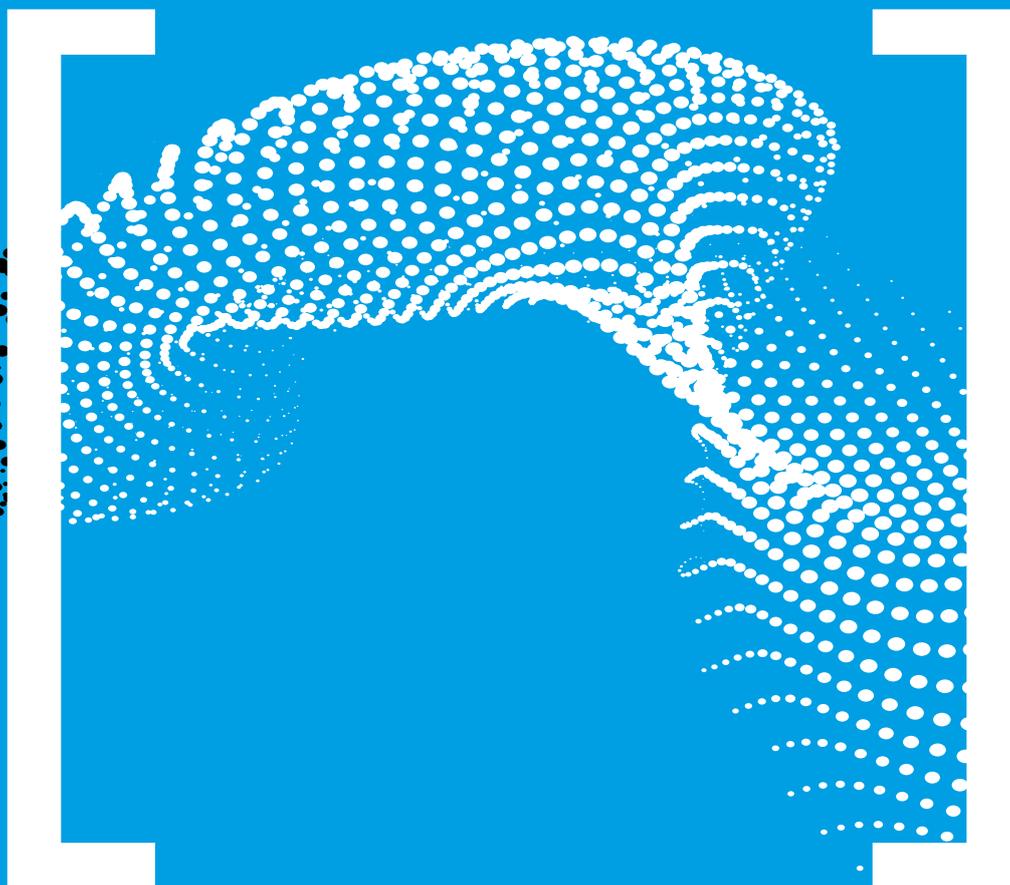
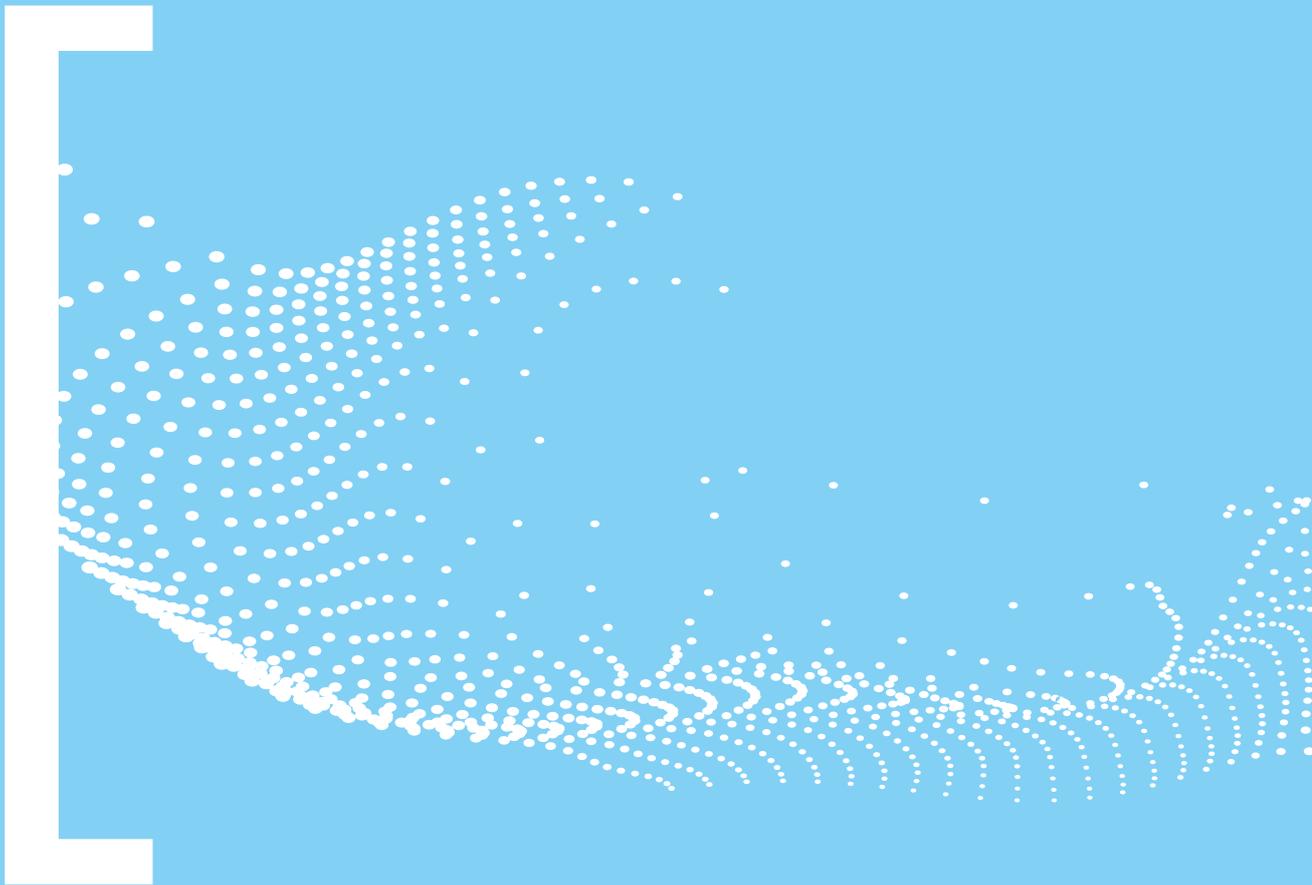
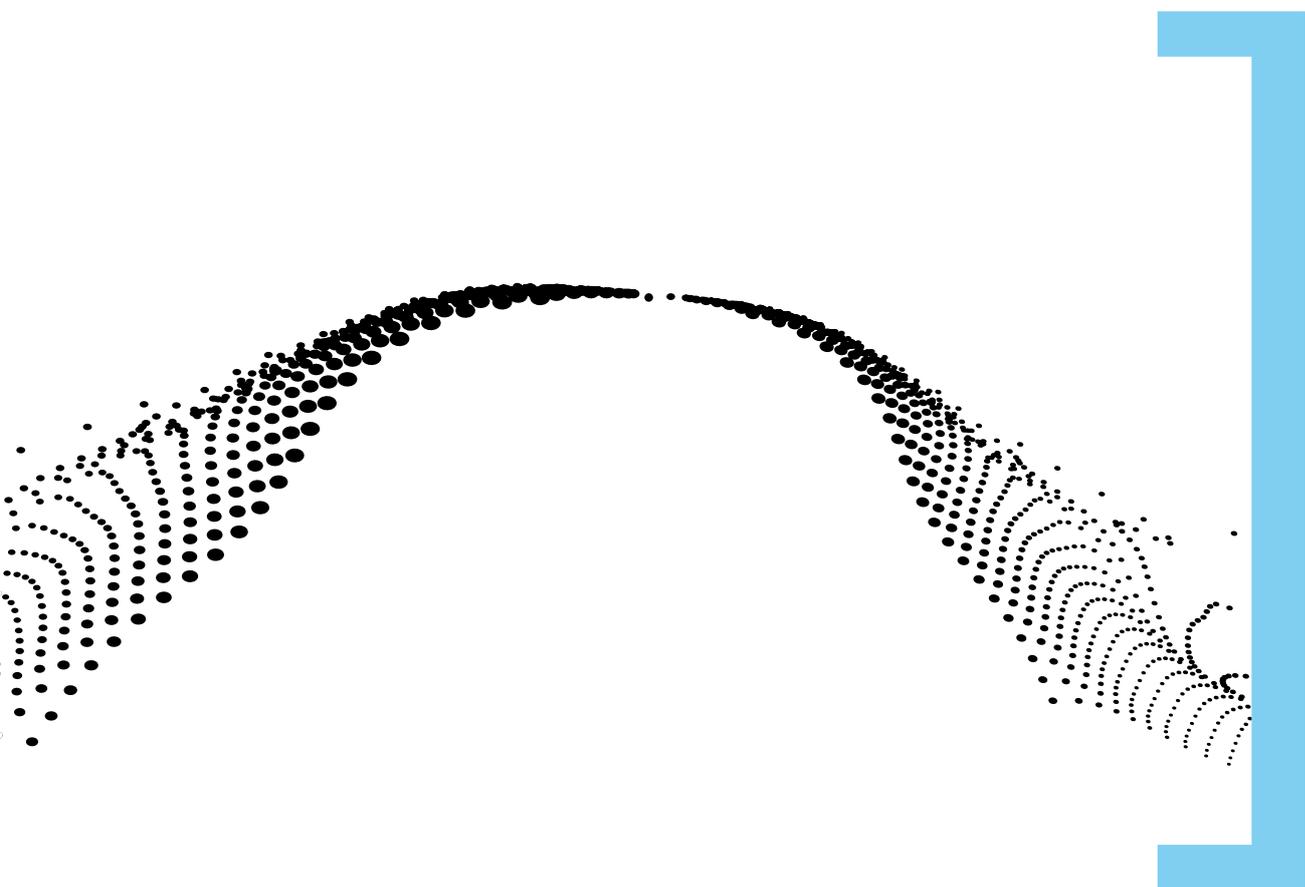


# Annual Activity Report, 2016

OECD-GVH Regional Centre  
for Competition in Budapest (Hungary)









## I. Introduction and organisational setup

The OECD-GVH Regional Centre for Competition in Budapest (Hungary) (“RCC”) was established by the Gazdasági Versenyhivatal (GVH, Hungarian Competition Authority) and the Organisation for Economic Co-operation and Development (OECD) on 16 February 2005 when a Memorandum of Understanding was signed by the parties.

