

**COMPETITION AUTHORITY**

**DECISION OF THE COMPETITION BOARD**

**File number** : 2023-6-030 (Acquisition)  
**Decision Number** : 25-15/359-172  
**Decision Date** : 18.04.2025

**A. MEMBERS IN ATTENDANCE**

**Chairman** : Birol KÜLE  
**Members** : Hasan Hüseyin ÜNLÜ, Ayşe ERGEZEN, Cengiz ÇOLAK, Rıdvan DURAN

**B. RAPPORTEURS** : Elif Sıdika SARI YILDIZ, Mehmet TUNÇDEMİR, Mustafa Caner GÜREL, Ahmet Burak KARADUMAN, Sıla YALÇIN MELETLİ

**C. RELEVANT PARTY** : Tofaş Türk Otomobil Fabrikası AS

Representatives: Atty. Hakan ÖZGÖKCEN, Atty. Sinan DİNİZ, Atty. Ceren SEYMENOĞLU, Atty. İsmail ÖZGÜN and Atty. Can Sarp ÖZCAN

Ebulula Mardin Cad. Gül Sok. No:2 Maya Park Tower 2 Akatlar, Beşiktaş 34335 İstanbul

(1) **D. SUBJECT OF THE FILE:** Evaluation of the revised commitments submitted by Tofaş Türk Otomobil Fabrikası AŞ ve Koç Holding AŞ under the scope of the final examination conducted according to the Competition Board decision dated 23.11.2023 and numbered 23-54/1029-M

(2) **E. PHASES OF THE FILE:** In the application, which was made on behalf of Tofaş Türk Otomobil Fabrikası AŞ (TOFAŞ) by its representatives and which entered the records of the Competition Authority (the Authority) on 14.08.2023 with the number 41581, requested that the acquisition of Stellantis Otomotiv Pazarlama AŞ (STELLANTIS TR), which belongs to Stellantis N.V. (STELLANTIS), by TOFAŞ, which is under the joint control of STELLANTIS and Koç Holding AŞ (KOÇ HOLDİNG), be authorized under the scope of the Act no 4054 on the Protection of Competition (the Act no 4054) and the Communiqué no 2010/4 Concerning the Mergers and Acquisitions Calling for the Authorization of the Competition Board (the Communiqué no 2010/4).

(3) The Competition Board (the Board) discussed the Preliminary Examination Report dated 20.11.2023 and numbered 2023-6-030/Öİ, which was prepared as a result of the examination and evaluations made, in the meeting dated 23.11.2023 and took the decision numbered 23-54/1029-M that the notified transaction would be taken under final examination according to article 10(1) of the Act no 4054.

(4) The Final Examination Notification was sent to TOFAŞ with the letter dated 04.12.2023 and numbered 78455. TOFAŞ's first written opinion about the Final Examination Notification entered the Authority records on 03.01.2024 with the number 46834.

(5) During the final examination process, KOÇ HOLDİNG and TOFAŞ submitted commitments which entered the Authority records with the letters dated 10.06.2024 and numbered 52839 and dated 25.06.2024 and numbered 53231. The Board discussed the said commitments in its meeting on 24.10.2024 and took the decision numbered 24-43/1027-M that the commitments submitted by the applicants are not sufficient for the authorization of the transaction.

(6) The Final Examination Report dated 25.06.2024 and no 2023-6-030/Nİ prepared as a result of the final examination was sent electronically to TOFAŞ as attached to the letter dated 31.10.2024 and no 99557. TOFAŞ received the Report on 05.11.2024. The undertaking, with its letter dated 07.11.2024 and numbered 58685, requested an additional time period according to article 45 of the Act no 4054 for extending the time period for submitting the second written opinion. The Board discussed the Information Note dated 13.11.2024 and numbered 2023-6-030/BN-03, which was prepared in response to this request in its meeting on 21.11.2024 and took the decision numbered 24-49/1090-M that the time period for the second written opinion shall be extended for 30 days. The second written opinions of TOFAŞ and STELLANTIS TR entered the Authority records within the legal time period on 06.01.2025 with the number 61090.

(7) The Board discussed the Information Note dated 13.01.2025 and numbered 2023-6-030/BN-04, including the request for the extension of the time period given to prepare the additional written opinion in its meeting on 16.01.2025 and took the decision numbered 25-02/68-M that the time period for the additional written opinion shall be extended for 15 days starting from its deadline. The additional written opinion dated 05.02.2025 and numbered 2023-6-030/EG-02 prepared in response to the undertakings' second written opinion was sent to TOFAŞ on 06.02.2025.

(8) TOFAŞ, with its letter dated 11.03.2025 and numbered 64616, requested an additional time period according to article 45 of the Act no 4054 for extending the time period for submitting the third written opinion. The Board discussed the Information Note numbered 2023-6-030/BN-05, which was prepared in response to this request in its meeting on 13.03.2025 and took the decision numbered 25-10/247-M that the time period for the third written opinion shall be extended for 30 days. TOFAŞ sent the presentation about the distribution of the dealers on 11.04.2025. Afterwards, TOFAŞ's third written opinion entered the Authority records on 14.04.2025.

(9) The letter including KOÇ HOLDİNG's commitments entered the Authority records on 18.04.2025 with the number 66630 whereas the revised final text of the commitments submitted by TOFAŞ before within the scope of the final examination entered the Authority records on 18.04.2025 with the number 66629.

(10) The Board discussed the Information Note dated 18.04.2025 and numbered 2023-6-030/BN-06 in its meeting on 18.04.2025 and took the final decision numbered 25-15/359-172.

(11) **F. RAPPOEUR OPINION:** In brief, the Information Note states the following:

1. The notified transaction is subject to authorization under the scope of article 7 of the Act no 4054 and the Communiqué no 2010/4 issued based on that article,
2. As a result of the transaction in question, market shares and concentration levels in the market for production and sale of passenger cars might raise certain competitive concerns,
3. As a result of the planned transaction, unilateral and coordinated effects may significantly reduce efficient competition in the market for the manufacture and sale of light commercial vehicles with a gross weight of up to 3.5 tons as well as in the market for manufacture and sale of light commercial vehicles with a gross weight between 3.5 and 6 tons.
4. However, the transaction might be authorized subject to conditions within the framework the commitment package which entered the authority records on 18.04.2025 with the numbers 66629 and 66630,

5. The execution of the commitments submitted by TOFAŞ and KOÇ HOLDİNG should be documented to the Authority within six months as of the notification of the short decision,
6. TOFAŞ should present a detailed report showing that it has fulfilled the commitments listed under “1.1 Commitments related to Investment” and “1.5. Commitments related to the Structure of the Dealer Network” at the end of 2028.

## G. EXAMINATION AND ASSESSMENT

### G.1. The Notified Transaction

- (12) The notified transaction is the acquisition by TOFAŞ of all of the shares as well as the sole control of STELLANTIS TR, which is controlled by STELLANTIS.
- (13) The shareholder structure prior to and following the transaction is presented below.

Table 1: The shareholder structure of STELLANTIS TR prior to and following the transaction

Prior to the transaction		Following the transaction	
Shareholder	Share Percentage (%)	Shareholder	Share Percentage (%)
Automobiles PSA <sup>1</sup>	(....)	TOFAŞ	100
Opel GmbH <sup>2</sup>	(....)		
Opel EU <sup>3</sup>	(....)		

Source: Notification Form

- (14) According to the Notification Form, STELLANTIS TR is under the sole control of STELLANTIS through Automobiles PSA, Opel GmbH and Opel EU whereas TOFAŞ is a full functioning joint venture, which is under the joint control of KOÇ HOLDİNG and STELLANTIS. It is seen that of the shares that make up TOFAŞ's shareholding structure, 37.85% belong to Stellantis Europe SpA<sup>4</sup> and 37.58% belong to KOÇ HOLDİNG<sup>5</sup>. Given the existing shareholding structure together with the information in the Notification Form, TOFAŞ is a full functioning joint venture jointly controlled by KOÇ HOLDİNG and STELLANTIS. The applicant was asked to explain the decision making process of TOFAŞ, which is already jointly controlled and how the control structure of STELLANTIS TR will be shaped following the transaction. In the response letter, it is stated that according to article 10 of TOFAŞ Main Agreement (Main Agreement), TOFAŞ's Board of Directors will consist of (....) members, half of the members will be selected from the candidates nominated by (....) (KOÇ HOLDİNG), and the remaining half will be selected from the candidates nominated by (....) (STELLANTIS). Again, according to article 11.3 of the Main Agreement an executive committee may be established for the management of the (....) joint venture; this committee will be composed of (....) members, (....) members being selected from the candidates nominated by (....) KOÇ HOLDİNG, and (....) members being selected from the candidates nominated by (....) STELLANTIS.

<sup>1</sup> Automobiles Peugeot S.A (Automobiles PSA).

<sup>2</sup> Opel Automobile GmbH (Opel GmbH).

<sup>3</sup> Opel Europe Holdings S.L. (Opel EU).

<sup>4</sup> The Notification Form indicates that the former commercial title of Stellantis Europe SpA was “FCA Italy SpA” and changed as of 01.07.2023.

<sup>5</sup> It is stated that the remaining shares of TOFAŞ belong to Temel Tic. ve Yat. AŞ with a share of 0.03%, Koç Family with a share of 0.23% and other partners (public shares) with a share of 24.28%. Source: chrome-extension://efaidnbmnnibpcajpcgclefindmkaj/https://www.tofas.com.tr/Yatirimcilliskileri/KurumsalYonetim/Documents/0Sirketin\_sermaye\_yapisi\_ve\_ortaklik\_hakkinda\_bilgiler.pdf Access:16.06.2025.

- (15) In addition, the response letter states that according to article 11.3 of the Main Agreement meeting and decision quorum in the Board of Directors of TOFAŞ is, (....), in order for the Board of Directors to take a decision, at least (....) members of the Board of Directors should participate/cast a positive vote, who are nominated by (....) (KOÇ HOLDİNG) and (....) (STELLANTIS). Therefore, it is understood that the Board of Directors can only take a decision with the consensus of the members nominated by KOÇ HOLDİNG and STELLANTIS and both KOÇ HOLDİNG and STELLANTIS might veto any decision taken by the Board of Directors.
- (16) The Notification Form states that there are (....) members in STELLANTIS TR's Board of Directors (....) as of the date of the Notification Form, there are (....) in question (....) . The parties informed in the response letter that (....) and (....) will be assigned to STELLANTIS TR's Board of Directors to take office together with (....). Currently, STELLANTIS TR's Board of Directors consists of a chairman (Eric Fabrice Auger) and two members (Silvia Ines Martinucci Canto, Patrick Leon Joseph Labilloy)<sup>6</sup>.
- (17) In addition, it is understood that KOÇ HOLDİNG and STELLANTIS will have a joint control over STELLANTIS TR indirectly after the transaction due to their rights of control over TOFAŞ.
- (18) With respect to this issue, it is stated in the response letter that although it is possible to say that STELLANTIS TR will be finally under the joint control of STELLANTIS and KOÇ HOLDİNG since TOFAŞ is jointly controlled by KOÇ HOLDİNG and STELLANTIS, mainly STELLANTIS TR will be controlled and managed by TOFAŞ, which is a full functioning joint venture. In addition (....).
- (19) The parties to the transaction indicated that STELLANTIS TR currently distributes Peugeot, DS, Citroën and Opel brands which belong to STELLANTIS, and their spare parts in Türkiye and Turkish Republic of Northern Cyprus (KKTC)<sup>7</sup> and will continue those activities after the transaction with a separate management which will deal with daily work under a separate legal entity independently from TOFAŞ. The parties suggested that the main objective of the transaction is to bring STELLANTIS TR under the same economic with TOFAŞ and afterwards include it under TOFAŞ's umbrella. Moreover, TOFAŞ plans (....), it is not possible that STELLANTIS TR will continue its activities independently from TOFAŞ after the transaction from the perspective of economic unity concept in competition law.

## **G.2. Parties to the Transaction:**

### **G.2.1. Acquired: STELLANTIS TR**

- (20) STELLANTIS was established as a result of the merger between Fiat Chrysler Automobiles N.V. (FCA) and Peugeot S.A (PSA), which was cleared by the European Commission (the Commission) on 21.12.2020<sup>8</sup>. Globally, STELLANTIS holds 14 automobile brands being Abarth, Alfa Romeo, Chrysler, Citroën, Dodge, DS, Fiat, Jeep, Lancia, Maserati, Opel, Peugeot, Ram and Vauxhall.

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<sup>6</sup> [https://www.ticaretsicil.gov.tr/tmp\\_gazete/f09c30d9-8389-11ee-acc4-48df373f5970.pdf](https://www.ticaretsicil.gov.tr/tmp_gazete/f09c30d9-8389-11ee-acc4-48df373f5970.pdf), Accessed: 11.06.2024

<sup>7</sup> According to the response letter, STELLANTIS TR sold (....) light commercial vehicles between 3.5 and 6 tons globally including Türkiye in 2022.

<sup>8</sup>The Commission cleared the merger between FCA and PSA with the Commission's FCA/PSA decision (21.12.2020, M. 9730) the Board decision dated 30.12.2020 and numbered 20-57/794-354.

(21) STELLANTIS TR is finally controlled by STELLANTIS through Automobiles PSA, Opel GmbH and Opel EU<sup>9</sup>. STELLANTIS TR imports four brands - Peugeot, DS, Citroën and Opel - to Türkiye as well as their spare parts; markets, distributes, sells and provides aftermarket services for the said brands through assigned and authorized dealers. STELLANTIS TR is represented by an established independent exporter in KKTC; STELLANTIS TR's sole export activity to third parties are the sales made to KKTC. STELLANTIS TR acquired Jeep Ticaret AŞ (JEEP TÜRKİYE) in August 2022 by purchasing all of its shares. JEEP TÜRKİYE does not carry out any activities as of the date of the transaction.

(22) STELLANTIS TR also acts as the main franchise owner of STELLANTIS's certain brands in Türkiye. Under the scope of the said franchise relation STELLANTIS TR carries out activities related to spare parts through Eurorepar brand, repair and maintenance after sale through Eurorepar Car Service (ECS) and used car sale and purchase through Spoticar.

#### **G.2.2. Acquirer: TOFAŞ**

(23) The subject of activity of TOFAŞ, which was established with a Turkish-Italian partnership in 1968 and which is under the joint control of KOÇ HOLDİNG and STELLANTIS, includes especially the manufacture, import and sale of passenger cars and light commercial vehicles as well as the manufacture of various automobile spare parts that are used in their cars. TOFAŞ is the representative of totally six brands, Fiat, Fiat Professional, Alfa Romeo, Jeep, and Maserati and Ferrari, which it distributes through Fer Mas Oto Ticaret AŞ (FER MAS). It takes charge in the product development processes for different models under STELLANTIS through R&D center. Sedan, Hatchback, Station Wagon, Cross and Cross Wagon models as well as Fiorino model of Fiat Egea family are manufactured in TOFAŞ's factory located in Bursa. TOFAŞ exports more than half of the vehicles it manufactures. The leading brands exported by TOFAŞ are Tipo, Tipo HB and SW, and Fiorino. TOFAŞ also controls Koç Fiat Kredi Finansman AŞ (KOÇ FINANSMAN) and Koç Fiat Sigorta Aracılık Hizmetleri AŞ (FIAT SİGORTA). Accordingly, while KOÇ FINANSMAN operates in consumer financing area, FIAT SİGORTA provides financing for Stellantis and Iveco brand vehicles at the retail level. Lastly, TOFAŞ is the distributor of Magneti Marelli<sup>10</sup>, which is an equivalent spare part brand in Türkiye, and sells spare parts for the vehicles other than its vehicles (Fiat, Alfa Romeo and Jeep) to independent spare part sellers under this brand.

(24) TOFAŞ's shareholding structure is shown in the table below.

Table 2: TOFAŞ's Shareholding Structure

Shareholder	Share Percentage (%)
Stellantis Europe SpA <sup>11</sup>	37.86
KOÇ HOLDİNG	37.59
Temel Tic. ve Yat. A.Ş.	0.03
Koç Family	0.23
Other Partners (Public Shares)	24.29

Source: Notification Form

<sup>9</sup> The Notification Form refers to Automobiles PSA, Opel GmbH and Opel EU as "Sellers" and states that the notified acquisition will be made through Sellers.

<sup>10</sup>The parties confirmed that Magneti Marelli brand spare parts are not used in TOFAŞ's authorized repairers.

<sup>11</sup> The Notification Form indicates that the former commercial title of Stellantis Europe SpA was "FCA Italy SpA" and changed as of 01.07.2023.

(25) Members of TOFAŞ's board of directors are shown in the table below.

Table 3: Members of TOFAŞ's Board of Directors (on 19.10.2023)

Member	Task
Mehmet Ömer KOÇ	President
Samir CHERFAN	Deputy Chairman
Temel Kamil ATAY	Member
Kenan YILMAZ	Member
Cengiz EROLDU	Member-General Director
Silvia Vernetti BLINA	Member
Polat ŞEN	Member
Giorgio FOSSATI	Member
Neslihan TOMBUL	Independent Member
Sergio DUCA	Independent Member

Source: Response Letter

### G.3. Information about the Sector

(26) The automotive sector should be discussed within the framework of global developments, how the sector functions and the expectations from the sector in the future. The industry has been going through a recovery process due to the pandemic and Russia-Ukraine problems. Global incidents affect not only undertakings' sale and investment behavior but also consumer purchasing preference. The 2023 Automotive Sector Overview Report published by KPMG<sup>12</sup> (KPMG Report) suggests that the record surge in mergers and acquisitions in 2021 was largely driven by Covid-19 pandemic, that the inflation and recession expectations that emerged in 2022 were linked to supply chain disruptions, particularly the shortage in the chip sector and that the conflict between Ukraine and Russia, increasing geopolitical tensions, increasing interest rates and higher financing costs have led companies to act more cautiously.

(27) KPMG Report highlights that following the impacts of the pandemic and the chip crisis, signs of improvement in semiconductor supply emerged in the global automotive market in 2022, positive developments were observed in the chip crisis and that with the increase in sales in the last quarter of the year, 66.2 million new vehicles were registered, reaching the figures of 2021. The same report states that despite the pandemic, electric vehicle registrations increased in 2020, passenger car production increased by 7.9%, reaching 68 million units in 2022, this increase was attributed to the low base effect caused by the pandemic in 2021; however the increase could not reach the levels prior to the pandemic. In terms of 2023, the Press Bulletin of Automotive Distributors and Mobility Association (ODMD), which was published on 04.01.2024, states that between January and December, the passenger car and light commercial vehicles market in Türkiye grew by 57.4% compared to the same period of the previous year, 1,232,635 vehicles were sold in the market, passenger car sales increased by 63.2% compared to the previous year reaching to 967,341 units and the sale of light commercial vehicles increased by 39.2% reaching to 265,294 units.

(28) In light of the sector conditions given above, it is necessary to observe how the market will evolve and thus the investment areas as well as the issues regarded as risks by the investors. Based on the information compiled as a result of 23rd Global Automotive

<sup>12</sup>For the 2023 Automotive Sector Overview Report published by KPMG please see

[<https://assets.kpmg.com/content/dam/kpmg/tr/pdf/2023/08/otomotiv-sektorel-bakis-2023.pdf>]

Accessed: 11.01.2024

Executives Survey, KPGM report infers that sector executives view finding qualified human resources, raw material supply and macroeconomic developments such as high inflation as risks especially in 2023 and in the near future. In addition, according to the said survey, due to concerns regarding the procurement of raw materials essential for enhancing fuel efficiency and battery range, executives are focusing on localization or nearshoring of their supply chains, to this end, investments of more than 40 million dollars have been made to 15 factories in the United States of America (USA) regarding the manufacture of car batteries. According to 24th Global Automotive Executives Survey published by KPMG<sup>13</sup> envisages that average forecasts for the penetration of electric vehicles have been revised upward, concerns regarding cybersecurity in the automotive sector have increased, automobile manufacturers will have to train more employees in order to benefit from all aspects of artificial intelligence, automobile manufacturers will compete with each other and with companies in other sectors for the labor that has artificial intelligence competence. The use of advanced technology is also important for consumer experience. The report evaluates that key industry trends such as digitalization, sustainability, autonomous vehicles and mobility as a service will continue to drive significant economic developments and thus further enhance consumer experience and that these dynamics will positively influence demand in the automotive sector - particularly for electric vehicles.

- (29) Although the capacity use rate decreased during the pandemic, KPGM Report indicates that capacity use rate of automotive firms reached to 70% from the rate during the pandemic, which was 65%, while it is becoming difficult for manufacturers to meet the demand, this difficulty is reflected as price increases and high special consumption taxes create pressure on the domestic demand. The report states the following facts: There was a 57.3% increase in the market in the first four months of 2023. The market reached the highest level, with nearly 351,000 vehicles sold, in terms of the data pertaining to the first quarter in the last decade. Automobile export increased by 22.4%, for which two sector players - OYAK RENAULT, which doubled its unit-based export volume compared to the same period of the previous year, and HYUNDAI, which increased its export volume by 23.7% annually. During January-June 2023 period, total automotive exports increased by 15% in USD terms and by 16% in Euro terms compared to the same period of the previous year. In the same timeframe, the total automotive export amounted to 17.7 billion dollars. The data published by Türkiye Exporters Assembly (TİM) shows that while the automotive sector accounted for 14% of the total exports with a volume of 30.9 billion USD, in the first five months of 2023, it represented 16% of the total exports with a volume of 14.3 billion USD.
- (30) Electric vehicles and digital transformation are the leading trends in the global automotive sector. ODMD data indicate that domestic electric vehicle sales increased by 476% during January-May 2023 period; the share of electric vehicles, which was 1% in the same period of the previous year, reached to 1% during January-May 2023. In line with the transformation to sustainable energy at the global level, vehicles that do not work with fossil fuel are more preferred. KPMG's Report states that the strategy to reduce carbon footprint has accelerated the transition from internal combustion engines to zero-emission vehicles, especially battery electric vehicles. According to ODMD data, although the sales amount of battery electric vehicles and hybrid electric

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<sup>13</sup>For 24th Global Automotive Executives Survey published by KPMG, please see [\[https://kpmg.com/tr/tr/home/gorusler/2024/01/kuresel-otomotiv-yonetici-anketi.html\]](https://kpmg.com/tr/tr/home/gorusler/2024/01/kuresel-otomotiv-yonetici-anketi.html) Accessed: 19.02.2024

vehicles are still lower compared to other fuel types, hybrid car sales have risen by 62.8% and battery electric car sales by 844.4% compared to the previous year. In addition, European Car Manufacturers' Association data show that with the battery electric car sales amounting to 65,562 units in 2023, Türkiye has surpassed countries such as Italy, Spain, Austria, Denmark and Finland and have ranked sixth in the European Union (EU)<sup>14</sup>. The trend in the manufacture of electric vehicles has paved the way for new entries. It is known that many brands have entered the market such as Tesla, Togg, Maxus, Skywell, BYD, Hongqi and MG.

- (31) According to the data obtained from the market, the number of brands selling electric vehicles in Türkiye has increased every year in the last three years. While the number of brands selling electric vehicles was 13 in 2021, this number rose to 16 in 2022 and to 17 in 2023. The increase in the number of electric car sales and the brands that have entered the market have opened the market to competition.
- (32) The shift in fuel type preference to electric vehicles in the automotive sector has created an environment conducive to cooperation in this sector. In fact, an exemption request was submitted to the Board for the agreements between Ford Motor Company (FORD) and Volkswagen AG for the development, supply and manufacturing of one-ton cargo van vehicles. The said cooperation was granted exemption by underlining the following facts: the main target is export markets, with the exemption decision, the use of common technologies and components by the parties will lead to economies of scale and cost efficiency, it is expected to contribute to investment, employment and production technology in Türkiye, new developments and improvements will be achieved in the production and distribution of goods and services, with the possibility of introducing more vehicle models to the market, the range of options available for consumers will enhance, customers will be offered different experiences in terms of sales, after-sales services and used vehicle pricing. It is anticipated that an investment amounting to 1 billion 390 million euros will be made and the manufacturing capacity of 180,000 one-ton vehicles will be increased to 405,000<sup>15</sup>.
- (33) While there is a shift in fuel type preference to electric vehicles in the automotive sector, the market is affected by digital transformation globally. Due to this transformation, actors in the digital sector tries to keep up with the times by including digital elements to their operations. While automobile manufacturers prefer collaborations for using economies of scale and share high R&D and manufacturing costs, strategic mergers and acquisitions are standing out. KPGM Report suggests that many automotive firms establish partnerships and tend to cooperate through mergers and acquisitions in order to improve their technology and software capabilities. According to KPMG Report, the expectations regarding merger and acquisition strategies of undertakings operating in the automotive sector in the future is as follows: *"In Türkiye, which is the 14th largest automotive manufacturing hub in the world and the fourth largest in Europe, automotive manufacturers aim to consolidate and strengthen the stable position in the sector through strategic mergers and acquisitions as well as local and global collaborations."* In this context, the joint venture belonging to Sony Group Corp. and Honda Motor, "Sony Honda Mobility", which was announced in June 2022, is an example of a merger or an acquisition realized to keep up with the digital era.

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<sup>14</sup> See [\[https://www.aa.com.tr/tr/ekonomi/turkiye-elektrikli-otomobil-satislarinda-abde-6-sirada-yer-aldi/3102930\]](https://www.aa.com.tr/tr/ekonomi/turkiye-elektrikli-otomobil-satislarinda-abde-6-sirada-yer-aldi/3102930) Accessed: 23.01.2024

<sup>15</sup>Board decision dated 07.03.2024 and numbered 24-12/229-95..

(34) In the emerging trend of the automotive industry with the promotion of electric vehicle production, partnerships involving batteries and consequently battery inputs, aimed at ensuring battery manufacturing can be considered as an example of strategic mergers and acquisitions. In a decision of the Board regarding cooperation on battery, a request was made that the implementation of the joint venture agreement on the production of triple cathode materials by the joint venture company CHANGZOU BTR, which will be controlled by SK Innovation Co. Ltd. (SK), BTR New Material Technology Co. Ltd. (BTR JIANGSU) and EVE Asia Co. Ltd. (EVE) and sale of those to SK, EVE and their subsidiaries be granted negative clearance/exemption. It was decided to grant an individual exemption to the agreement on the following grounds: BTR JIANGSU and CHANGZOU BTR produces cathode materials for lithium-ion batteries whereas SK and EVE provide services in lithium-ion power battery and lithium-ion energy storage batteries; continuity and predictability will be ensured in the supply of triple cathode material due to the supply shortages in lithium-ion battery production; thanks to the increase in the supply, prices may decrease, it is unlikely that competition in the significant part of the market will be reduced<sup>16</sup>.

(35) Another Board decision on battery cooperation allowed the establishment of joint control by the acquisition of the shares of undertakings whose main area of activity is the development, production and sale of lead-acid batteries for automobiles by an undertaking that operates in a similar area.<sup>17</sup>

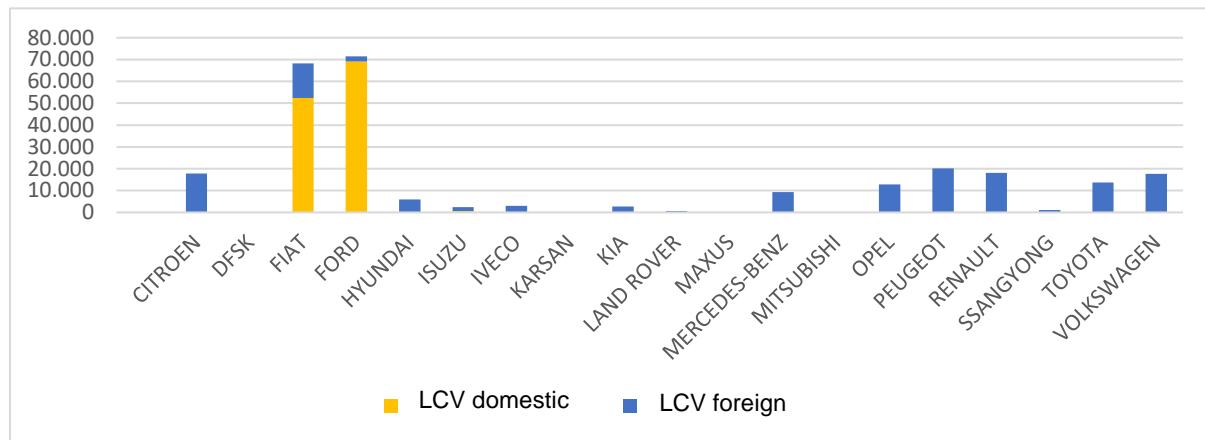
(36) In the automotive market, a two-level structure exists, where manufacturers or distributors supply vehicles to dealers, who in turn sell them to final consumers. It is accepted that there are more than one players, differentiated products are sold and there is imperfect substitution between those products in the market, where manufacturers or distributors generally do not sell vehicles to final consumers, except sales to fleets. Manufacturers offer many vehicles with different equipment options for each model and these vehicles vary in aspects such as quality, comfort, features, dealership and service network. Similarly, consumer preferences also vary depending on the same criteria. The breakdown of light commercial vehicle (Chart 1) and passenger car (Chart 2) sales in 2023 according to brand and source of manufacturing is given below to show the multi-player structure of the market.

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<sup>16</sup>Board decision dated 23.06.2022 and numbered 22-28/452-183.

<sup>17</sup>Board decision dated 12.10.2023 and numbered 23-48/925-328.

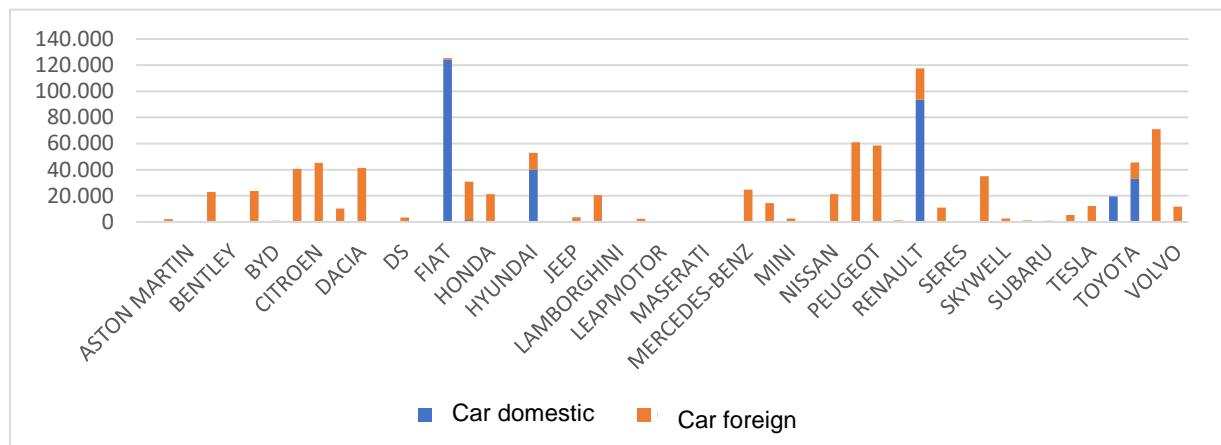
Chart 1: The breakdown of light commercial vehicle retail sales according to domestic-foreign manufacturing by brand in 2023



Source: ODMD's data on light commercial vehicle sales in 2023

(37) According to the data obtained from ODMD, domestic production and import volumes of passenger cars by brand in 2023 is as follows:

Chart 2: The breakdown of passenger car retail sales according to domestic-foreign manufacturing by brand in 2023



Source: ODMD's data on passenger car sales in 2023

(38) As seen from the charts above, automotive market has a multi-brand structure. Consumer preferences differ even without making a sub-segment distinction. The variety of consumer preferences depend on the intended use, load/passenger capacity, technical features, fuel type, body type, etc. of a car. Motor land vehicles are basically categorized into three groups according to their purpose of use: passenger cars, light commercial vehicles and heavy commercial vehicles. Although there is no market definition in Commission's Peugeot/Opel<sup>18</sup> decision, it is seen that the effects of the transaction are examined in terms of passenger cars and light commercial vehicles separately. It is stated that passenger cars can be divided into sub-segments: (i) *mini cars*, (ii) *small cars*, (iii) *medium cars*, (iv) *large cars*, (v) *executive cars*, (vi) *luxury cars*, (vii) *sport cars*, (viii) *SUV (sport utility vehicles)* and (ix) *multipurpose vehicles*; however, the boundaries are not clear in terms of both intended use and prices.

<sup>18</sup>Commission's Peugeot/Opel decision dated 05.07.2017 and numbered M.8449

(39) The segmentation used by ODMD, which has been sharing various data about the automotive sector in Türkiye, is well established and accepted by the sector and it depends on the size of passenger cars. Passenger cars are intended for personal use. ODMD divides passenger cars into seven sub-segments: A, B, C, D, E, F and G. according to this A-segment, known as the smallest class of city cars, covers vehicles that are generally under 3.70 meters in length and that are the most fuel-efficient cars. B-segment covers vehicles between 3.70 and four meters in length, which are larger than A-segment cars but still in the small car segment. The C-segment covers vehicles that are larger and more comfortable than those in the B-segment, which represents the lower-middle class. The length of C-segment cars changes between 4.10m and 4.60m. C-segment cars are also referred to as "family cars" or "mid-range cars". D, E, F and G-segment cars are considered as luxury automobiles. The D-segment includes larger vehicles classified as upper-middle class, measuring between 4.60 and 4.90 meters in length, which are referred to as large family cars. The E-segment includes cars longer than five meters with high engine displacement. The F-segment includes luxury vehicles with advanced features, large interiors, high levels of craftsmanship and material quality. The G-segment generally covers sports cars.

(40) In addition to the segments, vehicles are categorized also according to their body type in the automotive sector. Body types are different in light commercial vehicles and passenger cars. The body types of passenger cars are sedan, hatchback, *station wagon*, MPV and CDV. Sedan-bodied cars have a small trunk lid and this section extends backward. In hatchback cars, the rear end of the car is blunt with no extended trunk. Trunk lid is integrated with the rear window and the roof height of the passenger cabin is higher compared to sedan. Being suitable for urban life, those types of cars are preferred by families. Station wagon body type covers cars that has the same interior volume as the sedan body type and a larger trunk, resembling a hatchback extended backwards. MPV covers cars with wider interior volume and trunk volume, which are suitable for different conditions and needs. Since the sale of MPVs in Türkiye is very limited, this segment's share in passenger car sales is very low. It is possible to add CDV category to this segment, which again has a limited sales volume in Türkiye. SUV vehicles have gained widespread popularity in recent years. The cars in this segment not only offer the features promised by sport cars but also have the ground clearance of off-road vehicles. SUV body type can be categorized in itself into sub-segments as small-medium-large. The number of SUV models, which have become the most preferred type in recent years continues to increase. Every brand either focuses its models on SUV segment or tries to incorporate the SUV spirit into their existing models. Based on the body type, among passenger cars, SUVs are the most preferred body type with 54.1% share.<sup>19</sup>

(41) Another market which the file deals with is the commercial vehicles market. Commercial vehicles generally have load-carrying capacity. The basic function of those cars is to meet consumers' business and commercial needs. Being essentially designed for load carrying, those cars have material quality and technological features suitable for the load to be carried. Therefore, in a way to support different needs, product differentiations and sub-segments in terms of hardware and dimensions are created based on customer preferences and tendencies. Such differentiation in light commercial vehicles is reflected to categorization of vehicles. While certain brands classify light commercial vehicles according to gross weight as 0-3.5 ton, 3.5-6 ton, others as N1, N2, others as C,D,E, others as lower and higher than 1.5 ton, others

<sup>19</sup>ODMD Press Release on 03.05.2024.

AO, B, B-CDP, CD; some others categorizes those as vans, light trucks, camper vans, minibuses and pickups.

- (42) It is seen that ODMD classifies light commercial vehicles' body types as pickup, van, minibus and light truck. In addition, the Commission's *Peugeot/Opel* decision<sup>20</sup> categorizes commercial vehicles as (i) light commercial vehicles, (ii) medium commercial vehicles and (iii) heavy commercial vehicles. Accordingly the Commission considers vehicles with a gross weight less than six tons as light commercial vehicles and it is possible to divide those into sub-segments as between zero and 3.5 tons and 3.5 - six tons; however the Commission states that it has not reached an exact conclusion. The Board's *FCA/PSA* decision<sup>21</sup> makes a similar distinction in terms of light commercial vehicles.
- (43) The structure of the sub-segments - between zero and 3.5 tons and 3.5 and six tons, varies according to consumer preference. Light commercial vehicles with a gross weight between zero and 3.5 tons are preferred due to the factors such as lower sale and after sale costs compared to other commercial vehicles, technically efficiency in operations that require transporting loads close to 3.5 tons, parking availability, considerable maintenance cost, wide interior volume and comfortable driving experience. Factors such as parking availability, intended use and passenger capacity are taken into account in choosing the light commercial vehicles under sub-segment covering 3.5 - 6 tons. Pickups and light trucks are under the sub-segment covering vehicles with a gross weight between zero and 3.5 tons in general. Pickups are the vehicles with a cargo bed located at the rear. These vehicles are suitable for freight and goods transportation; besides they are well-suited for different types of terrain while also being fast and comfortable. The Commission finds in its examinations under the scope of *Peugeot/Opel* decision that pickups are under the scope of light commercial vehicles. Light trucks are motor vehicles designed for carrying load with a maximum authorized loaded weight not exceeding 3,500 kilograms. The sub-segment which covers minibuses and vans varies based on brand and model. Vans are mostly preferred by small enterprises due to both fuel consumption and reasonable prices. They have similar features with M-segment vehicles. Minibuses are light commercial vehicles used for passenger transport, created by fitting seats inside a closed vehicle of 3.5 to 4 meters in length and they include vehicles with between six and fourteen seats.
- (44) Lastly, factors such as climate change and carbon emissions, which influence new vehicle models, play an important role in the investments to the sector and thus shape the future of it, will be discussed. KPMG's Report emphasizes that nitrogen oxide (NO<sub>x</sub>) and particulate matter (PM) have negative effects on air pollution and climate change, emissions stemming from land transport are regulated with emission standards in many countries, which bring limitations to the amount of CO<sub>2</sub>, NO<sub>x</sub> and PM released by vehicles, stricter emission standards are applied to reduce effects on the environment and the climate. In addition to climate change, due to the depletion of fossil fuel energy sources, the automotive industry is evolving towards vehicles powered by alternative energy sources, and it is even predicted that the 21st century will be the century of hydrogen fuel.<sup>22</sup> It is known that within the framework of policies

<sup>20</sup>Commission's Peugeot/Opel decision dated 05.07.2017 and numbered M.8449

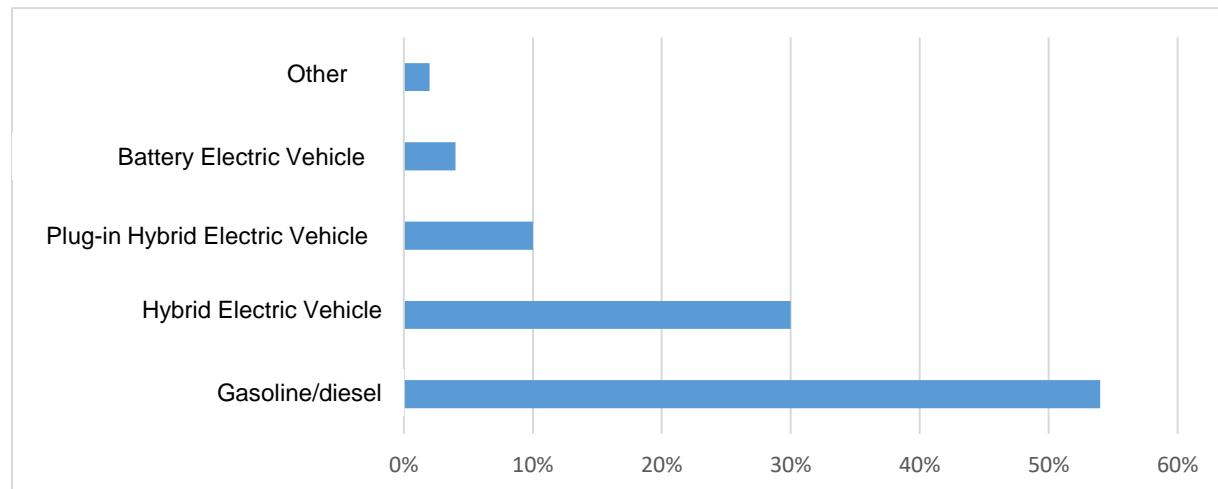
<sup>21</sup>Board decision dated 30.12.2020 and numbered 20-57/794-354.

