

BOSNA I HERCEGOVINA
Konkurencijsko vijeće



БОСНА И ХЕРЦЕГОВИНА
Конкуренцијски савјет

DECISION

Notification of concentration of the undertakings

"Mlijekoprodukt" d.o.o. Kozarska Dubica and "Natura-Vita" d.o.o. Blatnica-Teslić

**Sarajevo,
August 2012**



Number: 02-26-1-06-13-II/12
Sarajevo, 07 August 2012

Under Article 25 item e) and Article 42 paragraph (1) item d), and in relation to Article 12, 14, 16, 17 and 18 of the Law on Competition („Official Gazette of BiH“, No. 48/05, 76/07 and 80/09), acting upon Notification of concentration submitted by the undertaking Društvo sa ograničenom odgovornošću za proizvodnju (*Translator's note: Limited liability company for production*) "Mlijekoprodukt" Kozarska Dubica, Vrioci bb, 79240 Kozarska Dubica, through proxy of the undertaking LOK, Institut za organizaciju i ekonomiku d.o.o. Sarajevo, Skenderija 13, 71000 Sarajevo, received on 18th June 2012 under No: 02-26-1-06-II/12, the Council of Competition of Bosnia and Herzegovina, on the 40th (fortieth) session held on 7th August 2012 the following

DECISION

1. The concentration at the market of production and distribution of milk and dairy products at the territory of Bosnia and Herzegovina has been allowed which is to arise from control acquisition of the undertaking Akcionarsko društvo industrija mleka i mlečnih proizvoda "Imlek", Industrijsko naselje bb, Padinska Skela, 11000 Belgrade, Republic of Serbia, and the undertaking Društvo sa ograničenom odgovornošću za proizvodnju "Mlijekoprodukt" Kozarska Dubica over the undertaking Društvo sa ograničenom odgovornošću za proizvodnju i usluge "NATURA-MILK" Slatina-Teslić, Slatina bb, 74270 Teslić, Bosnia and Herzegovina, through purchase of 100.0% ownership share by the undertaking Društvo sa ograničenom odgovornošću za proizvodnju i usluge "NATURA-VITA" Blatnica-Teslić, Blatnica bb, 74270 Teslić.
2. The Decision on concentration shall be entered into the Register of concentrations.
3. The Decision is final and shall be published in the „Official Gazette of BiH“, official gazettes of entities as well as Brcko District of Bosnia and Herzegovina.

Disposition

The Council of Competition of Bosnia and Herzegovina (hereinafter: the Council of Competition) has received on 18.6.2012 under number: 02-26-1-06-II/12 a Notification of concentration (hereinafter: Notification) of the undertaking Društvo sa ograničenom odgovornošću za proizvodnju "Mlijekoprodukt" Kozarska Dubica, Vrioci bb, 79240 Kozarska Dubica (hereinafter: Applicant or "Mlijekoprodukt" d.o.o. Kozarska Dubica), submitted by proxy of the undertaking LOK institut za organizaciju i ekonomiku d.o.o. Sarajevo, Skenderija 13, 71000 Sarajevo (proxy statement issued on 15.6.2012 number: II-1005/12 by the undertaking "Mlijekoprodukt" d.o.o. Kozarska Dubica), through which the undertaking Akcionarsko društvo industrija mleka i mlečnih proizvoda "Imlek", Industrijsko naselje bb, Padinska Skela, 11000 Beograd, Republic of Serbia (hereinafter: "Imlek" a.d. Beograd), as well as undertaking "Mlijekoprodukt" d.o.o. Kozarska Dubica (associated company of the undertaking "Imlek" a.d. Beograd), intend to acquire control over the undertaking Društvo sa ograničenom odgovornošću za proizvodnju i usluge "NATURA-MILK" Slatina-Teslić, Slatina bb, 74270 Teslić, Bosnia and Herzegovina (hereinafter: "Natura-Milk" d.o.o. Slatina-Teslić) through purchase of 100.0% ownership share by the undertaking Društvo sa ograničenom

odgovornošću za proizvodnju i usluge "NATURA-VITA" Blatnica-Teslić, Blatnica bb, 74270 Teslić (hereinafter: "Natura-Vita" d.o.o. Blatnica-Teslić).

