

European Commission wants Croatia to change its law regarding privatization of the national oil company.

Prime Minister Andrej Plenković said that Croatia would continue talks with the European Commission about the demand made by the Commission that Croatia should amend the Law on Privatization of INA, Croatia's national oil company. He added that for Croatia it was strategically important to maintain a very clear position in the arbitration proceedings in order to protect national interests and INA as a strategic company, reports Jutarnji List on December 10, 2016.

"Croatia will be in a dialogue with the European Commission and continue the conversation. This is a subject that we have been dealing with for a few years. What is strategically important for us is to keep a very clear position in the arbitration proceedings in order to protect national interests and INA as a strategic oil company," noted the Prime Minister in Vukovar, asked to comment on the demand made by the European Commission to amend the Law on Privatization of INA.

The European Commission on Thursday asked Croatia to amend the Law because it violates the free movement of capital and freedom of establishment, which is a commitment which Croatia accepted back in 2010 during the accession negotiations on free movement of capital. The Commission has sent Croatia a reasoned opinion, which is the second step in the initiation of proceedings for breach of European regulations. If Croatia within two months does not harmonize the Law with the EU regulations, the Commission may decide to refer the matter to the Court of the European Union.

The Commission stated that INA is the largest Croatian company for the supply of energy, partly owned by the Croatian government. According to the Law on Privatization of INA, the state has special powers in the company, including the right to veto decisions relating to the sale of shares or assets with a value exceeding a certain threshold.

The consequence of this is that shareholders can not influence important decisions of the company in proportion to their share in its ownership, which may deter potential investors from investing in INA. The Commission considers that these special powers constitute restriction on the free movement of capital and freedom of establishment, which cannot be justified.

Although the protection of security of energy supply is a goal which could justify certain restrictions on freedoms, it appears that an unconditional right of veto, which the state received under the Law on Privatization of INA, goes beyond what is necessary and proportionate to achieve this goal, the Commission announced.

source: total-croatial-news.com