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ANNUAL REPORT ON COMPETITION POLICY DEVELOPMENT IN TURKEY

-- 2015 --

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EXECUTIVE SUMMARY

1. Overall examination of the Turkish Competition Authority's (TCA) activities shows that in 2015 a total of 282 cases were finalized. Among these cases, 89 cases were finalized following preliminary examinations, preliminary inquiries and investigations conducted under the provisions of Articles 4¹ and 6² of the Act No 4054 on the Protection of Competition (The Competition Act), 35 cases were negative clearance/exemption decisions, and 158 cases were merger/acquisition/privatization/joint venture decisions.
2. While the number of total final decisions in 2013 was 462, it decreased to 437 in 2014 and to 282 in 2015. When the statistics concerning infringements of competition are taken under examination, it can be observed that the number of finalized decisions in 2013, 2014 and 2015 was 191, 163 and 89 respectively. Also, the number of decisions about exemption/negative clearance decisions is down to 35 in 2015, from 58 in 2013 and 59 in 2014.
3. When we compare the above statistics of 2015 with 2014, we can see that there is a sharp decline. The percentage decline in the total number of final decisions, infringements of competition and exemption/negative clearance decisions from 2014 to 2015 was 35 %, 45 % and 40 %. This fall can be attributed to the fact that, for some time during 2015, TCA Board did not have meeting and decision quorum.
4. A large part of these exemption/negative clearance decisions finalized in 2015 stemmed from applications related to pharmaceuticals and health services, finance, petroleum, petro chemistry-petroleum products and transportation sectors. These 4 sectors accounted for almost 55 % of all the clearance/exemption decisions.
5. There were a total of 158 decisions regarding merger/acquisition/privatization notifications. When we look at the sectorial distribution of final decisions on merger/acquisition/privatization notifications, we find that sectors that produced most notifications in the order of their share in the distribution were: food products, machinery, transportation services, energy and pharmaceutical products. Even though not a single merger/acquisition/privatization was blocked between 2012 -2014, one merger/acquisition notification was blocked in 2015. Besides that one decision, 3 merger/acquisition notifications were also cleared under conditions in 2015.
6. 2015 was also a busy year for investigations. In 2015, TCA opened 22 investigations and concluded 5 investigations (1 in food and beverages sector, 1 in media sector, and 3 in transportation sector). However, none of the investigations resulted in an administrative fine.
7. In terms of legislation, TCA has issued 3 internal directives (Competition Expert Thesis Preparation Directive, The Procedure for Preparing Reasoned Decisions and Competition Authority Publication Directive), 1 internal guideline (Guidelines on Preparing Reasoned Decisions) and made some changes regarding how it will

1 Article 4 prohibits anti-competitive agreements, concerted practices and decisions.

2 Article 6 prohibits abuse of dominant position.

treat the start and end date of non-compete clauses in contracts between gas stations and oil distributors in its “Guidelines on Vertical Agreements” in 2015.

8. Competition experts start their career as “assistant competition experts” and have to prepare a thesis about a competition policy related topic and defend it before a jury made up of academicians as well as top ranking TCA staff in order to be promoted to “competition expert” in TCA. The directive called “Competition Expert Thesis Preparation Directive” was issued in order to better explain how the assistant competition experts should prepare and defend their thesis. The theses of assistant experts can be reached through TCA’s website.

9. All of TCA’s final decisions are published in its website. These final decisions, which are called “reasoned decisions”, contain all of the elements which lead TCA Board to adopt the decision. They also contain any opposing views of Board members and/or the competition experts who prepared the report. Therefore, the internal directive called “The Procedure for Preparing Reasoned Decisions” was issued in order to prepare better reasoned decisions and enhance the process of preparing reasoned decisions.

10. Following the issuance of the “The Procedure for Preparing Reasoned Decisions”, TCA also issued a guideline called “Guidelines on Preparing Reasoned Decisions” in order to guide its personnel responsible for preparing reasoned decisions while preparing the reasoned decisions.

11. The last directive, called “Competition Authority Publication Directive”, was issued in order to determine the methods and procedures for publication of books, journals, bulletins, reports etc. by TCA.