After insight was made in the submitted Notification, the Council of Competition defined that it had not been complete, within the meaning of Article 30 paragraph (1) of the Law on Competition (hereinafter: the Law) and Article 9 and 11 of the Regulation on Notification and Criteria for Assessment of Concentrations of Undertakings ("Official Gazette of BiH", No: 34/10), so it requested its supplement in accordance to Article 31 of the Law, through Act No: 02-26-1-06-3-II/12 dated 3.7.2012.

The Applicant submitted documentation requested on 5.7.2012 in the form of the motion No: 02-26-1-06-6-II/12.

After the Notification had been completed, the Council of Competition had, in accordance to Article 30 paragraph (3) of the Law, issued a Certificate on receipt of complete Notification, No: 02-26-1-06-7 -II/12 dated 17.7.2012.

The Applicant, according to Article 30 paragraph (2) of the Law, stated he had not submitted the request to assess the concentration or he had had any intention to submit it to competent competition authorities outside the territory of Bosnia and Herzegovina.

The Council of Competition, according to Article 16 paragraph (4) of the Law issued an Information on submitted Notification No: 02-26-1-06-8-II/12 dated 17.7.2012 published in daily newspapers on 19.7.2012 and it had invited all the interested parties to submit written comments on intended concentration. As to the Information concerned, there had not been submitted comments of the interested parties.

The Council of Competition, in the procedure of assessment of the concerned concentration, requested from the Applicant the supplement of the documentation as well as data (total income of the associated companies). act No: 02-26-1-06-10-II/12 dated 30.7.2012, submitted via motion No: 02-26-1-06-11-II/12 dated 20.7.2012 and motion No: 02-26-1-06-12-II/12 dated 31.7.2012.

After the insight was made into the Notification submitted, the Council of Competition defined it was submitted within legal deadline, according to Article 16 paragraph (1) of the Law.

The Council of Competition while assessing the concerned concentration defined the following facts.

1. Participants to the concentration concerned

Participants to the concentration are the undertaking Akcionarsko društvo industrija mleka i mlečnih proizvoda "Imlek", Industrijsko naselje bb, Padinska Skela, 11000 Beograd, Republic of Serbia, the undertaking Društvo sa ograničenom odgovornošću za proizvodnju "Mlijekoprodukt" Kozarska Dubica, Vrioci bb, 79240 Kozarska Dubica, Bosna i Hercegovina, the undertaking Društvo sa ograničenom odgovornošću za proizvodnju i usluge "NATURA-MILK" Slatina-Teslić, Slatina bb, 74270 Teslić, Bosnia and Herzegovina, the undertaking Društvo sa ograničenom odgovornošću za proizvodnju i usluge "NATURA-VITA" Blatnica-Teslić, Blatnica bb, 74270 Teslić.

1.1. The undertaking "Imlek" a.d. Beograd

The undertaking Akcionarsko društvo industrija mleka i mlečnih proizvoda "Imlek", Industrijsko naselje bb, Padinska Skela, 11000 Beograd, Republic of Serbia, has been entered into Register of undertakings in Belgrade under number: 1-2151-00, founded on 12.3.1991 with entered core capital in the amount of (..)*¹ KM (..)*, with (..)*% of ownership shares in the core capital of the undertaking "Danube Foods Group B.V." Polarisavenue 45, Hoofddorp, Holland.

The prevailing registered activities of the undertaking "Imlek" a.d. Beograd are production of milk and dairy products.

The undertaking "Danube Foods Group B.V" is in possession of an associated company "Danube Foods" d.o.o. for business consulting and management Banja Luka, Mladena Stojanovića 28, 78000 Banja Luka.

1.1.1. Associated companies of the undertaking "Imlek" a.d. Beograd in Bosnia and Herzegovina

1.1.1.1. The undertaking "Mljekara" a.d. Aleksandrovac

The undertaking Društvo za proizvodnju mliječnih proizvoda "Mljekara" a.d. Aleksandrovac, Ljevičanski put bb, Aleksandrovac, Laktaši, was entered into court registry of the District trade court in Banja Luka under number 1-71-00 (JIB: 4400910840005) with the total core capital (..)* KM, with (..)*% of the ownership shares in the core capital of the undertaking "Imlek" a.d. Beograd (according data of the Central registry for securities a.d. Banja Luka).

