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Annual Report on Competition Policy Developments in Croatia

-- 2023 --

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Table of contents

1. Changes to competition laws and policies, proposed or adopted	3
1.1. Summary of new legal provisions of competition law and related legislation	3
2. Enforcement of competition laws and policies	3
2.1. Action against anticompetitive practices, including agreements and abuses of dominant positions	3
2.2. Mergers and acquisitions	8
3. The role of competition authorities in the formulation and implementation of other policies, e.g. regulatory reform, trade and industrial policies	10
3.1. Example 1: Proposed Draft Decision on granting prior consent for concluding an agreement with the service providers of the Shared Services Centre (APIS IT, FINA, CARNet, AKD)	10
3.2. Example 2: Wholesale market for voice call termination on individual mobile networks (<i>M2/2014</i>) – <i>Three-criteria test</i>	11
3.3. Example 3: Association “The Voice of Undertakings” - Compliance of the Draft Communal Order of the City of Zagreb with competition rules	11
3.4. Cooperation agreement between CCA and Faculty of Economics and Business	12
3.5. Cooperation agreement between CCA and Faculty of Law	12
3.6. Memorandum of Cooperation between CCA and Georgian competition authority	12
4. Resources of competition authorities	13
4.1. Resources overall (current numbers and change over previous year):	13
4.2. Human resources (competitor) applied to:	14
5. Summaries of or references to new reports and studies on competition policy issues	15
5.1. Research on Market of the sale of motor fuels in the Republic of Croatia	15
5.2. Groceries retail market	16
5.3. Press publishing market	17

FIGURES

Figure 1. The comparison table	14
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TABLES

Table 1.	4
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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. 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 began 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.

2. The Regulation on the implementation of the 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 11 October 2023. Article 3 of the Regulation empowers the Croatian Competition Agency as the national competition authority for its implementation. The Croatian Regulation has been adopted in order to safeguard the harmonised application and enforcement of this Regulation, ensuring proper implementation framework for the implementation of the EU Acquis Communautaire.

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 2023, the CCA solved the total of **661 cases** in the area of competition and unfair trading practices.

Table 1.

	Number of cases solved in 2023		
	Competition	Ufair trading practices	Total
Substantive	46	7	53
Other (non-administrative cases)	74 (expert legal opinions and answers to queries)	42	608
	492 (other)		
Total:	612	49	661

4. Against the decisions of the CCA (in the competition cases) 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 2023 the High Administrative Court of the Republic of Croatia issued **six 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 2023, the CCA concluded cases of alleged abuse of dominant position (27) and assessment of agreements between undertakings (29), for which purpose numerous different markets were analysed. All together the CCA in 2023 analyzed 63 relevant markets in concrete competition proceedings.

7. Here we give a summary of an established prohibited vertical agreement and abuse of a dominant position.

Prohibited vertical agreement (KEINDL SPORT)

8. In its infringement decision of 20 July 2023, the Croatian Competition Agency (CCA) found that within the meaning of the Croatian Competition Act the distributor of bicycles Keindl sport d.o.o. from Zagreb concluded a prohibited vertical agreement with its distributors in the territory of the Republic of Croatia. In the period from 17 September 2013 to 1 June 2018 this undertaking had set minimum resale prices of CUBE bicycles where the distributors concerned tacitly agreed to implement the unilateral business policy of the undertaking Keindl sport that had as its object resale price maintenance (RPM) of the product concerned and adopted the unilateral conduct in practice.

9. For this hard-core restriction Keindl sport was fined a total of EUR 281,836.88.

10. The resale price maintenance, in other words, an agreement or concerted practices that have as their direct or indirect object the restriction of the buyer's ability to determine its sale price, without prejudice to the possibility of the supplier to impose a maximum sale price or recommend a sale price, provided that they do not amount to a fixed or minimum sale price as a result of pressure from, or incentives offered by, any of the parties, constitutes a hard core restriction. The CCA found that Keindl sport explicitly imposed on its distributors to apply the resale price listed in the pricelists concerned and the preorder forms delivered to them before each season, with the view to applying the unilateral conduct of Keindl sport that had as its object the resale price maintenance for CUBE bicycles. In the surprise inspection carried out on the Keindl sport business premises the CCA found evidence on the existence of an agreement between Keindl sport and 15 of its

distributors that indirectly set the resale price of CUBE bicycles determining that the discounts for new CUBE bicycles would not be given in the fall/winter season, or that the highest discount for new CUBE bicycles in the season would not exceed the capped 5 per cent. The CCA also found evidence that the distributors concerned actively and directly participated in the unilateral conduct of Keindl sport on the basis of which it set the resale price of CUBA bicycles, where they would disclose or report other members of the distribution network that deviate from the standard pricing level of Keindl sport, the agreement on the absence of discounts or the agreement on maximum discounts applicable on new models of CUBE bicycles in season.

