

Summary of the UOHS Newsletter - February 2025

This newsletter highlights key developments in competition policy, public procurement, and state aid, reinforcing the UOHS's commitment to ensuring fair market practices in the Czech Republic.

1. Appointment of the New Chief Economist

On February 18, 2025, Martin Machay was appointed as the Chief Economist of the Czech Competition Authority (UOHS). His primary mission is to enhance the authority's analytical capabilities, support sector inquiries, and proactively monitor competition issues across various industries. Machay has articulated a clear vision for his department: to establish a well-respected economic analysis unit that delivers timely and expert insights, contributing to the effective enforcement of competition law in the Czech Republic.

Machay emphasizes the importance of integrating rigorous economic analysis into competition enforcement, particularly through advanced quantitative methodologies. He believes that a strong economic perspective is essential for assessing complex market behaviors, evaluating mergers, and identifying anti-competitive practices. Under his leadership, the department will focus on conducting in-depth economic assessments, ensuring that UOHS decisions are well-grounded in empirical evidence and aligned with best practices in competition policy. Additionally, he aims to foster closer collaboration with other departments within the authority, as well as with external stakeholders, including academic institutions and international competition agencies.

His professional background is deeply rooted in economic research and academia. Prior to joining UOHS, Machay held academic positions at leading Czech universities, where he specialized in microeconomics, industrial organization, and digital market dynamics. He has extensive experience analyzing the competitive effects of market structures, particularly in telecommunications and digital markets, which are increasingly relevant areas for competition authorities worldwide. His expertise in behavioral economics also informs his approach, as he seeks to incorporate insights on consumer behavior and market distortions into UOHS's competition assessments. With this strong foundation, Machay is committed to ensuring that economic analysis plays a central role in UOHS's regulatory and enforcement activities.

2. Competition Assessment of ATM Sharing Agreement

The UOHS assessed a joint initiative by Komerční banka, MONETA Money Bank, Air Bank, and UniCredit Bank regarding ATM sharing. The project aims to optimize ATM distribution, particularly in rural areas. While the initiative was broadly welcomed for improving service availability, the UOHS required certain contractual amendments to ensure compliance with competition law and prevent potential market restrictions.

3. Public Procurement Oversight Reform

The Czech government debated but ultimately rejected a proposed reform of public procurement oversight due to concerns raised by the Legislative Council. The UOHS cautioned that the reform could have adverse effects on both contracting authorities and suppliers, citing unclear procedural rules and the proposed removal of key decision-making powers from the UOHS president.

4. Opposition to the Proposed Master Craftsman Qualification Legislation

The ÚOHS opposed draft legislation requiring a master craftsman qualification for certain professions, arguing that it could stifle competition, create barriers to market entry, and increase costs for small businesses. Additionally, the proposed requirement for this qualification in public procurement processes was deemed an unjustified market restriction.

5. Concerns Over Anti-Competitive Pricing Signals in the Dairy Industry

The ÚOHS raised concerns about potential anti-competitive behavior in the dairy sector, particularly regarding a statement by the Czech Dairy Association suggesting a minimum price for butter. The authority warned that such statements could be interpreted as price signaling, potentially leading to penalties for cartel-like behavior.

6. Key Public Procurement Decisions

- The ÚOHS annulled the contractor selection process for the Prague Metro D extension due to a lack of transparency.
- Prague 3 was fined CZK 220,000 for procuring security services without proper competitive tendering.
- Alstom's appeal against its exclusion from a railway signaling contract was dismissed.
- Bílovice was fined CZK 150,000 for unlawfully extending waste management contracts without a competitive tender.

7. State Aid Developments

The European Commission approved up to CZK 1.5 billion in compensation for Česká pošta for providing universal postal services.

A CZK 2.6 billion subsidy program for biomass heating was approved to promote renewable energy.

The Czech waste management plan for 2025–2035 lacks clarity on state aid compliance, prompting the ÚOHS to call for further review.

8. European Competition Developments

The European Court of Justice upheld a €102 million fine imposed on Google by the Italian Competition Authority for abuse of dominance related to the blocking of interoperability with a third-party app.

The Austrian Supreme Cartel Court significantly increased a fine against REWE to €70 million for failing to notify a merger in advance, raising it from the initial €1.5 million penalty.

9. Upcoming Events

- May Conference on Public Procurement: May 13–14, 2025, Brno.
- State Aid Conference: June 11–12, 2025.
- Workshops on Digital Competition, Healthcare Technologies, and Market Innovations in March and April.