

**Directorate for Financial and Enterprise Affairs  
COMPETITION COMMITTEE****Annual Report on Competition Policy Developments in Croatia****-- 2019 --****10-12 June 2019**

This report is submitted by Croatia to the Competition Committee FOR INFORMATION at its forthcoming meeting to be held on 10-12 June 2020.

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## *Croatia*

### 1. Changes to competition laws and policies, proposed or adopted

#### 1.1. Summary of new legal provisions of competition law and related legislation

1. Pursuant to the Competition Act (OG 79/2009 and 80/2013) the Croatian Competition Agency, (the Agency, CCA) is a legal person with public authority whose founder is the Croatian Parliament. In accordance with the decision of the Croatian Parliament and the Competition Act it autonomously and independently performs the activities in the scope of its competence under the Competition Act, and ancillary provisions thereof, particularly with respect to direct application of Articles 101 and 102 of the Treaty on the functioning of the European Union. The CCA submits its annual reports to the Croatian Parliament.

2. In late 2017 the CCA got empowered for the implementation of the Act on the prohibition of unfair trading practices in the business-to-business food supply chain, Official Gazette 117/17 (hereinafter referred to as: UTPs Act). The UTPs Act entered into force on 7 December 2017, while its full application started in April 2018. Thus, 2019 was the first complete calendar year of full implementation of the UTPs Act, because of which the scope of work of the CCA was significantly increased.

3. During 2019, there were no changes in the existing legislative framework.

#### 1.2. Other relevant measures, including new guidelines

#### 1.3. Government proposals for new legislation

4. During 2019, the CCA undertook preparatory steps for the upcoming legislative changes which will be twofold:

- Amendments to the existing Competition Act in order to enable transposition of the ECN+ Directive - Directive (EU) 2019/1 to empower the competition authorities of Member States to be more effective enforcers and to ensure the proper functioning on the internal market<sup>1</sup>. The amendments are being drafted within the intergovernmental working group, headed by the CCA and including Ministry of Economy, Crafts and Enterpreneruship, Ministry of Justice, Ministry of Administration, Ministry of Foreign and European Affairs, representatives from Chamber of Commerce, Employers Association, experts from Faculty of Law and Faculty of Economy and other relevant state institutions. The deadline for the transposition of the Directive into national legislation is 4 February 2021.;
- Amendments to the existing UTPs Act in order to enable transposition of the Directive (EU) 2019/633 of the European Parliament and of the Council of 17 April 2019 on unfair trading practices in business-to-business relationships in the agricultural and food supply chain<sup>2</sup>, the first legislative act which regulates the

<sup>1</sup> Published in the Official Journal of the European Union on 14 January 2019.

<sup>2</sup> Published in the Official Journal of the European Union on 25 April 2019.

unfair trading practices on the EU level. The CCA will nominate its representatives to the intergovernmental working group, headed by the Ministry of Agriculture. The deadline for the transposition of the Directive into national legislation is 1 May 2021.

## 2. Enforcement of competition laws and policies

### 2.1. Action against anticompetitive practices, including agreements and abuses of dominant positions

#### 2.1.1. Summary of activities of:

- competition authorities;
- courts;

5. In 2019, the CCA solved the total of 775 cases in the area of competition and unfair trading practices, which is 12.6% higher than in the previous year.

**Table 1. Number of cases solved in 2019**

	Competition	Ufair trading practices	Total
Substantive	42	12	54
Other (non-administrative cases)	77 (expert legal opinions and answers to queries)	53	721
	591 (other)		
<b>Total:</b>	<b>710</b>	<b>65</b>	<b>775</b>

6. Against the decisions of the CCA no appeal is allowed but the injured party may bring a claim before the High Administrative Court of the Republic of Croatia. However, in the case of a no-infringement decision or a decision on termination of the proceeding, the complainant or the person enjoying the same procedural rights as the complainant can also take action.

7. During 2019 the High Administrative Court of the Republic of Croatia issued five judgments in relation to the decisions of the Agency, in all of which it confirmed the decisions of the Agency and rejected applicants' claims.

