



**Bosnia and Herzegovina**  
*Council of Competition*

Number: 01-02-26-010-8-II /06  
Sarajevo, 22 November 2006

Pursuant to Article 25, paragraph(1), item e), Article 42, paragraph (1), item d) in connection with Articles 12,14,16, and 18, and in accordance with Article 24, paragraph (2) of the Act on competition («Official Gazette of BH», No. 48/05), upon the Notification of the intended concentration between STADA Arzneimittel AG, Stadastrasse 2-18, Bad Vilbal, Federal Republic of Germany, represented by a lawyer Sead Miljkovic, Fra Anđela Zvizdovića 1, Sarajevo and Hemofarma a.d. Vršac – Hemofarm d.o.o. Banja Luka, Bosnia and Herzegovina, received and registered under the No. 01-02-26-010-II/06 on 21 July 2006, the Council of Competition in its 36th (thirty-sixth) session held on 22 November 2006, has adopted

**D E C I S I O N**

1. The concentration which shall be acquired in the market of production and sale of specialized (generic) pharmaceutical products in Bosnia and Herzegovina as result of takeover of Hemofarma a.d. Vršac, Republic of Serbia – Hemofarm d.o.o. Banja Luka, Bosnia and Herzegovina by STADA Arzneimittel AG, Stadastrasse 2-18, Bad Vilbal, Federal Republic of Germany, by means of buying the majority of its stocks through the public bid, is assessed compatible.
2. The Decision on concentration referred to in point 1 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 company STADA Arzneimittel AG, Stadastrasse 2-18, Bad Vilbal, Federal Republic of Germany, represented by a lawyer Sead Miljkovic, Fra Anđela Zvizdovića 1, Sarajevo (hereinafter: the Applicant) has submitted to the Council of Competition a Notification on intended concentration by which the STADA AG, Stadastrasse 2-18, Bad Vilbal, Federal Republic of Germany, intends, by means of buying at least (..)\*\*<sup>1</sup>% of stocks of the company Hemofarma a.d. Vršac, Republic of Serbia and therefore buying Hemofarm d.o.o. Banja Luka, Bosnia and Herzegovina, to be the majority owner of it.

The Notification on intended concentration is submitted pursuant to Article 14, paragraph (1), item a) of the Act on Competition (hereinafter: the Act) because the total turnover of the parties to the concentration in the world market is 100.000.000,00 KM according to the final account in the year preceding the concentration.

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<sup>1</sup> Business secret

The Applicant is obliged to notify the concentration to the Council of Competition because the parties to the concentration achieved the following turnovers on 31 December 2005:

Table 1.

Total turnover (KM)	<i>STADA Arzneimittel AG</i>	<i>Hemofarm</i>
Worldwide	(..)**	(..)**
Bosnia and Herzegovina	(..)**	(..)**

The Notification on intended concentration has been submitted to the Council of Competition on 21 July 2006.

The Council of Competition submitted to the applicant a Receipt on received the complete and adequate Notification, No. 01-02-26-010-6-II/06, pursuant to Article 30, paragraph (1), items a) and b) of the Act.

The Notification on intended concentration has been submitted to the competent authorities in Federal Republic of Germany, Republic of Serbia and Macedonia.

### ***Legal basis of the concentration***

The legal basis of the Notification on intended concentration is acquisition of majority stocks through the takeover bid announced by STADA AG, Stadastrasse 2-18, Bad Vilbal, Federal Republic of Germany on 20 July 2006 for the purpose of buying at least (..)\*\*% of Hemofarm a.d. Vršac, Republic of Serbia and Hemofarm d.o.o. Banja Luka, Bosnia and Herzegovina.

### ***The Parties to the concentration and their relevant characteristics***

The parties to the concentration are STADA Arzneimittel AG, Stadastrasse 2-18, 61118 Bad Vilbal, Federal Republic of Germany and Hemofarm a.d. Vršac, Republic of Serbia – Hemofarm d.o.o. Banja Luka, Bosnia and Herzegovina.

