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Hungarian Competition Authority fines major player in Hungarian beer market in exclusive supply probe

One of Hungary's key players in the beer industry has been ordered to pay a fine and to set up a compliance programme for applying illegal exclusive supply terms with a restaurant.

Context

The Hungarian beer market has been subject to scrutiny following the enactment of the so-called "Beer Act", which aims to diversify the beverage offerings in the market while eliminating exclusivity arrangements in the sector. In 2022, the Hungarian Competition Authority ('HCA') initiated five parallel investigations under these new trade rules. We already reported about the first investigation, which was concluded in September 2023.

Anti-competitive conduct

In the most recent investigation involving Dreher Sörgyárak, a prominent Hungarian beer company, it was revealed that Dreher had established an almost exclusive supplier partnership with a restaurant. Consequently, the restaurant sourced nearly all of its beer from Dreher. Such arrangements violate the Hungarian Beer Act, as they restrict consumer choice and prevent other beer producers from competing.

Sanctions

The HCA imposed a fine of 12 million HUF on Dreher and instructed the company to establish an internal compliance programme to ensure that its business practices do not encourage restaurants to exceed legal boundaries. The compliance programme will apply to all commercial partners of Dreher and is therefore expected to have a far-reaching impact on the entire market.