The prevailing registered activities of the undertaking "Mljekara" a.d. Aleksandrovac are production of milk and dairy products (there was no production in 2011).

1.1.1.2. The undertaking "East Milk" d.o.o. Sarajevo

The undertaking "East Milk" d.o.o. for processing of milk and production of dairy products, Sarajevo, Rakovička cesta 78, 71000 Sarajevo, was registered at the Municipal court at Sarajevo under number 65-01-0509-10 (previous number: 1-26001), contracted registered capital (..)* KM (paid in capital (..)*), and with (..)*% of the ownership shares in the core capital of the undertaking "Imlek" a.d. Beograd.

The prevailing registered activities of the undertaking "East Milk" d.o.o. Sarajevo are production and processing of milk and dairy products (there was no production in 2011).

1.2. The undertaking "Mlijekoprodukt" d.o.o. Kozarska Dubica

The undertaking Društvo sa ograničenom odgovornošću za proizvodnju "Mlijekoprodukt" Kozarska Dubica, was entered into the Registry of undertakings of the District Trade Court at Banja Luka under number 1-9244-00 (UIN: 440073779005), with the core capital registered in the amount of (..)* KM.

¹ (..)* - The data represent a business secret

The ownership structure of the undertaking "Mlijekoprodukt" d.o.o. Kozarska Dubica:

Table 1.

No.	Name of the undertaking	Share (%)	Share KM
1.	"Mljekara" a.d. Aleksandrovac, Bosna i Hercegovina	(..)* ²	(..)*
2.	"Imlek" a.d. Beograd, Republika Srbija	(..)*	(..)*
	TOTAL	100.0	(..)*

Source: Notification data

The prevailing registered activities of the undertaking "Mlijekoprodukt" d.o.o. Kozarska Dubica are production of milk and dairy products.

The undertaking "Mlijekoprodukt" d.o.o. Kozarska Dubica carries out the distribution of its products via five centers - Sarajevo, Mostar, Široki Brijeg, Tuzla, Banja Luka and Laktaši.

1.3. The undertaking "Natura-Vita" d.o.o. Blatnica-Teslić

The undertaking Društvo sa ograničenom odgovornošću za proizvodnju i usluge "NATURA-VITA" Blatnica-Teslić, has been registered at the Register of economic entities of the District trade court at Doboj under number: 60-01-0119-12 (JIB: 4400098250002), with registered core capital in the amount of (..)* KM, with (..)*% of ownership shares of natural person Đurić Vlado, Mladikovine bb, Mladikovine, Bosna i Hercegovina.

The prevailing registered activities of the undertaking "Natura-Vita" d.o.o. Blatnica-Teslić are production of milk and dairy products.

1.4. The undertaking "Natura-Milk" d.o.o. Slatina-Teslić (subject of concentration)

The undertaking Društvo sa ograničenom odgovornošću za proizvodnju i usluge "NATURA-MILK" Slatina-Teslić, Slatina bb, 74270 Teslić, Bosna i Hercegovina, was registered at the Register of economic entities of the District Trade Court at Doboj under number; 60-01-0126-12 dated 24.5.2012 (UIB: 4403449000007), with its core capital in the amount of (..)* KM, with (..)*% of ownership shares of the economic entity "NATURA-VITA" d.o.o. Blatnica-Teslić.

The prevailing registered activities of the undertaking "Natura-Milk" d.o.o. Slatina-Teslić are production of milk and dairy products.

2. Obligation to notify a concentration

According to Article 14 paragraph (1) of the Law, there is an obligation to notify a concentration when parties to the concentration achieve 100 million KM income in the world market through sale of goods and/or services on the basis of final financial report in the year preceding the year in which the concentration took place, when total annual incomes of each of at least two economic entities being parties to the concentration are minimum 8 million KM on the basis of final financial report for the year preceding the year of concentration, or if their joint share in the relevant market is more than 40.0%.

