

DECISION
Notification on concentration of undertakings
"Mercator BH" d.o.o. Sarajevo and "Drvopromet" d.o.o. Sarajevo

Sarajevo,
December 2011

Number: 05-26-1-024-18-II/11
Sarajevo, 8th December 2011

Pursuant to Article 42 paragraph (1) item d), in accordance with Articles 12, 14, 16, 17 and 18 of the Competition Act («Official Gazette of BiH», No. 48/05, 76/07 and 80/09), solving upon Notification on concentration of the undertaking "MERCATOR BH" Wholesale and retail sale trade d.o.o. Sarajevo, Ložionička 16, 71000 Sarajevo, represented by attorney Marjana Kulenović, Vase Pelagića 48, 78000 Banja Luka, filed on 24th October 2011 under number: 05-26-1-024-II/11, Council of Competition at its 23rd (twentythird) session held on 8th December 2011, has issued

DECISION

1. Concentration that would arise on the market of retail sale of food and non-food products and consumer goods in the territory of the Federation of Bosnia and Herzegovina, by signing long-term contract of lease (sublease) of retail commercial buildings of undertaking "DRVOPROMET" limited liability company for trade, import, export, transport in road traffic Sarajevo, Blažuj bb, 71000 Sarajevo, with the undertaking "MERCATOR BH" wholesale and retail trade d.o.o. Sarajevo, Ložionička 16, 71000.
2. This Decision on concentration is entered into Registry of concentrations.
3. This Decision is final and shall be published in "Official Gazette of BiH" official gazettes of Entities and Brcko District of Bosnia and Herzegovina.

Exposition

Council of Competition received Notification on concentration on 24th October 2011 No.: 05-26-1-024-II/11, (hereinafter: Notification) of the undertaking "MERCATOR BH" d.o.o. wholesale and retail trade d.o.o. Sarajevo, Ložionička 16, 71000 Sarajevo (hereinafter: Applicant or MERCATOR BH) which will arise by signing long-term contracts of lease (sublease) of retail commercial buildings, in terms of Article 12 paragraph (1) item b) of the Competition Act, of the undertaking "DRVOPROMET" limited liability company for trade, import, export, transport in road traffic Sarajevo, Blažuj bb, 71000 Sarajevo (hereinafter: DRVOPROMET).

Having analysed filed Notification, Council of Competition found it was not complete, in terms of Article 30 paragraph (1) of the Act and Articles 9 and 11 of the Decision on Notification and criteria for assessment of concentration of undertakings («Official Gazette of BiH», No 34/10), and requested supplements thereof in accordance with the Article 31 of the Act, document No: 05-26-1-024-4-II/11 of 11th November 2011.

Applicant submitted the requested documentation on 16th November 2011, submission No.: 05-26-1-024-5-II/11.

After completion of Notification, Council of Competition issued a Confirmation of complete and adequate Notification No. 05-26-1-024-12-II/11 of 29th November 2011, in accordance with Article 30 paragraph (3) of the Act.

In accordance with Article 30 paragraph (2) of the Act, the Applicant stated that it has not filed nor has an intention to file a request for concentration assessment to authorized authorities outside Bosnia and Herzegovina.

According to Article 16 paragraph (4) of the Act, Council of Competition published a Notice on submitted Notification No.: 05-26-1-024-6-II/11 of 23rd November 2011, in daily press on 24th November 2011, inviting all interested parties to submit written comments regarding the intended concentration. There were no comments on the Notice submitted by interested parties.

The Notification was filed in statutory deadline, in accordance with Article 16 paragraph (1) of the Act.

During the concentration assessment procedure, Council of Competition established the following facts:

1. Participants to the concentration

Participants to the concentration are undertaking "MERCATOR BH" Trgovina na veliko i malo d.o.o. Sarajevo, Ložionička 16, 71000 Sarajevo and undertaking "DRVOPROMET" Društvo s ograničenom odgovornošću za promet, uvoz, izvoz, prijevoz u drumskom saobraćaju Sarajevo, Blažuj b.b., 71000 Sarajevo.

