



BALÁZS & KOVÁTSITS
LEGAL PARTNERSHIP



Dear Readers,

I am pleased to inform you that this year we did our very best to provide you with thorough information on the changes in Hungarian law and legislation. Perhaps it is obvious from the fact that this is the 5th Newsletter we have published this year, and the number of articles we shared on several social media portals (e.g. LinkedIn) confirms this, too.

The past few months have also been very fruitful for us in other respects, too. To mention a few achievements of this period: Dr. Tamás BALÁZS, Managing Partner and Dr. Károly BAGÓCSI, Junior Partner have held lectures on FIDIC-law at the Budapest University of Technology, and we have also launched our Hungarian and English language legal podcast on Spotify. Please feel free to follow us at [About Law for More Than Lawyers](#).

Should you have any remarks, questions regarding the articles presented in our newsletter or the activity of our Legal Partnership, please do not hesitate to contact us.

Best regards,

Éva SÁNDOR
Marketing Manager

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NEW ACT ON THE ORDER OF THE CONSTRUCTION INVESTMENTS OF THE HUNGARIAN STATE

On 08 November 2023 the new Act on the Order of the Construction Investments of the Hungarian State entered into force which has pointing ahead aims and aspects which includes not only effective use of public funds but also the environment-friendly and sustainability approaches (e.g. use of pointing ahead environmental aspects results advantage at the evaluation of the bids).

Basically, the new Act regulates the construction investments which are financed from public funds and it will be implemented in Hungary and of which value is higher than 25 million HUF. Independently of it, the Act makes it possible to differ from its application if this is connected with a special governmental interests (e.g. international obligations).

One of the most innovative elements of the Act is the prescription of the general use of BIM (building information modelling) during the whole construction project and the operation of the building carried out.

The Act lists the participants of the construction investments (employer, project leader, investment operator, designer, controller of the design, technical controller, expert of costs and contractor), their exact duties and liabilities.

According to the Act, a construction investment has two phases: the preliminary stage and the implementation stage. The Act clearly regulates the duties to be performed of the stages and the obligation of the participants (preparation of feasibility study and documentation of authorization and construction, selection of designer and contractor etc.).

The Act presents the compulsory parts of the construction contract. The sample of the construction contract will be published on the webpage of the Ministry of Construction and Transport and the participants of the construction investment are obliged to use it. The Act prescribes the application of an automatic mechanism for change in prices which has to be taken into consideration in the construction investment and it is not allowed for the participants to differ from it.

The Act pays highlighted attention to the control of the construction investments. Therefore, all elements of it shall be electronically recorded form arising the aim for the construction investment to the end of the implementation. Besides, to control the exact construction investments a monitoring committee also watches the system of the construction investments.

Governmental decrees will include the detailed rules of the Act from which not all has been published until now. If the governmental decrees are in accordance with the aims of the Act and the construction investments in the practice follow the rules of the Act, a huge change will set in the world of governmental construction investments in Hungary.

Dr. Károly BAGÓCSI
Junior Partner, Attorney at law, LLM

TAKE ME BACK! – THE DEPOSIT RETURN SYSTEM OF BEVERAGE PACKAGING IS INTRODUCED IN HUNGARY

From 01 January 2024, the mandatory Deposit Return System (DRS) will start in Hungary. The compulsory return system will cover metal, plastic and glass beverage packaging up to 0.1 to 3 liters (except for milk-based beverage products).

Beverage packaging will be subject to a HUF 50 (approx. EUR 0.15) return fee and can be returned in reverse vending machines (RVM) in grocery shops with a sales area of more than 400 square meters, however, shops with a sales area of less than 400 square meters can also join the DRS system on a voluntary basis. In addition, in all municipalities with a population of more than 1,000 inhabitants, it will be compulsory to provide a return point for beverage packaging in the absence of a supermarket with the above parameters. Vending machines will identify packaging by barcode and by the shape of the packaging, therefore PET bottles will no longer need to be squeezed. There will be a compulsory symbol to mark products with a return fee and the slogan "Take me back" will also be indicated on the product's packaging.