12. No new regulation, communiqué or guideline was published in 2015 by TCA. However, TCA changed its “Guidelines on Vertical Agreements” by adding an explanation in the Section 3 of the Guideline about the start and end date of non-compete clauses in agreements between gas stations and oil distributors in light of both Court and Board decisions.

13. In 2015, TCA’s activities regarding Competition Advocacy included, but not limited to, preparing internship programs for students, giving seminars to assistant experts who started to work for other government agencies, inviting Council of State judges, administrative law judges, and investigation judges for a 2-day seminar on competition law and policy, and attending conferences in various universities about competition law and policy.

14. TCA prepared and released its seventh Competition Letter, entitled “The Role of Media in Improving Competition Culture” to all relevant stakeholders in 2015. In this letter it was first stressed that an economy with a high degree of competitive power, which foregrounds consumer wealth and economic freedom, could only be achieved by having a competition environment in all parts of the economy and then the importance of media to achieve these objectives was discussed.

15. In 2015, TCA attended a number of activities by EU, OECD, OIC, ECN and ICN. Besides these activities, TCA also attended the preparation of the competition chapter of Turkey’s Free Trade Agreement Negotiations between EFTA, Japan and Mexico, 15th Competition day which was organized by Russian Federation Antimonopoly Service, the conference titled “Competition in Public Procurement” which was organized by the Qatar Ministry of Economy, the conference titled “4th Competition Law and Policy” which was organized by Portugal Competition Authority, the conference titled “Advocacy of Competition in the Field of Industry on the Cross-Border Markets of the Eurasian Economic Union” which was organized by the Eurasian Economic Commission, 7th Sofia Competition Forum which was co-organized by the Bulgarian Competition Authority and UNCTAD, and the conference titled “Association of Competition Economics” which was organized by the Bocconi University,

16. As in the previous years, TCA improved its collaboration with the OIC countries in coordination with the relevant counterparts in the OIC, especially Statistical, Economic and Social Research and Training Centre for Islamic Countries (SESRIC). In this regard, a training seminar has been given by the TCA staff to the members of the Government Antimonopoly Regulation Agency under the Government of Kyrgyz Republic.

17. Lastly, as part of its continuous efforts to increase its staff's capacity, TCA has sponsored some of its case handlers' graduate degrees in the field of competition at the high end universities such as London School of Economics and Political Science, Carnegie Mellon University, Universidad Autonoma de Barcelona and Georgetown University.

1. Changes to competition laws and policies, proposed or adopted

1.1 Summary of the changes made to the existing legislation

1.1.1 Changes made to the “Guideline on Vertical Agreements”

18. The Guidelines on Vertical Agreements (Guideline) was adopted by TCA Board in 2009 with decision no 09-26/567-M. The purpose of the guideline, as it states, is to clarify the points that will be taken into consideration by the Board both in the application of the Vertical Agreements Communiqué 2002/2, and in the assessments to be made within the framework of article 5 of the Competition Act concerning those vertical agreements which are not covered by the Communiqué so as to minimize any uncertainties that may arise in the interpretation of the Communiqué as well as of article 5 of the Act.

19. On 9.9.2015 TCA Board made some changes to the Guideline by the decision no 15-36/537-RM(2). The changes in the Guideline was mainly done to explain how TCA Board will treat the start and end date of noncompete clauses in vertical contracts between gas stations and oil distributors.

2. Enforcement of competition laws and policies

2.1 Action against anticompetitive practices, including agreements and abuses of dominant positions

2.1.1 Summary of significant cases – Examples from the decisions on competition infringements

- Decision Concerning the Preliminary Inquiry on Province Bar Associations [decision date 07.07.2015, decision number 15-28/309-90]

20. Preliminary inquiry aimed at determining whether the recommended minimum lawyers’ fee tariffs published by the Bar Associations of Adana, Afyonkarahisar, Ankara, Antalya, Batman, Diyarbakır, Erzurum, Gaziantep, Hatay, Isparta, İstanbul, İzmir, Kırklareli, Kocaeli, Konya, Malatya, Niğde, Ordu, Sakarya, Şanlıurfa, Şırnak and Yalova violated the Competition Act.