8. Although not the subject of this report, we would also like to emphasise that within the competence in the area of unfair trading practices in the food supply chain, Croatian Competition Agency established the breach of law and imposed fines in 7 cases in 2019. The majority of infringements related to the breach of payment deadlines.

#### 2.1.2. Description of significant cases, including those with international implications.

##### *Cartel decisions*

9. The Croatian Competition Agency decided on a prohibited agreement – cartel between five undertakings in the Šibenik region who fixed the price in the provision of pumping out, transportation and disposal of human waste from septic tanks, holding tanks and black holes. The members of the cartel were imposed fines in the total amount of

141,000 Kuna. After receiving information about the alleged existence of a prohibited agreement from a natural person claiming that five undertakings agreed to raise the price then in effect by more than 100 %, the CCA carried out the relevant preliminary market investigation and established that there was enough circumstantial evidence for opening of a proceeding against the company Daska d.o.o., and four trades – Krtolin, Jole, Garma-promet and Kula. Despite the fact that they are competitors in the relevant market, the five undertakings brought identical bids in the concession awarding tender for the provision of the services concerned in the town of Šibenik on the very same day, which alone was an indication of a prohibited agreement between them. The pricelist that was fixed between 18 August 2016 and 3 October 2016 was the direct evidence of existing collusion. Therefore, 3 October 2016 was established as the day on which the collusive agreement entered into force.

10. Concretely, it has been established that the undertakings concerned were engaged in concerted practices in the market and that the Pricelist for transportation and disposal of human waste fixing the price of the services in 26 places in the wider Šibenik area, stamped and signed by four out of five undertakings concerned, represents a hardcore restriction, in other words, constitutes a prohibited agreement under the Croatian Competition Act.

11. In setting the fine for the infringement concerned the CCA took into consideration its gravity, scope and duration as well as the established mitigating and aggravating circumstances and imposed on the undertaking Daska a fine amounting to 53,000 Kuna, the undertaking Krtolin 28,000 Kuna, the undertaking Jole 26,000 Kuna, the undertaking Garma-Promet 14,000 Kuna and the undertaking Kula 10,000 Kuna. Earlier, in the separate administrative procedure, the CCA fined the undertaking Jole for not-cooperating with the CCA. The level of fines is determined as a percentage of the turnover of the undertakings in the relevant market concerned and not of the overall annual turnover. Thus, the CCA decided that the imposed sanctions will have a special deterrent effect on the undertakings concerned, and a general deterrent effect preventing other undertakings from engaging in similar anticompetitive practices.

12. The Croatian Competition Agency established that fourteen driving schools in Split area have concluded a prohibited cartel agreement. The total fine for the infringement imposed by the CCA is HRK 465.000.

13. The CCA found that fourteen driving schools colluded on the increase of the price of the category B licence driver training. The prohibited agreement started to apply on 1 January 2018. The CCA followed the comments made by the representatives of the driving schools in the media that were sufficient for the CCA to open the case and carry out surprise inspections on the business premises of the driving schools where it collected evidence on the operation of this price fixing agreement.

14. In the course of the proceeding the CCA collected substantial evidence on the existence of the cartel, based on the comments made by the representatives and employees of the driving schools in the media, the collected information, documents and records and the statements received from the representatives of the driving schools. Most significant evidence that was detected by the forensic experts of the CCA was found in the communication between the driving schools on WhatsApp messaging platform.

15. Concretely, the CCA investigators found the messages exchanged between the representatives of fourteen driving schools in two WhatsApp groups. The communication undoubtedly referred to the agreement on the increase of the price of the category B licence driver training between the driving schools concerned that had existed even before the

WhatsApp groups were created. The WhatsApp groups were the platform for further agreements and meetings of the driving schools that encouraged the collusive behaviour providing support and promoting perseverance to its members in the application of the new price lists and advising them not to yield to pressure from the candidates or the media that insisted on lower prices.

