

**OECD-HUNGARY REGIONAL CENTRE FOR COMPETITION IN BUDAPEST**

**Annual Activity Report, 2006**



## I. INTRODUCTION AND ORGANISATIONAL SETUP

The OECD-Hungary Regional Centre for Competition (RCC) was established by the Organisation for Economic Cooperation and Development (OECD) and the Gazdasági Versenyhivatal (GVH, Hungarian Competition Authority) on 16th 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 East, South-East and Central European region and thereby to contribute to economic growth and prosperity in the region.

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, judges. The RCC also works to strengthen competition law and policy in Hungary and the GVH itself.

The RCC's work focuses on four main target groups. The first set of countries involved in the framework of the RCC are the Eastern-European countries and that of the region of the South-East-Europe, namely Albania, Armenia, Azerbaijan, Belarus, Bosnia-Herzegovina, Bulgaria, Croatia, Georgia, Macedonia, Moldova, Montenegro, Romania, the Russian Federation, Serbia and Ukraine. These countries share the history of having a centrally planned economy and the RCC aims to help them in their pursuit of building a market economy where markets work well for consumers.

Second group of beneficiaries in the work of the RCC are the countries which belong to the Central European Competition Initiative (CECI). The Initiative is a forum for co-operation in competition matters established by Central European competition authorities in 2003. It is a network type inter-agency (not inter-state) co-operation existing especially via workshops and informal meetings. Participating countries of this project are Poland, Czech Republic, Slovak Republic, Slovenia and Hungary. Austria is a permanent participant. The countries involved all belong to the same geographic region, share fundamentally similar cultural traditions and historical experience and more or less are in the same stage of development. As a result, their competition authorities are facing several common challenges and difficulties. Another consequence is that from time to time these authorities have to deal with markets which are regional, overlapping or are connected to each other, as well as they have to deal sometimes with the same set of clients (the same companies within the region).

Third beneficiary of the RCC's work is the GVH itself. The RCC organises training for the GVH's staff on a yearly basis in different topics of competition policy and competition law. The agenda of these workshops are related to ongoing projects or hot issues, and provide an excellent opportunity for staff to learn about state-of-the-art antitrust theory and enforcement practice.

Judges represent a fourth target group of the RCC's framework. Seminars offered to judges offer judiciaries an opportunity to improve their understanding of competition law and economics, exchange views on the latest developments in EU competition law, and discuss key challenges from the judicial perspective arising in competition law cases. These seminars are organised jointly by the following parties: Competition Division of the OECD, Association of European Competition Law Judges (AECLJ) and the RCC.

The RCC was involved into a special kind of event, which was held in Brno (Czech Republic). The Office for the Protection of Competition of the Czech Republic initiated to organise a case study seminar together with the RCC on the topic of abuse of dominant position to the South-East-European countries.



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

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

## II. OVERVIEW OF THE ACTIVITIES OF THE YEAR 2006

The year 2006 was the second year in the RCC's activity. In 2006, similarly to the previous year, the RCC offered a great number of topics and programmes. The RCC organised a total of nine events which focused on some of the most important core competences of competition authorities (such as merger remedies, anti-cartel enforcement and assessing market power) as well as best practices in the area of competition law. An event of special importance of the RCC was the continuation, that is the second part of the seminar in European competition law for national judges. The RCC also organised the first seminar with special focus on the interface between competition policy and sector regulation. The additional ninth event was organised for the colleagues of the GVH as staff training. In 2006, the RCC invited – taking into account all its events – altogether 184 participants and 50 speakers.

Moreover, through the RCC's core events it delivered over 275 person-days of capacity building.<sup>1</sup> All in all, experts from 11 and participants from 20 countries attended the RCC's programmes coming from Albania, Armenia, Austria, Azerbaijan, Belarus, Bosnia and Herzegovina, Bulgaria, Croatia, Czech Republic, FYR of Macedonia, Georgia, Hungary, Moldova, Montenegro, Poland, Romania, Serbia, Slovakia, Slovenia, the Russian Federation and Ukraine (participants); EU (European Commission), Denmark, Finland, France, Germany, Hungary, Ireland, Italy, Netherlands, OECD, UK and US (panel members).

## III. DETAILED REVIEW OF THE ACTIVITIES OF THE YEAR 2006

During 2006, the RCC conducted nine events of which one was a GVH staff training seminar, and eight were seminars or conferences for an international audience from South-East, Eastern and Central Europe.

Table N°1 provides an overview of the topics of the seminars held in 2006 as well as the attending countries. There were two events specifically targeted at countries from the SEE region, and two for Eastern-European countries. The programme planning meetings were offered for a mixed audience of the involved countries. The CECI seminar targeted a special group of countries, namely the competition authorities of the Central-European countries. The RCC organised its highly-rated seminar for European judges for the second time.

<sup>1</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 of support delivered is 62 (10\*5 + 4\*3 = 62).

