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Directorate for Financial and Enterprise Affairs
COMPETITION COMMITTEE

Annual Report on Competition Policy Developments in Croatia

-- 2022 --

This report is submitted by Croatia to the Competition Committee FOR INFORMATION.

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Croatia

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

1.1. Government proposals for new legislation

1. Regulation (EU) 2022/1925 of the European Parliament and of the Council of 14 September 2022 on contestable and fair markets in the digital sector and amending Directives (EU) 2019/1937 and (EU) 2020/1828 (Digital Markets Act) entered into force on November 1, 2022. The full application of the Act begins on May 2, 2023, i.e. 6 months after its entry into force on November 1, 2022, during which period the so-called gatekeepers (large internet platforms) can adjust their actions in accordance with the Act. Article 38 of the Digital Markets Act regulates cooperation and coordination with national competition authorities, while Article 50 of the Act on Digital Markets addresses the Advisory Committee and is already in force from November 1, 2022. Representatives of the Croatian Competition Agency (CCA) and the Ministry of Economy and Sustainable Development are representing Republic of Croatia in the said Committee.

2. Although the implementation of the Act is under the exclusive competence of the European Commission, there is a possibility of cooperation between the member states and the European Commission (for example, in Article 38(7) of the Act. Given the certain complementarity of the Act with the competition law, the CCA is ready to take over the competence for cooperation with the European Commission in the field of digital markets. Thus, in cooperation with the Ministry of Economy and Sustainable Development, the CCA has prepared draft Law on Implementation of the EU Regulation 2022/1925, where under section II, the CCA is defined as a competent body. This draft Law has been adopted by the Competition Council and sent to the Ministry for further procedure. It is expected that by the end of May 2023, the Law should be on the agenda of Government session.

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;

3. In 2022, the CCA solved the total of **703 cases** in the area of competition and unfair trading practices.

Table 1. Number of cases solved in 2022

| | Competition | Ufair trading practices | Total |
|----------------------------------|---|-------------------------|-------|
| Substantive | 60 | 10 | 70 |
| Other (non-administrative cases) | 79 (expert legal opinions and answers to queries) | 69 | 633 |
| | 485 (other) | | |
| Total: | 624 | 79 | 703 |

4. 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.

5. During 2022 the High Administrative Court of the Republic of Croatia issued **twelve judgments** in relation to the decisions of the CCA in the area of competition, in all of which it confirmed the decisions of the CCA and rejected applicants' claims.

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

6. During 2022, the CCA initiated 51 cases of alleged abuse of dominant position (19) and assessment of agreements between undertakings (32), for which purpose numerous different markets were analysed. All together the CCA in 2022 analyzed 31 relevant markets in concrete competition proceedings.

7. Here we give a summary of an established prohibited agreement, the **first bid rigging cartel case** in the practice of CCA, in which case a fine was also imposed on the relevant undertaking.

2.1.3. Prohibited agreements (bid rigging)

8. In its infringement decision of 28 April 2022, the CCA found that in the period from 4 June 2012 to 1 January 2014 the undertakings Agro-Vir d.o.o., Agrodalm d.o.o. and Diljexport d.o.o., all from Zagreb, concluded a bid rigging agreement in the public procurement procedure covering 14 groups of food products for the public purchaser – a social care institution providing soup kitchen services “Dobri dom” of the City Zagreb by concluding a four-year frame agreement in the public procurement procedure carried out by the institution “Dobri dom” of the City of Zagreb in 2012.

9. The CCA found that the bidders concerned concluded a prohibited horizontal agreement (cartel) in the sense of Article 8 paragraph 1 items 1 and 3 of the Competition Act with the objective of prevention, restriction and distortion of competition, by fixing and coordinating the prices in their bids and by colluding on the allocation of individual contracts with the view to creating a designated winning bidder in the tendering procedure concerned.