The main objective of the RCC is to foster the development of competition policy, competition law and competition culture in the South-East, East and Central European regions and to thereby contribute to economic growth and prosperity in the involved regions.

The RCC provides capacity building assistance and policy advice through workshops, seminars and training programmes on competition law and policy for officials in competition enforcement agencies and other parts of government, sector regulators, and judges. The RCC also works to strengthen competition law and policy in Hungary and in the GVH itself.

The RCC's work focuses on four main target groups. The first group of beneficiaries are the competition authorities of South-East Europe and the majority of

the CIS countries, namely Albania, Armenia, Azerbaijan, Belarus, Bosnia and Herzegovina, Bulgaria, Croatia, Georgia, Kazakhstan, Kosovo<sup>1</sup>, Kyrgyzstan, FYR of Macedonia, Moldova, Montenegro, Romania, the Russian Federation, Serbia and Ukraine. The work targeting these economies is regarded as the core activity of the RCC. These economies have all progressed with the development of their competition laws and policies, but are at different stages in this process. As a consequence, the needs for capacity building differ among the involved non-OECD member economies and this necessitates a broad approach to competition outreach work. Major capacity building needs in these regions include (a) enhancing analytical skills in competition law enforcement, (b) raising the awareness of the judiciary regarding the specific characteristics of competition law adjudication, (c) pro-competitive reform in infrastructure sectors, (d) competition advocacy, (e) relations between competition authorities and sector regulatory agencies, (f) legal and institutional reform in the area of competition, and (g) building international co-operation and networking.

<sup>1</sup> This designation is without prejudice to positions on status, and is in line with United Nations Security Council Resolution 1244/99 and the Advisory Opinion of the International Court of Justice on Kosovo's declaration of independence.

Judges represent the **second target group** of the RCC's activities. The seminars for judges provide judges with an opportunity to improve their understanding of competition law and economics, to exchange views on the latest developments in EU competition law, and to discuss the key challenges arising in competition law cases.

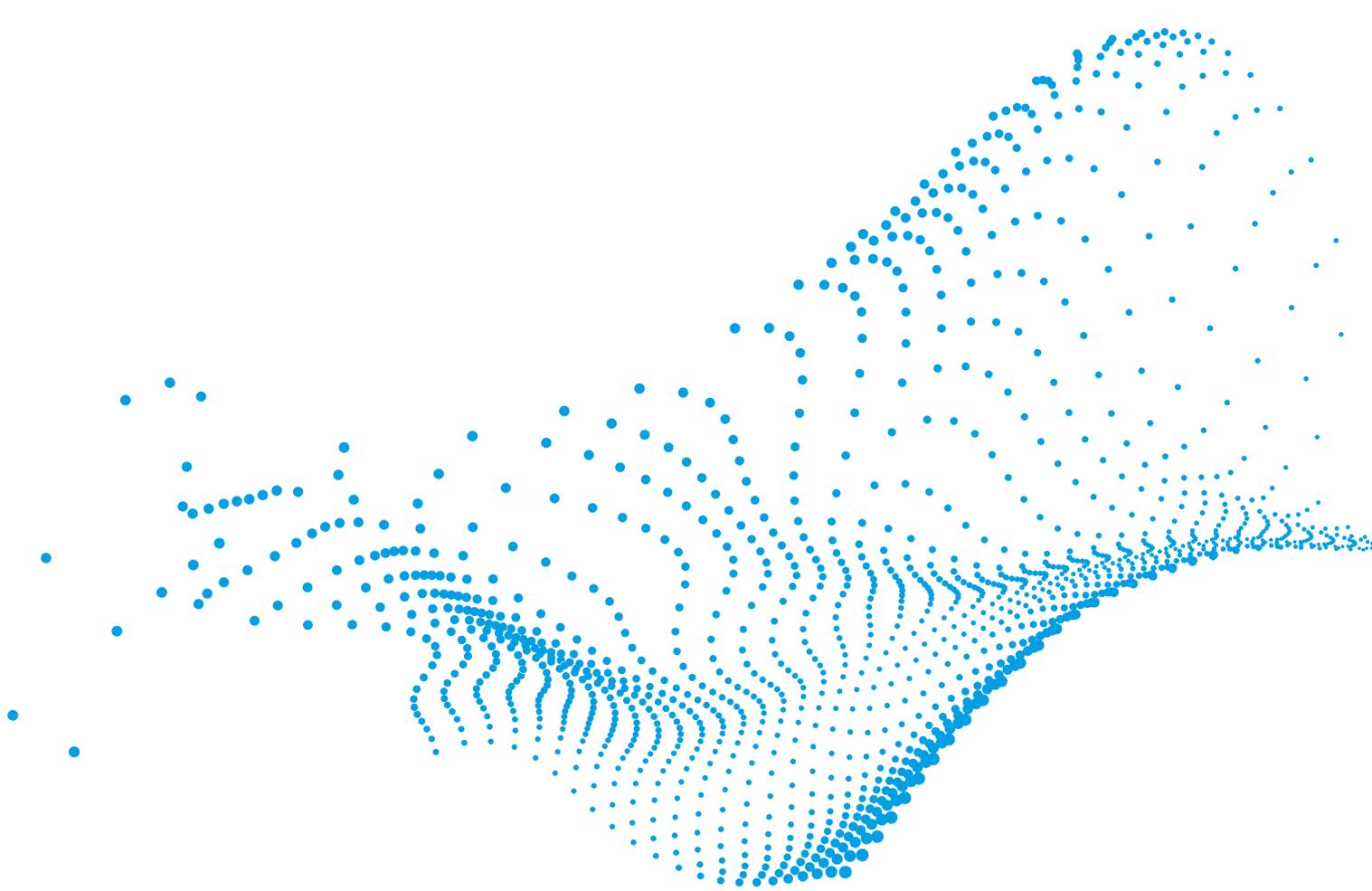
The **third group of beneficiaries** of the work of the RCC are the competition authorities which belong to the Central European Competition Initiative (CECI). This Initiative aims to provide a forum for co-operation on competition matters and was established by the Central European competition authorities in 2003. It is a network of agencies and operates via workshops and informal meetings. Involved are the competition authorities of Austria, the Czech Republic, Poland, Slovakia, Slovenia and Hungary. These countries all belong to the same geographic region, share fundamentally similar cultural traditions and historical experiences and are, more or less, at the same stage of development. As a result, their competition authorities face several common challenges and difficulties. Moreover, from time to time these authorities deal with markets which are regional, overlapping or which are connected to each other,

and they may also on occasion deal with the same parties (the same companies within the region).

The **fourth beneficiary of the RCC's work** is the GVH itself. The agendas of the RCC workshops that are organised for the staff of the GVH are related to ongoing projects or "hot" topics and provide an excellent opportunity for staff to learn about state-of-the-art antitrust theory and enforcement practices.

Concerning the functioning of the RCC, the Memorandum of Understanding of the RCC provides that the GVH and the OECD are to make major decisions on their activities and work jointly. For this purpose, the parties meet on an annual basis to review the operation and performance of the RCC and to prepare the annual work plan.

Regarding the financing of the RCC, the GVH is responsible for providing most of the necessary funding for the functioning of the RCC, including an annual voluntary contribution to the OECD for the costs associated with the staff position in Paris. The OECD helps to co-finance the RCC's operation and activities. In addition to this, both the GVH and the OECD co-operate in efforts to raise additional financial support for the RCC from third parties.





## II. Overview of the activities for the year 2016

The RCC organised six events in 2016. Seminars focused on some important core competences of competition authorities as well as on best practices in the area of competition law. In addition to its regular

seminars, the RCC continued with its special initiatives: a seminar organised in one of the beneficiary economies, and a seminar organised jointly with the FAS Russia.

