

Competition aspects of merger control: 2018 M&A status report

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Introduction

Breakdown of reviewed M&A transactions

Areas of economic activity

Duration of M&A reviews

Affected markets and Phase-II reviews

Introduction

The Competition Board recently published its annual M&A status report, which outlines statistics concerning merger control decisions with regard to:

- the number of transactions;
- the parties' country of origin;
- economic activities; and
- transaction values.

Breakdown of reviewed M&A transactions

The Competition Board reviewed a total of 223 mergers and acquisitions in 2018 – an increase compared with 2016 and 2017, when 209 and 184 transactions were reviewed, respectively. The average number of transactions examined between 2013 and 2018 was 200. The 2018 figure is higher than average and constitutes a 21% increase compared with 2017.

M&A reviews (including privatisations) made up 63% of all decisions that the Competition Board rendered in 2018 according to its annual statistics.

Of these 223 transactions, 85 targeted an undertaking established and originated in Turkey, whereas 119 transactions occurred abroad but were also examined, as they indirectly affected markets in Turkey.

The total value of transactions without any direct investment in Turkey-originated companies were calculated at TL2.787 trillion.

Transactions in which all parties were Turkey-originated companies were valued at TL10.637 billion. A total of 13 privatisations and four transactions that were found not to result in a change in control were also examined. Transactions targeted at undertakings established and originated in Turkey (ie, the person or the economic unit being acquired or subject to the establishment of a joint venture originated in Turkey) were valued at TL30.97 billion, exceeding the TL22.3 billion average in the previous six years.

Areas of economic activity

In 2018 the highest number of M&A transactions took place in the "electricity, gas, steam and ventilation fields" (privatisations not included), whereas the highest value transactions were notified in the field for activities supporting transportation. Aside from privatisations, the value of transactions in this field was 20.6% of total transactions. In 2017, aside from privatisations, the highest number of transactions took place in "the production, conduction and distribution of electricity", whereas the highest transaction value concerned "the other wholesale trade in stores attributed to a single product".

Duration of M&A reviews

In 2018 the Competition Board issued M&A review decisions on average 14.9 days after the last notification date. In 2016 and 2017 decisions were issued on average 15 days after the last

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notification. The board generally tends to issue at least one set of additional information requests after the initial submission of a merger control filing, which pushes back the date of final submissions. As a result, the average of 14.9 days reflects the period starting from the completion of the file – including submission of the responses to any additional information requests by case handlers – and the resolution of the file.

Affected markets and Phase-II reviews

One file in the climatization sector underwent a Phase-II review in 2018. During the same timeframe, three transactions were conditionally approved on the submission of commitments by transaction parties.

As for affected markets, 66 transactions were deemed not to give rise to any affected markets, whereas 123 transactions gave rise to affected markets. There were a total of 258 affected markets for transactions that were subject to mandatory merger control filing. Aside from privatisations, 178 of these were horizontally affected markets, whereas 80 were vertically affected. Fourteen transactions exceeded the 40% market share threshold in the scope of the respective affected markets.

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