Producers will have to register the beverage packaging on the concession company's (the Hungarian oil and gas company MOL) electronic platform at least 45 days before the product is placed on the market and pay the return fee to MOL on a monthly basis.

According to plans, instead of the return fee, the customer will also be able to choose to receive a voucher which can be used for shopping or donate the amount of the return fee to charity. It is also important to note that the price of beverages whose packaging is subject to a return fee will increase with the amount of the return fee.

Our Legal Partnership is at our Clients' disposal regarding the detailed regulation of the DRS system.

Zita BALOGH
Legal Assistant





INTERNATIONAL SALES TRANSACTIONS AND THE VIENNA CONVENTION ON THE INTERNATIONAL SALE OF GOODS

One of the first questions when an international sales transaction case is referred to our Legal Partnership is of the applicable law. Determining the rules of provisions governing the international sales contract is essential in order to advise our Clients on the possibilities.

In case of international sales contracts, an internationally uniform instrument should always be considered. The Vienna Convention on the International Sale of Goods (CISG) was drafted by the UNCITRAL and as of today, 97 States have adopted it. The CISG provides for rules on the international sales contracts and is applicable even in case of a choice of law as part of the chosen national law of every Contracting State.

The Parties can exclude the application of the CISG. Our Legal Partnership, however, recommends the contrary for businesses that trade abroad, namely, to get known the basic principles and provisions of the CISG and to apply to their international sales contract. This is based on three reasons.

First, sometimes international claims should be made in a country different from the applicable law. If the buyer wishes to sue the seller and the sellers' place of business is in Poland, the default rule gives jurisdiction to the Polish courts. If the Parties, however, stipulated the application of German law with the exclusion of the CISG, the Polish court and attorneys have to apply legal provisions not known to them. The CISG, however, is widely known amongst the legal professionals of the Contracting States. If German law is chosen to an international sales contract and the CISG is not excluded, the latter will be the main legal source applicable to the dispute. In this example, Polish courts and attorneys can apply a legal instrument they know.

Second, the CISG is a legal source with international character. It is based on the principles and practice of international commercial relationships. Therefore, the CISG will not favour one party more than another, because it does not give a "home-advantage" to one party.

Third, opting for the CISG means applying provisions drafted specially for international sales contracts. The provisions of the CISG are tailored exclusively to sales transactions and their main focus is on the rights and obligations of the seller and the buyer. Thus, the legal situation and the issues to be decided by the Court is simpler to clarify.

Our Legal Partnership has a wide range of experience on international sales transactions. Would you have any questions regarding the CISG, drafting international sales contract clauses or disputes with partners from abroad, do not hesitate to contact us.

József SIMÓ
Legal Assistant

NOTIFICATION OF FOOD SUPPLEMENTS IN HUNGARY

Our Legal Partnership is often contacted by clients who intend to market new food supplements in Hungary. However, in order to put a new food supplement on the market, a number of conditions has to be met, both in terms of ingredients and information marked on the packaging.

1. What ingredients can food supplements contain to be notified and then marketed in Hungary?

The relevant Hungarian regulation lists vitamins, minerals and compounds that can be used in food supplements.

Moreover, OGYÉI (National Institute of Pharmacy and Nutrition) regularly publishes guidances, for example on the highest allowed levels of vitamins and minerals (UL values) and NRV (daily intake nutritional reference values) or on herbal ingredients that are not recommended for use in food supplements, like arnicas or ylang-ylang (*Cananga odorata*).

It is also recommended to look into the Novel Food Catalogue of the European Union before starting the notification process.

2. What information is needed to be marked on the packaging? What health claims are not allowed?

The above-mentioned Decree also specifies the warnings and information that are mandatory to mark on the packaging. For example, a warning that the product must be kept out of the reach of small children is necessary to be found on the packaging.

The Commission Regulation No. 432/2012 of the European Union establishes a list of permitted health claims made on foods. Only these claims can be indicated on the packaging of food supplements.

BALÁZS & KOVÁTSITS Legal Partnership awaits with great confidence and a high level of expertise clients seeking advice in matters related to the notification of food supplements in Hungary.

Hanna SZABÓ
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