16. One of the features of a cartel is the ability of its participants to control whether all members of the cartel comply with the agreement. In this concrete case the evidence showed that single participants of the cartel asked all its members to communicate and exchange the new price lists in the WhatsApp group. The exchange of the pricing data enabled them to control whether all the participants hold on to the agreement.

17. All driving schools against which the infringement proceeding was initiated started to apply the new, increased prices on 1 January 2018. In order to create an impression of competition, aware of their illegal behaviour, the driving schools did not publish the new price lists simultaneously but in a time span of a couple of days. For the same reason, the prices of individual driving schools were not identical but differed slightly.

18. In setting the fines the CCA took into account the gravity, scope and duration of the infringement and the established extenuating and aggravating circumstances of the case. CCA notes that where an undertaking is active on several markets, the amount of the fine was established in a percentage turnover realized by the undertaking concerned exclusively in the relevant market at issue and not taking into account the total turnover.

19. It is the view of the CCA that the fines will have a deterrent effect not only on the undertakings that have been imposed these sanctions but also a general deterrent effect on other undertakings that once again have been discouraged from engaging in infringements of competition rules.

#### *Commitment decisions*

20. In December 2019, the CCA closed the infringement proceeding against the undertaking Coca-Cola HBC Hrvatska d.o.o. (Coca-Cola) that was opened ex-officio on the basis of the agreements entered into between Coca-Cola and its customers in the HORECA channel that contained exclusive purchasing obligations that had as their object or effect the exclusive purchasing of Coca-Cola products. The provisions concerned contained an obligation which made the buyer purchase all his requirements in fruit juices, ice teas, energy drinks and mineral waters exclusively from the brands in Coca-Cola range of products, at the same imposing the obligation on the buyer to constantly offer the whole product assortment of Coca-Cola carbonated beverages but also all of its new products in this category of soft drinks. In turn, the buyer was entitled to an agreed incentive. Within the same proceeding the CCA also found that Coca-Cola has also concluded contracts with other catering facilities imposing the obligation on the buyer to exclusively stock and offer to its customers the Coca-Cola products including fruit juices, ice-teas, energy drinks and mineral waters as long as the contract is in effect.

21. At the early stage of the proceeding Coca-Cola voluntarily committed itself to revise all the business agreements with its buyers in the HORECA channel within a four-month-period. Concretely, given the fact that Coca-Cola holds a dominant position in the market segment of cola drinks it committed itself to conclude separate business contracts for its programme of carbonated non-alcoholic beverages separating them from the business contracts that will be separately concluded for its programme of non-carbonated non-alcoholic beverages (fruit juices, energy drinks, ice-teas, mineral water, herbal

beverages) and alcoholic beverages in which it does not hold a dominant position in the market.

22. The duration of the business agreements containing the provisions on exclusive purchase may not exceed five years. The five-year period should also include the duration of the so far concluded agreements that contain the exclusive purchase obligation. In addition, in all the business agreements the expenditures for marketing activities will be calculated separately for every category of products whereas the provision regulating the application of the agreement on all future products will be deleted from all new agreements. Finally, Coca-Cola committed itself to introduce a separate compliance programme and to carry out the compliance training for its employees in the area of competition rules.

23. The CCA published the commitments proposed by Coca-Cola on the CCA website and invited all the interested entities to submit their comments. No comments following the CCA request have been received. The CCA accepted the commitments proposed by Coca-Cola. It found them sufficient to eliminate the competition concerns and to restore effective competition in the market.

24. In May 2019, CCA closed the infringement proceeding against the undertaking Hrana Tec d.o.o. by accepting the commitments proposed voluntarily by the undertaking concerned. Concretely, Hrana Tec committed itself to provide its repair and maintenance services to all its customers under equal terms regardless of the value of the purchase of Poly-clip System clipping machines. Hrana Tec will submit the revised price lists to the CCA serving as evidence of the implemented measures within two months after the receipt of the CCA's decision.

