

## **EXPLORING THE POSSIBILITY OF COORDINATING COMPETITION & CONSUMER LAWS/POLICIES: THE EXPERIENCE OF TURKEY**

Distinguished Colleagues,  
Ladies and Gentlemen,

It is a great pleasure and honor for me to take part in “The 7<sup>th</sup> Seoul Competition Forum and the 16<sup>th</sup> International Workshop on Competition Policy”. I would like to thank Chairman Kim for inviting me to address here and to congratulate the Korea Fair Trade Commission for organizing such a great event in this magnificent city.

### ***Relevant Legal and Institutional Framework in Turkey***

I want to start my speech by giving some insights about the legal and institutional framework in Turkey regarding competition and consumer protection policies. Turkey conducted relevant works and studies for competition law and consumer protection law simultaneously in the atmosphere created by the Customs Union Negotiation process with the European Union in early 1990s. However, the final result was that both policy areas fell under the responsibility of two separate public agencies.

As for the competition law and policy side, the Act on Protection of Competition (Competition Act) was passed by the Parliament in 1994. The Competition Act envisaged the establishment of the Turkish Competition Authority (TCA) as an autonomous antitrust enforcement agency, with a Competition Board to resolve cases and set policy as the decision-making body.

With respect to consumer protection policy, it rests mainly on the Consumer Protection Act which was adopted by the Parliament in 1995. This Act regulates marketing practices such as door-to-door sales, consumer loans, installment sales, and guarantees, as well as deceptive advertising and consumer contracts. This Act granted the Directorate for Competition and Consumer Protection in the Ministry of Industry and Trade with the power to enforce its provisions.

### ***The Interactions between the Two Policy Areas***

#### **Dear Participants,**

The interactions between the two policies and bodies in Turkey are worth examining. Initially, competition law and policy was also the responsibility of the Directorate, as there was no established competition authority. After the establishment of the TCA in 1997, the Directorate in question concentrated only on consumer protection issues. Despite this clear separation of institutional responsibilities, both the TCA and the Directorate have exchanged consumer complaints that relate to one another's jurisdiction. However, it took some time for the consumer and business community to understand and perceive those differing jurisdictions.

The TCA attempts to develop mechanisms to raise the awareness of consumers about where to apply for their complaints either the TCA or relevant consumer policy agencies. To this end, the TCA published an announcement a few months ago to inform consumers about their applications which are out of scope of the competition act. And the TCA asked them to be careful about where they should make their applications for better and quicker results with practical and experienced based examples. Furthermore, the TCA intends to have a cooperation

framework with the Directorate and other relevant agencies in order to inform consumer and business community about competition as well as consumer policy priorities and coverage.

Despite such legal and institutional separation, the key proposition for these two policy areas is that both of them are in place to serve consumers in order to increase consumer welfare. Correspondingly, the general reasoning of the Competition Act states that decrease in prices and increase in quality leads to the protection of consumers. Thus there is no doubt to argue that in Turkey consumer protection policy and competition policy is seen as important and complementary policy areas to serve the purpose of protection of the consumers.

### ***Consumers and Consumer Organizations***

#### **Ladies and Gentlemen,**

Indeed consumers with proper knowledge are probably the best sources of information for both competition and consumer protection policy. Consumers can contribute to a more effective enforcement of competition law by bringing complaints to competition authorities. Such complaints can serve as basis for investigation of competition law violations and also by bringing damages claims for competition law violations to court. In Turkey, two important decisions regarding the price of the courses for driver license exams and credit card rates were both started by the direct applications of consumers affected by these conducts. Other examples can be added to the list; however the mentioned cases are enough to show the importance of well-informed consumers in preventing important competition violations.

However here with respect to consumers I would like to underline the fact that consumer organizations in Turkey are not strong enough and unnecessarily dispersed. Thus they are not in a sufficiently strong position to combine their powers in order to follow up the stakes of consumers in many policy areas including consumer protection and competition law and policy. Particularly, considering the fact that such civil society organizations play an important role in the institutionalization of relevant policy areas, Turkey has been in need of having strong and well-organized consumer organizations and associations.