Total annual incomes of the parties to the concentration (and associated companies), on 31st December 2011 are as follows:

² (..)*- The data represent a business secret

Table 2.

(KM)	"Mlijekoprodukt" d.o.o. Kozarska Dubica	"Natura-Vita" d.o.o. Blatnica-Teslić	"East Milk" d.o.o. Sarajevo	"Mljekara" a.d. Aleksandrovac	"Imlek" a.d. Beograd
BiH	(..)* ³	(..)*	*	*	
World	(..)*	(..)*	-	.	(..)*
Total	(..)*	(..)*	-	-	

Source: Data from Notification; *data on total income have not been achieved through sale of relevant products (incomes from premises rent)

On the basis stated data, the parties to the concentration fulfilled the condition as regards of total realized annual income, within the meaning of Article 14 paragraph (1) of the Law, and therefore they are obliged to submit a Notification (Table 2).

Annual income of the parties to the concentration (as well as associated companies) represent total income (without VAT and other) within the meaning of Article 9 item h) of the Regulation on Notification and Criteria for Assessment of Concentrations of Undertakings.

3. Legal framework of concentration assessment

The Council of Competition, within the procedure of assessment of the concerned concentration, was applying provisions of the Law, Regulation on Notification and Criteria for Assessment of Concentration of Undertakings ("Official Gazette of BiH" No.34/10) and Decision on Defining categories of dominant position ("Official Gazette of BiH", No. 18/06 and 34/10).

The Council of Competition, on the basis of Article 43 paragraph (7) of the Law, applied the judiciary practice of the European Court and Decisions of the European Commission, as well as criteria and standards from Notification of the European Commission on calculation of total income in accordance to the Council regulation (EEZ) No: 4064/89 on control of concentration of economic entities.

4. Legal basis and form of concentration

As a legal basis of the concentration, the Applicant submitted the following:

- „Contract on shares transfer“ (hereinafter: Contract I) concluded on 4.6.2012 at Banja Luka between the undertaking "Natura-Vita" d.o.o. Blatnica-Teslić (as a seller) and 100.0% owner of the undertaking "Natura-Milk" d.o.o. Slatina-Teslić, and undertaking "Mlijekoprodukt" d.o.o. Kozarska Dubica (as a buyer) intending to acquire 70.0% of the ownership shares in the undertaking "Natura-Milk" d.o.o. Slatina-Teslić;
- „Contract on shares transfer“ (hereinafter: Contract II) concluded on 4.6.2012 at Banja Luka, between the undertaking "Natura-Vita" d.o.o. Blatnica-Teslić (as a seller) and 100.0% owner of the undertaking "Natura-Milk" d.o.o. Slatina-Teslić and the undertaking "Imlek" a.d. Beograd (as a buyer) intending to acquire 30.0% of the ownership shares in the undertaking "Natura-Vita" d.o.o. Slatina-Teslić.

Constituent parts of Contract I and Contract II, among other, are the List of contracts of milk suppliers, as well as the List of items to be transferred from the undertaking "Natura-Vita" d.o.o.

³ (..)*- Podaci predstavljaju poslovnu tajnu

Blatnica-Teslić to the undertaking "Natura-Milk" d.o.o. Slatina-Teslić, meaning that the undertaking "Imlek" a.d. Beograd and the associated company "Mlijekoprodukt" d.o.o. Kozarska Dubica shall become 100.0% owners of the undertaking "Natura-Milk" d.o.o. Slatina-Teslić (including taking over all suppliers of raw milk, as well as stuff (equipment)).

The Council of Competition accepted Contract I and Contract II, as a legal basis within the meaning of Article 9 paragraph (1) item f) line 7 of the Regulation on Notification and Criteria for Assessment of Concentration of undertakings.

According to the facts stated above, and on the basis of Article 12 paragraph (1) item b) 1 of the Law, legal form of the concentration is acquisition of control of one or more undertakings (the undertaking "Imlek" a.d. Beograd jointly with the associated undertaking "Mlijekoprodukt" d.o.o. Kozarska Dubica) over another undertaking (the undertaking "Natura-Milk" d.o.o. Slatina-Teslić) through purchase of majority shares in the core capital.

