

The HCA starts accelerated segment inspection – of timber this time

The Hungarian Competition Office (HCA) has announced that after the brick market, it will target the construction timber segment in an accelerated market segment inspection under Section 1(1) of Government Decree No. 406/2021 to identify and evaluate recent market trends.

- [1] The HCA has said that they have received numerous complaints recently in connection with a major hike in the price of construction timber and shortages on that market. Reports indicate that this is a nationwide phenomenon.
- [2] The Hungarian construction industry has to rely on imports for a significant part of the timber it uses, with the imports coming from several countries. The negative effects of shortages in those countries, such as price increases or even the complete unavailability of timber, is now felt by Hungarian customers as well.
- [3] Developers and contractors typically buy their timber via a supply chain that has numerous links. According to the HCA's information, shortages and price increases have been experienced on every level of the supply chain this year.
- [4] This may result in the distortion or restriction of competition on the Hungarian construction timber market. As timber has a fundamental role in both commercial and residential construction, the HCA believes that urgent action is needed to identify the root of the problem so that the necessary steps can be taken in order to restore normal competition on the market.
- [5] *"What goes on the local market of construction timber is unacceptable, and therefore it must be addressed. I have decided to use our new powers and start an accelerated market segment inspection with the aim of identifying and evaluating problems on the market",* said Csaba Balázs Rigó, the President of the HCA, in an interview.
- [6] The accelerated inspection includes an analysis of the competitive conditions on the Hungarian construction timber market. It covers the areas where the products are used, as well as market supply issues and recent market trends. It also focuses on companies at various levels of the supply chain and the business terms they use, including the prices they charge.
- [6] It is important for businesses in the construction industry to know that they are required to respond to the HCA's requests and disclose information that is necessary for the successful completion of the inspection, including personal and sensitive data – although sensitive data might be protected from disclosure under the relevant statutes.



- [7] Any entity that does not disclose the requested information or does not deliver the requested documentation within the applicable deadline or at all, states false information and or otherwise violates the obligation to disclose information risks the imposition of a fine.
- [8] The HCA will carry out its on-site inspections and other forms of analysis in cooperation with the National Food Chain Safety Authority (NFCSA), because the NFCSA is the agency responsible for forestry issues, and as such, it is responsible for the oversight of the timber supply chain. The NFCSA's activities include the tracing of timber products throughout the supply chain from the moment when they are first placed on the market, with special focus on checks to confirm the legal origin of imported timber.
- [9] The HCA will have to prepare the first draft of its report on the outcome of the inspection within one month. The President of the HCA can extend this deadline by a maximum period of one month twice.

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