<sup>22</sup> AKMAN G., DÖNMEZ M.A., ALADAĞ Z., "Otomotiv Sektöründe Hidrojen Yakıtlı Sistemlere Geçiş Sürecinde Kısıtlar Teorisi", 16-17 Ekim 2009 tarihli V. Yeni ve Yenilenebilir Enerji Kaynakları Sempozyumu Bildirisi TMMOB, Accessed: 27.12.2023

aimed at reducing carbon emissions, regulations such as the Corporate Average Fuel Economy standards in the United States and the Euro Emission Standards in Europe have been implemented and vehicle manufacturers have started to focus on developing low carbon emission vehicles. Although both vehicle manufacturers' investment policies and legal regulations made by governments are shaped by climate change, electric vehicles appeal to consumers as their fuel costs are lower. In Deloitte's Global Automotive Consumer Research 2021 Report<sup>23</sup>, the reasons why consumers prefer electric vehicles are ranked as follows: foremost is the lower fuel cost followed by an enhanced driving experience and subsequently reduced maintenance requirements. Government incentives also follows this order whereas additional taxes on internal combustion engines are at the bottom of the list. The report also highlights that as consumers seek to reduce their vehicle use costs, their interest in electric vehicles increases; however, this interest raises several challenges including concerns about charging time, range concerns and the infrastructure and availability of public charging stations.

(45) Although consumers tend to prefer electric vehicles due to cost advantage, the report published by Deloitte shows that regarding their next vehicle choice, 54% of consumers prefer gasoline or diesel vehicles, 30% opt for hybrid electric vehicles, 10% choose battery electric vehicles and 4% choose plug-in hybrid electric vehicles.

Chart 3: Consumers' next vehicle motor type choice



Source: Deloitte 2023 Global Automotive Consumer Study

(46) In brief, although there has been an improvement in the reduction of carbon emission stemming from the automotive sector, KPMG's Report indicates that there should also improvements in issues including shifting to low emission vehicles, increasing fuel efficiency, adapting sustainable manufacturing practices and promoting alternative mobility solutions. It is possible to say that automotive sector is being shaped accordingly due to not only state incentives but also consumer preference. It is possible that the sector will focus more on electricity with increased electric vehicle models and advanced charging infrastructure ad there may be a shift to electric vehicles that work with renewable energy such as solar or wind power.

<sup>23</sup> Global Automotive Consumer Research 2021 Report  
<https://www2.deloitte.com/content/dam/Deloitte/tr/Documents/manufacturing/2021-Kuresel-Otomotiv-Tuketici-Arastirmasi.pdf>, Accessed: 27.12.2023

(47) There are a lot of vehicle brands throughout the world, which manufactures vehicles in different segments in different countries making the global vehicle market diverse and dynamic. As of 2023, about 400 brands out of 1000<sup>24</sup> are the manufacturers of electric vehicles. China is the biggest electric vehicle market in electric vehicle manufacturing. According to the estimations of the research company Rho Motion, 70% of the sales in the global electric vehicle market are made by China<sup>25</sup>. Although incumbent firms as well as startups focus on manufacturing electric vehicles, it is understood that many of those manufacturers went bankrupt. While the number of Chinese electric vehicle manufacturers was 500 in 2019, it fell to about 100 in 2023.<sup>26</sup> According to MarkLines<sup>27</sup>, there are nearly 50 domestic electric vehicle brands that manufactures electric vehicles and chargeable hybrids.<sup>28</sup> In the automotive sector, consumers are offered a wide range of product portfolios according to their expectations. While these features include engine power, range length, speed and comfort in electric vehicles, they vary according to body type, engine type and displacement, fuel type and transmission. In the Chinese market, where product differentiation is high in terms of electric vehicles, it is observed that although concentration has increased with the drop in the number of manufacturer, product differentiation is still high.

#### **G.4. Relevant Market**

##### **G.4.1. Relevant Product Market**

(48) It is difficult to make a market definition for the automotive sector due to the several facts including the following: There is a significant amount of product variety on the basis of brand and model, the products are not entirely homogenous, due to differentiated products, it is difficult to detect substitutability between competing products.

(49) The main field of operation of STELLANTIS TR, which is the acquired undertaking in the transaction examined, is marketing, distribution and after-sales services of Peugeot, DS, Citroën and Opel brand vehicles, of which it is the sole distributor in Türkiye. In addition, STELLANTIS TR is the main franchise owner of ECS and Spoticar, which belong to STELLANTIS. In this context, STELLANTIS TR operates in the area of spare parts<sup>29</sup> distribution through ECS<sup>30</sup>, which is a spare part and after-sales

<sup>24</sup> See [<sup>25</sup> See <https://fortune.com/asia/2024/03/20/china-booming-ev-market-asia-future-30-li-auto-byd-nio-future-growth/> Accessed: 06.06.2024.](https://tr.mashable.com/otomobil/11913/araba-markalari-araba-isimleri-ve-modelleri-neler-ibilinen-araba-logolari-ve-isimleri#:~:text=D%C3%BCnya%20%C3%A7ap%C4%BDnda%2C%20y%C3%BCzlerce%20otomobil%20markas%C4%BD,den%20fazla%20otomobil%20markas%C4%BD%20bulunmaktadır%C4%BDr,Accessed: 11.06.2024</a></p>
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<sup>26</sup> See <https://www.bloomberg.com/features/2023-china-ev-graveyards/> Accessed: 06.06.2024.

<sup>27</sup> MarkLines is an automotive industry portal.

<sup>28</sup> See <https://www.ft.com/content/43da3223-2311-4b73-97d9-83d20baedc6a> Accessed: 06.06.2024.

<sup>29</sup> It is stated that the said spare parts are of the equal quality with original spare parts and OEM spare parts (.....).

<sup>30</sup> As stated in the Notification Form, STELLANTIS TR is the distributor and sole authorized importer of Europar brand spare parts. The said spare parts are supplied domestically after they are imported.

services brand and in after-sales repair and maintenance services<sup>31</sup> through Spoticar<sup>32</sup> brand.

(50) The field of operation of TOFAŞ, the acquirer, covers manufacturing, import and sale of especially passenger cars and light commercial vehicles as well as manufacturing of various spare parts used in its automobiles. TOFAŞ is the representative of six brands in Türkiye, being Fiat, Fiat Professional, Alfa Romeo, Jeep, Maserati and Ferrari, and manufactures Sedan, Hatchback, Station Wagon, Cross and Cross Wagon models as well as Fiorino model of Fiat Egea family in its production facility. Moreover, TOFAŞ controls FER MAS, KOÇ FİNANSMAN and FIAT SİGORTA . FER MAS operates in automobile and spare part markets as the distributor of Ferrari and Maserati brand cars<sup>33</sup>. TOFAŞ sells spare parts for the vehicles other than its vehicles (Fiat, Alfa Romeo and Jeep) to independent spare part sellers and repairers through Magneti Marelli under this brand.

(51) There are many determinants in the definition of the relevant product market. First of all, factors such as the intended use of the vehicles, their load/passenger capacity, technical specifications, fuel type and body type play an important role in determining consumer preferences and thus in diversifying their choices. Passenger cars are used for passenger transport in daily life whereas light commercial vehicles are used for load carrying in undertakings' or real persons' commercial activities. Those vehicles are different in terms of body type. While passenger cars are manufactured in sedan, hatchback, SUV body types, light commercial vehicles are manufactured in body types with larger load and passenger capacity such as van, light truck, minibus, pickup and camper van. At the preliminary inquiry stage, it was concluded that it was possible to define the relevant product markets separately as "*manufacture and sale of passenger cars*" "*commercial vehicles between 0 and 3.5 tons*", "*sale of spare parts and after-sales services*" and *used car sale and purchase*, taking into account parties' areas of activity and previous Board decisions. On the other hand, it was found that the parties had very low market shares in *sale of spare parts and after-sales services* and *used car sale and purchase* markets. The estimated total of their market shares is (.....)% in the market for "*spare parts and after-sales services*" in 2022 and (.....)% in the market for "*used car sale and purchase*". Thus, it is found that the transaction will not lead to competitive concerns in terms of those two markets. Therefore, final examination focused on passenger cars and light commercial vehicles. The assessments on how the relevant product markets should be defined in terms of passenger cars and light commercial vehicles as well as whether it is necessary to define the market for sub-segments are given below.

(52) With respect to the market definition in terms of passenger cars the parties to the transaction suggests that the boundaries between the cars in the passenger car market are not always clear in terms of intended use or price; certain individual models can fall under different categories whereas certain categories bring car with different price

<sup>31</sup> It is stated in the Notification Form that STELLANTIS TR has built a franchise network composed of independent automotive repairers in different locations throughout Türkiye, ECS repairers under the body of this franchise network offers repair and maintenance services to car owners, STELLANTIS TR carries out activities for the promotion and expansion of ECS network and provides tools and training to the relevant repairers.

<sup>32</sup> As stated in the Notification Form, STELLANTIS TR established a franchise network made up of used car sellers in different locations throughout Türkiye under the scope of Spoticar brand. Spoticar franchise owners buy and sell used cars whereas STELLANTIS TR engages in marketing Spoticar brand and expanding its digital marketplace and franchise network.

<sup>33</sup> TOFAŞ stated that (.....).

level and functionality together; thus, it is necessary to divide the market into sub-segments for defining the market for passenger cars. In line with this, it is emphasized that in previous decisions<sup>34</sup>, the Board defined the market as the new passenger car market or the manufacture and sale of passenger cars and there is no need to deviate from the Board's incumbent case law. For instance in the Board's *FCA/PSA* decision<sup>35</sup>, there is not a segment-based market definition but the market is defined as the market for passenger cars. On the other hand, it should be noted although the Board stated in *Ford/Volvo* decision<sup>36</sup> that the market can be examined on the basis of sub-segments as A (mini cars), B (small cars), C (medium cars), D (big cars), E (executive cars), F (luxury cars), S (sport coupes), M (multi-purpose cars) and J (SUV) however the market was defined as "passenger cars".

(53) Under the scope of the final examination, the players in the sector are asked whether passenger cars constitute different product markets based on their sub-segments. It is seen in the sector players' responses that they mainly think that it is not necessary to make a market definition based on the sub-segments in terms of passenger cars. The undertakings list the reasons for this as follows:

- **Substitutability between the segments is high:** The undertakings explain that the segmentation may change according to body type, size and price positioning; under the changing economic conditions, substitutability may sometimes change; in fact, due to the supply shortages stemming from the chip crisis that widely affected the sector and during the pandemic the transition among segments in terms of customer choice increased.
- **There are not absolute boundaries between segments:** The undertakings made the following explanations: It is not possible to draw exact boundaries between different passenger car categories in terms of price and intended use; therefore, certain models can be classified under more than one category. In some categories, cars with different price and functionality may come together and undertakings may make a segmentation for their brands, as a result of which the boundaries between segments are not clear. While thinking of purchasing a B segment car, a customer may also look into C segment. Thus, the product market has a more dynamic form between the segments. In addition, there are customer groups which vary on the basis of segments. However, customers tend to prefer different substitute models at similar price levels because of the recent developments in the market. The models with SUV body type under B and C segments can be significant alternatives for the other models under C segment. Consequently, it is not necessary to make a market definition based on sub-segmentation for passenger cars.
- **Supply substitution is possible:** Sector players emphasized the following points: Manufacturers generally manufacture cars in different segments simultaneously and provide more than one model to the market; thus supply substitution is possible. Accordingly, even if it is necessary to update the manufacturing line for manufacturing a car under a different segment, such shift will last shorter than forming a new model from scratch in terms of cars of similar

<sup>34</sup> Board decisions dated 01.06.2017 and numbered 17-18/269-115, dated 04.08.2016 and numbered 16-26/445-201, dated 10.07.2009 and numbered 09-31/678-159, dated 06.05.2009 and numbered 09-21/442-109, dated 10.04.2003 and numbered 03-23/277-125, dated 01.08.2002 and numbered 02-46/562-228, dated 13.03.2001 and numbered 01-12/117-30.

<sup>35</sup> Board decision dated 30.12.2020 and numbered 20-57/794-354.

<sup>36</sup> Board decision dated 29.04.1999 and numbered 99-21/189-105.

size. In addition for the new car to be produced, homologation tests, tooling and die work and manufacturing line updates will be required.

- **Demand substitution is possible:** Undertakings indicated that there is demand substitution between sub-segments in terms of product variety, positioning and taxation system; there is not a single segment for consumers in other words there is no question of the absence of an alternative segment for consumers.

(54) Unlike the other undertakings, (....) made the following explanations: The customer groups for the cars under C, D, E and F segment, which are sold by the undertaking, are different on the basis of segments. However, the price changes stemming from the recent developments in the market conditions have led consumers to choose substitute models at similar price ranges. Nevertheless, it is possible to consider B segment and D segment models as alternatives to C segment. In addition the models with SUV body type under B and C segments are regarded as significant alternatives to other models under C segment. It is not necessary to make different product market definitions since there may be competitive pressure between segments.

(55) (....) emphasized the following: B, C and D segments have overlapping sections. It is possible to talk about a different segment definition peculiar to those segments. B segment cars are categorized according to body type; however, it is possible to say that there is a hierarchy in terms of price as hatchback-sedan-SUV. B-SUV cars constitute the upper price group whereas C hatchback cars are the lower price group. The highest and the lowest points of those segments can be substitutes for each other, which is taken into account by consumers in purchasing behavior and by product planners in product positioning.

(56) (....) stated that as the demand and supply for SUV are increasing, it is possible to define sub-segments for SUV segment. (....) indicated that C-sedan cars were dominant until 2022 in the market. After 2022 SUV body type became the leader in C segment. While there were 34 models in C-SUV in 2018, currently there are 46 models; thus the market share is directly proportional to the number of models launched. As a result of the market survey made in the Commission's *Nissan/Mitsubishi*<sup>37</sup> decision, it is stated that "*while the majority of retail customers indicated that there is no direct substitution between large and small SUVs, the large majority of retail customers consider that there is substitution between big and small SUVs via the medium-sized SUV segment.*" As a result of the market survey in *Peugeot/Opel*<sup>38</sup> decision, it is stated that the majority opinion is "*No sub-segmentation is needed. The differences on price, quality/features and intended use are not significant from one sub-segment to another to justify further segmentation of the SUV segment. A customer could easily substitute all the models comprised within the SUV segment.*" No exact conclusion is drawn that necessitates making a separate market definition. Regarding this issue, most of the undertakings suggest that it is not reasonable to assume that there is a clear distinction between SUVs of different sizes from consumers' point of view; sub-segments of SUV cars are substitutable in the eye of the consumers.

(57) The segmentation used by ODMD is made by considering factors such as the clustering of similarly positioned vehicles that consumers tend to prefer, usage type, feature and dimensional product differentiations and subcategories, as well as consumer preferences and tendencies.

<sup>37</sup> Commission's Nissan/ Mitsubishi decision dated 05.10.2016 and numbered M.8099

<sup>38</sup> Commission's Peugeot/Opel decision dated 05.07.2017 and numbered M.8449

(58) It is concluded that substitutability is high and boundaries are not clear between segments, supply and demand substitutability is possible in terms of this file, given the activities of the parties to the transaction, previous Board and Commission decisions as well as the opinions provided by sector players. Therefore, it is not deemed necessary to make additional market definitions for the said sub-segments and sub-categories of SUV body type. The relevant product market is defined as “the market for the manufacture and sale of passenger cars.” Nevertheless sub-segments are also examined in order to assess the effects of the transaction accurately, as discussed in the following sections.

(59) Another factor examined under the scope of relevant product market definition is whether it is necessary to make a segmentation in terms of light commercial vehicles. At the preliminary examination stage, it is concluded that the relevant product market can be defined as “light commercial vehicles between 0 and 3.5 tons”, “light commercial vehicles between 3.5 and 6 tons”. The assessments on how the relevant product markets should be defined in terms of light commercial vehicles as well as whether it is necessary to define the market for sub-segments are given below.

(60) The parties to the transaction suggested that previous Board decisions,<sup>39</sup> defined the market in a wider sense without sub-segmentation and there is no need to deviate from the Board’s incumbent case law with respect to relevant product market definition for light commercial vehicles.

(61) Board decision dated 05.10.2011 and numbered 11-51/1288-453 limited the scope of the market for light commercial vehicles with the vehicles up to 3.5 tons. In its Renault/Nissan decision, the Commission states *“For the purposes of the competitive analysis of the present case, LCVs need not be sub-segmented, given significant demand-side substitutability between the different types of vehicles involved.”*<sup>40</sup> The Commission considers in its Peugeot/Opel decision that light commercial vehicles can be divided into two segments as (i) vehicles up to 3.5 tons and (ii) vehicles between 3.5 and 6 tons; however there is no exact conclusion on the grounds that the market survey did not yield a clear result<sup>41</sup>. In addition, in Peugeot/Opel Decision, the Commission highlighted *“large proportion of the respondents to the market investigation [...] indicated that pick-up trucks are mostly considered as commercial vehicles”* The Board sub-segmented the light commercial vehicles in its FCA/PSA decision as “light commercial vehicles between 0 and 3.5 tons” and “light commercial vehicles between 3.5 and 6 tons”.<sup>42</sup>

(62) Under the scope of the final examination, the players in the sector are asked whether light commercial vehicles constitute different product markets based on their sub-segments. Within the framework of undertakings’ responses, it is not possible to say that there is a general opinion about light commercial vehicles unlike passenger cars. The justifications of undertakings which argue that it is not necessary to make a market definition on the basis of sub-segments for light commercial vehicles can be listed as follows: light commercial vehicles market is already a sub-segment of commercial vehicles market, since sub-segmentation does not directly affect consumers’ decision to buy vehicles, it is not necessary to make a sub-segment market definition; thus light

<sup>39</sup> Board decisions dated 13.03.2001 and numbered 01-12/117-30, dated 01.08.2002 and numbered 02-46/562-228, dated 10.04.2003 and numbered 03-23/277-125.

<sup>40</sup> Commission’s Renault/Nissan decision dated 12.05.1999 and numbered IV/M.1519

<sup>41</sup> Commission’s Peugeot/Opel decision dated 05.07.2017 and numbered M.8449

<sup>42</sup> Board decision dated 30.12.2020 and numbered 20-57/794-354

commercial vehicles market should be assessed as a whole, there is substitutability among segments, it is not necessary to make a separate market definition in terms of demand and supply substitutability. The justifications of undertakings which argue that it is necessary to make a market definition on the basis of sub-segments for light commercial vehicles can be listed as follows: the decision to buy in terms of light commercial vehicles varies on the basis of intended use, using style and different requirements, the basic function of commercial vehicles is to meet commercial requirements of users; thus these vehicles are generally designed for load carrying. As a result, product differentiation in terms of features and size depend on customer preference. In that sense, there is no demand substitutability between segments. Although differentiation of the body by taking the models with a similar load capacity is expected to be shorter than forming a new model from scratch homologation tests, tooling and die work and manufacturing line updates will be required for a new car; thus supply substitution is low.

- (63) Within this framework, depending on the consumer preference in order to understand the reasons why light commercial vehicles are preferred and the substitution relation between the said segments, parties, car rental companies, freight companies and undertakings operating in selling and distributing water were asked to provide information and opinion. The said undertakings answered that the segments are not substitutes for each other due to operational requirements, intended use, load capacity, different vehicle sizes and cost.
- (64) In addition, when the competitors of the transaction parties were asked about the brands and models that are their closest competitors, the answers differ between 0-3.5 tons and 3.5-6 tons. For instance, while (.....) names (.....), which has versions of 3.5 tons, as close competitors to its (.....) brand (.....) model of its vehicle over 3.5 tons, it is understood that it does not see any vehicles between 0 and 3.5 tons as competitors for this model. In addition, it is inferred from the information above and the responses that vehicles of 3.5 tons should be included under the scope of light commercial vehicles between 3.5 and 6 tons.
- (65) The Board decisions taken in relation to TOFAS's exemption applications make a classification as "*passenger cars*" and "*light commercial vehicles*" while defining the relevant market<sup>43</sup>. The Board's FCA/PSA decision defines the relevant product markets as "*the manufacture and sale of passenger cars*", "*light commercial vehicles between 0 and 3.5 tons*" and "*light commercial vehicles between 3.5 and 6 tons*" as a result of the assessments made, indicating the following factors: In general, in the past Board decisions on the automotive sector<sup>44</sup> a distinction is made between passenger cars and light commercial vehicles while defining the relevant product market. It is not necessary to make additional market definitions for sub-segments concerning passenger cars. on the other hand, unlike passenger cars, it would be beneficial to define the market on the basis of sub-segments related to light commercial vehicles market to deal with the transaction in a more sound way. The sub-segmentation should be made taking into account the gross weight.

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<sup>43</sup> Board decisions dated 08.07.2005 and numbered 05-44/628-161, dated 05.10.2011 and numbered 11-51/1288-453, dated 31.01.2013 and numbered 13-08/93-54, dated 24.12.2015 and numbered 15-45/755-277.

<sup>44</sup> Board decisions dated 01.06.2017 and numbered 17-18/269-115, dated 04.08.2016 and numbered 16-26/445-201, dated 10.07.2009 and numbered 09-31/678-159.

- (66) When the information given above and the opinions of the sector players are taken into account, unlike passenger cars, defining the market on the basis of sub-segments of the light commercial vehicles market is deemed necessary to evaluate the file in a healthier way. Therefore, the sub-segmentation should be made according to vehicles' gross weights given the opinions summarized above.
- (67) The effects of the transaction in question on car rental activities on the following grounds: Passenger car and light commercial vehicle sales by the transaction parties constitute an input for car rental companies; thus, there is a vertical relationship between the sale of passenger cars and light commercial vehicles and car rental activities. There is an objection in the file stating the notified transaction may distort the competitive structure in the car rental market. However, in line with the explanations in paragraph 20 of the Guidelines on the Definition of Relevant Market, it is not necessary to make an additional market definition in terms of car rental activities since the result does not change in terms of the effects of the transaction within the framework of alternative market definitions.
- (68) As a result, the relevant product markets are defined in the file as "*the manufacture and sale of passenger cars*", "*the manufacture and sale of light commercial vehicles with a gross weight of up to 3.5 tons*" and "*the manufacture and sale of light commercial vehicles with a gross weight between 3.5 and 6 tons*"<sup>45</sup>.

#### **G.4.2. Relevant Geographic Market**

- (69) The relevant geographic market is defined as "*Türkiye*" for all relevant product markets since the parties' operations related to relevant product market take place all over *Türkiye* in terms of the notified transaction.

#### **G.5. Evaluation**

##### **G.5.1. The Evaluation of the Nature of the Transaction**

- (70) Before the assessment of the nature of the transaction, the Commission decision dated 21.12.2020 and the Board decision dated 30.12.2020, which cleared the establishment of STELLANTIS, which owns all of the shares of STELLANTIS TR to be acquired.
- (71) The Commission was concerned that the merger between FCA and PSA might decrease competition for light commercial vehicles under 3.5 tons in the European Economic Area (EEA) and more specifically in 14 EU members (Belgium, Croatia, Czech Republic, France, Greece, Hungary, Italy, Lithuania, Luxemburg, Poland, Portugal, Slovakia, Slovenia, Spain) and the United Kingdom. It was stated that in many countries, PSA or FCA was currently the market leader in light commercial vehicles and the merger would eliminate one of the main competitors. In most of those countries, the merged entity would have high market shares with the widest brand and model range in each scale, the parties were powerful especially in small van segment, they had fewer competitors in minibus segment compared to passenger cars and all competitors would be significantly smaller than the merged entity. FCA and PSA submitted two commitments in order to eliminate the Commission's competitive concerns. The first was the extension of the cooperation agreement currently in force between PSA and Toyota<sup>46</sup> for small light commercial vehicles to increase the capacity

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<sup>45</sup>The expressions "passenger cars market", "market for light commercial vehicles with a gross weight of up to 3.5 tons", "the market for light commercial vehicles with a gross weight between 3.5 and 6" tons and to refer to the said two markets "light commercial vehicles market" are sometimes used in the text.

<sup>46</sup> Toyota Motor Corporation

provided to Toyota and to reduce the transfer prices for the vehicles and associated spare parts/accessories, and under the scope of this agreement vehicles sold by Toyota under the Toyota brand would be manufactured mainly in the European Union. According to the Commission, the said commitment reflects the ordinary case of platform sharing between brands in the automotive sector. The second commitment was an amendment of the repair and maintenance agreements for passenger cars and light commercial vehicles between PSA, FCA and their repairer networks to facilitate access for competitors to PSA and FCA's repair and maintenance networks for light commercial vehicles. In addition, any prohibition on repairers to use PSA/FCA tools and equipment to service competitors' light commercial vehicles would be removed. The Commission thinks that those commitments will allow the maintenance of the effective competition in the market and addresses the Commission's competitive concerns.

- (72) The Board decision, which addressed the said merger highlighted the concerns to be raised by the transaction in the market for the manufacture and sale of light commercial vehicles with a gross weight of up to 3.5 tons and concluded that the transaction would significantly restrict effective competition through coordinated effects. In addition, the management position, which serves as the head of the board of directors both in TOFAŞ and FORD OTOSAN indicated that there were structural links that could be called a joint third party shareholder and interconnected management. This connection might be a basic factor that could strengthen the monitoring mechanism in the market by especially enabling exchange of strategic commercial information between competitors and might increase the parties' incentive to coordinate and facilitate maintaining coordination. FCA and KOÇ HOLDİNG submitted commitments in order to resolve the Board's concerns. In line with this, it was concluded that the commitments submitted by FCA and FORD OTOSAN that the interconnected management structure would end and Chinese wall measures would be taken would eliminate the competitive concerns about coordinated effects in the market for light commercial vehicles with a gross weight of up to 3.5 tons following the planned transaction. The transaction was cleared subject to conditions<sup>47</sup>.
- (73) The notified transaction is related to the acquisition by TOFAŞ of the sole control of STELLANTIS TR. According to the information in the Notification Form, the transaction would be executed between the buyer TOFAŞ and the seller Automobiles PSA, Opel GmbH ve Opel EU in accordance with the Share Purchase Agreement signed on 29.07.2023.
- (74) According to article 7 of the Act no 4054;

*Merger by one or more undertakings, or acquisition by any undertaking or person from another undertaking, except by way of inheritance, of its assets or all or a part of its partnership shares, or of means which confer thereon the power to hold a managerial right, with a view to creating a dominant position or strengthening its/their dominant position, which would result in significant lessening of competition in a market for goods or services within the whole or a part of the country is illegal and prohibited.*

Consequently, the nature of the transaction in question should be examined pursuant to the relevant article of the Act.

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<sup>47</sup> Board decision dated 30.12.2020 and numbered 20-57/794-354.

(75) Article 5 of the Communiqué no 2010/4 includes the following provision:

*“Provided there is a lasting change in control*

*a) The merger of two or more undertakings*

*b) The acquisition of direct or indirect control over all or part of one or more undertakings by one or more undertakings or by one or more persons who currently control at least one undertaking, through the purchase of shares or assets, through a contract or through any other means are considered an acquisition within the scope of article 7 of the Act.*

According to article 5 of the Communiqué no 2010/4, the scope of article 7 of the Act covers only mergers and acquisitions which result in a permanent change in control.

(76) Shareholding structure, control structure and decision making mechanism of the parties to the transaction are given under “the Notified Transaction” and “Parties to the Transaction” sections. Accordingly, the sole control of STELLANTIS TR belongs indirectly to STELLANTIS where as TOFAŞ is a full-functioning joint venture jointly controlled by KOÇ HOLDİNG and STELLANTIS.

(77) Parties were asked to provide information about whether STELLANTIS TR would continue its current operations after the transaction and whether it would do so independently of the parties to the transaction. The parties provided the following information: TOFAŞ is not planning a change in STELLANTIS TR's operations following the transaction. TOFAŞ will not grant a veto right to a parent company or majority in the board of directors in the management structure of STELLANTIS TR. STELLANTIS TR will continue its activities as a separate legal entity for a certain period of time. It is stated in the same response letter that although it is possible to say that STELLANTIS TR will be finally under the joint control of STELLANTIS and KOÇ HOLDİNG since TOFAŞ is jointly controlled by KOÇ HOLDİNG and STELLANTIS after the transaction, mainly STELLANTIS TR will be controlled and managed by TOFAŞ, which is a full functioning joint venture.

(78) Moreover, the parties suggested that the main objective of the transaction is to bring STELLANTIS TR under the same economic unity with TOFAŞ and afterwards include it under TOFAŞ's umbrella. Moreover, TOFAŞ will acquire the sole control of STELLANTIS TR and plans (.....), it is not possible that STELLANTIS TR will continue its activities independently from TOFAŞ after the transaction from the perspective of economic unity concept.

(79) Consequently, when the fact that TOFAŞ will acquire the sole control of STELLANTIS TR and plans (.....), is considered from the perspective of economic unity concept, the following conclusions are made: It is not possible that STELLANTIS TR will continue its activities independently from TOFAŞ after the transaction from the perspective of single economic unity concept in competition law. The transaction will create merger effects in the future. The notified transaction will lead to a permanent change in the control structure of STELLANTIS TR in the form of changing from sole control to indirect joint control. TOFAŞ, which is a full-functioning joint venture, independent from its shareholders KOÇ HOLDİNG and STELLANTIS in terms of its activities in the market, is the acquiring party according to the provision of article 16 of the Guidelines on Undertakings Concerned, Turnover and Ancillary Restraints in Mergers and Acquisitions that “*where a joint venture acquires the control of another company, the joint venture per se and each of the parent companies may be considered as an undertaking concerned.*” The transaction is an acquisition pursuant to the principles stated in article 5 of the Communiqué no 2010/4.

(80) According to article 7(1) of the Communiqué no 2010/4, in a merger or acquisition, authorization of the Board shall be required in case, “*total turnovers of the transaction parties in Türkiye exceed seven hundred and fifty million TL, and turnovers of at least two of the transaction parties in Türkiye each exceed two hundred and fifty million TL, or the asset or activity subject to acquisition in acquisition transactions, and at least one of the parties of the transaction in merger transactions has a turnover in Türkiye exceeding two hundred and fifty million TL and the other party of the transactions has a global turnover exceeding three billion TL.*” The turnovers of the parties to the transaction are given in the table below:

Table 4: The information about the turnovers of the parties to the transaction in 2023

Undertakings Concerned	Turnover in Türkiye (₺)	Global Turnover (₺)
TOFAŞ	(....)	(....)
STELLANTIS TR	(....) <sup>48</sup>	(....)
TOTAL	(....)	(....)

Source: TOFAŞ's response letter.

(81) Given the information about the turnovers indicated above, the turnover thresholds laid down in Article 7(1)(a) and (b) of the Communiqué no 2010/4 are exceeded; thus, the notified transaction requires the authorization of the Board.

### G.5.2. Evaluation in terms of Concentration

#### G.5.2.1. Theoretical and Legal Framework

(82) Article 7 of the Act no 4054 prohibits merger by one or more undertakings, or acquisition by any undertaking with a view to creating a dominant position or strengthening its/their dominant position, which would result in significant lessening of competition in a market for goods or services within the whole or a part of the country. The Communiqué no 2010/4 specifies mergers and acquisitions calling for the authorization of the Competition Board in order to be legally valid according to article 7 of the Act no 4054 and procedure and principles about the notification of such transactions.

(83) Within the framework of those regulations, the Board takes into account whether the transaction will lead to significant lessening of effective competition. As stated in Article 7 of the Act no 4054, significant lessening of efficient competition is the result of creating a dominant position or strengthening a dominant position. The assessments about whether mergers and acquisitions violate article 7 of the Act, first, dominant position is considered; creating a dominant position or strengthening dominant position as a result of the transaction is one of the important indicators of the harm on competition, which will be taken as a basis for establishing whether mergers and acquisitions will lead to significant lessening of effective competition. In competition law, mergers and acquisitions between actual and potential competitors in the same relevant product markets are defined as horizontal mergers and acquisitions.

(84) According to the Guidelines on the Assessment of Horizontal Mergers and Acquisitions (Horizontal Guidelines), as a result of strengthening the market power significantly in markets, one or more undertakings may be able to profitably increase prices, reduce the amount of production, choice or quality of goods or services or diminish or delay innovations. Quality, which can be defined as product characteristics apart from price

<sup>48</sup> (....)

such as functionality, durability, reliability, design, performance or security can play a central role in consumers' purchasing decisions. Mergers can lead to price increases as well as lower product quality by means of unilateral effects. The Horizontal Guidelines lists the primary factors to consider in an assessment of a merger or an acquisition. Paragraph 11 of the Guidelines states "*beside anti-competitive effects of a merger, the Board considers countervailing factors such as buyer power, entry barriers and possible efficiency gains to be produced by the transaction*". The Horizontal Guidelines classifies anticompetitive effects of mergers as unilateral effects and coordinated effects<sup>49</sup>. In order to prepare a background for the assessment of the effected markets where the parties' activities are horizontally overlapping, the theoretical and legal framework of unilateral as well as coordinated effects are given below.

#### **G.5.2.1.1. Unilateral Effects**

- (85) Unilateral effects of a merger can be defined as the effects to occur on prices when the merging entity has incentive and ability to increase prices independently. A horizontal merger or an acquisition may significantly lessen significant effective competition in a market by eliminating important competitive pressure on an undertaking and therefore increasing market power. The first direct effect of such transaction is the loss of competition between the parties to the transaction. Moreover non-merging undertakings operating in the same market may also benefit from the reduction of competitive pressure as a result of the merger and there may be considerable price increases in the market. A merger giving rise to such unilateral effects would significantly lessen effective competition by creating or strengthening the dominant position with respect to the undertaking which would have an appreciably larger market share than its closest competitor<sup>50</sup>. The effects of such mergers are seen in the US in section 7 of the Clayton Act as "substantially lessen competition" and "tend to create a monopoly".
- (86) Merging parties having high market shares are more likely to restrict competition through unilateral effects if merging parties are close competitors, customers have limited possibilities of switching supplier, a player that may make competitive pressure is eliminated, competitors cannot increase their production or capacity in response to price increase. Consequently, Horizontal Guidelines list the factors for assessing unilateral effects. According to the Guidelines although those factors should be

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<sup>49</sup> Merger and acquisition assessments are made pursuant to FTC'S Merger Guidelines in the US. Published in 18 December 2023, the Guidelines includes and expands the concept of "unilateral effects" resulting from the merger of close competitors. Accordingly the Guidelines includes certain indications to assess the competition between undertakings and there is not a distinction in the form of unilateral effects and coordinated effects. Merger Guidelines U.S. Department of Justice and the Federal Trade Commission 4.2.D: *Competition between merging firms is greater when (1) the merging firms' market shares are relatively high; (2) the merging firms' products are relatively undifferentiated from each other; (3) the market elasticity of demand is relatively low; (4) the margin on the suppressed output is relatively low; and (5) the supply responses of non-merging rivals are relatively small.*"

<sup>50</sup> Merger Guidelines of the US 2.6: *The Agencies consider whether a merger may entrench or extend an already dominant position. To undertake this analysis, the Agencies first assess whether one of the merging firms has a dominant position based on direct evidence or market shares showing durable market power. For example, the persistence of market power can indicate that entry barriers exist, that further entrenchment may tend to create a monopoly, and that there would be substantial benefits from the emergence of new competitive constraints or disruptions. The Agencies consider mergers involving dominant firms in the context of evidence about the sources of that dominance, focusing on the extent to which the merger relates to, reinforces, or supplements these sources.*

evaluated together, not all of these factors need to be present. This heading addresses the factors which are given as examples in the Horizontal Guidelines below.

(87) According to paragraph 27 of the Horizontal Guidelines, it is necessary to examine the market shares of the merging parties to evaluate the unilateral effects. Market shares and increases in market shares of undertakings are important first indications of market power and increases in market power. EU Guidelines on the Assessment of Horizontal Mergers under the Council Regulation on the Control of Concentrations between Undertakings (Horizontal Guidelines)<sup>51</sup> addresses a range of factors that may affect the unilateral effects to be created by a merger. One of those is the market shares of the merging parties<sup>52</sup>. EU authorities use HHI value and market shares of the merging parties to evaluate the unilateral effects of the merger even in markets with differentiated products in most of mergers.<sup>53</sup> As a different index, *Gross Upward Pricing Pressure Index (GUPPI)* aims to show the upward pricing incentive for the merging parties in the absence of encouraged entry, efficiency and product repositioning. GUPPI test is a tool developed by economists to measure an undertakings post-merger incentive to increase the prices<sup>54</sup>.