25. As already mentioned in the report for 2018, in June 2018, based on the initiative made by the undertaking PIK Vrbovec Mesna Industrija d.d., the CCA started ex-officio proceeding to investigate whether the undertaking Hrana Tec d.o.o. abused a dominant position in the sales of spare parts and provision of repair and maintenance services for Poly-clip System clipping machines in the territory of the Republic of Croatia. The complainant had claimed that in September 2017 it ordered and paid for an original spare part for the clipping machine but the authorised repairer Hrana Tec refused to install the part concerned as soon as it noticed that the clipping machine concerned already contained consumables that had been purchased from a distributor different from Hrana Tec. At the same time, Hrana Tec allegedly warned PIK Vrbovec that if it continued to purchase productive material from any other manufacturer and to install it in Poly-clip System clipping machines, Hrana Tec would refuse to supply it with spare parts and consumables and provide repair services. In addition, the complainant was concerned about the free-of-charge servicing or charging only a flat rate by Hrana Tec to all its customers that buy consumables exceeding a certain value of purchase. This could have resulted in a spill-over of its significant market power to another market.

26. In the course of the investigation the CCA found that it was only once that Hrana Tec refused to install a display for the undertaking PIK Vrbovec. Apart from this one isolated case, it has been established in the course of the proceeding that no competing undertaking of the undertaking PIK Vrbovec had any difficulties in the deals with Hrana Tec. At the early phase of the proceeding Hrana Tec proposed commitments that quickly eliminate possible anticompetitive effects in the provision of repair and maintenance services and thereby restore effective competition in the relevant market concerned. In addition, in the market tests that had been carried out in this matter the CCA did not receive any comments.

### *Alleged abuse of dominant position*

27. In May 2019, the CCA found that the letter that was sent by the Croatian Taekwondo Federation (CTF) to all its members including the complainant – the undertaking LMK, potentially limited access only to a smaller part of the relevant market relating to qualifying tournaments organized by taekwondo clubs. The CTF letter did not have any effect whatsoever on other tournaments given the fact that the undertaking LMK continued to participate in them. Furthermore, the comments received by the CCA from other taekwondo clubs indicated that for various reasons the majority of the clubs did not comply with the request contained in the letter sent by the CTF.

28. In addition, it is important that the CCA review of the taekwondo tournaments in which LMK rented its electronic gear showed that LMK had rented its electronic gear only in one tournament before the challenged letter was sent by the CTF in February 2017. Given the limited presence of LMK in the part of the market concerned even before the letter was sent, it was not conclusive that the letter itself led to the foreclosure in this market segment.

29. The CCA also took into account the fact that in May 2018 CTF informed its members – taekwondo clubs on its website that LMK settled all its debts toward CTF alerting the members that they can do business with LMK at their own risk. By doing so CTF significantly lessened the negative effect on the decision about the selection of the business partner by any member in the organization of taekwondo tournaments.

30. Taking everything into account, the CCA found that CTF did not distort competition by abusing its dominant position in the organization of taekwondo tournaments in Croatia.

## **2.2. Mergers and acquisitions**

### *2.2.1. Statistics on number, size and type of mergers notified and/or controlled under competition laws;*

31. In the reporting period, area of merger control was again very dynamic with 24 notified mergers, out of which 21 were closed during that year. 13 cases were cleared in the first phase, in two cases phase-two assessment was conducted (in one of them, decision was reached in early 2020), while the other cases concerned dismissal of initiative or acting ex-officio in order to verify whether the obligation to notify was breached.

### *2.2.2. Summary of significant cases.*

#### *Phase-II assessment*

32. In January 2020, the CCA assessed the concentration between the undertakings Slovenia Broadband (SBB) and Tele2 as compatible.

33. In the course of the procedure it has been established that SBB has been present in the provision of media services market in Croatia or, more precisely, in several stages of these market, such as the production of audiovisual content and acquisition of licencing rights of third parties' audiovisual content broadcasted its own TV channels, wholesale of general and specialised TV channels (Nova TV, Doma TV, N1, Mini TV, Sport Klub channels, SK Golf, Lov i ribolov, Fight Channel etc.) to cable, satellite and IPTV operators, of which Nova TV and Doma TV provide free DVB-T access at the national level, and in



the TV advertising market in which it holds a significant market share mostly through Nova TV, in which market Tele2 is the buyer of the advertising space.