10. The CCA also found that the undertaking Marino-Lučko d.o.o. from Lučko subsequently joined the collusive agreement concerned in the period from 1 January 2013 to 1 January 2014 and thereby concluded a prohibited horizontal agreement with the objective of prevention, restriction and distortion of competition within the meaning of Article 8 paragraph 1 item 3 of the Competition Act.

11. For the hard-core restriction of competition rules the undertakings concerned were imposed a total fine in the amount of HRK 2,155 million (cca 287.000 EUR)

12. In the application of the relevant EU criteria, the CCA particularly found in the course of the investigation that the bid riggers practices, such as submitting tenders with identical or suspiciously similar quotes for the entire duration of the four-year frame agreement and almost identical bids for the conclusion of individual public procurement contracts for 2012, identical bids of different bidders within the same group of products, suspicious and courtesy tenders of the same bidder for individual years within the same group of products, sub-contracting and contract allocation in public procurement agreements and bid suppression schemes, taken together, were all solid indications of the existence of a hard-core restriction of competition and a bid-rigging cartel.

13. Material evidence of the suspected irregularities in the public procurement procedure concerned was collected in the surprise inspections of the premises of Agrodalm and Diljexport.

14. In this particular case, the CCA found that the bidders violated the provisions of Article 8 of the Competition Act. Concretely, the bidders concluded a bid-rigging cartel by fixing and coordinating the prices in their bids conspiring on the outcome of the public procurement procedure and colluding on the allocation of individual contracts with respect to a particular group of products and a particular year with the view to creating a designated winning bidder in the public procurement procedure based on the frame agreement for a particular group of products and a particular year.

15. The collusive bid rigging practices in the public procurement procedure concerned eliminated any risk of competition in the bidding procedure. Such collusive cartel practices that result in horizontal price fixing are considered likely to have anticompetitive effects, especially on the price, volume or quality of the products or services concerned and therefore it is not necessary to prove their actual effect on the market for the purpose of the application of Article 8 of the Competition Act.

16. Agreements on market sharing or market allocation constitute hard core restrictions of competition rules “by object” and they are explicitly prohibited by Article 8 paragraph 1 of the Competition Act.

17. In other words, the CCA found the prohibited agreement concerned contained restrictions of competition by object where the harmful nature of the agreement by its very nature has the potential of restricting competition where it is unnecessary to demonstrate any actual effects on the market. However, in this particular case, the CCA also found that the agreement concerned at the same time produced actual and significant anticompetitive effects relating to the subject matter of the prohibited agreement concerned.

18. In its ruling of 14 September 2022, the High Administrative Court of the Republic of Croatia rejected the claim for cancellation of the decision of the CCA of 18 April 2019, rejecting at the same time the proposed postponement of the claim, the imposition of the interim measure and the recovery of the litigation costs. By the ruling of the High Administrative Court the decision of the CCA becomes legally valid.

Here we give a summary of a case under the alleged abuse of dominant position:

19. By decision of 23 November 2022, the CCA rejected the initiative of the Association of Croatian Bus and Bus Liners, with its registered office in Zagreb (hereinafter: Carrier Association) received on 9 March 2022, for the initiation of proceedings **against FlixBus CEE South d.o.o.**, with its registered office in Zagreb

(hereinafter: FlixBus), whereas it has been established that there are no conditions for initiating the proceedings for establishing distortions of competition.

20. The Association of Undertakings submitted the initiative in question alleging, in essence, that FlixBus is distorting competition by abusing its dominant position by applying, on the one hand, low prices which do not cover its costs on the Rijeka-Zagreb, Rijeka-Split, Rijeka-Sibenik and Rijeka-Zadar routes, and, on the other hand, by applying excessively high prices on the routes Zagreb-München, Rijeka-Ljubljana, Split-Ljubljana and Zagreb-Mostar, as well as by further concluding a cartel between FlixBus and bus undertakings with which the designated undertaking is in a business relationship.

