

**Case: AUTORAD HRVATSKA d.o.o., Zagreb, against P.Z. AUTO d.o.o.,
Velika Gorica - Resolution by the CCA, Class: UP/I 030-02/2004-01/09, of 22
July 2004**

In the above mentioned case the undertaking P.Z. Auto d.o.o. cancelled the Letter of Intent concluded with the undertaking Autorad Hrvatska d.o.o. thereby excluding the latter from its selective distribution system and servicing of motor vehicles. Although P.Z. Auto d.o.o. decided on the mixed qualitative and quantitative selective distribution system and servicing of motor vehicles, it did not have transparent criteria and standards for accepting new authorised car dealers (distributors) and service providers (repairers) into the system in question. However, it denied access into the system to the undertaking Autorad Hrvatska d.o.o. and took a new undertaking as its authorised distributor and repairer instead. In the opinion of the undertaking Autorad Hrvatska d.o.o., it lead to distortion of competition given that it applied dissimilar conditions to equivalent transactions with other undertakings, thereby placing them at a competitive disadvantage. Although the Regulation on block exemption granted to agreements on distribution and servicing of motor vehicles was not in force at the time concerned, the CCA applied apart from the provisions of the Competition Act also the relevant criteria applicable in the EU. During the preliminary investigation in the relevant market, and before it issued a procedural order on the initiation of the proceedings, in the contacts with the representatives of both undertakings the CCA pointed out the relevant position of the European Commission that car manufacturers and general importers of motor vehicles should, after the termination of the agreements, allow their long-standing authorised distributors and repairers to at least perform their activities as authorised repairers of the motor vehicles in question, taking into account their long business cooperation which proved them to have the experience, knowledge, professional skill and business facilities necessary for the activities of authorised distributors and repairers of motor vehicles.

Subsequently, and before the formal initiation of the proceedings in this case, the undertaking P.Z. Auto d.o.o. concluded a Business Cooperation Agreement covering the repair of motor vehicles and sale of original spare parts with the undertaking Autorad Hrvatska d.o.o. and four other undertakings that were previously also excluded from its system.

Although the case was closed by a resolution on dismissal of the submitted request due to the lack of grounds for the initiation of the proceedings before the Agency (the undertaking Autorad Hrvatska d.o.o. withdraw its request before the proceeding according to the provisions of the Competition Act was formally instituted), the fact that the undertaking Autorad Hrvatska d.o.o. consequently returned to the distribution system as an authorised repairer contributed to the re-established effective competition in the relevant market concerned, which is the ultimate objective of the operation of this Competition Agency.