Table №1 Summary of Activities 2006

Event Topic	Date	Total Number of panel members and Participants	Attending Countries/Institutions
First Programme Planning Meeting for 2006 and Presentations on Liberal Professions	26 January	20	Albania, Armenia, Azerbaijan, Bosnia & Herzegovina, Bulgaria, Croatia, FYR of Macedonia, Georgia, Moldova, Romania, Russian Federation, Ukraine Panel members: Netherlands, OECD, GVH
CECI workshop on merger remedies	21-22 March	20	Austria, Czech Republic, Poland, Slovakia, Slovenia, GVH Panel members: United Kingdom, EU (European Commission), OECD, GVH
Anti-cartel enforcement in practice	10-12 April	22	Albania, Bosnia and Herzegovina, Bulgaria, Croatia, FYR of Macedonia, Montenegro, Romania Panel members: EU (European Commission), France, Germany, OECD, GVH
Assessing Market Power	15-18 May	19	Armenia, Azerbaijan, Belarus, Georgia, Russian Federation, Ukraine Panel members: United Kingdom, Denmark, EU (European Commission), OECD, GVH
Anti-cartel enforcement and other restrictive agreements	7-10 November	17	Armenia, Azerbaijan, Belarus, Georgia, Russian Federation, Ukraine Panel members: Finland, Germany, EU (European Commission), OECD, GVH
Second Programme Planning Meeting and Presentations on Regulated Sectors: Telecommunication	16 November	23	Albania, Armenia, Azerbaijan, Belarus, Bulgaria, Croatia, Georgia, Macedonia, Montenegro, Serbia, Romania, Russian Federation, Ukraine Panel members: Italy, Hungary, OECD, GVH
Seminar in European Competition Law for Competition Law Judges	24-25 November	71	Judges from EC member states, Romania and Korea Panel members: Germany, France, Ireland, United Kingdom, United States, EU (European Commission), OECD, GVH
The interface between Competition Policy and Sector Regulation: Telecommunication Workshop for Competition Authorities and Telecom Regulators	5-7 December	31	Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Macedonia, Montenegro, Romania Panel members: Hungary, EU (European Commission), OECD, GVH

## **1. Events and Capacity Building Seminars for Eastern- and South-Eastern European countries**

### **a) 26 January: Programme Planning Meeting of the Heads of the RCC's Involved Countries**

The meeting was designed for planning the seminars of the year 2006 by discussions and proposals between the heads of the competition authorities, Competition Division of the OECD and the Hungarian Competition Authority. The purpose of this meeting was to involve the target countries of the Regional Centre's work in the process of designing the programme and topics of events for the year 2006. Their preliminary views had been sought through a questionnaire on their preferences sent ahead of the meeting. There was an open discussion among representatives of the agencies on the issues that they considered as most relevant to be covered in future capacity building events organised by the RCC. In sum, the following topics emerged as the most often requested: Anti-cartel enforcement with a particular focus on practical issues such as investigations methods; Competition enforcement in regulated sectors (telecom, energy), and Abuse of dominance.

Participants further expressed a strong interest in case studies and welcomed the idea of a modular structure of events proposed by the RCC team. As a main proposal for improvement, the Russian delegation suggested that the strict separation of seminars for Eastern-European countries and for South-Eastern-European countries should be abandoned and seminars should be open to participants from all countries in order to mix the two groups. The event was also an occasion for feedback on the first year of operation of the RCC. Participants expressed very high satisfaction with the events organised in 2005.

In addition, this meeting explored competition enforcement issues in the area of liberal professions. Members of the Dutch and Hungarian Competition Authorities presented their experience and projects in this area. Mr. René Jansen, member of the board of the Netherlands Competition Authority spoke about the promotion of the competition in liberal professions and the role of the government in this project. Mr. Zoltán Nagy, president of the GVH introduced the role of the GVH in this field. His exposé was followed by a presentation of the topic from the EC competition law's point of view given by Ms. Krisztina Nagy, GVH.

Presentations were followed by open discussions among participants on the issues raised. In conclusion, the meeting proved to be useful to get feedback from the "clients" of the RCC and to create a sense of commitment among all countries involved as to its work.

### **b) 10-12 April: Anti-cartel enforcement in practice: Detection, investigation, sanctions**

This workshop organised for authorities from South-East Europe explored the key issues relevant to effective anti-cartel enforcement. Sessions focused on practical topics such as identifying potentially cartelised markets as well as efficient sanctioning and leniency. Experts from OECD competition authorities including the GVH shared their experience in investigative techniques with particular emphasis on dawn raids, where Mr. Thomas Mehler from the German authority developed a comprehensive step-by-step checklist on how to successfully prepare, carry out and evaluate searches at companies. Mrs. Elise Aloy, representative from the French authority presented two recent landmark cartel cases in the mobile telephony and luxury hotel sector, which were of great consumer interest and developed new ground insofar as they were partly based on information sharing practices without direct price fixing. Mr. Jean-Jérôme Jung from the DG Competition's Cartels Directorate presented practical issues in the subject of the leniency policy, while Mr. Michael König, principle administrator at the OECD explained in details the questions of sanctions and that of the private enforcement to the audience. Ms. Augusztina Domán and Mr. Leó Göncz case handlers of the GVH outlined the anti-cartel enforcement of the GVH giving relevant examples from the multiplex cinemas case. Participants and experts further analysed case studies from the different participant countries which reflected quite a variety in terms of track record and experience.