STADA Arzneimittel AG is founded in 1895 in Dresden as the pharmacists' cooperative. Its activity is divided into four segments: generic preparation, commercial products, specialized pharmaceutical products and others.

The company STADA achieved in the financial year 2005 a turnover of (..)\*\*% in generic medicines which is the largest segment of its core activity.

The commercial products, including the medicines and health care products offered by the group under the unique trade-name and which are, as opposed to generic preparations, positioned according to the trademark but not according to price, achieve (..)\*\*% of turnover in the preceding year which is the second segment by size of the STADA core activity.

The specialized pharmaceutical products are the third and the least segment of the STADA core activity with the share of (..)\*\*% in the preceding year and it is in a phase of expansion. The special conditions are determined for these products as those are the special barriers to entry to the market, the indications or special conditions for marketing or sale.

The other activities of STADA are first of all the commercial operations carried out in particular countries because of the specific market structure and in order to support the marketing activities in the separate segments of the core activity. In 2005 the total turnover of STADA in this segment was (..)\*\*% of the aggregate turnover.

Hemofarm a.d. Vršac, Serbia is an international pharmaceuticals' group structured as a stock company. Its core activity is production and distribution of medicines and it produces all

types of medicines. Broad range of medicines comprises all pharmacotherapy forms. The one third of the aggregate production is distributed in the markets of Russia, European Union countries, African developed countries and Near-Eastern countries. Since 1991 the Hemofarm a.d. Vršac, Serbia has started the establishment of enterprises and marketing points so it is now active in Timisoara, Bucharest, Skopje, Ljubljana and Banja Luka.

The enterprises within the Hemofarm group are active in production and distribution of pharmaceutical products, particularly in the field of the generic preparations.

Hemofarm achieved in 2005 about 69,0% of the total turnover in Republic Serbia and exported to Russia 56,0%, to Bosnia and Herzegovina 14,0%, to Algeria 9,0%, to Republic of Romania 7,0% and to Macedonia 4,0%.

The turnover realized by the production and distribution of the multivitamin products, veterinary products and products for the herbs protection in 2005 amounted (..)\*\*KM, that means (..)\*\*KM, and engineering services achieved a turnover of (..)\*\*KM.

Hemofarm Proizvodnja farmaceutskih proizvoda (Production of the pharmaceutical products) d.o.o. Banja Luka is registered subsidiary association Hemofarm Vršac and its core activity is production and wholesale trade of the pharmaceutical and supporting products.

#### ***Presence of the parties to the concentration in the BH market***

The STADA company is active in Bosnia and Herzegovina through its branches in Sarajevo in the name of «STADA PHARMA INTERNATIONAL GmbH»—Federal Republic of Germany - Branch in Bosnia and Herzegovini, Hamdije Čemerlića 11/2, 71000 Sarajevo. According to the laws the Branch does not have a status of a legal entity and its activity, among other things, is to support the presentation of STADA interests in business activity in Bosnia and Herzegovina.

The turnover of STADA in 2005 in Bosnia and Herzegovina amounts (..)\*\*KM and it is realized through the activity of four distributors:

- Velfarm d.o.o., Zlatnih ljiljana 77, Gračanica
- Medimpex Sarajevo d.o.o. Igmanska 38, Vogošća
- Pharmanova BEL d.o.o., Stefana Dečanskog bb, Bijeljina
- Tuzla Farm d.o.o. Rudarska 72, Tuzla

Hemofarm Proizvodnja farmaceutskih proizvoda (Production of the pharmaceutical products) d.o.o. Banja Luka, a company for production of the solid medicines is a subsidiary of the Hemofarm concern. It has started its activity in February 2003 as the first company for production of medicines in Republic of Srpska and up to now it has registered 242 medicines in Republic of Srpska.

In the ownership structure of Hemofarm Proizvodnja farmaceutskih proizvoda (Production of the pharmaceutical products) d.o.o. Banja Luka the Hemofarm a.d. Vršac participates (..)\*\*%, the Government of Republic Srpska participates (..)\*\*% and Čajevac Sistemi (Systems) participates (..)\*\*%.