- **Market:** Undefined
- **Findings:** The examinations concerning the province bar associations mentioned above concluded that the bar associations in question published Recommended Lawyers’ Fee Tariffs (RLFT) but the RLFT was not in violation of the Competition Act since; i) these tariffs were not monitored by the bar associations with coercive or punitive practices, ii) they did not transform into a minimum fee practice, iii) each year a significant number of lawyers entered the market, and iv) the market had an atomic structure. Therefore, it was decided that an investigation under article 41 need not be launched for the bar associations in question and the Office of the President should be tasked with rendering an opinion to the aforementioned bar associations emphasizing that the RLFT should not go beyond a recommendation, and that any practice aimed at monitoring compliance with the tariffs or putting sanctions on those failing to comply with them should be avoided.
- **Conclusion:** It was decided that the RLFT published by the aforementioned bar associations did not violate the Act since it did not include punitive or coercive practices, it was not monitored by the bars, a significant number of lawyers entered the market each year and the market had an atomic structure. It was also decided that launching an investigation under article 41 on the bar

associations in question was not necessary, but a Presidency opinion should be rendered to the bar associations examined

2.1.2 *Summary of significant cases – Examples from the decisions on exemptions and negative clearances*

- Trakya Cam Exemption Decision [decision date: 02.12.2015, decision number: 15-42/704-258]

21. On December 04, 2015, Competition Board rejected the exemption request submitted by Trakya Cam Sanayii A.Ş. (Trakya Cam) concerning its dealership. It was decided that an Authorized Dealership Agreement submitted to the Competition Authority by Trakya Cam could not benefit from the block exemption, and neither should an individual exemption be granted to the agreement in question.

- **Market:** Flat Glass
- **Findings:** Trakya Cam is an undertaking that holds dominant position across Turkey in the plate glass sector. It is under the umbrella of the economic entity titled “Şişecam,” together with Anadolu Cam, which holds dominant position in the packaging glass area; and Paşabahçe, which holds dominant position in glassware. In addition to being the market leader in plate glass in Turkey, it is also the single manufacturer in certain sub-categories.
 - Anadolu Cam and Paşabahçe, also under the Şişecam umbrella, were granted exemption from the Competition Authority for their dealership systems. The opinion of the rapporteur focused on the fact that plate glass differs from packaging glass and glassware in many of its characteristics. The most significant of these differences involves the difficulties in transporting plate glass. Intensively used in industry, plate glass is produced at the factories and transported to the industrial customers with certain dimensions, known as “Jumbo-size”. Jumbo-sized plate glass can only be transported by trailer trucks specially modified for this purpose. In addition, even unloading the plate glass after transportation by suitable trailers at the reseller or the industrial facility requires particular effort and care. Under these circumstances, transporting the product multiple times is not commercially feasible.
 - The new dealership system, which is the subject of the exemption request by Trakya Cam, is based on terminating the dealership of around 80% of the current total of 90 dealers, and concluding resale agreements with 18 dealers. Accordingly, the geographical area determined for each dealer is significantly large. According to the provisions of the agreement, each reseller will be able to make passive sales across Turkey but is prohibited from engaging in active sales. Difficulties in the transportation of plate glass and the small number of Jumbo-sized semi-trailers raise some concern that passive sales would not be actually possible. Even though passive sales are not in violation of the agreement, they would be easily identified by the supplier and would also cease to be attractive due to high costs.
 - Within the framework of the current reseller agreements which were in effect at the time of the exemption request, when dealers order plate glass from Trakya Cam for their own customers, they could request delivery of the product to the address of the customers. Thus the product was transported only once, directly to the final processing facility, minimizing costs and saving time. As a result, industrial businesses could procure products from Trakya Cam under their “industrial customer” agreements, and they could also purchase products through the dealers. Due to this intensive intra-brand competition, undertakings manufacturing final products by processing glass in Turkey have gained significant competitive power in Europe and other regions. There are concerns that glass processing

industrial businesses will lose their competitor power as a result of dealers being cut to one fifth of their present number and the prohibition of active sales. Certain provisions of the agreements exacerbate these concerns. According to the agreement, a dealer manager shall be assigned to each reseller by the supplier. In addition, the software to be used by resellers is designed to notify the supplier of any sales they make out of their assigned region.

