

FAQs on the AFCA's Construction Cartel Investigation

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FAQs on the AFCA's Construction Cartel Investigation

1. When did the AFCA begin this investigation?

As part of its investigations into possible agreements in the construction industry, the Austrian Federal Competition Authority (AFCA) carried out searches of business premises together with the Public Prosecutor's Office for Economic Affairs and Corruption (WKStA) in the spring of 2017, seizing large amounts of data. In 2018, more dawn raids were conducted, several questionings took place and went an extensive data evaluation was made. The cartel that was uncovered operated in the construction industry, having an impact on almost all market niches in the structural and civil engineering sector and concentrating in particular on road building.

Thousands of construction projects were affected. The AFCA is still continuing its investigations into the majority of the companies involved.

During the searches, in total more than 70,000 paper documents and 57 TB of IT data were seized.

2. What exactly are the companies accused of?

Under the auspices of the construction cartel, agreements were concluded between the participating companies with the purpose of minimising or eliminating competition, thus allowing them to help each other win contracts and so, among other things, secure their shares of the market. In order to achieve this joint objective, prices were fixed, markets were divided up, competition-sensitive information was exchanged, for example about how future bids would be approached, and the companies formed service delivery and bidding consortiums that contravened cartel law. These constitute prohibited practices under Section 1 Cartel Act (KartG) and Article 101 Treaty on the Functioning of the European Union (TFEU).

3. How did the construction companies conclude their agreements?

The agreements dealt, among other things, with the prices to be quoted in bids and the submission of what are known as “cover bids”. When public procurement procedures are conducted under the cheapest-bidder principle, the members of a cartel will submit “cover bids” that are designed to be more expensive than the bid drawn up by the cartel member designated to win the contract. Competitors also agreed that particular rival companies should not submit a bid at all in certain tendering procedures or that a particular company should win a contract.

Such infringements of cartel law were coordinated both at meetings of rival companies and also by means of bilateral contacts. Some of the construction projects were divided up according to a fixed formula, which was based on the market shares the companies had gained in the course of their historical development and was reflected in the number of construction projects each company was to be awarded.

Depending on the nature of the specific infringement of cartel law, reciprocal favours were also demanded, which took the form of the bartering of services, subcontracts, the supply or purchase of services at preferential conditions etc. Instead of these reciprocal favours being stipulated, points were allocated as part of a scoring system, under which “credit” points could then be redeemed by calling in reciprocal favours or “debit” points paid off by performing such favours.

Furthermore, there were also occasions when rival companies revealed the basis for their calculations to each other before submitting their bids (“internal submission”) so it could be agreed which of them should win the contract in question.

4. Relevant legislation

- **Cartel Act (KartG)**

According to Section 1 KartG, practices are prohibited that prevent or distort competition. Such practices include fixing prices and dividing up markets, geographical areas or clients.

- **Treaty on the Functioning of the European Union (TFEU)**

Pursuant to Article 101 TFEU, all practices are also prohibited that have as their object or effect the prevention or distortion of competition. Such practices include, for instance, fixing prices and dividing up clients or geographical areas. Article 101 TFEU may find application if the precondition is satisfied that these practices (potentially) affect trade between EU Member States.

- **Austrian Criminal Code (StGB)**

Agreements relating to public procurement procedures may also lead to prosecution under the Austrian Criminal Code.

- **Federal Public Procurement Act (BVerG)**

Being a party to agreements that contravene cartel law may entail consequences under public procurement law as well.

5. Which provinces have been affected?

The offences committed have affected all parts of Austrian territory, although to varying degrees depending on the companies involved.

6. How many companies are being investigated?

It is not possible to state a precise number because the investigations are still ongoing. It is to be assumed several dozen companies will be investigated.

7. How much are the companies being fined?

Where it is found an offence has been committed, the Cartel Court may, at the application of the AFCA, impose fines not exceeding 10% of the company's total turnover in the preceding business year. The gravity and duration of the offence, the degree of the

company's culpability, its economic capacity and the extent to which it has cooperated with the authorities are taken into account when such fines are set.

8. Which procedures before the Cartel Court have already been successfully completed?

Company	Fine imposed
STRABAG AG, F. Lang u. K. Menhofer Baugesellschaft m.b.H. & Co. KG (<u>27 Kt 12/21y</u>) <u>News update, October 2021</u> <u>News update, July 2022</u>	€45.37m
PORR Group (<u>26 Kt 5/21m</u>) <u>News update, April 2022</u>	€62.35m
HABAU Hoch- und Tiefbaugesellschaft m.b.H., Held & Francke Baugesellschaft m.b.H., ÖSTU-STETTIN Hoch- und Tiefbau GmbH and STRAKA Bau GmbH <u>News update, November 2020</u>	€26.33m
Pittel + Brausewetter GmbH <u>News update July 2023</u>	€4.81m
Kostmann GesmbH <u>News update September 2023</u>	Finding of Infringement No fine applied
Swietelsky AG <u>News update October 2023</u>	€27.15m
Granit Holding GmbH, Granit Gesellschaft m.b.H., Klöcher Baugesellschaft m.b.H <u>News update December 2023</u>	€9.8m
Hitthaller + Trixl Baugesellschaft m.b.H. PHB GmbH <u>News update January 2024</u>	€1.36m
Gebrüder Haider <u>News update February 2024</u>	€3.51m
Konrad Beyer & Co Spezialbau GmbH, Mandlbauer Bau GmbH <u>News update April 2024</u>	€1.1m

