

BOSNA I HERCEGOVINA
Konkurencijsko vijeće



БОСНА И ХЕРЦЕГОВИНА
Конкуренцијски савјет

BOSNIA AND HERZEGOVINA
Council of Competition

Number: 01-01-26-014-47-II/06
Sarajevo, 22 December 2006

Pursuant to Article 25, paragraph (1), item e), Article 42, paragraph (1), item d) and Article 43, paragraph (2), in connection with Articles 12, 14, 16, 17 and 18 of the Act on Competition («Official Gazette of BiH», No.48/05) and Article 193, paragraph (2) of the Law on Administrative procedure («Official Gazette of BiH», No. 29/02) and upon the Notification on intended concentration, from 15 September 2006, No. 01-01-26-014-II/06, takeover of the undertaking Energopetrol d.d. Sarajevo, Maršala Tita 36, Bosnia and Herzegovina, from the undertaking INA industrija nafte d.d. Zagreb, Avenija V. Holjevca 10, Republic of Croatia, and undertaking MOL Hungarian Oil and Gas Plc., H-1117 Budapest, Oktober huszonharmadika u. 18, Republic of Hungary (INA-MOL Consortium), the Council of Competition on its 38th session held on 22 December 2006 has adopted

DECISION

1. The concentration achieved in the sale market of oil and lubricants in Bosnia and Herzegovina by acquisition of control, i.e. dominant influence over Energopetrol d.d. Sarajevo, Bosnia and Herzegovina by the undertaking INA industrija nafte d.d. Zagreb, Avenija V. Holjevca 10, Republic of Croatia, and undertaking MOL Hungarian Oil and Gas Plc., H-1117 Budapest, Oktober huszonharmadika u. 18, Republic of Hungary (INA-MOL Consortium), is assessed compatible.
2. This Decision on concentration shall be recorded at the Registry on concentrations.
3. This Decision is final and it shall be published in Official Gazette of BiH and in official gazettes of Entities and Brčko District.

Exposition

The Council of Competition has received on 15 September 2006 a Notification on intended concentration (hereinafter: the Notification) achieved by takeover of control over undertaking Energopetrol d.d. Sarajevo, submitted by INA industrija nafte d.d. and MOL Hungarian Oil and Gas Plc., (INA-MOL Consortium) (hereinafter: the Applicant).

With an insight into the Notification, the Council of Competition ascertained that it is not complete in sense of Article 30 of the Act on Competition (hereinafter: the Act), so the Council of Competition requested on 4 October 2006, 9 October 2006 and on 18 October 2006 its completion according to Article 31 of the act. The Applicant, according to the request of the Council of Competition, submitted missed documents on 2 October 2006, 17 October 2006 and 25 October 2006. When the Notification was complete, the Council of Competition issued an Acknowledgement of receipt of complete and adequate Notification, No.: 01-01-26-014-9-II/06, pursuant to Article 30, paragraph (3) of the Act on 7 November 2006.

The Council of Competition, pursuant to Article 16, paragraph (3) of the Act, made out an Notice, published in daily newspapers of Bosnia and Herzegovina on 10 October 2006, giving the details from the Notification on intended concentration and inviting all entities directly interested to submit their comments in writing regarding the implementation of the concentration in question.

In regards to the said Notice the undertaking Energoinvest maziva d.o.o. Sarajevo Banjalučka 12, submitted the observations about the Notification in question.

The Council of Competition made a preliminary analysis on the basis of the submitted documents and ascertained that the intended concentration should result in distortion of free market competition in the relevant market of oil derivatives and lubricants in Bosnia and Herzegovina or in its significant part, in a sense of Article 13 and 18 of the Act and therefore the Council of Competition adopted a Resolution authorizing an initiation of the proceedings (No: 01-01-26-014-26-II/06, dated on 22 November 2006).

The Council of Competition asked, in a sense of Article 33, paragraph (3) and Article 35 of the Act, some additional information and documentation from the parties to the concentration and respected institutions of Bosnia and Herzegovina in order to determine substantive facts.