(88) GUPPI estimates are generally compared against a threshold that is assumed to be "tolerable". For instance, if the GUPPI value exceeds 5% or 10%, the merger is presumed to raise competitive concerns.<sup>55</sup> GUPPI is formulated as follows: Assuming that Firm A acquires Firm B and that Firm A sells Product 1 at price P1 while Firm B sells Product 2 at price P2, the GUPPI for Product 1 is calculated using the following formula:

$$\text{GUPPI} = (\text{diversion ratio from product 1 to product 2}) \times (\text{profit margin of product 2}) \\ \times (P2/P1)^{56}$$

<sup>51</sup> Guidelines on the Assessment of Horizontal Mergers under the Council Regulation on the Control of Concentrations between Undertakings (2004) paragraph 27 includes a similar provision.

<sup>52</sup> Panagiotis N. Fotis, Michael L. Polemis & Konstantinos Eleftheriou, Unilateral effects of partial acquisitions: consistent calculation of GUPPI under horizontal merger guidelines within the EU, *Economia e Politica Industriale Journal of Industrial and Business Economics*, ISSN 0391-2078 Volume 44, Number: 3 Accessed: 06.02.2024

<sup>53</sup>Merger Guidelines U.S. Department of Justice and the Federal Trade Commission 2.1.: *The Agencies generally measure concentration levels using HHI, they may instead measure market concentration using the number of significant competitors in the market. This measure is most useful when there is a gap in market share between significant competitors and smaller rivals or when it is difficult to measure shares in the relevant market.*

<sup>54</sup> See. <https://media.crai.com/sites/default/files/publications/Economic-Tools%20for-Evaluating-Competitive-Harm-in-Horizontal-Mergers.pdf> Accessed: 05.03.2024

<sup>55</sup>Board decision dated 30.12.2020 and numbered 20-57/794-354.

<sup>56</sup>Assuming that BMW acquires Mercedes, the GUPPI calculation ((diversion ratio from product 1 to product 2) x (profit margin of product 2) x (P2/P1)) shows that GUPPI is 16% for BMW and Mercedes 60% x 25% x (55.000 USD/50.000 USD)). 16.5% GUPPI shows a significant upward price pressure. According to this measurement BMW's acquisition of Mercedes brings an important price increase risk after the merger. This is consistent with a hypothetical merger of close substitutes. Assuming that BMW acquires Honda, GUPPI test shows that GUPPI is 0.9% for BMW and Honda (%15 x %10 x (30.000 USD/50.000 USD)) 9.0% GUPPI shows a small upward price pressure. According to this measurement, BMW's acquisition of Honda is not likely to result in a significant price increase after the merger. This is consistent with a hypothetical merger of distant (not close) substitutes. Those GUPPI calculations are not based on the borders of market definition, which is less important in the latest version of horizontal merger guidelines. It is not necessary to determine whether there is a premium automobile market apart from the whole automobile market to find whether BMW will have a greater incentive to increase the prices after it purchases Mercedes. GUPPI results indicate that a merger between BMW and Mercedes will lead to significant unilateral effects independent from a market definition. Even if the relevant market is defined as the whole automobile market, of which the total market shares of BMW and Mercedes

Horizontal merger guidelines indicate that when GUPPI is relatively small, the likelihood of the merger causing significant unilateral effects is low. In practice, it is generally accepted that this amount is smaller than 5%. On the other hand, if GUPPI is 10% or higher and there are no countervailing efficiencies, the merger is likely to create significant unilateral effects. Therefore, when the GUPPI is higher, it is expected that the merged entity will face greater pressure to raise prices. All else being equal, the higher the diversion ratio is, the higher the GUPPI will be. As a result, the merged entity will be less concerned about a decrease in sales compared to the pre-merger situation when it increases the prices. GUPPI is expected to increase with the level of product 2's profit margin. GUPPI formula has different versions depending on different assumptions about certain sector details. While evaluating the unilateral effects of a merger, static analyses such as GUPPI and other tests, which generally demand-sided several factors, should be taken into account with other analyses in order to better understand the possible competitive effects of the merger. Unilateral effect analyses generally provides a static overview about how a merger will increase a firm's incentive to increase prices. However if the market conditions are likely to change as a result of the merger or post-merger price increases, a simple unilateral effect analysis based on past information may be misleading. Being a factor countervailing unilateral effects, efficiency increases the merged entity's profit per unit sold by reducing its marginal costs and encourages it to increase its sales. Another way to increase prices is reducing the prices of the products. Within this framework, it is possible to say that efficiency becomes a factor that decreases and even reverses an undertaking's incentive to increase prices. With respect to the balance between GUPPI and efficiency, if the efficiency ratio is equal to or higher than GUPPI, the merger is unlikely to result in unilateral effects<sup>57</sup>.

(89) As stated above, the analysis provides a comparison to evaluate how big the acquirer's incentive to increase the prices is. GUPPI takes into account two important factors which affects the merged entity's post-merger pricing incentives. These are (i) the margin (or the profit) that the undertaking gains from the product sold and (ii) the rate of customer redirection to the merger partner (redirection rate). By analyzing the rate of the sales that are recovered (measured by redirection rate) and the profitability of those sales recovered (measured by margin), GUPPI measures how much profit is regained from the sales lost by the undertaking after the transaction. In this way, the test demonstrates how much the merger has increased the undertaking's willingness to raise the prices. Generally, GUPPI can be a useful tool to evaluate the proximity of competition in both differentiated products markets and cases where it is difficult to define the markets.<sup>58</sup> Therefore the parties to the transaction were asked to make GUPPI analysis for passenger cars (B and C segments including SUV type) and light commercial vehicles (separately for those between 0 and 3.5 tons and between 3.5 and 6 tons).

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represent 20%, the risk of post-merger price increase is high. This example further illustrates the difference between the true diversion ratio and the use of market shares as a proxy. In this example, the true diversion ratio of BMW and Mercedes is 60%. However, when assuming that all cars are equally close substitutes and using firms' market shares as proxies, the estimated diversion ratio of BMW and Mercedes is only 11% (calculated as  $10/(\%100 - \%10)$ )

<https://media.crai.com/sites/default/files/publications/Economic-Tools%20for-Evaluating-Competitive-Harm-in-Horizontal-Mergers.pdf>.

<sup>57</sup> Practice Note, How Antitrust Agencies Analyze M&A: Efficiencies (<http://us.practicallaw.com/3-383-7854>).

<sup>58</sup> See Analyzing the Relevant Market in Horizontal Mergers (<http://us.practicallaw.com/6->) 518-5514

(90) The analysis, which took into account the parties' market share in 2023, suggests the following: the transaction's unilateral price effects on consumers in B and C segment passenger cars including SUV body type as well as light commercial vehicles between 0 and 3.5 tons and between 3.5 and 6 tons will be limited. The transaction is unlikely to create a monopoly power, decrease competition significantly in downstream markets and segments or lead to a price increase that will decrease competition significantly in the relevant markets. It is stated that the implicit deviation ratio from STELLANTIS TR to TOFAŞ is as follows:

Table 5: The implicit deviation ratio from STELLANTIS TR to TOFAŞ

Segment	Implicit Deviation Ratio
The market for light commercial vehicles between 0-3.499 Tons	(....)
The market for light commercial vehicles between 3.5-6 Tons	(....)
The market for B segment passenger cars (including SUV body type)	(....)
The market for C segment passenger cars.	(....)

Source: TOFAŞ's response letter.

(91) Based on the data given in the table, the implicit deviation rate (....) calculated for light commercial vehicles between 0-3.499 Tons means that (....) out of 100 sales which STELLANTIS TR lost due to any reason such as price increase, discontinuation of manufacturing and shifting to another market, will be transferred to TOFAŞ. In the segment in question, there is a moderate level of substitutability between the parties, as a result of which a certain group of customers see TOFAŞ's light commercial vehicles between 0-3.499 tons as a close substitute for STELLANTIS TR's light commercial vehicles. In addition, there are also customers who may prefer other brands or other vehicle categories. Moreover, the moderate level of substitutability does not indicate a removal of a such significant competitor to create a monopoly or dominant position in the light commercial vehicles market.

(92) The implicit deviation rate (....) calculated for light commercial vehicles between 3.5 - 6 Tons means that (....) out of 100 sales which STELLANTIS TR lost due to any reason such as price increase, discontinuation of manufacturing and shifting to another market, will be transferred to TOFAŞ. In the said market, the substitutability between the parties is low, as a result of which the consumers leaving STELLANTIS TR are not likely to see TOFAŞ's offer as the next best choice. Instead, they may prefer other competitors or different vehicle categories. Thus, in case the notified acquisition is realized, it is unlikely that competition between the parties will be reduced in this market.

(93) The implicit deviation rate (....) calculated for passenger cars B segment means that (....) out of 100 sales which STELLANTIS TR lost due to any reason such as price increase, discontinuation of manufacturing and shifting to another market, will be transferred to TOFAŞ. Thus, consumers do not see STELLANTIS TR and TOFAŞ as close competitors in passenger cars market's sub-segment B. most of the consumers who leave STELLANTIS TR prefer brands other than TOFAŞ. As a result, in case the notified acquisition is realized, it is unlikely that competition between the parties will be reduced in this market.

(94) The implicit deviation rate (....) calculated for passenger cars B segment means that (....) out of 100 sales which STELLANTIS TR lost due to any reason such as price increase, discontinuation of manufacturing and shifting to another market, will be

transferred to TOFAŞ. Thus, consumers do not see STELLANTIS TR and TOFAŞ as close competitors in passenger cars market's sub-segment C. most of the consumers who leave STELLANTIS TR may prefer brands other than TOFAŞ. As a result, in case the notified acquisition is realized, it is unlikely that competition between the parties will be reduced in this market.

- (95) Survey-based diversion ratios are also provided in the GUPPI analysis submitted by the parties. In line with this, although those are different from market share-based diversion ratios to a certain extent, it is stated that in case the notified acquisition is realized, it is unlikely that competition between the parties will be reduced in the relevant markets. As a result it is stated that GUPPI rates calculated depending on market shares are far away from 10% threshold, unilateral effects on consumers in the said market are limited, it is unlikely that competition between the parties will be reduced in the relevant markets.
- (96) In addition, although market share is an important indication of unilateral effects of the transaction, it is not a sufficient evaluation criteria alone. Following the evaluation of market shares of merging parties, the competitive relationship between the merging parties and other undertakings active in the market as well as whether the market is homogeneous. In a relevant market of differentiated products, some products are closer substitutes for each other than others. The merged entity will be more likely to raise the prices as the level of substitution between the merging parties' product increases. In addition, the merger concerned will be more likely to significantly decrease effective competition by creating or strengthening dominant position. The merging firms' incentive to raise prices will be constrained in cases where the substitutability of competing undertakings' products is high<sup>59</sup>. In such case, competition between the merging parties will be in the center of the analysis as it is an important source of competition in the relevant market. Therefore, it is important to assess whether the creation or strengthening of a dominant position has occurred and therefore to analyze the closeness of competition.
- (97) Closeness of competition analysis allows for an in-depth evaluation of a merger's competitive effects in markets of differentiated products. If merging parties are not close competitors but are close competitors to other undertakings, the merger will lead to less problems than the case where they are close substitutes. A qualitative analysis such as an analysis of consumer preference, which compare merging parties' differentiated products in respect of quality, visuality, price and other features that are deemed convenient by customers can be used for assessment of substitutability closeness. The analysis about close substitutes can use market shares of the products in the market and the changes in those and the changes in terms of product prices or marketing and promotion activities.
- (98) The ability to increase product supply is important in terms of close competition analysis between competitors in markets where the products are homogeneous. Sector players with the ability to increase product supply can make a stronger competitive pressure than the players with limited capacity can. In addition to those analyses, the effect of situations that are generally risky and involve sunk costs such as product repositioning or expansion of product lines on the merged entity's price increases. In the differentiated product markets, the undertakings in the market may reposition their products after the merger. The possibility that the merging parties may

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<sup>59</sup>It is stated in the Horizontal Guidelines that "*the higher the degree of substitutability between the merging firms' products is, the more likely it is that the merged firm will raise prices significantly*".

lead to increase in welfare depending on the effect of such repositioning on the price and competitors' repositioning should be taken into account. However it should also be taken into account that product repositioning may sometimes result in discontinuation of production or less product variety. Moreover, in cases where quality is an important parameter in the market, not only the impact of the merger on the price but also other possible effects on consumer welfare should be considered.

- (99) Another factor to be examined in the evaluation of unilateral effects is whether the consumers' ability to change suppliers is limited. The merging parties' customers may face fewer alternative suppliers or important switching costs in case of changing suppliers. Consumers facing such situations will have weaker ability to defend themselves as they are vulnerable to price increases.
- (100) According to the Horizontal Guidelines, another factor to examine is whether competitors can increase production in response to a price increase. Paragraph 28 of the Horizontal Guidelines states "*...a merger between two undertakings whose products are regarded first and second choices by a substantial number of consumers may lead to a significant price increase.*" When market conditions are such that the competitors of the merging parties are unlikely to increase their supply substantially in response to prices increase, the merged undertaking may have an incentive to reduce output below the combined pre-merger levels, thereby raising market price. The merger provides an incentive mechanism for the merged undertaking to reduce output by giving it a larger base of sales where higher margins resulting from an increase in prices induced by the output reduction are enjoyed. However, when market conditions are such that competing undertakings have enough capacity and find it profitable to increase output sufficiently, it does not seem possible that the merger will significantly decrease competition by creating or strengthen a dominant position or in another way.
- (101) Unilateral effects may arise in markets where there are homogeneous products as well as where there are differentiated products. In markets where the products are homogeneous, the variables on the supply side are more important however analyzing the demand side is more important in markets where the products are differentiated. In a market where the products are homogeneous the fact that competing undertakings which are not party to the merger have a large idle capacity decreases the possibility of unilateral effects. In a market where the products are differentiated, even if there are idle capacities, in case the undertakings producing close substitutes merge and in case consumers will not prefer the products of competing suppliers to despite the post-merger price increases, unilateral effects may occur.
- (102) The Horizontal Guidelines states that whether the merged undertaking has enough capacity to hinder expansion by its competitors should be examined. Some mergers, if proceed, may result in allowing the merged undertaking to make the expansion of relatively smaller or potential competitors more difficult or to restrict the ability of competitors to compete and may encourage the merged undertaking's behavior to these ends. In such a case, competitors will not, either individually or together, be in a position to exercise pressure on the merged entity so that it will not increase prices or take other actions that may harm competition. In the assessments, the financial strength of the merged undertaking relative to its competitors should be taken into account, *inter alia*.
- (103) Lastly, according to the Horizontal Guidelines, whether the merger eliminates an important competitive force should be examined in the evaluation of unilateral effects. Some undertakings have more influence on the competitive process in the market they

operate than their market shares or similar indicators suggest. A merger involving such a firm may cause significant and anti-competitive changes on dynamics of the market, in particular in case the relevant market is concentrated. In markets where innovation is an important competitive force, a merger may increase the merged undertaking's ability and incentive to bring innovations to the market,

(104) In light of the information given above, in summary, unilateral effects refer to the effects to occur on prices when the merging entity has incentive and ability to increase prices independently. According to the Horizontal Guidelines, there are a lot of factors that determine whether a merger will lead to unilateral effects that will significantly lessen efficient competition in the relevant market. It is stated in the Horizontal Guidelines that although not all of these factors need to be present, they should be evaluated together, as they may not be decisive when taken separately. The assessment of unilateral effects within the scope of the file will be addressed in the following sections focusing on factors such as the market shares of the merging parties, the closeness of competition between them, consumers' ability to switch suppliers and whether the transaction eliminates an important competitive power.

#### **G.5.2.1.2. Coordinated Effects**

(105) Coordinated effects mean that undertakings that engage in activities without aligning their conduct prior to a merger may have a significantly increased likelihood of raising prices or reducing competition through coordination after the merger.<sup>60</sup> In contrast to unilateral effects, which result from the exercise of market power by the merged entity alone, coordinated effects relies on the accommodating reactions of other firms in the market<sup>61</sup>.

(106) Some market structures may make it possible, economically rational, and hence preferable for undertakings operating in that markets to adopt on a sustainable basis a behavior pattern aimed at making sales at increased prices. A merger in a concentrated market may significantly lessen effective competition, through the creation or strengthening of an existing dominant position. because such a transaction increases the ability of undertakings to coordinate their behavior and increase prices without entering into an agreement or resorting to a concerted practice within the meaning of article 4 of the Act no 4054. A merger may make the current coordination stronger for undertakings which are coordinating their behavior before the merger or enable them to coordinate on higher prices. Moreover, coordination may occur in various forms. In some markets, the most likely coordination involves keeping prices above the competitive level. In other markets, coordination aim at limiting production or the amount of new capacity brought to the market. Firms may also coordinate for dividing the market according to geographic area or other customer characteristics, or by allocating contracts in bidding markets<sup>62</sup>.

(107) The Horizontal Guidelines highlight that sustainability of the coordination requires three conditions. Those are as follows:

- The coordinating undertakings must be able to monitor to a sufficient degree whether the terms of coordination are being adhered to.

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<sup>60</sup> For the definition of coordinated effects see <https://www.rekabet.gov.tr/tr/Sayfa/Yayinlar/rekabet-terimleri-sozlugu/terimler-listesi?icerik=c4c4a103-604a-4f62-a5bd-acbcbe011ae> Accessed: 26.02.2024

<sup>61</sup> PRINCE, Jeffrey, "Coordinated Effects" <https://www.concurrences.com/en/dictionary/coordinated-effects> Accessed: 26.02.2024

<sup>62</sup> Horizontal guidelines para. 42.

- There must be some deterrence mechanism that will be activated if deviation from coordination is detected.
- The outsiders should not be able to jeopardize the results expected from the coordination.

(108) The Horizontal Guidelines state that with respect to the analysis of whether it is possible to reach terms of coordination and whether the coordination is likely to be sustainable, the changes that the merger brings about on the conditions of the relevant market should be revealed. The reduction in the number of undertakings operating in a market may be a factor that facilitates coordination. A merger may increase the likelihood or significance of coordination generating effects in other ways. For instance, one of the merging parties may be a maverick firm that has a history of preventing or disrupting coordination by not following price increases by its competitors, or having an incentive to making different strategic choices than its coordinating competitors prefer. In case the merged entity adopts strategies similar to those of other competitors, the remaining undertakings will be able to coordinate more easily, and the merger will increase the likelihood, sustainability or effectiveness of coordination.

(109) The Horizontal Guidelines states that in assessing coordinated effects, all available data related to the characteristics of the relevant market, including past behavior of undertakings and structural features of the market, should be taken into account. Within this framework, publicly available key information, exchange of information through associations of undertakings, or information received through cross-shareholdings or joint ventures are factors that help reaching coordination. Structural connections such as cross-shareholdings or participation to joint ventures are among factors that encourage undertakings to align their behavior. Therefore, the relevant market must be sufficiently transparent to allow the coordinating undertakings to monitor to detect those deviating from the common strategy and to retaliate in time if necessary.

(110) The Horizontal Guidelines emphasize that sustainability of the coordination among competitors depend on the credibility of the retaliation mechanism that can be activated by other undertakings against those deviating from coordination and the retaliation could take many forms, including cancellation of joint ventures or other forms of cooperation or selling of shares in jointly owned companies. The success of the coordination will depend on the condition that the actions of non-coordinating undertakings and potential competitors, as well as customers, do not jeopardize the outcome expected from coordination.

(111) The existence of coordinated effects are examined within the framework of a number of factors that are not hierarchically ordered. In this sense the number of undertakings and the level of concentration, barriers to entry, symmetry, the homogenous nature of the product, uncertainty about demand, structural links, multi-market relations are considered together with the nature of the transaction for the evaluation of coordinated effects<sup>63</sup>.

(112) For coordinated effects, Coca-Cola/Dr. Pepper case is an example.<sup>64</sup> While Coca Cola Co. and PepsiCo, which were both competitors and leading coke producers, were competing in 1970s and 1980s, their shares in total sales reached up to 66%. One week after PepsiCo announced that it intended to acquire Seven-Up, Coca Cola Co.

<sup>63</sup>Board decision dated 30.12.2020 and numbered 20-57/794-354.

<sup>64</sup> 641 F. Supp 1128 (1986).

announced that it intends to acquire Dr. Pepper. As the Federal Trade Commission (FTC) suggested that the planned acquisition might lead to anticompetitive results, PepsiCo gave up the acquisition of Seven-Up; however, Coca Cola Co. acquired Dr. Pepper. In the *FTC v. Coca Cola Co.* case, FTC concluded that following the merger, the concentration in the market would increase as the competition between Dr. Pepper and Coca Cola Co. would end, which would facilitate a possible implicit cooperation between Coca Cola Co. and PepsiCo; thus the merger violated article 7 of the Clayton Act. The decision examined other aspects of the market structure such as barriers to entry and stated that barriers to entry meant a constant increase in the concentration.<sup>65</sup>

(113) The first decision where the Commission first examined the coordinated effects is *Nestle/Perrier* merger.<sup>66</sup> The Commission alleged that there would be a relation between the merged entity and BSN S.A., which was another leader, based on cooperation after the merger. An obligation that Nestle would transfer certain brands to an independent producer was imposed in order to eliminate competitive concerns.<sup>67</sup> Another Commission decision, which highlighted coordinated effects was *Airtours* decision<sup>68</sup>. This decision was annulled by the Court of First Instance (CFI). CFI indicated the general standards for evaluating coordinated effects. Accordingly, first the market should be sufficiently transparent to allow monitoring other undertakings' conduct. Secondly, coordination should be sustainable, which means that the participants are deterred from deviation due to the fear of retaliation. Third, the benefits of coordination should not be jeopardized by actual or future competitors' or customers' actions. CFI stated that those should be evaluated cumulatively<sup>69</sup>.

(114) Another Commission decision on whether the increase in concentration leads to coordinated effects is *Pilkington-Techint/S/V* decision.<sup>70</sup> The Commission concluded that although Pilkington became the second biggest undertaking in the market following the merger, the conditions necessary for the existence of coordinated effects did not occur since there is excess capacity in the flat glass market.

(115) In *Mardaş/Limar* acquisition<sup>71</sup>, which is one of the decisions where the Board addressed coordinated effects, the Board analyzed the cross shareholdings to be formed after Limar Liman ve Gemi İşletmeleri AŞ, which is controlled by Arkas Holding, acquired Mardaş Marmara Deniz İşletmeciliği AŞ as well as the merged entity's post-merger 82% market share. The said acquisition was cleared with the commitments preventing the exchange of competitively sensitive information.

(116) The Board's *Naturelgaz/Socar* decision<sup>72</sup> where the Board addressed the acquisition of Socar Turkey LNG Satış AŞ's sole control by Naturelgaz Sanayi ve Ticaret AŞ, it was concluded that although there are relatively few players in the transport, distribution and sale market of bulk natural gas, the growth potential of the market encourages new entries as well as changes in the shares of current players, the transaction did not change the first five players of the market and increased the asymmetry among the players; depending on the mentioned factors, the notified

<sup>65</sup> KULAKSIZOĞLU, Ş. (2003), "Rekabet Hukukunda Yatay Birleşmeler: Antirekabetçi Etkiler ile Öne Sürülen Savunma ve Yararlar", Competition Authority Expert Thesis, Ankara, p. 22-23.

<sup>66</sup> Case IV/M190 (1993).

<sup>67</sup> KULAKSIZOĞLU, p. 23.

<sup>68</sup> Case T-342/99 (2002).

<sup>69</sup> Board decision dated 30.12.2020 and numbered 20-57/794-354.

<sup>70</sup> Case IV/M358 (1994).

<sup>71</sup> Board decision dated 08.05.2018 and numbered 18-14/267-129.

<sup>72</sup> Board decision dated 09.07.2020 and numbered 20-33/427-194.

transaction did not lead to coordinated effects that would lessen effective competition significantly. In the assessment of whether the notified transaction would restrict effective competition via coordinated effects in auto-CNG market, it was concluded that the market was attractive in terms of market entries, the market offered growth potential in terms of the existing players and did not lead to coordinated effects that would lessen competition significantly.

(117) The Board's *FCA/PSA* merger decision examined the coordinated effects in the light commercial vehicles market. Factors such as the structural links between FCA and FORD OTOSAN, market shares and concentration rates, entry barriers, product homogeneity, capacity use rate, cost similarity, buyer power, players' historical behavior and transparency. Accordingly, it was decided that the effective competition would be lessened within the framework of article 7 of the Act no 4054 by means of coordinated effects in the market for the manufacture and sale of light commercial vehicles with a gross weight of up to 3.5 tons as a result of the transaction, however, the notified transaction would be allowed subject to conditions within the framework of the commitments submitted<sup>73</sup>.

(118) The Board's *Fraport TAV/Potas* acquisition decision<sup>74</sup> addressed the transfer of the rights to construct and operate fuel supply and storage facilities to be held by Fraport TAV Yatırım Yapım ve İşletme AŞ (FRAPORT TAV) in Antalya Airport during the new concession period to Potas Akdeniz Akaryakıt Dağıtım AŞ'ye (POTAS). It is stated in the decision that coordinated effects under conditions where the adoption of a behavior pattern aimed at making sales at increased prices is economically rational and hence preferable for undertakings operating in that market. And whether the structure that would emerge as a result of the acquisition would make the market more transparent and increase the likelihood of anticompetitive collusion among undertakings, in terms of coordinated effects should be evaluated. As a result of the evaluation made in the file, the following conclusions were drawn: There is no coordination risk due to the decrease in the number of players in the market as POTAS is entering the market as a new player. Based on the control structure<sup>75</sup> there is a potential coordination risk since POTAS and Petrol Ofisi AŞ will sell jet fuel in Antalya Airport. However, the emerge of coordinated effects is unlikely as jet fuel tenders are generally conducted on an airport basis for periods of one to two years, there are no obstacles in front of airline companies to switch to another supplier and the sector is subject to various regulations. In addition, there are not any investigations made by or complaints submitted to the TCA under the scope of the current functioning, which supports the opinion that the coordination risk is low. As a result, it was concluded that the acquisition would not create coordinated effects and prevent competition in the market by means of coordinated effects and the acquisition was allowed within the framework of the commitments due to the concerns about input restrictions in vertically affected markets.

(119) In light of the information given above, coordinated effects mean that undertakings that engage in activities without aligning their conduct prior to a merger may have a significantly increased likelihood of raising prices or reducing competition through coordination after the merger. Whether the transaction in question lead to coordinated

<sup>73</sup> Board decision dated 30.12.2020 and numbered 20-57/794-354.

<sup>74</sup> Board decision dated 12.05.2023 and numbered 23-22/426-142.

<sup>75</sup> The establishment of POTAS, which is a full functioning joint venture to be established by TAV Antalya Akaryakıt Dağıtım AŞ and Petrol Ofisi AŞ was cleared with the Board decision dated 23.02.2023 and numbered 23-10/158-49.

effects will be discussed on the basis of the structural links between undertakings, the structure of the market and symmetry, historical behavior of the players in the market and transparency.

#### **G.5.2.2. Evaluation of the Effects of the Transaction on the Relevant Markets**

(120) As stated in the “Relevant Product Market” section, the activities of the parties to the transaction overlap horizontally in “passenger cars”, “light commercial vehicles”, “spare parts and after-sales services” and “purchase and sale of used cars” markets. On the other hand, the market shares of the parties in “spare parts and after-sales services” and “purchase and sale of used cars” markets are not sufficiently high to create competitive concerns. Therefore, this section makes an assessment on the basis of

- i) The market for the Manufacture and Sale of Passenger Cars
- ii) The Market for the Manufacture And Sale of Light Commercial Vehicles

Nevertheless, for the sake of integrity, before those assessments, certain competitive dynamics such as common barriers to entry and efficiencies expected from the transaction will be given below, followed by the opinions of the competitors of parties to the transaction.

##### **G.5.2.2.1. Barriers to Entry**

(121) One of the common market dynamics of passenger cars market and light commercial vehicles market is barriers to entry. It is vital for the identification of the possible effects of a merger to indicate whether it is easy to enter the market, what the barriers to entry are as well as the level of anticompetitive effects of those barriers. The reason is that when entering a market is sufficiently easy, the risk that mergers will pose anti-competitive effects will be low<sup>76</sup>. According to the Horizontal Guidelines for entries to exert sufficient competitive pressure on the merging parties, they must be likely, timely and sufficient.

(122) The Horizontal Guidelines defines barriers to entry as “*certain advantages that incumbent undertakings have over potential entrants and that stem from the characteristics of the market*” and states that barriers to entry may take various forms:

- (a) *There may be legal entry barriers. For instance, a regulatory authority may restrict the number of licenses and thus the number of market participants. They may also take the form of tariff and non-tariff trade barriers.*
- (b) *Incumbent undertakings may also enjoy technical advantages over new entrants by having essential facilities, natural resources, innovation and R & D or intellectual property rights. For instance, in certain industries, it might be difficult to access essential input materials or intellectual property rights or procedures may be protected. Economies of scale and scope, distribution and sales networks or restrictions to access to important technologies are other types of entry barriers.*
- (c) *The current position of an incumbent may also constitute entry barriers. For instance it will not be easy to enter markets where experience and reputation is important, both of which are difficult to obtain for an entrant. In this context, factors such as consumer loyalty to a particular brand, the close relationships between actual suppliers and customers, the importance of promotion or advertising and other issues that may affect an undertaking's reputation may be taken into account. Entry barriers may arise where the incumbents are able to*

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<sup>76</sup> Horizontal Guidelines, para. 97.

*put large excess capacity into use or where customers have to incur significant costs if they switch to a new supplier.”*

(123) Within the framework of those explanations, it is important for both markets to examine the barriers to entry related to automotive sector. Global players that have been active for long years are leading actors in the automotive market. The Automotive Sector Strategy Paper<sup>77</sup> of the Ministry of Science, Industry and Technology<sup>78</sup> of the Republic of Türkiye suggests that mergers between motor vehicle manufacturers will continue to increase due to the fierce competition in the market, as a result of which the manufacturing in Türkiye will concentrate on certain undertakings.<sup>79</sup>

(124) As a result of global cooperation through mergers, elements such as R&D investments and intellectual property rights will be collected under the body of certain major undertakings due to concentration. This may create a barrier to entry within the scope of subparagraph b of paragraph 100 of the Horizontal Guidelines, since incumbent undertakings enjoy technical advantages over new entrants.

(125) The importance of R&D work for the automotive sector cannot be denied. R&D work and investments require considerable amount of capital. In addition to high capital requirement, the personnel to be employed for R&D work must be qualified. The need for qualified personnel who meet specific criteria also increases production costs<sup>80</sup>. The said production costs decrease to the extent that economies of scale are used. Due to the structure of the automotive industry, undertakings with a certain size of production volume can gain advantages in terms of competition thanks to cost advantages stemming from positive economies of scale<sup>81</sup>. Thus, economies of scale provides advantages for the incumbent firms over a certain capacity, entry to the sector requires as well as basic production inputs such as labor are high, all of which indicate the existence of barriers to entry.

(126) Another barrier to entry is the capacity use rates of incumbent firms. Low capacity use rates of incumbent undertakings leading the market and/or having high market shares are low may deter entries. If incumbent undertakings are working with idle capacity, in case of a new entry, they can decrease the prices by increasing production (capacity use rates) and can have the share that the new entry will take from the market. Another major challenges that the undertakings in the automotive sector face is low capacity use rates.<sup>82</sup> Idle capacity increases the costs of undertakings in the sector significantly. While undertakings are competing for sustaining the market positioning of their brands in the eyes of consumers, they simultaneously try to decrease production costs

<sup>77</sup> The Automotive Sector Strategy Paper and Action Plan (2016-2019) of General Directorate of the Ministry of Science, Industry and Technology, 2016

<sup>78</sup> The Ministry of Industry and Technology as of 2018

<sup>79</sup> Such global cooperative actions, which are said to be increasing in the sector, may be referred to as coopetition. Coopetition is formed through combining the words “cooperation” and “competition”. Source: Gökben BAYRAMOĞLU, “Rekabetin Değişen Doğası: Paradoksal Bir İlişki Olarak Rekaberlik”

<sup>80</sup> In the countries in Central Europe, where wages are especially high, firms may prefer using more automation processes in terms of bearing increasing costs of labor.

<sup>81</sup> “Economies of scale” mainly refers to positive economies of scale. As defined in the Competition Terms Dictionary, positive economies of scale means the model where average costs decrease with the increased production. Cost savings stemming from positive economies of scale may be reflected to prices, thereby manufacturers can gain advantage over their competitors. The way to decrease (average) costs for the automotive industry is to increase the ability of mass production as well as capacity use rates.

<sup>82</sup> General Directorate of Industry of the Republic of Türkiye Ministry of Industry and Technology, Sector Reports and Analysis Series, Automotive Sector Report (2020)

stemming from idle capacity to have advantage in price competition.<sup>83</sup> As a result it is understood that the capacity use rates of undertakings in the automotive sector are low. The idle capacity in the sector is a barrier to entry in the sense of subparagraph (c) of the Horizontal Guidelines stated above.

(127) Lastly, a sector being subject to certain legal obligations or overregulated may be a barrier to entry. Accordingly, the automotive sector is subject to a lot of technological, administrative and environmental regulations. Also, there are specific regulations for after-sales services. A well-known example of a regulation concerning the automotive sector is the After-sales Directive, which was published in the Official Gazette dated 13.06.2014 and numbered 29029. According to the Directive passenger car manufacturers have to provide 20 repairers in seven geographic regions of Türkiye<sup>84</sup>. In addition, the Communiqué on the Import of Certain Electric Vehicles, which was issued by the Ministry of Trade and entered into force on 01.01.2024, is a current example of a regulation in the automotive sector. The said Communiqué imposes the precondition that undertakings that intend to be an electric vehicle importer must obtain "Authorization Document" to operate.<sup>85</sup> Compliance with these and similar regulations may be discouraging for undertakings. This situation may constitute an entry barrier within the meaning of paragraph 100(a) of the Horizontal guidelines mentioned above.

(128) Taking into account the general information about the sector, it is understood that there are barriers to entry in the motor vehicles sector. Those assessments that are made with the guidance of the Horizontal Guidelines provide a framework. Each individual case should be addressed in detail by considering the sector dynamics and the distinctive features of the transaction. In other words, different barriers to entry may not affect every undertaking equally. Incumbent undertakings' deterrence effect on new entries may not be equally significant for every sector. The importance of market entry conditions may vary depending on the geographic definitions. In line with this, as required by the geographic market defined in this file, examining whether there were entries between 2020 and 2024 to the automotive market in Türkiye to understand the actual outlook of the sector.

(129) According to ODMD annual vehicle sales data, Cupra in 2021 and BYD, Chery, DFSK, Hongqi, Leamotor, Skywell, Tesla and Togg in 2023 entered the Turkish automotive market; there are strong global and national brands among the entries especially in 2023.

(130) As a result of the explanations made, the following assessments are made: There are barriers to entry such as high capital requirement and regulations. Moreover, given the features of the undertakings operating in the market, the undertakings planning to enter the market in the future will be global undertakings that can survive in regulated, high-cost sectors rather than start-ups. Thus, theoretical barriers to entry exist actually in the market.

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<sup>83</sup> Although not certain for each individual case, it is accepted that undertakings can generally reduce their average costs as capacity use increases, that is as more is produced, due to the fixed costs they have to bear (facility and land rents, property tax, insurance and depreciation expenses).

<sup>84</sup><https://www.mevzuat.gov.tr/mevzuat?MevzuatNo=19783&MevzuatTur=7&MevzuatTertip=5>

Accessed: 29.01.2024

<sup>85</sup><https://www.mevzuat.gov.tr/mevzuat?MevzuatNo=40591&MevzuatTur=9&MevzuatTertip=5>

Accessed: 29.01.2024

### G.5.2.2.2. Efficiency Expected from the Transaction

(131) The second factor, which is considered to create common effects on both passenger cars market and light commercial vehicles market is whether the transaction will provide efficiency gains. As stated before, beside anti-competitive effects of a merger, countervailing factors such as buyer power, entry barriers and possible efficiency gains to be produced by the transaction should be taken into account in the assessment of the transaction<sup>86</sup>. This heading deals with the possible efficiency gains to be provided by the notified transaction in Türkiye.

(132) The automotive sector is regarded as the pioneer of the industrial development of countries, serves as a source for successive innovations and technological developments and constitutes an indispensable element of economy due to its close relations with various industry branches and raw materials.<sup>87</sup> Due to the mentioned reasons, efficiency gains will have a positive impact on the relevant country.

(133) The Horizontal Guidelines state "*in order for a merger to be authorized by considering efficiency gains, the efficiencies to be gained have to benefit consumers, be specific to the merger under examination and be verifiable.*" Therefore, the expected efficiency gains will be assessed within the framework of the relevant article in the Guidelines.

(134) In terms of consumer benefit, the Horizontal Guidelines make the following explanation:

- *The main criterion in assessing efficiency gain claims is that consumers will not be in worse conditions as a result of the merger compared to pre-merger situation. In order to meet that criterion, efficiencies should be substantial, timely and should benefit consumers in markets where competition concerns exist.*
- *Consumers may also benefit from new or improved products or services launched by means of efficiency gains in the sphere of R & D and innovation.*
- *Mergers may provide efficiency gains that can lead to benefits to consumers, especially lower prices. For example, cost advantages in production or distribution may give the merged undertaking the opportunity to charge lower prices from consumers. Mergers that lead to reductions in variable or marginal costs meet more easily the criterion of benefiting consumers than those that lead to reductions in fixed costs. Cost reductions resulting from anti-competitive reductions in output in the market cannot meet that criterion.*
- *Efficiency gains may have an effect that will reduce the risk of anticompetitive coordination between undertakings in the market. The new undertaking will have the opportunity to lower its prices and increase its sales amount thanks to the efficiency gains resulting from the merger, thus it will not find involving an anticompetitive act with other undertakings profitable.*

As understood from the relevant articles, if an undertaking takes the advantage of the high market share it has obtained as a result of the merger and reduces its costs by maintaining the production level under the competitive level intentionally, such behavior is not regarded as an efficiency gain. The said cost advantage should be reflected to the consumers in the form of reduced prices and this should be realized in a reasonable time period so that consumer welfare is not increased. The measurement of consumer benefit takes into account the factors such as price reductions, customer satisfaction, product variety, better quality, availability and sustainable supply, etc.

<sup>86</sup> Horizontal Guidelines, para. 11.

<sup>87</sup> FERRAZZI, M. and CASSIA, F. 2018. *The Economics of Cars*, p. 1-13.