11. The analyses of the invoices submitted by these 15 distributors for 4,690 CUBE bicycles sold to end customers in the period from 15 September 2013 to 1 May 2018, indicated a concurrence of wills in the adopted unilateral conduct of Keindl sport in the resale price maintenance, in the entire observed period, by setting the retail prices of CUBE bikes in an amount equal to or higher than the retail prices in the price lists and pre-order forms communicated to the distributors by Keindl sport before the start of the new season or when creating wholesale orders in Keindl sport's B2B web shop during the season and that the distributors adhered to the agreement with Keindl sport not to approve discounts on new models of CUBE bicycles in the season (autumn/winter) or the maximum allowed discount of 5 percent. Out of the total number of CUBE bikes sold by all the distributors concerned in all model seasons of 2014, 2015, 2016, 2017 and 2018, the CCA found that over 93 percent of these CUBE bikes were covered by the prohibited agreement between Keindl sport and the distributors concerned.

12. The fine imposed by the decision in question in the amount of EUR 281,836.88 was paid by Keindl Sport into the State Budget of the Republic of Croatia. It is the view of the CCA that the fine will have a deterrent effect on the undertaking concerned as well as other undertakings from engaging in or continuing behaviour which restricts competition.

Commitment decision (HRVATSKE ŠUME)

13. On 20 July 2023 the Croatian Competition Agency (CCA) closed the infringement case with respect to the conclusion of a prohibited agreement against the Croatian forestry and woodland management company – Hrvatske šume and the Croatian Chamber of the Economy – Wood Processing Association by accepting the commitments offered by Hrvatske šume.

14. Concretely, Hrvatske šume committed itself not to apply Article 11.2 of the Letter of Understanding for the conclusion of framework and annual agreements for the purchase of trunks signed on 15 December 2017 and Article 9.2 of the Letter of Understanding for the conclusion of framework and annual agreements for the purchase of cubic timber of 20 April 2018. In addition, the Wood Processing Association must be exempt from the meetings and decision making about the complaints of the customers of Hrvatske šume in the sale of timber assortments. The decision can exclusively be made by the managing body of Hrvatske šume. Furthermore, the Commission for the monitoring of the sale of timber assortments in public tenders has been established that will decide about the complaints of the bidders.

15. Finally, within a period of three months Hrvatske šume committed itself to introducing a competition compliance training program for managers and employees in contact with competition rules in any segment. This compliance training program will include a Competition Guidebook for the employees, inhouse trainings and for the members of the Commission for the monitoring of the sale of timber assortments and other persons involved in commercial activities with respect to competition rules and relevant mechanisms, the implementation of competition rules in practice, their revision and the

appointment of a responsible person in charge of competition compliance matters who would be contacted in case of any competition concerns in the course of their businesses. By 13 September 2023 Hrvatske šume must submit to the CCA both the Competition Guidebook and the Training Program.

16. Namely, following a complaint of the undertaking Massive Panels d.o.o., on 14 April 2022 the CCA opened ex-officio proceeding against Hrvatske šume and the Wood processing Association with the view to identifying any anticompetitive behaviour in the form of a prohibited vertical agreement in the distribution of timber assortments within the meaning of Article 8 paragraph 1 of the Competition Act, based on the circumstantial evidence indicating that these undertakings concluded a prohibited vertical agreement implementing the Letter of Understanding signed on 15 December 2017 that may have resulted in distortion of competition in the relevant market concerned. So, Article 11.2 of the Letter of Understanding stipulated the establishment of a Commission for the Implementation of the Letter of Understanding consisting of two representatives of the signing parties in charge of its operation. What raised competition concerns in this concrete case was that the representatives of the Wood Processing Association, regardless of the fact whether they were appointed members of the Commission or not, and regardless of the fact whether they participated in decision making, participated in the meetings of the Commission where complaints of the customers of Hrvatske šume – who are their direct competitors, were discussed and decided upon.

17. Hrvatske šume offered the said commitments before the Statement of Objections was issued with the view to eliminating possible anticompetitive effects of its actions or a failure to act within the prescribed time period. The CCA accepted the proposed commitments finding the measures and respective deadlines legitimate and appropriate and sufficient to eliminate the competition concerns and to restore effective competition in the market, without the need of carrying out lengthy procedures. Given the fact that the remedies proposed by Hrvatske šume were accepted by the CCA, the proceeding that was initiated against the Wood Processing Association was terminated due to absence of legal presumption for any further action.

18. In the second case involving the same undertaking – Hrvatske šume, on 20 July 2023 the CCA also accepted the remedies voluntarily proposed by the undertaking concerned relating to alleged abuse of a dominant position in the market. In this particular case Hrvatske šume undertook the commitments to apply equal, clear and transparent conditions to equivalent transactions to its buyers – undertakings that are its competitors in allocation of timber assortments quotas in public calls for the conclusion of framework and annual agreements. The compliance with these criteria would be under scrutiny of the management office in line with the Competition Compliance Program.