### **c) 15-18 May: Assessing market power**

This event was organised for participants from the Eastern-European countries. Assessing the market power of companies is an essential element of antitrust analysis, in particular in the field of abuse cases and merger control. This workshop covered the key features of this assessment including market definition, the calculation and analysis of market shares and barriers to entry. In addition, market power analysis in specific areas such as bidding markets, consumer goods industries and telecoms were addressed by experts from the DG Competition's Chief Economist team and OECD competition authorities including the GVH.

The speakers' panel consisted of the following experts: Mrs. Nancy Race, economist UK Office of Fair Trading, Mr. Michael Olsen, Head of Section at the Danish Competition Authority, Mr. Claes Bengtsson, Senior economist, European Commission, Mr. Michael König, OECD and Ms. Nóra Váczi, Economist at the GVH's Infocommunication Section.

As a particular feature, this seminar included a case study based on a hypothetical scenario, where the issue of product and geographic market definition was addressed in small working groups. Furthermore, participants and experts analysed case studies from the different participant countries. This seminar was also designed as the first module of a series of events dedicated to the assessment of abuse cases.

### **d) 7-10 November: Anti-cartel enforcement and other restrictive agreements**

This second seminar for Eastern-European countries covered the field of multilateral restrictive practices. The first part focused on key issues relevant to effective anti-cartel enforcement, such as identifying potentially cartelised markets, investigative techniques including dawn raids, as well as, efficient sanctioning and leniency. The second part explored the most relevant non-cartel restrictions to competition in horizontal and vertical relationships, such as cooperation agreements and exclusive and selective distribution systems. A dedicated session was focussing on efficiency assessment in horizontal and vertical agreements, where experts were presenting sample cases from their national practice. A further important element of the seminar was the work on a case study which was modelled after a horizontal cooperation case in the telecommunication sector decided by the European Commission and the European Court of First Instance. Participants pre-assessed the case in small interactive breakout groups and then presented their results in the plenary for further discussion. This practical work was complemented by case studies presented by the participating countries and analysed by the expert panel and other participants. The expert panel consisted of Mr. Oliver Koch, from the European Commission, Mr. Rainer Lindberg, Assistant Director of the Finnish Competition Authority, Mr. Stefan Siebert, Rapporteur at the Bundeskartellamt, Mr. Michael König, from the OECD and Mrs. Anna Miks, Lawyer at the GVH's Legal Section.

### **e) 16 November: Meeting of the Heads of the RCC's Involved Countries**

The purpose of this meeting was to get feedback from the target countries of the RCC's work on the programme 2006 and to discuss with them planned innovations for 2007. The feedback on the 2006 events was unanimously positive and participants lauded the commitment of Hungary and the OECD to this very important project.

The RCC proposed a new structure of events and topics taking into account feedback and experience from last year. This new structure consists of a greater variety of topics covering all areas of competition law and policy and the introduction of different levels of seminars for participants with intermediate and advanced experience. Furthermore, the separation between seminars for South-Eastern-European countries and seminars for Eastern-European countries will be abandoned. It was further announced that the RCC would hold its 2007 events in a new venue, the Hungarian Judicial Academy in Budapest. This new building was erected with particular training-purposes providing advantages which could not be found when hotels were used for the same purposes.

The representatives of the target countries welcomed these innovations. Several countries expressed their intention to send more than four officials who would be financed by the RCC to the seminars. There was also a request for more and longer seminars. In terms of the topics to be addressed in the seminars, several countries mentioned liberalisation of former monopoly sectors as a priority issue.

The programme was complemented by a presentation of Mr. Alberto Heimler, chair of OECD Competition Committee working party 2 and director of the Research and Institutional Relations of Italian Competition Authority on competition and regulation on the benefits of liberalisation and deregulation, as well as reports on cooperation and coordination between the GVH and the Hungarian telecom regulator from Ms. Anita Kovács and Ms. Krisztina Rozgonyi representatives of the two agencies.

#### **f) 5-7 December: The interface between competition policy and sector regulation - telecommunication**

This workshop for countries from South-East Europe was designed to explore best practices and synergies in the cooperation between competition authorities and sector regulators, and the relationship between the laws they apply. As a novelty in the RCC's programmes, this event brought together participants from both competition authorities and sector regulators. Expert presentations covered issues such as the role of Competition Agencies and Regulators in the EC Regulatory Framework for Electronic Communications, the functioning of the European Regulators Group and the Independent Regulators Group (IRG), as well as an overview of the EC practice in antitrust and merger cases in the telecoms sector. Furthermore, speakers from the GVH and the Hungarian telecoms regulator developed examples that illustrated cooperation and coordination between the two authorities in recent cases and projects. In addition, participants gave an overview of the division of competences between competition authority and sector regulator and presented illustrative case studies from their countries.

