

BOSNA I HERCEGOVINA
Konkurencijsko vijeće



БОСНА И ХЕРЦЕГОВИНА
Конкуренцијски савет

DECISION

Upon the Notification on intended concentration between undertakings Home Art&Sales Services AG, Confederation of Switzerland and Centrotexil a.d., Republic of Serbia

Sarajevo
June 2007



Number: 01-01-26-012-9-II/07
Sarajevo, 21 June 2007

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 BH», No. 48/05), and upon the Notification of the intended concentration through takeover of undertaking *Centrotexil* a.d., Knez Mihailova 1-3 11 000 Belgrade, Republic of Serbia by undertaking *Home Art & Sales Services AG, Shileggstrasse 23, CH-8823 Wollerau*, Confederation of Switzerland, submitted by the Joint Lawyer`s Office Bojana Tkalčić-Đukić, Olodar Prebanić and Adela Draganović, Alipašina 51, 71 000 Sarajevo, registered on 19 April 2007 under the number: 01-01-26-012-II/07 the Council of Competition in its 47th (forty-seventh) session held on 21 June 2007, has adopted

D E C I S I O N

1. The concentration which shall be acquired in the market of wholesale and retail sales of clothing and footwear in Bosnia and Herzegovina, as result of takeover of the Centrotexil a.d. Knez Mihailova 1-3,11 000 Belgrade, Republic of Serbia by Home Art & Sales Services AG, Shileggstrasse 23, CH-8823 Wollerau, Confederation of Switzerland , is assessed compatible.
2. The Decision on concentration is to be recorded in the Registry of concentrations.
3. This Decision is final and it shall be published in the «Official Gazette of BiH» and in official gazettes of Entities and Brčko District of Bosnia and Herzegovina.

E x p o s i t i o n

The Council of Competition received a Notification on intended concentration (hereinafter:the Notification), which shall be implemented through acquisition of control over the undertaking Centrotexil a.d. Knez Mihailova 1-3,11 000 Belgrade, Republic of Serbia (hereinafter:Centrotexil) by undertaking Home Art & Sales Services AG, Shileggstrasse 23, CH-8823 Wollerau, Confederation of Switzerland, submitted by the Joint Lawyer`s Office Bojana Tkalčić-Đukić, Olodar Prebanić and Adela Draganović, Alipašina 51, 71 000 Sarajevo (hereinafter: the Applicant or Home Art) , registered on 19 April 2007 under the number : 01-01-26-012-II/07

Gaining an insight into the Notification, the Council of Competition established that it was not complete and therefore, pursuant to Article 30 of the Act on Competition (hereinafte: the Act) it asked for completion to the Notification on 26 April 2007, no.: 01-01-26-012-1-II/07; on 04 May 2007, no.: 01-01-26-012-3- II/07 and on 23 May 2007, no.: 01-01-26-012-5-II/07. The Applicant submitted supplements to the Notification according to the request of the Council of Competition on 04 May 2007, no.: 01-01-26-012-2- II/07; on 18 May 2007, no.: 01-01-26-012-4-II/07 and on 31 May 2007, no.: 01-01-26-012-6- II/07.

When the requested documents were submitted the Council of Competition established that the Notification is complete and issued on 11 June 2007 an Acknowledgement of receipt of the complete and adequate Notification, No. 01-01-26-012-7-II/07, pursuant to Article 30, paragraph (3), of the Act.

In the procedure for assessment of the concentration concerned, the Council of Competition ascertained the following facts:

The Applicant submitted the Notification, pursuant to Article 16, paragraph (1) of the Act, within 8 (eight) days starting from the day of conclusion of the Sales/purchase Agreement of undertakings the parties to the concentration.

The Applicant stated in the Notification, pursuant to Article 30, paragraph (2) of the Act that it submitted a request for assessment of the concentration to the Commission for Protection of Competition of Republic of Serbia on 18 April 2007.

The Parties to the concentration

The parties to the concentration are Home Art & Sales Services AG, Shileggstrasse 23, CH-8823 Wollerau, Confederation of Switzerland and Centrotexil a.d., Knez Mihailova 1-3, 11 000 Belgrade, Republic of Serbia.