19. In addition, Hrvatske šume undertook to conduct a public consultation with the interested public on the central state portal for consultations with the interested public, e-Savjetovanje, on the Draft Decision on the forms and conditions for the sale of timber assortments of Hrvatske šume for each coming year. Hrvatske šume has also committed itself to adopt the Competition Compliance Program within three (3) months, i.e., by 6 September 2023 and communicate it to the CCA. Namely, following a complaint of the undertaking Massive Panels d.o.o., on 7 October 2021 the CCA opened an infringement proceeding against Hrvatske šume with the view to identifying whether this undertaking abused its dominant position by applying unclear, non-transparent and dissimilar conditions in the allocation of timber assortments quotas to competing undertakings in public calls for the conclusion of framework and annual agreements.

20. Hrvatske šume voluntarily offered the said commitments before the Statement of Objections was issued with the view to eliminating possible anticompetitive effects of its

actions or a failure to act in a prescribed time period. The CCA accepted the proposed commitments finding the measures and respective deadlines legitimate and appropriate and sufficient to eliminate the competition concerns and to restore effective competition in the market, without the need of carrying out lengthy procedures.

21. Given the fact that Hrvatske šume implemented the said remedies there has been no legal standing to act against the undertaking in question.

Alleged abuse of a dominant position (HRVATSKA POŠTA d.d.)

22. On 3 February 2022 the Croatian Competition Agency (CCA) opened ex officio infringement proceeding against Croatian Post – the undertaking HP – Hrvatska pošta d.d. (HP) with its seat in Zagreb, to investigate whether HP abused its dominant position within the meaning of Article 13 of the Croatian Competition Act and Article 102 of the Treaty on the functioning of the European Union (TFEU) by applying a customs clearance fee levied by the customs clearance agent or customs broker for the examination of IOSS postal items in the relevant market covering the imported postal items from third countries delivered to the Republic of Croatia in on-line sales (e-commerce). Namely, on-line retailers registered in the Special Taxation Procedure (IOSS) system offer the option of paying VAT when ordering goods. In that case, the amount of VAT is included in the final price and the IOSS number will be indicated on the customs declaration of the postal item or on the invoice. If the electronic information on the IOSS number is correct, the postal item will reach the recipient with no additional cost.

23. As of 1 July 2021, in the territory of the European Union all the shipments in on-line sales from third countries regardless of their value are subject to VAT payment. Concretely, in the event that an incorrect IOSS number arrives via the electronic system, or the number is not specified at all, representation costs are charged for the issuance of the customs declaration amounting to HRK 18.50 for shipments worth up to 150 euro, or HRK 37.00 for shipments worth from 150 to 1000 euro (since 1 January 2022 known as “customs clearance representation costs”). In the course of the proceeding, the CCA investigated whether HP held a dominant position in the import on-line sales of postal items from third countries delivered to Croatia, realized within and outside the IOSS system, and whether HP abused this dominant position in the relevant market concerned within the meaning of Article 13 of the Competition Act and Article 102 TFEU, in other words, whether the customs clearance representation costs introduced by HP constituted abuse of dominance by imposing unfair pricing.

24. After analysing the data on the total number of international incoming shipments that can contain goods from all countries including the EU, it was established that HP holds a dominant position in the relevant market concerned in the sense of Article 12 of the Competition Act. However, the mere fact of existence of a dominant position in the relevant market is by itself not prohibited, whereas the abuse of dominance is. Therefore, during the proceeding, and based on the data submitted by the Customs Administration of the Republic of Croatia, the Croatian Regulatory Agency for Network Industries (HAKOM) and HP, the CCA made a comparison of the prices and representation costs in the drafting of a customs declaration by HP as well as the comparison of the prices of HP, its competitors and several national postal operators of the EU member states.

25. During the investigation of the collected data the CCA found that:

- According to the minutes of the inspection carried out by HAKOM on 17 November 2021, it was established that HP indeed performed control and security inspection activities relating to the submission of customs declarations, that is, the inspection found, among others, the activities of HP workers in handling postal

items from third countries in the case when the VAT on the goods had been paid in advance by the recipient via the electronic IOSS system, as well as in the case when the VAT had not been paid to the merchant via the IOSS system;

- the national postal operators of Slovenia, Slovakia, Romania, Greece, Hungary, Poland, Austria, the Netherlands and Belgium also charge the fee concerned;
- in the Republic of Croatia, the customs clearance service for goods from third countries with a value of up to 150 euro was charged by three other companies besides HP, and compared to their prices, HP fee in the amount of HRK 18.50 (2.46 euro) was not excessive or unfair within the meaning of Competition Act.