The Council of Competition was going to determine a positive and negative effects of the concentration in question, i.e. its reflection on the relevant market structure, in sense of Article 17 of the Act, and whether it was going to create a dominant position of the parties to the concentration which could result in significant distortion of market competition, in sense of Article 13 of the Act on Competition.

During the assessment procedure of the concentration in question, the Council of Competition has ascertained the following:

The Legal frame of the assessment of concentration

In the course of the assessment procedure of the concentration concerned the Council of Competition applied stipulations of the Act on Competition, Regulation on the Definition of a relevant market («Official Gazette of BiH», No. 18/06) and stipulations of the Law on administrative procedure («Official Gazette of BiH, No. 29/02) in the part which is not covered by regulations of the Act on Competition.

The Council of Competition, in sense of Article 43, paragraph (7) of the Act, used a European Court case law and EC decisions and criteria and standards from the Act of the EC Council, No. 139/2004 on control of the concentration between undertakings, Information of the European Commission on the concept of concentration of undertakings and Instructions for assessment of horizontal/vertical concentrations.

Legal basis and form of the concentration

The legal basis for the concentration concerned is an Agreement on additional capitalization of the undertaking Energopetrol d.d. Sarajevo (hereinafter: the Agreement on additional capitalization) concluded between Energopetrol d.d. Sarajevo and Government of the Federation of Bosnia and Herzegovina as one party and undertaking MOL Hungarian Oil and Gas Plc., Budapest, Republic of Hungary and INA-Industrija nafte d.d., Zagreb, Republic of Croatia (hereinafter: MOL-INA Consortium) as the second party to the contract, on 8 September 2006.

The legal form of the concentration concerned is joint control acquired by the Applicants in undertaking Energopetrol d.d. Sarajevo (hereinafter: Energopetrol Sarajevo), in sense of Article 12, paragraph (2), item b) of the Act. The control is acquired by acquisition of majority shares of 67, 0 % through the emission of shares in the closed sale by increasing the shares capital of Energopetrol Sarajevo in amount of 60.195.000, 00 KM.

According to the Agreement on additional capitalization, the INA-MOL Consortium commits itself, besides others, to invest money in amount of 150.000.000, 00 KM in Energopetrol Sarajevo within the period of three years and pay 10.200.000, 00 KM on behalf of the budget of the Government of Federation of Bosnia and Herzegovina

The ownership structure of Energopetrol Sarajevo before implementation of the concentration in question (Table 1.):

Table 1

Shareholders	Nominal sum (KM)	Number of stocks	Percentage %
Government of FBiH	15.188.887,50	1.215.111	67,0345%
Other shareholders	7.469.421,88	597.553	32,9655 %
Total	22.658.300,00	1.812.664	100,0%

The ownership structure of Energopetrol Sarajevo after implementation of the concentration in question (Table 2.):

Table 2

Shareholders	Nominal sum (KM)	Number of stocks	Percentage %
INA Zagreb	23.001.612,50	1.840.129	33,50%
MOL Budapest	23.001.612,50	1.840.129	33,50%
Together consortium INA i MOL	46.003.225,00	3.680.258	67,0%
Government of FBiH	15.188.887,50	1.215.111	22,0%
Other shareholders	7.469.412,50	597.553	11,0%
Total	68.661.525,00	5.492.922	100,00%

Following the implementation of the concentration in question, the ownership structure of Energopetrol Sarajevo will be changed in a way that INA-MOL will own majority of shares (67%)and therefore it is obliged to notify the concentration in a sense of Article 12 of the Act are

The parties to the concentration

The Applicant is obliged to submit a notification because its aggregate annual income in the world market amounts over 100.000.000, 00 KM according the balance sheet in the year preceding the concentration, on 31 December 2005 Table 3.):

Table 3

	Parties to the concentration	Worldwide (millions)		Bosnia and Herzegovina (millions KM)
		US\$	KM	
1.	INA-Industrija nafte d.d. Zagreb	(..)** ¹	(..)**	(..)**
2.	MOL Hungarian Oil and Gas Plc.	(..)**	(..)**	(..)**
3.	Energopetrol d.d. Sarajevo	(..)**	(..)**	(..)**

