

## CROATIAN COMPETITION AGENCY

Case No.: UP/I 034-03/2012-01/011

Case: CCA vs. Hrvatska pošta d.d., Zagreb; Initiative of CityEx d.o.o., Zagreb

Type of case: Competition – Abuse of dominant position

Type of decision: Initiative dismissed

### SUMMARY

On 31<sup>st</sup> of May 2012 Croatian Competition Agency (hereinafter: CCA) received an application from undertaking CityEx Ltd to start an investigation on abuse of dominant position against undertaking Hrvatska pošta (hereinafter: HP). The applicant states that HP sent proposals to a number of banks and telecom operators, offering its services at a predatory price, which are by 50% lower than the existing legal prices. Furthermore, the applicant states that HP offered its services to five biggest clients of CityEx, and not to his own customers. CityEx claims that the only purpose of this predatory behavior of HP is to maintain or strengthen its market power and exclude its competitors from the market.

After conducting preliminary analysis the CCA found that the offers HP gave to banks and telecom operators included discounts which refer to universal postal services, one part of the market for postal services which is regulated by the Postal service act (hereinafter: PSA). According to PSA, it is necessary for a business subject to obtain a license from the market regulator in order to provide universal postal services. Also, according to the same act, HP is the public operator for reserved postal services, which includes services for mail items up to 50 grams, which means that only HP can provide these services. The CCA found that at the time HP sent his offers CityEx did not have the necessary license for providing the relevant services and therefore could not be excluded from a market on which he was not present.

Furthermore, according to the PSA the market regulator must approve the prices for reserved universal postal services, and can also change or abolish prices for universal postal services if they are against the provisions of the PSA. The regulator stated that the relevant discounts were not discriminatory, i.e. contrary to the provisions of the PSA.

Following all stated above and after conducting the preliminary analysis the CCA dismissed the initiative of undertaking CityEx. The CCA also took into account the fact that, starting from January 2013 the market for postal services will be liberalized, i.e. open to competition.