### ***The Benefits of Competition Law and Policy Enforcement for Consumer: Turkish Experience***

#### **Ladies and Gentlemen**

Now at this point as I am speaking about consumers I want to briefly mention some of the cases that we believe, in our experience had important implications for the consumers. Over the fifteen years that the TCA has been active, it finalized many cartel cases, but some of these can be regarded differently from the others. We can say that horizontal violations that are national in scope and conducted in the final markets had the most direct effect on consumers.

One of the examples is a recent case concluded in 2011 by the TCA, involving several automotive suppliers who held meetings about future prices, objectives and stocks. The TCA fined the firms with its largest total fine in its history, nearly 160 million dollars, as the final prices to consumers were directly affected by the conduct. The case is also important for us as it started with the complaints directly from consumers after the automotive firms ceased to apply the important reduction in the special consumption tax to their prices. The recent cases regarding

white meat and cargo transportation markets are also worthy to note, as they both involve firms which were collusively elevating the final price charged to consumers.

We all know that competition benefits consumers mainly by reducing prices and by also giving them different options to choose from. Consumer welfare is closely related not only to the price the consumer pays but also to consumer's chance to find what he/she desires. A consumer being able to choose from more than one option is of course also an important aim for the TCA especially in the markets dominated by one big supplier. In this respect, in carbonated drinks, beer, and raki –a traditional Turkish spirit–, ice cream and salty snack markets we withdrew the exemptions granted to the dominant suppliers regarding their exclusivity practices by our old block exemption regulation. This practice of the TCA has the objective of allowing more choices to consumers.

To provide the views of the TCA and also to counter the risks outlined above, we published a report on competition covering the key sectors such as natural gas, broadband internet, electricity, sea, and land and airline transportation. We shared our views with the public about the level of competition existing in these markets, possible threats and also our solutions.

## ***Possibilities of Coordination/Cooperation between the Two Policy Areas***

**Ladies and Gentlemen,**

As the last point as part of my speech here I would like to touch upon Possibilities of Coordination/Cooperation Between the Two Policy Areas on the basis of Turkey's experience.

The examples I have given above point to the fact that consumer should be aware of important decisions or developments so that they can at all times have the required information and skills to make companies more competitive and to make them respect their rights to choose freely among them.

So to improve consumers' participation we should raise competition awareness among consumers and explain the functions of the competition agency properly, we could make them drive the competition investigations. This would also contribute to maintaining competition law enforcement while ensuring sound relations with public authorities, consumers and undertakings. Actually, the TCA attaches special importance to this point and makes great efforts to institutionalize competition culture within Turkey. Examples of those efforts can be seen on the slide:

- the Competition Letters, which constitute a link between the Turkish Competition Authority and its stakeholders, the Competition Handbook, the Competition Glossary
- symposiums jointly organized by universities,
- supporting post-graduate courses in universities,
- participating in fairs related to SME's,

- Links on our website such as "frequently asked questions" and "online complaint" that aim to facilitate access for consumers.

Also TCA attaches great importance in having direct contact with other regulators and public authorities in markets where cooperation is beneficial and urgently needed.

**As a conclusion as** mentioned above, the two policy areas serve the same objective of protecting consumer interests and welfare, and they complement each other. As the TCA, we are aware of this fact and we firmly believe in the importance of effective enforcement of competition rules and competition advocacy in increasing consumer welfare. As regards to competition law and policy, the Turkish consumers are direct beneficiaries of the competition law and policy, they have an increasing perception in terms of their stakes in more competition in markets for goods and services.

On the other hand it is important to underline the fact that not only consumer and competition law enforcement agencies are responsible for achieving the expected benefits of these policy areas. There is also a great responsibility falling on the shoulders of well-organized consumer organizations and other relevant public agencies if we expect real benefits from these policy areas.

Before, I conclude my remarks, I would like to congratulate KFTC for organizing Seoul International Competition Forum and I believe that this event will be a great success for all of us. Thank you very much for your time.