1.1. MERCATOR BH

Undertaking "MERCATOR BH" Trgovina na veliko i malo d.o.o. Sarajevo, Ložionička 16, 71000 Sarajevo, is entered in Cantonal Court Register in Sarajevo under No.: 65-01-0542-10 (JIB: 4200841110009), with (..)**%¹ of equity of the undertaking Poslovni sistem "MERCATOR" d.d. Ljubljana, Dunajska cesta 107, 1000 Ljubljana, Republic of Slovenia (hereinafter: MERCATOR d.d. Ljubljana), and founding capital of (..)** KM.

Main registered activities of the undertaking MERCATOR BH are internal and external sale, wholesale and retail of food and non-food products and consumer goods.

Undertaking MERCATOR BH is a member of the Mercator group, retail sale chain of the consumer goods in region, with business activities in Republic of Slovenia, Republic of Croatia, Republic of Serbia, Republic of Monte Negro, Republic of Macedonia, Republic of Bulgaria and Republic of Albania.

Undertaking MERCATOR d.d. Ljubljana is entered in register of County Court in Ljubljana on 1st January 1990 (No.: 5300231000), with founding capital of (..)**(EUR (..)**). Ownership structure of the undertaking MERCATOR d.d. Ljubljana as of 30th June 2011.

- undertaking Pivovarna Union d.d. (Pivovarniška 2, Ljubljana) with (..)**% equity;
- undertaking NLB d.d. Ljubljana (Trg Republike 2, Ljubljana) with (..)**% equity;
- undertaking Pivovarna Laško d.d. (Trubarjeva ulica 28, Laško) with (..)**% equity;
- undertaking UniCredit Banka d.d. Slovenija with (..)**% equity;

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

- undertaking Nova KBM d.d. Slovenija with (..)**% equity;
- others with (..)** equity in founding capital.

Main registered activity of the undertaking MERCATOR d.d. Ljubljana is retail trade of mixed goods, food products, drinks and consumer goods for households.

1.1.1. Affiliates of the undertaking MERCATOR BH in Bosnia and Herzegovina

Affiliated undertakings of the Applicant in Bosnia and Herzegovina:

- undertaking "M-BL" d.o.o. Banja Luka, Društvo za trgovinu na veliko i malo, Aleja Svetog Save 69, 78000 Banja Luka;
- undertaking "Intersport BH" d.o.o. Sarajevo, Trgovina na veliko i malo, Ložionička 16, 71000 Sarajevo;
- undertaking "Modiana" d.o.o. Sarajevo, Trgovina na veliko i malo, Ložionička 16, 71000 Sarajevo;

1.1.1.1. M-BL d.o.o. Banja Luka

Undertaking "M-BL" d.o.o. Banja Luka, Društvo za trgovinu na veliko i malo, Aleja Svetog Save 69, 78000 Banja Luka (hereinafter: M-BL d.o.o. Banja Luka) is entered in County Trade Court Register under No.: 1-17032-00 (JIB: 4402893720001), with (..)**% equity in founding capital of the undertaking MERCATOR d.d. Ljubljana, and (..)**% equity in founding capital of Privredno društvo za poslovne usluge "MERCATOR-S" d.o.o. Novi Sad, Temerinski put 50, 21000 Novi Sad, Republic of Serbia, with registered founding capital of (..)** KM.

Main registered activities of the undertaking M-BL d.o.o. Banja Luka are wholesale and retail of food and other consumer goods.

Undertaking M-BL d.o.o. Banja Luka operates only on the territory of Republic Srpska through five Mercator Centres.