¹ (..)** - the data is deemed as a business secret

INA Industrija nafte Zagreb

INA Industrija nafte d.d., Zagreb (hereinafter: INA Zagreb) is founded on 1 January 1964. The present organizational structure was set up when it merged with other undertakings operating in oil and gas explorations, trade, industry- petrochemicals, i.e. when the undertaking Naftaplin merged with refineries of Rijeka, Sisak and Zagreb, and undertakings OKI and DINA – petrochemical operations of Rijeka with undertaking- petrochemical operations of Kutina . Since 1993 INA Zagreb has acted as stock company, registered under number: 080000604, in the Trade Court in Zagreb, Republic of Croatia. The main shareholders of INA Zagreb are the Government of Republic of Croatia with 68,0% of shares and MOL Budapest with 25,0% plus one of shares and Fond branitelja Republike Hrvatske (the Foundation of veterans Republic of Croatia) with 7,0% of shares.

INA Industrija nafte Zagreb

The main activities of INA Zagreb and its dependent economic associations are:

- exploration and utilization of oil and gas, principally in Republic of Croatia and concessions given for exploration and exploitation of oil in Angola, Egypt and Syria;
- import of natural gas and sale of the imported and domestic natural gas to industrial users and city gas plants;
- oil processing and production of derivatives in refineries of Rijeka and Sisak for motor fuel production and in refineries of Rijeka and Zagreb for production of lubricants;
- sale of motor fuels and other products through the retail chain in 457 petrol stations on 31 December 2005 (415 in Republic of Croatia and 42 out of Republic of Croatia- 41 in Bosnia and Herzegovina);
- trading in crude oil and oil derivatives through the chain of foreign dependent associations and branches, mainly in London, Ljubljana, Sarajevo and Moscow;
- providing onshore and offshore oil related services as it is exploitation of oil, through the undertaking Crosco d.o.o.-Integrirani naftni servisi, the dependent association for technological and oil well drilling services.

On 31 December 2005 INA Group has comprised INA Zagreb and many other dependent associations owned wholly or partially by INA Zagreb operating mainly in Republic of Croatia, and it has a dominant position in Republic of Croatia in exploration and production of oil and gas, oil processing and sale of gas and oil products. INA Group possesses 16, 0 % of shares in a private undertaking JANAF d.d. (an association for managing the Adriatic oil pipeline). INA Group has undertakings in Great Britain, Republic of Hungary, Republic of Slovenia, Republic of Montenegro, Bosnia and Herzegovina and Republic of Macedonia.

INA Group founded abroad its dependant economic associations, which included also a trade associations operating as distributors of motor fuels and lubricants, suppliers of raw materials for production of motor fuels, lubricants and other products. INA BH d.d. Sarajevo, registered under number 1-7480 in the Main Court Employment Tribunal, Sarajevo /Cantonal Court in Sarajevo, is a subsidiary association and it is owned 100% by INA Zagreb.

INA Zagreb acts in Bosnia and Herzegovina through INTERINA d.o.o. Mostar, a subsidiary association owned 100% by INA Zagreb, registered under number 1-4175 in the Cantonal Court in Mostar. INREINAd.o.o. Mostar (hereinafter: INERINA), acts in the market of Bosnia and Herzegovina in the segment of motor fuels and lubricants sale.

HOLDINA d.o.o. Sarajevo is owned 100,0% by Guernsey Limited, in where INA Zagreb holds

majority of shares. HOLDINA d.o.o. Sarajevo (hereinafter: HOLDINA) is registered under registered number 1-22319 in the Cantonal Court in Sarajevo and it acts in the market of Bosnia and Herzegovina in the segment of motor fuels and lubricants sale.

MOL Hungarian Oil and Gas - Budapest

MOL Hungarian Oil and Gas Plc., Budapest (hereinafter: MOL Budapest) is leading company in the oil and gas market in Central and Eastern Europe and one of the biggest companies in this region considering the aspect of the aggregate annual turnover. MOL Budapest is a leading company in the sector of production, distribution, sale of oil, derivatives and gas in the markets of Republic of Hungary, Republic of Slovakia, etc.