21. The CCA carried out a preliminary investigation of the situation on the relevant market in order to examine the allegations made in the initiative in question and to determine whether there were sufficient indications to initiate ex officio proceedings within the meaning of the Competition Act.

22. In the present case, it has been established that it is the market for the provision of scheduled public passenger transport by coaches in road transport, which is regulated by regulations and legal norms which determine, inter alia, the conditions for the provision of transport and entry into the market in the form of obtaining licences and permits for the provision of public passenger transport activities by the competent ministry, as well as obtaining a timetable authorisation by the Croatian Chamber of Economy.

23. The results of the analysis of the CCA showed that on the Rijeka-Zagreb, Rijeka-Split, Rijeka-Šibenik and Rijeka-Zadar routes, as well as on the Zagreb-Mostar route, FlixBus is not in a dominant position within the meaning of Article 12 of the Competition Act. Therefore, there is no evidence of the initiation of an ex officio procedure to establish an abuse of a dominant position on those routes within the meaning of Article 39 of the Competition Act and in accordance with Article 13 of the Competition Act.

24. It is also apparent from the results of the preliminary investigation of the situation on the relevant market that, although FlixBus is in a dominant position within the meaning of Article 12 of the Competition Act, on the routes Zagreb-München, Split-Ljubljana and Rijeka-Ljubljana, FlixBus is in a dominant position within the meaning of Article 12 of the Charter. Under Article 39 of the Competition Act, there is insufficient evidence to initiate ex officio proceedings to establish an abuse of a dominant position, within the meaning of Article 39 of the Competition Act. In the absence of any indication of the application of an unreasonable price on the routes in question pursuant to Article 13 of the Competition Act. In fact, FlixBus does not have a single ticket price for a particular route, but applies several different prices for the same route, which are determined in accordance with the complex mathematical-statistical model used by the said undertaking and fluctuating significantly.

25. As regards the applicant's claim concerning the existence of a cartel between FlixBus and the carriers with which the designated undertaking is in a business relationship, the CCA carried out an overview and analysis of the agreements governing their business cooperation. It is apparent from the content of the agreements at issue that the cooperation between undertakings has no effect on their legal and economic independence as contracting parties, and that FlixBus and its partner carriers do not operate at the same level of distribution, therefore, in the present case, the competition rules governing vertical agreements have been applied. The analysis did not establish any evidence suggesting that it contained vertical restraints considered to be severe restrictions of competition and prohibited obligations within the meaning of Articles 9 and 10 of the Regulation on the Block Exemption of Vertical Agreements between Undertakings (OG No 37/11).

26. In so far as the CCA did not identify any evidence suggesting an abuse of a dominant position by FlixBus through the use of predatory prices and excessively high

prices, or the existence of a cartel by the said undertaking with certain bus undertakings, it was established that there were insufficient indications to initiate a procedure for establishing distortions of competition, with the result that the CCA rejected the initiative to initiate proceedings.

2.2. Mergers and acquisitions

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

27. During 2022, the total of **12 cases** were handled in the area of control of concentrations between undertakings. All together, in 2022 the CCA analyzed 32 relevant markets in concrete merger assessment proceedings.

2.2.2. Summary of significant cases.

Example of Phase I assessment cases

28. On 1 March 2022 the CCA received a pre-notification of the concentration between **HPB and Sberbank Hrvatska**, under extraordinary procedure of the Single Resolution Board of the Banking Union, relating to the sanctions imposed by the EU due to the Russian invasion on Ukraine.

29. Acting in line with the request of the notifying party, in its decision of 1 March 2022 the CCA allowed the implementation of particular steps relating to the implementation of the notified concentration within the meaning of Article 19 paragraph 6 of the Competition Act before the expiry of the time period specified under Article 22 paragraph 1 of the Croatian Competition Act, with respect to all steps that were considered necessary for the implementation of the above-mentioned decision of the Single Resolution Board.