(135) The Notification Form suggests that after the merger, consumers will not have fewer choice in terms of car models, the merged entity will have lower costs due to increased efficiency, lower costs will increase service quality and incentive to innovate, as a result of which the sources needed to take new initiatives with high quality standards will enable the necessary investments. In addition, consumers will be provided with more efficient sales and maintenance services after the merger, services offered to consumers will be improved with more technological and corporate investments, end users in Türkiye will have access to wider product and services, the said benefits will cover all authorized repairers and dealers, with which TOFAŞ signs an agreement; thus not only end users but also intermediate users will benefit from those.

(136) As stated in the Horizontal Guidelines, the main criterion in assessing efficiency gain claims is that consumers will not be in worse conditions as a result of the merger compared to pre-merger situation. In addition, the Board considers efficiency claims by the parties in merger/acquisition assessment and authorizes the merger if it finds them realistic. Pursuant to the said provision, parties were asked to provide detailed explanations about the expected efficiency gains, which are stated in the Notification Form including increased product variety, easier availability for consumers, sustainability in product supply and consumer benefit in the distribution system. It is important to evaluate the parties' explanations to embody the efficiency gain claims on the basis of the transaction.

(137) The following explanations are made in the Notification Form, Final Examination Notification Form Opinion Letter:

- Management of the distribution of STELLANTIS's all brands from the same location will not only decrease the costs but also increase the service quality<sup>88</sup>,
- The benefits expected from the global FCA/PSA merger have been rather limited in Türkiye since distribution is realized through two channels TOFAŞ and STELLANTIS TR.
- TOFAŞ has a wider sales and after-sales services network compared to STELLANTIS TR. It will be possible to distribute the brands that are distributed by STELLANTIS TR before the transaction and especially the spare parts to a wider location in a shorter time.
- STELLANTIS TR is not operating in Türkiye; however, consumers will be able to access spare parts of Peugeot, Citroën, DS and Opel brands in provinces and towns, where TOFAŞ has repairer and spare part network.
- Thanks to the management of the spare parts for the aforementioned brands from the same center, there will be savings in transport costs, alleviating the effects of costs on spare parts.
- Spare parts for Peugeot, Citroën, DS and Opel brands will be available at points, where spare parts for Fiat, Alfa Romeo and Jeep brands, which are distributed only by TOFAŞ before the transaction.
- TOFAŞ's current suppliers will be able to produce spare parts for cars, which are distributed by STELLANTIS TR before the transaction. Therefore, imported

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<sup>88</sup> After the notified merger, TOFAŞ will distribute the brands which STELLANTIS TR is distributing (Peugeot, Citroën, DS, Opel). All of the brands, which belong to STELLANTIS NV and which are sold in Türkiye will be distributed under the body of TOFAŞ.

spare parts could be manufactured in Türkiye<sup>89</sup>. This will contribute to the economy in general and benefit national suppliers on one hand and consumers will be able to buy spare parts at more reasonable conditions on the other.

- The manufacture of light commercial vehicle and Combi versions of the new "K0" model will be developed, supplied, exported and locally distributed in TOFAŞ's facility in Bursa, which will provide an important investment opportunity for Türkiye.
- (....)

(138) The Horizontal Guidelines state that the Board performs an overall assessment when examining a merger and take into consideration technical and economic progress which is to the consumers' advantage and which does not harm competition. Accordingly, economic progress and consumer benefit expected from the merger is a determinant factor in measuring efficiency gains.

(139) As stated before, in case the notified transaction is realized, within the framework of K0 Manufacturing Agreement, as of the beginning of 2025, for five STELLANTIS NV brand (Fiat, Fiat Professional, Peugeot, Citroën, Opel), K0 model light commercial vehicle will be manufactured in Türkiye under the body of TOFAŞ. All Peugeot, Citroën and Opel brand vehicles are imported and they are distributed by STELLANTIS TR. As explained by the parties, in case the transaction is allowed, there will be a fall in import and even K0 vehicles may be exported. In line with the data from ODMD, in the light commercial vehicle segment of these brands, the shares of imported vehicles in total sales for the years 2021, 2022 and 2023 are respectively 34%, 35% and 60%<sup>90</sup>. The average import rate in the last three years is 43%. The share of import has increased 71% compared to the previous year. The parties suggest that in a scenario where the transaction is realized, there will be improvements in the import rate on the basis of the said brands in Türkiye. K0 vehicles with an annual manufacturing capacity of (....) will contribute to the said improvement.

(140) TOFAŞ stated that it plans to manufacture nearly (....) vehicles during 2024-2032 period under the scope of K0 project and (....) TOFAŞ exported spare parts with a value of (....) from the supplier park to Stellantis group in 2023. It is expected that this amount will reach (....) under the coordination of TOFAŞ's purchasing unit. (....)-person vacancy resulting from the termination of Fiat Fiorino production will be occupied in K0 project. In addition, until 2027, (....) persons can be employed in addition to the current staff, especially in industrial R&D functions.

(141) (....) allowing (....) savings in 2024 and (....) in 2025.

(142) In line with the explanations given above, considering the provisions in the Horizontal Guidelines and the information submitted by the parties together, it is concluded that the notified transaction will provide cost efficiencies in various areas such as manufacturing, distribution, marketing and employment; that the said efficiencies can be transferred to consumers via distribution and after-sales services; especially end consumers will be able to access the products of parties to the transaction in an easier manner in addition to benefiting after-sales services for those products more efficiently.

<sup>89</sup> It is stated in the response letter that TOFAŞ purchases spare parts for the vehicles especially manufactured in Türkiye from spare part manufacturers in Türkiye whereas STELLANTIS TR mainly imports spare parts.

<sup>90</sup> Since ODMD data does not handle Fiat Professional in a separate heading, the calculation covers four brands. On the other hand, it is accepted that in ODMD's sales data, Fiat Professional is included in Fiat brand.

### G.5.2.2.3. Opinions of the Competitors About the Transaction

(143) The opinions of the competitors of parties to the transaction in passenger cars and light commercial vehicles market regarding the effects of the said market as well as the reasons for those opinions are provided below.

(144) (....)'s opinion is as follows: TOFAŞ's market share will reach 34% in passenger cars and light commercial vehicles market totally after the planned acquisition is completed. This means one out of three cars sold in passenger cars and light commercial vehicles markets is sold by TOFAŞ. Total market shares of TOFAŞ and STELLANTIS is 30% in 2021 and 34% in 2023, and over 40% in some of the months of the year 2023. A possible merger will lead to brand concentration and higher market shares. Depending on 2023 data related to light commercial vehicles, TOFAŞ's post-transaction market shares will reach 45% and be even over 50% in some months. After the planned transaction, the breakdown of CDV segment, which corresponds to 6.5% of the whole market, may be up to 81% for the merged entity. TOFAŞ will be the manufacturer of all brands and models sold in Türkiye for MVAN segment. After the planned transaction, the merged entity's market share in C-SUV segment, which is the largest segment of the market corresponding to 23% of the market, will be over 40%. TOFAŞ and STELLANTIS TR together can have market shares of 49% in C-SUV segment 49% (February 2023) - 75% in C sedan segment (January 2023) - 47% in B-SUV segment (June 2023). In addition, after the notified transaction, pricing/profitability strategies of the brands that are expected to compete in terms of price/product/service quality under the market conditions will finally be managed from a single center. The planned transaction will significantly restrict competition because the merged entity will have a say in the passenger car, luxury car and commercial car segments with nine brands and will have sufficient market share to influence the market in favor of itself, will be determinant in price by changing its profitability policies periodically due to its market share and it is likely that the customers may not access to vehicles of reasonable price.

(145) (....)'s assessments and estimations are as follows: FCA is operating in Türkiye in the market for the manufacture and sale of passenger cars and light commercial vehicles through TOFAŞ, which it jointly controls with KOÇ HOLDİNG. FORD OTOSAN is also operating in the market for the manufacture and sale of light commercial vehicles, and is under the joint control of FORD and KOÇ HOLDİNG. KOÇ HOLDİNG is a party to both TOFAŞ and FORD OTOSAN joint ventures. Otokoç Otomotiv Ticaret ve Sanayi AŞ, which is under the control of Koç Group, also operates in the sale of passenger cars and light commercial vehicles. The market shares of the brands, which TOFAŞ will distribute after the planned transaction, in passenger cars market have increased in general in the last five years, finally exceeding 30% in 2023. In addition, taking into account the market share of Ford brand, which is distributed under the body of KOÇ HOLDİNG, in case the planned transaction is allowed, the market shares of the brands that are distributed by the undertakings under the control of KOÇ HOLDİNG exceeded 34% in 2023 in passenger cars market.

- After the planned transaction, the total market shares of the brands, which will be distributed by TOFAŞ may be over 50%. In fact the market shares of the said brands in light commercial vehicles market have been increasing in general in the last five years, exceeding 44% in 2023.
- Moreover, their market shares in light commercial vehicles market in 2023 will exceed 70% with Ford, which is distributed under the body of KOÇ HOLDİNG.

After the transaction, the market shares of the brands distributed by undertakings under the control of KOÇ HOLDİNG may even exceed 80%. In this case, KOÇ HOLDİNG will have competitive advantage in both light commercial vehicles and passenger cars market. With respect to product strategy, TOFAŞ, which has competing products in the same segments, may position those models in a way that they will have the slightest impact on each other while it is designing price, product and equipment strategies for those models and may make a common strategy targeting competing brands.

- In case there is no inventory in one of the brands distributed by TOFAŞ within the same segment, in order to increase the sale of other brands, prices may be temporarily raised in the brand with the inventory shortage. Customers may be directed to other brands with inventory and potential customers may be influenced to choose one of the brands distributed under the umbrella of TOFAŞ.
- TOFAŞ will have a unique competitive advantage by ruling all segments more easily; consequently, its rising market share will be much higher and it may be decisive in terms of price in the markets at the same time.
- At the end of the planned transaction, TOFAŞ's network will be the largest throughout the country. TOFAŞ's operational costs will fall with the increase in the number of common dealers in sales and after-sales channels. It will be difficult for other brands to compete with brands sold under TOFAŞ's distributorship.
- TOFAŞ may demand exclusivity from the undertakings with which it is working for domestic and international shipping by asking to carry only its brands; hence, TOFAŞ's competitors may face cost increase and failures in supply chain operations and the competitive structure in the market may be distorted.
- Consequently, suppliers and other third parties may be urged to be TOFAŞ's supplier, which will make TOFAŞ more competitive. It may also be price determinant. Those who deviate from the set price may be sanctioned. This will lead to suppliers' bankruptcy.
- The merged entity's market power will almost constitute a monopoly, making KOÇ HOLDİNG a price determinant in the market.

(146) (.....) stated that the planned transaction will create significant competitive pressure with respect to sales network and dealers as well as negative impact on competitors.

(147) (.....) stated the following: TOFAŞ will have a significant market power. This market power may allow it to shape/direct the market and adopt strategies that are harmful for consumers by means of pricing tactics and wide range of products stemming from the management and use of the same dealer/distribution network. There will be no additional value such as innovation. Competitiveness will depend on only cheap labor and scale.

(148) (.....) stated the following: After the planned transaction, TOFAŞ will have a high market share in light commercial vehicles market. The merged entity may have control over the market, it will have bargaining power and provide a wide range of products. Competition may be reduced.

(149) (.....) stated the following: As a result of the planned transaction, TOFAŞ's market share will be nearly 31% in the market for manufacture and distribution of passenger cars. When the market share of FORD OTOSAN, which is another subsidiary of KOÇ HOLDİNG, which also has the joint control of TOFAŞ, is included, this share goes up

to nearly 34%. TOFAŞ will have about 46% market share in the light commercial vehicles market, which is already concentrated. This share will go up to 72% with FORD OTOSAN. As a result of the transaction, a major player in the market will be absent; thus the market power difference with the closest competitor will be huge. TOFAŞ's market share especially in the light commercial vehicles market will reach a considerable level. light commercial vehicles market was found to have a concentrated structure in FCA/PSA decision. This concentration will deepen following the transaction. Access to distribution channels is a barrier to entry in the automotive sector. After the planned transaction TOFAŞ will distribute most of the important automotive brands and hence will be a crucial supplier for resellers. With a high market power and vehicle distribution portfolio, its practices in its relations with its distributors are likely to result in exclusionary effects. A significant level of market power in the market for the distribution of passenger cars and light commercial vehicles may establish an important buyer power on suppliers in the manufacturing market. From this perspective, it may also affect the competitive process in the manufacturing market negatively.

(150) (....) stated the following: According to the calculation made using 2023 OMD retail sale data, after the planned transaction, the merged entity's market share in passenger cars and light commercial vehicles is 33.70%. Its market share will be 30.65% in passenger cars and 44.83% in commercial vehicles, which means there will be a group controlling one-third of the market. TOFAŞ will have a great competitive advantage in all segments.

(151) (....) stated the following: The planned transaction will lead to concentration in the market. TOFAŞ's market share will almost double. A strong undertaking with 34.5% market share will emerge in the market which is already competitive. following the transaction, one out of three cars will be sold by TOFAŞ. StELLANTIS's Peugeot, Citroën and Opel brands are competing with TOFAŞ's Fiat brand whereas STELLANTIS's DS brands is a close competitor of Alfa Romeo, which is distributed by TOFAŞ. They make competitive pressure on each other. After the competitive pressure made by the acquired undertaking ends, market power of the acquiring undertaking will increase. The prices of close competitors may be parallel. Product features other than price such as functionality, durability, reliability, design, performance and security, which determine the value of products of the parties to the transaction in the markets for passenger cars and light commercial vehicles, play an important role in purchasing decisions. With a wide product range including nearly ten brands in different segments, classes and price scales, the merged entity will have such a power that it can limit consumer preferences. According to OMDM December 2023 data, total market shares of transaction parties in light commercial vehicles market is about 45%, which may lead to similar concerns in terms of passenger cars market. FORD OTOSAN is the leader in light commercial vehicles market with a market share of around 30%. Thus, as a result of the planned transaction, KOÇ HOLDİNG will hold about 75% of the light commercial vehicles market through the undertakings it controls (TOFAŞ and FORD OTOSAN).

(152) In addition to the opinions given above, the prediction of undertakings who suggest that the notified transaction will not result in negative outcomes in the market are stated below.

(153) (....) stated that the transaction will not negatively affect the market as each brand has different operational structure and dealer organization and they will be managed with different understanding.

(154) (....) stated the following: Passenger cars market has a competitive structure. Total market shares of TOFAŞ and STELLANTIS TR will be 30% pertaining to 2022 and 2023 is about 30% in passenger cars market. The said brands' market share in light commercial vehicles market where there are many players is 40 to 45%. There have been new entries in the automotive sector. Given the fact that technical advancement is an important competitive parameter, as a result of the transaction TOFAŞ will have a wider brand variety. The transaction will not have a significantly harmful effect on automotive market's competitive structure.

(155) (....) and (....) mentioned both negative and positive aspects about the planned transaction. Accordingly (....) made the following assessments: Undertakings' market position and distribution of many brands by only TOFAŞ will increase its market share and strengthen its market position. An undertaking holding pricing policies and performance indicators of many brands may provide end consumers with sales alternatives in a less competitive manner. Connected car systems is expected to be used more in the future, thanks to this technology, TOFAŞ may have more data compared to its competitors to monitor consumer preference and offer in-car entertainment services to appeal consumers, to detect and predict service needs and to offer personalized preferences such as charging stations, Purchasing power stemming from having the largest share in the imported cars in Türkiye will reflect as quality, price and time disadvantage to competing brands and have negative effect on delivery time and spare part supply. On the other hand, the transaction will neither foreclose the market nor create barriers to entry substitutability since there are a lot of players in the market and substitutability among segments in the market and consumer preferences are shaped according to additional criteria such as price, performance, wide service network, fast delivery, etc. (....) thinks that while the planned acquisition will not have a negative effect on passenger cars market due to the competitive structure, it will create dominance and thus create a negative impact on sub-segments of the light commercial vehicles market.

(156) The opinions of competitors in terms of spare parts market are given below.

(157) (....) emphasized the following: The planned transaction may have effects on transport, availability and price in the spare parts market. As a result of the transaction TOFAŞ's market as well as superiority in bargaining in terms of the provision of services and product sales may have negative effects on pricing and availability of original and equivalent parts purchased by authorized and private repairers from the market as well as consumables used in ateliers. TOFAŞ will gain an advantage with respect to storehouse and warehouse services, which are purchased in the scope of part logistics. The planned transaction may negatively affect finding suppliers and pricing in terms of domestic and foreign spare part transport. It should be noted that the said negative impact on the competition in spare part market will not be as significant as that on automobile transport.

(158) (....) stated that there will not be a significant effect especially on spare part sales.

(159) (....) told that the use of equivalent parts is limited in authorized repairers. Equivalent spare parts are mainly used by private repairers; thus, they don't have any predictions for the effect of the transaction in equivalent spare parts market.

(160) (....) stated that STELLANTIS and TOFAŞ are currently active in equivalent and original parts, STELLANTIS, through Eurorepar, and TOFAŞ, through Opar and Maretti brands, offer equivalent parts for different brands, spare parts market has a

multi-player structure and the transaction will not create a significantly negative effect on the market structure.

(161) (....) stated the following: As a result of the transaction, TOFAŞ may have an important buying power in the spare parts supply market due to its market power stemming from the brands it will have. In line with this, undertakings manufacturing and distributing spare parts will have a motivation to allocate an important part of the production capacity or to prioritize TOFAŞ, which will result in de facto exclusivity. Consequently, other players distributing spare parts may experience difficulty in access to suppliers. On the other hand, purchasing power may create an important cost advantage compared to other players in the market. There will be less competitive pressure from other brands on the undertaking which is expected to have an important market share in the spare parts market due to concentration, which will have a negative reflection on consumer prices.

(162) (....) made the following assessments: The planned acquisition will have an impact on not only the sale of passenger cars and light commercial vehicles but also spare parts market. With Opar, Eurorepar and Distrigo brands, original spare parts and second quality products for the vehicles sold under the body of TOFAŞ and STELLANTIS as well as equivalent parts for other automotive brands will be sold through the same network. The share of vehicle parks where original spare parts are used is over 30%. Following the acquisition, TOFAŞ will gain a position allowing it to supply more than 50% of the needs of a spare part wholesaler with Opar, Eurorepar and Distrigo brands. The said structure will have a share over 50% in the market for spare part sales if the spare part sales under the body of KOÇ HOLDİNG are included. TOFAŞ may self-favor its products in its commercial activities concerning independent renewal market. This may restrict competition in the market to the detriment of other brands.

(163) (....) stated that although the planned acquisition will not have a direct impact on customer services in passenger cars, light commercial vehicles and spare parts market, the buyer power to be gained by the merged entity after the transaction will affect price competition in the spare part market.

(164) (....) stated the following: After the transaction, one out of three cars will go to TOFAŞ's authorized repairers and one out of three spare parts will be sold by the same supplier. Guarantee terms and benefiting from repair and maintenance services in authorized repairers are important for the sale of new cars. Following the transaction, price positions/profitability strategies of Eurorepar, Distrigo and Opar brand spare parts will finally be managed centrally. Thus, the planned transaction will open the prices of spare parts to manipulation. The merged entity will become dominant and accordingly periodically changing profitability policies in the spare parts market will complicate the provision of spare parts and after-sales services to consumers at competitive prices.

(165) (....) stated the following: There are many players in the equivalent parts market. The market is dynamic and competitive. In the natural flow of the market, undertakings operating in the spare parts market compete effectively. On the other hand, as a result of the high market share and market power to be gained by the merged entity, it is likely to experience anticompetitive practices in the spare parts market. Competitive concerns may arise after three years, which is the expiry of guarantee period for (....) brand cars.

(166) (....) stated that they are not expecting negative effects in the spare parts market following the transaction.

(167) (.....) stated that there will be no negative effect on competitors as the spare parts and technical components of those brands are suitable only for those brands.

(168) (.....) and (.....) stated that they did not make any studies about the transaction whereas (.....) stated that they do not have any idea about the transaction.

**i) The Argument that the Transaction Will Affect the Fleet Leasing Market Negatively**

(169) The objection submitted to the Authority concerning the notified transaction argues that the planned transaction will significantly restrict competition in the markets for passenger cars, light commercial vehicles and fleet leasing.

(170) The objection indicates the following arguments: The acquired undertaking STELLANTIS TR distributes passenger cars and light commercial vehicles with high brand recognition such as Citroën, Opel and Peugeot, which are high middle class car brands. The acquiring TOFAŞ distributes Fiat brand vehicles. In case the transaction is cleared, there will be an important concentration under the scope of article 7 of the Act no 4054 in the passenger cars and light commercial vehicles markets. In addition, the transaction will create also vertical effects. OTOKOÇ, which is under the umbrella of KOÇ HOLDİNG, which jointly controls TOFAŞ, operates in the car leasing market with Avis, Avis Filo, Budget and Zipcar brands. In line with this, Avis offers much reasonable prices for Ford and Fiat brand cars, which are also under the umbrella of Koç Group. This is because Avis can have better discount and maturity conditions from car brands within Koç Group. They cannot compete with Avis with respect to Fiat and Ford brand vehicles effectively.

(171) The undertaking making the objection emphasized the following: Fleet leasing companies rents a series of cars to real persons or enterprises for a definite time in line with their needs. Fleet leasing companies generally buy different brands via dealers and then rent those to their customers in return for a certain fee for a definite time. Fleet leasing companies determine the rent considering the purchasing price, second-hand value, operational expenses and interest expenses. Since the vehicles for lease have very close features, the criterion that the customers take into account the most is the rent. Therefore rent is very important for fleet leasing companies to compete effectively. The purchasing price and maturity are the most important dynamics of competition between fleet renting companies.

(172) They are concerned that the same advantages will be provided to Avis for the vehicles under the umbrella of STELLANTIS TR and this will create a disadvantage for them and other fleet leasing companies in terms of those vehicles. Fiat and Ford brands together with Stellantis Group brands cover a significant part of the market regarding both passenger cars and light commercial vehicles. Within this framework, the table showing vehicle park brand distribution in all fleet leasing companies is provided below:

Table 6: Vehicle Park Brand Distribution In All Fleet Leasing Companies between 2021 and 2023

Brand	2021	2022	2023
Fiat	14.9	15	17.1
Ford	10.7	10.4	9.6
Opel	2.2	1.9	2.3
Peugeot	4.6	4.2	4.2
Citroën	2.6	2.6	2.7
Total	35	34.1	35.9

Source: Association of All Car Rental Organizations, Operational Leasing Sector Annual Report

(173) In addition, the objection suggests the following: The vehicles under the body of KOÇ HOLDİNG and STELLANTIS TR constitute an important input for fleet leasing companies. In case the most preferred cars and light commercial vehicles are provided to Avis at more advantageous price and term conditions, This will be an input restriction for fleet leasing companies and create foreclosure effects. Avis will be able to buy vehicles of various segments and models related to the brands mentioned above at more advantageous prices and term conditions, putting other fleet companies at a disadvantage.

#### **G.5.2.3. The Transaction's Impact on the market for the Manufacture and Sale of Passenger Cars**

(174) While possible effects to occur after the transaction were being evaluated during the preliminary inquiry stage, it was concluded that the relevant product markets should be analyzed in detail.<sup>91</sup> Within this framework, although a segment-based detailed analysis will be made in the following sections, in order to draw a general framework the market shares of undertakings in the passenger cars market are analyzed.

(175) As shown in detail in Table 7, in the passenger cars market, during 2019-2023 period, MAİS (Renault and Dacia) is the leader with a market share fluctuating between 20,95% and 16,41% (except 2023). The table show that TOFAŞ is the second biggest player with a market share between 16.97% and 13.6% , STELLANTIS TR is the third biggest player with a market share between 17.42% and 12.61% (the first in 2023), followed by DOĞUŞ (VW, Audi, Bentley, Cupra, Lamborghini, Seat and Porsche) with a market share between 14.4% and 12.02%. In addition, it is understood that there are many undertakings and well-known brands in the market and generally the shares had a tendency to decline (except STELLANTIS TR and FORD OTOSAN). This is because brands including TOGG and TESLA entered the market and the use of electric vehicles increased. Table 7 shows that the total shares of STELLANTIS TR and TOFAŞ are 27.98% in 2019, 30.76% in 2020, 26.63% in 2021, 30.04% in 2022 and 30.96% in 2023.

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<sup>91</sup>One of the factors that forms the grounds for taking the transaction under final examination is the need to examine the relevant markets on a segment basis.

Table 7: Market Shares of Undertakings operating in the Market for Sale of Passenger Cars between 2019 and 2023 (on the basis of total sale amount, %)

Undertaking	2019		2020		2021		2022		2023	
	Amount of Sale	Market Share (%)	Amount of Sale	Market Share (%)	Amount of Sale	Market Share (%)	Amount of Sale	Market Share (%)	Amount of Sale	Market Share (%)
STELLANTIS TR	48,842	12.61	90,766	14.87	73,221	13.03	77,465	13.07	168,512	17.42
TOFAŞ	59,537	15.37	96,947	15.89	76,442	13.6	100,596	16.97	131,067	13.54
FORD OTOSAN	108,379	4.05	27,596	4.52	14,052	2.5	11,303	1.9	30,936	3.19
MAİS <sup>92</sup>	78,201	20.19	124,810	20.45	103,233	18.37	124,206	20.95	158,830	16.41
DOĞUŞ <sup>93</sup>	55,137	14.24	83,108	13.62	80,955	14.4	73,880	12.46	116,281	12.02
HYUNDAI	22,786	5.88	27,541	4.51	36,935	6.57	42,241	7.12	52,856	5.46
TOYOTA <sup>94</sup>	23,447	6.05	39,101	6.4	46,131	8.21	38,612	6.51	45,976	4.75
CHERY <sup>95</sup>	0	0	0	0	0	0	0	0	40,590	4.19
YÜCE AUTO <sup>96</sup>	15,369	3.97	24,175	3.96	25,228	4.49	19,464	3.28	35,041	3.62
BORUSAN <sup>97</sup>	12,452	3.22	17,940	2.94	18,891	3.36	20,642	3.48	29,006	2.99
MERCEDES <sup>98</sup>	9,906	2.56	15,666	2.56	15,407	2.74	18,661	3.14	24,646	2.54
HONDA	20,354	5.26	22,222	3.64	28,150	5.01	21,429	3.61	21,322	2.20
NISSAN	11,980	3.09	12,717	2.08	12,780	2.27	9,337	1.57	21,278	2.19
ÇELİK <sup>99</sup>	4,987	1.29	13,542	2.21	15,250	2.71	18,462	3.11	20,629	2.13
DOĞAN OTOMOTİV <sup>100</sup>	2,381	0.61	2,977	0.48	4,294	0.76	5,228	0.87	19,836	2.04
TOGG <sup>101</sup>	0	0	0	0	0	0	0	0	19,583	2.02
TESLA <sup>102</sup>	0	0	0	0	0	0	0	0	12,150	1.25

<sup>92</sup> MAİS is the distributor of Renault and Dacia brands.<sup>93</sup> DOĞUŞ is the distributor of Volkswagen, Audi, Bentley, Cupra, Lamborghini, Seat and Porsche brands.<sup>94</sup> TOYOTA is the distributor of Toyota and Lexus brands.<sup>95</sup> CHERY entered Türkiye at the beginning of 2023.<sup>96</sup> YÜCE AUTO is the distributor of Skoda brand.<sup>97</sup> BORUSAN is the distributor of BMW, Jaguar, Land Rover and Mini brands.<sup>98</sup> MERCEDES is the distributor of Mercedes and Smart brands.<sup>99</sup> ÇELİK is the distributor of Kia brand.<sup>100</sup> DOĞAN OTOMOTİV is the distributor of MG and Suzuki brands.<sup>101</sup> manufactures and distributes TOGG brand full electric vehicles, started to sell vehicles in 2023.<sup>102</sup> Tesla Inc, sells Tesla brand full electric vehicles and entered the Turkish market in 2023.

Undertaking	2019		2020		2021		2022		2023	
	Amount of Sale	Market Share (%)	Amount of Sale	Market Share (%)	Amount of Sale	Market Share (%)	Amount of Sale	Market Share (%)	Amount of Sale	Market Share (%)
VOLVO	4,155	1.07	8,200	1.34	8,000	1.42	8,228	1.38	11,646	1.2
ULU MOTOR <sup>103</sup>	0	0	0	0	0	0	0	0	2,896	0.29
ŞAHSUVAROĞLU <sup>104</sup>	111	0.03	650	0.1	640	0.1	1,156	0.18	1,444	0.14
BAYTUR <sup>105</sup>	662	0.17	673	0.11	796	0.14	622	0.1	966	0.1
BYD	0	0	0	0	0	0	0	0	839	0.08
FER MAS	65	0.02	68	0.01	123	0.02	336	0.05	558	0.06
TEMSA <sup>106</sup>	747	0.19	1,237	0.2	1,139	0.2	583	0.09	208	0.02
MAZDA <sup>107</sup>	417	0.11	156	0.02	153	0.02	181	0.03	203	0.02
D ve D <sup>108</sup> .	18	0	17	0	33	0	28	0	42	0
TOTAL	387,256	99.98	610,109	100	561,853	100	592,660	99.87	967,341	99.85
STELLANTIS TR + TOFAŞ	108,379	27.98	187,713	30.76	149,663	26.63	178,061	30.04	299,579	30.96

Source: Calculations made within the scope of the file using the data on the ODMD website.

<sup>103</sup> Being under the body of UlubAŞlar Holding, Ulu Motor is the main distributor of Skywell, Proton and Leapmotor brands.

<sup>104</sup> ŞAHSUVAROĞLU is the distributor of SsangYong, DFSK and Suzuki brands.

<sup>105</sup> Baytur Motorlu Vasıtalar Tic. AŞ is the distributor of Subaru brand

<sup>106</sup> TEMSA is the distributor of Mitsubishi brand

<sup>107</sup> Mazda Motor Logistics Europe NV decided to suspend its Mazda sales network in Türkiye for an indefinite time.

<sup>108</sup> D ve D Motorlu Araçlar AŞ is the distributor of Hongqi and Aston Martin brands

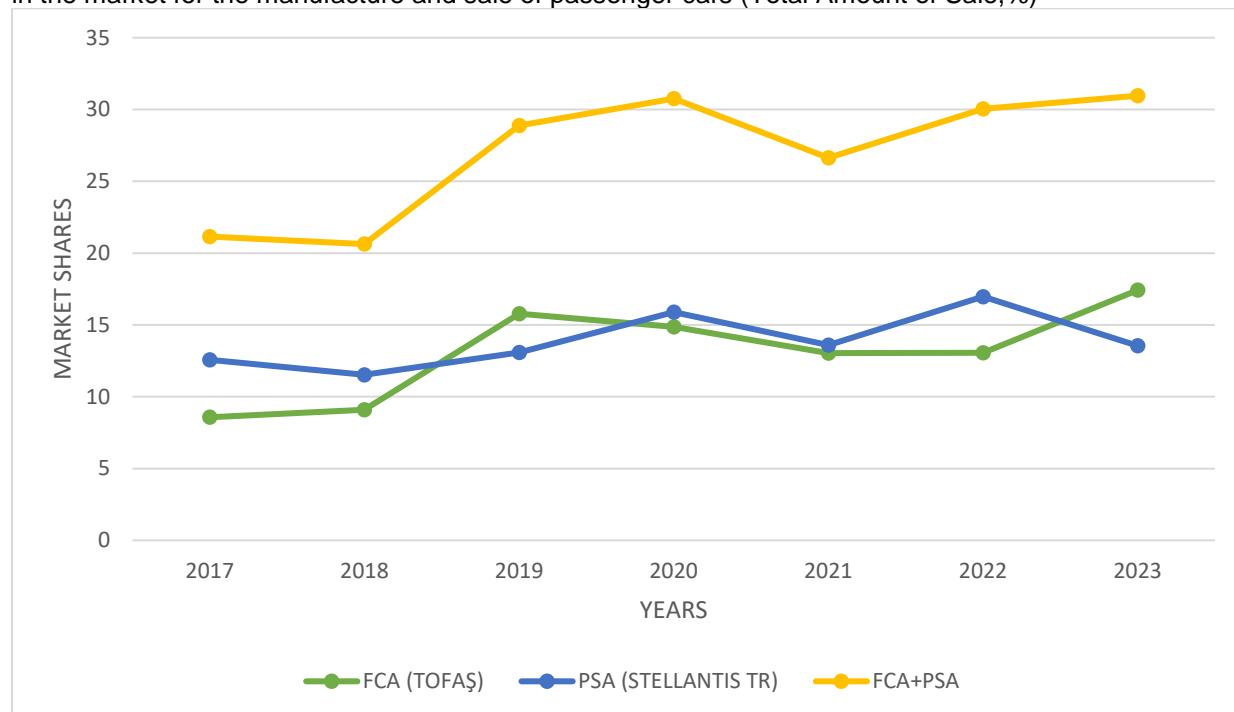
(176) The table below shows the market shares in the market for the manufacture and sale of passenger cars between 2017 and 2019 (before the FCA/PSA merger)

Table 8: Market Shares of Undertakings operating in the Market for Sale of Passenger Cars between 2017 and 2019 (on the basis of total sale amount, %)

Undertaking	2017	2018	2019
FCA (TOFAŞ)	8.57	9.10	15.79
PSA (STELLANTIS TR)	12.58	11.53	13.09
FCA+PSA	21.15	20.63	28.88
MAİS	22.01	22.12	20.52
DOĞUŞ	12.84	9.70	9.91
TOYOTA	5.68	6.14	6.24
DOĞUŞ	2.97	2.78	2.57
BORUSAN	2.70	2.63	2.47
YÜCE AUTO	3.47	4.38	3.91
MERCEDES	3.03	2.82	2.20
HYUNDAI	6.96	6.72	6.08
HONDA	3.72	6.10	5.28
FORD OTOSAN	5.59	5.09	4.21
NISSAN	4.48	5.29	2.88
ÇELİK	1.53	1.48	1.30
VOLVO	0.57	1.22	0.95
DOĞUŞ	2.39	1.85	1.54
SUZUKI	0.60	0.67	0.64
BORUSAN	0.21	0.29	0.34
DOĞUŞ-PORSCHE	0.10	0.10	0.08
DOĞUŞ-LAMBORGHINI	0.00	0.00	0.00
DOĞUŞ-BENTLEY	0.00	0.00	0.00
TOTAL	100	100	100
Source: Prepared within the scope of the file using ODMD data			

(177) The chart below shows the course of market shares of the parties, individually and totally, since 2017 in the market for manufacture and sale of passenger cars.

Chart 4: The chart showing the course of FCA's (TOFAŞ) and PSA's (STELLANTIS TR) market shares in the market for the manufacture and sale of passenger cars (Total Amount of Sale, %)



Source: Prepared within the scope of the file depending on Table 7 and 8.

(178) The chart indicates that until the FCA/PSA merger in 2020 TOFAŞ's and STELLANTIS TR's market shares followed a similar course. As of 2020, their total market shares rose to 30% and fell to 25% in 2021 due to the pandemic and global chip crisis. In 2022, STELLANTIS TR increased its market share compared to the previous year whereas TOFAŞ's market share was stable. As of 2022, while STELLANTIS TR's market share fell down, TOFAŞ increased its market share.

(179) In order to elaborate the analysis of undertakings' market share, in addition to the annual market share information, the market shares of the brands distributed by the parties to the transaction in 2023 are given below on a monthly basis.

Table 9: The Market Shares of the Brands Distributed by the Parties to the Transaction in 2023 on a Monthly Basis

Brands/Months	January	February	March	April	May	June	July	August	September	October	November	December
Alfa Romeo	0.37	0.65	0.26	0.17	0.49	0.18	0.34	0.21	0.11	0.11	0.14	0.04
Fiat	18.09	35.80	18.58	14.79	15.58	11.74	13.29	5.15	14.84	11.17	9.39	8.29
Jeep	0.40	0.44	0.20	0.45	0.37	0.26	0.45	0.32	0.36	0.45	0.58	0.35
TOFAŞ	18.86	36.89	19.04	15.41	16.45	12.18	14.08	5.68	15.31	11.73	10.10	8.68
Citroën	3.79	6.09	4.17	3.64	6.41	7.27	3.67	4.58	3.70	4.55	4.66	4.85
DS	0.28	0.79	0.41	0.56	0.50	0.61	0.65	0.19	0.30	0.12	0.11	0.19
Opel	3.96	9.75	5.94	6.60	10.06	9.21	7.16	5.77	3.86	4.67	5.35	5.55
Peugeot	4.37	14.03	8.68	6.02	7.84	6.19	7.62	4.85	4.65	4.38	4.65	4.95
STELLANTIS TR	12.40	30.66	19.20	16.82	24.82	23.28	19.09	15.39	12.51	13.72	14.76	15.54
TOFAŞ+STELLANTIS TR	31.26	67.55	38.24	32.23	41.27	35.46	33.17	21.07	27.82	25.45	24.86	24.22

Source: Prepared within the scope of the file using ODMD data

(180) The table indicates that the market shares of Alfa Romeo and Jeep, which are distributed by TOFAŞ, were below 1% in all months. TOFAŞ obtained almost all of its market share in passenger cars market in 2023 through Fiat. The highest market share was 36.89% in February and the lowest market share was 5.68% in August. One of the brands distributed by STELLANTIS TR, DS, has a market share below 1% in each month. Its market share mainly attributes to Citroën, Opel and Peugeot brands. The highest market share was 30.66% in February and the lowest market share was 12.40% in January. Lastly, the total market shares of both increased significantly in February and May. on the other hand the market shares started to decrease and fell to 21.07% in August, which is the lowest rate among all months. although there was an increase in total market shares in September, market shares started to decline afterwards and corresponded to 24.22% at the end of the year.

(181) For the sake of understanding market dynamics it is important to mention the concentration in the market for the sale and manufacture of passenger cars. Paragraph 15 of the Horizontal Guidelines states “The concentration levels in a market may provide useful information about the competitive structure. *In order to calculate concentration levels, concentration rate (CR4, CR5, etc.) or Herfindahl Hirschman Index (HHI) or other measures can be used.*” Thus, HHI in the automotive market, where there are global players, is a suitable indicator for evaluating the notified transaction. Concentration rates based on HHI in the market for manufacture and sale of passenger cars is given in the table below.

Table 10: 2020-2023 HHI Values in Terms of Total Amount of Sales in Passenger Cars

HHI	2019	2020	2021	2022	2023
	The Number of Sales	The Number of Sales	The Number of Sales	The Number of Sales	The Number of Sales
Prior to the transaction	1,166	1,214	1,095	1,210	1,034
Following the transaction	1,554	1,687	1,450	1,653	1,506
Change	388	473	355	443	472

Source: Calculations made within the scope of the file.