Lectures were delivered by Mr. Peter Eberl and Mr. Anthony Shortall, DG Competition of the European Commission, Mr. Michael König, from the OECD, Mrs. Nóra Vácz, from the Infocommunication Section of the GVH, and from Ms. Dalma Gulyás, Mr. László Tóth, Strategic Director and Mr. Marcell Horváth, Director of International Relations of the National Communications Authority.

#### **Table N°2: Number of participants and attended events**

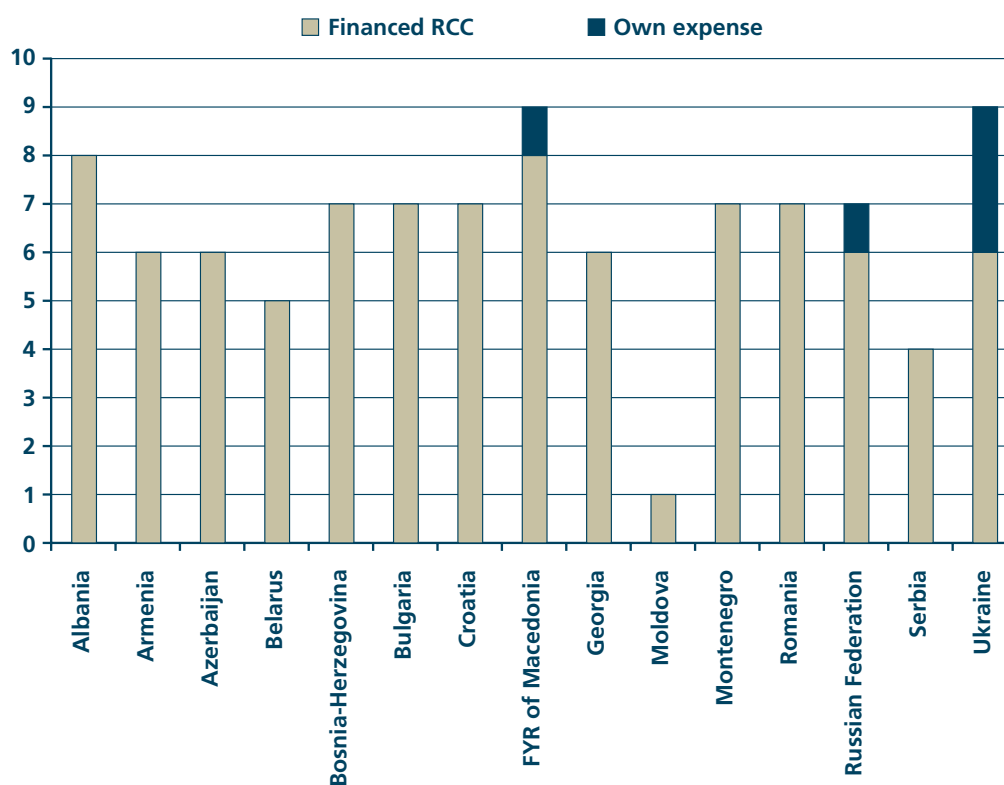
Table N°2 gives an overview of the number of participants at the seminars. This summary focuses on participants coming from the Eastern- and South-Eastern European countries. Taking into account the different number of country specific events, participation per country is spread fairly evenly among the RCC's involved countries.



Country	Number of Participants	Person-Days	Events Attended
Albania	8	20	4
Armenia	6	18	4
Azerbaijan	6	15	4
Belarus	5	17	3
Bosnia and Herzegovina	7	19	3
Bulgaria	7	17	4
Croatia	7	15	4
FYR of Macedonia	9	21	4
Georgia	6	18	4
Moldova	1	1	1
Montenegro	7	20	3
Romania	7	17	4
Russian Federation	7	22	4
Serbia	4	8	2
Ukraine	9	27	4
<b>TOTAL</b>	<b>96</b>	<b>255</b>	

Chart N°1: Total number of participants per country

Chart N°1 gives an overview of the number of participants per country and to what extent participants were financed by the RCC or the sending countries. The RCC typically offers funding for maximum two delegates per invited country per event. As it can be seen below, some countries sent additional participants at their own expense, while others were not always able to take up the RCC's invitation. The RCC does welcome additional participants to its seminars.



## 2. Events with other specificities

### a) 21-22 March: Seminar on Merger Remedies (Central European Competition Initiative)

This seminar was organised in the framework of the Central European Competition Initiative (CECI). The CECI is an informal network of competition authorities in Central Europe, which was initiated mainly by the Hungarian Competition Authority in 2003. Members are Hungary, Poland, Slovenia, the Czech Republic and Slovakia; delegates from Austria attended as permanent participant. The purpose of the initiative is to exchange experience and best practices and to foster cooperation between the member agencies.

