

ANNUAL REPORT

2018

Turkish Competition Authority
**REKABET
KURUMU**



ANNUAL REPORT

2018

TURKISH COMPETITION AUTHORITY

Üniversiteler Mahallesi 1597. Cadde No:9
Bilkent Çankaya 06800 / Ankara / TURKEY
Phone: (312) 291 44 44 - 291 40 00 • Fax: (312) 266 79 20
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(0312) 341 99 30

COMPETITION BOARD



COMPETITION BOARD



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Member: Mehmet AYAN

The Deputy

Chairman: Arslan NARİN

The Chairman: Prof. Dr. Ömer TORLAK

Member: Adem BİRCAN

Member: Ahmet ALGAN

Member: Şükran KODALAK

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THE CHAIRMAN



Prof. Dr. Ömer TORLAK
The Chairman of the Competition Board

The Act No. 4054 on the Protection of Competition (the Act no. 4054/the Act), whose aim is to prevent agreements, decisions and practices preventing, distorting or restricting competition in markets for goods and services, and the abuse of dominance by the undertakings dominant in the market, and to ensure the protection of competition by performing the necessary regulations and supervisions to this end, was enacted in 1994. In 1997, the Competition Board and the Competition Authority were established and started to work.

As known, the fundamental duty of the Turkish Competition Authority (TCA) is to implement competition law rules that are set within the framework of the Act no. 4054 and the relevant secondary legislation. Besides, the TCA works for establishing and promoting competitive environment through its relationships with other public institutions and creating awareness about the benefits of competition; in other words, carries out competition advocacy activities. By means of those activities, the TCA ensures that barriers to free trade are eliminated and competition in markets are boosted. Competitive markets contribute to consumer welfare, economic growth, price stability and increase in foreign investment.

In 2018, the Competition Authority celebrated its 21st anniversary. Since its establishment, it has been carrying out its activities adhering to basic values such as impartiality, foreseeability, accountability, fast decision-making, participation, expertise and efficiency and being aware of its importance with respect to national economy.

In this context, we tried to improve competition enforcement activities in 2018. It is possible to say that 2018 was fruitful with regard to the enforcement of the law as well as competition advocacy and international relations, compared to 2017.

Indeed, the Competition Board finalized 355 files in 2018. The breakdown of those final decisions is as follows: 88 competition infringements, 44 exemption/negative clearance applications and 223 merger/acquisition/joint venture/privatization applications. Compared to 2017, the total decision number was 296 in 2017 while it was 355 in 2108. It is observed that there is an increase in the number of total files finalized due to 21% rise in the number of merger/acquisition/joint venture/privatization files. Moreover, in 2018, there is 10% increase in the number of decisions related to competition infringement applications and 37.5% increase in the number of negative clearance/exemption applications. Thus, it is possible to say that the economy was more dynamic compared to the previous year with respect to mergers and acquisitions and horizontal and vertical agreements that were subject to negative clearance/exemption examinations.

The Act no. 4054 was amended according to article 167 of the Statutory Decree no. 703 on "the Amendments to Certain Acts and Statutory Decrees in order to harmonize with the amendments made to the Constitution". In addition, within the framework of the activities related to regulation, Communiqué no. 2019/1 on the Increase of the Lower Threshold for Administrative Fines Specified in Paragraph 1, Article 16 of the Act No. 4054 on the Protection of Competition, to be valid until 31/12/2019 was issued. Amendments were made to the Guidelines on Vertical Agreements, Guidelines on Cases Considered as a Merger or an Acquisition and the Concept of Control, Guidelines on Undertakings Concerned, Turnover and Ancillary Restraints in Mergers and Acquisitions. In addition, the TCA continued working on the

amendments to be made to the Act in order to ensure that Authority's sources would be used more efficiently and canalized towards more serious competition infringements, taking into account its experience as well as the developments in EU and developed countries.

Within the framework of competition advocacy, we attach importance to sector inquiries in order to detect competition problems and identify proactive remedies to ensure competitive functioning. In this sense, the Authority completed and shared with the public "Hazelnut Sector Inquiry Report" in 2018. There are ongoing inquiries about sectors related to exposition business, music within the framework of licensing musical work to be broadcast in places open to public and radio-television organizations, fast-moving consumer goods retail sales and electricity in terms of retail and wholesale markets. Moreover, within the framework of competition advocacy activities, on the occasion of various events, we are in contact with universities, public institutions and authorities, NGO's as well as the representatives of the private sector in order to introduce competition law and economy, and the activities of the Competition Authority to the public as widely as possible.

We believe that it is necessary to be active internationally in the globalized world. Based on this belief, we carried out international activities in the framework of multilateral and bilateral relations as well as educational activities. We attended multilateral meetings such as OECD, UNCTAD, ICN and ECN meetings and international conferences and training seminars. Moreover, we signed memorandums of understanding with competition authorities of Kosovo, Macedonia, Serbia and Albania.

We think that it is vital to improve institutional capacity for fulfilling our mission and vision. To this end, in service training programs were organized for the personnel as in the past. Moreover, professional personnel were allowed to participate in domestic training programs and meetings. In addition, two competition experts were assigned to attend postgraduate education in US and the United Kingdom. One competition expert was assigned as a secondee in OECD.

Strategic Plan for 2019-2023, which is very important for future activities, was prepared in 2018. The Strategic Plan was prepared in light of institutional experience, evaluations of international developments, and the awareness related to the changes in markets and business models resulting from digitalization triggered by advanced technology. Our mission and vision is identified anew. In order to fulfill this mission and vision, new purposes and aims were identified in four basic axis: competition law enforcement, competition advocacy, policy-making and institutional capacity.

This Annual Report presents in detail the activities of the Competition Authority in 2018. As a result of the evaluation of the activities of the previous year, it is possible to say that the Competition Authority is working with a dynamic approach to improve competition law enforcement in Turkey. The Competition Authority will continue to be steadfast and dedicated to fulfill its mission and vision as stated in the Strategic Plan for 2019-2023.

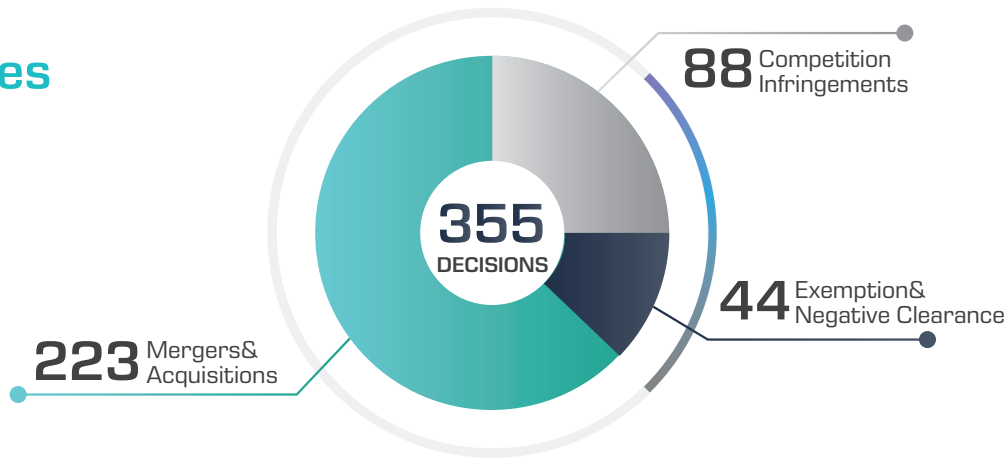
On this occasion, I would like to extend my gratitude to all who contribute to the development of competition law enforcement in Turkey and I wish that this Annual Report will be beneficial for all shareholders.

2018

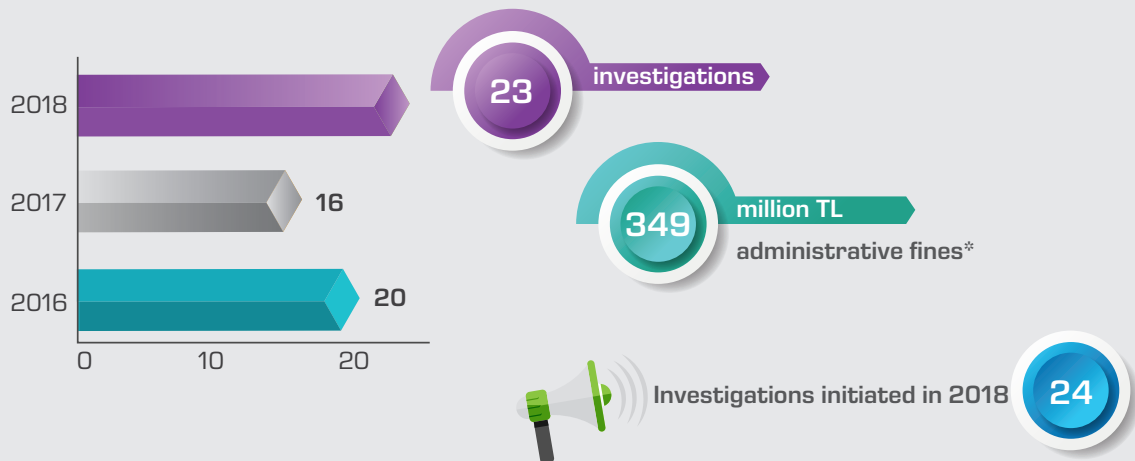
IN NUMBERS I

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Cases

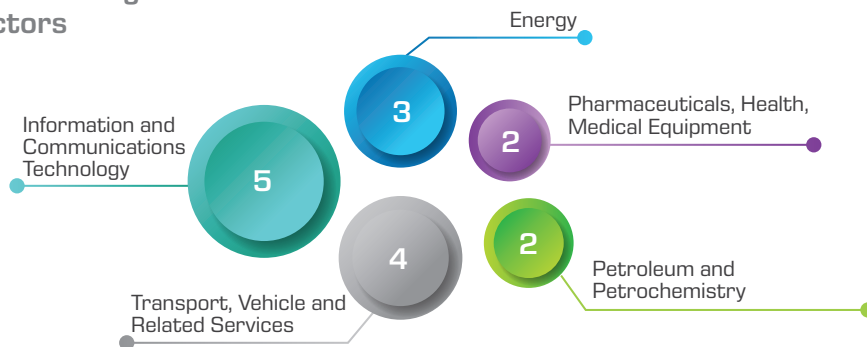


Investigations



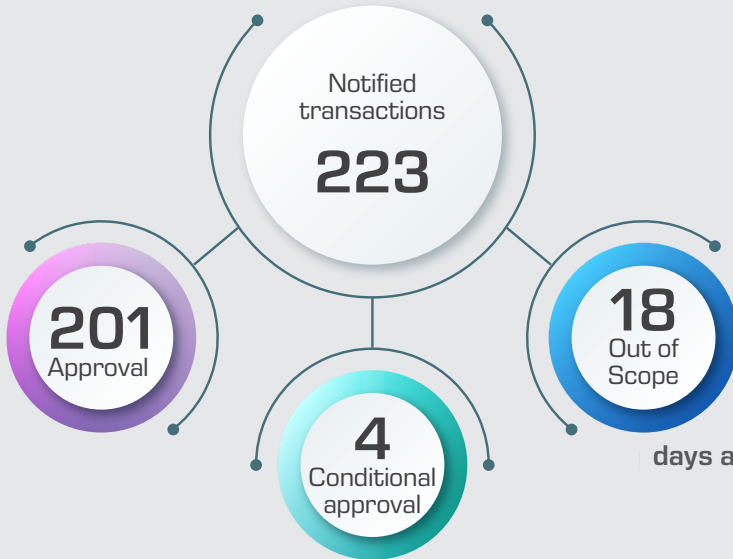
Sectors

Breakdown of the investigations according to sectors



* The total amount of administrative fines applied to competition infringements in 11 of 23 investigations completed in 2018 is TL 349.374.235,38

Estimated Contribution of the Decisions in 2017-2018 to Consumer Welfare



Mergers & Acquisitions

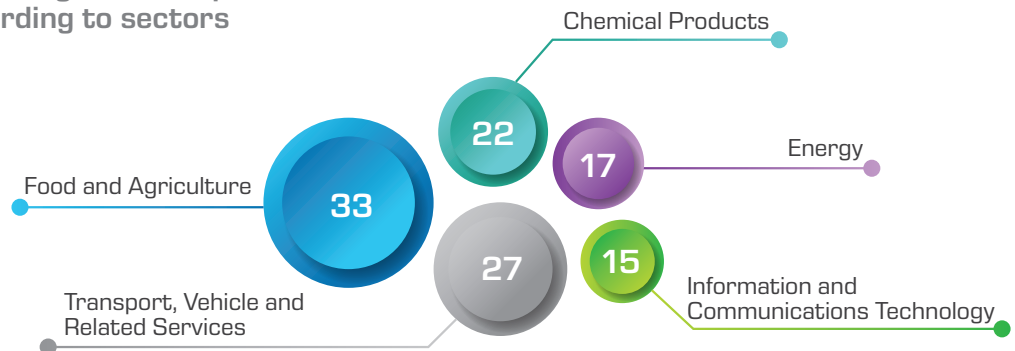
Transactions were concluded 15 days after the notification was completed.



Sectors

Breakdown of merger and acquisition decisions according to sectors

(including privatization)



1. GENERAL INFORMATION

Article 167 of the Constitution of the Republic of Turkey places a duty and responsibility on the state to take “measures to ensure and promote the sound, orderly functioning of the money, credit, capital, goods and services markets”, “prevent the formation, in practice or by agreement, of monopolies and cartels in the markets.” Depending on this Constitutional basis, the Act no. 4054 was put into effect on 13.12.1994 to serve firstly the growth of consumer welfare and public welfare by establishing, protecting and improving competitive market based on economic efficiency. The Competition Authority started to work on 05.11.1997 after completing its organization within the framework of the Act.

It is necessary to review competition law legislation constantly taking into account the dynamism of economic life, knowledge and experience gained in enforcement as well as the developments in the world and especially in the European Union (EU). Within this framework, amendments were made to the Act No. 4054 in 2003, 2004, 2005, 2006, 2008, 2011, 2012 and 2018. In addition, the Competition Board (the Board) have issued many secondary regulations related to the implementation of the Act and amended existing secondary regulations.

1.1. Mission and Vision

The mission of the Authority is to prevent cartelization and monopolization, increase consumer welfare, contribute to the well functioning of market mechanism, contribute to the improvement of international competition power and to ensure that investment environment functions in a healthy way by decreasing entry barriers.

In line with this mission, the Competition Authority have the following purposes:

- Monitoring, regulating and supervising markets to prevent agreements restricting competition, abuse of dominant position as well as mergers and acquisitions that will significantly decrease competition,
- Promoting competition culture and making necessary disposals to ensure that public decisions and actions are made according to competitive understanding,
- Making researches related to competition law, economy and policy, developing policies and contributing to macroeconomic policies with respect to competition law.

The Authority is responsible for carrying out activities related to regulation, supervision, competition advocacy and policymaking.

The future vision of the Authority is to be an institution which supports sustainable growth and development, takes innovation, variety, productivity and quality to the highest level, promotes widespread competition culture, establishes a well functioning competitive environment, makes intellectual, economic and administrative contributions and is effective in international platforms.

1.2. The Importance of the Competition Authority for the Economy of the Country

Competition has strategic and central position with respect to the effective functioning of market economy. The importance of competition can be better understood when we consider the benefits of competition in the market.



Economic Growth

The Competition Authority contributes to the development of competition in markets by means of its fundamental duty that is enforcing competition law rules and eliminating barriers in front of liberal market and economic freedom through competition advocacy. In this way, the TCA prevents cartelization and monopolization and ensure that markets work for consumer welfare. The priority of the firms in markets under the guarantee of competition law is to meet consumer demand more efficiently at lower prices and higher quality. In such environment, R&D, innovation and innovative products are important parameters of the race between firms. As a result, market efficiency will be higher. In turn, higher efficiency contributes to national competitive power, economic growth and thus public welfare.

The Competition Authority has an important role by means of complementing other economic policies with its function of supervising markets. Indeed the existence of markets where cartels or monopolies are not dominant is necessary for the government to take decisions related to finance or monetary policies that create effective results and ensure that national economy grows in a healthy way. Figure 1 below summarizes the contribution of the Competition Authority to economic growth.¹

¹ OECD (2014), "Factsheet on How Competition Policy Effects Micro-economic Outcomes", s. 2.