Shareholders of the MOL Budapest on 31 December 2005 are different foreign investors (they are mainly institutional investors) and they hold 57,0% of the shares, OMV- Republic of Austria holds 10,0%, BNP Paribas-Republic of France holds 8,6%, Magnolia Finance Ltd. holds 5,5%, APV Zrt.- Privatization Agency of Republic of Hungary holds 1,7%, MOL Nyrt.- of the state shares issued by Republic of Hungary (treasury shares) holds 10,0% of the shares.

The main activities of the MOL Budapest are:

- exploration and production of crude oil, natural gas and gas products;
- production of oil derivatives, products of natural gas and other gas related products;
- processing, transport and storage of crude oil;
- transport, storage and distribution of oil products;
- wholesale and retail sale of oil derivatives;
- managing a retail sale of petrol stations network;
- import, transport, storage and wholesale of natural gas and gas related products.

Energopetrol Sarajevo

Energopetrol Sarajevo, registered under number 1-21070 in the Municipal Court of Sarajevo on 6 May 2004, acts as a stocks company. It acts mainly in the sector of wholesale and retail sales of fuel, lubricants and similar products.

Since 1995 Energopetrol Sarajevo has acted through its organizational units: Board office Sarajevo, Business Centre Sarajevo, Branch in Živinice, Branch in Mostar, and Branch in Bihać. The petrol stations sale network, through which Energopetrol carries on its activities, comprises 65 petrol stations, 4 warehouses (three of them are in use partially and one is in use but it is not owned by Energopetrol Sarajevo) and 1 aircrafts service shop.

The Economic Associations connected to the parties to the Concentration

INA Zagreb holds directly or indirectly shares in the following economic associations (Table 4.):

Name of association	Business activity	Shareholder's share
Technological services		
Crosco naftni servis d.o.o. Zagreb	Technological services	(..)**%
Crosco International Limited, Guernsey	Technological services	(..)**%
Geotehnika International LLC, Abu Dhabi, UAE	Providing oil services	(..)**%
Nordic shipping Ltd. Marshall Islands	Renting platforms	(..)**%
Sea Horse Shipping Inc., Marshall Islands	Renting platforms	(..)**%

Crosco Drilling & Well Services (UK) limited (inactive)	Finances	(..)**%
Crosco International d.o.o. Slovenia	Technological services	(..)**%
Mideast Integrated Drilling & Well Services Company LLC, Oman,	Providing oil services	(..)**%
Exploitation and production of oil		
INA Naftaplin International Exploration and Production Ltd., Guernsey	Exploitation and production of oil	(..)**%
CorteCros d.o.o. Zagreb	Distribution anti-corrosive products	(..)**%
Tourism		
ITR d.o.o. Zagreb	Renting vehicles	(..)**%
Auxiliary services		
STSI integrirani tehnički servisi d.o.o. Zagreb	Technical services	(..)**%
Sinaco d.o.o. Sisak	Security services	(..)**%
Production and trade		
Maziva Zagreb d.o.o. Zagreb	Production and trade with lubricants and related products	(..)**%
Proplin d.o.o. Zagreb	Production and trade with liquefied gas	(..)**%
Trade and finance		
Interina d.o.o. Ljubljana, Slovenia	Foreign trade	(..)**%
INA BH d.d. Sarajevo, Bosnia and Herzegovina	Foreign trade	(..)**%
Interina d.o.o. Mostar, Bosnia and Herzegovina	Foreign trade	(..)**%
Interina d.o.o. Skopje, Macedonia -inactive	Foreign trade	(..)**%
Interina Holding Ltd. London, Great Britain	Foreign trade	(..)**%
Inter Ina Ltd. London, Great Britain	Foreign trade	(..)**%
Interina GmbH, Frankfurt, Germany—in liquidation	Foreign trade	(..)**%
INA Hungary Ltd. Budapest, Hungary	Foreign trade	(..)**%
FPC Ltd. London, Great Britain	Foreign trade	(..)**%
Holdina (Guernsey) Ltd., Guernsey	Foreign trade	(..)**%
Inter Ina (Guernsey) Ltd., Guernsey	Foreign trade	(..)**%
Holdina d.o.o. Sarajevo, Bosnia and Herzegovina	Foreign trade	(..)**%
Holdina Cyprus Ltd. Cyprus	Foreign trade	(..)**%
Holdina (Ireland) Ltd., Ireland	Foreign trade	(..)**%
Commercina AG Switzerland- in liquidation	Foreign trade	(..)**%
INA d.o.o. Belgrade, SICG	Foreign trade	(..)**%
Infocentar d.o.o. Zagreb- in liquidation	Information technology	(..)**%
Adriagas S.r.l. Milan, Italy	Designing the gas pipeline	(..)**%
INA Crna Gora d.o.o. Kotor	Foreign trade	(..)**%
INA Crobenz d.d. Zagreb	Trade	(..)**%
Petrol d.d. Rijeka	Trade	(..)**%
INA Osijek Petrol d.d.	Trade	(..)**%
Polybit d.o.o. Rijeka (jointly controlled association)	Production and trade with oil derivatives	(..)**%

