

## SERBIAN COMPETITION AUTHORITY CLEARS ETIHAD-ALITALIA AND HOLCIM-LAFARGE MERGERS SUBJECT TO COMMITMENTS

The Serbian Commission for the Protection of Competition ("CPC") has set an important milestone in harmonizing its practice with that of the European Commission. In two decisions of December 2014 concerning international concentrations the CPC conditionally approved Etihad's and Alitalia's acquisition of joint control over "New Alitalia" and the merger between Holcim and Lafarge. Both transactions had also required a filing with the European Commission under the EUMR. Most importantly, the CPC coordinated its review closely with the European Commission and used substantially the same commitment procedure as the European Commission.

Etihad and Alitalia intend to create a joint venture, "New Alitalia", into which Alitalia will transfer air transport assets and obligations. The CPC, as well as the European Commission, raised concerns regarding the Belgrade-Rome route, where New Alitalia and Etihad (via Air Serbia) would be the only carrier. In order to mitigate these concerns, the parties submitted by and large the same commitments to both authorities, including an obligation to release slots at the Rome and Belgrade airports. To facilitate new entries, Alitalia and Etihad also committed to offering special fare combinability agreements, prorata and interline agreements as well as access to their frequent flyer program to new entrants. A monitoring trustee will be appointed to control the implementation of these commitments in both Serbia and the EU.

As regards the Holcim-Lafarge merger, the CPC was concerned that together the parties would enjoy a dominant position on the Serbian cement market. The authority also raised concerns about the effect of the concentration on the ready-mix concrete market, where cement is the principal input. Similar to the Etihad/Alitalia concentration, the CPC and European Commission coordinated their review processes. Holcim and Lafarge offered to divest the whole business of Holcim in Serbia; this was linked to a comprehensive divestment package offered to and accepted by the European Commission, under which Holcim would divest its operations in France, Hungary, Slovakia, Spain and the Czech Republic, while Lafarge would divest its businesses in Germany, Romania and the United Kingdom. Both the CPC and the European Commission accepted the parties' commitments, and in both jurisdictions, a trustee will monitor their implementation.

The two merger proceedings indicate the desire of the Serbian state and the CPC to align its competition law enforcement practice with that of the EU, probably in view of Serbia's interest in joining the European Union.

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