1.1.1.1.1. Intersport BH d.o.o. Sarajevo

Undertaking "Intersport BH" d.o.o. Sarajevo, Trgovina na veliko i malo, Ložionička 16, 71000 Sarajevo (hereinafter: Intersport BH d.o.o. Sarajevo), is entered in Municipal Court Register in Sarajevo under number: 65-01-0188-10 (JIB: 4201552720008), with (..)**% equity in founding capital of the undertaking "INTERSPORT ISI" d.o.o., Dunajska cesta 110, 1000 Ljubljana, Republic of Slovenia (with (..)**% equity of the undertaking MERCATOR d.d. Ljubljana), with registered founding capital of (..)** KM.

Main registered activities of the undertaking Intersport BH d.o.o. Sarajevo are wholesale and retail of different products.

1.1.1.2. Modiana d.o.o. Sarajevo

Undertaking "Modiana" d.o.o. Sarajevo, Trgovina na veliko i malo, Ložionička 16, 71000 Sarajevo, is entered in Municipal Court Register in Sarajevo under number: 65-01-0241-10 (JIB:

4201561710007), with (..)**% equity in founding capital of the undertaking "Modiana", prodaja tekstila, d.o.o. Ljubljana, Dunajska cesta 110, 1000 Ljubljana, Republic of Slovenia (with (..)**% equity of the undertaking MERCATOR d.d. Ljubljana), with registered founding capital of (..)** KM.

Main registered activities of the undertaking Modiana d.o.o. Sarajevo are wholesale and retail of different products.

1.2. DRVOPROMET d.o.o. Sarajevo

Undertaking "DRVOPROMET" Društvo s ograničenom odgovornošću za promet, uvoz, izvoz, prijevoz u drumskom saobraćaju Sarajevo, Blažuj bb, 71000 Sarajevo, is entered in Municipal Court Register in Sarajevo under number: 65-01-0033-11 (JIB: 4200480690005) with registered founding capital of (..)** KM.

Ownership structure of the undertaking DRVOPROMET as of 24th October 2011:

Table 1.

No	Name of the owner	Address	Equity (%)
1.	DRVOPROMET d.o.o. Sarajevo	Blažuj bb, Ilidža	(..)**
2.	Mešević Jakup LK.(..)**	(..)**	(..)**
3.	Mešević Jusuf LK.(..)**	(..)**	(..)**
4.	Mešević Muamer LK.(..)**	(..)**	(..)**

Source: data from the Notification

Main registered activities of the undertaking DRVOPROMET are wholesale and retail of food and non-food products and other consumer goods.

Undertaking DRVOPROMET has 71 retail shops merely in the area of Federation of Bosnia and Herzegovina.

1.2.1. Affiliates of DRVOPROMET d.o.o. Sarajevo

Undertaking DRVOPROMET in Bosnia and Herzegovina has affiliated undertakings:

- "Dolche" d.o.o. Sarajevo, za proizvodnju, unutrašnju i vanjsku trgovinu i usluge d.o.o. Sarajevo, Halilovići 4, 71000 Sarajevo;
- Društvo s ograničenom odgovornošću "DP Ilma" d.o.o. Bihać, Grabeška bb, Bihać;
- Inter Hak d.o.o. Sarajevo, Maršala Tita 4, 71000 Sarajevo;

1.2.1.1. Dolche d.o.o. Sarajevo

Undertaking "Dolche" Društvo za proizvodnju, unutrašnju i vanjsku trgovinu i usluge d.o.o. Sarajevo, Halilovići 4, 71000 Sarajevo (herinafter: Dolche d.o.o. Sarajevo), is entered in Municipal Court Register in Sarajevo under number: 1-24924, with (..)**% equity of the undertaking DRVOPROMET, with registered founding capital of (..)** KM.

Main registered activities of the undertaking Dolche d.o.o. Sarajevo are production, internal and external trade of food and non-food products.

1.2.1.2. DP Ilma d.o.o. Bihać

Undertaking Društvo s ograničenom odgovornošću "DP Ilma" d.o.o. Bihać, Grabeška bb, Bihać, j is entered in Municipal Court Register in Bihać (hereinafter: DP Ilma Bihać), under number: 17-01-0084-10 (JIB: 4263580780003) (Decision No.: 017-0-Reg-10-000222 dated 29th April 2010), with (..)**% equity of the undertaking DRVOPROMET and (..)**% equity of undertaking Ilma d.o.o. Bihać, Darivalaca krvi 39, Bihać, with registered founding capital of (..)** KM.