30. Based on the complete notification of concentration, the defined structure of the relevant market, the post-merger market share of the parties to the concentration, the expected effects of the concentration in the form of benefits for the consumers, as well as other data and findings, the CCA found that this concentration cannot constitute a prohibited concentration in the sense of Article 16 of the Competition Act.

31. The parties to the concentration are principally present in the individual and business deposits markets and the individual and business loans markets in the Republic of Croatia, therefore, the transaction will predominantly produce effects in the banking services market in the territory of the Republic of Croatia.

32. After the CCA received the complete notification of concentration it published on its official website the request for information from all interested parties with the view to receiving further written comments and explanations with respect to the concentration at issue. No replies to this request for information were submitted to the CCA within the prescribed deadline.

33. In view of the above-mentioned, the concentration concerned is not likely to produce any anticompetitive effects and it has been cleared in Phase I.

Phase II assessment (conditionally approved concentration)

34. The CCA conditionally approved the concentration between **Grand Automotive LLP/Grand Automotive RD Ltd. and Renault Nissan Hrvatska**. Grand Automotive LLP is an authorised distributor of Hyundai, Nissan and Ford new motor vehicles in the

Republic of Croatia. In the post-merger period Grand Automotive LLP will transfer its shares in Renault Nissan Hrvatska to a special purpose vehicle under its control – Grand Automotive RD Ltd.

35. In one reply to its request for information the CCA received the concerns of one undertaking active in the sales and servicing market as an authorised repairer and re-seller of spare parts. The undertaking who has requested confidentiality expressed its concerns relating to the alleged unequal treatment of the members of the selective distribution system, breach of confidentiality of data between competitors in the case of multi-brand servicing and practices denying or restricting access to original spare parts and technical information to independent repairers.

36. In the course of the assessment the CCA requested additional information and documentation from competitors in the relevant market: Porsche Hrvatska and Emil Frey Group as the most significant multi-brand importers and repairers, and other independent repairers.

37. The markets for the provision of motor vehicle repair and maintenance services and the sale of spare parts are determined by the brand, and thus separated from each other. With regard to the way of carrying out the mentioned activities, it is necessary to distinguish between authorized and independent repairers of motor vehicles of the brand, i.e., authorized and independent distributors of spare parts for the specified brand. Spare parts of a specific brand are usually distributed through an authorized repair network, therefore the distributors of spare parts of a particular brand are, as a rule, at the same time authorized repairers of that brand. In the case of malfunction, the consumer can only turn to a repairer that is trained to repair a specific brand and who has the appropriate special and diagnostic tools that, as a rule, differ from brand to brand. Consequently, the competitive constraints of the repairers of a particular brand on the repairers of other brands are rather insufficient.

38. In the motor vehicle sector, due to the presence of a complex supply chain, different economic entities operate and interact at different levels. When it comes to repairs and maintenance, authorized and independent repairers are service providers, while on the demand side the main participants are individuals and economic entities. Spare parts are supplied by original equipment suppliers, directly or by manufacturers, and by independent suppliers, while on the demand side the main participants are repairers and, to a lesser extent, economic entities that manage fleets and individuals. Therefore, when considering the aftermarket of motor vehicles, it is important to take into account its special features, one of which is reflected in the costs for the end customer. Namely, the costs borne on average by consumers for motor vehicle repair and maintenance services represent a very high proportion of total consumer expenditure on motor vehicles. Competitive conditions in the motor vehicle aftermarket also have a direct bearing on public safety, in that vehicles may be driven in an unsafe manner if they have been repaired incorrectly, as well as on public health and the environment.