34. Tele2, as a target company in this transaction, provides electronic communication services in mobile networks. It has been established that Tele2 is not engaged in any of the business activities that are carried out by SBB in the territory of Croatia. At the same time, Tele2 is the smallest of three mobile operators in the Croatian market and the only one that does not have its own infrastructure but uses the infrastructure services of another operator.

35. The parties to the concentration (SBB and Tele2) are not present in the transmission of pay-tv programmes in Croatia, where another two mobile network operators (HT and A1) provide these services and are at the same time present in the fixed-line electronic communications network and, beside other services, also provide the pay television transmission services. Thus, there is no overlapping of the activities of SBB/United Group and Tele2 in the affected relevant markets in Croatia.

36. In the assessment of the concentration concerned the CCA appropriately applied the criteria arising from the application of competition rules in the EU, taking into consideration all relevant decisions of the European Commission. The CCA also consulted the decisions of the EU competition authorities listed in the submitted comments of the parties to the concentration and those named by one interested party in its reply to the request for information.

37. It is essential, that in the compatibility assessment of the concentration concerned the CCA particularly took into consideration the fact that there is a de facto a legal barrier to entry the pay television transmission services market by SBB/United Group. Namely, Article 61 of the Electronic Media Act stipulates that any operator that performs the activity of a TV broadcaster and is at the same time engaged in the provisions of media services cannot be engaged in the pay-tv transmission activities. This legal provision of the Croatian regulatory framework to a certain extent makes the relevant comparative practice different from the assessment of the concentration concerned.

38. Given the fact that the preparations for a new electronic media act are under way, the CCA referred to the specific sector regulator – the Agency for Electronic Media and the Ministry of Culture – competent for the drafting of the proposal of the new act, and sought their opinion regarding the current regulatory limitation and the likely upcoming changes of the legal framework concerned. The reply received from the Agency for Electronic Media reassured the CCA that the existing prohibition of ownership ties between the TV broadcaster and the pay-tv operator must be kept in the new electronic media act, whereas the Ministry of Culture explicitly informed the CCA that this prohibition has remained in the proposed draft of the piece of legislation concerned. The Electronic Media Act also regulates the electronic media advertising by specifying the length of the advertising space.

39. In its assessment the CCA also factored in the comments received from the surveyed undertakings – advertisers, media lease companies and the Croatian Association of Communication Agencies that essentially reported that to their knowledge no one has experienced a refusal of the provision of advertising services by Nova TV. In addition, the majority of the undertakings questioned by the CCA stated that the criteria for and the way of the provision of advertising services have been defined by the general terms of business by Nova TV. The Croatian Regulatory Authority for Network Industries (HAKOM) – specific regulator in the area of electronic communications commented that this concrete

concentration will not have any anticompetitive effects in the electronic communications market affected by the concentration concerned.

40. Taking everything into account, the CCA found that this concentration will not raise any competition concerns, and particularly, it will in no way create or strengthen a dominant position in the market by the parties to the concentration and approved the concentration within the meaning of competition rules.

41. In July 2019, the CCA cleared the proposed concentration between Petrol d.o.o., Zagreb acquiring control over the LPG part of the business of the undertaking Crodux Plin d.o.o. za trgovinu i usluge, Zagreb. By implementing the concentration Petrol will acquire the Crodux Plin LPG part of the business, including the undertaking Adria-Plin that operates in the LPG retail at the regional level, at one point of sale in Split-Dalmatia County. Crodux Derivati Dva, a connected company of Crodux Plin that runs the oil derivatives retail business, including the LPG, was not involved in the transaction concerned.

42. The CCA primarily focused its analysis of the relevant market and the effects of the proposed concentration on the LPG wholesale and retail activities. It must be noted that the Croatian LPG market is open and liberalized, hence, after the implementation of the concentration between Petrol/Crodux Plin, INA will remain the leading rival on the market. Earlier that year, in May 2019, based on a partial decision, the CCA already cleared the part of the transaction relating to the acquisition of control by the undertaking Petrol over the electricity part of the business of Crodux Plin.