5. Relevant market of the concentration

Relevant market of the concentration, within the meaning of Article 3 of the Law, as well as of Articles 4 and 5 of the Regulation on the Definition of a Relevant Market, is the market of certain products/services being subject to carrying out activities at certain geographical market.

According to Article 4 of the Regulation on Definition of a Relevant Market in the production sense, relevant market represents all products and/or services which consumers and/or beneficiaries may consider to be mutually interchangeable, under qualifying conditions, having in mind their important characteristics, quality, standard purpose, manner of application, selling conditions and prices.

According to Article 5 of the Regulation on Definition of a Relevant Market, relevant market in geographical sense is composed of whole or a part of the territory of Bosnia and Herzegovina where an undertaking participates in sale and/or purchase of a relevant product under equal or significantly equalized conditions making that market significantly different from market competition conditions at neighboring geographical markets.

Taking into consideration the prevailing registered activities of the parties to the concentration, relevant market of products and/or services in the concrete case is the market of production and distribution of milk, and dairy products.

Taking into consideration the fact that parties to the concentration carry out business activities at the whole territory of Bosnia and Herzegovina through distribution network, relevant market in geographical sense shall be considered the market of Bosnia and Herzegovina.

On the basis of facts stated above, the market of production and distribution of milk, dairy products and cheese at the territory of Bosnia and Herzegovina shall be considered as the relevant market of the concerned concentration

6. Analysis of the relevant market of the concentration

Total milk production (UHT sterilized and pasteurized milk) and dairy products (yogurt and beverages; sour cream and products based on sour cream; as well as fresh and other kinds of cheese) in 2011:

Table 3.

No.	Undertaking	Milk		Yogurt and beverages		Sour cream and its products		Fresh cheese	
		Quantity (000) lit.	Share %	Quantity (000) lit.	Share %	Quantity (000) lit.	Share %	Quantity (000) lit.	Share %
1.	"Mlijekoprodukt" d.o.o. Kozarska Dubica	(..)* ⁴	(..)*	(..)*	(..)*	(..)*	(..)*	(..)*	(..)*
2.	"Natura-Vita" d.o.o. Blatnica-Teslić	(..)*	(..)*	(..)*	(..)*	(..)*	(..)*	(..)*	(..)*
3.	Meggle-Bihać	(..)*	(..)*	(..)*	(..)*	(..)*	(..)*	(..)*	(..)*
4.	Imner-Gradačac	(..)*	(..)*	**	**	(..)*	(..)*	**	**
5.	PPM Tuzla	(..)*	(..)*	(..)*	(..)*	**	**	**	**
6.	Milkos-Sarajevo	(..)*	(..)*	(..)*	(..)*	(..)*	(..)*	**	**
7.	ZIM- Zenica	**	**	(..)*	(..)*	**	**	(..)*	(..)*
8.	"East Milk" d.o.o. Sarajevo	*	*	*	*	*	*	*	*
9.	"Mljekara" a.d. Aleksandrovac	*	*	*	*	*	*	*	*
10.	Other	(..)*	(..)*	(..)*	(..)*	(..)*	(..)*	(..)*	(..)*
	Total BiH	131.326,18	100,00	32.434,60	100,00	13.968,80	100,00	4.788,40	100,00
	Total (parties to concentration 1+2)	(..)*	(..)*	(..)*	(..)*	(..)*	(..)*	(..)*	(..)*

Source: Notification data - (MEMRB) - (Milkprocessing d.o.o. konsalting i inženjering u stočarstvu i mljekarstvu Sarajevo, Zagrebačka 31); *N/A as regards of milk production as well as dairy products (incomes achieved through other business activities /lease of business premises; ** production quantities in the category of Other

Total production of milk and dairy products in Bosnia and Herzegovina in 2011:

Tabela 4.