(182) According to the Horizontal Guidelines, “*Except for the following cases, competitive concerns are unlikely in transactions where post-merger HHI is between 1.000 and 2.000 and the change in HHI after the merger is lower than 250 or post-merger HHI is over 2.000 but the change in HHI after the merger is lower than 150 in the market*”. The data in table 10 indicates that post-transaction HHI was 1.653 in 2022. The change in the index before and after is calculated as 443. Post-transaction index value was 1.506 and the change in the index is 472. When the HHI value is interpreted pursuant to the relevant section of the Horizontal Guidelines, it is possible to talk about the existence of competitive concerns. Although pre-transaction and post-transaction index values are between 1.000 and 2.000 as stated in the Horizontal Guidelines, the change in the index is above the threshold - 250- noted in the Guidelines. Hence, the examination of the transaction deepens in terms of the unilateral effects in the market for manufacture and sale of passenger cars.

(183) The transaction is analyzed under the scope of the market for manufacture and sale of passenger cars on the basis of the segments where the parties are active. Depending on the information in the file, TOFAŞ and STELLANTIS TR have overlapping activities in B, C and D segments. The parties stated that ODMD does not collect a separate data for J (SUV) segment, it includes the sale of SUV cars in the relevant passenger

car segment after classifying according to their size; in addition, since ODMD started to accept M type passenger cars as light commercial vehicles as of 2020, M segment car sales are demonstrated under the scope of light commercial vehicles. It should be noted that SUV is not a separate segment but a category of a body type in ODMD data. In the decision about FCA/PSA merger, which is somehow a precedent of the notified merger, there is a separate "J (SUV)" segment, ODMD data do not have a separate "J" segment but SUV is accepted as a body type like hatchback and sedan. Therefore, there is not a segment definition for "J (SUV)", however, concerning B and C segments, where parties' have overlapping activities, B-SUV and C-SUV subcategories are evaluated instead. Accordingly, in the said evaluations, the expressions "B-SUV segment" and "C-SUV segment" are used. The said expressions refer to cars with SUV body type under B and C segments.

(184) Depending on the information and documents obtained under the scope of the file, competitive concerns focus on B segment, and C segment as well as SUV body type subcategory under those segments, given the variables such as overlapping activities, market shares, competitors' positions and number of sales. For this reason, the examination of the notified transaction elaborates on B, B-SUV, C, C-SUV segments. Before presenting the evaluation on the basis of the aforementioned segments, in order to provide insight for the evaluations in the forthcoming sections, an examination will be provided regarding the extent to which the segments exert competitive pressure on each other in general.

#### **G.5.2.3.1. Competitive Pressure Across the Segments**

(185) The competitive pressure across the segments in the relevant market is analyzed to show the extent to which the merged entity will be under pressure from its competitors and thus whether effective competition will be significantly reduced in case the notified transaction is cleared. It is understood from the opinions of the undertakings operating in the sector about the level of competitive pressure across the segments in the market for the manufacture and sale of passenger cars that although price range, product variety and customer needs are considered, segments are classified fundamentally on the basis of car size. Undertakings made the following explanations in their responses: Each segment actually appeal to a customer group with specific preferences. There are not strict boundaries between the segments. It is possible to switch between segments especially with respect to demand substitution due to the price ranges where the segments are located and changing economic conditions. It is possible to substitute a segment with a lower or upper segment in passenger cars. For instance, a car in C segment is subject to competitive pressure from B and D segments. Moreover, many undertaking stated that SUV body type has a tendency to grow in recent years and can exert competitive pressure on other segments; cars under C or B segments can be substituted by C-SUV and B-SUV cars.

(186) (.....) stated the following arguments: Categorization of cars into segments depend on demand substitution with the assumption that customers meet similar demands by purchasing cars from the same group. Product differentiation in terms of features and size and sub-segmentation to meet different using manners and needs are based on customer preferences and tendencies. However, it is possible to substitute demand among those sub-segments in line with product variety and positioning in the market as well as taxation systems. Although substitutability is low in models with different sizes, it is possible to switch in cars with similar sizes. For instance, based on the infrastructure of a C-segment car, it is possible to switch to C-MAV / C-SUV models. Even if this requires certain tests, tooling and die work and manufacturing line update,

it will take shorter than forming a new model from scratch. In addition, customers may prefer different segments to buy, taking into account minimum and maximum price ranges within the segments. For example, they may see a B-segment model with better features as an alternative to a basic C-segment car or B-SUV car. Lastly, the supply shortages stemming from the chip crisis that affected the sector widely and the pandemic increased the transition among segments in customer preferences.

(187) (....) stated the following: Segmentation requirements for passenger cars in Türkiye are compatible with globally accepted standards. This long lasting system has been updated relevantly in our country. If segments are considered different product markets, customers can switch between segments more easily at the time of purchasing decision compared to the past. For instance, while customers are thinking of buying a B segment car, they may look for also C segment. The market is more dynamic among the segments. In addition, the passenger cars market has grown by 63% compared to the previous year. B and C sedan market shares fell from 29% to 23% and B-SUV and C-SUV market shares rose to 37% to 44%. Given those, it is possible that consumer preferences may change when supply and demand do not match.

(188) The tables below show the breakdown of passenger cars in the market depending on segment and body type<sup>109</sup>

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<sup>109</sup> ODMD segmentation does not include J (SUV) as a separate segment, instead B segment also covers B-SUV data and C segment also covers C-SUV data.

Table 11: The Breakdown of Segments Based on ODMD Segmentation in the Total Market for the Manufacture and Sale of Passenger Cars (Amount of Sales, %)

Segment	2019		2020		2021		2022		2023	
	The Number of Sales	Market Share (%)	The Number of Sales	Market Share (%)	The Number of Sales	Market Share (%)	The Number of Sales	Market Share (%)	The Number of Sales	Market Share (%)
A	992	0.3	3,182	0.5	3,677	0.7	2,839	0.5	8,265	0.9
B	92,452	23.9	146,821	24.1	179,698	32	215,644	36.4	309,987	32
C	239,254	61.8	384,457	63	303,143	54	303,145	51.1	542,432	56.1
D	42,760	11	56,324	9.2	55,632	9.9	47,383	8.0	72,195	7.5
E	8,852	2.3	15,019	2.5	15,447	2.7	20,653	3.5	28,558	3
F	2,946	0.8	4,306	0.7	4,256	0.8	2,996	0.5	5,904	0.6
Total	387,256	100	610,109	100	561,853	100	592,660	100	967,341	100

Source: ODMD Annual Market Evaluation Reports.<sup>110</sup>Table 12: The Breakdown of Body Types Based on ODMD Segmentation in the Total Market for the Manufacture and Sale of Passenger Cars (Amount of Sales, %)<sup>111</sup>

Body Type	2019		2020		2021		2022		2023	
	The Number of Sales	Market Share (%)	The Number of Sales	Market Share (%)	The Number of Sales	Market Share (%)	The Number of Sales	Market Share (%)	The Number of Sales	Market Share (%)
SD	193,082	49.9	268,509	44	222,632	39.6	217,004	36.6	257,469	26.6
HB	80,788	20.9	141,271	23.2	133,670	23.8	119,087	20.1	196,854	20.4
SW	5,443	1.4	6,115	1	1,863	0.3	1,465	0.2	5,759	0.6
MPV <sup>112</sup>	2,588	0.7	2,443	0.4	2,223	0.4	2,085	0.4	4,173	0.4
CDV	4,824	1.2	4,583	0.8	2,577	0.5	2,882	0.5	1,469	0.2
Sports	2,022	0.5	5,634	0.9	4,382	0.8	4,727	0.8	7,660	0.8
SUV	98,509	25.4	181,554	29.8	194,506	34.6	245,410	41.4	493,957	51.1
Total	387,256	100	610,109	100	561,853	100	592,660	100	967,341	100

Source: ODMD Annual Market Evaluation Reports.<sup>113</sup>

(189) It is seen from Table 11 that A, E and F segments have taken very low shares from the market. Although its market share is much higher than the total of the said three segments, D segment is the fourth smallest one with a share below 10% for the last four years. While B segment has taken the second largest share from the market, C segment has been the leader with a share over 50% on a segment basis in the market for passenger cars. As of 2023, the shares of A and F segments have increased compared to the previous year whereas D and E segments' market shares have decreased. In addition, B segment's market share fell from 36.4% in 2022 to 32% however C segment's market share rose from 51.1% in 2022 to 56.1% in 2023.

(190) The data in Table 12 indicates that there are three main body types in the market being SD, HB and SUV, where SUV is more dominant among those. Although the market shares of SD and HB body types have decreased, the share of SUV body type have

<sup>110</sup> [https://www.odmd.org.tr/web\\_2837\\_1/neuralnetwork.aspx?type=35](https://www.odmd.org.tr/web_2837_1/neuralnetwork.aspx?type=35) Accessed: 06.03.2024<sup>111</sup> SD: Sedan, HB: Hatchback, SW: Station Wagon, MPV: Multi Purpose Vehicle, CDV: Car Derived Van, SUV: Sport Utility Vehicle<sup>112</sup> Although ODMD Annual Market Evaluation Reports consider MPV and CDV body types under passenger cars market, they are considered under the market for the manufacture and sale of light commercial vehicles under this file.<sup>113</sup> [https://www.odmd.org.tr/web\\_2837\\_1/neuralnetwork.aspx?type=35](https://www.odmd.org.tr/web_2837_1/neuralnetwork.aspx?type=35) Accessed: 06.03.2024

been increasing compared to the previous year. In 2022 SUV body type became the market leader and kept this position in 2023 with 51.1% market share in 2023. The number of SUVs sold in 2023 doubled compared to the previous year. The increase in the market share corresponded to 23%<sup>114</sup>.

(191) It is notable that the market for passenger cars grew significantly in general in 2022 and 2023. For example, the amount of sales in B segment increased by 43% from 2022 to 2023 however its market share fell by 11% in the same period. During the same period, C segment increased by 78% in terms of sales amount but experienced only 9% rise in terms of market share. The reflection of the considerable growth in the amount of sales to market shares was low, which shows that there was an overall increase in the passenger cars sales in Türkiye in 2023. This acceleration in the market for passenger cars was driven by factors such as the improvement in the supply chain, which experienced a failure due to the outbreak, and weakening of the effects of the global chip crisis.

#### **G.5.2.3.2. Models Entering/Exiting the Market and the Ability of Undertakings to Reposition their Products**

(192) Undertakings were asked to provide information about models launched in the last four years in Türkiye and when they were launched in terms of B, B-SUV, C and C-SUV segments as well as information about the models which will be launched and the models whose sales will end. The tables prepared according to the responds of the undertakings are given below. It is seen that the sale of electric vehicles has increased in line with the emission targets required by Paris Climate Agreement, which our country signed in 2021. During the period between 2019 and 2023, passenger cars shows a very dynamic structure with respect to sub-segments and fuel type. Due to this dynamic structure, in order to protect data integrity in the tables, vehicles are shown on a primary model basis and specific to each undertaking. First, the table showing the models planned to exit the market completely as of 2024 is given.

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<sup>114</sup> DOĞUŞ made the following explanations: The consumers increasingly prefer SUV cars. It is the SUV segment in which the manufacturers invest the most. The SUV segment's consumers rarely prefer other segments. A SUV model in a segment creates a more prestigious perception compared to other models.

Table 13: Models planned to exit the market completely as of 2024 (B, B-SUV, C, C-SUV Segments)

Segment	Distributor	Model	Date
B	BORUSAN	MINI Cooper SE (Electric)	31.01.2024
		MINI Cooper (Gasoline) <sup>115</sup>	29.02.2024
	HONDA	City (Gasoline)	November 2024
	HYUNDAI	Hyundai i20 N (Gasoline)	July 2024
	MAİS	Renault Zoe (Gasoline)	2024 1st quarter
	STELLANTIS TR	(....)	(....)
B-SUV	TOFAŞ	Fiat 500X (Internal combustion)	2024
C	BORUSAN	BMW <sup>116</sup>	30.06.2024
		BMW M2 (Gasoline)	31.07.2024
		BMW <sup>117</sup>	31.10.2024
	ÇELİK	KIA Cerato (Gasoline)	June 2024
	DOĞUŞ	Volkswagen Tiguan Allspace (Gasoline)	2024 first half
	FORD OTOSAN	(....)	(....)
	HYUNDAI	Hyundai Elantra 1.6MPI (Gasoline)	July 2024
	TOFAŞ	Egea Hatchback (Internal combustion)	2024
		(....)	(....)
C-SUV	VOLVO	XC40 T2 Automatic (Gasoline)	March 2024
	MAİS	(....)	(....)
	TOFAŞ	(....)	(....)
		Fiat Egea Cross Wagon (Internal combustion)	2024

Source: Distributors' responses

(193) The table shows that a total of 44 models will leave the market in 2024. Those models are mainly B and C segment cars. Only one model under B-SUV segment is planning to leave the market whereas four models of C-SUV segment are projected to leave the market. In terms of engine type, the models to leave the market have in general internal-combustion engines and most of them are gasoline-powered. Among EVs, only MINI Cooper SE is planned to be withdrawn the market. The data about the acquirer TOFAŞ show that it plans to discontinue Fiat 500X in B-SUV segment, sedan and hatchback-bodied Fiat Egea in C segment and (....) and Fiat Egea Cross Wagon in C-SUV segment, all of which have internal combustion engine. Moreover, the undertaking stated (....) The only model that the acquired STELLANTIS TR plans to pull out from the market is gasoline and diesel-powered Citroën C-Elysee in the B segment. In addition, the undertaking stated (....). Lastly, it is notable that many models most of which are gasoline-powered in B and C segment of MINI and BMW distributed by BORUSAN are set to exit the market. Similarly, it seems that the number of internal combustion engines in the relevant market will decline as of 2024.

<sup>115</sup> All being gasoline-powered models "MINI John Cooper Works, MINI Cooper 5 Door, MINI Cooper Cabrio, MINI Cooper S Cabrio, MINI John Cooper Works Clubman ALL4, MINI Cooper Clubman, MINI Cooper S Clubman ALL4".

<sup>116</sup> BMW 116i (Gasoline), BMW 116d (Diesel), BMW 118i (Gasoline), BMW 118d (Diesel), BMW 120i (Gasoline), BMW M135i xDrive (Gasoline), BMW 128ti (Gasoline), BMW 120d (Diesel), BMW 120d xDrive (Diesel)"

<sup>117</sup> BMW 220i (Gasoline), BMW M235i xDrive (Gasoline), BMW 220i xDrive (Gasoline), BMW 216d (Diesel), BMW 218d (Diesel), BMW 220d (Diesel), BMW 220d xDrive (Diesel), BMW 218i (Gasoline)

(194) The table below shows the models launched by the undertakings in B, B-SUV, C and C-SUV segments and their launching dates in the last five years.

Table 14: Models launched during the period 2019 and 2023 (B, B-SUV, C, C-SUV Segments)

Segment	Distributor	Model launched	Launching Date
B	BORUSAN	MINI COOPER CABRIO (Gasoline)	04.01.2019
		MINI COOPER D 5 DOOR (Diesel)	09.01.2019
		MINI COOPER CABRIO (Gasoline)	18.01.2019
		MINI ONE D CLUBMAN (Diesel)	18.02.2019
		MINI COOPER 5 DOOR (Gasoline)	28.02.2019
		MINI JOHN COOPER WORKS (Gasoline)	06.03.2019
		MINI COOPER 3 DOOR (Gasoline)	11.03.2019
		MINI COOPER D 3 DOOR (Diesel)	25.03.2019
		MINI Cooper Clubman (Gasoline)	29.03.2019
		MINI Clubman <sup>118</sup>	29.08.2019
		MINI COOPER SE (Electric)	21.05.2020
		MINI Cooper 5 DOOR (Gasoline)	22.04.2021
		MINI Cooper <sup>119</sup>	26.04.2021
		MINI Cooper SE (Electric)	29.04.2021
	DOĞUŞ	MINI John Cooper Works Cabrio (Gasoline)	30.06.2021
		MINI John Cooper Works (Gasoline)	12.11.2021
	DOĞUŞ	MINI Cooper S Cabrio (Gasoline)	21.09.2023
		SEAT Ibiza (Gasoline)	01.07.2021
	FORD OTOSAN	Volkswagen POLO (Gasoline)	24.09.2021
		Fiesta <sup>120</sup>	23.05.2022
	HONDA	Fiesta ST 5 Door (Gasoline)	01.07.2023
		City (Gasoline)	11.09.2021
	HYUNDAI	Jazz (Hybrid)	05.06.2021
		Hyundai i20 BC3/3rd Generation (Gasoline)	October 2020
	HYUNDAI	Hyundai i20 N BC3 N (Gasoline)	April 2022
		Hyundai i20 BC3 PE/3rd Generation Facelift (Gasoline)	August 2023
	MAİS	Renault Taliant (Gasoline, LPG)	25.05.2021
	NISSAN	Nissan K14 Micra (Gasoline)	11.11.2019
	STELLANTIS TR <sup>121</sup>	Peugeot 208 (Gasoline, Diesel)	2021 February
		Opel Corsa (Gasoline, Diesel)	January 2020
		Opel Corsa (Electric)	2022
		Opel Corsa (Gasoline, Diesel)	October 2023
	YÜCE AUTO	Skoda Fabia (Gasoline)	March 2022
B-SUV	DOĞAN OTOMOTİV	MG ZS (Gasoline)	01.10.2021
		MG ZS (Electric)	31.05.2021
		Suzuki Swift (Hybrid)	2020

<sup>118</sup> MINI One D Clubman (Diesel), MINI Cooper Clubman (gasoline)<sup>119</sup> MINI Cooper Cabrio (Gasoline), MINI Cooper 3 Door (Gasoline)<sup>120</sup> Fiesta Style 5 Door 1.1L (Gasoline), Fiesta Titanium 5 Door 1.0L Ecoboost (Hybrid)<sup>121</sup> Depending on the undertaking's response, STELLANTIS TR's models are given without version information.

Segment	Distributor	Model launched	Launching Date
C	DOĞUŞ	Suzuki Vitara (Hybrid)	2021
		Suzuki S-Cross (Hybrid)	2022
	DOĞUŞ	AUDI Q2 35 TFSI 150 hp (Gasoline)	16.03.2021
		SEAT Arona (Gasoline)	01.08.2021
		Volkswagen T-CROSS (Gasoline)	17.02.2022
		Volkswagen TAIGO (Gasoline)	17.02.2022
	FORD OTOSAN	FORD EcoSport (Gasoline)	01.10.2019
		Puma <sup>122</sup>	13.07.2020
		Puma St-Line Gold Edition 1.0L EcoBoost (Hybrid)	01.10.2022
		Puma <sup>123</sup>	26.12.2022
	HYUNDAI	Hyundai KONA OS PE /1st Generation Facelift (Gasoline and Diesel)	December 2020
		Hyundai KONA OS PE EV / 1st Generation Facelift (Electric)	September 2021
		Hyundai BAYON CUV/1st Generation (Gasoline)	June 2021
		Hyundai KONA SX2 / 2nd Generation (Gasoline)	July 2023
	NISSAN	Nissan F16 Juke (Gasoline)	February 2019
	STELLANTIS TR	DS 3 Crossback (Gasoline, Diesel)	May 2019
		Peugeot 2008 (Gasoline, Diesel)	January 2020
		Peugeot 2008 (Electric)	2022
		Peugeot 2008 Facelift (Gasoline, Diesel)	August 2023
		Opel Crossland (Gasoline, Diesel)	December 2020
		Opel Mokka (Gasoline, Diesel)	June 2021
		Opel Mokka (Electric)	January 2023
	TOFAŞ	500X (Hybrid)	November 2023
	TOYOTA	Toyota Yaris Cross (Gasoline and Hybrid)	20.06.2022
	YÜCE AUTO	Skoda Kamiq (Gasoline)	June 2020
	BORUSAN	BMW 116d (Diesel)	15.10.2019
		BMW 116i (Gasoline)	28.10.2021
		BMW 118i (Gasoline)	27.09.2019
		BMW 128ti (Gasoline)	14.04.2021
		BMW 216d Gran Coupé (Diesel)	31.03.2020
		BMW 218i Active Tourer (Gasoline)	29.06.2022
		BMW 218i Gran Coupé (Gasoline)	24.02.2020
		BMW 218i Active Tourer (Gasoline)	11.02.2022
		BMW i3 120 Ah (Electric)	10.06.2020
		BMW i3 120 Ah (Electric)	29.07.2020
		BMW M235i xDrive Gran Coupé (Gasoline)	21.07.2020

<sup>122</sup> Puma Style 1.0L EcoBoost (Gasoline), Puma St-Line 1.0L EcoBoost (Hybrid), Puma St-Line 1.0L EcoBoost (Hybrid), New Ford Puma ST-line 1.0L EcoBoost (Gasoline), New Ford Puma Style1.0L EcoBoost (Gasoline)

<sup>123</sup> Puma ST 1.5L 200PS 6S MT (Gasoline), Puma ST 1.5L 200PS 6S MT (Gasoline)

Segment	Distributor	Model launched	Launching Date
ÇELİK	CHERY	New BMW M2 Coupé (Gasoline)	22.08.2023
		New BMW M2 CS (Gasoline)	7.08.2020
		New BMW M240i xDrive Coupé (Gasoline)	11.05.2022
	DOĞAN OTOMOTİV	Omoda 5 (Gasoline)	21.03.2023
	DOĞUŞ	KIA Ceed HB (Gasoline)	15.03.2019
		KIA Ceed HB (Diesel)	08.06.2020
		KIA Ceed HB (Hybrid)	11.11.2021
		KIA Ceed SW (Gasoline)	15.03.2019
		KIA Ceed SW (Diesel)	08.06.2020
		KIA Ceed SW (Hybrid)	01.02.2021
FORD OTOSAN	DOĞUŞ	MG4 (Electric)	20.02.2023
		AUDI A3 Sportback 30 TFSI 110 hp (Gasoline)	16.02.2021
		AUDI A3 Sportback 35 TFSI 150 hp (Gasoline)	16.02.2021
		AUDI A3 Sportback 2.0 TFSI 310 hp (Gasoline)	24.02.2022
		AUDI A3 Sedan 30 TFSI 110 hp (Gasoline)	16.02.2021
		AUDI A3 Sedan 35 TFSI 150 hp (Gasoline)	16.02.2021
		AUDI A3 Sedan 2.0 TFSI 310 hp quattro (Gasoline)	24.02.2022
		Volkswagen GOLF (Gasoline)	15.03.2021
		SEAT Leon New Generation (Gasoline)	21.01.2021
		CUPRA Leon (Gasoline)	01.04.2021
	FORD OTOSAN	Focus <sup>124</sup>	01.03.2022
		Focus Titanium 4 Door (Diesel)	January 2023
		Focus ACTIVE 5K (Diesel)	January 2023
		Focus ST- LINE 5K (Diesel)	January 2023
		Focus Titanium 5 Door (Diesel)	January 2023
		Focus ACTIVE SW (Diesel)	January 2023
		Focus Titanium SW (Diesel)	January 2023
		Focus Trend X 4 Door (Diesel)	January 2023
		Focus <sup>125</sup>	01.02.2023
		Focus Titanium 4 Door (Gasoline)	February 2023
		Focus Titanium X 4 Door (Gasoline)	February 2023
		Focus Titanium 4 Door (Gasoline)	March 2023
		Focus ACTIVE X 5K (Hybrid)	March 2023
		Focus ACTIVE ACTIVE SW (Hybrid)	March 2023

<sup>124</sup> Focus Titanium 4 Door (Gasoline), Focus Titanium 4 Door (Diesel), Focus Trend X 4 Door (Diesel), Focus Trend X 4 Door (Gasoline), Focus ACTIVE 5K (Hybrid), Focus ACTIVE 5K (Diesel), Focus ST-LINE (Hybrid), Focus ST-LINE (Diesel), Focus Titanium 5 Door (Hybrid), Focus Titanium 5 Door (Diesel), Focus Trend X 5 Door (Diesel), Focus Trend X 5 Door (Gasoline), Focus ACTIVE SW (Hybrid), Focus ACTIVE SW (Diesel), Focus Titanium SW (Hybrid), Focus Titanium SW (Diesel), Focus Trend X SW (Diesel).

<sup>125</sup> Focus ACTIVE STIL 5K (Hybrid), Focus Titanium Stil 5 Door (Hybrid), Focus Titanium X 5 Door (Hybrid).

Segment	Distributor	Model launched	Launching Date
		Focus ACTIVE X SW (Hybrid)	March 2023
		Focus Titanium X 4 Door (Diesel)	May 2023
		Focus ACTIVE X SW (Diesel)	May 2023
		Focus Titanium X 4 Door (Gasoline)	May 2023
		Focus Titanium 5 Door (Gasoline)	June 2023
		Focus ACTIVE X 5K (Gasoline)	June 2023
		Focus ACTIVE X 5K (Diesel)	June 2023
		Focus ACTIVE X SW (Gasoline)	June 2023
		Focus Titanium Stil 4 Door (Diesel)	July 2023
		Focus ACTIVE STIL 5K (Gasoline)	August 2023
		Focus Titanium X 5 Door (Diesel)	August 2023
		Focus Titanium X SW (Diesel)	August 2023
		Focus Titanium 4 Door (Gasoline)	September 2023
		Focus Titanium Stil 5 Door (Hybrid)	November 2023
		Focus ACTIVE STIL 5K (Hybrid)	November 2023
	HONDA	Civic HB (Gasoline)	November 2019
	HONDA	Civic Sedan (Gasoline)	13.11.2021
	HONDA	Civic Type-R (Gasoline)	15.06.2023
	HYUNDAI	Hyundai Elantra AD PE / 6th Generation Facelift (Gasoline)	June 2019
	HYUNDAI	Hyundai Elantra CN7 / 7th Generation	April 2021
	HYUNDAI	Hyundai Elantra CN7 PE/ 7th Generation Facelift (Gasoline)	August 2023
	MAİS	Renault Megane E-Tech (Electric)	01.08.2023
	MERCEDES	A Series Sedan (Gasoline, Diesel)	May 2019
	STELLANTIS TR	Citroën C4 (Electric)	2021
	STELLANTIS TR	Citroën C4 X (Gasoline, Diesel, Electric)	At the end of 2022
	STELLANTIS TR	DS 4 (Gasoline, Diesel)	August 2022
	STELLANTIS TR	Peugeot 308 (Gasoline, Diesel)	September 2022
	STELLANTIS TR	Peugeot 308 (Electric)	2023
	STELLANTIS TR	Opel Astra (Gasoline, Diesel)	September 2022
	STELLANTIS TR	Opel Astra (Electric)	September 2023
	TOFAŞ	Egea Sedan (Hybrid)	March 2022
	YÜCE AUTO	Skoda Scala (Gasoline)	June 2020
	YÜCE AUTO	Skoda Octavia 4th Generation (Gasoline, Diesel and Hybrid)	December 2020
C-SUV	CHERY	Tiggo 7 Pro (Gasoline)	21.03.2023
	ÇELİK	KIA Xceed (Diesel)	26.12.2019
		KIA Xceed (Gasoline)	01.01.2022
		KIA Xceed (Hybrid)	01.01.2022
		KIA Niro (Electric)	01.08.2022
	DOĞAN OTOMOTİV	MG ZS EV(Electric)	2021
		MG E-HS (Hyrid)	2021
		New MG ZS EV(Electric)	20.02.2023
	DOĞUŞ	AUDI Q2 35 TFSI 150 hp (Gasoline)	01.04.2021
		AUDI Q3 Sportback 35 TFSI 150 hp (Gasoline)	01.04.2021

Segment	Distributor	Model launched	Launching Date
		AUDI RS Q3 Sportback 2.5 TFSI 400 hp (Gasoline)	01.03.2022
		CUPRA Ateca (Gasoline)	01.04.2021
		CUPRA Formentor (Gasoline)	01.04.2021
		SEAT Ateca (Gasoline)	01.02.2021
		Volkswagen TIGUAN (Gasoline)	01.10.2020
		Volkswagen TIGUAN ALLSPACE (Gasoline)	02.12.2021
		Volkswagen T-ROC (Gasoline)	01.03.2022
FORD OTOSAN		Kuga <sup>126</sup>	21.05.2020
		Kuga <sup>127</sup>	01.11.2022
	HONDA	HR-V (Hybrid)	05.03.2022
HYUNDAI		Hyundai Tucson NX4 / 4st Generation	May 2021
		Hyundai Tucson NX4 HEV / 4st Generation (Hybrid)	June 2022
		Hyundai IONIQ 5 NE / 1st Generation (Electric)	September 2022
MAİS		Renault Austral(Gasoline)	24.04.2023
		Renault Austral (Hybrid)	01.08.2023
NISSAN		Nissan J12 Qashqai (Hybrid)	17.01.2022
		Nissan J12 Qashqai e-POWER (Hybrid)	November 2022
STELLANTIS TR		Citroën C5 Aircross (Hybrid)	September 2022
		DS 7 Crossback (Hybrid)	2020
		DS 7 (Gasoline, Diesel, Hybrid)	December 2022
		Peugeot 3008 (Gasoline, Diesel)	At the end of 2020
		Peugeot 408 (Gasoline)	01.02.2023
		Opel Grandland (Gasoline, Diesel)	March 2022
TOFAŞ		Fiat Egea Cross (Internal combustion)	January 2021
		Fiat Egea Cross (Hybrid)	March 2022
		Fiat Egea Cross Wagon (Internal combustion, Hybrid)	March 2022
		Alfa Romeo Tonale (Hybrid)	July 2022
		Alfa Romeo Tonale (Internal combustion)	October 2022
		Alfa Romeo Tonale Plug-in (Hybrid)	March 2023
TOGG		T10X (Electric)	April 2023
TOYOTA		Toyota Corolla Cross (Hybrid)	01.11.2022
VOLVO		XC40_536 <sup>128</sup>	22.05.2019
		XC40 T3 FWD R-Design (Gasoline)	17.07.2019

<sup>126</sup> ST-Line SUV 1.5L EcoBlue (Diesel), ST-Line SUV 2.5L (Hibrit), Style SUV 1.5L EcoBlue (Diesel), Style SUV 1.5L EcoBlue (Diesel), Style SUV 1.5L EcoBoost (Gasoline), Titanium SUV 1.5L EcoBlue (Diesel).

<sup>127</sup> St-Line BlackPackage SUV (Gasoline), St-Line SUV (Gasoline), Style SUV (Gasoline), Titanium SUV (Gasoline).

<sup>128</sup> XC40 D3 FWD R-Design (Diesel), XC40 D4 AWD Inscription (Diesel), XC40 D4 AWD Momentum (Diesel), XC40 D4 AWD R-design (Diesel), XC40 T3 FWD Inscription (Gasoline), XC40 T3 FWD Momentum (Gasoline), XC40 T4 AWD Inscription (Gasoline), XC40 T4 AWD Momentum (Gasoline), XC40 T4 AWD R-Design (Gasoline).

Segment	Distributor	Model launched	Launching Date
		XC40 Recharge Plug-in Hybrid T5 FWD R-Design (Hybrid)	26.02.2020
		XC40_536 <sup>129</sup>	28.05.2020
		XC40_536 <sup>130</sup>	16.07.2020
		XC40 Recharge, Twin motor, Ultimate (Electric)	25.11.2021
		XC40 Recharge, Single motor, Ultimate (Electric)	11.03.2022
		XC40 T2, Plus, Bright (Gasoline)	07.07.2022
		XC40 Recharge, T5, Plus, Dark (Hybrid)	25.07.2022
		XC40 Recharge, T5, Plus, Bright (Hybrid)	07.09.2022
		C40_539 <sup>131</sup>	15.09.2022
		XC40 T2, Plus, Dark (Gasoline)	05.05.2023
		C40_539 <sup>132</sup>	04.08.2023
		XC40_536 <sup>133</sup>	04.08.2023
	YÜCE AUTO	Skoda Karoq Facelift (Gasoline)	May 2021

Source: Distributors' responses

(195) The table above shows that many different models entered the market during the period between 2019 and 2023. Those models are generally gasoline and diesel cars. On the other hand, as of 2021, electric and hybrid cars have been more visible in the market. On a segment basis, most of the models were launched under C and C-SUV segment. There has been a significant acceleration since 2020 in C-SUV segment. This acceleration shows the growth of SUV body type in time. Lastly, models available in the market may have many different versions. Such range of versions may appeal different groups of consumers. From those aspects, the market for passenger cars cover not only high product variety but also product differentiation.

(196) The table below provides information about the models to be launched in Türkiye starting from 2024 and the launching dates. The table provides information on models that will be newly introduced to the market from scratch as well as existing models that will be relaunched with updated equipment or redesigned body.

Table 15: Models planned to enter the market after 2024 (B, B-SUV, C, C-SUV Segments)

Segment	Distributor	Model	Date
B	BORUSAN	(....)	(....)
		(....)	(....)
		(....)	(....)
		(....)	(....)
		(....)	(....)
	MAİS	(....)	(....)

<sup>129</sup> XC40 B4 AWD Inscription (Diesel), XC40 B4 AWD Momentum (Diesel), XC40 B4 AWD R-Design (Diesel).

<sup>130</sup> XC40 Recharge Plug-in Hybrid T5 FWD Inscription (Hybrid), XC40 Recharge Plug-in Hybrid T5 FWD Inscription Expression (Hybrid), XC40 Recharge Plug-in Hybrid T5 FWD R-Design Expression (Hybrid).

<sup>131</sup> C40 Recharge, Twin motor, Ultimate (Electric), C40 Recharge, Single motor, Ultimate (Electric).

<sup>132</sup> C40 Recharge, P8 Single Motor Extended Range Ultimate (Electric), C40 Recharge P8 Twin Motor Ultimate (Electric).

<sup>133</sup> XC40 Recharge P8 Single Motor Extended Range Ultimate (Electric), XC40 Recharge P8 Twin Motor Ultimate (Electric).

	NISSAN	(....)	(....)
		(....)	(....)
		(....)	(....)
		(....)	(....)
	DOĞUŞ	(....)	(....)
B-SUV	FORD OTOSAN	(....)	(....)
		(....)	(....)
		(....)	(....)
	HYUNDAI	(....)	(....)
		(....)	(....)
	MAİS	(....)	(....)
		(....)	(....)
	NISSAN	(....)	(....)
	STELLANTIS TR	(....)	(....)
		(....)	(....)
		(....)	(....)
C	TOFAŞ	(....)	(....)
		(....)	(....)
		(....)	(....)
		(....)	(....)
		(....)	(....)
		(....)	(....)
		(....)	(....)
		(....)	(....)
		(....)	(....)
		(....)	(....)
	TOGG	(....)	(....)
	YÜCE AUTO	(....)	(....)
	BORUSAN	(....) <sup>134</sup>	(....)
		(....)	(....)
		(....)	(....)
		(....)	(....)
		(....)	(....)
		(....)	(....)
		(....)	(....)
		(....)	(....)
		(....)	(....)
		(....)	(....)
	CHERY	(....)	(....)
		(....)	(....)
	ÇELİK	(....)	(....)
	DOĞUŞ	(....)	(....)
		(....)	(....)
		(....)	(....)
		(....)	(....)
		(....)	(....)
		(....)	(....)

<sup>134</sup> (....) .

		(....)	(....)	
		(....)	(....)	
		(....)	(....)	
		HONDA	(....)	
		TOGG	(....)	
		YÜCE AUTO	(....)	
			(....)	
		DOĞUŞ	(....)	
			(....)	
			(....)	
C-SUV			(....)	
			(....)	
			(....)	
			(....)	
			(....)	
			(....)	
			(....)	
			(....)	
			(....)	
			(....)	
		FORD OTOSAN	(....)	
			(....)	
		HONDA	(....)	
			(....)	
		HYUNDAI	(....)	
			(....)	
		MAİS	(....)	
			(....)	
		MERCEDES	(....)	
			(....)	
		STELLANTIS TR	(....)	
			(....)	
		TOYOTA	(....)	
			(....)	
		YÜCE AUTO	(....)	
			(....)	

Source: Distributors' responses

(197) The table shows that many models will be launched in 2024. Those models are mostly hybrid and electric vehicles. On a segment basis C and C-SUV segment will experience the highest number of entries whereas the number of models to enter the market in B segment are comparatively low. The acquirer TOFAŞ plans to launch (....) models under Alfa Romeo, Fiat and Jeep brands in B-SUV segment. (....). The acquired STELLANTIS TR plans to launch (....) models in B and B-SUV segments and (....) models in C-SUV segment. There are no models to enter the market under C segment. In addition, DOĞUŞ plans to launch numerous models for its brand under B-SUV, C and C-SUV segments. Those are mostly gasoline and electric cars. Thus, it is expected to increase its competitive pressure especially through its Audi, Cupra and Volkswagen brands.

(198) On the other hand, it is seen that some of the planned models are variations of previous or existing models being subject to design and equipment modifications. Depending on this fact, a car under any segment may be differentiated from its competitors after such updates. It may get closer to a car in a lower or upper segment with respect to

equipment. Finally, it is observed that undertakings have the ability to reposition their products.

- (199) As stated in the previous section, in the market for passenger cars, demand may move among segments and products may be repositioned. As a result, undertakings may withdraw certain models and launch new models. Hence, it is possible to say that there is transition among the segments in the market for passenger cars. Products can be differentiated especially with respect to design and equipment.
- (200) According to the Horizontal Guidelines, in some markets it is relatively easy and less costly for undertakings to reposition their products or extend their product range. Given this explanation, it is necessary to discuss whether competitors repositioning their products or expanding their product lines may have a deterrent impact on the merged entity's decision to increase prices.
- (201) As it is understood from paragraph 34 of the Horizontal Guidelines, it is possible for competitors to reposition their products after the merger, especially in markets with differentiated products. However, product repositioning or product range extension is mostly less profitable as it involves high sunk costs and risks. Under the assumption that it is costly to reposition products in the conjuncture after the merger, undertakings may refrain from such costs, as a result of which competitors may be unresponsive to the merged entity's decision to increase prices and there may be a loss in consumer welfare to the benefit of the merged entity.
- (202) It is inferred from the responses that undertakings in the manufacture and sale of passenger cars generally manufacture cars with different body types under different segments and launch more than one model. For instance (.....)'s response is as follows: Although switching production from a vehicle in one segment to another vehicle of similar size in a different segment requires updates to the production line, it takes less time than creating a brand new model from scratch. It is possible to transfer a C-segment car to C-SUV segment using its infrastructure as a basis and making design changes. Similarly, the following conclusions are inferred from other undertakings' responses: It is possible to switch between cars of similar size in terms of both supply and demand substitution. Due to especially price sensitivity, consumers may prefer a B segment model with a higher equipment to a basic C-segment model. Manufacturers may position their products according to consumer preference.
- (203) Almost all of the responses suggest that product positioning does not mean merely launching a new model but certain existing models are relaunched after being redesigned. The expressions "new" and "facelift" used in response letters are examples of product repositioning. The models are relaunched after important changes. In "new generation" vehicle models, the vehicle retains its model name while the body design is renewed. In facelifted models, certain design or equipment changes can be made without renewing the vehicle's underlying structure (body). If a vehicle that technically belongs to the B-segment is perceived by consumers as competing with C-segment vehicles due to price similarities, the manufacturer may reposition the product to compete with C-segment models by making changes to its interior and exterior design or equipment.
- (204) It is obvious from Table 15 that many models, as of 2024, and variations of existing models as of the decision date, have entered the market to a large extent. Evaluation of responses together with Table 14 and 15 concludes that the product variety is high in the market for the manufacture and sale of passenger cars and the market is dynamic. The high level of model diversity along with the relaunch of the same vehicle

models through body redesigns or design updates demonstrates that manufacturers are able to reposition their products at a reasonable cost. It is concluded that in the market for passenger cars, where undertakings can diversify their products without high costs, competitors will not remain unresponsive to the merged entity's price increases; under this assumption, the competitors have maneuverability in the form of product repositioning; thus the merged entity will continue to face competitive pressure.