Figure 1: The Contribution of Competition Authorities to Economic Growth



Indirect Contribution to Price Stability

The Competition Authority contributes to price stability indirectly by means of improving competition in markets. Those contributions may be classified under two categories: First, protecting competition in markets helps preventing the distortion of price stability by ensuring lower price levels in medium and long term. Preventing dominant undertakings from hindering competition in the market through cartels and similar structures, and controlling mergers and acquisitions that will lead to monopolies can be considered as the contributions in this context. Second category is the effects whose results can be observed in a short time by means of implementing the Act directly. For instance detecting and terminating behavior prohibited by the Act such as increasing prices artificially via agreements between competitors, hindering new entries and preventing lower prices through resale price maintenance are indirect contributions by competition authorities for price stability.



Increase in Foreign Investment

The existence of a competition authority which applies competition law rules effectively is one of the factors that investors take into account while making investment decisions. because this assures investors that public institutions in the relevant country provide all undertakings in the market with equal opportunities and do not favor local undertakings. Thus, this makes indirect contributions to foreign investment.



Indirect Contribution to Fair Income Distribution

Anticompetitive practices have negative effects on income distribution. There may be inequalities in welfare distribution in markets where competition rules are not functioning efficiently. While anticompetitive practices affect many people, those who gain benefits from a cartel or a monopoly are a small group. Moreover, higher prices caused by anticompetitive practices and lower quality products affect low-income section of the society the most. Thus, preventing anticompetitive practices contributes indirectly to more fair income distribution especially through hindering unfair welfare transfers.

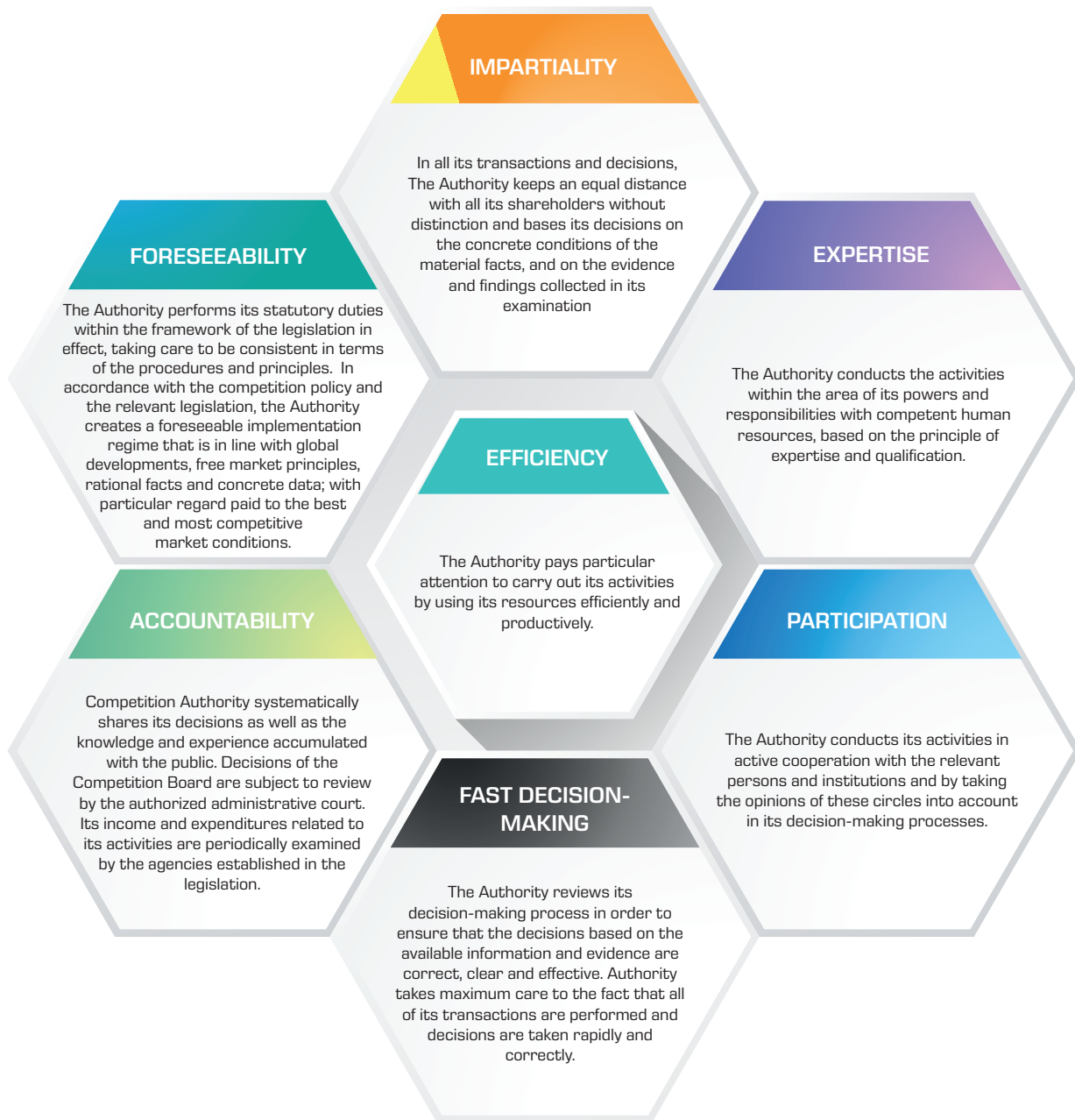


Increase in International Competitive Power

As a result of economic and technological developments in the last century, production facilities have improved, communication and transportation vehicles have advanced and become cheaper; consequently, trade activities have gone beyond national borders. Therefore, undertakings compete with not only undertakings within the borders of a country but also those who carry out activities in international markets. In line with this, international competition has gained importance for undertakings and countries. It is vital to have an efficient and sound competitive market to promote international competitiveness. Competitive markets motivate undertakings to work efficiently and productively thus increase undertakings' potential to compete with international rivals and contribute to the country's international competitive power.

1.3. Work Principles

The Authority takes into account certain fundamental values while fulfilling its duties according to its founding purposes and pays attention to reflect those directly to its work.



1.4. Duties, Powers and Responsibilities

The aim of the Act no. 4054 is to prevent agreements, decisions and practices preventing, distorting or restricting competition in markets for goods and services, and the abuse of dominance by the undertakings dominant in the market, and to ensure the protection of competition by performing the necessary regulations and supervisions to this end. It is possible to categorize the provisions laid down in the Act into three main fields:

- Provisions related to agreements, concerted practices and decisions between undertakings preventing, distorting or restricting competition in markets for goods and services within the borders of the Republic of Turkey,
- Provisions related to abuse of dominance by undertakings dominant in markets,
- Provisions related to any legal transaction or conduct constituting mergers and acquisitions to create dominant position or strengthen an existing dominant position which would result in significant lessening of competition.

The abovementioned provisions constitute the basic framework of the Act no. 4054. The law applies to both public and private enterprises without any discrimination. Besides, there is not a distinction according to sectors in the Act. Thus, anticompetitive conduct by all undertakings and associations of undertakings in any market for goods and services fall under the scope of the Act.

According to Article 20 of the Act, the TCA is established in order to ensure the formation and development of markets for goods and services in a free and sound competitive environment, to observe the implementation of this Act, and to fulfill the duties assigned to it by the Act. Within this framework, the main duty of the TCA is to prevent threats to competitive process in markets for goods and services by using its powers.

Another duty, competitive advocacy, is very important in terms of recovering market failures stemming from regulations, actions or transactions especially by other public institutions. The Act no. 4054 gives the power and duty to opine, directly or upon the request of the Ministry of Trade, concerning the amendments to be made to the legislation with regard to the competition law, to monitor legislations, practices, policies and measures of other countries, concerning agreements and decisions limiting competition. Making the competition policy which is composed of competition law legislation and other relevant legislation and implementing those soundly form a significant part of the Board's work.

Competition advocacy is not limited to the duties listed in the Act no. 4054. This notion is considered in a broader perspective by taking into account the basic philosophy underlying the Act. In this sense, another function of the TCA is to spread competition culture to different layers of the society, mainly to other public institutions. Since it is not possible to fulfill the vision on a healthy ground without consciousness in other public institutions about the benefits of a competitive market structure.

1.5. Information about the TCA

The TCA has public legal personality, administrative and financial autonomy and is independent in fulfilling its duties. **No organ, authority and person may give commands and orders to influence the final decision of the TCA.** The organization of the TCA consists of the Competition Board, the Presidency and service units. The Board is composed of a total of seven members assigned by the President of the Republic, one being the Chairman and the other being the Deputy Chairman.

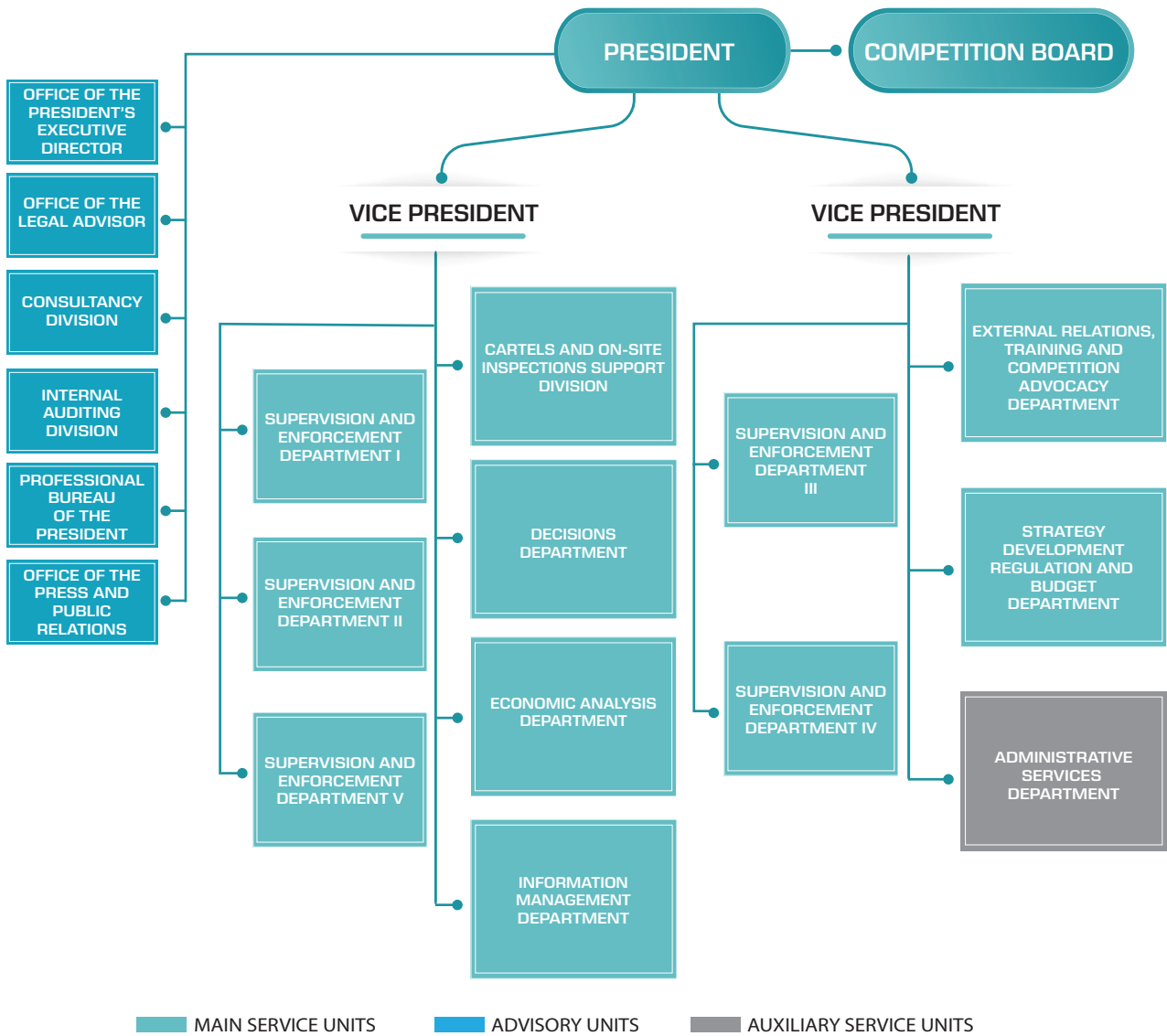
The Presidency consists of the Chairman, the Deputy Chairman and Vice Presidents of the Authority.

The Chairman of the Board is the highest supervisor of the Authority and is responsible for representation. This responsibility covers arrangement, supervision, evaluation and announcement to public, when necessary, of Authority work in a general framework.

Service units consist of main service units which are organized as departments, consultancy units and auxiliary service units.

The headquarters of the Authority is in Ankara and there is a liaison office in Istanbul at the level of a directorate. The real estate, owned by the Authority, located in the address "Üniversiteler Mahallesi 1597. Cadde No:9 Bilkent/Çankaya ANKARA" is used as the headquarters. Istanbul Liaison Office's address is "Prime İstanbul Yenibosna Merkez Mah. 1. Asena Sk. No:15 E Blok Kat: 12 Bahçelievler/ İSTANBUL"

Figure 2: Organization Chart



2. PURPOSES AND PRIORITIES

2.1. Purposes and Objectives

The main purpose of the Act No. 4054 is to prevent agreements, decisions and practices preventing, distorting or restricting competition in markets for goods and services, and the abuse of dominance by the undertakings dominant in the market, and to ensure the protection of competition by performing the necessary regulations and supervisions to this end in order to ensure the protection of competition.

In order to reach those aims, the TCA carries out regulation and supervision activities under the scope of competition law enforcement; competition advocacy activities and policy-making activities.

The TCA prepared the Strategic Plan related to 2019-2023 in 2018. The Strategic Plan includes the purposes related to those activities and objectives to reach those purposes. Table 1 shows those purposes and objectives according to each field of activity.

Table 1: Purposes and Objectives	
Competition Law Enforcement	
Purpose 1	To ensure that competition law is applied effectively
Objective 1.1	To take initiatives to amend the Act for necessary legal powers and to develop the secondary legislation.
Objective 1.2	To develop new approaches to conclude monitoring and enforcement processes more quickly and efficiently
Objective 1.3	To make methods of collecting evidence more efficient especially on-site inspections
Competition Advocacy	
Purpose 2	To ensure that the Authority and competition law are known, internalized and reflected in shareholders' behavior.
Objective 2.1	To help institutions which determine or affect economic policies develop a competitive perspective
Objective 2.2	Increase the recognition level among shareholders.
Policy-Making	
Purpose 3	To detect markets with failures and/or high potentials of infringements and to develop competition law policies with respect to those markets.
Objective 3.1	To develop proactive approaches for enforcement
Objective 3.2	To focus on increasing consumer welfare
Purpose 4	To be an active competition authority in international arena
Objective 4.1	To develop international relationships in the area of competition law,
Purpose 5	To produce and spread knowledge about competition law and policy and transfer this knowledge into benefits
Objective 5.1	To make academic and semi-academic studies related to competition law and policy

2.2. Fundamental Policies and Priorities

The TCA completed its 21st year in 2018. Within this time period, there have been important improvements in competition law and policy enforcement. Moreover, the experience gained in 21 years has shown that there are certain areas to be improved in terms of legislation, enforcement and institutional structure.

In the Strategic Plan for 2019-2023, taking into account those observations, the Authority determines the policies and priorities to make competition law and policy more effective, dynamic and efficient.

The priorities of the Authority can be summarized as follows:

- Taking initiatives to make the necessary amendments to the Act no. 4054 for enforcing competition law more effectively and making the necessary amendments to the secondary legislation in this sense,
- Developing evidence collecting mechanisms in order to fight against competition infringements more effectively,
- Monitoring closely the markets changing with digitalization in order to make efficient competition law and policies with respect to those markets,
- Carrying out activities in order to improve competition awareness in public institutions and authorities and competition culture in all segments of the society,
- Developing international relationships in the area of competition law,
- Increasing institutional capacity and performance.

3. ANNUAL ACTIVITIES

3.1. Competition Infringements

Article 4 of the Act no. 4054 prohibits agreements and concerted practices between undertakings, and decisions of associations of undertakings which have as their object or effect or likely effect the restriction of competition. With respect to the implementation of this article, it is not necessary that agreements or decisions be put into practice. Transactions that do not create effects on the market can be considered under the scope of article 4 regarding their objectives and possible effects.

This article concerns actions that have more than one party. Decisions of associations of undertakings reflect the willpowers and interests of their members, so they are deemed that they are created by more than one undertaking and evaluated according to the same article. Beside the agreements and decisions, concerted practices are under the scope of article 4. Concerted practices are direct or indirect relations that provide coordination or practical cooperation between undertakings that replaces their independent conduct. In case concerted practice presumption laid down in third paragraph of that article, is applied the burden of proof that such conduct does not exist is on undertakings.

It is possible to divide anticompetitive agreements to two: horizontal and vertical. While horizontal agreements cover agreements which undertakings at the same level of the market, vertical agreements are those to which undertakings at different levels of the market such as providers and distributors are party. In competition law, it is generally accepted that horizontal agreements that restrict competition among brands have more negative effects on competition than vertical agreements within the same brand.

