

Client Alert

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Decrease in Market Share Threshold for Vertical Agreements' Block Exemption

The Communiqué Amending Block Exemption Communiqué No. 2002/2 on Vertical Agreements (the "**Amendment Communiqué**") was published in the Official Gazette dated 5 November 2021 and entered into force on the same day. The Amendment Communiqué essentially decreased the market share threshold in Block Exemption Communiqué No. 2002/2 on Vertical Agreements (the "**Block Exemption Communiqué**") from 40% to 30%. Accordingly, in order for a vertical agreement to benefit from a block exemption, **(i)** the supplier's market share in the market for which the contracted goods or services are supplied and **(ii)** the purchaser's market share in the market for which the contracted goods or services are purchased (where a supplier appoints a single purchaser), must not exceed 30%.

In addition, the Amendment Communiqué introduces a six-month transition period regarding the relevant market share threshold change. In this regard, for a six-month period, vertical agreements that currently benefit from the block exemption, but which fall outside of the block exemption after the threshold change will not be subject to the prohibition under Article 4 of Law No. 4054 on the Protection of Competition (the "**Competition Law**"). Accordingly, these vertical agreements should be assessed in line with the exemption principles under Article 5 of the Competition Law and amended accordingly during the transition period.

Please contact us for any questions regarding this matter.