together, the infringements affected the entire country, and the anticompetitive division of the market involved the vast majority of domestic road marking and signposting companies. The cartel participants violated not only national competition rules, but also the prohibition of cartels set out in the Treaty on the Functioning of the European Union, as their conduct may have affected trade between Member States.

The investigation – mainly due to the large number of players and the large number of tenders involved – proved to be particularly complicated, even among cartel cases which could traditionally be considered complex. Over the course of the 8-year procedure, more than 1,100 sub-documents were gathered in the case file, and the GVH had to wait – in total – almost 2,300 days (more than 6 years) for various information disclosures and court proceedings related to the case to be completed. Among the latter, the GVH was forced to suspend its competition supervision proceedings until the conclusion of a 4-year-long criminal proceeding between 2018 and 2022, as some of the elements of the cartel also constituted a criminal offence according to the decision of the Budapest-Capital Regional Court.

When assessing the infringements committed, the Competition Council of the GVH considered as a particularly aggravating circumstance that in most cases they were aimed at divvying up procurement procedures involving public funds, and in many cases the companies' senior officials were also involved. However, the authority took into account the cooperation of certain participants as a mitigating circumstance, as almost half of the companies fully admitted to the

infringements in a so-called settlement procedure. In the end, fines totalling HUF 284.8 million were imposed by the competition authority on 17 firms involved in the case.

Case number: **VJ/3/2015.**

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