INA Zagreb holds in Krajina Petrol d.o.o. Banja Luka (...) **% of shares.

Since November 2003, MOL Budapest holds 25, 0% plus one share of INA Zagreb and therefore it becomes a strategic partner.

According to data presented in the Notification Energopetrol Sarajevo and MOL Budapest have no connected economic associations where they hold their shares in Bosnia and Herzegovina.

Analysis of the Relevant Market

The relevant market in sense of Article 3 of the Act, and Articles 4, 5 and 6 of the Regulation on the Definition of the Relevant Market is a market of certain products/services which are the subject of business operations in a defined geographic market.

The relevant market in the concentration concerned is a sale market, i.e. a market of wholesale and retail trade of motor fuel and lubricants (the products are listed according the tariff number-Table 5.) in the whole territory of Bosnia and Herzegovina.

Relevant market in geographic sense for the concentration concerned is whole territory of Bosnia and Herzegovina because all parties to the concentration act in whole territory of Bosnia and Herzegovina.

Concerning all above mentioned, the relevant market of the concentration concerned is wholesale and retail trade of the relevant products (the products are listed according the tariff number-Table 5.) in the whole territory of Bosnia and Herzegovina.

Table 5

No.	Register	Tariff number
1.	Mb 98	2710114900
2.	Bmb	2710114500
3.	Jet-al	2710192110
4.	Edg	2710194100
5.	Luel	2710196110
6.	Bitumen	2713200000
7.	Gas	2711190000
8.	Motor oils	2710198100
9.	Hydraulic oils	2710198300

The Council of Competition analyzed a structure of the relevant market, market shares of the parties to the concentration and other effects caused in the relevant market and assessed the concentration concerned as compatible, in sense of Article 17 of the Act on Competition.

The data submitted by the Indirect Taxation Agency of Bosnia and Herzegovina, Agency for Statistics of Bosnia and Herzegovina, Chamber of Foreign-trade of Bosnia and Herzegovina are used in the analysis of relevant market of the parties to the concentration and assessment of the market shares as well as data submitted by the parties to the concentration. The additional data is asked to be submitted by the Federal Ministry of Trade of BH, Ministry of Trade and Tourism of Republic of Srpska, Federal Ministry for Energy, Mining and Industry, Ministry of Economy, Energy and Development of Republic of Srpska, Chamber of Economy of Federation of Bosnia and Herzegovina-the Section for Transport oil derivatives, Chamber of Economy of Republic of Srpska- association for energy.

The total import structure of the relevant products in Bosnia and Herzegovina by countries of origin in the period 01January – 31 December 2005 according to data collected by the Indirect Taxation Agency and Agency for Statistics of BH (Table 6.):

Table 6

No.	Name of country	Sum -quantity (kg)	Sum-value (KM)	Percentage	
				Quantity	Value
1.	Croatia	490.962.583,79	472.292.460,79	49,98%	50,48%
2.	Serbia and Montenegro	149.457.509,00	131.155.569,00	15,21%	14,02%
3.	Hungary	139.377.196,00	123.815.669,30	14,19%	13,23%
4.	Slovenia	87.928.965,00	85.815.602,06	7,46%	9,17%
5.	Austria	65.166.781,00	64.358.532,15	6,45%	6,88%
6.	Italy	8.001.221,38	7.409.130,65	0,81%	0,79%
7.	Romania	7.691.318,00	7.437.222,02	0,78%	0,79%
9.	Bulgaria	4.755.174,00	4.098.866,20	0,48%	0,44%
8.	Germany	2.538.847,00	4.297.285,89	0,28%	0,46%
9.	Other countries	26.523.489,83	25.893.752,97	2,70%	2,77%
10.	TOTAL	982.403.085,00	935.574.091,03	100,00%	100,00%

