

Summary of the Competition Conditions Inquiry into the Tire Market

The research subject was the tire market on the territory of the Republic of Serbia in the period 2014-2016.

In the observed period, **the motor vehicle tire market** experienced a growth phase. The production of the type of tires concerned is significant and constitutes 95% of the total supply of the tires concerned, while the remainder is imported. Two manufactures of the tires concerned are active on the production market: Tigar Tyers doo Pirot and Cooper tire & rubber company Serbia doo Kruševac. Both manufacturers have increased production volumes during the observed period. The total supply is mostly export oriented (90%), while 10% is sold on the domestic market, thus the trade balance of the tires concerned is recording a surplus. The motor vehicle tire market is highly concentrated, both in the production and in the export and sales. With its respective market share in production, as well as in terms of both domestic and export market shares, company Tigar Tyers doo Pirot stands out as a significant undertaking.

The bus and truck tires are not produced in Serbia and are fully taken by imports. The biggest importer of the type of tires concerned is company Coning Beograd.

The production of **tires for motorcycles and bicycles** in the observed period grew, while the import dropped. The production share of the tires concerned in the total supply is close to 90%. The bulk of tire supply is export oriented (77%). This indicates that the trade balance of the type of tires concerned is positive. The motorcycle and bicycle tire market is highly concentrated, both in the production and in the export and sales. Company Tigar Tyers doo Pirot stands out with its respective market share in production, that is, share in the total supply, as well as in terms of both export and domestic market shares of the tires concerned.

The production, as well as the supply of **tires for agricultural vehicles and machinery** oscillated in the observed period. In 2015, a drop of about 35% is recorded, while the production grew by 30% in the following year. The production share in the total supply is 80%, while the remaining quantities are imported. Company Trayal korporacija ad Kruševac is active on the production market of tires for agricultural vehicles and machinery, which in addition to the respective import share, gives the company a significant market share in the total supply of the tires concerned. Close to 50% of the total quantities supplied are sold on the domestic market, while the remaining quantities are exported. Since significantly higher quantities of the tires concerned are exported relative to the imported quantities, a positive trade balance can be recognized. In case of this group of tires as well, we can establish a significant concentration of the production and sales markets. The most significant undertaking on this market is Trayal korporacija ad Kruševac.

Unlike other types of tires supplied to the market from both the production and import sources, **tires for construction and industrial vehicles and machinery** are predominately imported, and in such manner the imports constitute a bulk of supply relative to the produced quantities. The biggest importer is company Unitehna doo Kruševac, while the sole manufacturer of the type of tires concerned is Trayal korporacija ad Kruševac, and the largest exporter is company Mitas doo Ruma.

The general conclusion is that the tire production in Serbia in the observed period has recorded a significant growth. Serbia's two largest tire manufacturers are companies owned

by globally renowned groups, considered to be significant undertakings on the international tire market as well. In terms of importance for the country's economic activity, the tire industry places second by export generated revenues in Serbia.

In the light of the foregoing considerations, it is evident that when observed by relevant product categories there are undertakings with significant market shares, subsequently holding a significant market power as well. The negotiating power and impact of manufacturers (suppliers) and byers can be best seen by analyzing agreements and contractual terms stipulating the business, marketing and other specific conditions of sale or purchase, particularly in terms of rebate policy and payment deadlines. The Commission will continue to monitor the sector concerned in the period to come as well, considering the importance for the country's economic activity, as well as the periodicity of requests for exemption from the prohibition of restrictive agreements pertaining to the tire market, and in order to detect activities that might cause the restriction, distortion or prevention of competition.

Please note that the Commission for Protection of Competition has not published data on the established production and sales coverage by value and quantitative indicators, considering that data submitted by undertakings are considered protected information within the meaning of Article 45 of the Law on Protection of Competition. Having regard to the fact that one or two manufactures of the tires concerned are active in each of the observed segments and also viewed as the most significant dealers of the type of tires concerned, disclosure of aggregate data on the production and sales would enable identification of information marked as protected and which do not hold the status of information of public importance. With regard to the aforementioned, data at the Commission's disposal have enabled an understanding of the market structure and coverage, and will not be further disclosed.