Main registered activities of the undertaking DP Ilma d.o.o. Sarajevo are wholesale and retail of different products.

1.2.1.3. Inter Hak d.o.o. Sarajevo

Undertaking "Inter Hak" društvo s ograničenom odgovornošću i vanjsku trgovinu Sarajevo, Maršala Tita 4, 71000 Sarajevo (hereinafter: Inter Hak d.o.o. Sarajevo) is entered in Municipal Court Register in Sarajevo under number: 1-13048, with (..)**% equity of the undertaking DRVOPROMET, with registered founding capital of (..)** KM.

Main registered activities of the undertaking Inter Hak d.o.o. Sarajevo are production and wholesale and retail sale of consumer goods.

Obligation to notify concentration

The obligation to notify concentration of undertakings exists if the cumulative requirements of Article 14 paragraph (1) items a) and b) of the Act are fulfilled, i.e. if total annual turnover of all parties to the concentration realized through the sale of goods and / or services on the world market is KM 100,000,000.00 according the balance of the year preceding the concentration, and if the total annual turnover of at least two parties to the concentration realized through the sale of goods and / or services on the market of Bosnia and Herzegovina is at least KM 8,000,000.00 in the final account in the year preceding the concentration, or if their combined share in the relevant market is greater than 40.0%.

Total annual turnover of the undertakings parties to the concentration (and their affiliates) as of 31st December 2010:

Table 2

(KM)	MERCATOR BH	DRVOPROMET*	DRVOPROMET
Bosnia and Herzegovina	(..)**	(..)**	(..)**
World	(..)**	-	-

Source: Data from Notification; *parts that are the subject of the concentration

According to the data (Table 2) total turnover of the undertaking MERCATOR BH on the market of Bosnia and Herzegovina in 2010 is (..)** KM (including turnovers of the affiliates of the undertaking MERCATOR BH of (..)** KM, undertaking Intersport BH d.o.o. Sarajevo of (..)** KM, and undertaking Modiana d.o.o. Sarajevo of (..)** KM earned in Federation of Bosnia and Herzegovina, as well as total turnover of (..)** KM of the undertaking M-BL d.o.o. Banja Luka earned in Republic of Srpska.

In the case when the concentration from Article 12 paragraph (1) of the Act applies to a merger or acquisition of part or parts of one or more business entities, regardless of whether these parts have a status of legal entity, when calculating income under paragraph (1) of Article 14 of the Act, only the income of those parts of the undertaking that are the subject of the concentration control shall be calculated.

Annual turnovers of the parties to the concentration are total revenues (excluding value added tax and other taxes), within the meaning of Article 9 item h) of the Decision on notification and assessment of concentration of the undertakings.

Based on these data on the total annual turnover (Table 2), within the meaning of Article 14 paragraph (2) of the Act, it was found that the parties to the concentration were required to submit Notification.

2. Legal framework of the concentration assessment

During the procedure of the assessment of the concentration Council of Competition applied the provisions of the Act, Decision on determining the relevant market ("Official Gazette of BiH" no. 18/06 and 34/10 and Decision on notification and criteria for assessment of concentration of undertakings.

Council of Competition, in accordance with Article 43 paragraph (7) of the Act, calculating the total annual turnover of the participants to concentration, used the criteria and standards of the European Commission Information about the calculation of total turnover in accordance with Council Regulation (EEC) No. 4064/89 on the control of concentrations of undertakings.

3. Legal basis and form of the concentration

As the legal basis of the concentration Applicant submitted Framework Agreement on lease of commercial facilities and takeover of other rights and obligations, signed on 20th October 2011 in Sarajevo between undertaking MERCATOR BH (represented by Neven Hadžisulejmanović, Director) and undertaking DRVOPROMET (represented by Fehim Baždarević, Director).