39. Although competition between individual brands of vehicles within authorized repairers' networks is restricted by strict and detailed quality criteria and large investments required from authorized repairers, independent repairers continue to exert considerable competitive constraints on authorized repairers and give consumers the opportunity to choose with regard to the services provided and the prices. Namely, the business models and operating costs of independent repairers differ from those in authorized repairers' networks. Effective competition on the markets for the purchase and sale of spare parts, as well as for the provision of repair and maintenance services for motor vehicles, depends on the degree of competitive interaction between authorised repairers, as well as between authorised and independent operators, including independent spare parts suppliers and repairers. The latter's ability to compete depends on unrestricted access to essential inputs

such as spare parts, repair tools or diagnostic or other equipment and technical information and data generated in the vehicle. Without access to these essential inputs, independent repairers would not be able to compete effectively in the marketplace with authorized repairers, as they would not be able to provide consumers with high quality services that contribute to the safe and reliable operation of motor vehicles. This aspect is becoming even more relevant with the increasing use of the installed digital technologies and the development of alternative fuel vehicles that require special know-how, tools and spare parts.

40. The inability to access the essential technical information can result in a decline in the market position of independent operators/repairers, which in turn produces harm to the consumers in terms of a significant reduction in the choice of spare parts, higher prices of motor vehicle repair and maintenance services, a reduction in the choice of repair and maintenance services providers and potential safety issues.

41. In the case concerned, after the implementation of the concentration in question, the acquirer will increase its market power by expanding the portfolio of motor vehicle brands for which it will be the authorized importer and the operator of the authorized distribution and repair network, and it will become one of three most significant authorized multi-brand importers in the territory of the Republic of Croatia, both in the passenger cars segment and the light commercial vehicles segment.

42. As a result of the above, taking into account the structure of the relevant market with regard to existing and potential competitors, general indicators of market shares, information and documentation obtained from the undertakings, the CCA found that this concentration that can only be allowed subject to remedies that would eliminate anticompetitive effects of the concentration in the market for the sale of original spare parts for motor vehicles of the Hyundai, Ford, Renault, Nissan and Dacia brands, and in the market for the provision of repair and maintenance services for motor vehicles of the Hyundai, Ford, Renault, Nissan and Dacia brands in Republic of Croatia.

43. Consequently, in August 2022, the CCA accepted the commitments undertaken by the notifying party Grand Automotive LLP/Grand Automotive RD Ltd with a view to eliminating the negative effects of the concentration concerned within the set deadlines. Concretely, Grand Automotive LLP and Grand Automotive RD Ltd have committed to a transparent operation within the meaning of competition rules, application of equal selective distribution criteria to all members of the authorised distributors' network, ensuring confidentiality of information between competing multi-brand repairers and easier access to original spare parts and technical information to independent repairers.

44. The CCA calls upon other authorised importers in the motor vehicle sector to bring their behaviour in compliance with the legal framework in effect.

45. A more detailed overview in English language may be found at CCA's website.¹

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

46. Out of 79 expert legal opinions and answers to queries, the CCA issued 20 expert opinions in 2022. The opinion on the **entry fees to register in the registry of the Bar Association** was particularly interesting because the analysis of the chamber system in

¹ <https://www.aztn.hr/en/aztn-uvjetno-odobrio-koncentraciju-grand-automotive-llp-grand-automotive-rd-ltd-i-renault-nissan-hrvatska/>

Croatia including Bar Association and comparative analysis we conducted with other EU and neighbouring countries showed that the entry fees for the first entry into the registry of bar association was excessive (5.00 euros). Thus, in our opinion we stated that this represents financial barrier to entry considering that the membership to the Bar Association is mandatory and that such huge differences should not be between paralegals and persons applying for the first time for Bar Association Registry. Any condition that is disproportionate, overburdensome or restrictive is obvious barrier to enter and participate on the market and provide this service.

47. Also, we can highlight the example where the CCA communicated its opinion on public procurement rules relating to the purchase of fixed telephony services to the State Office for Central Public Procurement. In the sense of competition rules the CCA held the view that were deciding on the public procurement process itself and its requirements regarding the criteria and specifications the State Office for Central Public Procurement should take into account all the aspects of this specific market. Namely, given the fact that on the electronic communications market – provision of fixed telephony services – there are players of different market power and taking into account the specific nature of these services, the bidding criteria should be proportionate to the objectives that need to be achieved, whereas they should at the same time facilitate participation in the bidding to a larger number of interested bidders. This is why the CCA supports the separation of the subjects of the procurement contracts in several procurement groups.