Considering the imports structure of the relevant products by quantity and by countries of origin to Bosnia and Herzegovina, Republic of Croatia is a leading country with 49,98%, and then follows the State Union of Serbia and Montenegro with 15,21%, Republic of Hungary with 14,19% and Slovenia with 7,46%.

The quantity of imported relevant products from abroad to Bosnia and Herzegovina to importers-the parties to the concentration and competitors on 31 December 2005, according to data of Indirect Taxation Agency and Agency for Statistics of BH (Table 7.):

Table 7

No.	Name of company-the importer	Quantity(kg)	Percentage
1.	Holdina d.o.o. Srajevo	(..)**%	16,23%
2.	Interina d.o.o. Mostar	(..)**%	7,96%
3.	Energopetrol d.d. Sarajevo	(..)**%	7,58%
4.	Petrol BH Oil company d.o.o. Sarajevo	(..)**%	6,58%
5.	Hifa-Oil d.o.o. Sarajevo	(..)**%	6,55%
6.	Antunović – Brčko	(..)**%	5,91%
7.	Zovko Oil d.o.o. -Žepče	(..)**%	5,48%
8.	Avart d.o.o. Banja Luka	(..)**%	4,10%
9.	Inter Oil d.o.o. Srebrenik	(..)**%	3,13%
10.	Super-Petrol- Banja Luka	(..)**%	2,66%
11.	Others	(..)**%	30,85%
12.	TOTAL	(..)**%	100,00%
13.	Total(1+2+3)	(..)**%	31,77%

The parties to the concentration, i.e. the subsidiary economic associations, owned by INA Zagreb in Bosnia and Herzegovina, and Energopetrol Sarajevo have 31,77% of shares of imports of the relevant products.

485 distribution undertakings act in sale of the relevant products in the geographic relevant market in Bosnia and Herzegovina and that is about 30,85% of the total number, besides those mentioned in (Table 7.).

Total import of individual relevant products to Bosnia and Herzegovina by parties to the concentration and competitors on 31 December 2005, according to data of the Indirect Taxation Agency and Agency for Statistics of BH (Table 8.):

Table 8

No.	Quantity (000)	Energopetrol Interina		Holdina Total 1+2+3		Total imports		Percentage	
		1.	2.	3.	4.	Quantity	%	4/5	Others
1.	Mb 98	(..)**	(..)**	(..)**	(..)**	58.015,564	100,0%	(..)**%	(..)**%
2.	Bmb	(..)**	(..)**	(..)**	(..)**	210.451,977	100,0%	(..)**%	(..)**%
3.	Jet-al	(..)**	(..)**	(..)**	(..)**	5.589,333	100,0%	(..)**%	(..)**%
4.	Edg	(..)**	(..)**	(..)**	(..)**	478.195,668	100,0%	(..)**%	(..)**%
5.	Luel	(..)**	(..)**	(..)**	(..)**	132.869,113	100,0%	(..)**%	(..)**%
6.	Bitumen	(..)**	(..)**	(..)**	(..)**	58.048,410	100,0%	(..)**%	(..)**%
7.	Gas	(..)**	(..)**	(..)**	(..)**	29.246,284	100,0%	(..)**%	(..)**%
8.	Motor oils	(..)**	(..)**	(..)**	(..)**	7.475,971	100,0%	(..)**%	(..)**%
9.	Hydraulic oils	(..)**	(..)**	(..)**	(..)**	2.510,765	100,0%	(..)**%	(..)**%
TOTAL		(..)**	(..)**	(..)**	(..)**	982.403,085	100,0%	31,77%	68,23%

In the course of analysis of the import structure of individual relevant products it was established that average market share of the parties to the concentration is 31,77%. The total imports of individual relevant products by the parties to the concentration, as it is Jet-al fuel is 75,43% of the total imports in Bosnia and Herzegovina, and 76,10% of market shares for gas. These market shares are conditioned by specificities of the relevant product concerned, the use of the product and storage and distribution standards mainly applied by the parties to the concentration. The market shares of other relevant products of the parties to the concentration are below 50% of total imports to Bosnia and Herzegovina.