**Table №1**

Total number of speakers per country or institution

Speakers		
Country or institution	Number	Person-days
Belgium	2	5
Denmark	1	2
EU Commission	2	5
Germany	3	8
Israel	2	6
Italy	2	6
Lithuania	1	3
Luxembourg	2	7
Romania	1	3
Russian Federation	5	15
Serbia	4	12
United Kingdom	5	13
United States	2	7
GVH	6	19
OECD	6	18
Aggregate	44	129

Altogether, over the course of the year, the RCC invited 254 participants and 44 speakers to its events. Through the RCC's core events it delivered 564 person-days of capacity building.<sup>2</sup> All in all, participants from 23 economies and institutions attended the RCC's programmes, coming from Albania, Armenia, Azerbaijan, Belarus, Bosnia and Herzegovina, Bulgaria, Croatia, the OECD, Georgia, Kazakhstan, Kosovo, Kyrgyzstan, FYR of Macedonia Moldova,

Montenegro, Romania, Russian Federation, Serbia, Singapore, Tajikistan, Ukraine, Uzbekistan and the GVH. Meanwhile, experts from 15 countries and institutions attended as panel members: Belgium, EU Commission, Denmark, Germany, Israel, Italy, Lithuania, Luxembourg, Romania, Russian Federation, Serbia, United Kingdom, United States, the GVH and the OECD.

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<sup>2</sup> Person-days are defined as the number of days a person attended a RCC seminar. Thus, if 10 people attended a course for 5 days and 4 people attended a course for 3 days the number of person days delivered is 62 ( $10*5 + 4*3 = 62$ ).

## III. Detailed review of the activities in the year 2016

### 1. Standard programmes in the framework of the core activity

#### a) 8 - 11 March, Introductory Level Seminar – Basic Concepts and Procedures in Competition Law for Young Authority Staff

The seminar was attended by 41 competition law enforcers from 17 SEE and CIS countries, including Hungary.

This beginner level seminar was designed to provide young authority staff with an opportunity to become more familiar with basic competition law concepts. We highlighted cartels, mergers and abuse of dominance and addressed basic legal and economic theories as well as procedural requirements and the relevant case law. The international component of competition law enforcement was also presented. The participants had a chance to apply and deepen their knowledge in practical exercises and to become more familiar with different areas of competition law. Experienced practitioners from OECD countries shared their knowledge and engaged in a lively exchange with the participants.

Sabine Zigelski (OECD) gave the introductory presentation and outlined the main competition law topics, namely the benefits of competition for the economy and society and the three basic areas of competition law, which are cartels, mergers and abuse of dominance. Introductory literature and sources of information and training were presented as well.

The next session already required participants to work by themselves on the topic of procedural requirements in competition law proceedings. We split up into four groups and each of the groups prepared a different (sub)topic for presentation and discussion to the plenary. The different group topics were: rule of law, right to be heard, access to file and business secrets, and filing. This led to a lively exchange and discussion within the groups and during the presentations in the full group. Despite the differences in the national procedural law provisions, the basic principles of the rule of law require similar approaches. The experts also pointed out that strict adherence to procedural law provisions will strongly support the substantive analysis of the case and will increase the overall quality of the work.

Table No2 provides a brief overview of the topics of the seminars held in 2016 as well as the participating economies and institutions.

**Table No2**

Summary of activities in 2016

Event Topic	Date	Total Number of Participants and Speakers	Attending Economies/Institutions
Introductory Level Seminar - Basic Concepts and Procedures in Competition Law for Young Authority Staff	08-11 March	41 + 5	Participants: Albania, Armenia, Belarus, Bosnia and Herzegovina, Bulgaria, Croatia, OECD, Georgia, GVH, Kazakhstan, Kosovo, Kyrgyzstan, FYR of Macedonia, Moldova, Montenegro, Romania, Russian Federation, Serbia, Ukraine  Speakers: GVH, OECD, Italy, Luxembourg, United States
GVH Staff Training	14-15 April	83 + 8	Participants: GVH  Speakers: Belgium, EU Commission, Denmark, OECD, Germany, Italy, United Kingdom
Advanced Level Seminar – Information Exchange: Efficiency Enhancing or Cartel in Disguise?	18-20 May	32 + 6	Participants: Albania, Armenia, Belarus, Bosnia and Herzegovina, Croatia, Georgia, GVH, Kazakhstan, Kosovo, Kyrgyzstan, FYR of Macedonia, Moldova, Romania, Russian Federation, Serbia, Singapore, Ukraine  Speakers: GVH, OECD, Israel, Luxembourg, United Kingdom
RCC – FAS Seminar in Russia – Fighting Bid Rigging and Corruption	07-09 June	22 + 10	Participants: Armenia, Azerbaijan, Belarus, Kazakhstan, Kyrgyzstan, Moldova, Russian Federation, Tajikistan, Uzbekistan  Speakers: Belgium, Germany, OECD, GVH, Israel, Russian Federation
Outside Seminar in Serbia – Competition Advocacy	27-29 September	42 + 9	Participants: Albania, Armenia, Belarus, Bosnia and Herzegovina, Croatia, Georgia, Kazakhstan, Kosovo, Kyrgyzstan, FYR of Macedonia, Moldova, Montenegro, Romania, Russian Federation, Serbia, Ukraine  Speakers: GVH, OECD, Germany, Lithuania, Romania, Serbia
Sector Event: Competition Rules and the Financial Sector	06-08 December	34 + 6	Participants: Albania, Armenia, Azerbaijan, Bosnia and Herzegovina, Bulgaria, Croatia, Georgia, GVH, Kazakhstan, Kyrgyzstan, FYR of Macedonia, Moldova, Montenegro, Romania, Russian Federation, Serbia, Ukraine  Speakers: EU Commission, GVH, OECD, United Kingdom, United States

The afternoon session focused on market definition and market power. At the start the participants were once again asked to work in breakout groups on a hypothetical case. The case centred on market definition and prompted the participants to think about methods for defining markets, differences in market shares depending on the market definition and what information would need to be obtained in order to define markets.

Ms Barbara Blank (FTC, US) gave an overview of the reasons for defining markets and approaches for the definition of product and geographic markets, including the hypothetical monopolist test. She then turned to the determination of market power and explained where this would be necessary in competition law proceedings. She explained that market shares can only be a starting point and have to be supplemented by a full analysis of all the legal and

factual circumstances on the market and an in depth examination of the barriers to entry. In her conclusion she also explained why market power often is not a concern to competition authorities, as temporary market power is the driver for innovation, productivity and efficiency.

Vivien Terrien (Court of Justice of the EU, Luxembourg) complemented Barbara's presentation with an overview of the European case law on market definition. He gave a very structured overview of the criteria for demand and supply side substitution, like, inter alia, switching data and switching costs, shock analysis, internal company documents and illustrated how they were used in various EU cases.



*Introductory Level Seminar for Young Authority Staff  
Budapest, 8 - 11 March 2016*

On day two, Renato Ferrandi (AGCM, Italy) introduced basic concepts of merger control. He explained the idea of unilateral and co-ordinated effects and the substantive tests for merger analysis. This again included market definition and basic economic analysis used in merger investigations and the analysis of barriers to entry. Possible outcomes like clearance, clearance with remedies and prohibitions were explained and Renato also explained the use of structural and behavioural remedies and finished with a short merger case study.

Like on the first day, Vivien Terrien complemented this presentation by providing an overview of EU case law on unilateral and co-ordinated effects. In relation to unilateral effects, Vivien introduced cases where the merging firms had large market shares or were close competitors, customers had limited possi-

bilities to switch suppliers, the merged entities had the capability to hinder expansion by competitors or the merger would eliminate an important competitive force. As regards co-ordinated effects, he explained the analytical framework set by the Airtours and Bertelsmann/Impala cases.

The second part of the day focused on practical aspects of merger investigations. Participants were asked to work in breakout groups on a hypothetical merger case, this time a vertical merger. In the discussion the likely theory/theories of harm had to be developed, along with the subsequent necessary steps of the investigation and a time plan for the investigation.

The final presentation by Sabine Zigelski referred to many of the questions that arose in the breakout sessions and focused on merger procedures, namely on time and project management, investigative steps and information sources, as well as on the ways in which information can be obtained. The presentation benefitted from interventions by the other experts who contributed their experience.

The third day started with a hypothetical exercise again. As the day was dedicated to abuse of dominance, the participants were asked to work in different groups on two hypothetical abuse of dominance cases, one on excessive pricing and the other on foreclosure activities. For each case one group had to prepare the authority's arguments and the other the defendant's arguments. We then conducted two hearings in the plenary where the opposing sides exchanged their views and arguments. This exercise helped the participants to see different sides of arguments and to develop relevant questions with regard to abuse of dominance proceedings.

Barbara Blank then gave a general presentation on monopolies and the abuse of dominance. She explained again why the existence of a monopoly is not the real problem and why competition authorities instead rather focus on the exclusionary behaviour of dominant firms that raises barriers to competition and competitors. She explained different kinds of exclusionary conduct, using McWane and Intel as case examples, and also introduced the equally efficient competitor test.

In the afternoon Vivien Terrien completed the topic with an overview presentation on European case law on dominance and abusive conduct. Vivien walked the group through the case law on dominance, fea-

turing the necessary steps, namely the determination of market shares, findings on barriers to entry and expansion, countervailing buyer power and finally the evidence of actual competition on the market. He then presented the case law on five different categories of abuses, refusal to supply, tying and bundling, selective price cuts, margin squeezes and finally rebates.

To finish this part of the seminar, Sabine Zigelski gave a brief overview of the basic concepts for dealing with vertical competition restraints and how this ties in with the concepts of abuse that were discussed earlier. The European legal framework, including block exemption regulations, was briefly introduced.

At the end of the day Renato Ferrandi presented two case studies, the Italian “booking” case and the European e-book case. These cases are very good examples of cases that involve different market sides and that raise concerns about vertical as well as horizontal contractual relationships. These cases also demonstrate how important it is to look at the competitive effects of market behaviour and that an effect can also be found at the horizontal level.