48. In the opinion of the CCA regarding public procurement there are also two potential categories of service users. The first category of users depends of the coverage location and distinguishes the users that would require from their service providers to provide the service in the whole territory of Croatia. On the other hand, the second category of users would like to have the service provided merely at a certain location. The second category of users defines the users that may have safety or some other justified requirements that must be met by the potential bidders, in other words, criteria that are normally not necessary for the provision of regular services and are normally not required by the users.

49. Thus, the CCA holds the view that where the users want to have the service provided in the whole territory of Croatia and/ or have specific requirements that must be met by the bidders the public tender procedure should appropriately specify these specific criteria. The competitive criteria for other users should be defined so as to facilitate access to the bidding and to the market to a larger number of bidders.

50. This opinion is the result of the cooperation between the Croatian Regulatory Authority for Network Industries (HAKOM) and the CCA that are both in charge of the electronic communications markets. The two institutions renewed their cooperation agreement in 2021, which was described in more detail in the previous annual report. In 2022, the CCA signed similar agreement with the **State Commission for the Supervision of Public Procurement Procedures**. The parties committed themselves to cooperation in the area of competition in the public procurement procedures in all markets in the territory of the Republic of Croatia with the view to ensuring effective competition as well as in other related areas and procedures falling under the jurisdiction of the State Commission for the Supervision of Public Procurement Procedures. Both authorities endeavour to join forces and contribute to protection and advocacy of sustainable and effective competition policy in the area of public procurement at the same time ensuring free access for entrants to all markets and preventing all forms of possible distortion of competition and abuse of strong market power by the undertakings in the relevant market and connected markets within their scope of action. The cooperation will particularly focus on the detection of cartels in public procurement procedures. The parties will provide mutual assistance, expert and technical, in concrete cases handled by any of the authorities, expert opinions upon the

request of any of the parties and exchange relevant information and data in the area of competition. The cooperation will also include necessary trainings of the experts from both parties in the area of competition and public procurement procedures, particularly by participating in workshops organized by other authorities and institutions and by organisation of joint trainings, events, round tables and conferences. In the framework of the agreement, training of public procurement officials in competition law/prohibited agreements has started by a training session provided by CCA employees in April 2023.

51. The agreement has been also concluded with the **Ministry of Economy and Sustainable Development**, whereby the CCA gains full access to the e-registry of public procurement in order to facilitate detection of possible bid rigging cases. This might be further enhanced through development of algorithm which would help CCA employees in screening the registry. Also, the CCA has set up and published on its website a dedicated web address for the notification of prohibited agreements in public procurement procedures².

52. Finally, cooperation agreement was also concluded with **Croatian Financial Services Supervisory Agency**, covering the area of competition in the financial services market including the capital market, the insurance market, the pension insurance based on individual capitalized savings, leasing, factoring and other financial services and with **Croatian Energy Regulatory Agency**, on cooperation in the field of competition in the markets for electricity, gas, heat, oil and petroleum products, renewable energy sources and other markets where the need for cooperation arises.

53. Within its international cooperation activities, **CCA hosted a three-day seminar (28 to 30 September 2022) in cooperation with the OECD's Regional Center for Competition in Budapest (RCC, jointly managed by the Hungarian Competition Authority and OECD) and the Ministry of Foreign and European Affairs of the Republic of Croatia** where the seminar was held. Zagreb was chosen as the venue for the RCC seminar since the CCA celebrated its 25th anniversary with CCA's International Conference: "25 years of challenges and success". It is part of the tradition of the Regional Center to organize one of its seminars together with a participating country, and the event in Zagreb was the first that the Regional Center held abroad since the outbreak of the pandemic. Competition experts from 16 different countries in Eastern, Southeastern and Central Europe gathered to attend a seminar on ex-ante regulation and enforcement of competition rules in digital markets.