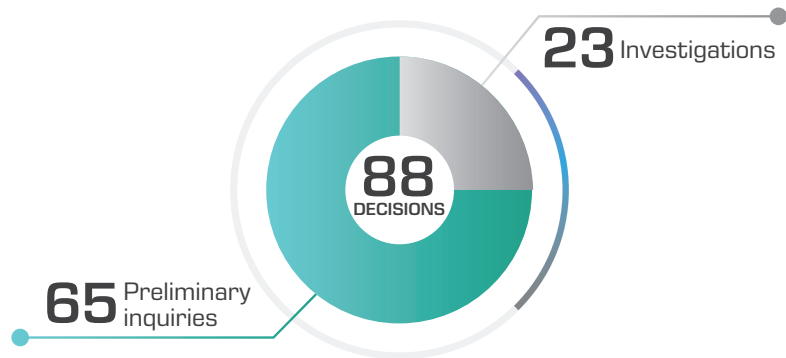
Article 6 prohibits the abuse by one or more undertakings of their dominant position. It should be noted that being in a dominant position or transforming to a dominant position is not prohibited by article 6. What is prohibited is abuse of dominance.

It is important to decide whether an undertaking holds a dominant position with respect to the implementation of this act. At this stage, market share, barriers to entry, vertical integrity, powers of other undertakings in the market and some other factors are taken into account. Besides, whether the undertaking acts independently of its competitors and customers is questioned.

The Act lists some examples of actions restrictive of competition in article 4 and abuse of dominance cases in article 6. However, actions that might fall under the scope of the Act are not limited to the examples given.

The graphic below shows the breakdown of decisions taken about actions under the scope of the prohibition laid down in article 4 and/or article 6 according to their types and sectors. It also shows the investigations still in progress as of the end of 2018.

Competition Infringements in Numbers



Breakdown of the decisions according to Sectors



Ongoing Investigations (as of the end of 2018)

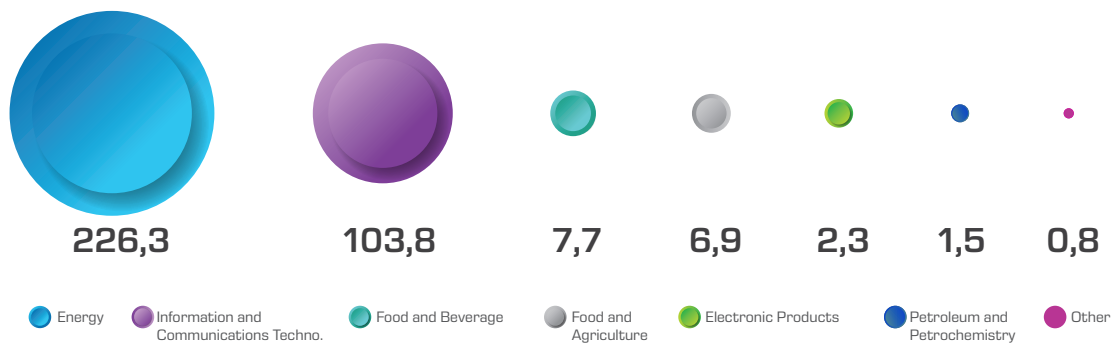


In 2018, out of 88 decisions about competition infringements, 65 were taken as a result of preliminary inquiries and 23 were taken as a result of investigations. Fifty five of the decisions are related to 10 sectors and 33 are related to other 14 sectors shown in the graphic. The first ten sectors where the number of decisions taken is the highest constitute 74% of the total decisions related to competition infringements.

The number of investigations initiated in response to the claims that articles 4 and/or 6 is violated is 24. The total of ongoing investigations as of the end of 2018 is 29 when five investigations initiated in 2017 are added.

Regarding the results of the decisions taken as a result of investigations, in 12 files, the claims were dismissed whereas in 11 files administrative fines were imposed. The graphic below shows sectoral breakdown of administrative fines imposed. IT and energy sectors are prominent.

Sectoral breakdown of administrative fines imposed to competition infringements as a result of investigations concluded in 2018 (Million TL)



3.2. Exemption/Negative Clearance

According to article 5 of the Act titled “exemption”, the Board may exempt agreements, concerted practices or decisions of associations of undertakings from the provisions of article 4 provided that they fulfill the requirements listed in Article 5 . The evaluation for exemption must be done first by undertakings and associations of undertakings since there is not an obligation/necessity to notify. Undertakings should take into account block exemption communiqués, guidelines explaining those communiqués and other relevant

guidelines as well as past Board decisions while making an evaluation for exemption. The communiqués and guidelines issued within this framework are:

- “Block Exemption Communiqué no. 2002/2 on Vertical Agreements” and “Guidelines on Vertical Agreements”
- “Block Exemption Communiqué no. 2008/2 on Technology Transfer Agreements” and “Guidelines on the Application of Articles 4 and 5 of the Act no. 4054 on the Protection of Competition to Technology Transfer Agreements”
- “Block Exemption Communiqué no. 2008/3 on Insurance Sector”
- “Block Exemption Communiqué no. 2013/3 on Specialization Agreements”
- “Block Exemption Communiqué no. 2016/5 on Research and Development Agreements”
- “Block Exemption Communiqué no. 2017/3 on Vertical Agreements in the Motor Vehicles Sector” and “Guidelines on the Explanation of the Block Exemption Communiqué on Vertical Agreements in the Motor Vehicles Sector”
- Guidelines on Vertical Cooperation Agreements”
- “Guidelines on Subcontracting Agreements”
- “Guidelines on the General Principles of Exemption”

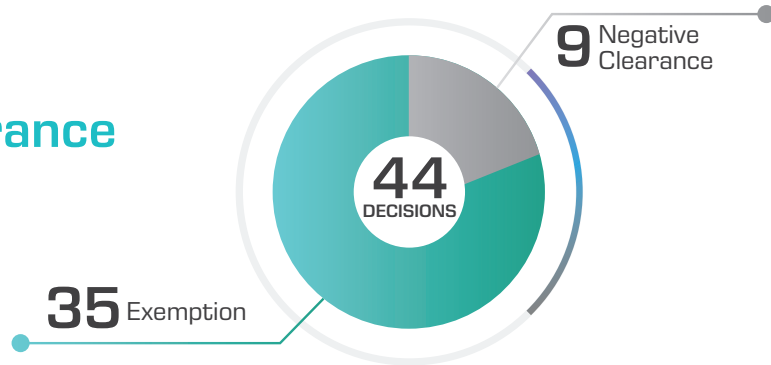
According to Article 8 of the Act, upon the application by the undertaking or associations of undertakings concerned, the Board may grant a negative clearance certificate indicating that an agreement, decision, practice or merger and acquisition are not contrary to articles 4, 6 and 7 of this Act.

The method for exemption/negative clearance applications are explained in “Guidelines on the Voluntary Notification of Agreements, Concerted Practices and Decisions of Associations of Undertakings”

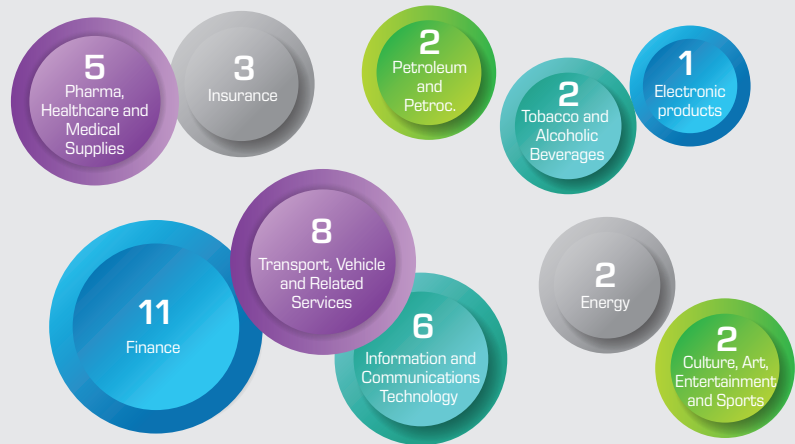
Article 13 of the Act regulates the withdrawal of exemption or negative clearance decisions. Accordingly, the Board may withdraw exemption or negative clearance decisions or prohibit certain behavior by undertakings in case the conditions listed in the said article occur.

Exemption/negative clearance files concluded by the Board in 2018, relevant sectors and results of decisions are presented below.

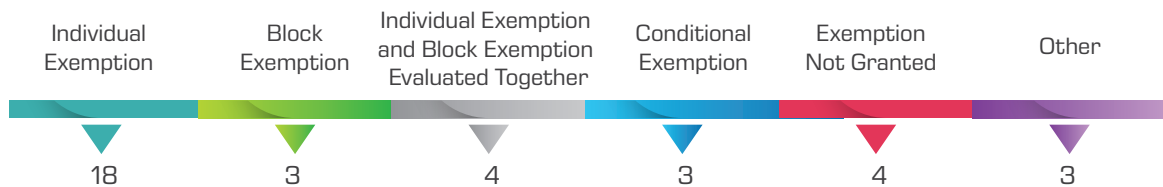
Exemption & Negative Clearance in Numbers



Breakdown of the decisions according to Sectors



Results of Exemption Decisions



A total of 44 exemption/negative clearance files were concluded, nine being negative clearance and 35 being exemption. Finance, transport, vehicle and related services IT, pharmaceuticals, healthcare and medical supplies and insurance sectors are the sectors with the highest number of exemption/negative clearance inquiries. Decisions related to those five main sectors constitute 75% of the total decisions in this area.

3.3. Mergers and Acquisitions

Article 7 of the Act No. 4054 on the Protection of Competition prohibits mergers and acquisitions which would result in significant lessening of competition within the whole or a part of the country in order to create dominant position or strengthen an existing dominant position. The Article provides that certain agreements should be notified and authorized by the Board to be legally valid and states that Board declares, via communiqués to be issued by it, the types of mergers and acquisitions which have to be notified to the Board and for which authorization has to be obtained, in order them to become legally valid. The Communiqué No 2010/4 Concerning the Mergers and Acquisitions Calling for the Authorization of the Competition Board is in force.

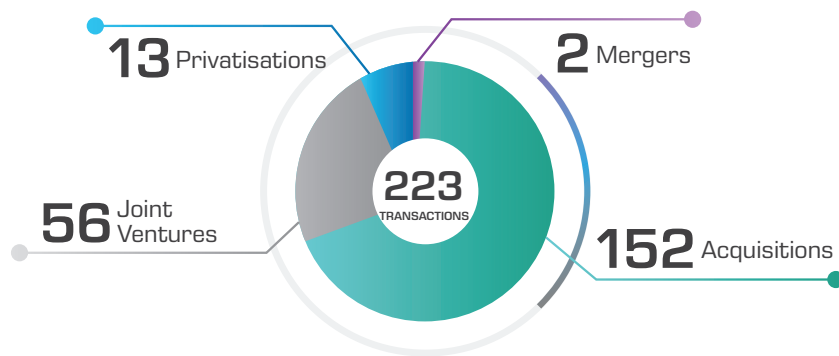
The Competition Board also issued several guidelines related to monitoring mergers and acquisitions. Those are

- *“Guidelines on Cases Considered as a Merger or an acquisition and the Concept of Control”*, which is related to cases considered as a merger or an acquisition and permanent change in control which is the fundamental factor in determining those cases,
- *“Guidelines on Undertakings Concerned, Turnover and Ancillary Restraints in Mergers and Acquisitions”* for increasing clarity and predictability for undertakings and enforcers,
- To demonstrate the general principles to be taken into account by the Competition Board in preliminary assessments concerning horizontal mergers and acquisitions *“Guidelines on the Assessment of Horizontal Mergers and Acquisitions”*,
- To demonstrate the general principles to be taken into account by the Competition Board in preliminary assessments concerning non-horizontal mergers and acquisitions *“Guidelines on the Assessment of Non-Horizontal Mergers and Acquisitions”*,
- To guide the parties about the remedies they will submit in order to eliminate competitive concerns to be created by a concentration that might be prohibited by Article 7 of the Act, *“Guidelines on Remedies that are Acceptable by the Turkish Competition Authority in Merger/Acquisition Transactions”*.

As seen from the graphic below, in 2018, the Competition Board concluded 223 applications; two mergers, 152 acquisitions, 56 joint ventures and 13 privatizations. 219 were concluded as a result of preliminary inquiries and four were concluded as a result of final examinations. In 2018, the first four sectors subject to those types of decisions are food, agriculture, forestry, fishery, stockbreeding; transport, vehicle and related services

chemical products and energy respectively. Decisions related to those sectors constitute 44% of all merger/acquisition decisions. IT and iron and steel and other metals sectors follow those four sectors with 15 decisions each. 201 merger and acquisition transactions were authorized without conditions and four were authorized conditionally. 18 merger/acquisition transactions submitted to the Board were out of scope or not subject to authorization. In 2018, one transaction was taken under final examination and it has been in progress.

Mergers & Acquisitions in Numbers

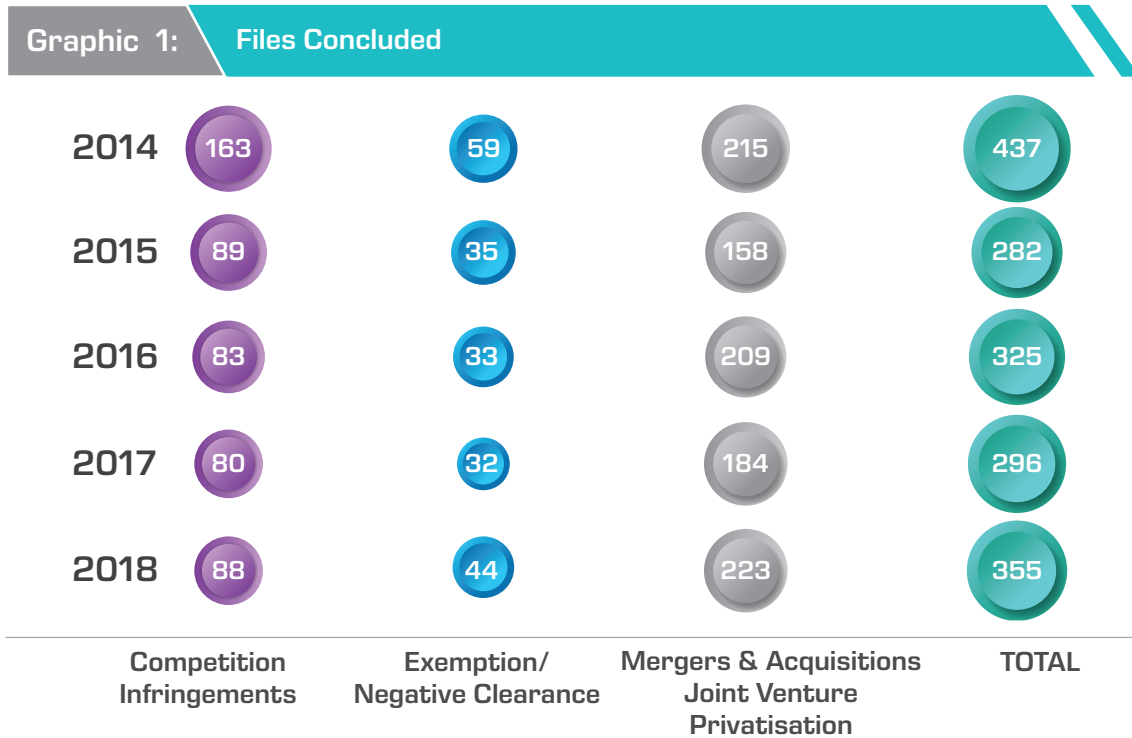


Breakdown of the decisions according to Sectors



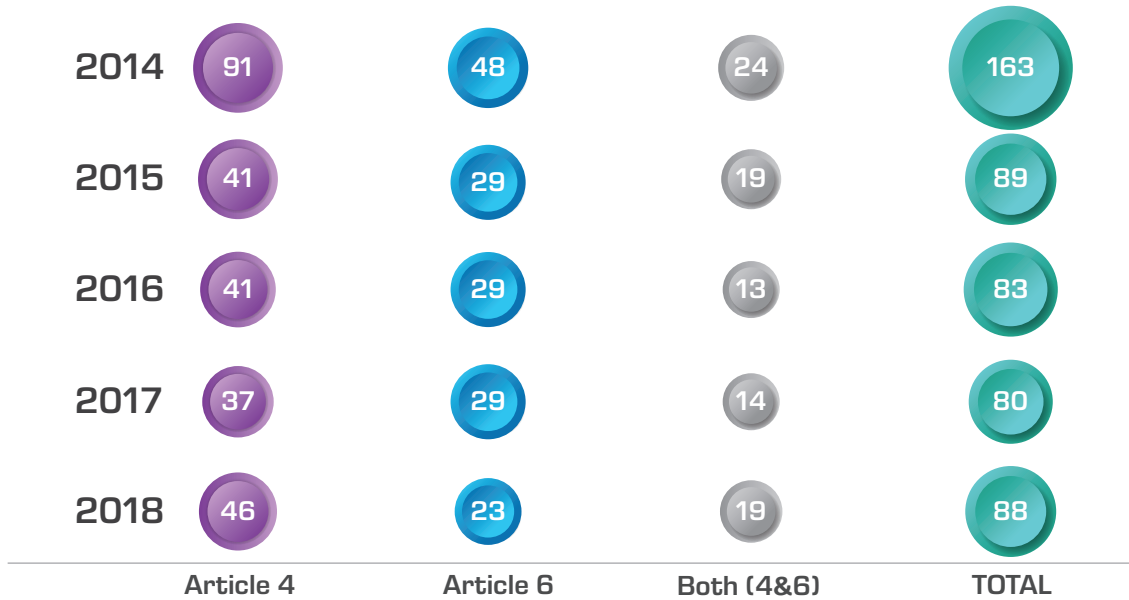
	Sectors	Condition
PHASE II Investigations Concluded in 2018	Transport, Vehicle and Related Services	Behavioral
	Food, Agriculture, Forestry, Fishery, Stockbreeding	Behavioral
	Food, Agriculture, Forestry, Fishery, Stockbreeding	Structural
	Pharmaceuticals, Healthcare and Medical Supplies	Structural