*Introductory Level Seminar for Young Authority Staff  
Budapest, 8 - 11 March 2016*

The last day of the seminar started with an introduction into the EU legal framework on horizontal competition restraints by Botond Horváth (GVH, Hungary). He outlined the scope of competition law and explained the concepts in Art. 101 TFEU step by step, including the object/effect distinction. Individual and block exemptions were also explained.

Renato Ferrandi introduced horizontal hard core cartels as the last substantive topic of the seminar. He explained why cartels are particularly harmful and how they can be detected and prosecuted by competition authorities. This included leniency, market studies and dawn raids and he ended with some words on the relevance of fining and effective deterrence.

Sabine Zigelski concluded the seminar with a presentation on international co-operation in competition law proceedings. The increasing need for international co-operation was highlighted as well as the OECD/ICN work on this topic. Various areas for co-operation were discussed along the lines of the 2014 OECD recommendation, including notifications, mutual support and information exchange. Some fora for international co-operation like the ICN, regional initiatives and the EU and the EAEU were introduced.

The seminar gave the participants a lot of opportunities to engage and to raise questions. They also introduced their national experiences in the smaller breakout sessions and had a chance to get to know their counterparts from the other beneficiary agencies as well as the experts. This will hopefully foster a better understanding on the regional level and encourage closer co-operation in the future.

#### **b) 18 – 20 May 2016, Advanced Level Seminar – Information Exchange: Efficiency Enhancing or Cartel in Disguise?**

The seminar was attended by 31 competition law enforcers from 15 SEE and CIS countries including Hungary and a representative from APEC.

The topic was different forms of information exchange: formal and informal exchanges, direct and indirect exchanges and the unilateral disclosure of information and signalling. Information exchanges can be observed in horizontal and vertical relationships and in different organisational settings. We investigated which forms of information exchange warrant closer scrutiny by competition authorities. Experts from OECD member countries presented cases and engaged in hypothetical exercises with the participants. The recent EU case law was presented and discussed.

In the introductory presentation Sabine Zigelski (OECD) outlined the relevance of information exchanges to modern market economies and pointed

out the beneficial effects and efficiencies related to information exchange. It only becomes relevant to competition authorities if an information exchange is used to facilitate or enable collusive or foreclosure behaviour on markets. The relevant theories of harm, market structures and the need to balance pro- and anti-competitive effects of information exchanges were explained.

Romania then presented a case study where the information exchange served to enable a boycott of a competitor by the remaining competitors on the market. Media agencies had colluded to exclude an aggressive competitor from bids for media campaigns, by discrediting it and by collective refusals

well as the possibility for an exemption and the role and liability of intermediaries facilitating information exchanges. Vivien gave detailed references to the relevant EU jurisprudence on each point and provided the participants with an excellent structure for their own investigations.

The afternoon started with a hypothetical case exercise. The participants were asked to discuss an information exchange between different suppliers of chocolates and sugar confectionary in smaller groups. The information exchange included intended price increases and strategic information on the negotiation strategy of the retailers in the annual negotiation rounds.



*Information Exchange: Efficiency Enhancing or Cartel in Disguise?  
Budapest, 18-20 May 2016*

to bid if the competitor was invited to a tender process. The Romanian Competition Council imposed fines amounting to a total of € 3.2 million and considered this a “by object” violation. Some of the appeals are still pending but the majority of the fines have already been confirmed by the Court.

Vivien Terrien (EU Court of Justice) then introduced the relevant EU case law on direct information exchanges between competitors. He explained that it can be considered to be a device of an offence, a constituent part of an infringement and even a stand-alone infringement. His presentation also included an explanation of the EU concept of “effect” and “by object” infringements and he showed that information exchanges can fall in the “by object” category. Burdens and standards of proof were outlined, as

This was followed by the presentation of a Hungarian case example by Anna Miks and Boris Martynovic (GVH, Hungary). Anna and Boris presented the contact lens case. A number of contact lens suppliers had entered into a joint market information system, facilitated by a market research company. They exchanged recent and strategic information in a lot of detail. Boris explained the economic analysis that had been undertaken in order to assess negative effects on the markets. The results were inconclusive. The GVH nevertheless considered the behaviour an infringement with potential negative effects on the markets and imposed fines on the participants to the information exchange. The case is still pending in Court. It resulted in an interesting discussion about “by object” or “effect” infringements.

Yonatan Cwikel (IAA, Israel) presented another information exchange case, the Israeli banks case. The major Israeli banks had exchanged information on commissions, their structure and intended increases, on a regular basis. Yonatan explained the mechanisms and details of the exchange and the legal background. The IAA had decided that the exchange had significantly reduced the competitors' uncertainties and their ability to anticipate competitors' actions. It resulted in a determination decision. In the end the decision was annulled by the Court due to procedural flaws. The banking case proved to be of high interest to the participants.

In the last presentation of the day, Moldova presented a case study on insurance companies. The members of the national bureau of motor insurers had conspired to cap the commission fees for insurance brokers for Green Card certificates at 15 %. The Moldovan Competition Council considered this behaviour an infringement by object and imposed fines on the involved insurers. The special difficulties that arose in the case concerned the complicated regulatory framework governing a lot of insurance related questions. It was nevertheless determined that the fees of brokers were open to competition and should not be artificially limited by an agreement between the insurers. The case is pending in Court.

The second day of the seminar carried on with direct information exchanges. Stijn Huijts (CMA, UK) presented the private ophthalmologist case. The CMA had issued an infringement decision in August 2015, after a one year investigation. Private ophthalmologists had engaged in anti-competitive behaviour by creating membership organisations that facilitated information exchange about fees charged to private patients and to ensure co-ordinated responses to private insurers' attempts to reduce fees. The investigation showed that the ophthalmologists were well aware of the illegality of their actions. As the CMA pursues an end-to-end enforcement approach, the action did not end with the infringement decision. It also issued "plain English" materials to explain competition law to medical practitioners and engaged with the industry in meetings and conferences. This approach was successfully pursued also in the estate agents case and the commercial vehicles case. The so-called "60-second summary" was distributed to participants as an example for advocacy work.

Ukraine then presented a case study of an information exchange between retailers that was initiated and maintained by a market research institute, AS-

Nilsen Ukraine LLC. Nilsen collected and distributed very detailed, recent and individualised market data to all retailers. This was seen as a means to facilitate collusion between the retailers and to obtain a better bargaining position vis-à-vis the suppliers. The Antimonopoly Committee of Ukraine (AMCU) had observed unusually high price increases in supermarkets in Kyiv and conducted a detailed economic analysis of the market conditions. The AMCU imposed high fines and ordered the termination of the infringement. The case is still under appeal. In the discussion other cases that involved market research companies were mentioned and the positive and negative effects of market information were debated. All of the participants were highly interested in the case.

The final session on direct information exchange focused on a slightly different aspect, pre-transaction information exchange in merger cases, introduced by Yonatan Cwikel. Often competition authorities face questions from merging parties and their lawyers relating to the extent of information exchange that can take place without infringing competition law or amounting to gun-jumping. While it might be rare that a merger transaction would be used as a pretext to engage in information exchange, there is a real risk that in cases where the merger negotiations or investigation do not end successfully, competitively sensitive information might have been exchanged. The IAA has issued guidelines to facilitate the internal assessment by merging parties. They suggest, inter alia, the use of "clean teams" and external advisors, non-disclosure agreements, information rooms and detailed records of the exchanges.



*Information Exchange: Efficiency Enhancing or Cartel in Disguise?  
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Ms Gloria Pasadilla (APEC, Singapore) started the afternoon with a brief introduction to APEC work on competition law and policy. She stressed the importance of regional interaction and exchange to help national enforcers. The presentation was a welcome reminder that the RCC's work is also an exercise in communication and co-operation between countries of a region and that we should reach out to other regions and compare and explain our experiences in order to learn from each other.



*Information Exchange: Efficiency Enhancing or Cartel in Disguise?  
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Without further introduction the participants were then asked to discuss a hypothetical case, which involved a piece of evidence that showed communication between a supplier and a retailer and which referred to the prices of another retailer. They were asked to develop theories of harm, discuss the evidential value of the message, and to identify the additional investigative steps that would need to be undertaken in order to obtain missing proof. The exercise also provided an opportunity for the discussion of national cases in the smaller groups.

As was worked out during the exercise, the topic was anti-competitive effects of indirect information exchanges between competitors. The systematic introduction was given by Vivien Terrien. He explained the concepts and basic theories of harm for the so-called “hub & spoke exchanges” or “ABC exchanges”. As so far no cases concerning this kind of exchange have reached the EU Courts, he explained the national case practice and jurisprudence. The UK practice is probably the most relevant as it also provides jurisprudence and what is called a 3-prong test. He also gave outlines of German, Austrian, Polish and Belgian cases. All the cases focused on resale price

maintenance practices but allude to potential support of hub & spoke practices. In the German and Austrian cases, informal guidance has been issued by the authorities that is available also in English. He then explained the only European Commission case, the e-books case and its resolution and explained what a possible standard of proof could be in these cases on the basis of existing case law. He concluded that the standard of proof might be lower than in the UK if the AC Treuhand case law and the Anic presumption were considered.

The last day of the seminar carried forward the subject of indirect information exchanges. Stijn Huijts presented the UK experience with ABC infringements and gave a detailed introduction to the Court of Appeal's “3-prong test”. He explained how intentions and a “state of mind” could be proven in practical terms and also shared the learnings of the partially lost dairy case. This was another welcome reminder of the possible elements of proof and the need for a thorough examination in order to successfully conduct this kind of case. In the discussion it was debated if it would be sufficient to instead prosecute resale price maintenance (RPM) infringements, as they are usually part of an ABC infringement and this might alleviate the investigative burden. The experts pointed out that an ABC exchange amounts to a hard core violation of Art. 101 TFEU and thus should be prosecuted and fined as such. An RPM case could be considered a weak and sometimes inappropriate substitute.