- In this decision, Competition Board decided that limiting intra-brand competition more than required would pose the risk of significantly reducing the competitive power of the customers, which are themselves commercial enterprises.
- **Conclusion:** It was decided that the system that is the subject of the exemption application is within the scope of article 4 of the Competition Act; however, the said agreement shall be granted individual exemption as it fulfills all of the requirements listed in article 5 of the same Act.

2.2 *Mergers and Acquisitions*

2.2.1 *Summary of significant Merger and Acquisition cases*

- MIGROS Acquisition Decision [decision date: 09.07.2015, decision number: 15-29/420-117]

22. The request for the authorization of establishing the control of MIGROS Ticaret A.Ş. by Anadolu Endüstri Holding A.Ş., through the acquisition of majority shares in MH Perakendecilik ve Ticaret A.Ş. was examined.

- **Market:** “Cola drink,” “flavored soda,” “non-flavored soda,” “bottled water,” “fruit juice, nectar and fruit drinks,” “ice tea,” “sports drink,” “energy drink,” “off-premise beer,” “olive oil,” “FMCG organized retail,” “wholesale retail,” “stationary equipment” and “fresh vegetables/fruits” markets.
- **Findings:** The subject of the decision is a transaction involving the establishment of sole control over MIGROS Ticaret A.Ş. (MIGROS) by Anadolu Endüstri Holding A.Ş.’s (AEH) acquisition of MH Perakendecilik ve Ticaret A.Ş., which is directly controlled by Moonlight Capital S.A. Within the framework of the examinations conducted and the findings acquired, it was determined that the transaction in question was subject to authorization under the Communiqué Concerning the Mergers and Acquisitions Calling for the Authorization of the Competition Board, no 2010/4 (Communiqué no 2010/4).
 - The acquiring party AEH is operating in the alcoholic beverages market through Anadolu Efes Biracılık ve Malt Sanayii A.Ş. (ANADOLU EFES), in the non-alcoholic beverages market through Coca Cola İçecek A.Ş. (CCİ), in the olive oil market through Ana Gıda İhtiyaç Maddeleri San. ve Tic. A.Ş. (ANA GIDA), in the fresh vegetables and fruits market through AEP Anadolu Etap Penkon Gıda ve Tarım Ürünleri San. ve Tic. A.Ş. (ANADOLU ETAP), and in the stationary equipment market through Adel Kalemcilik Tic. ve San. A.Ş. (ADEL). The acquired party MIGROS, on the other hand, is an organized retailer offering one-stop shopping opportunities to its customers with its wide product portfolio, high stock keeping units (SKUs), relatively low private label product ratio, large store areas and additional services through its hypermarket and supermarket stores, though differentiating within each format. It is one of the most important undertakings in the sector.