This Framework Agreement regulates the relations on the long-term lease of 63 retail facilities, office space and warehouse space (Blažuj) in the Federation of Bosnia and Herzegovina for a period of (..)** years, buying and selling stocks in the buildings, takeover of lessor's workers and commercial cooperation. According to data from the Framework Agreement the total surface of leased office space is gross (..)** m2 (63 retail facilities (..)** m2 total area, and a total area of office space (..)** m2 and a total warehouse space surface (..)** m2).

Following retail facilities of the undertaking DRVOPROMERT are subject of the concentration:

Table 3.

No.	Business unit	City /street
1.	MALOPRODAJA PJ 1 KOŠEVSKO BRDO	Sarajevo, Centar, Braće Begić 3
2.	MALOPRODAJA PJ 2 VISNJK	Sarajevo, Centar, Višnjik 41

3.	MALOPRODAJA PJ 3 DOBRINJA	Sarajevo, Novi Grad, Dobrinja, Omladinskih radnih brigada
4.	MALOPRODAJA PJ 4 ALIPASINO POLJE B FAZA	Sarajevo, Novi Grad, Trg ZAVNOBIHA 18, Alipašino polje
5.	MALOPRODAJA PJ 6 V.POLJE	Sarajevo, Novi Grad, Teheranski trg 1, Saraj Polje
6.	MALOPRODAJA PJ 7 A.POLJE C FAZA	Sarajevo, Novi Grad, Trg nezavisnosti, Alipašino polje
7.	MALOPRODAJA PJ 8 VRACA	Sarajevo, Novo Sarajevo, Pavla Lukača 4
8.	MALOPRODAJA PJ 9 STUP	Sarajevo, Ilidža, Džemala Bijedića 226
9.	MALOPRODAJA PJ 10 MARKET BREKA	Sarajevo, Centar, Breka, Jovana Bijelca 8
10.	MALOPRODAJA PJ 11 JEZERO	Sarajevo, Centar, Patriotske lige 50, Jezero
11.	MALOPRODAJA PJ 12 VOGOSCA	Sarajevo, Vogošća, Igmanska 81
12.	MALOPRODAJA PJ 13 AERODROMSKO	Sarajevo, Novi Grad, Vladimira Nazora 1, Aerodromsko naselje
13.	MALOPRODAJA PJ 14 VISOKO	Visoko, Sarajevska bb
14.	MALOPRODAJA PJ 15 MARIJIN DVOR	Sarajevo, Centar, Vladimira Perića 18, Marijin Dvor
15.	MALOPRODAJA PJ 16 HADZICI	Sarajevo, Hadžići, Garaovci bb
16.	MALOPRODAJA PJ 17 OTES	Sarajevo, Ilidža, Fadila Hadžića 11, OTES
17.	MALOPRODAJA PJ 18 HRASNICA	Sarajevo, Ilidža, D.Paše Bajazad 12
18.	MALOPRODAJA PJ 19 ILIJAŠ	Ilijaš, Bosanski put 143
19.	MALOPRODAJA PJ 20 SHOPING GRBAVICA	Sarajevo, Novo Sarajevo, Hasana Brkića 30, Grbavica
20.	MALOPRODAJA PJ 21 ILIJAŠ	Ilijaš 126/te Lahke brigade
21.	MALOPRODAJA PJ 22 ZENICA	Zenica, Aske Borića 1
22.	MALOPRODAJA PJ 23 ZENICA	Zenica, Crkvice do broja 66
23.	MALOPRODAJA PJ 24 ZENICA	Zenica, Sejmenska 17
24.	MALOPRODAJA PJ 25 ZENICA	Zenica, Prve Zeničke brigade
25.	MALOPRODAJA PJ 26 ZENICA	Zenica, Čire Truhelke 10
26.	MALOPRODAJA PJ 28 FOJNICA	Fojnica, Šetalište b.b., T.C. Aqua Reumal
27.	MALOPRODAJA PJ 29 KAKANJ	Kakanj, Mehmeda Skopljaka bb
28.	MALOPRODAJA PJ 30 VISOKO	Visoko, Donje Rosulje b.b.
29.	MALOPRODAJA PJ 31 KATEDRALA	Sarajevo, Stari grad, Mulamustafe Bašeskije 26
30.	MALOPRODAJA PJ 32 ZENICA	Zenica, Sarajevska bb
31.	MALOPRODAJA PJ 33 BJELAVE	Sarajevo, Centar, Šekerova 11
32.	MALOPRODAJA PJ 34 CEKALUSA	Sarajevo, Centar, Cekalusa 36
33.	MALOPRODAJA PJ 35 BRIJESCE	Sarajevo, Novi Grad, Safeta Zajke 238
34.	MALOPRODAJA PJ 36 ILIDZA	Sarajevo, Ilidža, Rusten Pašina 23
35.	MALOPRODAJA PJ 37 HRASNO	Sarajevo, Novo Sarajevo, Topal Osman paše 16, Hrasno
36.	MALOPRODAJA PJ 38 BUTILA	Sarajevo, Butile, Butilska bb
37.	MALOPRODAJA PJ 39 BULJAKOV POTOK	Sarajevo, Novi Grad, Smaje Sikala 26
38.	MALOPRODAJA PJ 40 MALTA	Sarajevo, Novo Sarajevo, Envera Šehovića 54
39.	MALOPRODAJA PJ 41 SIP	Sarajevo, Centar, Dejniza Bikića 2A
40.	MALOPRODAJA PJ 42 VRATNIK	Sarajevo, Stari Grad, Vratnik Mejdan
41.	MALOPRODAJA PJ 43 KOLONIJA	Sarajevo, Ilidža, Huseina Đoze 22
42.	MALOPRODAJA PJ 44 MAGLAJ	Maglaj, Treća ulica 35
43.	MALOPRODAJA PJ 45 VISOKO	Visoko, Varoška 1
44.	MALOPRODAJA PJ 46 ILIJAŠ	Ilijaš, Bosanski put 197
45.	MALOPRODAJA PJ 47 VELEŠIĆI	Sarajevo, Velešići, Muhameda Ef. Pandže do broja 95
46.	MALOPRODAJA PJ 48 SKENDERIJA	Sarajevo, Centar, Terazije bb
47.	MALOPRODAJA PJ 49 SOLARIS	Sarajevo, Vogošća, Gornja Jošanica bb
48.	MALOPRODAJA PJ 51 KOLONIJA	Sarajevo, Ilidža, Umihane Cuvidine 47