3.4. Statistical Information Pertaining to Last Five Years



Taking into account the last five-year period between 2014 and 2018, there is a remarkable decrease in the number of files concluded in 2015, about 47%, compared to the previous year. The number of total files was 437 in 2014 whereas it dropped to 282 in 2015. The number of files concluded within the four-year period between 2015 and 2018 is 282, 325, 296 and 355 respectively. Within this framework, in the said period, it is possible to say that the number of files concluded annually followed a fluctuating course. The fluctuation in the number of total finalized files stems from the number of merger/acquisition/joint venture/privatization files to a large extent. There are two basic reasons for this: annual change in the number of merger/acquisition/joint venture/privatization files and the percentage of those files in the number of total files. The number of merger/acquisition/joint venture/privatization files concluded in 2015 was 158 whereas in 2016 it was 209, with an approximate increase of 32%. However, it declined to 184 in 2017 (approximately 12% decrease compared to the previous year). In 2018, there was about 21% increase and it was 223. The shares of merger/acquisition/joint venture/privatization files in the number of total files are respectively 56%, 64%, 62% and 63% in each year for the said period. Thus, it is possible to say that those two facts are the reason of the fluctuation observed in total number of files.

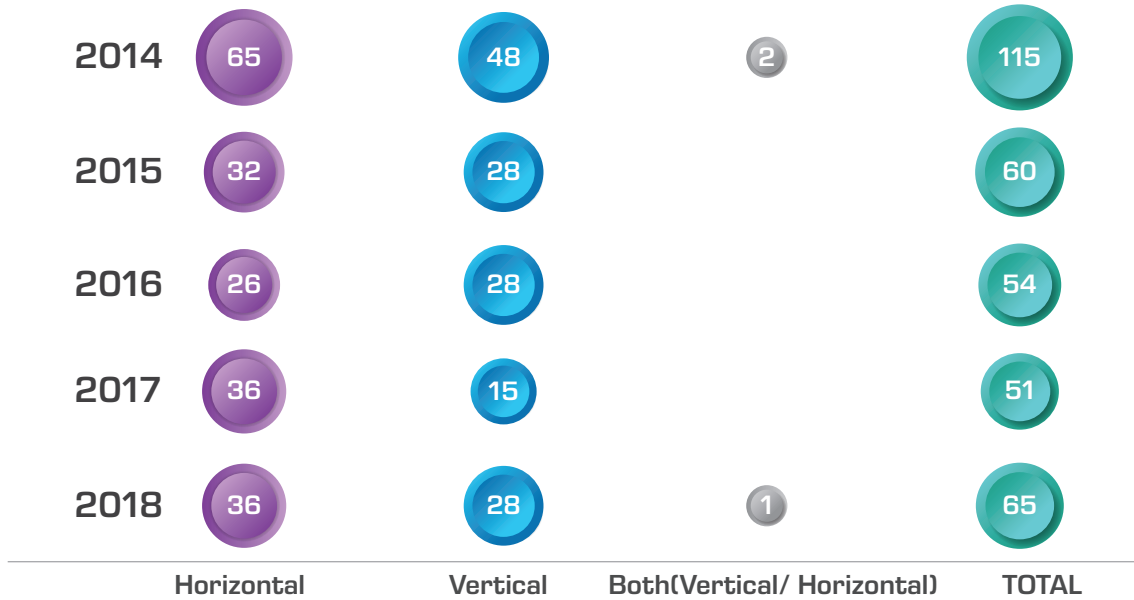
Graphic 2: Files Concluded within the Scope of Articles 4 and 6 of the Act



The number of total decisions taken by the Competition Board in relation with whether article 4 and/or 6 of the Act no. 4054 was violated was 163 in 2014; in 2015, it was 89 with a decrease of 45%. The decrease in the number of competition infringement files continued in 2016 and 2017 with 7% and 3% compared to the previous year. In 2018, the number of files concluded is 88 with an increase of 10% compared to the previous year. Diversification of those 88 competition infringement decisions according to which articles were violated is as follows: 46 decisions were related to article 4, 23 decisions were related to article 6 and 19 decisions were related to both article 4 and 6. Within this framework, it is possible to say that the most of competition infringement decisions taken by the Board was related to the claims that article 4 of the Act no. 4054 was violated as in the past.

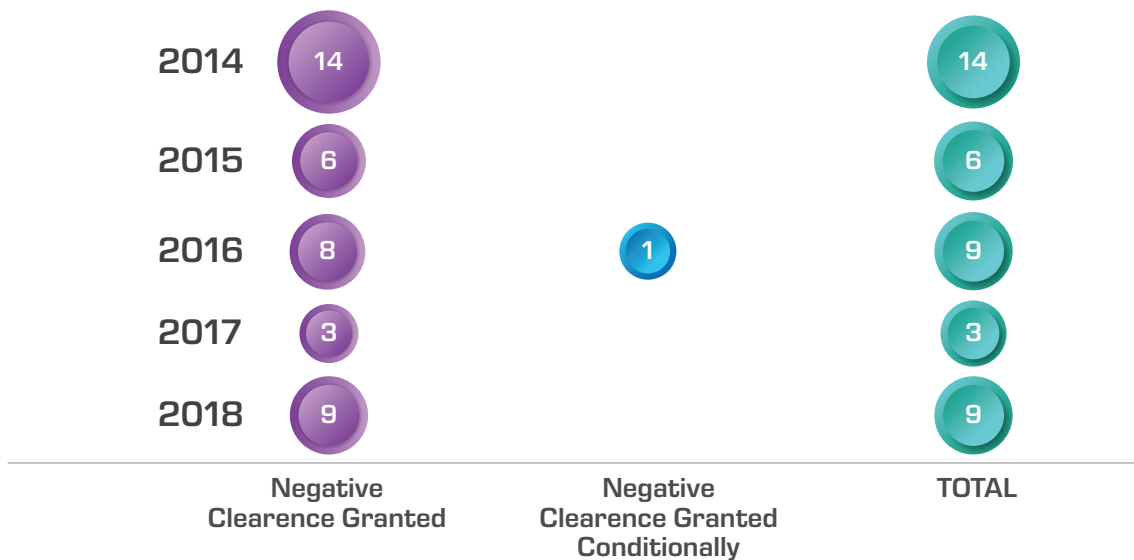
When we look at the course of Competition Board decisions related to the infringement of article 4 of the Act within the last five years, the number of such decisions was 115 in 2014 while it was 60 in 2015 with a decrease of 48%. The number of decisions related to the violation of article 4 decreased also in 2016 and 2017. The rate of this decrease is 10% in 2016 and 6% in 2017 compared to the previous year. In 2018, this decrease stopped and the number of files related to the violation of article 4 was 65. This increase corresponds to 28% of the number files in the previous year. In 65 decisions, where the claims regarding the violation of article 4 of the Act were evaluated in 2018, 36 decisions were related to horizontal agreements whereas 28 decisions were related to vertical agreements. One decision was related to both vertical and horizontal agreements.

Graphic 3: Horizontal and Vertical Agreements within the Scope of Article 4 of the Act²



In 2018, Competition Board took nine negative clearance decisions.

Graphic 4: Negative Clearance Files Concluded



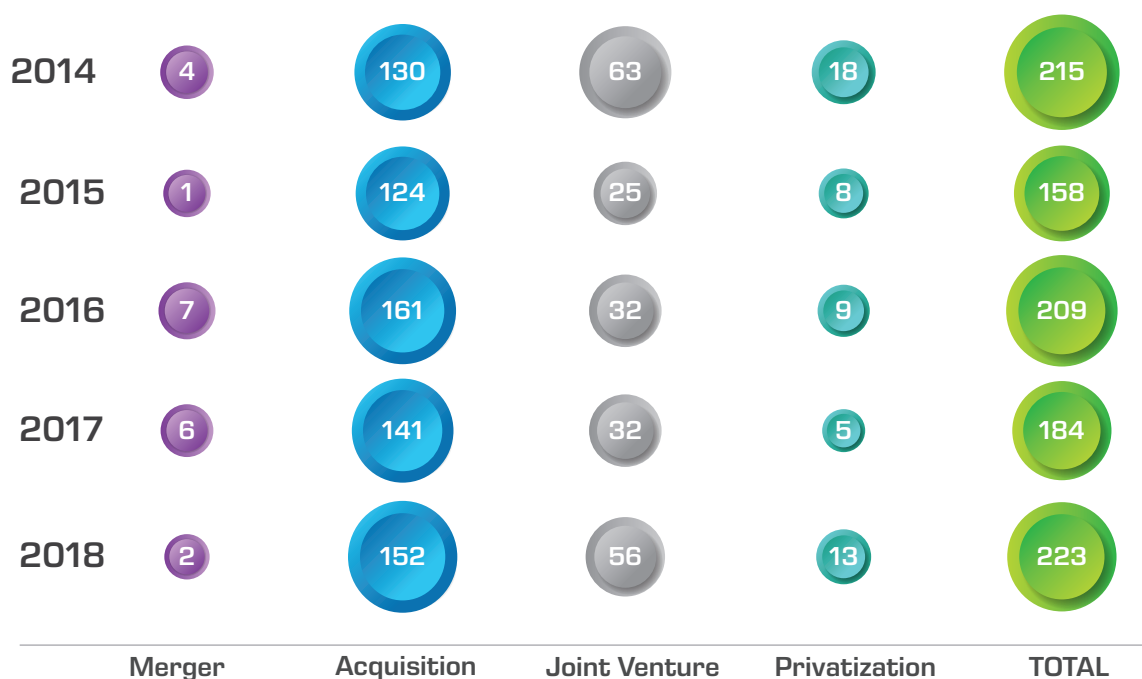
² This graphic is prepared in a way to cover the files in the first and third columns of Graphic 2.

Graphic 5: Exemption Files Concluded



The number of exemption applications concluded is 35. The results of exemption decisions taken by the Competition Board in 2018 are as follows: in 21 decisions the agreements concerned were granted individual exemption (three unconditionally and 18 conditionally), in three decisions the agreements concerned benefited from block exemption conditionally, in four decisions block exemption and individual exemption were possible and in four decisions the agreements concerned were not granted exemption.

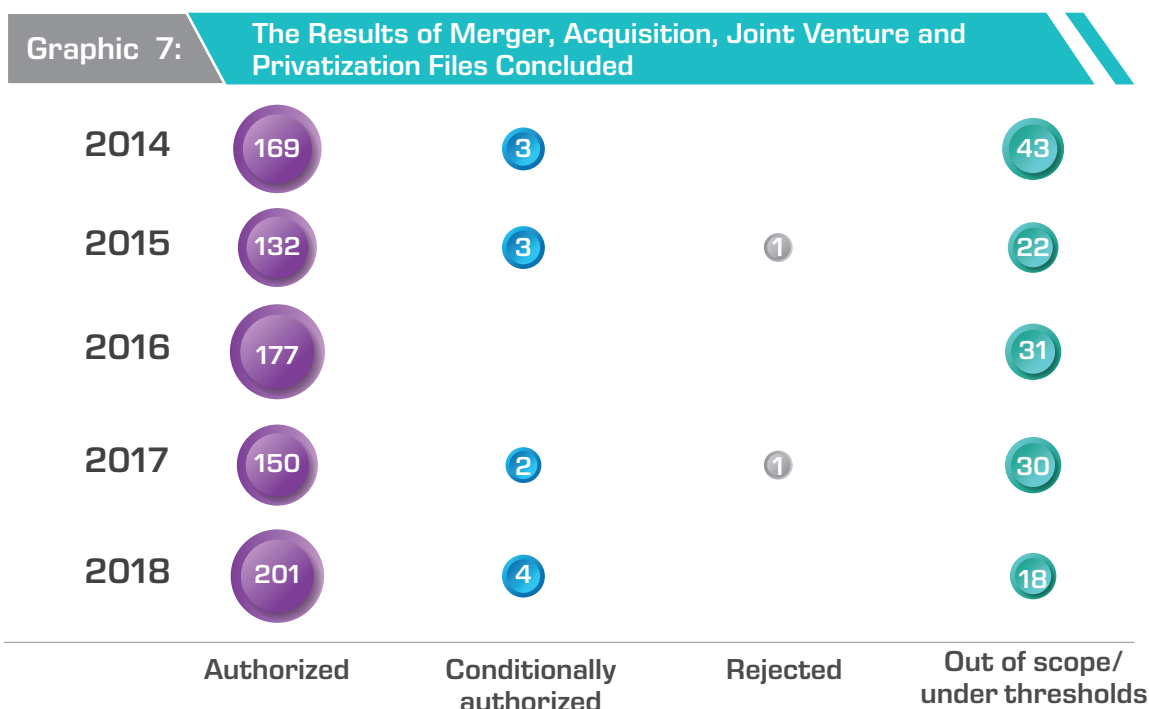
Graphic 6: Merger, Acquisition, Joint Venture and Privatization Files Concluded



The number of merger/acquisition/joint venture/privatization transactions concluded in 2018 is 223. There is a 21% increase in the number of merger/acquisition/joint venture/privatization transactions compared to the previous year. The significant part of those decisions are acquisition decisions as in 2014-2017 period. Approximately 68% of the transactions concluded according to article 7 of the Act are acquisitions in 2018. The number of joint ventures is 56, amounting to 25%. 13 privatization files and four merger files follow those.

With respect to the results of the decisions taken according to article 7 of the Act in 2018, out of 223 applications, 18 were out of scope/under thresholds. Out of 205 applications, 201 applications were authorized unconditionally whereas four applications were authorized conditionally. There are not any applications not authorized in terms of mergers/

acquisitions/joint ventures/privatizations. Based on the past five years, only two merger/acquisition/joint venture/privatization transaction were prohibited, 12 transactions were authorized conditionally. Within this framework, approximately 98% of mergers and acquisitions notified within the said five-year period and subject to authorization of the Competition Board was conditionally authorized.



Article 40 of the Act grants power to the Board to initiate an investigation directly or to make a preliminary inquiry to find out whether it is necessary to initiate an investigation on its own initiative or as a result of applications made. Within this framework, the Competition Board examined 14 files in 2018 ex officio. It can be inferred from the change in the number of files initiated ex officio in the past five-year period that the Board has preferred a more proactive approach starting from 2016. In the said period, the significant part of the files examined ex officio consists of the decisions related to the violation of article 4 of the Act. Out of 14 files examined ex officio, 10 were related to violation of article 4, three were related to the violation of articles 4 and 6 and one was related to the violation of article 7.