The structure of the sales (wholesale and retail sales) of the parties to the concentration according to the data given in the Notification on 31 December 2005 (Table 9.):

Table 9

		Holdina		Energopetrol		Interina	
		Quantity	Percentage	Quantity	Percentage	Quantity	Percentage
1.	Wholesales	(..)**	(..)**%	(..)**	(..)**%	(..)**	(..)**%
2.	Retail sales	(..)**	(..)**%	(..)**	(..)**%	(..)**	(..)**%
3.	TOTAL	(..)**	(..)**%	(..)**	(..)**%	(..)**	(..)**%

In the sales structure of relevant products of the parties to the concentration in the market of Bosnia and Herzegovina only Energopetrol Sarajevo, with (...) ** % of shares, is oriented mainly towards retail trade, whilst HOLDINA and INTERINA have (...) **% of shares, that means (...) **% of shares in the retail trade and (...) ** % of shares, that means (...) **% of shares in the wholesale trade.

The retail trade structure of the relevant products for Energopetrol Sarajevo and subsidiary economic associations owned by INA Zagreb on 31 December 2005, according to data given in the Notification (Table 10.):

Table 10

No.	Register	Quantity (000)							
		Energopetrol	Interina	Holdina	Sales	Total sales		Percentage	
						Quantity	%	4/6	Others
1.	2.	3.	4.	5.	6.	7.	8.		
1.	Mb 98	(..)**	(..)**	(..)**	(..)**	58.015,564	100,0%	(..)**	(..)**
2.	Bmb	(..)**	(..)**	(..)**	(..)**	210.451,977	100,0%	(..)**	(..)**
3.	Jet-al	(..)**	(..)**	(..)**	(..)**	5.589,333	100,0%	(..)**	(..)**
4.	Edg	(..)**	(..)**	(..)**	(..)**	478.195,668	100,0%	(..)**	(..)**
5.	Luel	(..)**	(..)**	(..)**	(..)**	132.869,113	100,0%	(..)**	(..)**
6.	Bitumen	(..)**	(..)**	(..)**	(..)**	58.048,410	100,0%	(..)**	(..)**
7.	Gas	(..)**	(..)**	(..)**	(..)**	29.246,284	100,0%	(..)**	(..)**
8.	Motor oil	(..)**	(..)**	(..)**	(..)**	7.475,971	100,0%	(..)**	(..)**
9.	Hydraulic oil	(..)**	(..)**	(..)**	(..)**	2.510,765	100,0%	(..)**	(..)**
TOTAL		(..)**	(..)**	(..)**	(..)**	982.403,085	100,0%	10,35%	89,65%

The parties to the concentration have the biggest shares of (...)*** in the retail trade of motor fuel Mb 98 (...)***% in retail trade of motor fuel Bmb in total retail trade in Bosnia and Herzegovina. The average market share of the parties to the concentration in the retail trade of all relevant products is 10,35%.

Total number of petrol stations in Bosnia and Herzegovina on 31 December 2005 (Table 11):

Table 11

	Bosnia and Herzegovina	Republic of Srpska	Federation of BIH
Total number of petrol stations	876	353	523
1. HOLDINA	37	-	37 ili 9,97%
2. INTERINA	4	-	4 ili 1,08%
3. Energopetrol	65	-	65 ili 17,5%
4. MOL	nema	nema	nema
5. Other companies	788	371	417
Total 1+2+3+4	106	-	106
Number (percentage) of petrol stations 1+2+3+4 in relation to total number in BIH - RS - F BIH	12,1%	0,0%	28,57%
Number (percentage) of petrol stations of other firms in BIH - RS - F BIH	87,9%	100,0%	71,43%

According to the number of petrol stations, the market shares of the parties to the concentration in the total number of petrol stations network in Bosnia and Herzegovina is 12,1% and in Federation of Bosnia and Herzegovina is 28,57%.