49.	MALOPRODAJA PJ 52 ČENGIĆ VILA	Sarajevo, Novo Sarajevo, Džemala Bijedića 8
50.	MALOPRODAJA PJ 53 MOSTAR	Mostar Centar, Braće Fejića 58
51.	MALOPRODAJA PJ 54 BJELASNICA	Trnovo, Bjelašnica ski centar, Babin do bb
52.	MALOPRODAJA PJ 55 VOJNIČKO POLJE	Sarajevo, Novi Grad, Adija Mulabegovića 16
53.	MALOPRODAJA PJ 56 SHOPING EKTRAN	Zenica, Trg Alije Izetbegovića 6
54.	MALOPRODAJA PJ 57 OSJEK	Sarajevo, Ilidža, Osik 105
55.	MALOPRODAJA PJ 58 STUP	Sarajevo, Ilidža, Nikole Šopa 20
56.	MALOPRODAJA PJ 60 GORENJE SKENDERIJA	Sarajevo, Centar, Skenderija 20
57.	MALOPRODAJA PJ 61 KLJUC	Ključ Branilaca Bosne bb
58.	MALOPRODAJA PJ 62 SANSKI MOST	Sanski most, Bulevar 7 korpusa bb
59.	MALOPRODAJA PJ 78 ŽEPČE	Žepče, Sarajevska b.b.
60.	MALOPRODAJA PJ 79 DOBRINJA	Sarajevo, Novi Grad, Dobrinja , Stupska b.b.
61.	MALOPRODAJA PJ 80 BUČA POTOK	Sarajevo, Buča potok , Adema Buče 6
62.	MALOPRODAJA PJ 81 MERKUR STUP	Sarajevo, Novi Grad Stup, Stupska b.b.
63.	MALOPRODAJA PJ 82 ILIJAŠ	Sarajevo, Ilijaš, Moševićka 17
64.	KANCELARIJSKI PROSTOR	Blažuj b.b.
65.	MAGACINSKI PROSTOR	Blažuj b.b.