#### *Phase-I assessment (examples)*

43. In December 2019, the CCA cleared the proposed concentration between the undertaking Studenac that is acquiring direct control over the undertaking Sonik in the groceries retail market particularly in the territory of Zadar and Lika-Senj County. In these regions the implementation of the concentration will result in overlapping of the activities of Studenac and Sonik given the fact that both parties to the concentration have their retail outlets in these regions. Concretely, Sonik has 88 retail outlets in the areas concerned.

44. The implementation of the concentration will bring Studenac a market share of 10 % to 20 % in the territory of Zadar County. According to the total turnover in 2018 Studenac will take the third place on the list of rivals following Konzum and Tommy. Plodine will take the fourth place. However, unlike their most significant rivals, Studenac and Sonik have smaller corner shops and supermarkets below 400 m<sup>2</sup> and are regionally oriented. Therefore, it is no surprise that due to the similar profile of outlets Studenac considers the undertaking Bakmaz to be its biggest rival. At the national level Studenac will keep the sixth place on the list of rivals and hold a market share of 5 % to 10 %. By the implementation of the concentration a significant competitive constraint will be made by Studenac on the leading competitors both in the regions concerned and at the national level.

45. In October 2019, the CCA cleared the proposed concentration between Geoplin d.o.o., acquiring control over the natural gas part of the business of the undertaking Crodux Plin d.o.o. za trgovinu i usluge. By implementing the concentration Geoplin will acquire the Crodux Plin natural gas part of the business producing effects on the natural gas retail supply market for smaller industrial gas buyers and commercial buyers and in the natural gas wholesale supply market in the territory of Croatia. There are several competitors present in the Croatian gas supply market that are licenced by the Croatian Energy

Regulatory Agency whereas any gas supplier is ensured access to the transport or any distribution system in line with the Gas Market Act.

46. At the same time, the analysis of the communicated and otherwise available data there are no barriers in the wholesale gas supply market. Concretely, Geoplin is taking over Crodux Plin's natural gas business, which gives it a share of between 2% and 10% on the relevant markets concerned. The transaction will increase competitiveness on the Croatian market, where the leading wholesalers include oil and gas company INA, local group Prvo Plinarsko Društvo (PPD) and Hrvatska Elektroprivreda (HEP).

47. In May 2019, the CCA cleared the concentration in which the undertakings Viro Grupa and Tvornica šećera Osijek create and jointly control a new undertaking for the production and wholesale of white sugar. After the expiry of the transition period Viro Grupa and Tvornica šećera Osijek shall step out of the sugar production and the wholesale business. The concentration on the basis of which a joint venture is created in the sugar production and the wholesale business means the consolidation of the sugar market in Croatia as a result of full liberalization and abolition of production caps on sugar beet in the internal market.

48. The end of EU sugar quota system on 1 October 2017 was the end of all formal and structural barriers in the sugar market that in 2018 lead to the increase in the sugar production by 8.1 per cent compared with the year before the liberalization. While the EU market recorded mergers and acquisitions as well as sugar beet higher yields per hectare with higher sugar content than in Croatia, all attempts to consolidate the Croatian refiners have proved unsuccessful.

49. Following the analysis of all the facts of the case in question it has been established that competition between sugar refiners is present in the wholesale market, concretely, in the direct sales through two channels – the sales to industrial customers and the retail chains, where buyers are big undertakings with well established distribution systems exercising strong bargaining power towards their suppliers. Should the newly created joint venture between Viro Grupa and Tvornica šećera raise the price of sugar in the post-merger period, it would not create any obstacles for their buyers to switch to other suppliers, whereas its competitors on the market would have enough capacity to increase the production in the response to the increased demand of the buyers. The fact that some of the industrial customers – buyers from the parties of the concentration concerned – have already selected the competing undertakings of the undertakings concerned as the best suppliers in the recent tendering suffices, whereas the industrial customers, particularly the beverages producers, substitute sugar with isoglucose that is a cheaper substitute for sugar and is easily transported. At the same time, some of the retail chains have already started to satisfy their demand for sugar from the foreign suppliers – competitors of the parties to the concentration.