The aim of the CECI workshop was to provide expert contributions in the field of merger remedies for the CECI countries, which they can capitalize on when deciding on individual cases and on shaping their respective regulation. This seminar explored a variety of issues related to the design, negotiation and enforcement of merger remedies from various angles. When competition agencies establish that there are serious competition problems in a merger case, in most instances remedies can be found to eliminate the competition concerns identified by the agency. Lectures included Mr. Alexander Kopke's (European Commission, MTF Enforcement Unit) presentation of the extensive merger remedies study undertaken by the European Commission and the development of an economic approach to designing remedies in merger cases presented by Mr. Bruce Lyons, Deputy Director of the ESRC Centre for Competition Policy and part-time Member of the UK Competition Commission. Mr. Edward Hennebery, attorney at HellerEhrmanLLP talked about international cooperation in deciding on merger remedies. Furthermore, Mr. Surd Kováts from the GVH presented its project of remedy guidelines and sought input on a number of open issues from the participants. In addition to expert lectures participants presented and discussed case studies on merger remedies from all the CECI competition agencies.

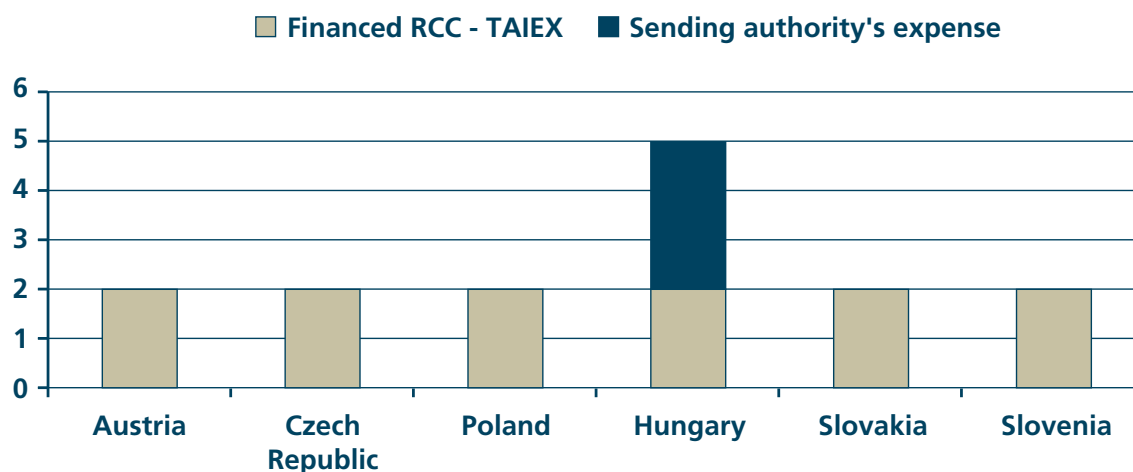
**Table N°3: Number of participants by countries**

Table N°3 gives an overview of the number of participants at the Seminar on Merger Remedies.

Country	Number of Participants	Person-Days	Events Attended
Austria	2	4	1
Czech Republic	2	4	1
Hungary	5	10	1
Poland	2	4	1
Slovakia	2	4	1
Slovenia	2	4	1
<b>TOTAL</b>	<b>15</b>	<b>30</b>	

**Chart N°2: Total number of participants per country - Seminar on Merger Remedies**

According to general TAIEX standards, usually two delegates per invited countries can participate at an event co-funded by TAIEX. The GVH was represented by more than two participants on the expense of the RCC.



### b) 27 June: GVH Staff training

During 2006, the RCC provided intensive training to the GVH in the area of merger remedies for GVH staff. In all, 11 officials from the GVH participated in the programme. (Table N°4 summarises this part of the RCC's activities.)

The GVH is in the course of developing a guidance paper on the authority's approach in merger remedies. Against this background, the objective of this training was twofold: first, to discuss the draft guidance paper prepared by GVH staff in the framework of EC and international best practice. Second, to share case experience on the basis of case studies from the GVH and recent case law on merger remedies of the EC and the European Courts in order to build up remedies expertise among an informal network of GVH staff. The lecture was delivered by Mr. Michael König from the OECD.

**Table N°4: Number of Participants**

Event Name	Participants from GVH
Merger remedies	11

### c) 24-25 November: Seminar in European Competition Law for Competition Law Judges

As the first event for judges in November 2005, the seminar intended to provide judges an opportunity to improve their understanding of European competition law and economics, and to exchange views and discuss their experiences in competition cases.

