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The Block Exemption Communiqué on the Exclusive Purchasing Agreements Communiqué No. 1997/4

Purpose

Article 1- The purpose of this Communiqué is to determine the conditions of block exemptions for specific exclusive purchasing agreements from the application of the provisions of the Article 4 of the Act on the Protection of Competition, No. 4054, dated 07.12.1997.

Scope

Article 2- Pursuant to the Article 5, paragraph 3 of this Act and subject to the conditions in this Communiqué, the agreements to which only two undertakings are party, one being the reseller and the other being the supplier and whereby one party, agrees with the other to purchase goods specified in the agreement for resale only from the supplier or from a connected undertaking or from another undertaking which the supplier has entrusted with the sale of his goods, have been given group exemption from the prohibition in the Article 4 of the Act.

Obligations Falling Within the Scope of Block Exemption

Article 3- In the exclusive purchasing agreements,

a) No competitive restriction shall be imposed on the supplier other than the obligation not to distribute the contract goods or goods which compete with the contract goods in the reseller's principal sales area and at the same level of distribution with the reseller,

b) No competitive restriction shall be imposed on the reseller other than the obligation not to manufacture or distribute goods which compete with the contract goods.

Exemption shall also be applied if all or part of the following obligations are imposed on the reseller.

- to purchase complete ranges of goods or at least a minimum quantity,
- to sell the contract goods under the trademarks, or packages and presentations specified by the supplier,
- to take measures for promotion of sales such as advertising, maintaining stocks, establishing sales network, providing guarantee, service, employing specialized staff.

Conditions and Obligations Falling Outside the Scope of Block Exemption

Article 4- The provisions of exemption granted by the Article 2 shall not apply where one or more conditions mentioned below are present in the agreement:

a) Manufacturers of identical goods or of goods which are considered by users as equivalent in view of their characteristics, prices and intended uses enter into reciprocal exclusive purchasing agreements between themselves in respect of such goods,

b) Manufacturers of identical goods or of goods which are considered by users as equivalent in view of their characteristics, prices and intended uses enter into non-reciprocal exclusive purchasing agreements between themselves in respect of such goods,

c) The exclusive purchasing obligation is agreed for more than one type of goods where these are neither by nature nor according to commercial usage related to each other,

d) The agreement is concluded for an indefinite duration or for a period of more than five years,

e) The agreement, regarding the whole or a part of the country, by which the supplier agrees with the reseller to sell certain goods only to the reseller, and the reseller agrees with the supplier to purchase these goods only from the supplier.

Production by Connected Undertakings

Article 5- The Article 4 shall also apply where the goods referred to in the Article 4, subparagraphs (a) and (b) are manufactured by an undertaking connected with a party to the agreement.

Undertakings whose characteristics are mentioned below are deemed as connected undertakings.

a) Undertakings where a party to the agreement, directly or indirectly, owns more than half of the capital or business assets, or has the power to exercise more than half of the voting rights, or has the power to appoint more than half of the members of the supervisory board, board of directors or bodies legally representing the undertaking or has the right to manage the affairs,

b) Undertakings which directly or indirectly, have in or over a party to the agreement the rights or powers listed in the subparagraph (a);

c) Undertakings in which an undertaking referred to in the subparagraph (b) directly or indirectly has the rights or powers listed in the subparagraph (a);

Undertakings in which the parties to the agreement or undertakings connected with them jointly have the rights or powers set out in the subparagraph (a) shall be considered to be connected with each of the parties to the agreement.

Revocation of Exemption

Article 6- The Competition Board may revoke an exemption provided by this Communiqué, pursuant to the Article 13 of the Act, if it finds that an agreement which is exempted by this Communiqué has effects which are incompatible with the

conditions set out in the Article 5 of the Act, and particularly under the conditions mentioned below.

a) If the contract goods are not subject, within a substantial part of the country, to effective competition from the identical goods or goods considered by users as equivalent in view of their characteristics, prices and intended uses,

b) If the access by other suppliers to the different stages of distribution within the substantial part of the country is made difficult to a significant extent,

c) If the supplier, without any objectively justified reason, directly or indirectly, refuses to supply goods to categories of resellers who cannot obtain the contract goods elsewhere on suitable terms.

The Application of Communiqué to the Concerted Practices

Article 7- This Communiqué shall also apply mutatis mutandis to concerted practices between undertakings, which fall within the scope of the Article 2.

The Application of the Article 6 of the Act

Article 8- An exemption given pursuant to the provisions of this Communiqué, does not prevent the application of the Article 6 of the Act.

Notification

Article 9- The exclusive purchasing agreements which fall within the scope of this Communiqué are not subject to the notification prescribed in the Article 10 of the Act.

The agreements which are concluded before the date of entry into force of this Communiqué and which are still valid and which satisfy the conditions set out in this Communiqué, shall also fall within the scope of this Communiqué.

Entry into Force

Article 10- This Communiqué shall enter into force on the date when the Competition Board announces by a Communiqué the conclusion of the organization of the Competition Authority, pursuant to the Transitional Article 2 of the Act.

Implementation

Article 11- This Communiqué shall be executed by the President of the Competition Authority.