(205) It is highlighted in the previous sections that TOFAŞ and STELLANTIS TR have overlapping activities in B, C and D segments and the anticompetitive effects of the acquisition are analyzed especially with respect to B and C segments and their SUV body types. Although separate relevant product markets are not defined on the basis of each segment, segments where the parties' activities overlap are handled individually in the assessment of whether efficient competition in the market is restricted.

(206) At this stage, it should be noted that although parties have overlapping activities in D segment, their post-acquisition market shares are not so high to raise competitive concerns in that segment. The table below shows the undertakings' market shares in D segment between 2019 and 2023 according to ODMD's segmentation.

Table 16: The Undertakings' Market Shares in D Segment between 2019 and 2023 according to ODMD'S Segmentation (over total number of sales, %)

Undertaking	The Number of Sales (%)				
	2019	2020	2021	2022	2023
TOFAŞ	(....)	(....)	(....)	(....)	(....)
STELLANTIS TR	(....)	(....)	(....)	(....)	(....)
TOFAŞ+ STELLANTIS TR	(....)	(....)	(....)	(....)	(....)
BAYTUR	(....)	(....)	(....)	(....)	(....)
BORUSAN	(....)	(....)	(....)	(....)	(....)
CHERY	(....)	(....)	(....)	(....)	(....)
ÇELİK	(....)	(....)	(....)	(....)	(....)
DOĞAN OTOMOTİV	(....)	(....)	(....)	(....)	(....)
DOĞUŞ	(....)	(....)	(....)	(....)	(....)
FORD OTOSAN	(....)	(....)	(....)	(....)	(....)
HONDA	(....)	(....)	(....)	(....)	(....)
HYUNDAI	(....)	(....)	(....)	(....)	(....)
MAİS	(....)	(....)	(....)	(....)	(....)
MAZDA	(....)	(....)	(....)	(....)	(....)
MERCEDES	(....)	(....)	(....)	(....)	(....)
NISSAN	(....)	(....)	(....)	(....)	(....)
ŞAHSUVAROĞLU	(....)	(....)	(....)	(....)	(....)
TEMSA	(....)	(....)	(....)	(....)	(....)
TOYOTA	(....)	(....)	(....)	(....)	(....)
VOLVO	(....)	(....)	(....)	(....)	(....)
ULU MOTOR	(....)	(....)	(....)	(....)	(....)
YÜCE AUTO	(....)	(....)	(....)	(....)	(....)
TOTAL	100	100	100	100	100

Source: Prepared based on the information obtained from undertakings

(207) The table about the D segment indicates that CHERY, which entered the market in 2023 is the leader with (....)% market share, followed by BORUSAN with (....)% market share and YÜCE AUTO with (....)% market share. After CHERY entered the market the shares of BORUSAN, DOĞUŞ, MERCEDES and YÜCE AUTO, which have been in the market for a long time, declined compared to the previous year. When it comes to merging parties, TOFAŞ has (....)% market shares whereas STELLANTIS TR has (....)%. Their total market shares are (....)%. In addition, the merged entity reached its highest share in the relevant years in 2020 with (....)%. Almost all of that market share attributes to STELLANTIS TR. Given ODMD retail sale figures, the parties were operating in 2023 in the relevant market with four different models being

Alfa Romeo Giulia, Opel Insignia, Peugeot 508 and Peugeot 5008. It is observed that a large part of the market shares owned by the merged entity stems from Peugeot and Opel brands. Opel's market share decreased in time between 2019 and 2023. The merged entity sold (....) Opel, (....) Alfa Romeo and (....) Peugeot cars in 2023, meaning that its market share in the D segment is essentially composed of one brand, Peugeot.

(208) In line with the explanations above, it is concluded that the parties' activities do not focus fundamentally on the D segment in terms of passenger cars, the notified transaction does not lead to such high concentration to raise competitive concerns in the D segment, given the market share of the merged entity and its competitors' position in the market; thus the transaction will not result in restricting efficient competition.

#### **G.5.2.3.3. Evaluations regarding the B Segment**

(209) It is possible to classify passenger cars into segments based on various criteria such as body length, intended use, technological features and off-road performance. As a result of segmentation, vehicle models from different brands that share certain common criteria are included in the same group. In this way, alternatives that meet specific consumer preferences such as vehicle size and intended use are addressed under the same category in a more systematic manner.

(210) Cars in the B segment are compact cars with body length ranging from 3.7 to 4.1 meters. Compared to A- segment cars, they are heavier and offer a more spacious interior, thus, they are regarded more suitable for family use. B-segment cars, which are generally positioned below the C segment in terms of vehicle weight, engine power and sales price, constitute the second best-selling segment in Türkiye over the past five years with 30% market share.

(211) The market shares of undertakings in the B segment according to ODMD's segmentation as well as the share of each model in the market are given below.

Table 17: Market Shares between 2019 and 2023 based on the models in the B-segment as specified according to ODMD segmentation

Undertaking	Model	2019	2020	2021	2022	2023
TOFAŞ-FIAT	124 SPIDER	(....)	(....)	(....)	(....)	(....)
	500X	(....)	(....)	(....)	(....)	(....)
TOFAŞ-JEEP	AVENGER	(....)	(....)	(....)	(....)	(....)
	RENEGADE	(....)	(....)	(....)	(....)	(....)
STELLANTIS TR-CİTROËN	C-ELYSEE	(....)	(....)	(....)	(....)	(....)
	C3	(....)	(....)	(....)	(....)	(....)
	C3 AIRCROSS	(....)	(....)	(....)	(....)	(....)
STELLANTIS TR-DS	DS3 CROSSBACK	(....)	(....)	(....)	(....)	(....)
STELLANTIS TR-OPEL	CORSA	(....)	(....)	(....)	(....)	(....)
	CROSSLAND	(....)	(....)	(....)	(....)	(....)

Undertaking	Model	2019	2020	2021	2022	2023
	CROSSLAND X <sup>135</sup>	(....)	(....)	(....) <sup>136</sup>	(....)	(....)
	MOKKA	(....)	(....) <sup>137</sup>	(....)	(....)	(....)
STELLANTIS TR-PEUGEOT	2008	(....)	(....)	(....)	(....)	(....)
	208	(....)	(....)	(....)	(....)	(....)
	301	(....)	(....)	(....)	(....)	(....)
BORUSAN-MINI	CABRIO	(....)	(....)	(....)	(....)	(....)
	CLUBMAN	(....)	(....)	(....)	(....)	(....)
	HATCH	(....)	(....)	(....)	(....)	(....)
ÇELİK-KIA <sup>138</sup>	RIO	(....)	(....)	(....)	(....)	(....)
	STONIC	(....)	(....)	(....)	(....)	(....)
DOĞAN OTOMOTİV-SUZUKI	BALENO	(....)	(....)	(....)	(....)	(....)
	JIMNY	(....)	(....)	(....)	(....)	(....)
	S-CROSS	(....)	(....)	(....)	(....)	(....)
	SX4 S-CROSS	(....)	(....)	(....)	(....)	(....)
	SWIFT	(....)	(....)	(....)	(....)	(....)
	VITARA	(....)	(....)	(....)	(....)	(....)
DOĞAN OTOMOTİV- MG	ZS	(....)	(....)	(....)	(....)	(....)
DOĞUŞ-VW	POLO	(....)	(....)	(....)	(....)	(....)
	TAIGO	(....)	(....)	(....)	(....)	(....)
	T-CROSS	(....)	(....)	(....)	(....)	(....)
DOĞUŞ-SEAT	ARONA	(....)	(....)	(....)	(....)	(....)
	IBIZA	(....)	(....)	(....)	(....)	(....)
FORD OTOSAN	ECOSPORT	(....)	(....)	(....)	(....)	(....)
	FIESTA	(....)	(....)	(....)	(....)	(....)
	PUMA	(....)	(....)	(....)	(....)	(....)
HONDA	CITY	(....)	(....)	(....)	(....)	(....)
	JAZZ	(....)	(....)	(....)	(....)	(....)
HYUNDAI	BAYON	(....)	(....)	(....)	(....)	(....)
	i10	(....)	(....)	(....)	(....)	(....)

<sup>135</sup> The Crossland X model is said to be replaced with the Crossland model in 2022.

<sup>136</sup> In 2021, the Opel Crossland X model sold (....) units.

<sup>137</sup> In 2020, the Opel MOKKA model sold (....).

<sup>138</sup> (....) Kia Soul model cars were sold only in 2019 thus it was not necessary to put it under a different model.

Undertaking	Model	2019	2020	2021	2022	2023
	i20	(....)	(....)	(....)	(....)	(....)
	KONA	(....)	(....)	(....)	(....)	(....)
MAİS-RENAULT	CAPTUR	(....)	(....)	(....)	(....)	(....)
	CLIO <sup>139</sup>	(....)	(....)	(....)	(....)	(....)
	KANGOO	(....)	(....)	(....)	(....)	(....)
	SYMBOL	(....)	(....)	(....)	(....)	(....)
	TALIANT	(....)	(....)	(....)	(....)	(....)
	ZOE	(....)	(....)	(....)	(....)	(....)
MAİS-DACIA	SANDERO	(....)	(....)	(....)	(....)	(....)
MAZDA	CX-3	(....)	(....) <sup>140</sup>	(....)	(....)	(....)
	MAZDA2	(....)	(....)	(....)	(....)	(....)
	MX-5	(....)	(....)	(....)	(....)	(....)
MERCEDES	SMART FORFOUR	(....)	(....)	(....)	(....)	(....)
NISSAN	JUKE	(....)	(....) <sup>141</sup>	(....)	(....)	(....)
	MICRA	(....)	(....)	(....)	(....)	(....)
ŞAHSUVAROĞLU-SSANGYONG	TIVOLI	(....)	(....)	(....)	(....)	(....)
TEMSA-MITSUBISHI	SPACESTAR	(....)	(....)	(....)	(....)	(....)
TOYOTA	YARIS	(....)	(....)	(....)	(....)	(....)
	YARIS CROSS	(....)	(....)	(....)	(....)	(....)
YÜCE AUTO-SKODA	FABIA	(....)	(....)	(....)	(....)	(....)
	KAMIQ	(....)	(....)	(....)	(....)	(....)
	RAPID	(....)	(....)	(....)	(....)	(....)
TOTAL		~100	~100	~100	~100	~100

Source: Prepared based on the information obtained from undertakings

(212) The table above shows that the most sold brand was Renault with (....)% market share, followed by Opel with (....)% and Hyundai with (....)% market share in 2023. The most sold models in 2023 are respectively Renault Clio with (....)% market share, Hyundai i20 with (....)% market share and Opel Corsa with (....)% market share. During the period between 2019 and 2023, STELLANTIS TR had the widest product range in the B segment. The acquiring party TOFAŞ operates in the relevant segment with Fiat 124 Spider, Fiat 500x, Jeep Avenger and Jeep Renegade models. Fiat 124 Spider has zero market share in 2020. Other three model's market shares were very low, varying between (....)% and (....)%.

<sup>139</sup> Includes Renault Clio Hatchback and Renault Clio Sport (SW).

<sup>140</sup> In 2020, the MAZDA CX-3 model sold (....) units.

<sup>141</sup> In 2020, the Nissan Juke model sold (....) units.

(213) Undertakings' market shares in the B segment according to ODMD's segmentation are given below.

Table 18: The Undertakings' Market Shares in B Segment between 2019 and 2023 according to ODMD'S Segmentation (over total number of sales, %)

Undertaking	2019	2020	2021	2022	2023
TOFAŞ	(....)	(....)	(....)	(....)	(....)
STELLANTIS TR	(....)	(....)	(....)	(....)	(....)
TOFAŞ+STELLANTIS TR	(....)	(....)	(....)	(....)	(....)
BORUSAN	(....)	(....)	(....)	(....)	(....)
ÇELİK	(....)	(....)	(....)	(....)	(....)
DOĞAN OTOMOTİV	(....)	(....)	(....)	(....)	(....)
DOĞUŞ	(....)	(....)	(....)	(....)	(....)
FORD OTOSAN	(....)	(....)	(....)	(....)	(....)
HONDA	(....)	(....)	(....)	(....)	(....)
HYUNDAI	(....)	(....)	(....)	(....)	(....)
MAİS	(....)	(....)	(....)	(....)	(....)
MAZDA	(....)	(....)	(....)	(....)	(....)
MERCEDES	(....)	(....)	(....)	(....)	(....)
NISSAN	(....)	(....)	(....)	(....)	(....)
ŞAHSUVAROĞLU	(....)	(....)	(....)	(....)	(....)
TEMSA	(....)	(....)	(....)	(....)	(....)
TOYOTA	(....)	(....)	(....)	(....)	(....)
YÜCE AUTO	(....)	(....)	(....)	(....)	(....)
TOTAL	100	100	100	~100	100

Source: Prepared based on the information obtained from undertakings

(214) Table 18 shows that in 2023, STELLANTIS TR is the market leader with (....)% market share, followed by MAİS with (....)% market share and DOĞUŞ with (....)% market share. After being the market leader for four years, MAİS lagged behind STELLANTIS TR in 2023 whereas DOĞUŞ increased its market share compared to the previous year. TOFAŞ's market share increased in 2020 compared to 2019. However, its market share started to decrease since 2021, falling to (....)% in 2022 and (....)% in 2023. On the other hand, HYUNDAI became an important competitor in the relevant segment after reaching (....)% market share in 2023. In addition, due to its structural relation with TOFAŞ, FORD OTOSAN has a special position in the assessment of the notified transaction. Its market share in B segment in 2023 was low, (....)%.

(215) HHI values are important in assessing whether efficient competition will be restricted after the merger. HHI values for the B segment are presented below.

Table 19: 2019-2023 HHI Values in Terms of Total Amount of Sales in B segments

HHI	2019	2020	2021	2022	2023
	The Number of Sales	The Number of Sales	The Number of Sales	The Number of Sales	The Number of Sales
Prior to the transaction	2,822	2,673	1,928	1,909	1,997
Following the transaction	2,916	2,764	1,987	1,937	2,014
Change	94	90	58	27	16

Source: Calculations made within the scope of the file.

(216) According to the Horizontal Guidelines, paragraph 20, “*Competitive concerns are unlikely in transactions where post-merger HHI is between 1.000 and 2.000 and the change in HHI after the merger is lower than 250 or post-merger HHI is over 2.000 but the change in HHI after the merger is lower than 150 in the market*”, apart from certain exceptions. As seen from, the table in 2021 and 2022, post-transaction HHI values were between 1.000 and 2.000. HHI change value is under the threshold specified in the Horizontal Guidelines, 250. Although post-transaction HHI values are above 2,000 for 2019, 2020 and 2023, the change in the index is under the threshold specified in the Guidelines- 150. When a calculation is made with the data pertaining to the last five years, the change in HHI is less than the calculation made according to the previous year’s data and when it is calculated with 2023 data, it has a very low value.

(217) The assessment made until this section are also made for SUV body type of the same segment. The data in question are given below.

(218) The market shares of undertakings in the B-SUV segment according to ODMD's segmentation as well as the share of each model in the market are given below.

Table 20: Market Shares between 2019 and 2023 based on the models in the B-SUV segment as specified according to ODMD segmentation (over total sales figures, %)

Undertaking-Brand	Model	The Number of Sales (%)				
		2019	2020	2021	2022	2023
TOFAŞ-FIAT	500X	(....)	(....)	(....)	(....)	(....)
TOFAŞ-JEEP	AVENGER	(....)	(....)	(....)	(....)	(....)
	RENEGADE	(....)	(....)	(....)	(....)	(....)
STELLANTIS TR-CITROËN	C3 AIRCROSS	(....)	(....)	(....)	(....)	(....)
STELLANTIS TR-DS	DS3 CROSSBACK	(....)	(....)	(....)	(....)	(....)
STELLANTIS TR-OPEL	CROSSLAND	(....)	(....)	(....)	(....)	(....)
	CROSSLAND X	(....)	(....)	(....)	(....)	(....)
	MOKKA	(....)	(....)	(....)	(....)	(....)
STELLANTIS TR-PEUGEOT	2008	(....)	(....)	(....)	(....)	(....)
ÇELİK-KIA	SOUL	(....)	(....)	(....)	(....)	(....)
	STONIC	(....)	(....)	(....)	(....)	(....)
DOĞAN-SUZUKI	VITARA	(....)	(....)	(....)	(....)	(....)
	S-CROSS	(....)	(....)	(....)	(....)	(....)

Undertaking-Brand	Model	The Number of Sales (%)				
		2019	2020	2021	2022	2023
	SX4 S-CROSS	(....)	(....)	(....)	(....)	(....)
	JIMNY	(....)	(....)	(....)	(....)	(....)
DOĞAN-MG	ZS	(....)	(....)	(....)	(....)	(....)
DOĞUŞ-VW	TAIGO	(....)	(....)	(....)	(....)	(....)
	T-CROSS	(....)	(....)	(....)	(....)	(....)
DOĞUŞ-SEAT	ARONA	(....)	(....)	(....)	(....)	(....)
FORD OTOSAN	ECOSPORT	(....)	(....)	(....)	(....)	(....)
	PUMA	(....)	(....)	(....)	(....)	(....)
HYUNDAI	BAYON	(....)	(....)	(....)	(....)	(....)
	KONA	(....)	(....)	(....)	(....)	(....)
MAİS-RENAULT	CAPTUR	(....)	(....)	(....)	(....)	(....)
MAİS-DACIA	SANDERO	(....)	(....)	(....)	(....)	(....)
MAZDA	CX-3	(....)	(....)	(....)	(....)	(....)
NISSAN	JUKE	(....)	(....)	(....)	(....)	(....)
ŞAHSUVAROĞLU-SSANGYONG	TIVOLI	(....)	(....)	(....)	(....)	(....)
TOYOTA	YARIS CROSS	(....)	(....)	(....)	(....)	(....)
YÜCE AUOTO-SKODA	KAMIQ	(....)	(....)	(....)	(....)	(....)
TOTAL		~100	100	~100	~100	100

Source: Prepared based on the information obtained from undertakings

(219) Table 20 shows that the most sold brand in B-SUV segment in 2023 was Opel with (....)% market share, followed by Hyundai with (....)% and Peugeot with (....)% market share in 2023. The most sold models in 2023 are respectively Peugeot 2008 with (....)% market share, Hyundai Bayon with (....)% market share and Opel Mokka with (....)% market share. During the period between 2019 and 2023, STELLANTIS TR had the widest product range in the B-SUV segment. In this segment, TOFAŞ has few models, being Fiat 500x, Jeep Avenger and Jeep Renegade, whose market shares are low varying between (....)% and (....)%.

(220) Undertakings' market shares in the B-SUV segment according to ODMD's segmentation are given below.

Table 21: Undertakings' Market Shares in B-SUV Segment between 2019 and 2023 according to ODMD'S Segmentation (over total number of sales, %)

Undertaking	The Number of Sales (%)				
	2019	2020	2021	2022	2023
TOFAŞ	(....)	(....)	(....)	(....)	(....)
STELLANTIS TR	(....)	(....)	(....)	(....)	(....)
TOFAŞ+ STELLANTIS TR	(....)	(....)	(....)	(....)	(....)
ÇELİK	(....)	(....)	(....)	(....)	(....)
DOĞAN OTOMOTİV	(....)	(....)	(....)	(....)	(....)
DOĞUŞ	(....)	(....)	(....)	(....)	(....)
FORD OTOSAN	(....)	(....)	(....)	(....)	(....)
HYUNDAI	(....)	(....)	(....)	(....)	(....)
MAİS	(....)	(....)	(....)	(....)	(....)
MAZDA	(....)	(....)	(....)	(....)	(....)
ŞAHSUVAROĞLU	(....)	(....)	(....)	(....)	(....)
TOYOTA	(....)	(....)	(....)	(....)	(....)
NISSAN	(....)	(....)	(....)	(....)	(....)
YÜCE AUTO	(....)	(....)	(....)	(....)	(....)
TOTAL	100	100	~100	~100	100

Source: Prepared based on the information obtained from undertakings

(221) Table 21 shows that in 2023, STELLANTIS TR is the market leader with (....)% market share, followed by DOĞUŞ with (....)% market share and HYUNDAI with (....)% market share in the B-SUV segment. STELLANTIS TR's market share increased considerably in 2020 compared to the previous year, its market shares decreased in 2021 and 2022 compared to the previous year; on the other hand its market shares increased in 2023 compared to 2022. DOĞUŞ had (....)% market share in 2019 and it increased its market shares in the following years continuously. It became the second big player in 2023. HYUNDAI had its highest market share in 2019 with (....)%. Its market shares tended to decrease in the following years except 2022. The acquiring TOFAŞ had its highest market share in 2019 with (....)% shares in B-SUV segment. However, in the following years, its market shares decreased regularly and were (....)% in 2023. In addition, MAİS is an important competitor in the segment with (....)% market share in 2023. FORD OTOSAN has a low market share - (....)% - in 2023 in B-SUV segment. Lastly, it is understood from the table 20 that in 2021, Dacia Sandero and Nissan Juke models with (....)% and (....)% market shares, in 2022, Toyota Yaris Cross, Volkswagen T-Cross and Volkswagen Taigo models with market shares between (....)% and (....)% market shares entered the market; consequently, the competition in the market increased.

(222) In order to detect the level of concentration in the market, HHI levels for B-SUV segments are shown below.

Table 22: 2019-2023 HHI Values in Terms of Total Amount of Sales in B - SUV segment

HHI	2019	2020	2021	2022	2023
	The Number of Sales	The Number of Sales	The Number of Sales	The Number of Sales	The Number of Sales
Prior to the transaction	1,722	2,478	1,738	1,735	2,008
Following the transaction	2,543	3,270	1,937	1,827	2,111
Change	821	792	199	92	103

Source: Calculations made within the scope of the file.

(223) The table shows that concentration in B-SUV segment is higher compared to B segment. Especially, post-transaction HHI values in 2019 and 2020 and the changes in the index are far above the thresholds specified in the guidelines. The following are observed accordingly: With the data of both years, post-transaction HHI values are above 2.000. The changing values in the index is above the threshold specified in the Guidelines for the relevant range, which is 150. The calculation made with 2021 and 2022 data shows that the post-transaction HHI values are between 1.000 and 2.000. The changes in the index are below the threshold specified for the relevant range, which is 250. With 2023 data, post-transaction HHI value is above 2.000 but the change in the index is below 150.

(224) It is understood from the explanations that STELLANTIS TR had a strong position in the market with many models during the period between 2019 and 2023 in terms of B and B-SUV segments, however, TOFAŞ had very low market shares with a limited number of models. With strong competitors including MAİS, HYUNDAI and DOĞUŞ, the market has a competitive landscape by means of a wide variety of brands and models. Moreover, the following assessments are made: The notified transaction is not between the powerful players in the market in terms of B and B-SUV segments. TOFAŞ's post-transaction market share will not be so high to lead to competitive concerns. The variety of the products that consumers can access will not decrease. There are not any factors that will make it difficult for consumers to make a choice among alternative products. There is no finding that the existing intra-segment and inter-segment demand and supply substitution will be restricted after the transaction. In addition, the merged entity will be the market leader with (....)% market shares in B segment and (....)% market shares in B-SUV segment according to 2023 data. The said market power is based on only STELLANTIS TR's market share. In other words, having (....)% market share in B segment and (....)% market share in B-SUV segment, STELLANTIS TR is currently the market leader. In fact the post-transaction market power attributed to the merged entity stems from the power of STELLANTIS TR alone. Given that TOFAŞ has (....)% market share in B segment in 2023 and (....)% in B-SUV segment, the market position of STELLANTIS TR before and after the transaction will be the same.

(225) Depending on the course of the HHI values between 2019 and 2023 given above (Table 19), there are not any indications of restriction of competition in the B segment after the transaction. The concentration in B-SUV segment is higher compared to B segment. On the other hand given HHI, which are calculated with the last 5 years' data, the concentration observed in 2019 and 2020 considerably decreased. This decrease is the result of certain models distributed by DOĞUŞ, MAİS and TOYOTA entering the market in 2021 and 2022. These developments have increased the competition in the market and counterbalanced the concentration (Table 22).

(226) In light of all explanations and evaluations, it is concluded that the notified transaction will not decrease competition significantly in terms of B and B-SUV segments.

#### **G.5.2.3.4. Evaluations Regarding the C Segment**

(227) Compact class, also referred to as the C-segment passenger cars typically have a length ranging from 4.1 to 4.6 meters<sup>142</sup>. They mostly fell into the mid-range or lower-mid price category and are generally have engines producing between 95HP and 140HP.<sup>143</sup>

(228) As the most preferred segment of passenger cars in Türkiye, C-segment vehicles are suitable for both individual and family use due to their larger size and comfort. Vehicles in this segment are generally perceived as value-for-money products as they offer high performance and comfort relative to their price, appealing to a wide range of users in Türkiye. The C segment also offers suitable alternatives for consumers with different expectations in terms of price and space with body types such as hatchback, sedan and SUV.

(229) The breakdown of the C-segment cars sold between 2019 and 2023 according to body type is shown in the table below.

Table 23: The breakdown of the C-segment cars between 2019 and 2023 according to body type (sales figures, %)<sup>144</sup>

C Segment	2019		2020		2021		2022		2023	
	Number	Rate	Number	Rate	Number	Rate	Number	Rate	Number	Rate
Hatchback	3,068	6.92	41,614	11.32	24,729	8.21	18,984	6.30	46,864	8.71
Sedan	24,967	56.28	201,272	54.74	162,684	54.00	146,409	48.62	191,449	35.56
S. Wagon	123	0.28	1,307	0.36	622	0.21	367	0.12	1,577	0.29
Sports	63	0.14	4,457	1.21	2,760	0.92	2,939	0.98	4,198	0.78
SUV	16,144	36.39	119,020	32.37	110,457	36.67	132,437	43.98	294,257	54.66
<b>TOTAL</b>	<b>44,365</b>	<b>100</b>	<b>367,670</b>	<b>100</b>	<b>301,252</b>	<b>100</b>	<b>301,136</b>	<b>100</b>	<b>538,345</b>	<b>100</b>

Source: Prepared within the scope of the file using ODMD data

(230) The table shows that the most preferred body type within the segment is respectively SUV, sedan and hatchback. The shares of station wagon and sports type are very low. The share of SUV body type increased considerably in the relevant period. One out of two cars sold in 2023 was a SUV in the C segment.

(231) The undertakings were asked to provide information about the general features of the C segment and from which segments it faces competitive pressure. The relevant responses are given below.

(232) (....) and (....) made the following explanations: The pressure from the B segment is very high. Following the recent developments, an important part of the C-segment customers have started to prefer B segment. There was a shrink in favor of B segment between 2020 and 2022 in the C segment. In addition, historically, 2023 was the year when the highest number of cars was sold in Türkiye. Although both C segment and B segment grew in 2023, customers of C segment continue switching to B segment. The

<sup>142</sup> Some undertakings define the cars in the C segment between different length ranges. (....) defines C-segment cars between 4.4 and 4.7 whereas TOFAŞ defines them between 4.2 and 4.6 meters.

<sup>143</sup> HP (Horse Power) is a unit used to measure the power output of a vehicle's engine.

<sup>144</sup> Although CDV and MPV body type cars are defined as passenger cars in Board's FCA/PSA Decision, it is stated in the First Written Opinion that M segment is defined under light commercial vehicles by ODMD in 2020.

reason why there was a shrink in the C segment in favor of B segment was the enforcement of European Emission Standards known as Euro 6d in 2021. This regulation raised car prices, leading to a termination of some of the best-selling models in the C segment. For instance, the production of diesel automatic and gasoline automatic versions of (.....), which is the best-selling C-segment model of (.....) ended. Accordingly, the automatic version, which corresponded to (.....)% of the (.....) sales in 2020, ended in (.....). (.....) and (.....) stated that the price level for the C segment is between 800,000 TL and 1,700,000 TL and SCT scale is the group 80% and above.

(233) (.....) stated the following: The best-selling cars in Türkiye are generally within the C segment. There are various different body types such as sedan, hatchback and station wagon. SUV models constitute a segment where they offer lower fuel consumption and prices compared to higher-end segments while also providing more interior space than lower segments, making them a more comfortable option for families. Additionally, the biggest advantage of the C segment is that used car sales are easier compared to other segments and it combines suitable cabin space and engine power for long distance travel at the same time.

(234) (.....) made the following explanations: In passenger cars, C segment is an important alternative compared to base models in the D segment and high end model in the B segment. In terms of size, the D segment and in terms of better technology and equipment at similar price levels, the B segment can make competitive pressure on the C segment.

(235) (.....) stated the following: C segment is the third category in the passenger car categorization of the Commission. It is used for lower mid-range car. It corresponds to "small family car" in *The European New Car Assessment Programme* (Euro NCAP) and "compact car" in the United States. The demand for C segment has been increasing recently.

(236) The market shares of undertakings in the C segment according to ODMD's classification as well as the share of each model in the market are given below.

Table 24: Market Shares between 2019 and 2023 based on the models in the C-segment as specified according to ODMD segmentation (total sales figures, %)

Undertaking-Brand	Model	The Number of Sales (%)				
		2019	2020	2021	2022	2023
TOFAŞ-ALFA ROMEO	GIULIETTA	(.....)	(.....)	(.....)	(.....)	(.....)
	TONALE	(.....)	(.....)	(.....)	(.....)	(.....)
TOFAŞ-FIAT	EGEA	(.....)	(.....)	(.....)	(.....)	(.....)
	EGEA CROSS	(.....)	(.....)	(.....)	(.....)	(.....)
TOFAŞ-JEEP	COMPASS	(.....)	(.....)	(.....)	(.....)	(.....)
STELLANTIS TR-CITROËN	C4	(.....)	(.....)	(.....)	(.....)	(.....)
	C5 AIRCROSS	(.....)	(.....)	(....)	(....)	(....)
STELLANTIS TR-DS	DS 4	(.....)	(.....)	(.....)	(.....)	(.....)
	DS 7	(....)	(....)	(....)	(....)	(....)
	DS 7 CROSSBACK	(....)	(....)	(....)	(....)	(....)
	OPEL ASTRA	(....)	(....)	(....)	(....)	(....)

Undertaking-Brand	Model	The Number of Sales (%)				
		2019	2020	2021	2022	2023
STELLANTIS TR-OPEL	OPEL GRANDLAND	(....)	(....)	(....)	(....)	(....)
	OPEL GRANDLAND X <sup>145</sup>	(....)	(....)	(....)	(....)	(....)
STELLANTIS TR-PEUGEOT	PEUGEOT 3008	(....)	(....)	(....)	(....)	(....)
	PEUGEOT 308	(....)	(....)	(....)	(....)	(....)
	PEUGEOT 408	(....)	(....)	(....)	(....)	(....)
BAYTUR-SUBARU	CROSSTREK	(....)	(....)	(....)	(....)	(....)
	XV	(....)	(....)	(....)	(....)	(....)
BORUSAN-BMW	1 SERİSİ	(....)	(....)	(....)	(....)	(....)
	2 SERIES	(....)	(....)	(....)	(....)	(....)
	i3	(....)	(....)	(....)	(....)	(....)
BYD	ATTO	(....)	(....)	(....)	(....)	(....)
CHERY	OMODA 5	(....)	(....)	(....)	(....)	(....)
	TIGGO	(....)	(....)	(....)	(....)	(....)
ÇELİK-KIA	CEED	(....)	(....)	(....)	(....)	(....)
	CERATO	(....)	(....)	(....)	(....)	(....)
	NIRO	(....)	(....)	(....)	(....)	(....)
	SPORTAGE	(....)	(....)	(....)	(....)	(....)
	XCEED	(....)	(....)	(....)	(....)	(....)
DOĞAN OTOMOTİV-MG	HS	(....)	(....)	(....)	(....)	(....)
	MG4	(....)	(....)	(....)	(....)	(....)
	ZS	(....)	(....)	(....)	(....)	(....)
DOĞUŞ-AUDI	A3	(....)	(....)	(....)	(....)	(....)
	Q2	(....)	(....)	(....)	(....)	(....)
	Q3	(....)	(....)	(....)	(....)	(....)
	S3	(....)	(....)	(....)	(....)	(....)
DOĞUŞ-CUPRA	ATECA	(....)	(....)	(....)	(....)	(....)
	FORMENTOR	(....)	(....)	(....)	(....)	(....)
	LEON	(....)	(....)	(....)	(....)	(....)
DOĞUŞ-VW	GOLF	(....)	(....)	(....)	(....)	(....)
	TIGUAN	(....)	(....)	(....)	(....)	(....)

<sup>145</sup> The Grandland X model is said to be replaced with Grandland model in 2022.

Undertaking-Brand	Model	The Number of Sales (%)				
		2019	2020	2021	2022	2023
DOĞUŞ-SEAT	T-ROC	(....)	(....)	(....)	(....)	(....)
	ATECA	(....)	(....)	(....)	(....)	(....)
FORD OTOSAN	LEON	(....)	(....)	(....)	(....)	(....)
	FOCUS	(....)	(....)	(....)	(....)	(....)
HONDA	KUGA	(....)	(....)	(....)	(....)	(....)
	CIVIC	(....)	(....)	(....)	(....)	(....)
HYUNDAI	HR-V	(....)	(....)	(....)	(....)	(....)
	ACCENT BLUE	(....)	(....)	(....)	(....)	(....)
MAİS-RENAULT	ELANTRA	(....)	(....)	(....)	(....)	(....)
	IONIQ	(....)	(....)	(....)	(....)	(....)
MAİS-DACIA	IONIQ 5	(....)	(....)	(....)	(....)	(....)
	TUCSON	(....)	(....)	(....)	(....)	(....)
MAİS-DACIA	AUSTRAL	(....)	(....)	(....)	(....)	(....)
	KADJAR	(....)	(....)	(....)	(....)	(....)
MAZDA	MEGANE	(....)	(....)	(....)	(....)	(....)
	DUSTER	(....)	(....)	(....)	(....)	(....)
MERCEDES	JOGGER	(....)	(....)	(....)	(....)	(....)
	CX-5	(....)	(....)	(....)	(....)	(....)
NISSAN	MAZDA3	(....)	(....)	(....)	(....)	(....)
	A SERİSİ	(....)	(....)	(....)	(....)	(....)
ŞAHSUVAROĞLU-SERES	B SERİSİ	(....)	(....)	(....)	(....)	(....)
	CLA	(....)	(....)	(....)	(....)	(....)
ŞAHSUVAROĞLU-SSANGYONG	EQA	(....)	(....)	(....)	(....)	(....)
	EQB	(....)	(....)	(....)	(....)	(....)
NISSAN	QASHQAI	(....)	(....)	(....)	(....)	(....)
ŞAHSUVAROĞLU-SERES	SERES 3	(....)	(....)	(....)	(....)	(....)
TEMSA-MITSUBISHI	KORANDO	(....)	(....)	(....)	(....)	(....)
	XLV	(....)	(....)	(....)	(....)	(....)
TEMSA-MITSUBISHI	ASX	(....)	(....)	(....)	(....)	(....)
	ECLIPSE CROSS	(....)	(....)	(....)	(....)	(....)
TESLA	MODEL Y	(....)	(....)	(....)	(....)	(....)

Undertaking-Brand	Model	The Number of Sales (%)				
		2019	2020	2021	2022	2023
TOGG	T10X	(....)	(....)	(....)	(....)	(....)
TOYOTA	AURIS	(....)	(....)	(....)	(....)	(....)
	C-HR	(....)	(....)	(....)	(....)	(....)
	COROLLA	(....)	(....)	(....)	(....)	(....)
TOYOTA-LEXUS	CT	(....)	(....)	(....)	(....)	(....)
VOLVO	C40	(....)	(....)	(....)	(....)	(....)
	V40	(....)	(....)	(....)	(....)	(....)
	XC40	(....)	(....)	(....)	(....)	(....)
YÜCE AUTO-SKODA	KAROQ	(....)	(....)	(....)	(....)	(....)
	OCTAVIA	(....)	(....)	(....)	(....)	(....)
	SCALA	(....)	(....)	(....)	(....)	(....)
TOTAL		~100	100	~100	~100	~100

Source: Prepared within the scope of the file based on the information obtained from undertakings

(237) Table 24 above shows that the most sold brand was Fiat with (....)% market share, followed by Renault with (....)% and Peugeot with (....)% market share in 2023. The three most sold models in 2023 are respectively Fiat Egea with (....)% market share, Toyota Corolla with (....)% market share and Fiat Egea Cross with (....)% market share. During the period between 2019 and 2023, STELLANTIS TR and DOĞUŞ had the widest product range. While Honda Civic, which was a common model in the passenger cars market in Türkiye, had over (....)% market share in 2019 and 2021, this rate fell to (....)% in 2023. On the other hand, Tesla Model Y, Togg T10X, BYD Atto, Chery Omoda 5 and Chery Tiggo entered the market in 2023. C segment had a dynamic look during 2019-2023 period. There are a lot of alternative models with different body types in the market. Out of 83 different models in the market, TOFAŞ and STELLANTIS TR distributes 16 models. After the transaction, the merged entity will 20% of the all models in the C segment.

(238) Undertakings' market shares in the C segment as specified in ODMD segmentation are presented in the table below without model breakdown.