- When the products sold by the acquired MIGROS were examined, it was found that EFES products in the alcoholic beverages market, CCI products in the non-alcoholic beverages market, ANA GIDA products in the olive oil market, ADEL products in the stationary equipment market, and ANADOLU ETAP products in the fresh vegetables/fruits market were found to be significant in terms of the transaction. Within this framework, the relevant product markets were defined as “off-premises beer,” “cola drink,” “orange (flavored) soda,” “non-flavored soda,” “bottled water,” “fruit juice, nectar and fruit drinks,” “ice tea,” “sports drink,” “energy drink” and “olive oil,” markets. When market shares in the relevant product markets were examined, it was found that AEH had a high market share in the organized retail channel in certain markets, especially beer and cola drinks markets. At this point, the possibility of the transaction strengthening AEH’s dominant position was assessed, with the relevant product markets addressed separately.
- First of all the horizontal aspect of the acquisition is examined and it was determined that AEH operated in the retail market through the “Ekomini” stores ran via ANADOLU EFES. However, in light of the low market share of “Ekomini” stores in the organized retail market, the prevailing conditions in the market in question, and the existence of competitors such as BIM, it was concluded that AEH could not acquire dominant position in the retail market within the scope of article 7 of the Competition Act. In the vertical aspect of the transaction, input restriction risks were examined at first. It was assessed that some input foreclosure could occur following the acquisition if AEH products were not supplied or were supplied at a lower amount to MIGROS’s competitors in the organized retail market, however it was also conclude that input foreclosure was not a realistic risk in light of the competitive structure of organized retail.
- Secondly, an assessment was made in terms of customer foreclosure to see whether the merged undertaking would have the incentives to limit purchases from its competitors in the upstream or the opportunity to limit its purchases from its competitors upstream to foreclose them in terms of their access to downstream markets. Within this framework, a vertical concentration analysis was conducted on the basis of relevant product markets. It was concluded that, in consideration of AEH’s market share in the relevant products and MIGROS’s position in those products, AEH would not hold a dominant position following the acquisition through customer foreclosure in the markets for bottled water, non-flavored soda, energy drinks, ice-tea, fruit juice, stationary equipment, fresh vegetables/fruit, wholesale retail and olive oil. In the cola drinks market, the risk of customer foreclosure was examined in detail since AEH held dominant position with the “Coca Cola” brand and MIGROS was the largest customer of PEPSICO on the basis of direct-to consumer channels. However, due to the high share of the traditional channel in the cola drinks market, the fact that cola drinks currently sold in MIGROS are predominantly AEH products, the fact that organized channel share of MIGROS’s sales in the cola drink market showed a tendency to drop in 2014, the fact that PEPSICO and ÜLKER could compensate any drop in their market share through other organized and traditional retailers, and the fact that MIGROS could have less incentives to foreclose its competitors in the cola drinks market as a result of the organized market’s structure, it was concluded that the acquisition would not lead to a strengthening of AEH’s dominant position in the cola drinks market through customer foreclosure either.
- In the beer market, the assessment concerning the probability of customer foreclosure following the acquisition, it was determined that MIGROS made more than half in volume and close to half in value of beer sales in the organized channel and therefore held an important position in the organized retail market. At this point, MIGROS was found to be an

important point of promotion and display for beer producers in a market with prohibitions on advertisements and strict legal regulations. Within this framework, according to the economic analyses conducted, it was concluded that excluding TUBORG from MIGROS could be profitable for MIGROS and MIGROS could have incentives to act in this direction; on the other hand the market share loss TUBORG would suffer as a result of the exclusion would be exacerbated due to MIGROS's position in the market, AEH could strengthen its dominant position in the market through customer foreclosure in the beer market, and as a result the transaction should not be authorized without conditions in the beer market.

- On the other hand, it was assessed that there were certain coordination risks to the transaction. These include the risk of disclosure of any information MIGROS acquired as part of its commercial relationship with the competitors of the Anadolu Group affiliates in the areas they operate in (PEPSICO, TUBORG, etc.) to Anadolu Group affiliates, the disclosure of any information on the competitors that have a commercial relationship with MIGROS in the areas Anadolu Group affiliates operate to MIGROS's competitors in the retail sector (REAL, CARREFOUR, KIPA; etc.), and lastly the disclosure of any commercial information Anadolu Group affiliates acquired as part of their commercial relationship with MIGROS's competitors in the retail market to MIGROS.
- As a result, the following commitments were made for a period of 3 years following the acquisition, and so long as AEH's controlling rights over MIGROS and ANADOLU EFES continue:
- In the beer category and in light of the general beer market conditions, FMCG organized retail market dynamics, the preferences of its own customers, its current ongoing commercial relationships (the current situation shall be established by taking the average of the three months prior to the Competition Board decision concerning the file and the previous period for each period thereafter), and the commercial terms included in the contracts and precedents of those relationships, MIGROS shall continue its commercial relationships with all of ANADOLU EFES's competitors in accordance with the criteria specified in the paragraph herein and in an objective manner, for all current and new products.
- In the beer category and in compliance with the criteria listed above, MIGROS shall establish commercial relationships with any producers/suppliers which may enter the beer market as a new competitor to ANADOLU EFES, in accordance with the criteria specified in the paragraph herein and in an objective manner.
- In the beer category and in compliance with the criteria listed above, MIGROS shall not prevent the sales of products competing with ANADOLU EFES products, shall maintain all supplier/product diversity it provided to its customers in the beer category, and shall maintain shelf allocations and displays in the warm/cold areas, again in accordance with the criteria specified above.
- In the beer category, MIGROS has committed not to intervene, either on its own or through an affiliate and/or subsidiary company, in any commercial relationship of ANADOLU EFES with its competitors by any methods (meetings, instructions, recommendations, etc.).
- The commitments shall be monitored and reported for a period of 3 years following the acquisition transaction. On the other hand, another commitment was that MIGROS would continue to be separate from the Anadolu Group companies in terms of its operational management, personnel and organization structure, that the necessary measures would be