Graphic 8: The Breakdown of Files Examined Ex Officio

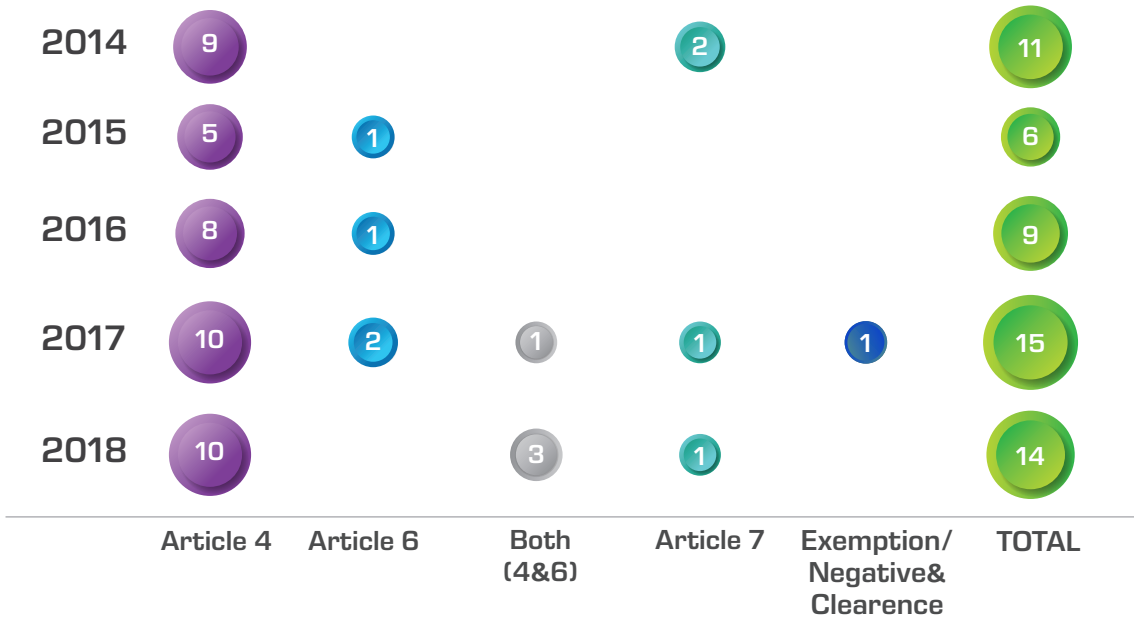


Table 2: Fines (TL)*

Types of Fines	Year	Infringements	Mergers/ Acquisitions	Exemption / Negative Clearance	TOTAL
Substantive Fines	2014	468.233.986			468.233.986
	2015				
	2016	186.435.909			186.435.909
	2017	199.430.270			199.430.270
	2018	349.374.235			349.374.235
Fines imposed on managers	2014				
	2015				
	2016				
	2017				
	2018				
False or misleading information in applications	2014			352.664	352.664
	2015				
	2016				
	2017				
	2018		320.376		320.376
False or misleading information at on-site inspections	2014	15.226			15.226
	2015	33.500			33.500
	2016	7.551.954			7.551.954
	2017	36.754			36.754
	2018				
Implementing the transaction without Competition Board authorization/failure to notify in due time	2014		30.452		30.452
	2015				
	2016		31.236		31.236
	2017				
	2018				
Non-compliance with Article 9 Decisions	2014				
	2015				
	2016				
	2017				
	2018				
Preventing or complicating on-site inspection**	2014				
	2015				
	2016				
	2017	3.225.409			3.225.409
	2018	332.634			332.634

*Administrative fines related to the files reevaluated after judicial decisions are not included, and the subparagraphs amended by the Act dated 23.01.2008 and numbered 5728 were taken into account.

** 332.634 TL administrative fines were imposed due to hindrance and complication of on-sight inspection in 2018. 194.082 TL was imposed according to article 16/1(d); 138.552 TL was imposed according to article 17/1(d) out of that amount.

Table 3: Fines Imposed under Articles 4 and 6 of the Act (TL)*

Types of Fines	Year	Files under the Scope of Article 4	Files under the Scope of Article 6	Files Examined under the scope of Both Article 4 and Article 6	TOTAL
Substantive Fines	2014	14.662.151	453.571.835		468.233.986
	2015				
	2016	133.693.788	52.742.121		186.435.909
	2017	38.776.937	158.109.340	2.543.993	199.430.270
	2018	19.014.529	330.359.706		349.374.235
Fines imposed on managers	2014				
	2015				
	2016				
	2017				
	2018				
False or misleading information	2014				
	2015				
	2016				
	2017				
	2018				
False or misleading information at on-site inspections	2014	15.226			15.226
	2015		33.500		33.500
	2016		7.551.954		7.551.954
	2017	18.377	18.377		36.754
	2018				
Implementing the transaction without Competition Board authorization/failure to notify in due time	2014				
	2015				
	2016				
	2017				
	2018				
Non-compliance with Article 9 decisions	2014				
	2015				
	2016				
	2017				
	2018				
Preventing or complicating on-site inspection**	2014				
	2015				
	2016				
	2017			3.225.409	3.225.409
	2018	220.053		112.581	332.634

*Administrative fines related to the files reevaluated after judicial decisions are not included.

** 220.053 TL administrative fines were imposed due to hindrance and complication of on-sight inspection in 2018. 81.501 TL was imposed according to article 16/1(d); 138.552 TL was imposed according to article 17/1(d) out of that amount.

Table 4: Fines Imposed under the Scope of the Files Related to Horizontal and Vertical Agreements (TL)*

Types of Fines	Year	Horizontal	Vertical	Both
Substantive Fines	2014	14.662.151		16.662.151
	2015			
	2016	79.367.156	54.326.632	133.693.788
	2017	21.279.796	20.041.134	
	2018	9.201.300	9.813.229	19.014.529
Fines imposed on managers	2014			
	2015			
	2016			
	2017			
False or misleading information in applications	2014			
	2015			
	2016			
	2017			
False or misleading information at on-site inspections**	2014	15.226		15.226
	2015			
	2016			
	2017	18.377		
Implementing the transaction without Competition Board authorization/failure to notify in due time	2014			
	2015			
	2016			
	2017			
Non-compliance with Article 9 decisions	2014			
	2015			
	2016			
	2017			
Preventing or complicating on-site inspection***	2014			
	2015			
	2016			
	2017	3.120.137		
	2018	332.634		

*Administrative fines related to the files reevaluated after judicial decisions are not included.

** Administrative fines imposed in a file evaluated under article 6 of the Act were not included.

*** 332.634 TL administrative fines were imposed due to hindrance and complication of on-site inspection in 2018. 194.082 TL was imposed according to article 16/1(d); 138.552 TL was imposed according to article 17/1(d) out of that amount

Table 5: Sectoral Breakdown of Fines Imposed under the Relevant Provisions of the Act between 01.01.1999 and 31.12.2018* (TL)

SECTOR	16/3 Substantive Fines	16/4 Fines Imposed on Managers	16/1(a) False or Misleading Information in Applications	16/1(d) Implementing the Transaction without Competition Board Authorization	16/1(c) False or Misleading Information during On-site Inspections	Non-Compliance with Article 9 Decisions	16/1(d) Preventing or Complicating On-site Inspections	Article 17	TOTAL
White Goods and Furniture	72.173.200								72.173.200
Information and Communications Technologies	411.014.080				7.551.954		15.512.259		494.078.293
Glass and Glass Products	19.979.808								19.979.808
Environment and Waste Management									
Iron, Steel and Other Metals	30.042.388								30.042.388
Other	358.647		1.825				32.893		393.365
Education	665.880						11.446		677.326
Electronic Products	12.890.698			285.759			81.501	138.552	13.396.510
Energy	245.462.036								245.462.036
Small Domestic Appliances									
Real Estate Activities									
Food, Agriculture, Forestry, Fishery, Stockbreeding	89.897.260	35.227	2.434	330.210			3.121.536		93.386.667
Pharmaceuticals,									
Healthcare and Medical Supplies	51.147.809			36.720	33.530				51.218.050
Construction	117.738.029			83.182	15.226		105.272		117.941.709
Paper and Paper Products									
Stationery and Office Machines						473.778			473.778
Chemical Products	12.179.979	20.718		26.674					12.227.371
Culture, Art, Entertainment and Sports	158.048			3.304					161.352

SECTOR	16/3 Substantive Fines	16/4 Fines Imposed on Managers	16/1(a) False or Misleading Information in Applications	16/1(d) Implementing the Transaction without Competition Board Authorization	16/1(c) False or Misleading Information during On-site Inspections	Non- Compliance with Article 9 Decisions	16/1(d) Preventing or Complicating On-site Inspections	Article 17	TOTAL
Logistics and Storage	16.562.361			30.452					16.592.813
Mining	884.587								884.587
Machinery and Equipment	9.375.525			949					9.376.474
Media and Advertisement	15.378.123		7.033	1.454		264.722	112.581		15.763.913
Professional, Scientific and Technical Activities	295.607			126.297			13.591		435.495
Jewellery	67.327						2.908		70.235
Petroleum and Petrochemistry	413.565.887		352.664		18.377				413.936.928
Post									
Defense Industry									
Insurance			320.376						320.376
Finance	1.196.094.295			26.078					1.217.273.685
Agricultural Drugs and Fertilizers									
Textile and Readymade Clothing									
Tourism and Accommodation	11.587.406			31.236		71.299			11.689.941
Tobacco and Alcoholic Beverages	197.295.501								197.295.501
Transport, Vehicles and Related Services	312.890.714		608	7.654	18.377				312.917.353
Food and Beverage Services	8179.087								8.179.087

* Excluding administrative fines imposed in relation to the files re-evaluated in response to court decisions.

2018

THROUGH PHOTOGRAPHS

Turkish Competition Authority
**REKABET
KURUMU**

JANUARY
5

Mergers and Acquisitions Overview
Report Published

MARCH
21

External Shareholders
Workshop Organized within
the framework of the TCA's
2019-2023 Strategic Plan
preparations



MARCH
29

Guidelines on Vertical Agreements
was adopted by the Board and put
into effect after the workshop held
with shareholders.



APRIL
4

Recent Developments in Competition
Law Symposium: "New Practices for
Increasing Efficiency in terms of Turkish
Competition Law: Commitments, Settlements,
Interruption of the Investigation"



Big Data, Online Platforms and Competition Law Seminar

APRIL
25



Presentation and Evaluation Panel for the Hazelnut Sector Inquiry Report

MAY
9



Thursday Conference: The Search for Order in a World Where the Spell Is Broken
Prof. Dr. Numan KURTULMUŞ

OCTOBER
18



Anniversary Competition Summit themed "A Competitive Approach to the Agriculture-Food Industry and the Value Chain"

NOVEMBER
9

3.5. Strategy Development Activities

In 2018, the Strategic Plan (Plan) for 2019-2023 have been prepared, which is the second Strategic Plan of the Competition Authority. The work for the Plan was started in January, and it was approved by the Competition Board in December of 2018. The Plan adopted a transparent and participatory approach in its preparation, and received significant contributions from internal shareholders including the administrators and personnel, as well as from the representatives of external shareholders such as undertakings and associations of undertakings, public authorities, consulting companies, academics and the press.

Aimed at illuminating the way for the activities of the Authority in the next five years, the Plan has determined purposes, objectives and strategies under the four axes of competition rules enforcement, competition advocacy, policy-making and institutional capacity.

3.6. Regulatory Activities

Article 27:1(f) of the Act no 4054 grants the Competition Board with the power and the duty to issue the necessary regulations for the application of the Act in question.

The regulatory activities of the Authority carried out in 2018 are listed below.

3.6.1. Regulations That Took Effect in 2018

3.6.1.1. Act no 4054 on the Protection of Competition

Article 167 of the “Statutory Decree Amending Some Laws and Statutory Decrees in Order to Bring Them into Compliance with Constitutional Amendments,” dated 02.07.2018 and numbered 703, made amendments to Article 22 of the Act no 4054, titled “Organization of the Board,” Article 23 titled “Qualifications for Appointment,” “Article 24 titled “Term of Office,” Article 37 titled “Salary and Other Financial Rights,” Article 38 titled “Evaluation of Retirement and Service Periods,” and article 62 titled “Regulations.”

3.6.1.2. Communiqué Concerning the Increase of the Minimum Administrative Fines Specified in Paragraph 1 of Article 16 of the Act No 4054 on the Protection of Competition, to Be Valid Until 31.12.2019 (Communiqué No: 2019/1)

With the Communiqué no 2019/1, which came into effect after its publication in the Official Gazette dated 12.12.2018 and numbered 30623, the minimum fine thresholds specified under article 16/1 of the Act no 4054 on the Protection of Competition was adjusted to be

26,027 TL (twenty six thousand and twenty seven liras), valid from 1.1.2019 to 31.12.2019, based on the re-appraisal ratio of 23.73% (twenty three point seventy three) for the year 2018.

3.6.1.3. Guidelines on Vertical Agreements

Guidelines on Vertical Agreements, adopted with the Competition Board decision dated 09.09.2015 and numbered 15-36/537-RM(2), was updated with the Board decision dated 28.03.2018 and numbered 18-09/179-RM(1). The update introduced adjustments concerning online sales and most favored customer (MFC) conditions.

Within this context, paragraphs 25, 26, 27, 28 and 29 on internet sales were added to the Guidelines. In addition, the existing provision of Article 31 concerning selective distribution systems was updated to address internet sales. In relation to MFC conditions, an explanation on MFC conditions were added to paragraph 19 titled "Resale Price Maintenance." Additionally, a new sub-heading "9.5.2.9. Most Favored Customer Condition" was added under the heading "Analysis of Various Vertical Restrictions," which includes detailed explanations on most favored customer conditions.

3.6.1.4. Guidelines on Cases Considered as a Merger or an Acquisition and the Concept of Control

"Communiqué Concerning the Mergers and Acquisitions Calling for the Authorization of the Competition Board, no 2010/4" was issued in accordance with Article 7.2 of the Act no 4054, titled "Mergers and Acquisitions," in order to determine which types of mergers and acquisitions required to be notified to the Board and authorized in order to become legally valid, and it was put into force on 01.01.2011 after its publication in the Official Gazette date 07.10.2010 and numbered 27722. The Communiqué in question was amended by the Communiqué no 2017/2, which became effective following its publication in the Official Gazette dated 24.02.2017 and numbered 29989.

The amendments to the Communiqué no 2010/4 made it necessary to update the "Guidelines on Cases Considered as a Merger or an Acquisition and the Concept of Control". Within this context, various changes were made in the relevant Guidelines with the Competition Board decision dated 05.04.2018 and numbered 18-10/195-RM(2).

3.6.1.5. Guidelines on Undertakings Concerned, Turnover and Ancillary Restraints in Mergers and Acquisitions

"Communiqué Concerning the Mergers and Acquisitions Calling for the Authorization of the Competition Board, no 2010/4" was issued in accordance with Article 7.2 of the Act no

4054, titled “Mergers and Acquisitions,” in order to determine which types of mergers and acquisitions required to be notified to the Board and authorized in order to become legally valid, and it was put into force on 01.01.2011 after its publication in the Official Gazette date 07.10.2010 and numbered 27722. The Communiqué in question was amended by the Communiqué no 2017/2, which became effective following its publication in the Official Gazette dated 24.02.2017 and numbered 29989.

The amendments to the Communiqué no 2010/4 made it necessary to update the “Guidelines on Undertakings Concerned, Turnover and Ancillary Restraints in Mergers and Acquisitions”. Within this context, various changes were made in the relevant Guidelines with the Competition Board decision dated 05.04.2018 and numbered 18-10/195-RM(2).

3.6.2. Ongoing Regulation Work

In consideration of the accumulated experience and the changes in the practices of the EU and the developed countries, the TCA continued its work on the amendment to the Act which will allow the Authority to use its resources in a more efficient manner and direct them towards more serious competition infringements. In addition, there are ongoing studies aimed at reviewing the current secondary legislation, including studies to prepare the Communiqué on the Regulation of Right to Access the File and Protection of Trade Secrets as well as explanatory texts concerning this Communiqué.

3.7. Activities of the Legal Advisor’s Office

In accordance with Article 55.1 of the Act no 4054, actions for annulment concerning the final decisions of the Board, administrative measures and administrative fines were brought before the Council of State as the court of first instance until 2012. 13th Chamber of the Council of State was charged with handling the aforementioned actions, but an amendment made in 2012 appointed Ankara Administrative Courts as the court of first instance. An examination of the actions brought against the Board decisions show that most of these were concerning the final decisions taken as a result of investigations.

Table 6: List of Actions Brought For and Against the Authority between 1997 and 2018³

Nature of the Board Decision	Ongoing	Concluded	General Total
Investigation	247	934	1181
Preliminary Inquiry	127	157	284
Initial examination	9	80	89
Appeal against Fines	9	49	58
Merger/Acquisition	19	34	53
Privatization		33	33
Exemption	17	40	57
Interim Measures	2	8	10
Periodic Fine		10	10
Request for Information and Documents	6	17	23
Annulment of Tacit Rejection	1	9	10
Missing Documents during On-site Inspections	3	7	10
Against Notification	1	6	7
Joint Venture	2	6	8
Negative Clearance	2	4	6
Withdrawal of the Exemption		2	2
Out of Scope	32	58	90
Filing Actions	2		2
Other Technical Actions	6	3	9
Interim Measures Periodic Fines		1	1
Measures		1	1
Appeal of the Board Decision	7	3	10
File Access Right	4	6	10
Voidance*		1	1
Intervening Party*		1	1
Execution Proceedings*	75	405	480
Actions concerning Other Administrative Transactions*	8	300	308
Annulment Suits*	85	176	261
Actions concerning Other Criminal Proceedings*	2	11	13
TOTAL	666	2362	3028

* These actions are not directly related to professional subjects but are continuations of actions concerning professional decisions or other actions.