26. The analysis carried out by the CCA indicated that the charge of HRK 18.50 (EUR 2.46) with VAT or HRK 14.80 (EUR 1.96) without VAT is not excessive, since the profit margin of [0-5] % does not indicate charging a price which is excessive because the price of the service has no reasonable relation to the economic value of the service provided.

27. Consequently, although the data collected during the preliminary market investigation represented sufficient indications for the initiation of the infringement proceeding, the collected data and facts established in the course of the proceeding did not constitute evidence for establishing abuse of a dominant position by imposing unfair prices in the sense of Article 13 of the Competition Act and Article 102 TFEU. Therefore, the CCA terminated the infringement proceeding against HP on 18 February 2023.

2.2. Mergers and acquisitions

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

28. During 2023, the total of **17 cases** were handled in the area of control of concentrations between undertakings. All together, in 2023 the CCA analyzed 22 relevant markets in concrete merger assessment proceedings.

2.2.2. Summary of significant cases

Example of Phase I assessment case

29. On 1 December 2023 the Croatian Competition Agency (CCA) cleared in the first phase the concentration between the undertakings in the form of the acquisition of a controlling interest of the undertaking Boxy Investments S.a.r.l. over the undertakings Sunčani Hvar d.d. and Sunčani Hvar nekretnine d.o.o.

30. This transaction was cleared in the first phase due to the review of the CCA that indicated no competition concerns within the meaning of the Competition Act i.e. no basis for the opening of a phase II investigation, on the account of the fact that Boxy Investments has not been present on any relevant market in the Republic of Croatia and is “stepping into the boots” of the merged entity that leads to no change in the structure of the relevant market.

31. In other words, the acquisition of the market shares of the target undertakings does not change the structure of the market, the number of competitors therein nor the market shares they hold. What changes is only the holder of the majority interest in the acquired company.

32. No replies to the request for information published on the CCA website from all interested parties with the view to receiving further written comments and explanations with respect to the concentration at issue were submitted to the CCA.

33. Taking everything into account, the CCA cleared this concentration in the first phase within the meaning of the Competition Act and based on the data and information received by the notifying party.

Phase II assessment (approved concentration)

34. EKO-FLOR PLUS doo, Oroslavlje and REOMA GRUPA doo, Zagreb ¹-assessment of concentration permissibility at the second level

35. Croatian Competition Agency (hereinafter: CCA) assessed as permissible the concentration of the entrepreneurs EKO-FLOR PLUS and REOMA at the second level, which results from the change of control on a permanent basis by the entrepreneur EKO-FLOR PLUS over the entrepreneur REOMA. Since, based on the analysis of the data from the complete prior notification of the concentration and other data and knowledge available to the CCA, it appeared that the implementation of the concentration in question could have a significant effect on market competition, the CCA conducted the procedure at the second level and after the procedure was passed admissibility decision.

36. Based on the analyzed data, it was determined that the concentration will primarily have an effect on the following relevant markets:

- collection of industrial and commercial waste (bio-waste, wood, bulky, metal, mixed construction waste, plastic) on the territory of the Republic of Croatia,
- collection of industrial and commercial waste (paper/cardboard) on the territory of the Republic of Croatia,
- paper/cardboard processing on the territory of the Republic of Croatia,
- wholesale trade in paper/cardboard in the territory of the Republic of Croatia, EU member states in the surrounding area, and in the territory of neighboring countries, outside the EU

37. Due to the size of the post-concentration market share on the market for the collection of industrial and commercial waste (paper/cardboard) in the territory of the Republic of Croatia, the applicant of the previous concentration application submitted an explanation of horizontal and vertical effects in the document "Economic analysis of effects" prepared by the Faculty of Economics in Zagreb subject concentrations. CCA accepted the analysis and the conclusions from that analysis as credible and relevant for the evaluation of the effects of the concentration in question.

38. Based on the evaluation of the data contained in the concentration notification, the statement of the applicant, the established structure of the relevant markets, with regard to existing and potential competitors, general indicators of market shares in the relevant market, obtained data and statements from surveyed entrepreneurs, the statement of the Fund, the post-concentration market share of the participants in the concentration, the economic analysis contained in the document: "Economic analysis of effects" prepared by the Faculty of Economics in Zagreb, the expected effects of the concentration in terms of benefits for consumers and other available data and knowledge, documents and evidence, as well as the results of the legal and economic analysis carried out in this case, taking into

¹EKO-FLOR PLUS doo, Oroslavlje and REOMA GRUPA doo, Zagreb, CLASS: UP/I 034-03/2022-02/011, from December 19, 2023.

account all the specific factual, legal and economic circumstances, the CCA made a decision in the specific case that assessed the concentration as approved.