No.	Undertaking	Milk and dairy products	
		Quantity (000) lit.	Share%
1.	"Mlijekoprodukt" d.o.o. Kozarska Dubica	(..)*	(..)*
2.	"Natura-Vita" d.o.o. Blatnica-Teslić	(..)*	(..)*
3.	Meggle-Bihać	(..)*	(..)*
4.	Imner-Gradačac	(..)*	(..)*
5.	PPM Tuzla	(..)*	(..)*
6.	Milkos-Sarajevo	(..)*	(..)*
7.	ZIM -Zenica	(..)*	(..)*
8.	"East Milk" d.o.o. Sarajevo	*	*
9.	"Mljekara" a.d. Aleksandrovac	*	*
10.	Other	(..)*	(..)*
	Total BiH BiH	182.517,98	100,00
	Total (parties to the concentration 1+2)	(..)*	(..)*

Source: Notification data - (MEMRB) - (Milkprocessing d.o.o. konsalting i inženjering u stočarstvu i mljekarstvu Sarajevo, Zagrebačka 31); *N/A as regards of milk production as well as dairy products (incomes achieved through other business activities /lease of business premises; ** production quantities in the category of Other

⁴ (..)*- Data represent a business secret

Total production of milk (UHT sterilized and pasteurized milk) and dairy products (yogurt and beverages; sour cream and products on that basis; fresh cheese and similar) in 2011:

Table 5.

No.	Undertaking	Milk		Yogurt and beverages		Sour cream and products		Fresh cheese	
		Quantity (000) lit.	Share %	Quantity (000) lit.	Share %	Quantity (000) lit.	Share %	Quantity (000) lit.	Share %
1.	"Mlijekoprodukt" d.o.o. Kozarska Dubica	(..)* ⁵	(..)*	(..)*	(..)*	(..)*	(..)*	(..)*	(..)*
2.	"Natura-Vita" d.o.o. Blatnica-Teslić	(..)*	(..)*	(..)*	(..)*	(..)*	(..)*	(..)*	(..)*
3.	Meggle-Bihać	(..)*	(..)*	(..)*	(..)*	(..)*	(..)*	(..)*	(..)*
4.	Imner-Gradačac	(..)*	(..)*	**	**	(..)*	(..)*	**	**
5.	Milkos-Sarajevo	(..)*	(..)*	(..)*	(..)*	(..)*	(..)*	**	**
6.	ZIM -Zenica	**	**	(..)*	(..)*	**	**	(..)*	(..)*
7.	PPM Tuzla	(..)*	(..)*	(..)*	(..)*	**	**	**	**
8.	"East Milk" d.o.o. Sarajevo	*	*	*	*	*	*	*	*
9.	"Mljekara" a.d. Aleksandrovac	*	*	*	*	*	*	*	*
10.	Other	(..)*	(..)*	(..)*	(..)*	(..)*	(..)*	(..)*	(..)*
11.	Import	(..)*	(..)*	(..)*	(..)*	(..)*	(..)*	(..)*	(..)*
	Total BiH	105.020,48	100,0	44.366,1	100,00	18.413,1	100,00	4.542,9	100,00
	Total parties to the concentration 1+2)	(..)*	(..)*	(..)*	(..)*	(..)*	(..)*	(..)*	(..)*

Source: Notification data - (MEMRB) - (Milkprocessing d.o.o. konsalting i inženjering u stočarstvu i mljekarstvu Sarajevo, Zagrebačka 31); *N/A as regards of milk production as well as dairy products (incomes achieved through other business activities /lease of business premises; ** production quantities in the category of Other

Total production of milk and dairy products in Bosnia and Herzegovina in 2011:

Table 6.

No.	Undertaking	Milk and dairy products	
		Quantity (000) lit.	Share%
1.	"Mlijekoprodukt" d.o.o. Kozarska Dubica	(..)*	(..)*
2.	"Natura-Vita" d.o.o. Blatnica-Teslić	(..)*	(..)*
3.	Meggle-Bihać	(..)*	(..)*
4.	Milkos-Sarajevo	(..)*	(..)*
5.	Imner-Gradačac	(..)*	(..)*
6.	PPM Tuzla	(..)*	(..)*
7.	ZIM -Zenica	(..)*	(..)*
8.	"East Milk" d.o.o. Sarajevo	**	**
9.	"Mljekara" a.d. Aleksandrovac	**	**
10.	Other	(..)*	(..)*
11.	Import	(..)*	(..)*
	Totač BiH	172.342,58	100,00
	Total (parties to the concentration 1+2)	(..)*	(..)*