³ Decisions annulled by the Council of State and taken as a result of a re-evaluation of the files by the Board were not included in the tables in order to prevent duplicates.

Table 7: List of Actions Brought Against Board Decisions in 2018

Nature of the Board Decision	Ongoing	Concluded	General Total
Investigation	37		37
Acquisitions	4		4
Preliminary Inquiry	18	1	19
Article 42/2 - The Act	6		6
Article 5/4- the Communiqué no. 2012/2	5	1	6
Exemption	1		1
Initial Examination	1		1
Interim Measures	1		1
Appeal of Fines	1		1
Misleading Information and Documents	1		1
Joint Venture	1		1
Request of Information and Documents	2		2
Annulment Suits*	40	16	56
Appeal of Board Decisions	2		2
File Access Right	2	1	3
On-site inspections	2		2
Execution Proceedings*	1	2	3
Other Technical	1	1	2
Actions concerning Other Administrative Transactions*	1		1
TOTAL	127	22	149

* These actions are not directly related to professional subjects but are continuations of actions concerning professional decisions or other actions.

Table 8: Breakdown of Actions Finalized between 2014 and 2018 According to Outcome

Court Decision Outcome	2014	2015	2016	2017	2018
Against the Authority's Favor	13	12	15	9	14
In the Authority's Favor	72	82	67	115	71
Other*	9	4	7	7	12
Total	94	98	89	131	97

*The "Other" entry includes those cases where the action was considered unfiled, the petition was rejected as well as dismissals for non-jurisdiction, partial acceptance and partial dismissals, and cases where a decision was not taken due to waiver of claims or other reasons.

Table 8 includes information on how the actions related to professional subjects were concluded in the 2014-2018 period. Accordingly, among the actions related to professional subjects finalized in that year, those which resulted in the Authority's favor was 76.60% in 2014, 84.69% in 2015, 75.28% in 2016, and 87.78% in 2017. This ratio was 73.20% in 2018, with 71 of a total of 97 cases having been finalized in favor of the Authority.

3.8. Activities of the Cartels and On-site Inspections Support Division

Competition Board rejected one leniency application made to the Cartels and On-site Inspections Support Division (Division) in 2018. The process is still ongoing for two other applications, one of which was made in 2017 and the other in 2018.

The Division also carries out on-site inspection simulations within the framework of the training programs for assistant experts.

3.9. Activities of the Economic Analysis and Research Department

3.9.1. File-Related Activities

Economic analysis reports were prepared in 2018 for those files which required sophisticated economic analysis. Within this framework, summaries of the economic analyses conducted within the framework of the files finalized by the Competition Board in 2018 are listed below.

- An assessment was conducted into the sufficiency of the "t-hypothesis test," which was included in the economic analysis report presented as a justification under the scope of the investigation launched into the iron/steel and other metals sector in response to the claim that some undertakings operating in the sector violated the Act no 4054 by collusive bidding and price fixing, and which was used to determine whether the annual difference in the bid/approximate cost ratio was coincidental. The analysis also examined whether it was possible to conclude that a decrease in the ratio in question indicated that TOD members submitted bids at their loss.
- Within the framework of the investigation conducted in relation to the claim that an undertaking operating in the port management sector implemented excessive pricing, an analysis was conducted in order to define the market, determine whether dominant position was a concern for the particular market(s) identified and whether excessive pricing was actually implemented within the framework of the subject matter of the file.
- Under the scope of an investigation conducted into the claim that an undertaking operating in the motor vehicles sector abused its dominant position via discount

systems, an analysis was conducted on the economic analysis report submitted as part of the written plea. The economic analysis used to support the explanations concerning the identification of the relevant market in the aforementioned report, as well as the data set utilized and the test methods employed were evaluated in detail.

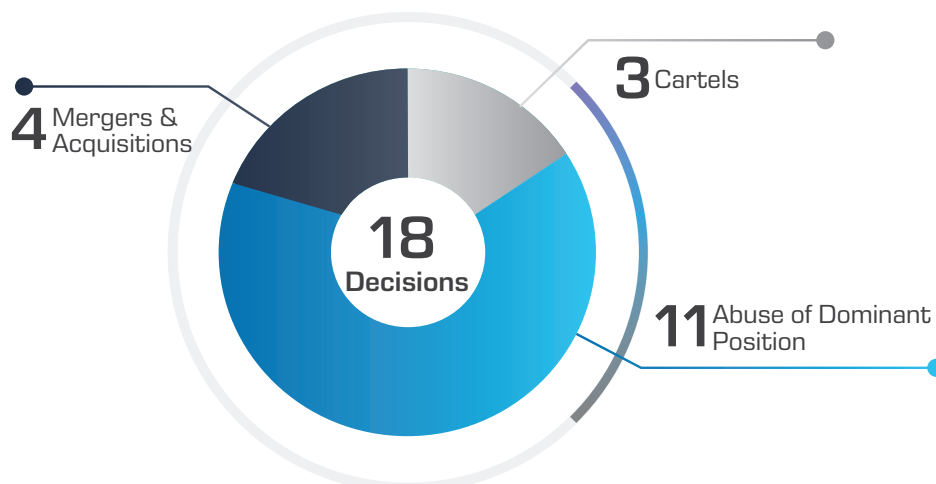
3.9.2. Impact Assessment Studies

In recent years, competition authorities have been engaging in studies called “impact assessment” aimed at revealing the economic effects of their activities as part of the principles of transparency and accountability. Essentially, impact assessment are conducted to estimate the measurable economic effects of competition authority’s decisions on consumer benefit and, at the same time, they allow comparing their public cost with the benefits they gain for the consumers.

Within this framework, the Turkish Competition Authority began to work on conducting an impact assessment as of 2017. The first of these studies was prepared to cover the period of 2014-2016, and was shared with the public at the end of 2017. Within the framework of this first study, consumer benefit created by the Competition Authority was estimated to be 3.3 billion TL in the relevant period according to the OECD methodology.

The second impact assessment study detailed below covers the years 2017 and 2018. The study addresses the effects of cartel and similar agreements, abuse of dominant position practices about which an infringement decision was taken, as well as merger and acquisition transactions which were either prohibited or authorized subject to conditions. The following chart shows the breakdown of the decisions examined within the scope of the impact assessment study.

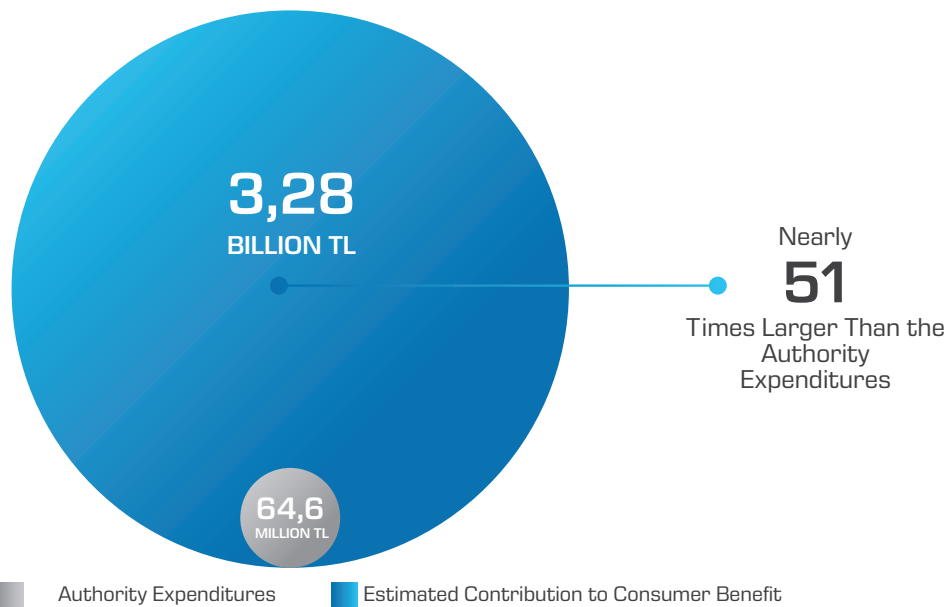
Graphic 9: Breakdown of the Decisions Examined under the Impact Assessment



The study covered 18 decisions with specific characteristics taken by the Competition Board, and it estimated the static consumer benefit, i.e. the scale of the prevented increase in consumer prices, created by the decisions. Conducted in accordance with the OECD methodology, the study estimates the benefit created by Competition Board decisions to be 2.68 billion TL for 2017, and 3.87 billion TL for 2018, with a total of 6.55 billion TL for the two-year period. Which means that an average benefit of 3.28 billion TL was created each year within the period concerned.

The conclusions of the impact assessment constitute an important input for conducting a cost-benefit comparison for the Competition Authority in order to evaluate institutional performance. For the Competition Authority, there are two factors that must be included in this comparison. These are the average annual budget expenditure of the Authority in the relevant period and its estimated contribution to consumer benefit. The chart below shows the relative size of these factors for the period covering the years 2017 and 2018.

Graphic 10: Comparison of the Authority's Expenditures with the Estimated Contribution to Consumer Benefit (Annual Average)



As shown by the chart, consumer benefit ensured by the Authority during the period in question is nearly 51 times larger than its expenditures. The findings of the impact assessment clearly reveal the important role played by the Competition Authority in increasing consumer welfare.

3.9.3. Other Activities

- Merger-Acquisition Overview Report for 2017 was issued.
- Competition Journal article manual was updated.
- Activities were carried out aimed at promoting the Competition Journal at universities through informational posters and projects.
- The relevant professional staff was given a six-week economic analysis training in order to build institutional capacity.

3.10. International Relations Activities

3.10.1. European Union (EU)

Meetings were held with the European Commission in the first half of 2018 concerning the subjects under the Authority's field of activity, and contributions concerning the "2016-2019 Action Plan" were presented to the EU Ministry, which is charged with directing, monitoring and coordinating the efforts aimed at preparing Turkey for EU membership and with coordinating the work after the membership.

Contributions were made to the June 19, 2018 meeting of the Subcommittee no 2 on Internal Markets and Competition in Brussels/BELGIUM, which is one of the committees set-up to monitor the alignment with the EU acquis during the accession process. During the meeting, information was given concerning the activities of the Authority, decision statistics, significant decisions taken in the past, and those portions of the 2017 Progress Report related to the competition section that require amendments, followed by discussions concerning implemented and planned regulation changes.

3.10.2. Multilateral Relations

3.10.2.1. Organization for Economic Co-operation and Development (OECD)

Representatives from the Authority attended the workshops organized by OECD on January 30-31, 2018 in Paris/France, titled "Cartel Screening in the Digital Era" and "Regulation and Competition in Light of Digitalization". "Cartel Screening in the Digital Era" workshop discussed the current developments concerning cartel screening techniques recommended in the economics literature, which was followed by presentations by UK, Brazil and Switzerland on cartel screenings they implemented/developed. "Regulation and Competition in Light of Digitalization" workshop, on the other hand, focused on discussions

concerning the competitive effects of regulations or lack of regulations on the digitalization process of the sharing economies and platforms, healthcare sector, and financial services, with presentations on the practices of USA, UK, Spain, Italy, Canada, Korea and Norway.

Between June 3 and 8, 2018, representatives attended the first meeting of the year held by the OECD Competition Committee and the related Working Party No. 2 and Working Party No. 3, in the OECD headquarters in Paris/FRANCE. The meetings discussed the subjects of “Taxi and Ride-Hailing Markets,” “Challenges and Co-ordination of Leniency programs,” “Designing and Testing Effective Consumer-Facing Remedies,” “Non-Price Effects of Mergers,” “E-commerce and Competition,” “Market Concentrations” and “Blockchain and Competition,” and participants from the competition authorities of various countries, non-governmental organizations in the field of competition and various universities have made contributions. Turkish Competition Authority took part in the meeting titled “Taxi and Ride-Hailing Markets.”

Between June 19-21, 2018, representatives from the Authority participated in the “Merger Control Investigations Seminar”, organized in Tiran/ALBANIA by the Budapest-based OECD-GVH Regional Centre for Competition (RCC), which is a joint venture between the Hungarian Competition Authority (GVH) and the OECD.

Between September 4-5, 2018, representatives participated in the “OECD Blockchain Workshop,” organized in Paris/FRANCE.

Between November 25-30, 2018 , representatives also visited Paris/FRANCE to attend the sessions held by the OECD Competition Committee and the related Working Parties No. 2 and 3, as well as the meeting of the Global Competition Forum. The meetings discussed the topics of “Designing Publicly Funded Healthcare Markets,” “Treatment of Privileged Information in Competition Cases,” “Suspensory Effects of Merger Notifications and Gun Jumping,” “Excessive Pricing in Pharmaceuticals,” “Personalized Pricing in the Digital Era,” “Quality Considerations in the Zero Price Economy,” “How Can Competition Contribute to Fairer Societies?,” “Gender and Competition,” “Investigative Powers in Practice,” and “Competition Law and State-Owned Enterprises”.

In 2018, Turkish Competition Authority secondee at the OECD prepared the OECD Secretariat Notes for the session titled “Investigative Powers in Practice,” as well as for the three related break-out sessions titled “Unannounced Inspections on the Digital Age,” “Requests for Information: Limits and Effectiveness,” “and Due Process in relation to Evidence Gathering”. During the OECD meetings, consultations with the OECD Permanent Representation Ambassador for the Turkish Republic was held, as well.

3.10.2.2. United Nations Conference on Trade and Development (UNCTAD)

Between July 9-13, 2018, representatives from the Authority attended the 3rd session of the Intergovernmental Group of Experts on Consumer Protection Law and Policy and the 17th session of the Intergovernmental Group of Experts on Competition Law and Policy, organized in Geneva/SWITZERLAND.

In the Consumer Protection Law and Policy session, the topics discussed were the contribution of consumer protection in achieving the goal of sustainable development, consumer protection in financial services, capacity building in the field of consumer protection law and policy, dispute settlement and compensation, consumer protection in the field of e-commerce, and product safety. In addition, consumer protection law and policy of MOROCCO was the subject of the voluntary review process, which was conducted for the first time this year.

In the Competition Law and Policy session the subjects discussed were the effect of competition policy on achieving the goal of sustainable development, capacity building and technical assistance in developing countries, competition issues related to the sales of the broadcast rights of important sports events, competition and regulation challenges faced by developing countries in the marine transport sector. In addition, the competition law and policy of BOTSWANA were addressed under the framework of the voluntary review process, which was, once again, organized for the first time this year.

3.10.2.3. International Competition Network (ICN)

Hosted by a different competition authority each year, the 20th annual meeting of the International Competition Network (ICN) was held by the Indian Competition Commission, in the capital city of INDIA, New Delhi, between March 19-23, 2018. During the 5-day conference, representatives of the Competition Authority contributed to the panels titled "Organizational Design for an Efficient Authority," and "ICN Practices" as keynote speakers.

"2018 ICN-OECD/KPC Competition Economics Workshop for Chief/ Senior Economists" organized on May 2-4 , 2018 in Seoul/KOREA by the OECD Korea Policy Center and the ICN Institutional Efficiency Working Group was attended.

Representatives from the Authority also participated in the "2018 ICN Cartel Workshop" hosted by the Israel Antitrust Authority with the coordination of ICN between October 16-18, 2018 in Tel-Aviv/ISRAEL. Countries which took part in the workshop mainly shared their experiences on how to make on-site inspections for cartel cases more efficient in the era of big data, on collecting digital and physical evidence before and during the investigation, on privacy issues related to mobile phones, and on the functioning of the leniency mechanism. Turkish Competition Authority made a presentation detailing the

Turkish experience in the session titled “Collecting Evidence through Leniency”.

ICN Unilateral Conduct Workshop took place in Stellenbosch/SOUTH AFRICA on November 1-2, 2018. The workshop focused on excessive pricing, predatory pricing, exclusive sales and loyalty discounts. The session on loyalty discounts had a presentation by the Competition Authority sharing the Turkish experience.

3.10.2.4. European Competition Network (ECN)

“Forensic IT Working Group” meeting of the European Competition Network (ECN), organized by the European Commission on September 27-28, 2018 in Athens/GREECE was attended.

3.10.2.5. International Conferences

Conferences organized by the competition agencies of different countries and attended by the Turkish Competition Authority are listed below.