taken to ensure this outcome, and that regarding coordination risks, AEH would provide the appropriate access restrictions to prevent access to sensitive information amongst the organizations in question. Last of all, AEH also committed that in terms of the beer market, MIGROS would not, directly or indirectly, share with or open to access by ANADOLU EFES any commercially sensitive CRM information on the customers who prefer the competitors of ANADOLU EFES or the products sold by competing producers/suppliers, and that within the beer market it would only share CRM data concerning ANADOLU EFES with AEH.

- **Conclusion:** It was decided that the relevant transaction was subject to authorization under article 7 of the Act and the Communiqué no 2010/4 based on that article, that the transaction should be authorized subject to the conditions undertaken by the transaction parties in terms of the off-premises beer market, and directly in terms of the other markets.
- Acquisition of Beta Marina and Pendik Turizm Marina by Setur Decision [decision date: 09.07.2015, decision number: 15-29/421-118]

23. The acquisition of all of the shares of Beta Marina Liman ve Çekrek İşletmesi A.Ş. and Pendik Turizm Marina Yat ve Çekrek İşletmesi A.Ş. by Setur Servis Turistik A.Ş. (SETUR)

- **Market:** The file defined the relevant product market as "mooring services provided at marinas and boat parks," "dry dock area services," and "area renting services." However, the most important product market among those was deemed to be the mooring services market, which comprised the main area of operation for marinas and which can only be provided from marinas and boat parks.
 - In defining the relevant geographical market, the assessment was made solely for İstanbul City Port Marina and the geographical market was defined as the districts of “Adalar, Ataşehir, Beşiktaş, Beyoğlu, Çekmeköy, Kadıköy, Kağıthane, Kartal, Maltepe, Pendik, Sancaktepe, Sultanbeyli, Şişli, Tuzla, Ümraniye and Üsküdar”; for Göcek Village Port Marina and Göcek Exclusive Marina, it was decided that a clear market definition was unnecessary since a narrow or broad definition for the market did not make a difference in terms of the effects of the transaction.
- **Findings:** In the assessment conducted, the following conclusions were made in relation to the market for "mooring services provided at marinas and boat parks":
 - Following the transaction, the market share and the concentration increase in the market would be significantly over the thresholds laid out in the “Guidelines on the Assessment of Non-Horizontal Mergers and Acquisitions”.
 - Following the transaction, Koç Holding A.Ş. would also acquire control over İstanbul City Port Marina, the closest competitor of Kalamış Marina it operates, and the resulting merged undertaking would have significant market power in the relevant market, which it could exercise to raise prices.
 - Current or potential actors in the market would be unable to restrict Koç Holding A.Ş.’s incentives to increase prices at Kalamış Marina and İstanbul City Port Marina at a sufficient level to eliminate competitive concerns raised by the transaction.
 - There existed no countervailing buyer power in the market to resist potential price increases.

- In terms of “dry dock area services market,” which is another relevant product market, it was concluded that customers of the merged undertaking would be able to switch to competitors, eliminating any incentives to raise prices by the merged undertaking. In relation to “area renting services,” it was decided that the transaction would not result in a significant increase in concentration.

