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COMPETITION BOARD'S COMMITMENT DECISION ON COCA-COLA

With its decision dated 2 April 2020, the Competition Board ("**Board**") initiated an investigation on the allegation that Coca-Cola Satış ve Dağıtım Anonim Şirketi ("**CCSD**"), one of Coca-Cola İçecek Anonim Şirketi's Turkish subsidiaries, violated Law No. 4054 on the Protection of Competition ("**Competition Law**") by preventing the sales of its competitors' products at the final sales points. The investigation was launched to examine whether certain provisions of the agreements executed between CCSD and the final sales points, such as chain markets and grocery stores, could prevent the sale of CCSD's competitors' products in the non-alcoholic beverages market. On 2 September 2021, the Turkish Competition Authority ("**TCA**") announced that the investigation has ceased as a result of CCSD's commitment package submitted to the Board. The announcement indicated that since the offered commitments were proportional, sufficient to eliminate the competition concerns and practical to be effectively implemented in a short period of time, the investigation was ceased with a binding commitment decision.

CCSD offered the following commitments: **(i)** instead of general agreements including CCSD's entire product portfolio, CCSD and the final sales points will execute three separate agreements for coke-based beverages, other carbonated beverages and non-carbonated beverages, **(ii)** discounts, promotions and rebates will only be applicable for the same types of beverages, **(iii)** agreements between CCSD and the final sales points will not contain any exclusivity clause regarding non-carbonated beverages, **(iv)** duration of the agreements between CCSD and the final sales points will be limited to a maximum of two years, **(v)** at least 25% of the refrigerators located at traditional sales points (e.g., markets and grocery stores) and on-site consumption points (e.g., restaurants) with an area of 100 m² or smaller will be reserved for competing products, and CCSD will inform its consumers and sales points on this matter, and **(vi)** the regular and recurring purchase clause set out in the agreements between CCSD and final sales points will be removed from the agreements unless CCSD provides financial support.

The TCA also announced that as a result of these commitments, **(i)** the final sales points' incentives to offer CCSD's competitors' products will increase, **(ii)** consumers will have the

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opportunity to access more products at the sales points, **(iii)** the competitive concerns arising from CCSD's strong product portfolio will be eliminated, **(iv)** the competitive factors will become comparable in the relevant markets in terms of competitors and sales points, **(v)** due to CCSD's notifications , the awareness regarding the commitments will increase, **(vi)** the market will become more competitive as the agreement periods are shortened (except for some exceptional areas), and **(vii)** the removal of exclusivity clauses from agreements regarding non-carbonated products will increase the level of competition in the relevant markets.

With its first decision regarding CCSD's exclusivity practices, dated 10 September 2007 and numbered 07-70/864-327, the Board determined that CCSD was in a dominant position in the coke-based/carbonated beverages market (both for domestic and on-site use) and its practices leading to *de facto* exclusivity, such as free products, discounts, quotas, and refrigerator exclusivity cannot benefit from block exemption or individual exemption as per Block Exemption Communiqué No.2002/2 on Vertical Agreements and Article 5 of the Competition Law. Accordingly, the Board decided that the exclusivity clauses in the agreements executed between CCSD and the final sales points violate competition law and CCSD's exclusive distributorship agreement (i.e., sales points' practices to only sell CCSD's carbonated beverages) for certain carbonated beverages should be terminated. In addition, the Board imposed behavioral measures on CCSD concluding that 20% of the CCSD refrigerators at sales points that do not have CCSD's competitors' refrigerators should be available to competing products. Approximately 14 years after the first decision that changed the established practices in the carbonated beverages market, the Board re-evaluated CCSD's practices and, this time, did not find any competition law infringements. According to the TCA's announcement on 8 September 2021, it would be appropriate to eliminate the relevant competitive concerns with new adjustments, by considering the changes in the sector.

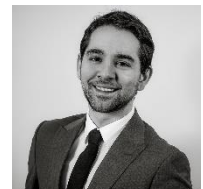
With CCSD's commitments, which the Board deemed binding, CCSD's obligations for both the carbonated and non-carbonated beverages markets have expanded. Accordingly, CCSD will not be able to execute exclusivity agreements regarding non-carbonated beverages, and CCSD's obligation to reserve 20% of the refrigerators at certain sales points for competing products has been increased to 25%. In this regard, the Board, which reshaped the carbonated beverage market in 2007 by changing the exclusivity practices, will now reshape the non-carbonated beverages market.

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