The Privatization Agency of Republic of Serbia, Terazije 23, 11000 Belgrade, Republic of Serbia is a legal entity in the transaction in question; it is founded by the Privatization Law («Official Gazette of Republic of Serbia», no.38/01,18/03,45/05) and by the Law on Privatization Agency («Official Gazette of Republic of Serbia», no.38/01 and 135/05) and it is responsible for sale of the social capital in the undertaking Centrotexil.

Home Art

Undertaking Home Art is founded and acts in accordance to the regulations of the Confederation of Switzerland and it is registered in the Trade Register of the Schwyz Canton under the number: CH-170.3.016.785-8, on 01 March 2001.

The main business activity of the undertaking Home Art is trade in products of Zepter trademark in particular (jewellery, watches, cosmetics and so on) for undertakings within the Zepter-concern.

The undertaking Home Art is owned 100,0% by the undertaking UBA United Business Activities Holding AG, Sihleggstrasse 23, CH-8832 Wollerau, Confederation of Switzerland (hereinafter: UBA United Business) and it is registered in the Trade Register of the Schwyz Canton under the number: CH-170.3.016.516-9.

Also, the undertaking UBA United Business owns (..)**¹% the undertaking Zepter International Trading Holding AG, Confederation of Switzerland which in Bosnia and Herzegovina owns (..)**²% of shares in two daughter-companies- undertaking Zepter International d.o.o., Kozarska Dubica and undertaking Zepter International d.o.o., Sarajevo. Both undertakings in Bosnia and Herzegovina perform business in the trade segment (direct sales) of high-quality goods, especially the household products.

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

² (..)** the data is deemed to be a business secret

The undertaking UBA United Business - *UBA Grupe* does not perform any business in the relevant market of wholesale and retail trade in clothing and footwear in the territory of Bosnia and Herzegovina.

Also, Home Art is not direct owner and has no shares in any undertaking in Bosnia and Herzegovina.

Centrotexil

The undertaking Centrotexil is founded and acts in accordance with regulations of Republic of Serbia; it is registered at the Commercial Court Register in Belgrade under the number: 07453957, and at the Agency for economic registers of Republic of Serbia under the number: БД4261/2005

The main business activity of the undertaking Centrotexil is wholesale and retail trade in clothing and footwear.

The undertaking Centrotexil in Republic of Serbia is also:

- (...)**% the owner of undertaking CIS-Institut d.o.o. (the main activity is production and quality control of textile and leather products), Vojislava Ilića 88, 11000 Belgrade, Republic of Serbia, registered at the Commercial Court Register in Belgrade under the number : 6768202;
- (...)**% the owner of undertaking Centrotexil-Inženjering d.o.o., Kneza Mihaila1, 11000 Belgrade, Republic of Serbia, registered at the Commercial Court Register in Belgrade under the number: 6468164.

The party to the concentration in Bosnia and Herzegovina-undertaking CTB d.o.o., Bijeljina.

The undertaking *Centrotexil* is owner 100,0% of undertaking CTB d.o.o.,Bijeljina, Miloša Crnjanskog bb, Bosnia and Herzegovina (hereinafter: CTB d.o.o. Bijeljina). CTB d.o.o.Bijeljina is registered at the register of Municipal Court in Bijeljina under the number: 1-4448.

The main business activity of the undertaking CTB d.o.o. Bijeljina is domestic and foreign trade and particularly wholesale and retail trade in clothing and footwear.

The undertaking CTB d.o.o. Bijeljina had at its disposal, in the previous period of time, three retail shops in Prijedor, Banja Luka and Bijeljina.

The legal frame for assessment of the concentration

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

Legal basis and form of the concentration

Legal basis of the concentration in question is an Agreement on sales of the social capital of the stock company for foreign and domestic trade Centrotexil, concluded between Privatization agency of Republic of Serbia and undertaking Home Art & Sales Service on 11 April 2007 in Belgrade,

Republic of Serbia (the Agreement number OV-II-594/2007).

Legal form of the concentration in question is acquisition of control over the undertaking Centrotexstil by undertaking Home Art, pursuant to Article 12, paragraph (2), item b) of the Act, that is acquisition of the majority ownership shares of 68,36% of the total registered capital through a public bid. The undertaking Home Art will pay (...) ** KM for the mentioned ownership shares.