Table 25: The Undertakings' Market Shares in C Segment between 2019 and 2023 according to ODMD'S Segmentation (over total sales figures, %)

Undertaking	2019	2020	2021	2022	2023
	The Number of Sales (%)	The Number of Sales (%)	The Number of Sales (%)	The Number of Sales (%)	The Number of Sales (%)
TOFAŞ	(....)	(....)	(....)	(....)	(....)
STELLANTIS TR	(....)	(....)	(....)	(....)	(....)
TOFAŞ+ STELLANTIS TR	(....)	(....)	(....)	(....)	(....)
BAYTUR	(....)	(....)	(....)	(....)	(....)
BORUSAN	(....)	(....)	(....)	(....)	(....)
BYD	(....)	(....)	(....)	(....)	(....)
CHERY	(....)	(....)	(....)	(....)	(....)
ÇELİK	(....)	(....)	(....)	(....)	(....)
DOĞAN OTOMOTİV	(....)	(....)	(....)	(....)	(....)
DOĞUŞ	(....)	(....)	(....)	(....)	(....)
FORD OTOSAN	(....)	(....)	(....)	(....)	(....)
HONDA	(....)	(....)	(....)	(....)	(....)
HYUNDAI	(....)	(....)	(....)	(....)	(....)
MAİS	(....)	(....)	(....)	(....)	(....)
MAZDA	(....)	(....)	(....)	(....)	(....)
MERCEDES	(....)	(....)	(....)	(....)	(....)
NISSAN	(....)	(....)	(....)	(....)	(....)
ŞAHSUVAROĞLU	(....)	(....)	(....)	(....)	(....)
TEMSA	(....)	(....)	(....)	(....)	(....)
TESLA	(....)	(....)	(....)	(....)	(....)
TOGG	(....)	(....)	(....)	(....)	(....)
TOYOTA	(....)	(....)	(....)	(....)	(....)
VOLVO TR	(....)	(....)	(....)	(....)	(....)
YÜCE AUTO	(....)	(....)	(....)	(....)	(....)
TOTAL	~100	100	~100	~100	~100

Source: Prepared within the scope of the file based on the information obtained from undertakings

(239) The table above shows that in 2023, TOFAŞ is the market leader with (....)% market share, followed by MAİS with (....)% market share and STELLANTIS TR with (....)% market share in 2023 in the C segment. The acquirer TOFAŞ's market share had a course around (....)% during 2019 and 2021 period. Its market shares rose to (....)% in 2022 but fell to (....)% in 2023. The acquired STELLANTIS TR's market share had a course around (....)% during 2019 and 2020 period. Its market shares fell to (....)% in 2021 but climbed up to (....)% in 2022 and (....)% in 2023. The market share of MAİS in 2019 was (....)% and it increased continuously until the year 2023, when it fell to (....)%. In addition, in 2023, DOĞUŞ with (....)% market share and TOYOTA with (....)% market share are important competitors in the C segment. FORD OTOSAN has a low market share - (....)% - in 2023. Except STELLANTIS TR, the said undertakings experienced a decrease in their market shares in 2023 compared to the previous year, which is attributed to the launch of new brands such as BYD, CHERY, TESLA and TOGG.

(240) Beside the explanations for the C segment, it is necessary to mention FORD OTOSAN's market share in the C segment as it is a common shareholder for both KOÇ HOLDİNG and TOFAŞ. The information in Table 24 and Table 25 together implies that FORD OTOSAN has two brands in the C segment being Ford Focus and Ford Kuga. Its average market share for five years is (....)% whereas its market share in 2023 is

(....)%. Taking into account the fact that FORD OTOSAN operates in the market with a few models and low market share, it is not a strong competitor.

(241) As stated in the Horizontal Guidelines, market shares and increases in market shares of undertakings are important first indications of market power and increases in market power. It is understood from the market data for C segment pertaining to 2023 that the notified transaction will be realized between undertakings with similar market shares, the market leader TOFAŞ will acquire the third biggest player STELLANTIS TR and the market share of the merged entity will be (....) times higher than its closest competitor MAİS. These post-transaction conditions may lead to competitive concerns.

(242) The post-transaction level of concentration in the C segment are explained with the help of the table below showing the HHI levels.

Table 26: 2019-2023 HHI Values in Terms of Total Amount of Sales in C segment

HHI	2019	2020	2021	2022	2023
Prior to the transaction	1,222	1,287	1,320	1,739	1,098
Following the transaction	1,738	1,843	1,678	2,253	1,718
Change	516	556	358	514	620

Source: Calculations made within the scope of the file.

(243) According to the Horizontal Guidelines, paragraph 20, “*competitive concerns are unlikely in transactions where post-merger HHI is between 1.000 and 2.000 and the change in HHI after the merger is lower than 250 or post-merger HHI is over 2.000 but the change in HHI after the merger is lower than 150 in the market*”, apart from certain exceptions. Depending on the post-transaction HHI levels and index change values shown in the Table 26, HHI level is above 2.000 according to 2022 data. The change is above the threshold specified in the Horizontal Guidelines for the relevant range - 150. For the remaining four years, even the HHI values are between 1.000 and 2.000, the changes in the index are above 250, which is the threshold set by the Guidelines for the relevant range. Therefore, in light of market shares and HHI indicators, the notified transaction will lead to concentration in the C segment together with competitive concerns.

(244) Although market shares and concentration levels are not ultimate factors for determining whether a merger raises competitive concern, the Horizontal Guidelines state that market shares and concentration levels are first indications of important information about market structure and competition between merging parties and other undertakings. As explained with the tables above, the merged entity may obtain market power in the C segment due to not only its considerably higher market share but also the elimination of competition between the merging parties and therefore less competitive pressure. In that case, the merger might result in significant lessening of effective competition in the market due to the unilateral effects created. As a result, although separate relevant product markets are not defined on a segment basis, in order to show the possible anticompetitive effects of the notified transaction in passenger cars market, C segment was put under a deeper analysis.

(245) The tables below show the 10 most sold models in the C segment in Türkiye in 2022 and 2023 and their sale prices.

Table 27: The 10 best-selling models in the C segment in Türkiye in 2022 and 2023 and their sale prices.(₺)<sup>146</sup>

2022			2023		
Model	Version	Sales Price	Model	Version	Sales Price
Fiat - Egea Sedan	(....)	(....)	Fiat - Egea Sedan	(....)	(....)
Toyota - Corolla	(....)	(....)	Fiat - Egea Cross	(....)	(....)
Renault - Megane	(....)	(....)	Renault - Megane	(....)	(....)
Fiat - Egea Cross	(....)	(....)	Toyota - Corolla	(....)	(....)
Dacia - Duster	(....)	(....)	Dacia - Duster	(....)	(....)
VW - T-Roc	(....)	(....)	Togg - T10X	(....)	(....)
Hyundai - Tucson	(....)	(....)	Peugeot - 3008	(....)	(....)
Peugeot - 3008	(....)	(....)	Nissan - Qashqai	(....)	(....)
Honda - Civic	(....)	(....)	Ford - Focus	(....)	(....)
VW - Golf	(....)	(....)	Citroën - C4	(....)	(....)

Source: Prepared within the scope of the file based on the information obtained from undertakings

<sup>146</sup> The price information in the table is prepared by considering the most sold version of the said models in the relevant year and shows the prices in December. The campaigns for the models shown in the table are also taken into account, in which case the campaign prices are indicated. The current model year of the cars is taken as a basis for both 2022 and 2023.

(246) Fiat Egea Sedan sold the most in 2022 in the C segment. The merging parties has three models in the top 10 model - Fiat Egea Sedan, Fiat Egea Cross and Peugeot 3008 - whereas FORD OTOSAN has one model. As the five most preferred models, Fiat Egea Sedan is followed by Toyota Corolla, Renault Megane, Fiat Egea Cross and Dacia Duster. Fiat Egea Sedan sold the most in 2023 in the C segment. The merging parties has four models in the top 10 model - Fiat Egea Sedan, Fiat Egea Cross, Peugeot 3008 and Citroën C4 - whereas FORD OTOSAN's Focus ranked at the ninth place. Similar to 2022, Fiat Egea Sedan is followed by Fiat Egea Cross, Toyota Corolla, Renault Megane and Dacia Duster. Out of the ten most sold cars in the C segment in 2022, two models were diesel and eight were gasoline cars. In 2023 there are three diesel, one electric, one hybrid and five gasoline cars among the top ten. The prices were between (....) TL in 2022 and (....) TL in 2023.

(247) Although it is inferred from the table that the basic parameter determining the amount of sale is price in the C segment, price is not a determinative factor alone. Fiat Egea Sedan, which was the most sold model in 2022, was also the cheapest model in the list. However, for certain vehicles a more expensive model could be preferred over a cheaper one. For example, in 2022, the sales figures for Fiat Egea Cross is less than Toyota Corolla and Renault Megane, which are about (....)% more expensive. In 2023, TOGG T10X sold more than cheaper models such as Nissan Qashqai and Ford Focus.

(248) In line with the explanations above, brands compete for many variables such as brand image, body type, engine type, interior and exterior equipment and design in addition to price. Instead of buying a gasoline car at a lower price in the short term, consumers may prefer a diesel car for its long term cost advantages or an electric car due to its zero emission. As stated before, a car can be reintroduced to the market with technical and equipment upgrades to its model in order to meet different consumer needs. In this way, product differentiation is possible both in segments and in the market for the manufacture and sale of passenger cars as a whole. The evaluations in the previous sections that there is circulation of models in the passenger cars market, there are different versions of the same model and undertakings have the ability to reposition their products support the conclusions in this section.

(249) According to the Horizontal Guidelines, the merged entity will be more likely to raise the prices as the level of substitution between the merging parties' product increases in a market with differentiated products. For instance, as a result of a merger between undertakings whose products are regarded as the first and second option for the consumers, prices may considerably increase. On the other hand, if rival products are highly substitutable with the merged firms' products, the merged firm's incentive to raise prices will be limited. The higher the substitutability between the competing products and the merged entity's products is, it is less likely that the merger will result in significant lessening of competition, especially by means of creating a dominant position or strengthening an existing dominant position. At this stage, according to the said provisions of the Horizontal Guidelines, whether the notifying parties' products are the closest competitors of each other was examined. First, the prices of their models in the C segment are compared.

(250) To facilitate comparison, the prices of C segment passenger cars manufactured by the parties are categorized according to their body types. The recommended prices provided by the parties are examined. In the case of passenger cars, multiple versions or trims of a specific model that appeal to customers with different budgets can be launched, thus, it is difficult to determine a single price for a model. Consequently, the

table below gives information about the lowest and the highest prices for C hatchback, C sedan and C-SUV types in December, 2023.

Table 28: Price information about the cars of the parties with different body types

C Hatchback			
Undertaking	Model	The lowest price	The highest price
TOFAŞ	Fiat Egea Hatchback	(....)	(....)
	Citroën C4	(....)	(....)
	DS 4	(....)	(....)
	Opel Astra	(....)	(....)
	Peugeot 308	(....)	(....)
C Sedan			
Teşebbüs	Model	The lowest price	The highest price
TOFAŞ	Fiat Egea Sedan	(....)	(....)
STELLANTIS TR	Citroën C4X	(....)	(....)
C-SUV			
Teşebbüs	Model	The lowest price	The highest price
TOFAŞ	Alfa Romeo Tonale	(....)	(....)
	Fiat Egea Cross	(....)	(....)
	Jeep Compass	(....)	(....)
STELLANTIS TR	Citroën C5 Aircross	(....)	(....)
	DS 7	(....)	(....)
	Opel Grandland	(....)	(....)
	Peugeot 3008	(....)	(....)
	Peugeot 408	(....)	(....)

Source: Undertakings' responses

(251) The data in the table shows the following: in C-hatchback class, TOFAŞ's Fiat Egea Hatchback model has one version with a recommended sale price of (....) TL. STELLANTIS TR operates with four models being Citroën C4, DS 4, Opel Astra and Peugeot 308 with recommended prices varying between (....) TL and (....) TL. In C-sedan class the recommended price of TOFAŞ's Fiat Egea Sedan model changes between (....) TL and (....) TL. The recommended price for STELLANTIS TR's Citroën C4X model is between (....) TL and (....) TL. In C-SUV class, TOFAŞ has Alfa Romeo Tonale, Fiat Egea Cross and Jeep Compass models with recommended prices varying between (....) TL and (....) TL. STELLANTIS TR has Citroën C5 Aircross, DS 7, Opel Grandland, Peugeot 3008 and Peugeot 408 models with recommended prices varying between (....) TL and (....) TL. Alfa Romeo, Jeep and DS are premium brands, thus, their prices are compared separately. Especially the upper trims of DS models are priced quite high compared to both Alfa Romeo and Jeep models (around (....) TL).

(252) Among the C hatchback models distributed by STELLANTIS TR, Opel Astra is the closest to Fiat Egea Hatchback model in terms of price. Nevertheless, the price difference between the two models is (....) TL. In other words, Opel Astra's price is about 1.5 fold higher than Fiat Egea Hatchback's price. The price difference between the recommended price of the lowest versions is (....) and the highest versions is (....) TL regarding the parties' C sedan models. The prices of the highest versions of Fiat Egea Sedan model and Citroën C4X model is closer compared to the prices of their lower versions. Lastly, the price difference between the lowest versions is (....) and the highest versions is (....) TL regarding the models of the parties in C-SUV class. Among the three body types examined, the SUV segment shows the greatest price

disparity. The examination of the parties' brands in C-SUV class shows that Fiat belonging to TOFAŞ and Citroën, Opel and Peugeot belonging to STELLANTIS TR are under a similar classification, whereas TOFAŞ's Alfa Romeo and Jeep and STELLANTIS TR's DS are under a similar classification.

(253) In addition to the price difference between the parties' cars in C Hatchback segment, the following facts are noteworthy: The best-selling version of TOFAŞ's Fiat Egea Hatchback in 2023 is powered by a 95-HP gasoline engine and has a manual transmission. On the other hand, the best-selling versions of STELLANTIS TR's Citroën C4, Opel Astra and Peugeot 308 in 2023 are powered by 130-HP gasoline engine and have fully automatic transmission. Similar differences also apply for C sedan cars. In addition to the price, there are differences in terms of engine power, fuel type and transmission type between the best-selling models of 2023 in sedan body type - Fiat Egea Sedan and Citroën C4X. The best-selling version in C-SUV class in 2023, Fiat Egea Cross, is powered by a 95-HP gasoline engine and has a manual transmission. The best-selling Citroën C5 Aircross, Opel Grandland and Peugeot 3008 versions in 2023 are powered by 130-HP diesel engine and have fully automatic transmission. There are equipment similarities between best-selling versions of Alfa Romeo and Jeep models of TOFAŞ and best-selling DS model of STELLANTIS TR in 2023. DS distinguishes itself from other brands by positioning itself at a higher level.

(254) The explanations above concludes that there are equipment differences in models launched by the parties with different body types in the C segment, this may lead to relatively higher prices for STELLANTIS TR's models, in other words, the models produced by TOFAŞ cater to lower-budget consumers compared to STELLANTIS TR brands both in terms of price and equipment. Therefore, it is not possible to say that the vehicles distributed by the parties in C segment passenger cars market are close competitors in terms of either price or equipment. At this stage, it is important to demonstrate which brands distributed by other undertakings the sector players perceive as close rivals to their cars in the C segment.

(255) Undertakings operating in the market for the manufacture and sale of passenger cars are asked which brands and models in the C segment they regard as rivals. The responses are given below in the table. The factors affecting whether brands see each other as rivals are, among others, price, and technical and equipment features such as engine type, transmission type, fuel consumption, engine power, rim size, headlight features, parking sensors, etc and the close competition relation may change in time.

Table 29: Brands and Models Undertakings See as Rivals for Their Cars in the C Segment<sup>147</sup>

Distributor	Brand and Model	Brand and Model seen as a Competitor
TOFAŞ	Fiat Egea Sedan	(....)
STELLANTIS TR	Citroën C4 (HB)	(....)
	Opel Astra (HB)	(....)
BORUSAN	Peugeot 308 (HB)	(....)
	DS 4 (HB)	(....)
	BMW 1 Serisi (Hatchback)	(....)
	BMW 2 Serisi (Coupe)	(....)
	BMW M Serisi (Coupe, Sedan)	(....)

<sup>147</sup> VOLVO stated that as a brand in the premium segment and that they follow other premium brands (....) without indicating a specific model.

Distributor	Brand and Model	Brand and Model seen as a Competitor
ÇELİK	Kia Ceed (HB)	(....)
DOĞAN OTOMOTİV	MG MG4 (Hatchback)	(....)
DOĞUŞ	Volkswagen Golf (Hatchback)	(....)
FORD OTOSAN	Ford Focus (HB, SD, SW)	(....)
HONDA	Honda Civic (SD)	(....)
HYUNDAI	Hyundai Elantra (SD)	(....)
MAİS	Renault Megane (SD)	(....)
MERCEDES	A Serisi (HB, SD) CLA (Coupe, SW)	(....)
TOYOTA	Corolla (SD)	(....)
YÜCE AUTO	Skoda Octavia (SD)	(....)
	Skoda Scala (HB)	- (....)

Source: Prepared based on the data obtained from undertakings

(256) The table shows that TOFAŞ sees (....) and (....) as a close competitor for its Fiat Egea Sedan. STELLANTIS TR sees the hatchback versions of (....), (....), (....), (....), (....) and (....) models as close competitors for Citroën C4 (HB), Opel Astra (HB) and Peugeot 308 (HB). It is seen that the models distributed by the undertakings are in the same segment with those seen as close competitors. The same situation mostly applies to body types. In addition, among the undertakings which see TOFAŞ brands as close competitors, only (....) see STELLANTIS TR brands also as a close competitor. For others, TOFAŞ brands and STELLANTIS TR brands are not regarded as close competitors together. In other words, except (....), none of the competitors see TOFAŞ and STELLANTIS TR as a close competitor simultaneously. Furthermore, the data in the table concludes that TOFAŞ's main competitors in the C segment passenger cars market are (....) and (....) whereas STELLANTIS TR's main competitors are (....) and (....). The degree of competitiveness between TOFAŞ and STELLANTIS TR is not high.

(257) In addition to the information given above, the best-selling car with the highest market share in the C segment on a model basis between 2019 and 2023 (Table 24) is TOFAŞ's Fiat Egea Sedan<sup>148</sup>. Depending on this fact, the first ten models seen as an alternative for Fiat Egea Sedan and 2022 NCBS Türkiye (*New Car Buyer Survey*) data, which show the extent the said models are seen as an alternative are provided to examine closeness of competition.

<sup>148</sup> (....) argues that although Fiat Egea Sedan comes with diesel engine, it is able to operate in the market with much more competitive prices. In that sense, despite being a C segment car, it is sold at B segment prices.

Table 30: The First Ten Models Seen as Alternatives to Fiat Egea Sedan and The Extent They Are Seen as an Alternative (%) According to NCBS 2022 Türkiye Data

Alternative Car Model	The Extent It is Seen as an Alternative
Toyota Corolla-Altis (2019)	(....)
Renault Megane IV (2016)	(....)
Hyundai i20 (2020)	(....)
Renault Clio V (2019)	(....)
Honda Civic (2016)	(....)
Dacia Duster (2017)	(....)
Ford Focus (2018)	(....)
Hyundai Bayon (2021)	(....)
Volkswagen Passat (2015)	(....)
Fiat Tipo/Egea (2016)	(....)
Other	31.7
TOTAL	100

Source: (....)'s response

(258) The table indicates that have rate of being considered as an alternative to Fiat Egea Sedan above 5% are, in order, Toyota Corolla ((....)%), Renault Megane ((....)%), Hyundai i20 ((....)%), Renault Clio ((....)%) and Honda Civic ((....)%). Within the C segment, Egea Sedan's closest competitors are Toyota Corolla, Renault Megane and Honda Civic. It is inferred from the table that most of the models are C segment cars. On the other hand, there are also B segment cars such as Hyundai i20 and Renault Clio as well as D segment cars such as Volkswagen Passat. Although they are under different segments technically, consumers may see some models as alternatives. There are not any brands of STELLANTIS TR among the first ten models seen as an alternative to Fiat Egea Sedan. The rates of being regarded as an alternative for Fiat Egea Sedan varies between (....)% and (....)% for Citroën, DS, Opel and Peugeot within the framework of NCBS data. The rates of being regarded as an alternative to Fiat are respectively Peugeot ((....)%), Opel ((....)%), Citroën ((....)%) and DS ((....)%) for STELLANTIS TR brands. Thus, consumers do not consider STELLANTIS TR's models as close alternatives to the acquirer TOFAŞ's most preferred C-segment car.

(259) The assessment about C segment made until this section are also made for SUV body type of the same segment. The data in question are given below.

(260) The market shares of undertakings in the C-SUV segment according to ODMD's classification as well as the share of each model in the market are given below.

Table 31: Market Shares between 2019 and 2023 based on the models in the C-SUV segment as specified according to ODMD segmentation (over total sales figures, %)

Undertaking-Brand	Model	2019	2020	2021	2022	2023
TOFAŞ-ALFA ROMEO	TONALE	(....)	(....)	(....)	(....)	(....)
TOFAŞ-FIAT	EGEA CROSS	(....)	(....)	(....)	(....)	(....)
TOFAŞ-JEEP	COMPASS	(....)	(....)	(....)	(....)	(....)
	RENEGADE	(....)	(....)	(....)	(....)	(....)
STELLANTIS TR-CITROËN	C5 AIRCROSS	(....)	(....)	(....)	(....)	(....)
STELLANTIS TR-DS	DS 7 CROSSBACK	(....)	(....)	(....)	(....)	(....)
	DS 7	(....)	(....)	(....)	(....)	(....)
STELLANTIS TR-OPEL	GRANDLAND	(....)	(....)	(....)	(....)	(....)
	GRANDLAND X	(....)	(....)	(....)	(....)	(....)
STELLANTIS TR-PEUGEOT	3008	(....)	(....)	(....)	(....)	(....)
	408	(....)	(....)	(....)	(....)	(....)
BAYTUR-SUBARU	CROSSTEK	(....)	(....)	(....)	(....)	(....)
	XV	(....)	(....)	(....)	(....)	(....)
BYD	ATTO 3	(....)	(....)	(....)	(....)	(....)
CHERY	OMODA 5	(....)	(....)	(....)	(....)	(....)
	TIGGO	(....)	(....)	(....)	(....)	(....)
ÇELİK-KIA	KIA - NIRO	(....)	(....)	(....)	(....)	(....)
	KIA - SPORTAGE	(....)	(....)	(....)	(....)	(....)
	KIA - XCeed	(....)	(....)	(....)	(....)	(....)
DOĞAN OTOMOTİV-MG	HS	(....)	(....)	(....)	(....)	(....)
	ZS	(....)	(....)	(....)	(....)	(....)
DOĞUŞ-AUDI	Q2	(....)	(....)	(....)	(....)	(....)
	Q3	(....)	(....)	(....)	(....)	(....)
DOĞUŞ-CUPRA	ATECA	(....)	(....)	(....)	(....)	(....)
	FERMENTOR	(....)	(....)	(....)	(....)	(....)
DOĞUŞ-VW	TIGUAN	(....)	(....)	(....)	(....)	(....)
	T-ROC	(....)	(....)	(....)	(....)	(....)
DOĞUŞ-SEAT	ATECA	(....)	(....)	(....)	(....)	(....)
FORD OTOSAN	KUGA	(....)	(....)	(....)	(....)	(....)
HONDA	HR-V	(....)	(....)	(....)	(....)	(....)
HYUNDAI	TUCSON	(....)	(....)	(....)	(....)	(....)

	IONIQ	(....)	(....)	(....)	(....)	(....)
MAİS-RENAULT	AUSTRAL	(....)	(....)	(....)	(....)	(....)
	KADJAR	(....)	(....)	(....)	(....)	(....)
MAİS-DACIA	DUSTER	(....)	(....)	(....)	(....)	(....)
MAZDA	CX-5	(....)	(....)	(....)	(....)	(....)
MERCEDES	EQA	(....)	(....)	(....)	(....)	(....)
	EQB	(....)	(....)	(....)	(....)	(....)
NISSAN	QASHQAI	(....)	(....)	(....)	(....)	(....)
ŞAHSUVAROĞLU- SSANGYONG	KORANDO	(....)	(....)	(....)	(....)	(....)
	XLV	(....)	(....)	(....)	(....)	(....)
	SERES 3	(....)	(....)	(....)	(....)	(....)
TEMSA-MITSUBISHI	ASX	(....)	(....)	(....)	(....)	(....)
	ECLIPSE CROSS	(....)	(....)	(....)	(....)	(....)
TESLA	MODEL Y	(....)	(....)	(....)	(....)	(....)
TOGG	T10X	(....)	(....)	(....)	(....)	(....)
TOYOTA	C-HR	(....)	(....)	(....)	(....)	(....)
	COROLLA CROSS	(....)	(....)	(....)	(....)	(....)
VOLVO	C40	(....)	(....)	(....)	(....)	(....)
	XC40	(....)	(....)	(....)	(....)	(....)
YÜCE AUTO-SKODA	KAROQ	(....)	(....)	(....)	(....)	(....)
TOTAL		~100	~100	~100	~100	100

Source: Prepared within the scope of the file based on the information obtained from undertakings

(261) The table above shows that the best-selling brand in 2023 was Fiat with (....)% market share, followed by Peugeot with (....)% market share and Chery with (....)% market share. The three most sold models in 2023 are respectively Fiat Egea Cross with (....)% market share, Dacia Duster with (....)% market share and Togg T10X with (....)% market share. During the period between 2019 and 2023, STELLANTIS TR and DOĞUŞ had the widest product range. As in the C segment, there are entries in the C-SUV segment, among those TOGG entered the market with its single model T10X and reached more than (....)% market share in 2023, similarly Chery entered the market effectively and its two models gained more than (....)% market share.

(262) Undertakings' market shares in the C-SUV segment according to ODMD's segmentation are given in the table below.

Table 32: The Undertakings' Market Shares in C-SUV Segment between 2019 and 2023 according to ODMD'S Segmentation (over total number of sales, %)

Undertaking	2019	2020	2021	2022	2023
TOFAŞ	(....)	(....)	(....)	(....)	(....)
STELLANTIS TR	(....)	(....)	(....)	(....)	(....)
TOFAŞ+ STELLANTIS TR	(....)	(....)	(....)	(....)	(....)
BAYTUR	(....)	(....)	(....)	(....)	(....)
BYD	(....)	(....)	(....)	(....)	(....)
CHERY	(....)	(....)	(....)	(....)	(....)
ÇELİK	(....)	(....)	(....)	(....)	(....)
DOĞAN OTOMOTİV	(....)	(....)	(....)	(....)	(....)
DOĞUŞ	(....)	(....)	(....)	(....)	(....)
FORD OTOSAN	(....)	(....)	(....)	(....)	(....)
HONDA	(....)	(....)	(....)	(....)	(....)
HYUNDAI	(....)	(....)	(....)	(....)	(....)
MAİS	(....)	(....)	(....)	(....)	(....)
MAZDA	(....)	(....)	(....)	(....)	(....)
MERCEDES	(....)	(....)	(....)	(....)	(....)
NISSAN	(....)	(....)	(....)	(....)	(....)
ŞAHSUVAROĞLU	(....)	(....)	(....)	(....)	(....)
TEMSA	(....)	(....)	(....)	(....)	(....)
TESLA	(....)	(....)	(....)	(....)	(....)
TOGG	(....)	(....)	(....)	(....)	(....)
TOYOTA	(....)	(....)	(....)	(....)	(....)
VOLVO	(....)	(....)	(....)	(....)	(....)
YÜCE AUTO	(....)	(....)	(....)	(....)	(....)
TOTAL	100	~100	100	~100	100

Source: Prepared within the scope of the file based on the information obtained from undertakings

(263) Table 32 shows that in 2023, in C-SUV segment, TOFAŞ is the market leader with (....)% market share, followed by STELLANTIS TR with (....)% market share and DOĞUŞ with (....)% market share in 2023 in the C segment. While TOFAŞ had a very low market share in 2019 and 2020, it gained a sudden acceleration in 2021, when Fiat Egea Cross was launched. Its market share continued to increase in 2022 but decreased in 2023 compared to the previous year. The market share of STELLANTIS TR was around (....)% in 2019 and 2020 and fell to (....)% and (....)% in 2021 and 2022. In 2023 its market share increased compared to the previous year. DOĞUŞ's market share was around (....)% in 2019 and climbed up to (....)% in the following year. It fell to (....)%, (....)% and (....) in 2021, 2022 and 2023. In addition, in 2023,

MAİS with (....)% market share, CHERY with (....)% market share and TOGG with (....)% market share are important competitors in the C segment. FORD OTOSAN has a very low market share - (....)% - in 2023.

(264) TOFAŞ operates with three brands and four models and STELLANTIS TR operates with four brands and seven models in the C-SUV sub-category. This category seems more competitive in terms of market share rates and their distribution among undertakings despite including less model variety compared to the C segment. Moreover, CHERY, TOGG and TESLA, which entered the market in 2023, have taken place among the first ten undertakings in the market. This means that the market is open to new entries, especially for electric vehicles. HHI values are given in the table below to determine the concentration in the C-SUV market.

Table 33: 2019-2023 HHI Values in Terms of Total Amount of Sales in C - SUV segment

HHI	2019	2020	2021	2022	2023
Prior to the transaction	1,372	1,521	1,405	1,451	966
Following the transaction	1,407	1,781	1,943	2,045	1,440
Change	35	259	538	594	473

Source: Calculations made within the scope of the file.

(265) According to the Horizontal Guidelines, paragraph 20, “*competitive concerns are unlikely in transactions where post-merger HHI is between 1.000 and 2.000 and the change in HHI after the merger is lower than 250 or post-merger HHI is over 2.000 but the change in HHI after the merger is lower than 150 in the market*”, apart from certain exceptions. The post-transaction HHI levels and the changes in the index in Table 33 show that post-transaction HHI values calculated with 2019 and 2020 data fall between 1,000 and 2,000, while the index changes are 35 for 2019 and 259 for 2020. Considering the thresholds in the Horizontal Guidelines, these values do not indicate a significant concentration. However, the concentration in the C-SUV segment has increased as of 2021, with the post-transaction index value calculated using that year's data rising to 1,943 and the HHI change reaching 538. Based on 2022 data, the post-transaction index exceeds 2000 and the change in the index is above 150, which is the range specified in the relevant Guidelines. Using 2023 data, the post-transaction value falls between 1000 and 2000 but the HHI change exceeds 250. Therefore, market shares and concentration levels in the C-SUV segment bring certain competitive concerns.

(266) In line with the explanations above, the concentration in C-SUV passenger cars market was at a level that might create competitive concerns in 2021 but the concentration in the market started to decrease in 2023. As explained in the previous paragraphs, it is because brands such as Chery, Togg, Tesla and BYD entered the market. The concentration in the C-SUV subsegment is less compared to the C segment.

(267) For the sake of integrity, the close rivalry analysis is given above (Table 28) in terms of price and equipment for the C-SUV models. The analysis does not conclude that TOFAŞ and STELLANTIS TR are close competitors in the C-SUV segments on the basis of equipment and price. Undertakings operating in the market for the manufacture and sale of passenger cars are asked which brands and models in the C-SUV segment they regard as close rivals. The responses are given below in the table.

Table 34: Brands and Models Undertakings See as Rivals for their Cars in the C-SUV Segment

Distributor	Brand and Model	Brand and Model seen as a Competitor
TOFAŞ	Fiat Egea Cross	(....)
STELLANTIS TR	Citroën C5 Aircross Opel Grandland Peugeot 3008	(....)
	DS 7	(....)
ÇELİK	Kia Sportage	(....)
DOĞAN OTOMOTİV	MG HS (SUV)	(....)
	MG ZS	(....)
DOĞUŞ	Volkswagen T-ROC	(....)
	Volkswagen Tiguan <sup>149</sup>	(....)
FORD OTOSAN	Ford Kuga	(....)
HONDA	Honda HR-V	(....)
HYUNDAI	Hyundai Tucson	(....)
	Hyundai IONIQ 5	(....)
MAİS	Renault Austral	(....)
MERCEDES	EQA EQB	(....)
NISSAN	Qashqai	(....)
TOGG	T10X	(....)
TOYOTA	Corolla Cross C-HR	(....)
YÜCE AUTO	Skoda Karoq	(....)

Source: Prepared within the scope of the file based on the data obtained from undertakings

(268) The table shows that TOFAŞ sees (....) and (....) models as close competitors to Fiat Egea Cross model and STELLANTIS TR sees many models belonging to different distributors and brands as close competitors. Unlike the C segment, in the C-SUV segment, the segment of the models distributed by the undertakings and the segments of the cars regarded as close competitors may be different. In terms of body type, almost all of the models seen as competitors have SUV body type. In addition among the undertakings which see TOFAŞ brands as close competitors, only (....) see STELLANTIS TR brands also as a close competitor. For others, TOFAŞ brands and STELLANTIS TR brands are not regarded as close competitors together. Similar to the C segment, apart from one exception, none of the competitors see TOFAŞ and STELLANTIS TR as a close competitor simultaneously. Therefore, in line with the information obtained from the undertakings, no sufficient finding was obtained to argue that merging parties are close competitors in the C-SUV segment passenger cars.

(269) Finally, the following conclusions are made within the framework of the explanations about C and C-SUV segment: Numerous brands and models with different body types compete in the market. Undertakings have the opportunity and ability to reposition their

<sup>149</sup> Information about Volkswagen Tiguan Allspace are included.

products and to make actions. Thus, product differentiation is one of the basic dynamics of the market. C segment is the most competitive segment in the market for the manufacture and sale of passenger cars. TOFAŞ and STELLANTIS TR cannot be regarded as close competitors when price, consumer preferences and competitors' positions are taken into account. After the notified transaction, there will not be a reduction in the product variety to the detriment of consumers. FORD OTOSAN's market power is not so high to create coordinated effects. On the other hand, the merged entity will reach a market share above 30% in terms of C and C-SUV segments. The transaction will be realized between two strong players, as a result of which it will bring along a certain amount of concentration. The merged entity will cover totally nine brands including premium and luxury segments, which means a significant amount of market power. Consequently, it will strengthen its market power compared to other players in the market by gaining the capability of appealing to different consumer demands through different brands. Due to the aforementioned reasons, the transaction will raise certain competitive concerns.

#### **G.5.2.3.5. General Evaluation about the market for the Manufacture and Sale of Passenger Cars**

(270) Within the framework of the information given and explanations made regarding both passenger cars in general and on the basis of the segments examined, it is observed that the total market shares of TOFAŞ and STELLANTIS TR is 30.96% in the passenger cars market in 2023. STELLANTIS TR is the first and TOFAŞ is the third player in the relevant market. The merged entity's market share is almost twice its that of its closest competitor, MAİS (Table 7). In addition, ODMD data demonstrate that 26 undertakings are operating in the market for the manufacture and sale of passenger cars in 2023, the CR ratio is 59.39% during the same period, the sales figures of the first four undertakings in the market are higher than the remaining 22 undertakings. Hence, there is a disproportionate structure in terms of market shares. The acquisition between two players among the first four will intensify the competitive concerns.

(271) The total market shares of the parties on the basis of each segment are as follows: in the B segment (.....)% (Table 18), in the B-SUV segment (.....)% (Table 21), in the C segment -the most preferred in our country- (.....)% (Table 25), in the C-SUV segment (.....)% (Table 32). The evaluations in this regard are as follows: Almost all of the market shares to be obtained by the merged entity is brought by STELLANTIS TR in B and B-SUV segments. The market shares of TOFAŞ in those segments are very low, thus, the transaction does not take place between two big players in the market. The changing values in the HHI do not exceed the thresholds specified in the Horizontal Guidelines for the B segment. The thresholds in the B-SUV segment are exceeded only for 2019 and 2020 data. The concentration in the market started to diminish in 2021. In both segments, there are strong competitors such as DOĞUŞ, MAİS and HYUNDAI. Therefore, the transaction would not result in significant lessening of effective competition in the market for passenger cars.

(272) On the other hand, in the C-segment, for the year 2023, TOFAŞ is the first player whereas STELLANTIS TR is the third player. HHI value exceeds the thresholds specified in the Horizontal Guidelines in the segment in question. In C-SUV segment, TOFAŞ is the first player and STELLANTIS TR is the second. HHI value exceeds the thresholds specified in the Horizontal Guidelines in the segment in question. It means that the transaction will take place between two strong players in terms of the relevant segments. The merged entity will have nine brands under its umbrella including premium and luxury segments. Consequently, the transaction will lead to competitive

concerns not only in C segment and C-SUV segment specifically but also in the market for the manufacture and sale of passenger cars as a whole.

#### **G.5.2.4. The Effect of the Transaction on the Market for Manufacture and Sale Of Light Commercial Vehicles**

##### **G.5.2.4.1. The Unilateral Effects of the Transaction on the Market for Manufacture and Sale Of Light Commercial Vehicles**

(273) As stated under “Unilateral Effects” section, for analyzing the unilateral effects that occur as a result of a horizontal merger, the factors listed in the Horizontal Guidelines should be addressed without the requirement that all of them be present simultaneously. The factors listed in the Horizontal Guidelines are as follows in order: i) merging parties have large market shares, ii) merging parties are close competitors iii) customers have limited possibilities of switching supplier, iv) competitors are unlikely to increase production in response to price increase v) merged undertaking has enough capacity to hinder expansion by its competitors and vi) elimination of an important competitive force by the merger. However, not all of these factors need to be present simultaneously.

(274) While evaluating the unilateral effects of the transaction, this section deals with the factors listed in the Horizontal Guidelines with regard to the two relevant markets defined regarding light commercial vehicles and makes a general evaluation finally.

###### **i) Merging Parties Have Large Market Shares**

(275) According to Horizontal Guidelines, the first factor to be considered in the assessment of unilateral effects is the market share because the larger the market share an undertaking has, the more likely it is to possess market power. The increase in the market share as a result of a merger is an indication of the rise in the market power.

(276) In the competition law literature, 40% or over market share of a merged entity, apart from exceptional cases, may indicate a dominant position alone in the evaluation of a concentration. Even if the merged entity's market share will be below 40%, competitive concerns may arise depending on the existence of certain other factors. A large market share and the relative superiority of this market power vis a vis those of the competitors means that competitors are unlikely to restrict post-merger market share.

(277) Similarly, paragraph 12 of the Guidelines on the Assessment of Exclusionary Abusive Conduct by Dominant Undertakings includes the following:

*“There is no specific market share threshold that proves an undertaking is dominant. However, the established practice of the Board, in the absence of any indication to the contrary, is to accept that undertakings holding less than 40% of the market share are less likely to be dominant, and more detailed examinations are conducted for undertakings with a higher market share.”*

(278) The market share data of the merging parties and their competitors pertaining to the period between 2019 and 2023, which are calculated on the basis of amounts of sale regarding light commercial vehicles, obtained from ODMD website are given below in the table.