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

39. Out of 74 expert legal opinions and answers to queries, the CCA issued 13 expert opinions in 2023.

3.1. Example 1: Proposed Draft Decision on granting prior consent for concluding an agreement with the service providers of the Shared Services Centre (APIS IT, FINA, CARNet, AKD)

40. On 13 April 2023 the Croatian Competition Agency (CCA) received a request made by the Central State Office for the Development of Digital Society seeking the opinion of the CCA regarding the compliance with competition rules of the provisions of the proposed Draft Decision on granting prior consent for concluding an agreement with the service providers of the Shared Services Centre (APIS IT, FINA, CARNet, AKD) (hereinafter: Draft Decision).

41. In its opinion regarding the Draft Decision concerned the CCA proposed that for the sake of compliance with competition rules in any agreement on the provision of services of the Shared Services Centre, which the Central State Office for the Development of Digital Society concludes with APIS, FINA, AKD and CARNet, the duration of the agreement of 3 years should be set.

42. In other words, within the meaning of competition rules it is necessary to observe the right of any service provider to provide a certain service within a certain limited duration period. Given the fact that the Draft Decision failed to provide the duration period of the agreement concerned, the CCA proposed a term of 3 years as appropriate, which would bring the Draft Decision in compliance with competition rules and taking into account the technological progress it would not prevent or limit access to the market for other service providers in the long term.

43. Since the agreements in Article 4 of the Draft Decision contain provisions on public procurement of goods, services, and works for the needs of the Shared Services Centre, in the subsequent implementation of the agreements, the CCA found that generally, from the perspective of competition rules, it was desirable to determine service providers or contractors through public tendering while respecting the principles of competition to enable the participation of as many bidders as possible in the tendering process and their access to the market. Furthermore, the tendering conditions must not be discriminatory, excessive and/or placing a particular undertaking or category of undertakings at a competitive advantage.

44. When issuing the opinion in question, the CCA took into account the fact that in the specific case, that the regulation of the state information infrastructure meets its purpose to ensure the interoperability of public registers and information systems of public sector bodies and to provide common elements for interaction with citizens or other users.

45. The full version in the Croatian language is available on the CCA website:

<https://www.aztn.hr/ea/wp-content/uploads//2023/04/Misljenje-za-potpis-digitalno.pdf>

3.2. Example 2: Wholesale market for voice call termination on individual mobile networks (*M2/2014*) – *Three-criteria test*

46. In line with the provisions of the Electronic Communications Act, on 6 April 2023 the Croatian Competition Agency (CCA) received a request from the Croatian Regulatory Authority for Network Industries (HAKOM) seeking the opinion of the CCA regarding the conclusions under the Proposed Decision CLASS: 344-01/23-03/01, Reg.no.: 376-05-01-23-1 of 23 March 2023, particularly the part thereof entitled “Wholesale market for voice call termination market on individual mobile networks (*M2/2014*) – *Three-criteria test*”.

47. Namely, the CCA found that HAKOM specified the scope of services for the wholesale market for voice call termination on individual mobile networks (*M2/2014*) by defining three relevant wholesale termination markets for voice calls in the network of each operator (HT, Telemach, A1) independently of the electronic communications network in which the call originated and regardless of the technology. Regarding the geographical dimension of the market, HAKOM defined the relevant market as the national territory of the Republic of Croatia. Furthermore, HAKOM determined that all three criteria from Article 100, paragraph 2 of the Electronic Communications Act were met and therefore decided to abolish all regulatory obligations previously imposed on operators on the relevant market: HT, Telemach, and A1. Nevertheless, the CCA pointed out that in individual proceedings concerning the undertakings operating in the electronic communications market, based on competition rules for whose implementation it is responsible, the relevant market is determined in each individual case conducted before the CCA. In other words, the CCA emphasized that the relevant market defined in a specific case might not necessarily coincide with the relevant markets established *ex ante* by HAKOM.

48. Based on the decision of the Competition Council the CCA adopted the opinion stating that it has no objections to the conclusions under the Proposed Decision concerned.

49. The full version in the Croatian language is available on the CCA website: <https://www.aztn.hr/ea/wp-content/uploads/2023/05/HAKOM-2.pdf>

3.3. Example 3: Association “The Voice of Undertakings” - Compliance of the Draft Communal Order of the City of Zagreb with competition rules

50. Within its powers under Article 25 paragraphs 1 and 3 of the Competition Act, the Croatian Competition Agency (CCA) can issue expert opinions at the request of the Croatian Parliament, the Government of the Republic of Croatia, central administration authorities, public authorities in compliance with separate rules and local and regional self-government units, regarding the compliance with the Competition Act of draft proposals for laws and other legislation, as well as other related issues raising competition concerns. In addition, the CCA can issue expert opinions assessing the compliance of the existing laws and other legal acts with the Competition Act, opinions promoting competition culture and enhancing advocacy and raising awareness of competition law and policy.