The last topic of the seminar, unilateral disclosure of information, was introduced by Sabine Zigelski. She gave a brief reminder of the potential harm and ben-



*Information Exchange: Efficiency Enhancing or Cartel in Disguise?  
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*Information Exchange: Efficiency Enhancing or Cartel in Disguise?  
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efits of unilaterally disclosed information and the circumstances where it might be considered problematic. This served as the background for the last hypothetical exercise. In this exercise the participants were asked to discuss a newspaper article. The article quoted different representatives of major banks who had given statements on potential fee increases and the situation of the sector in general. In the group discussions the potential for competitive harm was analysed and the required additional investigative steps, as well as the national experience with this type of case.

A systematic introduction to the topic was then given by Vivien Terrien, on the basis of EU case law. He introduced the potential theories of harm and, as it is again a relatively new area of inquiry, he discussed the competition authorities' practice as observed in UK and Dutch cases and the European Commission's cement case and container shipping case. As none of the cases have been appealed, he tried to identify the possible legal standard on the basis of established EU case law. This provided a very good framework for the future case investigations of the participants and also the experts. He also introduced the recent Lithuanian travel agent case and discussed the standard for distancing oneself from unwelcome information.

The seminar concluded with a case study by Russia. Russia has investigated a liner shipping case that is

in many aspects similar to the ongoing European Commission's case. Liner shippers had displayed highly parallel behaviour when it came to price increases and the price increases were regularly introduced by unilateral announcements by individual liner shippers and the others followed suit. The investigation by FAS Russia did not find evidence of direct communication and thus relied on the unilateral exchanges. The companies under investigation alleged that the behaviour was beneficial to consumers, which was easily rebutted by consumers who stated that they felt harmed by the behaviour. FAS Russia has issued an infringement decision and the case is currently under appeal.

### **c) 6-8 December, Seminar on Competition Rules in the Financial Sector**

In December 2016, the OECD/GVH annual sector workshop took place in Budapest, Hungary, with this year's event devoted to the application of competition policy to a sector that is central in many economies: the financial sector.

This year's programme focused on enforcement actions and there was a wide array of expert speakers with extensive experience in the sector that were kindly made available by the authorities of the EU Commission (EU), Department of Justice (US), Financial Conduct Authority ("FCA", UK), and GVH (Hungary).

The event started with a backdrop to the workshop and the key competition aspects to consider in the context of the sector, including a brief introduction to the relationship between competition and financial stability. This was followed by a session on merger control in the EU led by Mr. Ruben Maximiano (OECD), which focused on a number of different cases from retail banking to trading platforms and insurance markets. Particular focus was placed on the definition of markets, as well as some key aspects of the competitive assessment in such types of cases at the EU level. The last morning session introduced a country case study from Ukraine about a merger in the retail banking sector. The presentation detailed the investigation efforts, the analysis of the evidence collected, and the finding that no anti-competitive effects would result from the transaction.



*Seminar on Competition Rules in the Financial Sector  
Budapest, 6-8 December 2016*

The afternoon sessions were devoted to cartels in the financial sector and covered a number of the most recent and well-known cases that have taken place in global markets. In the first presentation Mr. Joseph Muoio (DOJ) led the session on the Libor, FX and other cartel cases such as the municipal bonds case in the US, having examined the main elements of each of these cases. The second part of Mr. Muoio's presentation was more focused on the investigative tools that were used in the uncovering of the said cartels, including some useful guidance for conducting these investigations in financial markets, and the key sources of evidence and methods that were used to obtain such evidence. To round off the day Montenegro presented a decision the competition authority took finding an anti-competitive agreement in the insurance sector between two compet-

itors in July 2015, including also in that context the direct exchange of sensitive information between those competitors.

The first part of the second day was exclusively dedicated to antitrust investigations and cases in the payment system area. Payments systems are absolutely crucial for the well functioning of a market economy and the European Commission has had some high profile cases in this field. During the session some of these cases, namely the VISA and MASTERCARD cases, were discussed in detail by Ms. Anne-Tissot Favre (EU), who was involved in these investigations and decisions. This session was then followed by a presentation and discussion of the GVH's experience and recent cases in this area, led by Mr. Boris Martinovic. One of the cases detailed was initiated in 2008 before being ultimately confirmed by the courts in 2016. The case involved the agreement between acquiring banks regarding merchant service charges that indirectly influenced the commissions paid by merchants accepting payment cards. This was found by the GVH to restrict competition as the uniform price setting eliminated one of the most important factors of competition between the two schemes. The second case involved the effects of the European Commission's Visa decision in the Hungarian market, in which Visa was obliged to cap its fees, also in Hungary, and which as a result led to Visa losing market share to Mastercard and the possibility of a duopoly becoming a monopoly. It was held that Mastercard had an obligation to react given its very strong dominant position and its special responsibility. The case is still before the courts.

In the afternoon, there was a country case study by Romania which involved the dissemination of sensitive information regarding the technical and financial indicators of the insurance companies involved, for each line of business, namely for each insurance class. The information exchange took place quarterly, through a magazine. This was considered to allow the competitors to anticipate the future behaviour of each company, thus reducing uncertainty, which is characteristic of a competitive environment. Given the nature of the information exchanged (sensitive), the time element (present and past data), the frequency (quarterly) and the degree of individualisation, the exchange was found to have led to a high degree of market transparency which facilitated collusion and influenced the decision-making process and restricted competition in Romania in the markets involved.

The remaining sessions of the workshop were devoted to one of the most important tools at the disposal of a competition agency: market studies. The first session on this was led by Mr. Graeme Reynolds of the Financial Conduct Authority of the UK, who took a close look at the first three years of market studies that have been undertaken by the FCA. This included a brief overview of the six market studies that have been completed so far and in depth discussions of the cash savings market study and the Investment and Corporate Banking Market Study.

Following on the theme of market studies Serbia brought to the table its recent experience in the insurance markets. The session related to a study of the insurance market in the Republic of Serbia that took place between 2015 and 2016 for the four-year period 2012-2015. The sector was chosen for an inquiry because of an increasing number of requests for individual exemption for restrictive agreements from insurance companies; complaints about the abuse of dominant position and restrictive practices applied by insurance companies and several notifications of concentrations (on average 2 per year). Another, very important reason for the sector inquiry was the obligation to set out the National Programme for the Adoption of the Acquis (Regulation on the application of Article 101(3) of the TFEU to certain categories of agreements, decisions and concerted practices in the insurance sector). The main objective of the analysis was to determine the structure of the insurance market in Serbia and the relations between competitors/insurance companies, their market shares and their relative strengths and to identify weaknesses on the market, which could create conditions for infringements of competition. This led to a number of recommendations to the Bank of Serbia.

In the last session of the day the plenary was broken up into several smaller groups of 5 or 6 participants who then discussed the next steps of a hypothetical merger case involving two smaller national banks that were particularly strong on certain segments of the banking sector. This involved discussing relevant markets, as well as factors for determining the closeness of competition between the merging parties and the competitive constraints they would remain post-merger.

The last day of the workshop started with a session co-chaired by Mr. Ruben Maximiano, Mr. Muoio and



*Seminar on Competition Rules in the Financial Sector  
Budapest, 6-8 December 2016*

Mr. Reynolds on the relationship between Financial Regulators and Competition Authorities. On the one hand, Mr. Maximiano focused on a number of examples from across the OECD membership and on the role that competition authorities can play in seeking to increase competition, mainly via advocacy work and helping the relevant financial regulators. Mr. Muoio, on the other hand, shared the rich experience of the working relationships between the DOJ and other financial regulators. Mr. Reynolds shared the FCA's experience in dealing with other agencies with competition powers, explaining the UK concurrency system in detail. The last two presentations were given by the FCA's Mr. Reynolds and Ms. Kristine Dambe. The first had a detailed look at the remedies that have been applied in all of the market studies so far completed by the FCA, whilst the latter shared the groundbreaking work that the FCA has been conducting with the use of behavioural economic insights into the design of some of the remedies that have been implemented in the UK.

This was an event that allowed participants to explore in depth a sector that has not always, in many jurisdictions, been subject to competition policy and which given its specificities can be a rather daunting one for newer agencies in particular. Drawing upon some very experienced speakers it was possible to show that, where relevant, this is a sector where competition authorities may intervene effectively.

Table No3 provides an overview of the number of participants at the seminars. This summary focuses on the participants of the seminars organised as part of the core activity of the RCC.