Source: data from the Notification

Since the concentration is defined as 'asset deal' or takeover of the certain defined assets (business) of undertaking DRVOPROMET, in that sense there is no change in the ownership structure of the undertaking DRVOPROMET.

After implementing concentration the undertaking DRVOPROMET will continue to engage in commercial activity in retail stores (supermarkets) that are not subject of this concentration.

Legal form of the concentration pursuant to Article 12 paragraph (1) item b) 3) of the Act is the acquisition of the dominant influence of the undertaking (Mercator BH) over parts of other undertaking (DRVOPROMET) concluding contract of lease (sublease) in accordance with the provisions of the Act.

4. Relevant market of the concentration

The relevant market, in terms of Article 3 of the Act and Articles 4 and 5 of the Decision on determining the relevant market, is the market of certain products / services that are the subject of business operation in a particular geographic market.

According to Article 4 of the Decision on determining the relevant market, relevant market comprises all products and / or services that consumers and / or users consider mutually substitutable, under acceptable conditions, especially bearing in mind their essential characteristics, quality, common purpose, usage, sale conditions and prices.

Furthermore, according to Article 5 of the Decision on the determining the relevant market, the relevant market in the geographical sense includes the whole or a substantial part of the territory of Bosnia and Herzegovina in which the undertakings operate in the sale and / or purchase of the relevant product under equal or sufficiently homogeneous conditions and which are significantly different from the conditions of competition on neighboring geographic markets.

In this case, relevant market of products and/or services is the market of retail sale of food and non-food products and consumer goods.

Since the participant to the concentration undertaking DRVOPROMET operates only on the territory of Federation of Bosnia and Herzegovina, relevant market in geographical sense is considered to be territory of Federation of Bosnia and Herzegovina.

Consequently, relevant market of the concentration is the market of food and non-food products and consumer goods on the territory of Federation of Bosnia and Herzegovina.

Analysing relevant market from the aspect of consumers and in accordance with practice of European Commission, Council of Competition found it necessary to analyse effects of the concentration on lower level, i.e. area of cantons/cities of Federation BiH where retail outlets of the participants to concentration overlap.

5. Analysis of the relevant market

Council of Competition in the course of the evaluation of the concentration required additional information from the applicant and the Agency for the financial, IT and Mediation Services Inc. Sarajevo, Ložionička no. 3, Sarajevo in relation to turnover earned in the relevant market that have been submitted on 12th February 2011(submission number 05-26-1-024-18-II/11) and on 1st December 2011 (submission number 05-26-1-024-15-II/11).

According to the Agency for the financial, IT and Mediation Services Inc. Sarajevo, Ložionička no. 3, Sarajevo (AFIP), the total turnover of the undertaking in the Federation of Bosnia and Herzegovina in the activities of retail sale of food, and nonfood products and consumer goods in 2010 amounts to 3,422,075,235.00 KM.