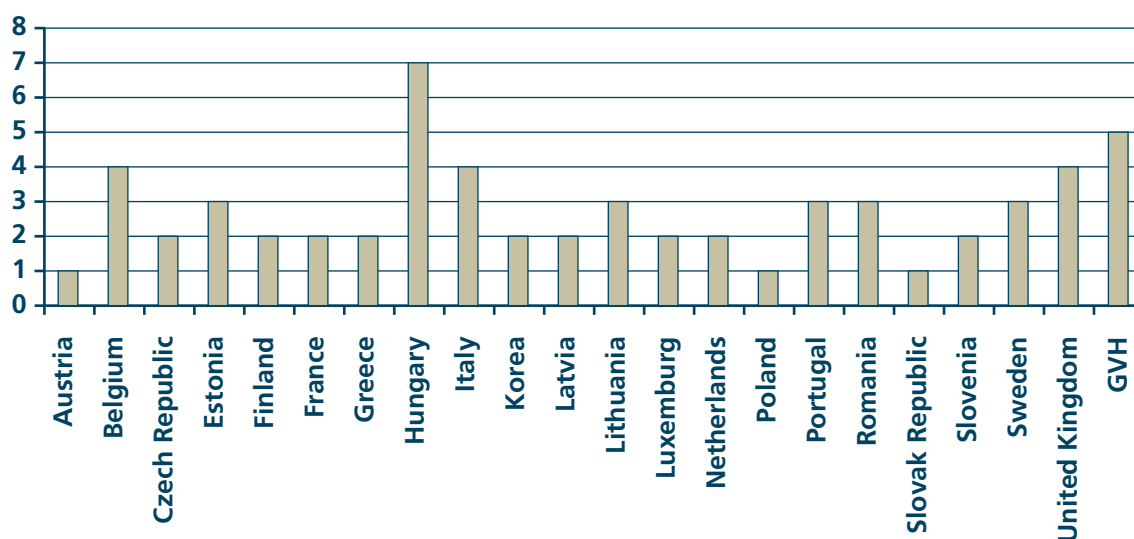
The programme focused on the analysis of cases involving anticompetitive agreements (Article 81 EC and national law equivalents), except for hard core cartels, such as price fixing. Exemptions under Article 81 (3) were covered in particular. A second focus was the use of economic evidence before national courts in competition cases. The program primarily relied on the discussion and analysis of selected cases decided by national courts, offering participants ample opportunity to exchange their views and learn from other participants' experiences.

In the first panel dedicated to Horizontal Agreements, experts outlined the core concepts of restrictions of competition including ancillary restraints. The second panel about Vertical Agreements analysed the notion of an agreement in vertical scenarios and the anticompetitive effects of vertical restrictions. The third panel treated the exemptions under Article 81. (3) EC. The second day dealt entirely with the role of economic evidence.

Breakout sessions allowed participants to analyse cases and discuss their experience in small, interactive groups. Experienced OECD staff, judges from specialised high courts in the UK, France and Germany and other invited speakers introduced the issues and animated the discussions. The panels were composed namely of the following experts: Mr. William McKechnie, judge at the High Courts of Ireland, Mr. Joachim Bornkamm, Chairman of the AECLJ, Mr. Andreas Reindl, Director of the Fordham Competition Law Institute, Mr. Jörg Terhechte, senior research fellow and assistant professor at Bielefeld University, Mr. Michael König, principle administrator at the OECD, Mr. John Pickering, member of the UK Competition Appeals Tribunal, Mr. András G. Inotai, member of the Antitrust Policy and Scrutiny Unit of the EU Commission, Mr. Gergely Csorba, chief economist of the GVH, Mr. Frédéric Jenny, counsellor for competition cases at the French Cour de Cassation and Chairman of the OECD Competition Committee, Mr. Jörg Nothdurft, Head of litigation of the Bundeskartellamt.

This seminar hosted by the RCC was financed by both the European Commission and the RCC in a proportion of 75%-25%. 58 judges from 22 European countries attended the event, with seven of which being Hungarian and two observers from Korea.

**Chart N°3: Total number of participants per country**





#### IV. EVALUATION OF RCC SEMINARS

Feedback from participants confirmed that the programmes were highly relevant and useful for strengthening competition policy and enforcement in the involved countries of the RCC.

In the second year of its operation the RCC significantly improved its performance: the share of participants who perceived the usefulness of the event as "very high", the highest rank on a scale of five, was 69%, which considerably exceeded the already high 58% share seen in 2005. The positive reception is also reflected in the verbal comments given in the evaluation questionnaires, these often included comments as "very useful for the office in the future", "extremely practical and useful", "interesting and very useful".

Participants had an excellent opinion on conference facilities, and were highly satisfied with the quality of the distributed materials and the preparation.

The RCC is regularly asking for feedback on priorities relating to which topics should be addressed on future events. Preferences revealed in 2006 reflected similar to the preferences observed in 2005: respondents expressed a strong interest in seminars on investigating hard core cartels, abuse of dominance, and restrictive agreements.

