

# Commission suspends referral of CROATIA to the Court for failing to amend the law on the privatisation of the energy company INA-Industrija Nafta, d.d. (INA)

The European Commission has decided to put on hold the referral of CROATIA to the Court of Justice of the EU, in light of the recent developments in the case.

The Commission had decided to refer Croatia to the Court of Justice on 13 July 2017, for failing to make the 2002 law on the privatisation of Industrija Nafta d.d. ('INA law') compliant with EU rules on the free movement of capital and the freedom of establishment. Since then, Croatian authorities have been discussing with the Commission the amendments necessary to bring the INA law in line with EU rules. They have recently submitted a draft amending the above-mentioned law, which would address the Commission's main concerns, subject to some further adjustments. The Croatian authorities also submitted a timeline for its adoption that would permit a solution before a possible Court judgment. Therefore, the Commission considers that the execution of the referral should be put on hold, pending the adoption of the INA amending law.

In the absence of further progress towards the solution of the case in the next months, the stay of the proceeding may be reconsidered.

## **Background**

Croatia took the commitment to align the so-called INA law with EU rules before its accession to the EU. In November 2014, the European Commission decided to take action against Croatia for failure to amend such law. After assessing the observations of the Croatian authorities in [December 2016](#), the European Commission sent a reasoned opinion to Croatia to formally request the amendment of the INA law, on the ground that it violates the rules of the Treaty on the Functioning of the European Union ([TFEU](#)) on the freedom of establishment (Art. 49 of TFEU) and the free movement of capital (Art. 63 of TFEU). Then, concluding that Croatia had not fully complied with the Commission's reasoned opinion, the Commission decided on 13 July 2017 to refer the matter to the Court of Justice.

## **For More Information**

- On the monitoring the EU law in the area of free movement of capital [Capital movements | European Commission](#).
- On the key decisions in the July 2018 infringements package, see full

[MEMO/18/4486](#).

- On the general infringements procedure, see [MEMO/12/12](#).
- On the [EU infringements procedure](#).