According to data of the Notification on intended concentration, about 65% of petrol stations in Bosnia and Herzegovina are possessed by private undertakings who have less than five (5) petrol stations; 35% of petrol stations, besides INA Zagreb (INTERINA and HOLDINA) and Energopetrol Sarajevo (the shares are listed in the tables) is possessed by:

- OMV 2,0%
- Petrol Slovenia 3,0%
- Petrol - Banja Luka 10,0%
- More than 5 petrol stations

Assessment of the concentration

The Council of Competition gave the consideration to the supplement submitted by Energoinvest maziva d.o.o. Sarajevo, No.: 01-01-50-973-I/06, on 31 October 2006 and it established that the supplement was submitted after the fixed time limit of 15 days, determined in the Notice of the Council of Competition, No.: 01-01-50-830-I/06 published in the daily newspapers of Bosnia and Herzegovina, on 10 October 2006. Insight into the supplement concerned, the Council of Competition ascertained that the said information related to number of petrol stations of parties to the concentration in Federation of BIH, the value of oil refinery margins, transportation costs and stated facts are not different from those stated in the notification.

When analyzed the data stated in the Notification, Indirect Taxation Authority of BIH, Agency for Statistics of BIH and in Foreign Trade Chamber of BIH, the Council of Competition established that the joint market shares of the parties to the concentration in the relevant market (wholesale and retail trade) did not exceed 40% of shares, amount to presumption of the existence of a dominant position of the participants in the market, pursuant to Article 9 , paragraph (2) of the Act, which was not prohibited (abuse of dominant position is prohibited). It was also established that there in Bosnia and Herzegovina was no legal or economic barriers for undertakings to enter to the market of motor fuel and lubricants. This situation in the market enables easy process of market competition, because any behaviour of the parties to the concentration who are independent of their competitors, in this situation can result in competitive advantages compared to existing competitors and in opening a free space for potential competitors.

Besides, the Council of Competition in the course of the assessment proceedings considered the facts, stated in the Notification of INA-MOL Consortium, that this investment would provide Energopetro Sarajevo permanent improvement of the quality in assortment of products in sale and services, modernization and development of human resources in order to make Energopetro Sarajevo into very competing company and to be a factor of economic development in Bosnia and Herzegovina. This concentration would enable more qualitative supply to the market and end-users in the market of Bosnia and Herzegovina with relevant products as those were a motor fuel, lubricants and other similar products which satisfied high European standards and which would improve environment protection and human health. It was also stated in the Notification that INA-MOL Consortium should provide the most competitive prices in the price policy segment for the relevant products.

When estimated and analyzed all established data and facts in the assessment proceedings of the Resolution concerned, the Council of Competition determined that the intended concentration of the undertakings concerned would not prevent, restrict and distort market competition in the wholesale and retail relevant market (Table 5-11), but it would strengthen the market competition in the relevant market. Due to those reasons, the Council of Competition declared the concentration concerned compatible, pursuant to Article 18, paragraph (2) of the Act and decided as it is stated in enacted terms of this Decision.

The Council of Competition will monitor the effects of the concentration concerned on the relevant products market of Bosnia and Herzegovina considering, among other things, the effects of the concentration on actual and potential competitors, in sense of Article 4 of the Act.

Administration tariffs

On this Decision the Applicant, pursuant to the Article 2, paragraph (1), tariff number 107, item d) 2) of the Regulation on administration taxes relating to the practices before the Council of Competition («Official Gazette of BIH», No. 30/06), is obliged to pay administration tariff of 25.000,00 KM for the benefit of the budget of Institutions of Bosnia and Herzegovina

LEGAL REMEDY

This Decision is final and no appeal is allowed against it. Unsatisfied party shall be entitled to bring an administrative dispute before the Court of Bosnia and Herzegovina within thirty days (30 days) from the date of acceptance of this Decision, i.e. from the date of its publication in the Official Gazette of BIH.

Gordan Raspudić

President