**Table №3**

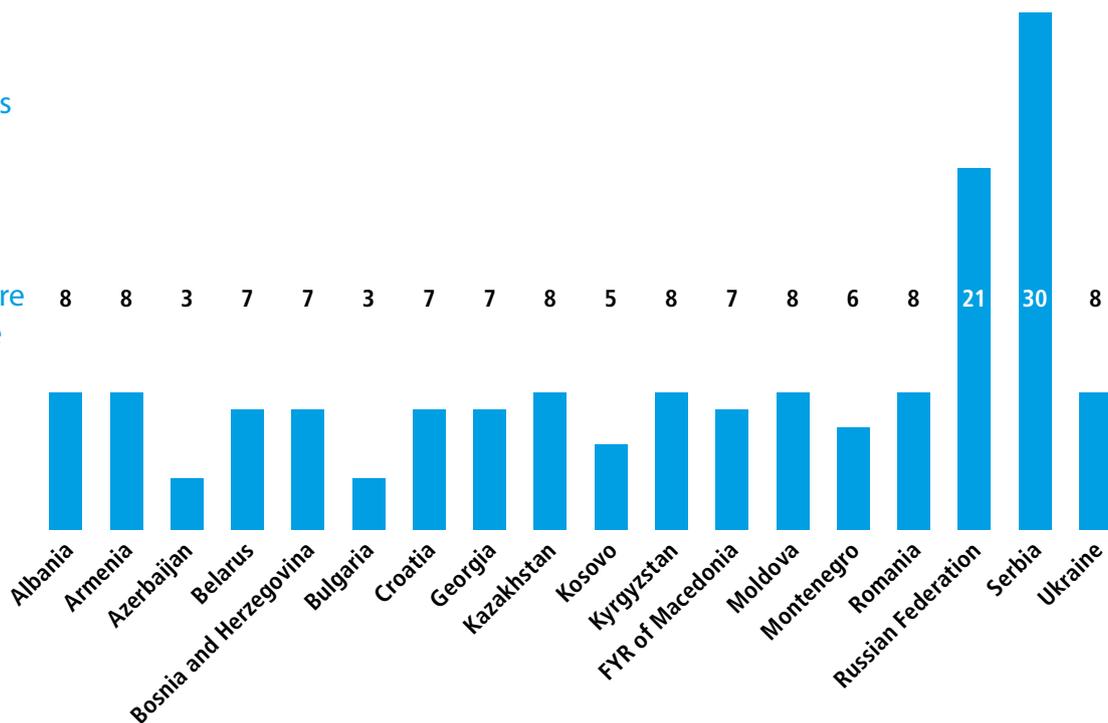
Number of participants and events attended

Economy	Number of participants	Person-days	Events attended
Albania	8	27	4
Armenia	8	26	5
Azerbaijan	3	9	2
Belarus	7	23	4
Bosnia and Herzegovina	7	23	4
Bulgaria	3	10	2
Croatia	7	23	4
Georgia	7	23	4
Kazakhstan	8	26	5
Kosovo	5	17	3
Kyrgyzstan	8	26	5
FYR of Macedonia	7	23	4
Moldova	8	26	5
Montenegro	6	20	3
Romania	8	27	4
Russian Federation	21	65	5
Serbia	30	92	4
Ukraine	8	26	4
<b>Total</b>	<b>159</b>	<b>512</b>	

Chart No1 provides an overview of the number of participants per economy.

**Chart №1**

Total number of participants per economy attending seminars organised as part of the core activity of the RCC



## 2. Special events in the framework of the core activity

### 14 - 15 April 2016, GVH Training Seminar: Review of 2015 EU Competition Law Developments and Selected Competition Problems; Trainings for Special Groups of Staff

The 2016 GVH staff training conducted by the RCC provided an update on EU competition law, with a special emphasis on geographic market definition, resale price maintenance and consumer protection. On the first day these issues were dealt with in the form of presentations for the whole GVH staff. On the second day targeted trainings were provided for different groups of GVH staff.



*GVH Training Seminar: Review of EU Competition Law Developments and Selected Competition Problems Budapest, 14-15 April 2016*

Miklós Juhász, President of the GVH, gave the opening address. He was followed by Richard Whish, Professor Emeritus at King's College (London), who provided an overview of the latest developments in the enforcement and case law in the area of Art. 101 and 102 TFEU. Special attention was paid to cartels, cartel settlements and fining decisions as well as the object/effect dichotomy and the developments in the area of unilateral signalling. Richard pointed out diverging practices in EU member states with regard to online booking systems and elaborated on the treatment of rebates and standard essential patents. Joao Azevedo, European Commission (Brussels), next provided an in depth insight into geographic market definition, the basic principles and a recent study on the Commission's practice. He pointed out the main findings of the study. In the afternoon Jason Freeman, CMA (London), gave a presentation on the use

of behavioural economics in consumer protection cases. The knowledge about consumers' behaviour and the opportunities for exploitation give competition authorities an indication of when to intervene and how to use the insights in competition cases. Jason illustrated his main points with very convincing examples like drip pricing in the airline industry, long-term gym contracts and other price frames. Martina Maier, Chief Counsel Unilever (Brussels), then gave an inside view of competition problems through the eyes of an in-house counsel. Based on her own experience in public administration and as a private practice lawyer, she introduced the roles of the various "players" in competition proceedings and stressed the importance of all players acting with an understanding of the other side's role and motivations. In practical terms this should influence the thinking on legal professional privilege, legitimate business reasons for certain conduct, and proportionality of information requests. She advocated clear rules to help business people understand the rationale of competition law rules. The final presentation of the day was given by Markus Brune, Bundeskartellamt (Bonn). Markus presented the German food retail case, a large proceeding against a widespread practice of resale price maintenance in the fast moving consumer goods industry. After a summary of the proceedings and the fines imposed so far, he explained the mechanisms that were used to effectively install minimum resale prices. Dawn raids and subsequent leniency applications had brought to light a wealth of practices based on incentives and pressure. He also discussed hub & spoke infringements and their relevance in the case.

The second day was dedicated to targeted trainings for the different groups of GVH staff.

The sessions for the GVH Council were held by Richard Whish, who discussed fining practices and guidelines on the basis of a number of fines decisions and questions the GVH had prepared for this discussion. In the afternoon he discussed the topic of gun jumping with the Council, again on the basis of recent cases and questions prepared by the GVH.

The Merger Section and the Chief Economist Team participated in a presentation and exercise on economic instruments in merger control. Niels Ene-maerke, Danish Competition and Consumer Authority (Copenhagen), had prepared a presentation on the theoretic background and the Danish implementation practice. After the presentation the participants were asked to work on a hypothetical retail

merger case and to apply methods like HHI calculation, diversion ratio and UPP analysis and to think about the competitive assessment and necessary investigative steps in the procedure.



*GVH Training Seminar: Review of EU Competition Law Developments and Selected Competition Problems  
Budapest, 14-15 April 2016*

Markus Brune provided the Antitrust Section with a case based training on a resale price maintenance case. Based on realistic documents the probative value of documentary evidence in these proceedings was discussed. He also pointed out the high relevance of interviews and good techniques for interviews in cases like this. In the afternoon Martina Maier introduced the relevance and role of various compliance policies in the organisation of a global market player like Unilever. She stressed the importance of rules and cases that help business people understand the underlying rationale of the rules. This would make it easier to prevent anti-competitive conduct. While prohibitions and fines are needed for sufficient deterrence, advocacy and the work on a common understanding need to complement the enforcement activity of authorities.

The Consumer Protection Section spent the morning discussing comparative advertising. Gianluca Sepe,

AGCM (Rome), had prepared a presentation on the Italian practice and experience and introduced a number of examples on the AGCM's approach to introduce more competition on markets on the basis of the Unfair Commercial Practices Directive (UCPD). In the afternoon Jason Freeman discussed the UK's take on the UCPD and highlighted approaches and problems and the potential relevance of a better use of behavioural insights into consumer behaviour for better targeted proceedings and remedies.

### **c) 07 – 09 June, Joint Seminar with FAS Russia on Fighting Bid Rigging and Corruption**

Once a year the RCC organises a joint event with the Federal Antimonopoly Service (FAS) of the Russian Federation. The seminar was held in Suzdal, Russian Federation. 17 competition law enforcers from the Russian Federation and 9 enforcers from 8 CIS countries participated in the seminar on Bid Rigging and Corruption.

Public procurement accounts on average for 13 % of GDP in OECD countries and for an even higher share in many East European Countries. It is particularly vulnerable to fraud and corruption. Fighting and preventing bidders' cartels and corruption can result in huge welfare gains for societies. This seminar introduced OECD instruments such as the Guidelines for Fighting Bid Rigging in Public Procurement and the Recommendation on Public Procurement. Competition authorities are well placed to play an important role in fighting bid rigging and corruption through extensive advocacy efforts and taking vigorous enforcement action, in co-operation with other relevant state actors. Together with international experts in this domain and with experts from FAS Russia we exchanged experiences to foster a better understanding of mechanisms and indications of bid rigging and corruption and the instruments for fighting them.

Mr Aleksey Dotsenko, Deputy Head of FAS Russia, opened the seminar and welcomed the participants to the event. In the introductory presentation Ms Sabine Zigelski (OECD, Paris) outlined why bid rigging and corruption will often seek public procurement as their preferred target. The estimated damages from both phenomena amount to huge sums of public money wasted and diverted from their proper use. As the incentives for bid rigging and public procurement are very much aligned, so are the tools to fight and prevent them and this is where more action and co-ordination by competition authorities is required.



*Joint Seminar of the OECD-GVH RCC and the FAS Russia on Fighting Bid Rigging and Corruption Suzdal, 7-9 June 2016*

Mr Andrey Tenishev (FAS Russia) introduced the legal framework for public procurement and the relevant competition law provisions in Russia. He explained the electronic bidding system and its advantages and gave a very insightful view into the functioning and the psychology of cartels. FAS Russia uses these insights in their investigations with good success.

The next session saw Sabine Zigelski presenting in more detail on the OECD Guidelines for Fighting Bid Rigging. The OECD guidelines are designed as a tool to train public procurement officials and they contain sections on detection and prevention. Both sections provide basic guidance for public procurement officials and introduce the general knowledge on prerequisites for functioning competition and on the functioning and signs of cartels. This tool is recommended to competition authorities for use in trainings they deliver to their national procurement bodies. The main principles were described and various examples were introduced.