- On February 22, 2018 the TCA attended the conference held in Köln-Bonn/GERMANY on the occasion of the 60th anniversary of the adoption of the German Competition Law and the establishment of the Bundeskartellamt.
- Between February 27-28, 2018, representatives from the TCA visited Almaty/KAZAKHSTAN to attend the “Eurasia Antitrust Forum” organized for the fifth time this year, in order to make a presentation titled “Turkish Competition Law Practice: Organizational Structure, File Procedures and Judicial Review,” during the main session panel “Judicial Review of Competition Infringement Decisions”.
- The “7th Competition Forum” held on March 15-16, 2018 in Kiev/UKRAINE was attended, and a presentation was made during the “Recent Trends in Development of Competition Legislation and Judiciary,” titled “Developments in Competition Legislation and Judiciary in Turkey.”
- Between March 27-29, 2018, representatives of the TCA took part in the “New Approaches to Market Definition in Conducting An Antimonopoly Investigation” seminar, organized by the Federal Antimonopoly Service (FAS). The TCA was represented at the session co-chairman level during the event and TCA experts made a presentation on “Consumer Data Assessment in Mergers and Acquisitions”.
- During March 26-28, 2018, 12th session of the United Nations European Economic Commission Innovation, Competition and Public-Private Sector Cooperation Committee was attended in Geneva/SWITZERLAND.

- Between April 11-13, 2018, representatives participated in the “2018 Antitrust Spring Meeting” of the Antitrust Division of the American Bar Association (ABA), held in Washington D.C./USA.
- Between April 18-20, 2018, representatives from the Authority attended the 12th session of the International Working Group for Research of Competition Issues in the Pharmaceuticals Market of the Federal Antimonopoly Service, held in Moscow/RUSSIA, to participate in the panel titled “Pricing for ARV Drugs: Issues and Features”.
- On May 17-18, 2018, the conference organized by the Russian Federal Antimonopoly Service with the title “New Challenges: New Competition Policy” was attended in St. Petersburg/RUSSIA, where the President of the Turkish Competition Authority gave a speech during “New Challenges, New Competition Policy” session of the conference and met with the FAS President to exchange opinions.
- Between May 30 and 31, 2018, representatives attended the “European Competition Day,” organized by the Bulgarian Commission for Protection of Competition in Sophia/BULGARIA.
- On June 8, 2018, TCA representatives participated in the 10th International IMEDIPA Conference organized by the Institute of Studies in Competition Law and Policy in Athens/GREECE.
- On June 11-15, 2018 the “Trade and Competition Policy Seminar” organized by the World Trade Organization (WTO) was attended in Geneva/SWITZERLAND.
- Representatives of the TCA also attended the “45th International Antitrust Law and Policy Conference,” held by the Fordham University Competition Law Institute on September 5-8, 2018, in New York/USA.
- Between September 24-27, 2018, Russian Competition Week held by FAS in Sochi/RUSSIA was attended, where the Vice President of the TCA served as the moderator of the International Working Group on Research of Competition Issues in the ICT sector session discussing the subjects of “Intellectual Property Rights and Competition Law” and “Online Platforms and Competition Law”. In addition, presentations were made explaining the Turkish experience in this field.
- On September 28-29, 2018, representatives of the TCA took part in a conference titled “Competition Policy – Current Trends and Challenges,” held by the Georgian Competition Authority in Tbilisi/GEORGIA. The conference addressed various

subjects including “Future of Competition Practices,” “Barriers in Practice: Digitalization,” “Institutional Regulations: Independence and Qualification,” “Competition in the Pharmaceuticals Sector,” and a presentation titled “Summaries of Recent Decisions in Turkish Competition Law” was delivered during the conference.

3.10.2.6. International Training Seminars

Representatives from the TCA attended the 2018 scientific seminar on “Competition, Regulation and Plurality in the Online World,” organized by the European University Institute and Robert Schuman Centre for Advanced Studies between March 22-23, 2018, in Florence/ITALY. During the seminar, the presentations titled “Online Markets and Algorithms,” “Competition Law in Digital Markets,” “Online Markets, Machines and Media,” and “Online World from a Comparative Perspective” were made and discussion were held.

Another seminar attended by the TCA was the “Antitrust Enforcement in Europe after the INTEL and Cartes Bancaires Cases,” which was again organized by the European University Institute and Robert Schuman Centre for Advanced Studies on April 20, 2018, in Florence/ITALY.

Representatives were sent to the 2018 Jevons Seminar titled “Future Perspectives in the Media Markets: Competition, Plurality and Regulatory Supervision,” held on May 22, 2018 in Rome/ITALY.

Between June 3-8, 2018, the TCA provided training for the Mongolian Authority for Fair Competition and Consumer Protection in Ulan Bator/MONGOLIA. The training activity was coordinated by the Turkish Cooperation and Coordination Agency (TİKA) and taught by the professional coordinator and experts of the TCA. The main topics under the training program were “The Importance of Competition,” “Procedures and Methods Used in Identifying Cartels,” “The Importance of Leniency Programs in Competition Law,” “Competition Advocacy,” “Abuse of Dominant Position,” “Factors Worth Noting in Mergers and Acquisitions and Sample Cases,” and “Factors Worth Noting in Privatizations and Sample Cases”.

3.10.3. Bilateral Relations

Turkish Competition Authority paid study visits to the Macedonian Competition Commission and the Kosovo Competition Authority on April 10-12, 2018, in order to share know-how and experiences in the field of competition law and policy. Within that context;

- A Cooperation Protocol was signed between the Kosovo Competition Authority

and the Turkish Competition Authority on April 10, 2018, in Pristina/KOSOVO in order to maintain the relationship between the two agencies.

- A Cooperation Protocol was signed between the Macedonian Competition Commission and the Turkish Competition Authority on April 12, 2018, in Skopje/MACEDONIA, in order to share experiences and maintain the continuing cooperation between the two agencies.
- On April 12, 2018, the President of the Competition Authority gave a lecture at the International Balkan University, titled “Digital Economy and the Competition Authority”. The lecture touched upon the structure of digitalized economies, the new phenomena in those markets, the role and significance of the Competition Authority for the establishment of competition in those market, and the recent decisions taken by the TCA on the subject.

On April 20, 2018, the President of the Authority gave a presentation titled “Communication Networks, Internet and Policy” at the session “New Agenda for the Region – Challenges Before Competition Authorities in the New Era: Business, Policy, Environment, Innovation,” on the occasion of the 12th anniversary of the establishment of the Serbian Competition Authority. Within that context;

- A Cooperation Protocol was signed between the Serbian Competition Authority and the Turkish Competition Authority on April 20, 2018, in Belgrade/SERBIA, in order to share experiences, maintain the ongoing cooperation between the two agencies and ensure the continuation of the relationship.

On September 18, 2018, the President of the TCA and the President of the Albanian Competition Authority discussed the recent developments in the field of competition law and policy in their respective countries. Within that context;

- A Cooperation Protocol was signed between the TCA and the Albanian Competition Authority on September 18, 2018, in Ankara, in order to develop the cooperation between the agencies, engage in joint studies, and facilitate information exchange in the field of competition law and policy.

Between September 4-7, 2018, representatives from the Competition Authority attended the 11th round of the negotiations for the Turkey-Japan Economic Partnership Agreement (EPA), held in Tokyo/JAPAN. During the negotiation process, both parties presented their opinions for the competition chapter to be included in the EPA and came to an agreement on what should be done before the next round of negotiations.

3.11. Training Activities

3.11.1. Training for the Authority Personnel

In order to transfer the fund of knowledge on law, competition and regulation, regulation and public administration from the EU and USA to the Authority, the TCA each year sends competition experts meeting certain criteria abroad to receive post-graduate education at select foreign universities. Within this framework, two Competition Experts have begun their training in 2018, the details of which are given in Table 9.

Table 9: Information on Overseas Post-Graduate Education in 2018

Country	University	Department
USA	Indiana University at Bloomington	Business (Business Management)
UNITED KINGDOM	Queen Mary University of London	Law (Competition Law)

The training program for the 15th Term Assistant Competition Experts who took office at the TCA was comprised of basic training, preparatory training and internship, and it ran between January 8, 2018 and September 22, 2018.

One Chief Competition Expert was assigned to the training titled "Regulation of Energy Services," which will be provided by the Florence School of Regulation between October 1, 2018 and June 7, 2019 in three modules, mostly in the form of online lectures and studies.

Personnel working in various divisions of the TCA have participated in the training programs listed in Table 10, depending on their tasks.

Table 10: Training Activities for the Authority Personnel

Date	Subject	Agency/Organization/Person Providing the Training
April 16-May 23, 2018	Training on Forensic IT Techniques for On-site Inspections	Competition Authority Information Management Department
December 21, 2018	First session of the annual competition law training/consultation meeting organized for in-service training purposes	Competition Authority

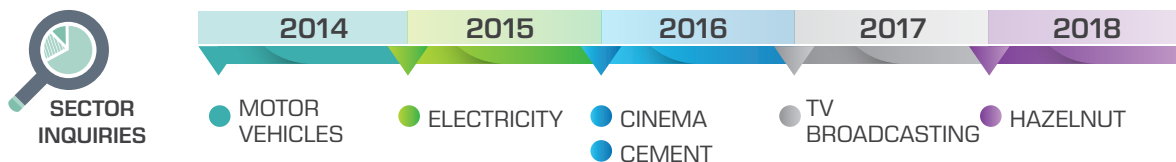
3.12. Activities within the Framework of Competition Advocacy and Institutional Relations

3.12.1. Sector Inquiries

Besides the power of market supervision granted to the Competition Board by the Act no 4054, among the most important functions of the TCA are the studies known as sector inquiries, aimed at identifying and solving structural and/or behavioral competition issues related to a part or whole of a specific sector or market.

In this context, the Hazelnut Sector Inquiry, initiated in order to get to the root of the complaints in the hazelnut market and to develop an integrated perspective for the structural problems of the sector, was completed in 2018 and the conclusions were announced to the shareholders and the public with a Presentation and Evaluation Panel held on May 9, 2018. In 2018, a sector inquiry was launched into electricity wholesale and retail markets, as well.

Sector inquiries finalized by the Turkish Competition Authority in the last five years are listed below.



3.12.2 Activities Aimed at Promoting Competition Law and Publicizing the Functions of the Authority

Table 11 includes the events aimed at contributing to competition law awareness and fund of knowledge, and at providing information to various groups on the legislation the Competition Authority is charged with implementing and on the decisions taken during the enforcement of the said legislation.

Table 11: Events Aimed at Publicizing Competition Law and Promoting the Functions of the Authority

Date	Subject	Relevant Agency / Person Receiving Training
January 22-February 2, 2018	Competition Law Internship Program with Participation Certificate for university students (Winter Session)	University students
March 19, 2018	Training titled "Competition Policy and Local Governments"	Antalya Metropolitan Municipality
April 25, 2018	Competition culture, competition law and the practices of the TCA	International Competition and Technology Association (URTEB)
April 27, 2018	Competition culture, competition law and the practices of the TCA	Afyon Kocatepe University, Faculty of Economic and Administrative Sciences, Department of Finance students
May 21, 2018	Explanation of selected Competition Board decisions and promotion of the Competition Authority	METU Faculty of Economics and Administrative Sciences, Ankara University Faculty of Law, and TOBB (Union of Chambers and Commodity Exchanges of Turkey) University of Economics and Technology students
July 6, 2018	Competition Law and Competition Authority	Assistant Professionals of Capital Markets Board
June 25-July 6, 2018	Competition Law Internship Program with Participation Certificate for university students (Summer Session)	University students
September 10-October 3, 2018	Internship program provided to students coming from abroad under the Internship In Turkey program, organized by the Ministry of Culture and Tourism, Presidency for Turks Abroad and Related Communities	Students from abroad

In addition to those mentioned above, representatives from the Authority contributed to a large number of meetings held by public agencies and non-governmental organizations related to the Authority's field of activity.

3.12.3 Symposiums, Conferences, Panels and Meetings Organized

Table 12 lists the symposiums, conferences, panels and meetings organized by the TCA in 2018.

Table 12: Symposiums, Conferences, Panels and Meetings Organized

Date / Venue	Relevant Agency / Person	Activity
March 20, 2018 ANKARA	Competition Authority and Çankaya University	Introductory Meeting for Competition Law Enforcement and the Activities of the Competition Authority
March 22, 2018 NİĞDE	Competition Authority and Niğde Ömer Halisdemir University	Introductory Meeting for Competition Law Enforcement and the Activities of the Competition Authority
March 23, 2018 NEVŞEHİR	Competition Authority and Nevşehir Hacı Bektaş Veli University	Introductory Meeting for Competition Law Enforcement and the Activities of the Competition Authority
March 23, 2018 NEVŞEHİR	Competition Authority and Nevşehir Chamber of Commerce and Industry	Exchange of Information concerning the Act on the Protection of Competition and meeting with sector representatives
March 26, 2018 İSTANBUL	Competition Authority and İstanbul Altınbaş University	Introductory Meeting for Competition Law Enforcement and the Activities of the Competition Authority
April 2, 2018 MANİSA	Competition Authority and Manisa Organized Industry	Exchange of Information concerning the Act on the Protection of Competition and meeting with sector representatives
April 3, 2018 MANİSA	Jointly organized by the International Vision University, Sakarya University, Balıkesir University and Uludağ University, hosted by Manisa Celal Bayar University, Faculty of Economics and Administrative Sciences (the Host)	Introductory Meeting for Competition Law Enforcement and the Activities of the Competition Authority, presentation titled "Importance of Competition Policy for Sustainable Growth and Development"
April 4, 2018 ANKARA	Competition Authority and TOBB University of Economics and Technology	Symposium on "New Practices for Increasing Efficiency in terms of Turkish Competition Law"
April 25, 2018 İSTANBUL	Competition Authority and TÜSIAD (Turkish Industrialists' and Businessmen's Association)	"Big Data, Online Platforms and Competition Law Seminar," first of the seminar series "Competitive Dynamics of the New Economy"
May 9, 2018 İSTANBUL	Competition Authority	Panel on "Presentation and Evaluation of the Hazelnut Sector Inquiry Report"
April 6, 2018 ALANYA	Competition Authority and Alanya Alaaddin Keykubat University	Conference titled "Digital Economy and Competition Authority"
April 26, 2018 KARAMAN	Competition Authority and Karamanoğlu Mehmet Bey University	Introductory Meeting for Competition Law Enforcement and the Activities of the Competition Authority
April 26, 2018 KARAMAN	Competition Authority and Karaman Chamber of Commerce and Industry	Exchange of Information concerning the Act on the Protection of Competition and meeting with sector representatives
April 27, 2018 ANKARA	Competition Authority and Afyon Kocatepe University	Introductory Meeting for Competition Law Enforcement and the Activities of the Competition Authority
May 4, 2018 KAYSERİ	Competition Authority and Abdullah Gül University and Erciyes University	Introductory Meeting for Competition Law Enforcement and the Activities of the Competition Authority
September 27, 2018 RİZE	Competition Authority and Recep Tayyip Erdoğan University	Presentation titled "Global Inequalities: The Role of Digitalization and Competition Policy in Growth and Development"
September 28, 2018 RİZE	Competition Authority and Rize Chamber of Commerce and Industry	Informational meeting on "Competition Authority and its activities" aimed at the business world, during the September General Assembly of the Rize Chamber of Commerce and Industry
November 9, 2018 ANKARA	Competition Authority	Competition Summit titled "Competitive Approach to the Agriculture-Food Industry and Value Chain"

3.13. Thursday Conferences

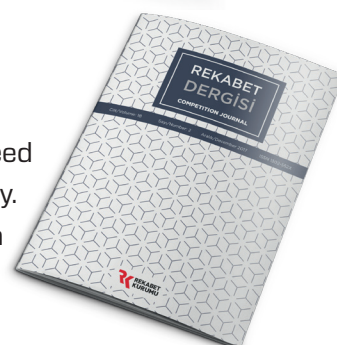
Table 13 lists the “Thursday Conferences” organized by the TCA in 2018.

Table 13: Thursday Conferences		
Date/Venue	Relevant Agency/Person	Activity Subject / Participant
January 10, 2018 ANKARA	Competition Authority	Prof. Sabri ORMAN, General Assembly Member of the Republic of Turkey Central Bank “Economic Thought in the Islam Civilization”
March 1, 2018 ANKARA	Competition Authority	Prof. Nabi AVCI, Member of the Parliament for Eskişehir, Former Minister of National Education “Agency Culture”
April 5, 2018 ANKARA	Competition Authority	Prof. İsmail COŞKUN, Faculty Member of İstanbul University, Department of Sociology “On Turkish Modernization”
October 18, 2018 ANKARA	Competition Authority	Prof. Numan KURTULMUŞ, AK Party General Vice President, Member of the Parliament for İstanbul “The Search for Order in a World Where the Spell Is Broken”

3.14. Publications

3.14.1. Competition Journal

Beginning publication in 2000, the Competition Journal is a refereed periodical published semiannually by the Turkish Competition Authority. The Competition Journal includes original articles in Turkish or English in the fields of competition law, policy and industrial economics, with the two 2018 issues of the journal presenting a total of eight articles to its audience.