- **Conclusion:** It was decided that the acquisition of all of the shares of Beta Marina Liman ve Çekek İşletmesi A.Ş. and Pendik Turizm Marina Yat ve Çekek İşletmesi A.Ş. by Setur Servis Turistik A.Ş. was subject to authorization under the “Communiqué Concerning the Mergers and Acquisitions Calling for the Authorization of the Competition Board, no 2010/4,” however, the transaction was not authorized since it would allow Koç Holding A.Ş. to acquire dominant position in the relevant market defined for İstanbul City Port Marina, thereby significantly decreasing competition in the market.
- Çelikkord – Bekaert Acquisition Decision [decision date: 22.01.2015, decision number: 15-04/52-25]

24. The request for the authorization of acquisition of control over Çelikkord A.Ş. (Çelikkord) by NV Bekaert SA (Bekaert) was examined.

- **Market:** Steel Tire Cord, Hose Reinforcement Wire and Tire Bead Wire
- **Findings:** The decision defines the relevant product markets as “steel tire cord,” “hose reinforcement wire,” and “tire bead wire” markets, and the relevant geographical market as “Turkey”. At the same time, the global nature of the relevant product markets was taken into account in the assessment and the “World” market was also taken into consideration in the analyses conducted.
 - In light of structural indications such as market shares and concentration ratios, it was found that the transaction would provide significant market power to the parties. Taking into account the findings of the potential competition assessment, it was decided that there were significant signs suggesting that the transaction in question would result in the establishment of a single dominant position, significantly preventing competition.
 - Within that framework, in order to eliminate any competition law concerns stemming from the transaction, Bekaert presented a commitment that involved signing a supply agreement with the producers operating in the Turkish market. The commitments given by Bekaert include signing a supply agreement for a period of 3 years with local customers operating in the Turkish market, with which the parties to the transaction currently has supply relationships. The text of the commitment also includes provisions which state that Bekaert would provide steel cord products to its customers at competitive prices. With the relevant commitments, Bekaert has guaranteed supply and delivery of appropriate products to those firms with purchase orders, at the amounts specified in the orders.
 - Within the framework of these commitments, it was concluded that Bekaert would be unable to unilaterally impose prices based on its market power during the commitment period, and there were no risks of restricting supply of goods. Consequently, it was found that the commitments proposed by Bekaert were sufficient to eliminate any competitive concerns raised by the acquisition transaction concerned, sustainable and intelligible.

- **Conclusion:** In light of the abovementioned findings, it was decided that the notified transaction was subject to authorization, that the transaction would result in the creation or strengthening of a dominant position, thereby significantly reducing competition, but that the transaction should be authorized subject to the commitments submitted.

2.3 *Opinions*

25. TCA has provided various opinions concerning implementation or amendments in legislation in 2015, in accordance with articles 27(g) and 30(f) of the Competition Act³. However, TCA does not want to disclose these opinions. The total number of opinion requests in 2015 was 23. Out of 23 opinion requests, 13 of them were about a specific sector and the rest were general opinion requests. 3 of the sectoral requests were for energy and land, air, seaway and railway vehicles sector, and 2 of them were for waste management and improvement sector.

3. Resources of the TCA

3.1 *Resources overall (current numbers and change over previous years)*

3.1.1 *Annual budget (in TL and USD)*

26. Revenues of the TCA are determined by the Competition Act as follows in Article 39. According to this article, revenues of the TCA set up the budget of the TCA, and they are made up of the following items of revenues:

- The subsidy to be allocated in the budget of the Ministry of Customs and Trade,
- Payments to be made by four per ten thousand of the capitals of all partnerships to be newly established with the status of an incorporated and limited company, and that of the remaining portion in case of capital increase,
- Publication and other revenues.

27. Revenues belonging to the TCA are collected in an account to be opened in the Central Bank of the Republic of Turkey or a state bank.

28. The spending budget of the TCA in year 2015 was 65.5 million TL, approximately 25 million USD.

29. Moreover, although it is provided for in Article 39 of the Competition Act, there has not been a subsidy in the budget of the Ministry of Customs and Trade and the TCA has not taken any aid from the general budget transfer scheme since its establishment in 1997.

