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FINES FOR BID RIGGING ON EIGHT CONSTRUCTION COMPANIES

The Competition Council of the Hungarian competition authority (GVH) imposed a fine of HUF 593,9 million (ca. EUR 2,4 million) on 8 construction companies for the rigging of their bids in respect of a road construction work put out to tender. The bids in the public procurement deal were invited by the Municipality of Budapest. The members of the cartel agreed which one of them was to win the public procurement contract and to employ then the others as subcontractors to the project.

On 16 September 2005, the Competition Council found that the practice of the following undertakings had the potential to restrict competition and, therefore, imposed fines on them.

Alterra Rt.	HUF	7 200 000	ca. EUR	29 000
Betonút Rt.	HUF	68 000 000	ca. EUR	274 000
EGÚT Rt.	HUF	74 700 000	ca. EUR	300 000
Hídépítő Rt.	HUF	182 500 000	ca. EUR	735 000
Mélyépítő Kft.	HUF	32 400 000	ca. EUR	130 000
Mota Rt.	HUF	29 500 000	ca. EUR	118 000
Strabag Rt.	HUF	182 600 000	ca. EUR	736 000
Swietelsky Kft.	HUF	17 000 000	ca. EUR	68 000
total	HUF	593 900 000	ca. EUR	2 400 000

No infringement was found to be committed by Hidtechnika Kft., Betonplasztika Kft. and Vegyész Rt., and the proceedings against them were terminated.

The fine calculation based on the total value of the public procurements published in 2001 and 2002, that is HUF 11,6 billion (ca. EUR 46,8 million).

The GVH started its investigation in 2001 and continued it during the year 2002. The investigation found that the anticompetitive practices covered all the 11 procurements in 2001 with two exceptions and one third of the 33 procurements in 2002.

The existence of a cartel agreement was evidenced by private records of board members of two undertakings of the cartel.

Bid rigging is one of the most serious and, therefore, most seriously punishable infringements according to the legal practice of the European Union, as it directly distorts the allocation of sources.

In calculating the amount of fine, in line with its previous resolutions, the Competition Council took into account the fact that the infringement concerned public money, hence it affected social interests to an increased extent.

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