Articles submitted to the e-mail address rekabetdergisi@rekabet.gov.tr for publication in the Competition Journal are first assessed for article writing rules and then forwarded to two expert referees for evaluation. For each article published in the Competition Journal, royalties are paid and 10 journals are sent to the author, free of charge.

3.14.2. Competition Bulletin

Aiming to share current developments in competition law with its followers, the Competition Bulletin includes important decisions taken by the Competition Board, global developments in the field of competition law and decisions taken by other competition agencies, court rulings of Turkish courts concerning the Turkish Competition Board decisions, and recent studies in the field of competition economics.



As of issue 59, Competition Bulletin is published in an English version as well. Thus, the Bulletin can be followed not only by Turkish-speaking readers, but also by anyone living in other countries and interested in competition law enforcement in Turkey.

3.14.3. Mergers and Acquisitions Overview Report

Mergers and Acquisitions Overview Reports, prepared and published annually by the Economic Analysis and Research Department, aim to provide statistical data related to the mergers and acquisitions examined by the Competition Board within the relevant year. This data includes the number and values of the transactions examined, their breakdown according to area of economic activity, the breakdown of the parties of the transaction according to country, information concerning the privatizations examined, information on the administrative processes and statistics for the affected market. The 2017 Mergers and Acquisitions Overview Report, which includes the above data for the transactions examined in 2017, was published on 08.01.2018.



3.15. Opinions Sent to Public Institutions and Organizations

Another activity conducted by the TCA within the scope of its competition advocacy work is rendering opinions to public institutions and organizations. The opinions rendered under this framework may concern draft regulation prepared by the relevant institution or organization, or they may concern other activities of public institutions and organizations. The table listing the opinions rendered by the TCA to public institutions and organizations in 2018 is below.

Table 14: Opinions Rendered to Public Institutions and Organizations

Opinion Subject	Number of Opinions
Draft Legislation	9
Other Activities	7
TOTAL	16

3.16 Other Activities

The work of the Authority was introduced to the students of Afyon Kocatepe University, Gazi University, İstanbul Commerce University and Kadir Has University as part of a series of “Career Days” events.

In addition, the TCA responded to a total of 60 written questions received through the Ministry from the Grand National Assembly.

4. GENERAL ASSESSMENT

An examination of the activities of the TCA in 2018 shows that a total of 355 file was finalized in the relevant year. In light of the fact that 296 files in total was concluded in 2017, there has been an increase of around 20% in the number of the total files finalized in 2018 compared to the previous year.

Looking at the subject breakdown of the 355 files concluded by the Board in 2018, 88 of these files were about competition infringements, 44 were about exemption/negative clearance applications, and 223 were about merger/acquisition/joint venture/privatization transactions. This breakdown can be compared to that of 2017, revealing an increase in the number of competition infringements from 80 to 88, negative clearance/exemption files from 32 to 44, and merger/acquisition/joint venture/privatization files from 184 to 223. Within this framework, the 59-file increase in the number of the total files concluded in 2018 compared to the previous year can be broken down as follows: 13.56%, corresponding to eight files, from the increase in number of the files concerning competition infringements; 20.34%, corresponding to 12 files, from the increase in the number of the files concerning negative clearance/exemption applications; and 66.10%, corresponding to 39 files, from the increase in the number of the files concerning mergers/acquisitions/joint ventures/privatizations.

In 2018, the number of files finalized as a result of preliminary inquiry and investigation processes conducted in response to claims of Article 4 and/or 6 infringements was 88. An examination of the previous five years in terms of the number of competition infringement cases finalized in each year reveals that the decrease observed every year between 2014 and 2017 in this total came to an end in 2018. This is because there was a 10% increase this year in the number of competition infringement cases compared to the previous year. In 2018, the sectors of petrol and petro-chemistry; food, agriculture, forestry, fishery, stockbreeding; information and communications technologies; medicine, health and medical supplies; and transport, vehicles and related services were the most common subjects of final competition infringement examinations. These five main sectors have a share of around 51% within the competition infringements cases finalized by the Competition Board in 2018.

Of the 88 files finalized concerning claims of Article 4 and/or 6 infringement, thirteen files were examined ex officio by the Competition Board in 2018. In other words, about 15% of the finalized competition infringement cases in 2018 consist of ex officio examinations. Ten of the competition infringement files examined ex officio concerned the violation of Article 4 of the Act, while three concerned the violation of both Article 4 and Article 6. In light of

the number of competition infringement cases launched ex officio in the previous five-year period, it can be said that the Board has adopted a more proactive approach this year.

A look at the breakdown of the competition infringement cases concluded in 2018 according to the related Article of the Act shows that 46 of them concerned claims of Article 4 infringement, 23 concerned claims of Article 6 infringement, and 19 concerned claims of Article 4 and 6 infringement. Within that framework, the share of the files claiming Article 4 infringement within the total number of competition infringement cases was higher than that of the files claiming Article 6 infringement in 2018, similar to the previous five-year period. Of a total of 65 files claiming Article 4 infringement, 36 concerned horizontal agreements while 28 concerned vertical agreements. One file concerned both vertical and horizontal agreements.

Looking at the Competition Board decisions on competition infringements, 65 out of 88 decisions were taken as a result of preliminary inquiries, and 23 as a result of investigations. 12 of the decisions taken as a result of investigations dismissed the claims in question, while 11 imposed administrative fines.

Competition Board finalized a total of 44 exemption/negative clearance applications in 2018. A comparison with 2017 shows that there was a 37.5% increase in the number of finalized negative clearance/exemption cases in the year 2018. Of the 44 applications finalized in 2018, nine were negative clearance applications, all of which were granted negative clearance. Of the 35 exemption applications finalized in 2018, 28 was concluded with the Board deciding that the agreement in the application could benefit from block exemption and/or individual exemption either directly or subject to conditions, with 4 of the applications being denied exemption. Three of the exemption applications, the relevant Board decisions are addressed under the “other” category due to their outcomes. An examination of the breakdown of negative clearance/exemption cases according to the sectors shows that the most common sectors in negative clearance/exemption examinations were the finance; transport, vehicles and related services; information and communication technologies; pharmaceuticals, healthcare and medical supplies; and cigarette sectors, with around 75% of the decisions in this subject related to the aforementioned industries.

In 2018, a total of 223 merger and acquisition applications were concluded, with an increase of around 21% in comparison to the number of finalized files in the previous year. The industries with the highest number of merger/acquisition transactions were the food, agriculture, forestry, fishing, stockbreeding; transport, vehicles and related services;

chemical products; and energy sectors. The total share of these four industries in the applications was around 44%. An overview of the characteristics of the application shows that, out of the 223 transactions, 152, corresponding to around 68% of the total number, were acquisitions; 56, corresponding to around 25%, were establishment applications for joint ventures; 13, corresponding to around 6%, were privatizations; and two, corresponding to around 1%, were mergers. Within this framework, the breakdown of the transactions for which a Board decision has been taken according to their characteristics shows a remarkable similarity every year within the last five-year period, with most of them consisting of decisions concerning acquisition transactions. Looking at the outcomes for the Board decisions, it can be seen that 201 transactions were authorized without conditions at the end of the preliminary examination phase, while four were authorized subject to conditions as a result of the final examination phase. Eighteen transactions were found to be out-of-scope or below the threshold.

Within the context of the files finalized in 2018, undertakings found to have infringed competition were imposed a total of TL 349,374,235 in administrative fines, in accordance with Article 16/3 of the Act. Out of the abovementioned amount imposed on the undertakings, TL 19,014,529 was for Article 4 infringements and TL 330,359,706 was for Article 6 infringements. In addition, a total of TL 332,634 in administrative fines were imposed in 2018 for prevention of on-site inspections, with TL 194,082 imposed under Article 16/1(d), and TL 138,552 imposed under Article 17/1(b) In same year, a total of TL 320,376 in administrative fines was also imposed in accordance with Article 16/1(a) for providing false or misleading information within the framework of merger/acquisition examinations.

An examination of the sectoral breakdown of the fines imposed in 2018 under Article 16/3 for the infringement of competition law rules shows that the highest amount of administrative fines was imposed on the energy sector, with a total of TL 226,347,309.52. This is followed by the information and communication technologies sector with TL 103,763,848.28, food and beverage services sector with TL 7,751,108.59, food, agriculture, forestry, fishing, stockbreeding sector with TL 6,944,931.02, electronic products sector with TL 2,346,618.62, petrol and petro-chemistry sector with TL 1,450,191.55, tourism and accommodation sector with TL 521,679.18, and pharmaceuticals, healthcare and medical supplies sector with 248,548.62.

In 2018, 97 of the lawsuits filed against the Board decisions on professional matters were concluded. Of these lawsuits, 71, i.e. 73.20% were concluded in favor of the Authority.

There have been various amendments in 2018, both related to the Act no 4054 and to the secondary legislation. Within this framework, Article 167 of the “Statutory Decree Amending Certain Laws and Statutory Decrees for Alignment with the Amendments to the Constitution” made some changes to certain Articles of the Act no 4054. In addition, amendments were made to the Guidelines on Vertical Agreements, Guidelines on Cases Considered as a Merger or an Acquisition and the Concept of Control, and Guidelines on Undertakings Concerned, Turnover and Ancillary Restraints in Mergers and Acquisitions. Also, The Communique Increasing the Lower Limit of the Administrative Fines Specified in Article 16/1 of the Act no 4054 on the Protection of Competition, to Be Valid until 31/12/2019 was put into force after its publication in the Official Gazette dated 12.12.2018.

Under the framework of competition advocacy activities, is “Hazelnut Sector Inquiry Report” was completed and shared with the public within the year 2018. Besides the above, inquiries into fair organization, licensing of musical work broadcast on radio and television, and retail of fast-moving consumer goods sectors launched in 2017, as well as the sector inquiry for the wholesale and retail electricity market, launched in 2018, are still ongoing. The aforementioned sector inquiries are deemed to be very important for identifying the competition issues in the related fields and for finding proactive solutions to establish competitive functioning of the relevant industries.

Another pillar of competition advocacy activities is comprised of events aimed at promoting competition law and the functions of Authority. Within this framework, in 2018 the TCA supported in-service training programs of various public agencies, participated in many events held by a large number of universities aimed at promoting competition law and the activities of the Competition Authority, and organized various training programs and meetings with the cooperation of other public institutions, non-governmental organizations and universities. Another activity carried out within the framework of competition advocacy is rendering opinions to public institutions and organizations. Essentially, these opinions serve to examine a planned legislation, or a planned practice by the relevant agency or organization from a competitive perspective and, to the extent possible, to ensure that a competitive perspective is included in the relevant legislation text or practice. In this context, the TCA rendered a total of 16 opinions to various public agencies and organizations, nine of which concerned draft legislation and seven of which concerned other practices of the relevant agency or organization.

In line with the importance placed on economic analysis and research activities, 2018 saw a larger emphasis on including economic analyses in the files, to the extent possible. Accordingly, three investigation files concluded in 2018 took advantage of the analyses

conducted by the Economic Analysis and Research Department. Under the aforementioned activities, the impact analysis study for Competition Authority decisions between the years 2017 and 2018 was concluded, as well. In addition, the Mergers and Acquisitions Overview Report for 2017 was completed and shared with the public.

The TCA continued its activities aimed at developing international relations in the year 2018. In this context, representatives participated in various multilateral meetings, international conferences and international training seminars, including those organized by the Organization for Economic Co-operation and Development (OECD), United Nations Conference on Trade and Development (UNCTAD), International Competition Network (ICN), and European Competition Network. Under bilateral relations, Cooperation Protocols were signed with the Kosovo Competition Authority, Macedonian Competition Commission, Serbian Competition Authority and Albanian Competition Authority.

Developing organizational capacity is deemed to be indispensable for achieving the goals of the TCA. Accordingly, various in-service training programs were held for the Competition Authority personnel. In addition, two competition experts were assigned abroad in order to receive post-graduate education in 2018. Moreover, within the scope of the contingents allocated to the TCA by the Council of Ministers for internship at international organizations, one competition expert has been assigned as a secondee at OECD for one year.

In conclusion, it can be said that 2018 was an intense and productive year for the Turkish Competition Authority, both in terms of the enforcement of competition law rules, and in terms of competition advocacy activities. As well, the TCA engaged in various activities in 2018 aimed at developing the organizational capacity, as it has in the previous years. The Authority is constantly making self-assessments of its previous activities in order to take lessons from the past and to increase its awareness of the future, and is closely following market developments as well as the practices of other countries. The fund of knowledge accumulated from these studies was reflected in the Strategic Plan for 2019-2023. In this context, the Turkish Competition Authority will continue its activities in light of the Strategic Plan, in order to ideally carry out its mission and vision in the upcoming period.

5. EVALUATION OF ORGANIZATIONAL CAPABILITY AND CAPACITY

Internal and External Analysis

The TCA endeavors to carry out the functions and responsibilities it has been charged with by law, working with external factors such as the political and economic environment it experiences, and with the internal factors including the organizational structure, human resources and institutional culture. The strengths and the improvable aspects of the internal organizational environment and the current opportunities and challenges of the external environment are listed below.

5.1. Strengths

- High credibility of the Authority
- Professional expertise and independence of the rapporteurs
- Pool of qualified human resources
- Feeling of professional belonging

5.2. Improvable Aspects

- Insufficiency of the evidence-gathering powers
- Need for improving the economic analysis capacity
- Inability to act in a sufficiently proactive manner

5.3. Opportunities

- The emphasis on “competition” in the higher policy documents
- Increase in the general awareness for the indispensability of competition
- Proliferation of competition law practices around the world
- Continuing economic growth

5.4. Challenges

- Technological developments making it easier to hide competition infringements
- Anti-competitive provisions in other legislation
- Increase of concentrations in the markets
- Inflation
- Misinformation in the public concerning the mission of the Turkish Competition Authority

6. RECOMMENDATIONS AND PRECAUTIONS

In 2018, the TCA has prepared its Strategic Plan for 2019-2023. The Strategic Plan aims to re-establish the mission and vision of the Competition Authority under the guiding light of the previous institutional experience, assessments on the developments in the international arena, and the awareness of the changes emerging in the markets as well as in the ways of doing business caused by developing technology and increasing digitalization.

New purposes and objectives have been set towards implementing the mission and vision determined under the three main pillars of competition law enforcement, competition advocacy and policy-making. Another pillar is determined to be the institutional capacity which will allow the TCA to reach these purposes and objectives, and it has been made the subject of various other purposes and objectives to complement the aforementioned pillars.

In this context, it must be said that the highest priority issue before the TCA is the implementation of the required amendments to the Act no 4054 as well as to the other relevant legislation. The implementation of these amendments will improve the evidence-gathering capabilities of the Authority, facilitate alignment with international developments and allow timely and proper intervention in changing markets, and thus will increase the efficiency of competition law enforcement.

Ensuring that the Competition Authority and competition law are recognized and embraced at the level of individuals, agencies and sectors and that this recognition is reflected in the behavior of the shareholders will ultimately contribute to the development of competitive markets in Turkey. At this juncture, it is important for the TCA to continue its competition advocacy activities in a manner that is as inclusive as possible.

Another area that will constitute an important portion of the TCA's efforts in the future is the development of policies to properly direct the resources of the Authority. To that end, it is particularly important to determine distorted markets and/or markets with a high potential of competition infringements. Therefore, the Authority has already put into its agenda the actions it will take in order to identify these areas in the forthcoming period.

Lastly, the TCA is well aware of the fact that it will achieve its purposes and reach its objectives at a satisfactory level only if it has sufficient institutional capacity and continuously develops that capacity to meet the novel requirements it will face. To that end, the Authority will continue to organize studies and activities to improve its human resources in terms of knowledge, ability and capacity through domestic and overseas training programs, seminars and conferences.

As an agency which has earned the trust of all concerned shareholders before the public by its correct decisions, its transparent and inclusive sense of work, and its qualified human resources, the Turkish Competition Authority will put the utmost effort into maintaining its status in the future and develop competition law practices in Turkey.



Üniversiteler Mahallesi 1597. Cadde No: 9
Bilkent Çankaya 06800 / Ankara / TURKEY
Phone: (312) 291 44 44 - 291 40 00 • Fax: (312) 266 79 20
<https://www.rekabet.gov.tr/en>