51. In this particular case, the Association “The Voice of Undertakings” complained in its written submittal that the new Communal Order of the City of Zagreb of 3 May 2023 forecloses competition in the outdoor advertising market with respect to the duration of the lease, the size of the billboards and by giving advantage to certain undertakings.

52. The CCA analysed the Communal Order concerned in the part that referred to the installation of billboards and issued the opinion proposing that the existing provision

ensuring 5-year duration for the installation of the billboards should be replaced by 2-year limited duration with no possibility of extending this period.

53. The CCA explained that the existing 5-year period for the installation of the billboards placed on public surfaces following a public tender, prevented access to this market for other undertakings for a long period of time. Setting a deadline of 2 years without the possibility of extending it would avoid the possibility of market foreclosure for other interested undertakings.

54. In relation to the specific public tender for the lease of billboard surfaces, from the aspect of competition rules, the CCA pointed out that it was necessary to provide a level playing field for all interested undertakings to submit their bids under non-discriminatory criteria. In the case of more locations for setting up billboards, the criteria of the lease of billboard locations should be divided into groups so as to ensure effective competition in the provision of outdoor advertising for a greater number of undertakings.

55. The full version in the Croatian language is available on the CCA website: https://www.aztn.hr/ea/wp-content/uploads/2023/07/Grad-Zagreb_odluka-kom-red_digitalni-potpis67.pdf

3.4. Cooperation agreement between CCA and Faculty of Economics and Business

56. The president of the Competition Council, Mirta Kapural, Ph.D. and the dean of the Faculty of Economics and Business, University of Zagreb, associate professor, Sanja Sever Mališ Ph.D., signed a cooperation agreement between these institutions on 1 March 2023. The agreement is significant for both parties, given the fact that knowledge of competition rules is necessary for everyone who in any way operates in the EU market, either as a competitor or as a consumer. This particularly includes the students of the Faculty of Economics and Business who will in some way participate in the EU market in their future career. Based on the agreement, the parties to the agreement will endeavour to connect science and practice through trainings and education of the students in the area of competition law by the experts of the CCA, and they commit to exchange information on expert gatherings of joint interest, and organize such meetings, round tables and conferences themselves.

3.5. Cooperation agreement between CCA and Faculty of Law

57. President of the Competition Council, Mirta Kapural, Ph.D. and dean of the Faculty of Law, University of Zagreb, prof. Ph.D. Ivan Koprić, signed a cooperation agreement on June 6, 2023. This agreement confirmed the need and readiness for joint action in order to raise the quality of the education system and promote knowledge about competition law and policy. Cooperation will take place through various activities, and special attention will be paid to professional development of students in the field of competition law through guest lectures by CCA employees in classes, implementation of student education programs by CCA employees, occasional student visits to CCA and joint educations and lectures.

3.6. Memorandum of Cooperation between CCA and Georgian competition authority

58. On 20 October 2023 Mirta Kapural, PhD, president of the Croatian Competition Agency (CCA) and Irakli Lekvinadze, PhD, president of the Georgian competition authority, signed a Memorandum of Cooperation during the ICN conference in

Barcelona. The purpose of the Memorandum of Cooperation is to promote cooperation between the agencies of these two countries in the area of implementation of competition law and policy, as well as the exchange of professional experience and information about concrete cases. The CCA has already signed similar agreements with competition authorities from Austria, Bosnia and Herzegovina, Bulgaria, Montenegro, Kosovo, Hungary, North Macedonia, Romania, Albania, Serbia and Turkey.

59. Also, in 2023, the CCA participated in or organised the total of **20 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.

60. 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):

61. Planned resources for carrying out activities within the competence of the CCA in the State Budget for 2023 remained about the same compared to the previous year and amounted to EUR 2.316.854 (2.560.124 USD). Execution of expenditures amounted to 99% of the plan.

62. The budget records a certain growth in nominal values for 2023/2022 and 2024/2023, with a note that high inflation rates of 10.8% and 8.0% are also recorded in 2023 and 2022.

63. Government's Regulation on salaries, in force since 1 March 2024, ensures higher salaries for CCA's expert staff, support staff and the Council. After long time, the illogical relation between the lower salaries of the Council and the higher ones of the expert staff is finally rectified. The salaries of the Council, including president, are higher than before and are also higher in comparison to expert staff which had not been the case before the Regulation on salaries entered into force. While there is still room for improvement concerning salaries of expert staff, where some salaries rose by 1%-7% (which is significantly lower than the average increase in coefficients in state and public services), those of the Council have recorded significant rise in the range of 66%-69% (please see the table below).

64. The remaining challenge will be strengthening of expert staff departments and hiring new staff in these changed circumstances and conditions, along with the issue of staff training and resources for their education and professional development.