##### Participants' evaluation of events organised by the RCC in the year 2006

	Very high	High	Moderate	Low	Very low
Quality of presentations	43%	54%	3%	0%	0%
Usefulness of hypothetical cases/country contributions/case studies/tour de table	45%	43%	12%	0%	0%
Usefulness and quality of materials	52%	45%	3%	0%	0%
Quality of conference facilities	73%	27%	0%	0%	0%
Workshop preparations	56%	37%	4%	3%	0%
Overall usefulness of the topics	51%	45%	4%	0%	0%
Overall usefulness of the event	69%	30%	1%	0%	0%

##### Detailed participants' evaluation by events and by categories

		Very high	High	Moderate	Low	Very low
Quality of presentations	Overall (%)	43,1%	53,8%	3,1%	0,0%	0,0%
	Overall (Total)	28	35	2	0	0
21-22 March, CECI Workshop on Merger Remedies		6	6			
10-12 April, Anti-cartel enforcement in practice		4	6			
15-18 May, Assessing Market Power		2	8	1		
7-10 November, Anti-cartel enforcement and other restrictive agreements		7	2			
5-7 December, Interface between Competition Policy and Sector Regulation: Telecommunication		9	13	1		
Usefulness of hypothetical cases/country contributions/case studies/tour de table	Overall (%)	44,7%	43,2%	12,1%	0,0%	0,0%
	Overall (Total)	29,5	28,5	8	0	0
21-22 March, CECI Workshop on Merger Remedies		5	4	3		
10-12 April, Anti-cartel enforcement in practice		4	6	2		

15-18 May, Assessing Market Power		3,5	6,5			
7-10 November, Anti-cartel enforcement and other restrictive agreements		7	2			
5-7 December, Interface between Competition Policy and Sector Regulation: Telecommunication		10	10	3		
<b>Usefulness and quality of materials</b>	<b>Overall (%)</b>	<b>51,5%</b>	<b>45,5%</b>	<b>3,0%</b>	<b>0,0%</b>	<b>0,0%</b>
	<b>Overall (Total)</b>	<b>34</b>	<b>30</b>	<b>2</b>	<b>0</b>	<b>0</b>
21-22 March, CECI Workshop on Merger Remedies		6	5	1		
10-12 April, Anti-cartel enforcement in practice		7	5			
15-18 May, Assessing Market Power		2	9			
7-10 November, Anti-cartel enforcement and other restrictive agreements		7	2			
5-7 December, Interface between Competition Policy and Sector Regulation: Telecommunication		12	9	1		
<b>Quality of conference facilities</b>	<b>Overall (%)</b>	<b>73,1%</b>	<b>26,9%</b>	<b>0,0%</b>	<b>0,0%</b>	<b>0,0%</b>
	<b>Overall (Total)</b>	<b>49</b>	<b>18</b>	<b>0</b>	<b>0</b>	<b>0</b>
21-22 March, CECI Workshop on Merger Remedies		10	2			
10-12 April, Anti-cartel enforcement in practice		11	1			
15-18 May, Assessing Market Power		3	8			
7-10 November, Anti-cartel enforcement and other restrictive agreements		7	2			
5-7 December, Interface between Competition Policy and Sector Regulation: Telecommunication		18	5			
<b>Workshop preparations</b>	<b>Overall (%)</b>	<b>55,9%</b>	<b>36,8%</b>	<b>4,4%</b>	<b>2,9%</b>	<b>0,0%</b>
	<b>Overall (Total)</b>	<b>38</b>	<b>25</b>	<b>3</b>	<b>2</b>	<b>0</b>
21-22 March, CECI Workshop on Merger Remedies		5	6	1		
10-12 April, Anti-cartel enforcement in practice		9	3			
15-18 May, Assessing Market Power		8	5			
7-10 November, Anti-cartel enforcement and other restrictive agreements		6	3			
5-7 December, Interface between Competition Policy and Sector Regulation: Telecommunication		10	8	2	2	
<b>Overall usefulness of the topics</b>	<b>Overall (%)</b>	<b>50,7%</b>	<b>44,8%</b>	<b>4,5%</b>	<b>0,0%</b>	<b>0,0%</b>
	<b>Overall (Total)</b>	<b>34</b>	<b>30</b>	<b>3</b>	<b>0</b>	<b>0</b>
21-22 March, CECI Workshop on Merger Remedies		9	3			
10-12 April, Anti-cartel enforcement in practice		9	3			
15-18 May, Assessing Market Power		1	8	2		
7-10 November, Anti-cartel enforcement and other restrictive agreements		5	4			
5-7 December, Interface between Competition Policy and Sector Regulation: Telecommunication		10	12	1		
<b>Overall usefulness of the event</b>	<b>Overall (%)</b>	<b>68,7%</b>	<b>29,9%</b>	<b>1,5%</b>	<b>0,0%</b>	<b>0,0%</b>
	<b>Overall (Total)</b>	<b>46</b>	<b>20</b>	<b>1</b>	<b>0</b>	<b>0</b>
21-22 March, CECI Workshop on Merger Remedies		9	3			
10-12 April, Anti-cartel enforcement in practice		9	3			
15-18 May, Assessing Market Power		3	8			
7-10 November, Anti-cartel enforcement and other restrictive agreements		8	1			
5-7 December, Interface between Competition Policy and Sector Regulation: Telecommunication		17	5	1		

## V. FINANCIAL AND INTELLECTUAL CONTRIBUTIONS

The operating of the RCC on the highest level is principally the task of the founding parties, thus the GVH and the OECD. This is laid down in the Memorandum of Understanding signed by the parties in 2005 when establishing the RCC. This split between the financial contributions and the intellectual contributions can be seen from the beginning of the RCC. The financial background is ensured mainly by the GVH, whilst the intellectual basis is provided mainly by the Competition Division of the OECD. Besides, the accumulated intellectual property of the OECD members also contributes to these training programmes.