54. Representatives of CCA also actively participate in the **joint project of OECD and SIEMENS** entitled "*Fair Market Conditions for Competitiveness in the Adriatic Region*". Organized by the OECD and the Ministry of Justice and Administration, a conference was held in Zagreb in November 2022, at which CCA participated in the presentation of the results of the first phase of this project, which intends to support the creation of equal conditions for all and fair market conditions in the three pilot countries of the Adriatic region (Serbia, Croatia and Bosnia and Herzegovina) in order to improve competitiveness and integrity in a sustainable and inclusive way.

55. Also, in 2022, total of **16 trainings in the field of competition law and unfair trading practices** were held on the topics of competences and powers of the CCA, the latest amendments to the Competition Act, specific areas within the CCA's competence such as prohibited agreements, abuses of dominant position as well as concrete examples from the CCA's practice.

² zabranjeni-sporazumi-jn@aztn.gov.hr

56. Advocacy is part of the CCA's commitment to promoting knowledge and relevance on competition law as well as the importance of unfair trading practices in relations between traders and suppliers in the food supply chain.

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):

Planned resources for carrying out activities within the competence of the CCA in the State Budget for 2022 remained about the same compared to the previous year and amounted to HRK 16.852.771 (2.385.726 USD). Execution of expenditures amounted to 99% of the plan.

4.1.2. Number of employees (person-years) for both competences of the CCA (competition and unfair trading practices in food supply chain):

- economists - 22
- lawyers -22
- other professionals – 4 (IT and PR)
- support staff - 8
- all staff combined - 56

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

- Enforcement against anticompetitive practices: 15
- Merger review and enforcement: 6
- Advocacy efforts: 1

4.3. Period covered by the above information: 1 January-31 December 2022

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

57. In 2022, the CCA 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 in 2021. Additionally, there was also a market research into food delivery platforms in the Republic of Croatia in 2021.

58. The market study of the **press publishing market** in 2021 included a total of 31 newspaper publishers and distributors. The market study included 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 based on paid circulation – the number of copies sold and revenues realized by the undertakings concerned in the press advertising market, press wholesale and press retail.

59. The reason and need for conducting the study in question primarily stems from the provisions of the Media Act, Official Gazette, 59/04, 84/11 and 81/13; hereinafter: ZoM) as a special regulation which, among other things, regulates competition in the field of public information (Article 1 paragraph 1 of ZoM). In this sense, in order to achieve the principle of freedom, i.e., independence and pluralism of the media, ZoM excludes the application of general competition rules. Furthermore, the provision of Article 37, paragraph 1 of ZoM stipulates that any concentration of the undertakings active in the circulation of general information dailies, i.e., on the market of general information weeklies, by which the market share of the participants of a concrete concentration of undertakings after its implementation would exceed 40 percent of the total sold circulation of general information dailies or weeklies in the Republic of Croatia, shall be prohibited.

60. A more detailed overview in English language may be found at CCA's website³.

61. In the **groceries retail market** investigation (including food, beverages and sanitary products for households) in Croatia for 2021, the total sample included 47 undertakings. The realized turnover of all the undertakings that were included in the market investigation for 2021 amounted to more than 43 billion Kuna, which actually means that the groceries retail turnover has risen by HRK 3.4 billion or 8.4 % in comparison with 2020. In 2020 the groceries retail market rose by HRK 306 million or 0.8 % relative to 2019.

62. For 2021, the CCA has further expanded the retail groceries market investigation in the Republic of Croatia to profit margins of retailers applied across different categories of goods. The categories that were selected by the CCA were: meat and meat products, poultry meat and eggs, bakery products (bread, pastries), milk and dairy products, fresh fruit and vegetables, soft drinks and water, confectionery products (biscuits, chocolates, candies, etc.) and basic food products (flour, sugar, rice, noodles, edible oils, etc).