Estimation of market shares of participants to the concentration on the level of Federation of Bosnia and Herzegovina as of 31st December 2010:

Table 4

No.	Undertaking	Retail turnover (KM)	Market share (%)
1.	Mercator BH	(..)**	0-10
2.	Drvopromet	*(..)**	0-10
3.	Total participants to the concentration (1+2)	(..)**	0-10
4.	Total FBIH	3.422.075.235,00	100,00

Source: AFIP, Data from Notification; *parts that were subject of the concentraton

According to data from the Notification MERKATOR BH in Federation of Bosnia and Herzegovina operates in five regions, with twenty one (21) business units in the following cities:

- region Sarajevo with two (2) hypermarkets and six (6) supermarkets and one (1) market;
- region Tuzla with one (1) hypermarket and four (4) supermarkets (Tuzla, Lukavac, Živinice);
- region Herzegovina with one (1) hypermarket (Mostar), two (2) supermarkets (Mostar, Čapljina) and one (1) market;
- region Krajina with one (1) supermarket (Cazin);
- region Srednja Bosna and Zeničko-Dobojski kanton with one (1) supermarket (Vitez) and two (2) markets.

According to data from the Notification, sixty three (63) business units of the undertaking DRVOPROMET in Federation of Bosnia and Herzegovina are subject of the concentration in the following cities:

- Sarajevo (Ilidža, Vogošća, Hadžići) with one (1) hypermarket and one (1) supermarket and forty (40) markets;
- Sanski Most with one (1) supermarket;
- Zenica with seven (7) markets;
- Trnovo with one (1) market;
- Ilijaš with four (4) markets;
- Visoko with three (3) markets;
- Fojnica with one (1) market;
- Kakanj with one (1) market;
- Mostar with one (1) market;
- Ključ with one (1) market;
- Maglaj with one (1) market;
- Žepče with one (1) market.

Analysis of data on the number, type and geographic location of retail facilities of participants to the concentration indicates that through this concentration undertaking "MERCATOR BH" is primarily expanding its sales network by increasing its retail outlets of the "market" type because of its previous structure dominated by retail selling outlets of type "hypermarket" and "supermarket". From the given data it is also evident that there is no significant overlap in the cities and types of retail outlets, and therefore there is no new or strengthened existing dominant position in the market.

6. Assessment of the concentration

Analysing relevant data Council of Competition, in terms of Article 17 of the Act Law, has assessed that the implementation of the concentration will increase market share in the relevant market of the retail food, non-food products and consumer goods, but will not create and strengthen a dominant position.

Making a final decision, Council of Competition took into account the Applicant's plans about the benefits that will arise for consumers through increased market supply of consumer products, better quality, greater choice of products, and interactive access to a wider range of products and services.

In addition, the Council of Competition took into account the investments through the implementation of the concentration, which includes investments in modernization and development of retail facilities, the introduction of international and corporate business standards, training and stimulation of employment and the provision of modern and pleasant working conditions for employees.

Implementation of the transaction will bring immediate benefits for consumers:

- Lower priced products in order to lower the cost of procurement, warehousing, distribution and sales, as well as achieving economies of scale;
- Increasing the supply of products achieved through the introduction of product brands Mercator;
- Stability in the offer or the smooth supply of consumer desired product;

- Improving the quality of services delivered through the introduction of international and corporate business standards;
- Adjustment of supply requirements and purchasing power of local consumers.

Furthermore, Council of Competition found that on the relevant market, there are no legal / administrative barriers to entry, nor there are any required significant financial investment to start in retailing of food, and non-food consumer products, so that the participants to the concentration even after the implementation of the concentration could not to a large extent act independently of the actual or potential competitors.

Consequently, Council of Competition assessed the concentration compatible in terms of Article 18 paragraph (2) item a) of the Act.

7. Administrative tax

In accordance with Article 2 tariff number 107 item d) point 1) of the Regulation on administrative taxes related to procedural actions before the Council of Competition («Official Gazette of BiH», No. 30/06 and 18/11) the Applicant is obliged to pay administrative tax for this Conclusion in amount of 2.500,00 KM for the benefit of the Budget of institutions of Bosnia and Herzegovina.

8. Legal remedies

Appeal against this Decision is not allowed.

Unsatisfied party can initiate administrative procedure before the Court of Bosnia and Herzegovina within 30 days from the day of receipt or publication of this Decision.

President

Ibrica Lakišić