Figure 1. The comparison table

Agencija za zaštitu tržišnog natjecanja	Koeficijent prije	NOVI KOEFICIJENT	razlika u koeficijentu	razlika u %
predsjednik Vijeća za zaštitu tržišnog natjecanja	2,792	4,63	1,84	66%
zamjenik predsjednika Vijeća za zaštitu tržišnog natjecanja	2,481	4,19	1,71	69%
član Vijeća za zaštitu tržišnog natjecanja	2,323	3,85	1,53	66%
stručni suradnik	1,523	2,10	0,58	38%
mlađi savjetnik (Agencija za zaštitu tržišnog natjecanja)	1,600	2,10	0,50	31%
voditelj odsjeka (Agencija za zaštitu tržišnog natjecanja)	2,037	2,45	0,41	20%
stariji savjetnik (Agencija za zaštitu tržišnog natjecanja)	1,978	2,35	0,37	19%
voditelj odjela (Agencija za zaštitu tržišnog natjecanja)	2,716	2,90	0,18	7%
samostalni savjetnik (Agencija za zaštitu tržišnog natjecanja)	2,619	2,80	0,18	7%
glavni savjetnik	3,201	3,35	0,15	5%
direktor Sektora	3,249	3,35	0,10	3%
glavni ekonomist (Agencija za zaštitu tržišnog natjecanja)	3,249	3,35	0,10	3%
predstojnik Ureda Vijeća za zaštitu tržišnog natjecanja (Agencija za zaštitu tržišnog natjecanja)	2,716	2,73	0,01	1%

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

- economists - 21
- lawyers -20
- other professionals – 4 (IT and PR)
- support staff - 8
- all staff combined - 53

4.2. Human resources (competiton) applied to:

- Enforcement against anticompetitive practices: 13
- Merger review and enforcement: 6
- Advocacy efforts: 2

65. At the end of 2023, the Ministry of Economy and Sustainable Development issued a public call for the candidates for the posts of four Council members. After completion of the procedure, the Ministry proposed the candidates to the Government of the Republic of Croatia and on 28 February 2024 the Croatian Parliament approved the appointment of four Council members (Branimira Kovačević, MA, Sandra Mikinac, LL.M, Hrvoje Šeremet, LL.M, and Denis Matić, LL.M) for a five-year term. For the first time since the end of 2020, the Council is now complete with the President and four members. Please see attached the appointments published in the Official Gazette.

66. The Ministry of Economy and Sustainable Development shall also in the future ensure timely implementation of the selection procedure of new Council members and president of the Council. Also, Ministry's practice of giving timely consent to the CCA is now implemented; consents for all workplaces that got vacant in 2023 (four) were provided and the CCA is currently completing the process of selecting the candidates.

67. Period covered by the above information: 1 January-31 December 2023

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

68. In 2023, the CCA completed two in-depth sectoral market research, i.e. its regular annual market research on press publishing market in the Republic of Croatia in 2022.

5.1. Research on Market of the sale of motor fuels in the Republic of Croatia

69. At the end of August 2022, Croatian Competition Agency (hereinafter: CCA) launched a survey of the market for the sale of motor fuels in the Republic of Croatia with the aim of determining all relevant facts regarding the market of motor fuels in the Republic of Croatia.

70. The reason for carrying out this sectoral research was, among other things, a disruption in the oil derivatives market, i.e. a significant increase in the prices of motor fuels in the Republic of Croatia in the period before the start of the research, as a result of the increase in the prices of oil and oil derivatives on the world market, which was mainly caused by difficulties in fuel production and distribution chains.

71. In this sense, the intention when opening the subject sectoral research was to collect data and determine certain facts and circumstances regarding the motor fuel market, which were not necessarily related to these global trends.

72. Also, the secondary goal was to determine the facts related to the mechanism of determining the prices of motor fuels sold in specialized stores - gas stations in the Republic of Croatia, as well as to determine the facts about the retail prices of motor fuels in the period 2021 to 2022. In doing so, the expert service observed fuel prices on specific dates, for example from October 15, 2021, with the adoption of the first Regulation on determining the highest retail prices of oil derivatives of the Government of the Republic of Croatia ("Official Gazette", No. 112/21), which set the maximum retail price with value added tax for three motor gasolines and one diesel fuel for a period of 30 days, i.e. from October 15 to November 14, 2021.

73. The aim of the research in question was to cover the period in which prices were previously regulated and the period in which prices were not previously regulated.

74. In the production sense of the relevant market, the subject research covered the market for the sale of motor fuels, primarily motor gasoline, diesel fuel and LPG - auto gas. In the subject research, the facts were established primarily in relation to the market of retail trade in motor fuels. Furthermore, considering the determination of the state of the retail market through commercial and contractual relations with undertakings at the ascending levels of the market, the research also covers the wholesale market of motor fuels.