63. The indicators taken into account by the CCA included 2021 and the period May/June 2022, that is, the period when the questionnaire was sent to the retailers.

64. The results of this research showed that the average margins for food products in 2021 and in the period May/June 2022 were the highest in the category of bakery products and confectionery products, and relatively high in the category of fresh fruit and vegetables and basic food products (flour, sugar, rice, noodles, edible oils, etc.).

65. Of the eight observed categories of goods, three categories indicated a decrease in the average profit margin (poultry meat and eggs, milk and dairy products, fresh fruit and vegetables) in May/June 2022 compared to 2021, while in five observed categories of goods the average profit margin increased.

66. A more detailed overview in English language may be found at CCA's website.⁴

67. The **insurance market** investigation traditionally covered the life and non-life insurance market including the automobile insurance market. The objective of the investigation was to collect the data and to establish the key indicators on the relevant market by defining the market shares of the undertakings active on the insurance market including the market concentration indicators. The market shares held by the undertakings

³ <https://www.aztn.hr/en/press-publishing-market-in-2021-indicates-unceasing-fall-in-paid-circulation-but-a-rising-trend-in-advertising-revenue/>

⁴ <https://www.aztn.hr/en/trziste-trgovine-na-malo-mjesovitom-robom-biljezi-rast-u-iznosu-od-84-posto-a-najveci-trgovac-u-2021-je-konzum-plus/>

in certain market segments have been determined on the basis of the total gross written premium.

68. The CCA used the publications submitted by the Croatian Insurance Office (HUO) for the purposes of determining the basic market indicators. For the purposes of this research, the following publications were used: “Insurance market in the Republic of Croatia 2021” and “Motor vehicles and insurance 2021”. Additionally, data from the HUO brochure entitled “Key information on the insurance market in the Republic of Croatia in 2021” were used.

69. A more detailed overview in English language may be found at CCA's website.⁵

70. Finally, In November 2021 the CCA launched a market investigation into the provision of **food delivery services via digital platforms** in the Republic of Croatia with the aim of determining all the relevant facts relating to the pricing method for the provision of online food delivery services, inspecting the mutual relations between digital platforms and their most important partners – restaurants and catering establishments, and the mutual relations between the digital platforms and the food delivery workers (mandataries).

71. The emphasis of the research was additionally focused on the general terms and conditions used by individual digital platforms that actively provide food delivery services in the Republic of Croatia, as well as the contractual relations with restaurants and other catering establishments.

72. The reason for carrying out this sectoral research, among other things, has been the fast-emerging influence of digital platforms in the provision of food delivery services in the Republic of Croatia, particularly due to the spread of the COVID-19 pandemic in the last two and a half years.

73. The analysis has covered the legislative framework and the implementation in the provision of online food delivery services. General indicators of the online food delivery market in the Republic of Croatia have been determined, such as the turnover of the individual digital platforms, the number of service users – restaurants and catering facilities, the pricing and price calculation in the provision of online food delivery services, the mutual relations between the digital platforms and their most important partners - restaurants and catering establishments, and the mutual relations between the digital platforms and delivery workers. The understanding of the comparative practice of the European Commission and individual national competition authorities has also been included in the market analysis.

74. Further enforcement action and further analysis of some aspects established in the market investigation will probably follow.

75. A more detailed overview in English language may be found at CCA's website.⁶

⁵ <https://www.aztn.hr/en/bruto-premija-zivotnih-i-nezivotnih-osiguranja-u-2021-godini-iznosila-je-118-milijardi-kuna-uz-rast-od-11-milijarde-kuna-u-odnosu-na-2020/>

⁶ <https://www.aztn.hr/en/cca-carries-out-a-market-study-into-on-line-food-delivery-in-croatia/>