⁵ (..)*- Date represent a business secret

Source: Notification data - (MEMRB) - (Milkprocessing d.o.o. konsalting i inženjering u stočarstvu i mljekarstvu Sarajevo, Zagrebačka 31); *No production of milk and dairy products (incomes achieved through other business activities /lease of business premises)

On the basis of data analysis (table 3 to 6) on production in Bosnia and Herzegovina, the Council of Competition defined that market shares of the parties to the concentration (as well as their associated companies) without "East Milk" d.o.o. Sarajevo and undertaking "Mljekara" a.d. Aleksandrovac, which, under the data form Notification, do not act at the relevant market in 2011 and 2012), after the concentration is completed, shall be (...) *⁶%, whereas at the market of distribution of milk and dairy products in Bosnia and Herzegovina, the market share shall be (...) *%.

The Council of Competition defines that there is significant competition at the relevant market of Bosnia and Herzegovina, first of all, the undertaking Meggle mljekara d.o.o., Grabeška 34, 77000 Bihać, the undertaking Milkos d.d. Mostarsko raskršće bb, 71240 Hadžići, Sarajevo, the undertaking Imner d.o.o. Gračanica, Željeznička b.b. 76250 Gradačac (associated company of the undertaking Dukat mliječna industrija d.d., Marijana Čavića 9, 10000 Zagreb, Republic of Croatia), the undertaking PPM d.d. Tuzla, Mitra Trifunovića Uče 125, 75000 Tuzla (associated company of the undertaking Ljubljanska mljekara d.d. Ljubljana).

Within the analysis for the undertaking "Natura-Milk" d.o.o. Slatina-Teslić, market shares were taken of undertaking "Natura-Vita" d.o.o. Blatnica-Teslić, considering that through implementation of this concentration, according to provisions of the concluded Contract, production capacities (thereby market shares, too) are taken over by the undertaking "Natura-Milk" d.o.o. Slatina-Teslić.

7. Assessment of the concentration

The Council of Competition, through analysis of the relevant data and within the meaning of Article 17 of the Law, assessed that implementation of the concerned concentration should increase the market share at the relevant market of production and distribution of milk, dairy products, but it should not lead towards creation or strengthening of dominant position.

The Council of Competition, while issuing a final decision, took into consideration investments of the Applicant into modernization and development of production facilities.

Investments shall bring some immediate benefits for the milk suppliers, as well as beneficiaries of the products (final consumers):

- economic and efficient sale and distribution, thereby decreasing the costs of distribution and increasing availability of all products at the relevant market;
- introducing new products thereby increasing the possibility of choice of products and services for a consumer;
- stability in supply, namely undisturbed supply of consumers with the preferred products;
- improvement of services quality achieved through introduction of international and company standards of business;
- reconstruction of laboratory which consequently has better working conditions, carrying out quality analysis and improvement of quality products;
- increased raw milk buy up resulting in safety for farmers as well as possibility to increase in number of cattle which is to have an impact on production of raw milk.

⁶ (...) *- Data represent a business secret

The Council of Competition also assessed that there are legal/administrative obstacles at the relevant market to enter the market, so the parties to the concentration even after the implementation of the concentrations could not behave independently from actual or potential competitors.

On this basis, the Council of Competition assessed the concerned competition as approved, within the meaning of Article 18 paragraph (2) item a) of the Law.

8. Administrative tax

As regards of this Decision, the Applicant is obliged, according to Article 2 paragraph (1) tariff number 107 item d) 1 of the Regulation on administrative taxes in connection to procedural activities before the Council of Competition («Official Gazette of BiH », No. 30/06 and 18/11) to pay an administrative tax in the total amount of 2,500.00 KM to the Budget of Institutions of Bosnia and Herzegovina.

9. Remedies

No complaint is allowed against this Decision.

Unsatisfied party can initiate an administrative procedure before the Court of Bosnia and Herzegovina within 30 days upon receipt, namely publication of this Decision.

President

Ibrica Lakišić