The ownership structure in the share capital of the undertaking Centrotexstil before the implementation of the concentration concerned (Table 1.):

Table 1.

No.	Shareholder	Shareholders shares
1.	Social capital	97,67%
2.	Small shareholders	2,33%
	Total	100,0%

The ownership structure in the share capital of the undertaking Centrotexstil after the implementation of the concentration concerned (Table 2.):

Table 2.

No.	Shareholder	Shareholders shares
1.	<i>Home Art</i>	68,36%
2.	Social capital	14,65%
3.	Small shareholders	16,99%
	Total	100,0%

After the implementation of the concentration, the Applicant will have 68,36% of the ownership shares in the share capital in undertaking Centrotexstil and therefore it will acquire a control over it, pursuant to Article 12, paragraph (1), item b) of the Act.

The implementation of the concentration concerned will result in change of control over the undertaking CTB d.o.o. Bijeljina, which is owned by the Centrotexstil a party to the concentration and which is registered in Bosnia and Herzegovina.

Analysis of the relevant market

Relevant market pursuant to Article 3 of the Act and Articles 4,5 and 6 of the Regulation on the definition of a relevant market is a market of particular products/services which are the subject of business activities in the particular geographic market.

The relevant products market of the concentration concerned is a market of wholesale and retail trade in clothing and footwear.

The relevant market of the concentration concerned in geographic sense is a territory of Bosnia and Herzegovina.

The relevant market of the concentration concerned in wholesale and retail trade in clothing and footwear in the territory of Bosnia and Herzegovina.

The assessment of the concentration

The Council of Competition established by the analysis of data submitted in the Notification that common market shares of the parties to the concentration in the relevant market of wholesale and

retail trade in clothing and footwear is below 1,0% of the total market shares, that is the market share is significantly below 40,0%, pursuant to Article 9 of the Act, which determines whether an undertaking is dominant in the relevant market.

At the same time, the Council of Competition considered the activities of the undertaking *Zepter International* d.o.o. Kozarska Dubica and undertaking *Zepter International* d.o.o. Sarajevo, which are within UBA United Business Activities Holding – UBA Group, and established that they have no activity in the relevant market of the undertaking CTB d.o.o. Bijeljina, that there is no overlap in business activity – sales of goods and /or services in the territory of Bosnia and Herzegovina.

Total annual income of the parties to the concentration on 31 December 2006 was:

Table 3.

KM	<i>UBA Group</i>	<i>Home Art</i>	<i>Centrotexil</i>	CTB d.o.o. Bijeljina
Worldwide	(..)**	(..)**	(..)**	
Bosnia and Herzegovina	(..)**			-
Total annual income worldwide of the parties to the concentration (<i>Home Art</i> + <i>Centrotexil</i>)			(..)**	

According to the data (Table 3.) the Applicant is obliged to submit a Notification, pursuant to Article 14, paragraph (1), item a) of the Act, because the parties to the intended concentration in 2006 realised (..)** of total annual income through sales of goods and/or services (in the year which preceded the concentration), where at least one of the parties to the concentration is registered in the territory of Bosnia and Herzegovina (is active in domestic market of goods and/or services).

According to the data from the Notification the undertaking CTB d.o.o. Bijeljina in 2005 realised (..)** of annual income, but in 2006 it realised no income because of the opened and ongoing liquidation procedure, pursuant to the legal procedure of Republic Srpska (Municipal Court in Bijeljina-number: 080-0-JI-06-000 015, on 29.12.2006.)

The Council of Competition established, on the basis of the analysis of the relevant market structure and market shares of the parties to the concentration, pursuant to Article 17 of the Act, that implementation of the concentration is compatible and decided as it is in enacted terms of this Decision.

Administration tariffs

On this Resolution the Applicant, pursuant to the Article 2, paragraph (1), tariff number 107, item d) 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 2.500,00 KM for the benefit of the budget of Institutions of Bosnia and Herzegovina

LEGAL REMEDY

No appeal is allowed against this Resolution. 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 Resolution, i.e. from the date of its publication in the Official Gazette of BiH.

President

Sanja Božić