75. In a geographical sense, the subject research covered the entire territory of the Republic of Croatia.

76. The set goals of the research and the research area were to analyze the legislative and institutional framework of the motor fuel sales market in the Republic of Croatia, to determine possible legal and/or factual obstacles to access to the wholesale and retail motor fuel market in the Republic of Croatia, to determine general and quantitative indicators of the state of the motor fuel market in the Republic of Croatia and determine the market position of an individual undertaking, determine the regulatory framework for determining the prices of motor fuels, determine the facts about the retail prices of motor fuels (Eurosuper 95 without additives, Eurosuper 95 with additives, Eurodiesel without additives, Eurodiesel with additives, LPG - LPG) in the period in 2021 and 2022, namely the method of determining the prices of motor fuels, the application of the formula for

calculating retail prices, the structure of retail fuel prices in 2022, the application of different prices depending on the geographic location of the gas station, the taxation of motor fuels, including the facts regarding the purchase prices of motor fuels in 2022 and to determine the facts regarding contractual relations between wholesalers - suppliers of motor fuels and retailers of motor fuels and liquefied petroleum gas. Also, the goal was to perform a comparative analysis with conclusions from comparative studies of other national competition authorities.

77. The research itself was conducted by means of a survey questionnaire to all important stakeholders in the market, including large, medium and small motor fuel retailers. After receiving basic information from the Croatian Energy Regulatory Agency (hereinafter: HERA) and the Croatian Chamber of Commerce (hereinafter: HGK), detailed questionnaires were sent to the surveyed undertakings from the sample in several stages, in the period from mid-November 2022 to beginning of June 2023.

78. The sample of undertakings for the survey questionnaire was primarily determined based on the database of HERA and HGK, and additionally based on the data and statements submitted to AZTN by the undertakings included in this research in the first phase of the research (November 2022 - February 2023).

79. AZTN sent the questionnaire to all significant undertakings (a total of 22) operating at the retail and/or wholesale level. In addition, a letter was sent to the Association of Small Motor Fuel Distributors, whose 40 members mainly operate at the retail level.

80. The research did not cover the *upstream market*, which relates to refinery operations, due to the fact that in the observed period the only refinery in Croatia was closed for overhaul. In other words, the supply of fuels to consumers in the Republic of Croatia in the observed period was mainly carried out through imports or imports from other countries.

5.2. Groceries retail market

81. The Croatian Competition Agency (CCA) carried out the Groceries retail market investigation (including food, beverages and toiletries and household supplies) in Croatia for 2022. The sample included 45 undertakings that, according to their realized turnover, represented the largest undertakings operating in the grocery retail market.

82. Three retailers were less in the 2022 sample compared to the previous 2021 market research, Pemo, Lonia Trgovina and Trgostil. Pemo and Lonia trgovina were integrated into Studenac (Studenac Market) and deleted as such from the court register in March 2023 (Pemo) and in May 2023 (Lonia Trgovina), respectively. The undertaking Trgostil d.d. was merged with the undertaking Trgovina Krk d.d. on 21 2022 and was deleted from the court register on 10 November 2022. Trgovina Krk d.d. took over all obligations and rights held by Trgostil. This was a transaction within the Čakovečki mlinovi Group.

83. The turnover from grocery retail in the Republic of Croatia of all undertakings from the sample in 2022 amounted to HRK 50.2 billion. In 2022, a nominal groceries retail turnover growth of HRK 6.8 billion was recorded compared to the previous 2021, when it amounted to HRK 43.4 billion, showing that the grocery retail market rose by 15.7%.

84. For the first time, the combined turnover of the retailers from the sample exceeded HRK 50 billion, which was certainly influenced by the general inflation trends and especially in the part related to the food and non-alcoholic beverages component in the consumer price index.

85. In 2022, there was a total of 4,996 sales outlets of the sampled retailers, which rose by 171 compared to the previous 2021, representing a growth of 3.5%.

86. The total net sales space of all sales outlets of the surveyed undertakings in 2022 amounted to just under 1.54 million square meters, recording an increase in net sales space of 31,700 square meters compared to the previous 2021, representing a growth of 2.1%.

87. The full version of the CCA Groceries Retail Market Inquiry for 2022 in the Croatian language is available on the CCA website:

88. https://www.aztn.hr/ea/wp-content/uploads//2024/01/Trgovina-na-malo-2022_prikaz-stanja_final.pdf

5.3. Press publishing market

89. Given that the regulations on media and electronic media oblige publishers and media service providers to submit reports of the intention to implement concentrations to the CCA.

90. CCA, as in earlier periods, conducted research on the press publishing market in the Republic of Croatia in 2023 in order to determine important indicators of that market for 2023, which enables CCA to have a database on the circulation markets of general information dailies and weeklies. The subject segments of the general information dailies and weeklies circulation market are particularly important when assessing mergers of undertakings that include media publishers.

91. A more detailed overview in Croatian language may be found at CCA's website: <https://www.aztn.hr/ea/wp-content/uploads//2023/07/Prikaz-stanja-trazista-tiska-2022-3.pdf>