50. Taking everything into account, the CCA found that with respect to the nature and scope of the relevant market, this concentration will not have any significant anti-competitive effects.

### **3. The role of competition authorities in the formulation and implementation of other policies, e.g. regulatory reform, trade and industrial policies**

51. Besides the activities of the CCA relating to the enforcement of competition rules the CCA is also actively involved in competition advocacy. Most powerful tool in this area

are expert opinions that the CCA issues regarding the compliance with competition rules of draft proposals for laws and other legislation, as well as the existing laws and other legal acts, it conducts regulatory impact assessment and gives other comments on related issues raising competition concerns. These opinions are given at the request of the Croatian Parliament, the Government of the Republic of Croatia, central administration authorities, legal persons with public powers and local and regional self-government units.

52. In 2019, we can point out cooperation with the State Intellectual Property Office, the Ministry of Regional Development and EU Funds and the Ministry of Culture on their respective draft proposals of legislation (e.g. draft proposal of Patent Law and draft proposal of Electronic Media Act).

53. Among the opinions, which the CCA gives upon the request of parties, there were opinions issued e.g. to the Croatian Chamber of Architects, a kindergarten in the town of Cakovec, a marketplace in the town of Zadar, as well as to several natural and legal persons.

54. Here we can also mention that the CCA successfully completed its first EU assistance project where it was the assistance provider to the Agency for Protection of Competition of Montenegro. The project lasting from November 2018 until June 2019 was funded by the European Union with € 250,000 and was aimed at strengthening of the administrative capacities of the Montenegrin competition authority through the training of its staff in case handling, procedural steps, particularly involving complex economic analyses, evidence collection procedures, especially during surprise inspections (dawn raids). The Croatian experts conducted a series of training sessions for their Montenegrin peers on the application of the provisions of the Competition Act. Seven representatives of the Montenegrin competition authority participated in a study visit to Croatia where they learned more about the Croatian practice and gained valuable insights into the work of the Croatian colleagues in solving the cases in the field of competition. Particularly beneficial was the visit to the IT forensics lab where digital evidence collected during surprise inspections is processed.

## 4. Resources of competition authorities

### 4.1. Resources overall (current numbers and change over previous year):

#### 4.1.1. Annual budget (in your currency and USD):

55. Planned resources for carrying out activities within the competence of the Agency in the State Budget for 2019 amounted to 14.819.977 HRK (2.228.568 USD). Execution of expenditures amounted to 96% of the plan. The increase in comparison to the previous year is due to the employment of new staff in order to implement new competency of the CCA (unfair trading practices in food supply chain, please see 1.1 above) and the inclusion of the EU funds necessary for the implementation of the assistance project in Montenegro (please see 1.2 above).

#### 4.1.2. Number of employees (person-years):

- economists - 18
- lawyers -19
- other professionals – 4 (IT and PR)

- support staff - 11
- all staff combined - 52

#### 4.2. Human resources (person-years) applied to:

- Enforcement against anticompetitive practices: 19
- Merger review and enforcement: 5
- Advocacy efforts: 3

#### 4.3. Period covered by the above information: 1 January-31 December 2019

### 5. Summaries of or references to new reports and studies on competition policy issues

56. In 2019, the Agency completed three in-depth sectoral market researches, i.e. its regular annual market researches on press publishing media, groceries retail market and insurance sector in the Republic of Croatia.

57. Research on **Croatian press publishing market** in 2018 was conducted with the view to defining the market shares of the relevant market participants. The market study included a total of 44 newspaper publishers and distributors. It involved the following markets: press circulation (general information dailies and weeklies), print advertising in general information dailies and weeklies and press distribution in the territory of the Republic of Croatia. The market shares in the relevant markets were defined on the basis of paid circulation – the number of copies sold and revenues realized by the undertakings concerned in the press advertising market, wholesale and retail distribution. The study indicated that in 2018 the press market (paid circulation and press advertising) stagnated as a result of a constant negative trend in the number of copies sold and the financial figures reflecting the market concerned.