Hemofarm Proizvodnja farmaceutskih proizvoda (Production of the pharmaceutical products) d.o.o. Banja Luka, in the financial year 2005 realized (..)\*\*KM of turnover; the total turnover relating to the sale of the pharmaceutical products amounted (..)\*\*KM.

Bosnalijek Sarajevo - Bosnia and Herzegovina, Krka Novo Mesto – Republic of Slovenia, Lek Ljubljana – Republic of Slovenia, Pliva Zagreb – Republic of Croatia, Alkaloid Skoplje -

Macedonia, Galenika Belgrade – Republic of Serbia, etc are the main participants , besides the Hemofarm Proizvodnja farmaceutskih proizvoda (Production of the pharmaceutical products ) d.o.o. Banja Luka, in the sector of generic products in Bosnia and Herzegovina.

### ***Definition of the relevant geographic market and product market***

In order to assess the compatibility of the concentration in question during the analysis of the relevant market, the Council of Competition determines the relevant market and market shares of the parties to the concentration in the relevant market

Relevant market comprises the market of particular products and services which are the subject of the business activity performed by the parties to the concentration in the specific geographic market.

The relevant product market in the case in question is production and sale of the specialized (generic) pharmaceutical products. The actual pharmaceutical products including generic preparations are final pharmaceutical products which are used for a cure for illnesses and cure of the people's illnesses. The original medicines and generic preparations are biologically identical and interchangeable very often from the point of view of the users.

As the parties to the concentration operate in the whole territory of Bosnia and Herzegovina, the relevant geographic market is the whole territory of Bosnia and Herzegovina.

Concerning all stated above the relevant market in the concentration concerned is production and sale of specialized (generic) pharmaceutical products in the whole territory of Bosnia and Herzegovina.

The data submitted by the Agency for medicines of Republic of Srpska, the Registry of medicines of Federation of Bosnia and Herzegovina and data given in the Notification of the intended concentration are used in the analysis of the relevant market of the parties to the concentration and in analysis and estimations of the market shares.

### ***Assessment of the concentration***

According the data from the Notification on the concentration the company STADA has less than 1,0% of the shares in the of pharmaceutical sector market of Bosnia and Herzegovina and it is not leading company in this activity. It is active only in the market of the generic preparations through its distributors that are mentioned above, and total turnover of this company in 2005 amounts less than 1,0% of pharmaceutical products in Bosnia and Herzegovina.

Hemofarm a.d. Vršac, Republic Serbia is active only through Hemofarma d.o.o. Banja Luka in Bosnia and Herzegovina in the market of generic preparations.

According to the data of the Agency of Medicines of Republic of Srpska Hemofarm a.d. Vršac has registered 242 medicines in Republic of Srpska and STADA has registered 5 medicines and that is 17,38% of the total registered medicines in Republic of Srpska. According to the Registry of medicines of Federation of Bosnia and Herzegovina Hemofarm a.d. Vršac has registered 4 medicines.

According to the Notification on intended concentration Hemofarm Proizvodnja farmaceutskih proizvoda (Production of the pharmaceutical products) d.o.o. Banja Luka has 9,0% of shares in the market of pharmaceutical sector in Bosnia and Herzegovina.

The STADA shall achieve by the said concentration about 10,0% of the market share in production and sale in the pharmaceutical sector in the territory of Bosnia and Herzegovina.

Checking and taking into consideration the determined data and facts in the decision making procedure and respecting the sole and mutually connected evidences, the Council of Competition has determined that the intended concentration of the undertakings shall not result in prevention, restriction and distortion of the market competition in the relevant market of the specialized (generic) pharmaceutical products and that it shall strengthen the competition in Bosnia and Herzegovina.

Due to that reason the Council of Competition has assessed the concentration concerned compatible without carrying out the proceeding and it has decided as it is stated in enacted term of this Decision.

#### ***Administration tariffs***

On this Decision the Applicant, pursuant to the Article 2, paragraph (1), tariff number 107, item d) 1) 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**

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.

**President**

**Gordan Raspudić**