In the afternoon the participants were asked to take part in an exercise: the design of a functioning bid rigging scheme and the design of a better procurement scheme that would prevent bid rigging in the first place. This exercise proved to be helpful to familiarise the participants with the workings of a cartel and what to consider in order not to be detected by a public procurement agent who applies the OECD guidelines.

Ms Ariella Justman (Israel Antitrust Authority) then introduced the Israel experience on how to expose

bid rigging cartels. She presented the various tools the IAA has available “to get the foot in the door” and gave examples of investigations triggered by information from victims, competitors and leniency applicants.

The final presentation of the day was given by Mr Mukhamed Khamukov (FAS Russia). He introduced the Russian system of a unified and electronic tender system for public procurement, the Federal Contract System (FCS). The FCS makes it harder to collude on bids and it contains relevant information on each tender that FAS can access and evaluate. By applying criteria like pricing patterns or suspicious bidder behaviour, FAS can review tenders and follow-up suspicious tenders with investigative measures. The re-



*Joint Seminar of the OECD-GVH RCC and the FAS Russia on Fighting Bid Rigging and Corruption Suzdal, 7-9 June 2016*

sults of this pro-active tool are very impressive and it helps to increase FAS' detection and enforcement rate.

On the second day Mr Bertrand Vols (Head of the Central Office for the Fight against Corruption, Belgium) explained the signs of fraud and corruption in the public procurement process. He introduced a process and stakeholder based analysis and outlined the critical points at each step. It was extremely interesting to see that there are many overlaps with indicators for bid rigging. For many steps in the procurement process it can be shown that a tender that is handled in a manner which may enable or facilitate cartelised behaviour will raise corruption concerns for the same reasons. The participants were then asked to participate in a hypothetical fraud detection case and to apply the process and stakeholder based analysis that Bertrand had earlier introduced. This exercise gave valuable insights into the corruption enforcement side of bid rigging.

Mr Dmitry Artyushenko (FAS Russia) followed up on the corruption concerns and explained the role of competition authorities in combating corruption in public procurement. He explained various mechanisms and schemes to illustrate how bid rigging can be facilitated by corruption. In the experience of FAS Russia, both phenomena are often observed together and FAS co-operates with the relevant law enforcement agencies to ensure that the criminal activity is stopped and also punished.



*Joint Seminar of the OECD-GVH RCC and the FAS Russia on Fighting Bid Rigging and Corruption Suzdal, 7-9 June 2016*



*Joint Seminar of the OECD-GVH RCC and the FAS Russia on Fighting Bid Rigging and Corruption Suzdal, 7-9 June 2016*

The next presentation by Leó Göncz (GVH, Hungary) illustrated the Hungarian experience with related bid rigging and corruption offences. Léo developed a typology of cases and explained rationales and mechanisms that favoured combined offences. He also offered suggestions for joint enforcement action.

The third day started with another presentation by Ariella Justman and she gave an impressive illustration of joint economic enforcement against bid rigging and corruption. She outlined the necessity of working hand in hand in order to ensure that the offenders are fined for the “full package” and do not get away with isolated violations. The Israel Anti-trust Authority has acquired significant experience in co-operating with anti-corruption enforcers. Ariella described the insights that have been gained over time and how joint enforcement could be improved through mutual trust and a clear understanding and definition of roles.

The remainder of the day was dedicated to the private sector experience. Ms Anita Schieffer and Ms Ekaterina Karlova-Ignatieva (Siemens, Germany and Russia) presented their perspective on bid rigging and corruption in their first presentation. They outlined the risks associated with bid rigging for private undertakings and presented a number of illustrative case studies where both phenomena went hand in hand. In conclusion they highly recommended the use of the OECD Guidelines on Fighting Bid Rigging and suggested a more integrated use with the parallel recommendations on public procurement.

In their second presentation they explained in more detail how Siemens approached the prevention and

detection of corruption and bid rigging. Based on past experience, Siemens has introduced an impressive and comprehensive compliance system. This includes internal as well as external measures. Siemens is a strong driver of collective action against corruption and engages in numerous activities on an international scale. The internal measures are very differentiated and prevention encompasses employees as well as business partners. They gave interesting insights into training approaches and communication efforts. In case of violations Siemens has a well-established investigation procedure and a differentiated sanction system including dismissals. Ms Schieffer and Ms Karlova-Ignatieva encouraged the jurisdictions present to introduce reliable leniency systems, to provide clear frameworks for voluntary self-disclosure in anti-corruption legislation, to recognise compliance efforts through fine reductions and to recognise self-cleaning efforts as well.

This was followed by a presentation by Rosatom on their procurement procedures. The introduction of e-procurement and other cost cutting procurement procedures have alone led to cost reductions of almost RUB 400 bn.

The national grid company Rosseti then presented their anti-corruption and bid rigging prevention practice. The main areas of their policy are co-ordination with government bodies, implementation of laws and participation in collective initiatives. On the implementation side Rosseti controls its own employees as well as business partners, exercises conflict of interest management, reviews procurement documents and checks procurement processes for potential violations. Rosseti also identified a number of red flags that will prove to be helpful also to competition authorities.

The main conclusions at the end of the seminar were that it is essential to train public procurement officials and at the same time step up efforts to co-ordinate with anti-corruption enforcers. In addition, competition authorities should seek to communicate their knowledge and findings to the private sector to increase awareness and to help create a competition culture.

#### **d) 27 – 29 September 2016, Outside Seminar in Belgrade, Serbia, on Competition Advocacy**

The annual outside seminar of the RCC was held in Belgrade, Serbia, and it dealt with competition advoca-

cacy. More than 40 competition law enforcers from 17 SEE and CIS countries attended the seminar.

Competition advocacy is a topic that can be addressed from many different angles and can concern many different stakeholders. In the seminar we discussed and exchanged experiences about advocacy to governments and policy makers, the legal community, small and large undertakings and to the wider public. This included work with the media, competition assessment of laws and regulations, evaluation and promotion of a competition authority's activities, and ideas on how to establish and promote a competition culture. Another part of the programme more closely outlined the use of market studies and sector enquiries. Experts from experienced jurisdictions presented their insights.

The President of the Serbian CPC, Mr Miloje Obradović, opened the seminar with welcoming remarks, pointing out the relevance of the topic for an authority which has just celebrated its 10th year of existence. Despite good progress, there remains a lot to be done in order to firmly root a competition culture in Serbia. Ms Sabine Zigelski (OECD) gave an introductory presentation, highlighting the pressures and constraints a competition authority may face and linking these to the need for institutional independence and constant advocacy efforts. She then introduced various dimensions of advocacy, namely actors, stakeholders, instruments and timing.

Mr Dragan Penezić, (CPC, Serbia) introduced the Serbian authority and its legal framework. He gave an overview of the enforcement record, the resources of the CPC and its funding, which is based solely on fees. The CPC has identified, as priorities for future work, stronger enforcement together with a better track record in appeals, more sector inquiries, better training and the recruitment of lawyers and economists to increase its staff numbers.

Creating a competition culture was the topic of the presentation given by Mr Šarūnas Keserauskas (Chairman of the Competition Council of Lithuania). It was particularly relevant as Lithuania shares a lot of common history and political and economic background with the jurisdictions participating in the seminar. He explained the move from a competition law that was primarily seen and used as an instrument for price control to a mind-set that allows competition authorities to focus on keeping markets open to competition. Šarūnas explained that advocacy was still a permanent part of the authority's

work and he illustrated the Lithuanian Competition Council's efforts, featuring newsletters, a competition quiz, press releases and infographics and discussed the pros and cons of social media activity.

The afternoon started with a hypothetical exercise. Kay Weidner (Bundeskartellamt, Germany), introduced the basic facts of a beer cartel. The participants were asked to work on ideas for the preparation of a press release. Thoughts discussed were the major points to be covered in a press release, timing of press releases in cartel cases, naming of the offenders and/or the leniency applicant and potentially critical questions by journalists.

Kay then continued with a presentation of public relations work at the Bundeskartellamt. He pointed out that even though the Bundeskartellamt is a mature agency in a well-established framework, advocacy was still a constant feature of its work. Challenges such as a boring, bureaucratic image, technical language, lobbying, and budget restraints are tackled through various channels, like press releases, interviews, background talks, seminars, brochures, visitor groups and school materials. He then explained the press policy for cartels, abuse cases, merger cases and sector inquiries and finished with a practical example that described the public relations work with regard to petrol prices.

The final presentation of the day, given by Ms Andrea Zenisek (GVH, Hungary), showcased a concrete example of a media campaign used to improve the image of a leniency programme and to encourage the

use of it. The GVH had first identified small and medium sized undertakings as the main target group and then designed a campaign with the help of a media agency. The campaign was very creative and included TV spots, advertisements in public spots, and flyers on public canteen trays as well as stickers on thermal bath lockers. At the same time a separate website and a cartel-chat were introduced, where the general public as well as informants can easily access information and contact the competition authority. The campaign is considered to be a success. Website visits and awareness have considerably increased, and the introduction of the cartel-chat has led to a number of promising contacts.

On the second day Sabine Zigelski introduced various materials that can be used in order to explain the benefits of competition to decision makers. She highlighted OECD materials, such as the factsheet on competition and macroeconomic outcomes, the guide on competition impact assessment, the reference guide to ex-post evaluation and also peer reviews as helpful instruments. ICN advocacy tools and the relevant websites were also highlighted and recommended for use by the participating jurisdictions.