58. Summary in English language is available here: <http://www.aztn.hr/en/in-2018-the-croatian-press-publishing-and-distribution-market-levelled-off-paid-circulation-dropped/>

59. CCA's study of **groceries retail, including food, beverages and sanitary products for households** in Croatia for 2018 shows that the realized turnover of the sample analysed by the Croatian Competition Agency has risen by 7 % or 2.5 HKR billion compared with 2017. The rise is more prominent than in the year before when it was 3.2 %. The market inquiry indicates the rise in the total number of outlets by 2 % (91 outlets) and the increase in the net sales space also by 2 % (23,700 m<sup>2</sup>). In 2018, 34 food retailers increased their turnover in the food retail business compared with 2017, whereas other retailers recorded a fall. The 2018 data on turnover and the net sales space indicated that supermarkets continued to be the preferred consumers' choice. The groceries shopping is prevalently done in big format shops – hypermarkets and supermarkets while more than two thirds (71 %) of the total retail turnover were realized from the sales in supermarkets (49 %) and hypermarkets (22 %). This trend continues for years now. However, in comparison with 2017, when small format shops recorded a fall in the retail turnover, in 2018 their turnover rose, despite the fact that the number of these shops and the net sales space has been declining. Asymmetry in the retail market declined in 2018, in other words, the discrepancy between the leader in the market Konzum and its second rival Lidl has been diminished (note: In 2018 Konzum was operated by extraordinary management).

60. Compared with 2017 the report year showed a fall of the concentration ratio CR10 (the market shares of the 10 biggest retailers in the market), that was 81.8 in 2018 and 82.2 in 2017. The CR10 decrease stands for the strengthening of the competitiveness in the retail market. The results of the analysis of the five-top-rivals indicate that the concentration ratio also fell from 66.2 in 2017 to 66 in 2018.

61. Summary in English language is available here: <http://www.aztn.hr/en/cca-grocery-retail-market-inquiry-for-2018-distinct-rising-trend-in-groceries-retail/>

62. Finally, the market study of **insurance sector** in the Republic of Croatia in 2018 was carried out. The insurance market investigation included the life and non-life insurance market with a special emphasis on the automobile insurance market. The market shares held by the undertakings in particular market segments have been determined on the basis of the total gross written premium.

63. In 2018 the activities of the specific regulator in the insurance market – Croatian Financial Services Supervisory Agency – were particularly focused on the transposition of the EU Directive on insurance distribution into the Croatian Act on the Amendments to the Insurance Act, OG 112/18 that entered into force on 22 December 2018. The new provisions introduced the term “insurance distribution” that includes the activities of advising on, proposing, or carrying out other work preparatory to the conclusion of contracts of insurance, of concluding such contracts, or of assisting in the administration and performance of such contracts, in particular in the event of a claim.

64. The 2018 insurance market whose total gross written premium amounted to HRK 10 billion (including the two above mentioned subsidiaries) rose by a significant 9 per cent in comparison with 2017 (when the total gross written premium amounted to HRK 9.2 million). The rise in the report period was primarily based on the rise of the non-life insurance market, particularly in the automobile insurance market – comprehensive automobile insurance that rose by 19 per cent. Significant rise in premium has also been recorded in the automobile insurance market – compulsory third-party insurance that has risen by 6.3 per cent and in the loan protection insurance market that has risen by 34 per cent. The rise in the life insurance premium in 2018 has been for the main part generated from the growth of the new insurance with one-time payment – single-premium life insurance taking into account that bancassurance is an important distribution channel in the Croatian insurance market that is connected with a strengthened lending activity.

65. Summary in English language is available here: <http://www.aztn.hr/en/gross-written-premium-10-billion-kuna-rise-by-9-per-cent-in-2018/>