Company	Fine imposed
STEINER BAU Gesellschaft m.b.H. <u>News update Mai 2024</u>	€1.3m
Fröschl AG & Co KG Fröschl AG <u>News Update June 2024</u>	€1.4m
Ing. Hans Bodner Baugesellschaft m.b.H. & Co KG Ing. Hans Bodner Baugesellschaft m.b.H <u>News Update August 2024</u>	€1.05m
Graf Beteiligungs OG, Graf Holding GmbH, Leyrer + Graf Baugesellschaft m.b.H <u>News Update September 2024</u>	€5.8m
Leithäusl Gesellschaft m.b.H. <u>News Update September 2024</u>	€1,25m
Franz Malaschofsky Gesellschaft m.b.H., Nfg KG, Malaschofsky Beteiligungs-gesellschaft m.b.H., Franz Malaschofsky Gesellschaft mit beschränkter Haftung & Co KG <u>News Update September 2024</u> <u>News Update January 2025</u>	€98.000
Pichler Bau GmbH <u>News Update June 2024</u> <u>News Update January 2025</u>	€110.000
ABO Asphalt-Bau Oeynhausen GmbH <u>News Update December 2024</u> <u>News Update April 2025</u>	Finding of Infringement No fine applied
Gartner-Schiener Bau GesmbH <u>News Update August 2025</u>	€115.000
Pfnier & Co GmbH <u>News Update August 2025</u>	€330.000
Eibel Bau GmbH <u>News Update September 2025</u>	€26.000
Schwartz Bauunternehmungen GmbH <u>News Update September 2025</u>	€140.000
Neumayer BAU Ges.m.b.H <u>News Update September 2025</u>	€90.000

Company	Fine imposed
Dipl. Ing. Adalbert Kienzl Baugesellschaft m.b.H. & Co. KG Dipl. Ing. Adalbert Kienzl Baugesellschaft m.b.H News Update April 2025 News Update October 2025	€45.000
Anton Traunfellner Ges.m.b.H. und die Traunfellner Beteiligungs-GmbH News Update September 2025	€ 1.7m
Bauunternehmung Pusiol GmbH News Update Juli 2025 News Update October 2025	€130.000
TOTAL fines for construction cartel	€195,364m

The Federal Competition Authority filed a request with the Cartel Court in July 2022 to review and, if necessary, modify the legally binding decision against Strabag (motion for amendment pursuant to Sections 72ff of the Austrian Law on Excessive Prices and Unfair Competition). As part of further criminal investigations conducted by the Economic and Corruption Prosecutor's Office, the BWB obtained knowledge of new facts through official assistance, which, from the BWB's perspective, necessitated a judicial review of the legally binding decision. The Cartel Court rejected the BWB's request, stating that there was no legal basis for it. In response, the BWB and the Federal Cartel Prosecutor filed an appeal. The Cartel Appeals Court ruled in favor of the BWB's appeal and decided that the matter must be reconsidered by the Cartel Court. ([See News update, July 2022](#))

9. Against which companies are judicial proceedings currently pending before the Cartel Court?

Company	Progress of judicial proceedings
<i>Further proceedings are being prepared.</i>	

10. Have any companies been granted leniency?

Several companies have been granted leniency. The AFCA has requested that STRABAG and Swietelsky's fines be reduced under the Leniency Programme. An application was filed with the Cartel Court in February 2023 for a finding of an infringement of cartel law to be reached against the first party granted leniency, Kostmann GesmbH. Kostmann submitted a leniency application as early as the spring of 2017 and subsequently cooperated continuously and comprehensively with the AFCA, as a result of which the company has been granted complete immunity from fines.

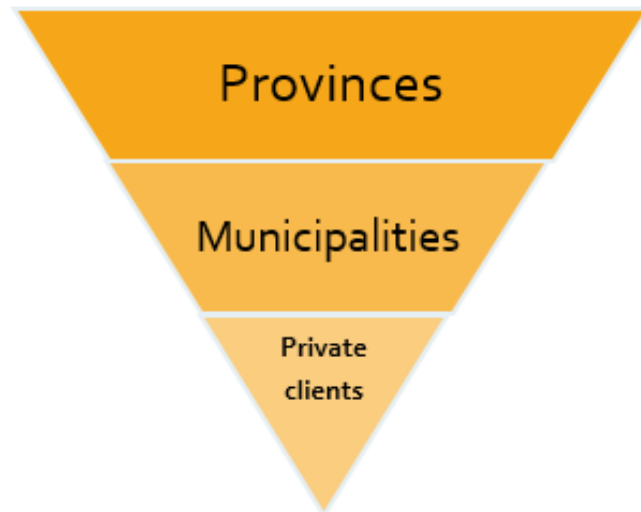
11. What kinds of construction project were affected and how much were the contracts worth?

Structural engineering	Civil engineering
• office and residential buildings • cemeteries • barracks • power stations • prison buildings • car parks • parks • schools • etc.	• road building • bridge building • earthworks • railway track construction and station installations • sewer construction • power line/pipeline construction • etc.

As things currently stand, the contracts for these construction projects were worth up to €61bn.

12. Who has potentially been harmed?

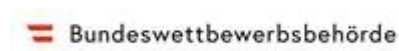
The offences committed have, in particular, affected numerous public clients, but also private clients as well. The individual parties affected can be taken from the decisions handed down by the Cartel Court (see the links in the table included in the answer to Question 8). The parties affected can be represented graphically as follows:



13. What is the value of the harm suffered?

The value of the concrete harm suffered is not quantified in proceedings before the Cartel Court. Clients have to claim compensation for the harm they have suffered by taking action through the civil courts.

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