The amount dedicated exclusively to the operation of the RCC appears completely separately in the annual budget of the GVH. This amount is determined on a yearly basis by the Hungarian Parliament when voting the annual budget of the GVH.

### Speakers

Country	Number	Person-days
Denmark	1	4
European Commission DG Competition	7	21
Finland	1	4
France	2	5
Germany	5	13
Hungary (non-GVH)	4	6
Ireland	1	2
Italy	1	1
Netherlands	2	2
United Kingdom	3	8
United States of America	2	4
GVH	13	23
OECD Competition Division	8	18
Aggregate	50	

The RCC had an allocated budget for 2006 as of 657 907 EUR. This includes funds made available by the Hungarian Parliament for the operation of the RCC as well as contributions from third party donors, such as the European Commission and the TAIEX.

The following tables provide details on the total costs of operation of the RCC in 2006 by sources of funds, by events and by major categories of costs.

Sources of funds (EUR)	
Gazdasági Versenyhivatal	520 000
European Commission (direct, TAIEX)	8 190
European Commission (via grants to OECD)	129 717
<b>Total funds</b>	<b>657 907</b>

<b>Breakdown Total Expenses (EUR)</b>		
<b>A) Non-staff costs</b>		
I.	First Programme Planning Meeting for 2006 and Presentations on Liberal Professions	17 261
II.	CECI workshop on merger remedies (Co-funded by the European Commission (TAIEX))	12 408
III.	Anti-cartel enforcement in practice	19 429
IV.	Assessing Market Power	28 947
V.	GVH Staff training	2 029
VI.	Anti-cartel enforcement and other restrictive agreements	28 882
VII.	Second Programme Planning Meeting for 2007	21 476
VIII.	Seminar in European Competition Law for Competition Law Judges (Co-funded from OECD on the basis of a grant from the European Commission; Percentage of the co-funding: 75% EU - 25% RCC)	48 030
IX.	The interface between Competition Policy and Sector Regulation: Telecommunication - Workshop for Competition Authorities and Telecom Regulators	28 656
<b>Total non-staff costs</b>		<b>207 118</b>
<b>B) Overhead costs RCC</b>		<b>21 405</b>
<b>C) Dedicated staff costs</b>		
	Staff costs transferred by the GVH to OECD Paris (see comment 1)	159 650
	Staff costs at the GVH	30 927
<b>Total staff costs</b>		<b>190 577</b>
<b>TOTAL EXPENSES 2006</b>		<b>419 100</b>

Total costs of operation of the RCC in 2006 were 419 100 EUR. The positive difference between the allocated budget and the costs of operation was 238 807 EUR. It could happen, because the spending of the RCC had been planned in advance, the staff of the RCC were careful and paid attention to the economical use of expenditure. (i.e.: The lower expenses were mainly due to good conditions in financing accommodation and conference facilities.) Remaining funds were carried over to 2007.

Comment 1: On the basis of the Memorandum of Understanding, the GVH made a contribution to the OECD of 159 650 EUR (40 000 000 HUF) for staff-related purposes.

## VI. RCC DEDICATED STAFF

The RCC is a “virtual” centre, thus it does not have a central office but it is accommodated in the headquarters of the GVH. On the one hand, the RCC is run by one single full-time person who is at the same time employee of the GVH and, on the other hand, by another full-time person at the OECD headquarters in Paris. This virtual existence of the RCC allows to concentrate funds on the real purpose of its setting-up, thus organising seminars, inviting and training more and more participants. The virtual structure also gives the possibility of an easy adaptation to changing situations.



The work of the RCC is based on the expertise of both the OECD and the GVH. The GVH is responsible for organising all practical arrangements for the RCC's programmes. The employee at the OECD sets up the content of the programmes and invites speakers to the seminars. There is no event without the GVH delegating speakers or panellists. Other speakers are invited from different OECD member states.

Ms. Emese Borza (in the GVH) had the main responsibility for the organisational part of the events. Other staff of the GVH also assisted with the work of the RCC on a part-time basis.

Mr. Michael König (OECD Principal Administrator) based in Paris, was responsible for the development and delivery of the RCC programme and chairing the events. He was assisted by an administrative assistant on a part-time basis. Mr. Michael König was working in the framework of the RCC until 31 January 2007.

**Contact: Ms. Emese BORZA**

**OECD-Hungary Regional Centre for Competition in Budapest**

Gazdasági Versenyhivatal (GVH)

Hungarian Competition Authority

Alkotmány u. 5.

H-1054 Budapest

HUNGARY

Tel.: (+36-1) 472-8995

Fax: (+36-1) 472-8898

E-mail: [BORZA.Emese@gvh.hu](mailto:BORZA.Emese@gvh.hu)

Website: [www.oecdhungarycompetitioncentre.org](http://www.oecdhungarycompetitioncentre.org)