Šarūnas Keserauskas then gave very practical insights into his daily efforts to promote and advocate competition. He described his experiences with the different ways in which politicians try to exercise influence on the competition authority and what kind of strategies he had developed in order to limit this influence and to reduce attempts to influence in the first place. Real-life incidents illustrated his presentation.

The Serbian CPC, in a presentation given by Ms Gordana Bulatovic, outlined their implementation of competition advocacy tools in co-operation with the media. The CPC had first conducted a survey in order to assess the knowledge on competition and on the activities of the CPC by journalists. This alone generated a lot of attention. To overcome obstacles like a lack of specialised journalists and newspapers in Serbia, the technical language used in decisions and case and data protection issues, the CPC aims to redesign its website, will increase the number of media briefings and publish a regular Newsletter in Serbian and English. In the following roundtable discussion, participants from Georgia, Kosovo, Bosnia and Herzegovina, FYR of Macedonia and the Russian Federation outlined their advocacy experiences. The discussion showed that young regimes face different challenges than more mature ones and that there exist different



*Seminar on Competition Advocacy  
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approaches to advocacy, ranging from very open communication with all stakeholders to communication that is limited to the absolute minimum.

The third day was dedicated to competition assessment and market studies. Both can be powerful tools in many ways and will also play an important role in the advocacy activities of an agency. Sabine Zigelski started by briefly outlining the purpose and the process recommended by the OECD competition assessment toolkit. As competition assessment can be a very powerful tool for removing and preventing obstacles to competition in markets, its use is strongly recommended by the OECD. Practice examples from Greece and Romania reinforce this. The process also establishes the competition authority as a knowledgeable player and can help to firmly root competition in the mind-sets of government officials and politicians.

Ms Daniela Eleodor (RCC, Romania) then gave a detailed overview of the competition assessment work of the RCC in general and explained how the Romanian competition assessment project, which had been jointly undertaken with the OECD, had worked. Three sectors, food processing, freight transport and construction materials, and tenders were analysed. Daniela outlined timelines, communication and involvement of ministries, the prime minister's office, the RCC and the OECD team. The project resulted in 152 recommendations for change, which were included in the National Plan of Reform, and implementation is currently ongoing.

In another hypothetical exercise the participants were asked to work on a proposed plan for the regulation of the sale of electronic cigarettes. By using the toolkit checklist they were able to identify potential risks for competition. The participants were divided into three groups, each representing a different party in the discussion – the ministry of health, the consumer association and the lobby group of pharmacists and cigarette producers. In a hearing the arguments were exchanged and the debate became very animated at times. In the end the ministry decided not to follow the lobby group proposal and to instead introduce minor health related regulations.

The afternoon session dealt with market studies and sector inquiries. Šarūnas Keserauskas started the round by presenting the Lithuanian experience with four recent studies in the areas of parallel medicine imports, municipal waste, raw milk and dairy, and reimbursable medicines. He stressed the wide use the



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results have for advocacy and enforcement purposes. Kay Weidner continued and explained the Bundeskartellamt's approach. He pointed out that sector inquiries can be used for different purposes: to directly help enforcement, to make enforcement more effective, to help competition advocacy and to evaluate competitive effects. He provided examples for each. Daniela Eleodor outlined the Romanian experience, which is very much in line with the German and Lithuanian experience. All three stressed the importance of an informed choice of the sector to be investigated and the thorough preparation and communication needed at the outset of a sector inquiry. The delegates from Ukraine then presented their recently finished market study into the electricity markets. The findings resulted in recommendations for change and will facilitate enforcement action in Ukraine.

Ms Jelena Popovic Markopulos (CPC, Serbia), concluded the seminar with the Serbian experience with sector inquiries. She also stressed the need for thorough preparation, and intensive market research and also mentioned that the availability of data often presents difficulties. She then introduced a series of sector inquiries in the petroleum products sector that provided many insights and did not necessitate enforcement. It was discussed how this also presents a challenge. Other inquiries covered the milk sector, insurance industry and aftermarket.

The seminar provided a valuable opportunity for exchange. Experts and participants alike expressed that they left with new ideas and inspiration for the work in their respective authorities.



## IV. Evaluation of RCC Seminars

Participants are always asked to provide feedback on RCC seminars so that the standard of the events can be maintained and even possibly improved. According to the feedback, participants found that the seminars provided theoretical and practical information that was highly relevant to their day-to-day work and that the seminars also provided a good opportunity for the exchange of opinions between participants and experts. The average value of all of the answers for the entire year was 4.5 out of a maximum of 5.

Participants considered the overall usefulness of the programmes to be either very high or high – 93 per cent of respondents rated the seminars on this basis. Based on the feedback, the current distribution of the topics is well received. As usual, participants would like more presentations on practical issues and in depth case analyses, rather than theoretical discussions.

**Table №4**

Participants' evaluation of events organised by the RCC in the year 2016

Distribution of answers	Very low	Low	Moderate	High	Very high
Overall usefulness of the event	2%	0%	5%	37%	59%
Overall usefulness of the topics	0%	3%	8%	37%	55%
Quality of presentations	0%	3%	7%	41%	53%
Usefulness and quality of materials	0%	4%	5%	40%	55%
Quality of conference facilities	0%	2%	6%	38%	57%
Workshop preparations	0%	0%	10%	24%	67%
Usefulness of hypothetical cases / country contributions / case studies	0%	4%	9%	38%	52%
Overall quality	0%	3%	7%	36%	57%

**Table №5**

Detailed evaluations by events and by categories

	Seminar in Budapest in March	GVH training in April	Seminar in Budapest in May	RCC-FAS Russia joint seminar in June	Seminar in September in Serbia	Seminar in Budapest in December	Average
Overall usefulness of the event	4.7	4.2	4.6	4.6	4.5	4.6	4.5
Overall usefulness of the topics	4.5	4.1	4.6	4.4	4.5	4.5	4.4
Quality of presentations	4.9	4.4	4.6	4.4	4.6	4.6	4.6
Usefulness and quality of materials	4.7	N/A	4.5	4.3	4.5	4.5	4.5
Quality of conference facilities	4.7	4.4	4.6	4.7	4.3	4.5	4.5
Workshop preparations	4.7	N/A	4.5	4.8	4.5	4.4	4.6
Usefulness of hypothetical cases / country contributions / breakout sessions	4.5	N/A	4.5	4.4	4.4	4.3	4.4
Average	4.7	4.3	4.5	4.5	4.4	4.5	4.5



## V. Financial and intellectual contributions

According to the Memorandum of Understanding which was signed by the parties in 2005, ensuring that the RCC operates at the highest level is the task of the founding parties, the GVH and the OECD. Both institutions provide financial and intellectual contributions towards the operation of the RCC. The accumulated experience and expertise of the OECD members also contributes to the training programmes offered by the RCC.

The RCC had a budget of 403350 EUR for 2016. This includes funds provided by the GVH and the OECD.

The following tables provide details on the total costs of the operation of the RCC in 2016 by sources of funds, by events and by major categories of costs.

**Table №6**

The sources of funds

Sources of funds (EUR)	
Gazdasági Versenyhivatal (Hungarian Competition Authority)	373.350
OECD	30.000
<b>Total funds</b>	<b>403.350</b>

**Table № 7**

Breakdown of total expenses by items

Breakdown of total expenses (EUR)	
<b>A) Direct organisational costs</b>	
Introductory Level Seminar - Basic Concepts and Procedures in Competition Law for Young Authority Staff	55.000
GVH Staff Training	15.400
Information Exchange: Efficiency Enhancing or Cartel in Disguise?	40.200
Joint Seminar with the FAS Seminar in Russia – Fighting Bid Rigging and Corruption, Veliky Novgorod	15.300
Seminar on Competition Advocacy, Belgrade	27.000
Competition Policy and the Financial Sector	40.100
<b>Total direct organisational costs</b>	<b>192.400</b>
<b>B) Overhead and operational costs of the RCC</b>	<b>23.150</b>
<b>C) Staff costs transferred by the GVH to the OECD<sup>3</sup></b>	<b>187.800</b>
<b>TOTAL EXPENSES in 2016</b>	<b>403.350</b>

3 On the basis of the Memorandum of Understanding, the GVH made a voluntary contribution to the OECD for staff-related purposes.



## VI. RCC Dedicated Staff

The RCC is a “virtual” centre, thus it does not have a central office but is accommodated in the headquarters of the GVH. The virtual existence of the RCC allows it to concentrate funds on the real purpose of its establishment, that is, organising seminars and inviting and training participants. The virtual structure also facilitates adaptation to changing situations. The RCC is run by a full-time senior competition expert at the OECD headquarters in Paris and by a full-time senior consultant and a consultant who are at the same time employees of the GVH in Budapest.

The work of the RCC is based on the expertise of both the GVH and the OECD. The GVH is responsible for inviting participants and organising all of the practical arrangements for the RCC’s programmes. The expert at the OECD sets up the content of the programmes and invites speakers to the seminars. The GVH provides speakers or panellists for each seminar. Other speakers are invited from different OECD member states.

## Seminar speakers of the year 2016



**Sabine Zigelski**

OECD, France



**Renato Ferrandi**

Italian Competition  
Authority, Italy



**Barbara Blank**

FTC, USA



**Vivien Terrien**

CJEU, Luxembourg



**João Azevedo**

European Commission,  
Belgium



**Markus Brune**

Bundeskartellamt,  
Germany



**Niels Enemaerke**

Danish Competition and  
Consumer Authority,  
Denmark



**Jason Freeman**

CMA, United Kingdom



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