3.1.2 *Number of employees*

- Non-administrative competition staff: 122

3 Article 27(g) empowers the Competition Board to opine, directly or upon the request of the Ministry of Customs and Trade, concerning the amendments to be made to the legislation with regard to the competition law whereas Article 30(f) empowers the Presidency of the TCA to opine about decisions to be taken as to the competition policy, and the relevant legislation.

- All staff combined: 340

3.2 *Human resources (person-years) applied to: Enforcement against anticompetitive practices, Merger review and enforcement; Advocacy efforts.*

30. Turkish Competition Authority was not structured as to assign staff with respect to competition enforcement activities. Rather the staff is divided into five main enforcement departments which are assigned sectoral areas. Any merger filings or antitrust infringement complaints regarding a sector are delivered to the head of the department assigned to that sector. Then the department head distributes cases to NAC staff for analysis. There is also NAC Staff employed in External Relations, Training and Competition Advocacy; Information Management, Strategy Development and Decisions Departments.

3.3 *Period covered by the above information:*

- 2015

ANNEX: STATISTICAL INFORMATION FOR THE YEAR 2015**Table 1. Files Concluded**

Year	Infringements of Competition	Exemption/Negative Clearance	Merger/Acquisition/Joint Venture/Privatization	Total
2013	191	58	213	462
2014	163	59	215	437
2015	89	35	158	282

Table 2. Files Concluded Under the Scope of Articles 4 and 6 of the Competition Act

Year	Article 4	Article 6	Both Together (4 and 6)	Total
2013	117	57	17	191
2014	91	448	24	163
2015	41	29	19	89

Table 3. Horizontal and Vertical Agreements Examined under the Scope of Article 4 of the Competition Act

Year	Horizontal	Vertical	Together (H/V)	Total
2013	67	63	4	134
2014	65	48	2	115
2015	32	28	-	60

Table 4. Results of the Applications Regarding Exemption and Negative Clearance

	Concluded Negative Clearance Files			Concluded Exemption Files							
	Applications that are granted Negative Clearance	Applications that are granted Negative Clearance with Conditions	Applications that are not Granted Negative Clearance	Cases including Agreements that are granted individual exemption	Cases including Agreements that are not Granted Exemption and Required Corrections	Cases including Agreements that are Under The Scope of Block Exemption	Cases including Agreements that are Granted Individual Exemption with Conditions	Cases including Agreements that are under the scope of Block Exemption after conditions	Cases including Agreements that are not granted exemption	Cases including Agreements from which exemption was withdrawn	Cases including Agreements where individual and block exemption were evaluated together
2013	10	-	-	27	-	9	4	-	4	-	3
2014	14	-	-	30	-	4	7	-	2	-	-
2015	6	-	-	18	-	6	1	-	3	-	-

Table 5. Number of Merger and Acquisition Decisions

Year	Merger	Acquisition	Joint Venture	Privatization	Total
2013	1	125	68	19	213
2014	4	130	63	18	215
2015	1	124	25	8	158

Table 6. Results of Merger and Acquisition Notifications

Year	Cleared	Cleared Under Conditions	Blocked	Out of scope (not satisfying the thresholds)
2013	162	-	-	51
2014	169	3	-	43
2015	132	3	1	22

Table 7. Fines Imposed⁴ (TL)

	Year	Total	Infringements	Merger/Acquisition	Other	Exemption/Negative Clearance
Fines related to substance	2013	1.187.220.597	1.187.220.597			
	2014	468.233.986	468.233.986			
	2015	-	-			
Fines imposed on executives	2013	-	-			
	2014	-	-			
	2015	-	-			
False or misleading information in an application	2013	352.664	-			352.664
	2014	352.664	-			352.664
	2015	-	-			
False or misleading information given during on the spot inspections	2013	-				
	2014	15.226	15.226			
	2015	33.500			33.500	
Finalizing a transaction without permission of the Competition Board/Failure to notify within due date	2013	242.813		242.813		
	2014	30.452		30.452		
	2015	-				
Incompliance with the decision of the Competition Board related to Article 9	2013	-				
	2014	-				
	2015	-				
Hindrance of on the spot inspection	2013	15.540.501	15.540.501			
	2014	-				
	2015	-	-			

4 The table does not reflect new fines in the files annulled by the Council of State, the high administrative court.