Table 35: Market Shares of Undertakings operating in the Market for the Sale of Light Commercial Vehicles in Türkiye between 2020 and 2023 (on the basis of total sale amount, %)

Undertaking	2019		2020		2021		2022		2023	
	Amount of Sale	Market Share	Amount of Sale	Market Share	Amount of Sale	Market Share	Amount of Sale	Market Share	Amount of Sale	Market Share
STELLANTIS TR	10,380	11.30	15,378	9.45	21,357	12.16	22,586	11.84	50,649	19.09
TOFAŞ	19,090	20.79	44,961	27.63	48,173	27.44	49,081	25.74	68,274	25.73
STELLANTIS TR + TOFAŞ	29,470	32.09	60,339	37.08	69,530	39.60	71,667	37.58	118,923	44.82
FORD OTOSAN	31,405	34.20	64,891	39.88	53,217	30.32	66,132	34.69	71,444	26.93
MAİS	6,782	7.38	7,524	4.62	12,913	7.35	11,433	5.99	18,154	6.84
DOĞUŞ	9,676	10.53	12,036	7.39	14,663	8.35	10,646	5.58	17,683	6.66
TOYOTA	939	1.02	1,417	0.87	6,689	3.81	11,661	6.11	13,656	5.14
MERCEDES	5,074	5.52	5,175	3.18	6,100	3.47	6,327	3.31	9,294	3.50
HYUNDAI	1,114	1.21	990	0.60	1,595	0.90	2,935	1.53	5,882	2.21
IVECO <sup>150</sup>	1,326	1.44	1,851	1.13	2,652	1.51	2,966	1.55	2,927	1.10
ISUZU <sup>151</sup>	925	1.00	545	0.33	1,107	0.63	1,895	0.99	2,350	0.88
ÇELİK	1355	1.47	1,900	1.16	1,333	0.75	1,905	0.99	2,710	1.02
ŞAHSUVAROĞLU	260	0.28	434	0.26	420	0.23	489	0.25	1073	0.40
BORUSAN	0	0	0	0	0	0	419	0.21	645	0.24
KARSAN <sup>152</sup>	511	0.55	404	0.24	187	0.10	316	0.16	278	0.10
TEMSA	1,880	2.04	4,629	2.84	3,775	2.15	1,437	0.75	163	0.06
NISSAN	1,087	1.18	544	0.33	1,316	0.74	395	0.20	0	0
DOĞAN OTOMOTİV	0	0	0	0	0	0	0	0	112	0.04
TOTAL	91,804	~100	162,679	~100	175,497	~100	190,623	~100	265,294	~100

Source: Calculated within the scope of the file based on the information obtained from ODMD website

(279) As seen from the data in the table FORD OTOSAN is the biggest player with 26.93% - 39.88% market share, TOFAŞ is the second with market shares varying between 20.79% - 27.63% , STELLANTIS TR is the third with market shares varying between 9.45% - 19.09%, followed by DOĞUŞ with market shares between 5.58% - 10.53% and MAİS with market shares varying between 4.62% - 7.38%. While the market share of TOFAŞ had a stable course in the last four years, the market share of STELLANTIS TR surged significantly in 2023. In addition, there are many undertakings whose market share is below 5% in the light commercial vehicles market although fewer than passenger cars market. Consequently, the concentration is higher than passenger cars market. In addition, it is seen that the total shares of STELLANTIS TR and TOFAŞ are 32.09% in 2019, 37.08% in 2020, 39.60% in 2021, 37.58% in 2022 and 44.82% in 2023. The figures demonstrate that the market shares of the parties seem to increase in time. It is seen that the merged entity will be the market leader in terms of market shares ultimately. In addition there are structural links between FORD OTOSAN, which will be the closest competitor of the merged entity and the second player in the market, and TOFAŞ. The section on coordinated effects will deal with this issue in detail.

(280) The data shown in Table 35 are related to light commercial vehicles in general. In order to elaborate on the market positions of both parties and their competitors, "the market

<sup>150</sup> Iveco Araç Sanayi ve Tic. AŞ

<sup>151</sup> Anadolu Isuzu Otomotiv Sanayi ve Ticaret AŞ

<sup>152</sup> Karsan Otomotiv Sanayii ve Tic. AŞ

for light commercial vehicles between 0 and 3.5 tons" and "the market for light commercial vehicles between 3.5 and 6 tons" are examined individually. The share of light commercial vehicles with a gross weight less than 3.5 tons is much higher than that of the light commercial vehicles with a gross weight between 3.5 tons and 6 tons. The table below showing the breakdown of vehicles sold in the light commercial vehicles market between 2019 and 2023 explains this situation.

Table 36: The breakdown of light commercial vehicles sold in Türkiye between 2019 and 2023 according to gross weight (%)

Gross weight	2019	2020	2021	2022	2023
0- 3.5 tons	75.35	76.47	80.41	80.50	79.67
3.5- 6 tons	24.65	23.53	19.59	19.50	20.33

Source: Data acquired from the undertakings

(281) As pointed out in Table 36, the share of vehicles sold with a gross weight between 0 and 3.5 tons in light commercial vehicles market between 2019 and 2023 is very high. The said share reached 80.50% in 2022 and fell nearly one point to 79.67% in 2023, which shows that consumers mostly prefer light commercial vehicles between 0 and 3.5 tons. As seen in the table below showing the market shares calculated on the basis of gross weight differences, the number of undertakings manufacturing/importing and/or selling light commercial vehicles between 0 and 3.5 tons is higher compared to the undertakings conducting those operations for light commercial vehicles between 3.5 tons and 6 tons.

(282) Tables below show market shares calculated on the basis of relevant product markets by using the data obtained from undertakings.

Table 37: Market shares between 2019 and 2023 in terms of total amount of sales in the market for light commercial vehicles between 3.5 and 6 tons (%)

Undertaking	2019		2020		2021		2022		2023	
	Amount of Sale	Market Share	Amount of Sale	Market Share	Amount of Sale	Market Share	Amount of Sale	Market Share	Amount of Sale	Market Share
STELLANTIS TR	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)
TOFAŞ	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)
FORD OTOSAN	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)
DOĞUŞ	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)
IVECO <sup>153</sup>	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)
MAİS	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)
MERCEDES	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)
ISUZU <sup>154</sup>	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)
KARSAN <sup>155</sup>	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)
TEMSA	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)
HYUNDAI	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)

<sup>153</sup> Iveco Araç Sanayi ve Tic. AŞ

<sup>154</sup> Anadolu Isuzu Otomotiv Sanayi ve Ticaret AŞ

<sup>155</sup> Karsan Otomotiv Sanayii ve Tic. AŞ

ÇELİK	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)
ŞAHSUVAROĞLU	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)
BORUSAN	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)
TOYOTA	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)
NISSAN	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)
DOĞAN OTOMOTİV	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)
TOTAL	22,630	100	38,279	100	34,407	100	35,784	~100	16,122	~100
STELLANTIS TR + TOFAŞ	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)

Source: Calculations made under the scope of the file based on the data obtained from undertakings

Table 38: Market shares between 2019 and 2023 in terms of total amount of sales in the market for light commercial vehicles between 0 and 3.5 tons in Türkiye (%)

Undertaking	2019		2020		2021		2022		2023	
	Amount of Sale	Market Share	Amount of Sale	Market Share	Amount of Sale	Market Share	Amount of Sale	Market Share	Amount of Sale	Market Share
STELLANTIS TR	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)
TOFAŞ	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)
FORD OTOSAN	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)
DOĞUŞ	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)
MAİS	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)
MERCEDES	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)
TOYOTA	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)
HYUNDAI	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)
IVECO <sup>156</sup>	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)
ISUZU <sup>157</sup>	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)
ÇELİK	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)
ŞAHSUVAROĞLU	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)
BORUSAN	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)
KARSAN <sup>158</sup>	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)
TEMSA	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)
NISSAN	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)
DOĞAN OTOMOTİV	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)
TOTAL	69,174	100	124,400	100	141,090	100	154,839	100	211,347	100
STELLANTIS TR + TOFAŞ	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)

Source: Calculations made under the scope of the file based on the data obtained from undertakings

<sup>156</sup> Iveco Araç Sanayi ve Tic. AŞ

<sup>157</sup> Anadolu Isuzu Otomotiv Sanayi ve Ticaret AŞ

<sup>158</sup> Karsan Otomotiv Sanayii ve Tic. AŞ

(283) The tables show that the total market shares of the merging parties in Türkiye are (....)% in 2019 and climbed to (....)% in 2023 in *the market for light commercial vehicles between 3.5 and 6 tons*. FORD OTOSAN, which has structural link with TOFAŞ, has been the market leader in the said market since 2019. IVECO and MERCEDES followed FORD OTOSAN in the first four years examined. In 2023 while FORD OTOSAN maintained its leadership, TOFAŞ expanded its market share about (....) points and surpassed IVECO, MERCEDES and STELLANTIS TR, becoming the second biggest player in the market. The data in table 37 concludes that the market share of STELLANTIS TR is lower than (....)% each year between 2019 and 2023 but increased to (....)% level and it became the third biggest player in the market in 2023.

(284) Another important finding made based on Table 37 is that FORD OTOSAN's smallest market share was in 2023, (....)%, in the period examined. Even in that case, it had four times larger market share than its closest competitor. In the relevant period, there are only nine undertakings active in the market. Among those, the market shares of DOĞUŞ, ISUZU and KARSAN were below (....)% each year examined. The market share of MAİS exceeded (....)% only in 2023. Therefore, there are four undertakings whose market share was above (....)% except FORD OTOSAN in the said period. FORD OTOSAN can be regarded as a market leader which exceeds the market share stated in the Dominant Position Guidelines in *the market for light commercial vehicles between 3.5 and 6 tons*.

(285) With respect to the market for light commercial vehicles between 3.5 and 6 tons, even if the market share of the merged entity falls below half of the 40% threshold indicated in the Dominant Position Guidelines and there are strong players in the market such as FORD OTOSAN, IVECO, MERCEDES and MAİS, the merging parties' positions as the second and the third players in such concentrated market have led to a more in-depth assessment of the unilateral effects in the relevant market. That assessment will be presented in the following sections.

(286) *The market for light commercial vehicles between 0 and 3.5 tons* has a multi-player structure. One of the electric vehicle brands has also entered the market recently<sup>159</sup>. There are strong undertakings such as DOĞUŞ, MAİS and TOYOTA beside FORD OTOSAN. According to Table 38, FORD OTOSAN, which was the market leader in 2019, fell behind TOFAŞ in 2020 for the first time and kept its position on the second rank as a follower of TOFAŞ until 2023. In 2023, there is a notable loss in FORD OTOSAN's market share, falling to (....)%. It became the third player coming behind STELLANTIS TR. When it comes to the market share of TOFAŞ during 2019 and 2023, it is the market leader in 2023 although its market share was lower than its highest market share occurred in 2020. While the market share of STELLANTIS TR varied between (....)% between 2020 and 2022, it reached (....)%. Thus, the total market shares of the parties reached its highest level in 2023 being (....)%.

(287) A separate assessment is not made to show the positions of the parties to the transaction in the market in terms of body type as the result would not change. Nevertheless, it would be beneficial to mention the market share estimations with respect to body types in (....)'s response, which includes a negative opinion about the transaction. (....) also submits its estimations about the market shares related to sub-segments and argues that total market shares of the parties are much more higher in *Car Derived Vans (CDV)*. The chart, as originally submitted by (....), showing the

<sup>159</sup> DOĞAN OTOMOTİV, started to sell electric light commercial vehicle MAXUS in Türkiye in June 2023.

annual changes between 2020 and 2023 as well as monthly changes in 2023 for CDVs, is presented below.

Chart 5: The changes of the market shares of the parties to the transaction for CDVs according to (....)'s estimations

(....) TRADE SECRET (....)

Source: (....)'s response

(288) CDVs are the best-selling type of FORD OTOSAN and of the parties to the transaction. Consequently, it is possible to say that CDVs are important for *the market for light commercial vehicles between 0 and 3.5 tons*. The chart prepared with (....)'s estimations indicates that the lowest level of the total of the transaction parties' market shares is (....)% and the highest is (....)% during 2022 and 2023. In addition it is as high as (....)% in 2023. Depending on (....)'s estimations, if the transaction is realized, the competitive concerns that unilateral effects may occur in *the market for light commercial vehicles between 0 and 3.5 tons* are more serious for CDV segment.

(289) Horizontal Guidelines state that competitive concerns are likely when HHI is over 2.000 and the change in HHI after the merger is higher than 150. The table below shows HHI levels and the changes in HHI levels after the transaction in the market for the manufacture and sale of light commercial vehicles in order to make an assessment in this regard.

Table 39: HHI levels prior to and following the transaction in the market for light commercial vehicles in Türkiye (according to 2023 data)<sup>160</sup>

Market	Values		
	Prior to the transaction	Following the transaction	Difference
Light Commercial Vehicles <sup>161</sup>	1,888	2,871	983

Source: Calculations made within the scope of the file using the data on the ODMD website.

(290) It is observed that the HHI level, which is calculated without sub-categorization according to weight in the light commercial vehicles market before the transaction, is about 1.000 - 2.000, which are regarded reasonable in the Horizontal Guidelines, but is very close to 2.000 prior to the transaction. The post-transaction value is close to 3.000. HHI change in the light commercial vehicles market is 983 - considerably above the reasonable level in the Horizontal Guidelines. However, the HHI levels and their course in the defined relevant markets differ from the light commercial vehicles market. The table below shows HHI calculations made separately for the relevant markets.

<sup>160</sup> Taking into account paragraph 16 of the Horizontal Guidelines, calculations do not cover undertakings with market shares below 5%.

<sup>161</sup> Since ODMD data is not reported according to sub-segmentation of light commercial vehicles, sub-categorization according to weight in the light commercial vehicles markets are not included.

Table 40: HHI levels prior to and following the transaction in the market for light commercial vehicles on the basis of weight classification in Türkiye (according to 2023 data)

Market	Values		
	Prior to the transaction	Following the	Difference
Light Commercial Vehicles (0-3.5 tons)	1,877	3,134	1,237
Light Commercial Vehicles (3.5-6 tons)	3,165	3,434	269

Source: Calculations made under the scope of the file based on the data obtained from undertakings

(291) According to table 40, post-transaction HHI value is 3.134 and the index change is 1.237 in *the market for light commercial vehicles between 0 and 3.5 tons*; post-transaction HHI value is 3.434 and the index change is 269 in *the market for light commercial vehicles between 3.5 and 6 tons*. From the perspective of the Horizontal Guidelines, in the *in the market for light commercial vehicles between 0 and 3.5 tons*, HHI value is above 2.000 and the change in the index is above the threshold specified in the Horizontal Guidelines - 150. Similarly, post-transaction HHI is above 2.000 and the change index is above 150-point threshold for the market for light commercial vehicles between 3.5 and 6 tons.

(292) According to the Horizontal Guidelines, while the post-merger absolute value of the HHI is an initial indication of competitive intensity in the market, the change in the concentration level directly caused by the merger is reflected by the change in this index. Depending on this information, the following are observed: Both relevant product markets will be concentrated above the threshold specified in the Horizontal Guidelines. The concentration is higher in *the market for light commercial vehicles between 0 and 3.5 tons*. The HHI change, which shows the effect of the transaction on concentration, is above 150-point threshold specified in the Horizontal Guidelines in the *in the market for light commercial vehicles between 3.5 and 6 tons*. In *the market for light commercial vehicles between 0 and 3.5 tons*, post-transaction HHI value is above the threshold specified in the Horizontal Guidelines, besides, HHI change is well above the acceptable threshold.

(293) Thus, the evaluations of the data in Table 39 and Table 40 are as follows: In the defined relevant markets for light commercial vehicles depending on the post-transaction market share data, the transaction will not make a significant change in *the market for light commercial vehicles market between 3.5 and 6 tons*, which is already concentrated. However, as the thresholds are exceeded, it may create competitive risks, although less than the other relevant market. In *the market for light commercial vehicles between 0 and 3.5 tons*, it may lead to unilateral anticompetitive effects despite the existing numerous players.

## ii) **Merging Parties are Close Competitors**

(294) Beside market share, the most important indicator in the evaluation of unilateral effects is whether merging parties are close competitors. As explained above under the "Unilateral Effects" heading, according to the Horizontal Guidelines, the merged entity will be more likely to raise the prices as the level of substitution between the merging parties' product increases. The Horizontal Guidelines emphasizes that while evaluating the unilateral effects of a merger in a market with differentiated products, it is important to examine the substitutability and thus competition between the merging parties' products. Therefore, competition between the merging parties will be in the center of the analysis as it is an important source of competition in the relevant market. On the

other hand, the merging firms' incentive to raise prices will be constrained in cases where the substitutability of competing undertakings' products is high.

(295) Horizontal Guidelines explains the methodology and which issues should be considered in paragraphs 30 and 31:

*Substitutability between products for closeness of competition assessment can be considered by means of customer preference surveys, analysis of purchasing patterns, estimation of the cross-price elasticities of the products concerned, or diversion ratios, in case the relevant data are available. ..."*

*Assessment of substitutability closeness can start with a qualitative analysis which compare merging parties' differentiated products in respect of quality, visuality, price and other features that are deemed convenient by customers. Analysis of consumer preferences can provide more information. The analysis about close substitutes can look into market shares of the products in the market and the changes in those and the changes in terms of product prices or marketing and promotion activities. Consumer surveys which are reliable in terms of sampling and survey design can be important sources for consumer preferences and behavior such as demographic features, brand loyalty, switching and searching costs regarding suppliers and whether consumers see products as close substitutes. In close substitution analysis, information and documents including regulatory framework as well as undertakings' assessments about competing products, providing new products and entry to the market.*

(296) In the relevant markets defined under the scope of the file and in the automotive sector in general differentiated products are supplied. Therefore, the close competitor assessment takes into account the position of the parties in the market, the products regarded as competitors and other relevant data and emphasizes the determination of whether the products of the parties are substitutable in the eye of the consumers.

(297) Before assessing how close the parties' products are in terms of substitutability in the light commercial vehicles market, in order to compare the position of the parties in the relevant markets, parties' market shares are examined again. The table below shows comparison of the market shares of the parties during 2019 and 2023 period.

Table 41: The Market Shares of the Parties in Light commercial vehicles market in Türkiye (%)

Years	Light Commercial Vehicles between 0 and 3.5 tons(%)			Light Commercial Vehicles between 3.5 and 6 tons(%)		
	TOFAŞ	STELLANTIS TR	TOTAL	TOFAŞ	STELLANTIS TR	TOTAL
2019	(....)	(....)	(....)	(....)	(....)	(....)
2020	(....)	(....)	(....)	(....)	(....)	(....)
2021	(....)	(....)	(....)	(....)	(....)	(....)
2022	(....)	(....)	(....)	(....)	(....)	(....)
2023	(....)	(....)	(....)	(....)	(....)	(....)

Source: Calculations made based on the data obtained from undertakings

(298) The tables above show that in the market for light commercial vehicles between 0 and 3.5 tons TOFAŞ's market share was between (....)% and (....)% , STELLANTIS TR's market share was between (....)% and (....)%. In 2023 TOFAŞ experienced a slight drop in its market share whereas STELLANTIS TR's market share reached (....)%. Until 2022, market shares of the parties were not close to each other in the market for light commercial vehicles between 0 and 3.5 tons. In 2023, while TOFAŞ experienced a slight drop in its market share STELLANTIS TR's market share significantly increased and their market shares got closer. With its sales in 2023, STELLANTIS TR

surpassed FORD OTOSAN, which was the second player for a long time (Table 38), the parties ranked the first and second with close market shares. It is possible to say that parties are close competitors starting from 2023.

(299) In the first written opinion, it is stated that the increase in STELLANTIS TR's market share in *the market for light commercial vehicles between 0 and 3.5 tons* stems from the loss in FORD OTOSAN's market share and other undertakings gained the lost market share. The parties argued that the market share of STELLANTIS TR in 2023 was the result of an extraordinary situation. Its market share increased significantly compared to the previous year due to the (.....) order taken as a result of the agreement between (.....) and STELLANTIS TR and (.....) in 2023. In addition, FORD OTOSAN ended the manufacturing of one of the best-selling models - (.....) - and it started to be manufactured (.....)'s facilities. Therefore there were problems in its availability and supply in 2023. In the first half of 2023, there was an availability problem for (.....) since it was not important in sufficient numbers to Türkiye. However, those problems were solved in December 2023 and after those models, which have a high level of brand recognition in Türkiye, continued to be supplied at its ordinary course, FORD OTOSAN recovered its temporary market share loss in 2024. The parties presented Table 42, which shows the changes in market shares in 2023 as a justification to their explanations.

(300) The table presented by the parties shows that there are remarkable falls in FORD OTOSAN's market share on a monthly basis. The market shares decreased between (.....) and (.....) points in January, April, September, October and November. In January, the second biggest player FORD OTOSAN experienced a serious market share loss whereas a brand of DOĞUŞ, Volkswagen, increased its market share. In May, while almost all of the undertakings lost market shares, STELLANTIS TR brands and Volkswagen increased their market shares. In October and November, although the decline in FORD OTOSAN's market share was high, TOFAŞ's market share increased by (.....). The market share of STELLANTIS TR rose nearly (....) points in October and fell in November. Finally, between January-December, FORD OTOSAN faced a loss of (.....) points totally. Also, TOFAŞ and TOYOTA experienced a decline on an annual basis. However, it is STELLANTIS TR, whose market share increased the most with (.....) points. There was an increase in the market shares of all undertakings in the relevant product market. Being prepared in a monthly basis, the table allows a comparison between TOFAŞ and STELLANTIS TR. Looking from this perspective, the table shows that the changes in the market shares of the parties were in contrast with each other in nine months. Although the changes were parallel in February, April and October, in other months, while one party's market share was rising, the other's was decreasing.

Table 42: Monthly Market Share Changes in the Light commercial vehicles market in 2023<sup>162, 163</sup>

Months	January	February	March	April	May	June	July	August	September	October	November	December	January-December
Brand	Changes (Percentage-Point)												
Ford	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)
Citroën	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)
Opel	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)
Peugeot	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)
Fiat	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)
Hyundai	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)
Mercedes-Benz	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)
Renault	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)
Toyota	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)
Volkswagen	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)

Source: First Written Opinion and Response Letter

<sup>162</sup> It is said that monthly changes were calculated based on a comparison with the same month of the previous year.<sup>163</sup> Negative changes are highlighted.

(301) In terms of *the market for light commercial vehicles between 3.5 and 6 tons*, the data in Table 41 concludes that the market shares of the parties have had a very close course until 2023, when market shares of both parties increased, TOFAŞ's market share being much higher. The outlook of *the market for light commercial vehicles between 3.5 and 6 tons* in Table 37 shows that, the only undertaking which lost market shares out of the nine undertakings in the market in 2023 was not FORD OTOSAN. One of the strong players, IVECO also lost market shares. Besides, ISUZU and KARSAN, which has low market shares, also experienced losses, although limited. During the period examined, the market share of FORD OTOSAN fell below (....)% notably only in 2023. Therefore, when considered together, Table 37 and Table 41 show that FORD OTOSAN was the leader with (....)% market share in *the market for light commercial vehicles between 3.5 and 6 tons*; the parties were the second and the third player with close market shares.

(302) The parties are on the upper ranks with close market shares in both relevant product markets. Therefore, whether parties are close competitors in terms of their products is examined in light of consumer preference. First, *the market for light commercial vehicles between 3.5 and 6 tons*, where the transaction has a limited effect, is examined.

(303) The number of models launched between 2019 and 2023 will be given first so that the evaluations will be more meaningful. According to the ODMD raw data obtained from the parties, while there were 12 models sold in light commercial vehicles between 3.5 and 6 tons, the number of models was 10 in 2020, 2021 and 2022, and 11 in 2023. Therefore, consumer preference is limited with respect to light commercial vehicles between 3.5 and 6 tons compared to light commercial vehicles with a gross weight of under 3.5 tons. The table below shows the ten best-selling models in *the market for light commercial vehicles between 3.5 and 6 tons* together with their sales amounts between 2019 and 2023.

Table 43: The ten best-selling models in the market for light commercial vehicles between 3.5 and 6 tons together with their sales amounts between 2019 and 2023.

	2019		2020		2021		2022		2023	
	Amount	Model	Amount	Model	Amount	Model	Amount	Model	Amount	Model
1	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)
2	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)
3	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)
4	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)
5	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)
6	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)
7	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)
8	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)
9	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)
10	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)

Source: Calculations made based on the data obtained from the parties.

(304) Table 43 shows that merging parties' three models<sup>164</sup> are on the list and their sales are gradually increasing. Moreover, TOFAŞ and STELLANTIS TR have a similar outlook in terms of sales amount. FORD OTOSAN's (....) ranked the first every year. It was sold remarkably more than other brands. It is possible to say that competition takes place among other brands. Undertakings in the market are asked which models they see as a close competitor to their models. The responses are presented in the table below.

Table 44: Model-based Close Rivalry Evaluation for the undertakings operating in the market for light commercial vehicles between 3.5 and 6 tons

Supplier	Brand and Model	Brand and Model seen as a Competitor
TOFAŞ	Fiat Ducato Light Truck (3,5-6)	(....)
	Fiat Ducato Minibus (3,5-6)	(....)
STELLANTIS TR	Peugeot Boxer (3,5-6) Citroën Jumper (3,5-6)	(....)
FORD OTOSAN	Ford Transit Light Truck (3,5-6) Ford Transit Van (3,5-6) Ford Transit Minibus (3,5-6)	(....)
DOĞUŞ	Volkswagen Crafter (3,5-6) Volkswagen Grand California (3,5-6)	(....)
MAİS	Renault Master Panelvan (3,5-6)	(....)
MERCEDES	Mercedes Sprinter (3,5-6)	(....)
IVECO	Iveco Daily (3,5-6)	(....)

Source: Undertakings' responses

(305) The analysis of the products seen as close competitors implies that the pressure between segments in the light commercial vehicles market is notably weak. According to Table 44, almost all of the undertakings see competitor's models of the same weight range as rivals for their models with a gross weight between 3.5 and 6 tons. While making this evaluations, almost all of the undertakings observe technical features and price levels in addition to their positions in the market. As stated above, automotive market in general, and specifically light commercial vehicles market hosts differentiated products. Therefore, in a close competitor analysis, the focus will be on the prices of the lowest and highest specifications of products that are technically similar and whether they are substitutes in the eye of the consumers.

(306) Another conclusion drawn from Table 44 is that all of the competitors of the merging parties see at least one product of the merging parties as a competitor. Strong competitors of the merging parties, (....), (....) and (....), sees the products of both TOFAŞ and STELLANTIS TR. (....) and (....) considers TOFAŞ's (....) model as a competitor. STELLANTIS TR, sees (....) and (....) models as competitors to TOFAŞ's (....) model. Although those findings have implications regarding close rivalry between TOFAŞ and STELLANTIS TR, it is not possible to reach a conclusion with only undertakings' evaluations in the relevant market, where there are few brands and models. Consequently, in order to deepen the evaluations, detailed analyses are made

<sup>164</sup> TOFAŞ's (....) model, STELLANTIS TR's (....) and (....) models.

on the basis of the position of the products' in the eye of the consumers as well as their technical specifications and prices.

(307) The best-selling versions of 10 models which consumers have preferred the most in the last two years in *the market for light commercial vehicles between 3.5 and 6 tons* together with their sales prices are given in the table below.

Table 45: The best-selling versions of 10 most preferred models in 2022 and 2023, and their prices<sup>165</sup> (3.5-6 tons)

Year	2022			2023		
Order	Model	Version	Sales Price (TL)	Model	Version	Sales Price (TL)
1	(....)	(....)	(....)	(....)	(....)	(....)
2	(....)	(....)	(....)	(....)	(....)	(....)
3	(....)	(....)	(....)	(....)	(....)	(....)
4	(....)	(....)	(....)	(....)	(....)	(....)
5	(....)	(....)	(....)	(....)	(....)	(....)
6	(....)	(....)	(....)	(....)	(....)	(....)
7	(....)	(....)	(....)	(....)	(....)	(....)
8	(....)	(....)	(....)	(....)	(....)	(....)
9	(....)	(....)	(....)	(....)	(....)	(....)
10	(....)	(....)	(....)	(....)	(....)	(....)

Source: Prepared within the scope of the file based on the data obtained from the parties.

<sup>165</sup> Prices are based on on-the-road prices that are recommended as the best price in December sale price lists in the relevant year sent by the suppliers to their dealers.

(308) With respect to the prices of 10 best-selling models given in Table 45, the versions of Mercedes (.....), Karsan (.....) and Isuzu (.....) models are different due to high prices. Apart from those, the prices are very close in 2022. In 2023, the versions of Iveco (.....) and Volkswagen (.....) models are far from other models. The versions of the models provided by the parties, FORD OTOSAN and MAİS are very close to each other in terms of prices. As a result, it is possible to say that parties' models compete on the basis of price for the most preferred models. However, the specifications of the versions in the table are different. In the Board's FCA/PSA decision, in the competitor analysis for passenger cars, price levels are compared as the vehicles with similar specifications may differ in terms of features. Similar considerations apply for the van body type, which is the best-selling body type of the parties in the relevant product market.

(309) According to the information obtained from the parties and competitors, van-type vehicles are those with a gross weight of 3.5 tons or more, designed with an engine power of 130 to 180 HP, a cargo volume of 8 to 18m<sup>3</sup>, a length generally between 5 and 7 meters and a height usually ranging from 1.9 to 2.9 meters. The price levels of such vehicles in 2023 are given in the chart below.

Chart 6: (.....) (TL)

(.....) TRADE SECRET (.....)

Source: Data acquired from the undertakings

(310) As can be seen from the graph above, the base trim of (.....) has the lowest price among all models while the highest price corresponds to the top trim of (.....). It can be observed that the base trims of (.....), (.....), (.....) and (.....), which belong to the parties to the transaction have very similar sales prices. However, (.....) stands out from the products of the parties to the transaction in terms of its highest-priced trim. In terms of the highest-priced trims, the cars of the parties to the transaction are (.....) products. The data obtained within the scope of the file indicate that the three brands belonging to the parties to the transaction has more models compared to the brands of other players and their prices are very close to each other. There are a few competing models that can make price pressure to the merged entity. The products of merging parties are closer competitors in terms of not only features but also price levels.

(311) The close competitor analysis made for *the light commercial vehicles between 3.5 and 6 tons* is also made for *the market for light commercial vehicles between 0 and 3.5 tons*. To this end, the following steps are taken: The best-selling products in the market are identified. The players in the market were asked which products they see as close competitors. Certain inferences regarding the light commercial vehicles between 0 and 3.5 tons are made based on the NCBS consumer survey, which was reported in the evaluation made for passenger cars.

(312) The table 46 below shows the ten best-selling models in *the market for light commercial vehicles between 0 and 3.5 tons* together with their sales amounts between 2019 and 2023. However, before the table, the number of models in the market in years should be noted. ODMD data indicate that the number of models in *the market for light*

*commercial vehicles between 0 and 3.5 tons increased gradually between 2019 and 2023. While there are 30 different models in 2019, this number increased to 32 in 2020, 33 in 2021, 34 in 2022 and 37 in 2023. Thus, it is more competitive than the market for light commercial vehicles between 3.5 and 6 tons.*

Table 46: The ten best-selling models in the market for light commercial vehicles between 0 and 3.5 tons together with their sales amounts between 2019 and 2023.

	2019		2020		2021		2022		2023	
	Amount	Model	Amount	Model	Amount	Model	Amount	Model	Amount	Model
1	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)
2	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)
3	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)
4	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)
5	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)
6	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)
7	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)
8	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)
9	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)
10	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)

Source: Calculations made within the scope of the file based on the data obtained from the parties.

(313) The competition between FORD OTOSAN and TOFAŞ in the top three places in the list is noteworthy. FORD OTOSAN and TOFAŞ models were always on the top three places in the list during 2019 and 2023 period although the ranking of the models preferred by the consumers changed. In other words, the main product competition was among those models in the relevant product market in the first places. Different models of different undertakings including STELLANTIS TR compete in the lower ranks. There are four models in 2019 and 2022 and five models in 2020, 2021 and 2023 offered by the parties among the best-selling ten models in the relevant product market. In 2023, (....) model of STELLANTIS TR climbed to fourth rank. Therefore, TOFAŞ models and STELLANTIS TR models also compete, even though their competition level is lower than the competition between FORD OTOSAN and TOFAŞ. Based on the amount of sales, FORD OTOSAN and TOFAŞ have been close competitors constantly at the top of the list. In addition STELLANTIS TR's (....) model is following them near the top. STELLANTIS TR makes a competitive pressure on TOFAŞ with its two or three models that are among the first ten best-selling models in the relevant period.

(314) In order to have the opinions of the undertakings in the market, they are asked which models they see as close competitors to theirs. The table prepared within the framework of the responses is given below.

Table 47: Close Competition Evaluation of the undertakings operating in the market for light commercial vehicles between 0 and 3.5 tons

Supplier	Brand and Model	Brand and Model seen as a Competitor
TOFAŞ	Fiat Doblo Kargo Short (0-3,5)	(....)
	Doblo Cargo Maxi (0-3,5)	(....)
	Fiat Doblo Combi (0-3,5)	(....)
	Fiat Fiorino Kargo (0-3,5)	(....)
	Fiorino Combi (0-3,5)	(....)
	Fiat Scudo (0-3,5)	(....)
	Fiat Ulysse (0-3,5)	(....)
STELLANTIS TR	Peugeot Rifter (0-3,5) Opel Combo (0-3,5) Citroën Berlingo (0-3,5)	(....)
	Peugeot Partner (0-3,5) Opel Combo (0-3,5) Citroën Berlingo (0-3,5)	(....)
	Peugeot Expert (0-3,5) Opel Vivaro (0-3,5) Citroën Jumpy (0-3,5)	(....)
	Peugeot Traveller (0-3,5) Opel Zafira (0-3,5) Citroën Jumpy (0-3,5)	(....)
	Peugeot Expert (0-3,5) Opel Vivaro (0-3,5) Citroën Jumpy (0-3,5)	(....)

Supplier	Brand and Model	Brand and Model seen as a Competitor
FORD OTOSAN	Ford Custom (0-3,5)	(....)
	Ford Courier (0-3,5)	(....)
	Ford Connect (0-3,5)	(....)
	Ford Ranger (0-3,5)	(....)
DOĞUŞ	Volkswagen Caddy (0-3,5)	(....)
	Volkswagen Transporter (0-3,5)	(....)
	Volkswagen Caravelle (0-3,5)	
	Volkswagen California (0-3,5)	
MAİS	Volkswagen Multivan (0-3,5)	
	Volkswagen Amarok (0-3,5)	(....)
	Renault Express Van (0-3,5)	(....)
	Renault Express Combi (0-3,5)	(....)
MERCEDES	Renault Trafic (0-3,5)	(....)
	Renault Trafic Combi (0-3,5)	(....)
	Mercedes Vito (0-3,5)	(....)
	Mercedes Sprinter (3,5-6)	(....)
TOYOTA	Toyota Proace City (0-3,5)	(....)
	Toyota Proace City Kargo (0-3,5)	
	Toyota Xilux	(....)
HYUNDAİ	Hyundai H-100 (0-3,5)	(....)
	Hyundai Staria (0-3,5)	(....)
ÇELİK	Kia Bongo (0-3,5)	(....)
NISSAN <sup>166</sup>	Nissan Townstar (0-3,5)	(....)
	Nissan Primastar (0-3,5)	(....)
Kaynak: Calculations made based on the data obtained from the undertakings.		

(315) It is understood from the table and undertakings' responses that almost all of the undertakings categorize the models that they see as competitors according to the technical features. In addition, they see the vehicles that are similar in price. Another conclusion made depending on the table is that competition is strong for the majority of the providers. Almost all of the undertakings see more than one brand and model as close competitors.

(316) The parties are also close competitors and exert competitive pressure on each other. (....), (....) and (....), which have high market shares, see brands and models of TOFAŞ and STELLANTIS TR together as close competitors. TOFAŞ states that it sees STELLANTIS TR's models as close competitors to its (....) model. The indicators given until now conclude that the products of TOFAŞ and STELLANTIS TR are close competitors.

<sup>166</sup> NISSAN stated that it does not operate in the Turkish market however the close competitor analysis is the result of the analysis made for launching the said model.

(317) In the NCBS survey, which asks the questions about passenger cars mainly, includes questions by considering the competitive pressure of light commercial vehicles on passenger cars between segments. The results of this survey dated 2022 about which models are seen as competitors to TOFAŞ's best-selling Fiat Doblo are given in the table below.

Table 48: 10 models which consumers see as an alternative to TOFAŞ's Fiat Doblo

Model	Share (%)
VW Caddy Passenger (2020)	(....)
Fiat Tipo/Egea (2016)	(....)
Renault Kangoo (2008)	(....)
Citroën Berlingo (2018)	(....)
Peugeot Rifter (2018)	(....)
Peugeot (Any model)	(....)
Ford Tourneo Courier (2014)	(....)
Toyota (Any model)	(....)
Dacia Duster (2017)	(....)

Source Data acquired from the undertakings (NCBS survey)

(318) DOĞUŞ's Volkswagen Caddy, which is the fourth most sold model in 2019, 2020 and 2021 in Türkiye, ranks the first in the list in the table. Consumers see it significantly more as an alternative to Fiat Doblo compared to other models. A passenger car model, Fiat Tipo/Egea, ranks the second in the list, which supports the competitive pressure from light commercial vehicles under 3.5 tons on passenger cars. Renault Kangoo of MAİS ranks the third in the list. It could only appear in the list of 10 best-selling models in Türkiye in 2019. Renault Kangoo is followed by STELLANTIS TR's Citroën Berlingo and Peugeot Rifter and any other model of Peugeot. If Fiat Tipo/Egea is omitted from the table to make an evaluation for light commercial vehicles, STELLANTIS TR models have three places in the top five rank in the list. Although Citroën Berlingo and Peugeot Rifter models of STELLANTIS TR are among the 10 best-selling model in Türkiye list every year, they are on the fourth and sixth place in the list in 2023.

(319) It is seen that NCBS survey takes Ford Courier model of FORD OTOSAN, which has been in the first three rank in the 10 best-selling models in Türkiye list, as a sample. In order to benefit from NCBS list in the most efficient way and to see to what extent the parties' models are seen as alternatives, a table similar to the one prepared for Fiat Doblo is given below for Ford Tourneo Courier<sup>167</sup>

Table 49: 10 models which consumers see as an alternative to FORD OTOSAN's Ford Tourneo Courier

Model	Share (%)
VW Caddy Passenger (2020)	(....)
Fiat Tipo/Egea (2016)	(....)
Ford Focus (2018)	(....)
Toyota Corolla 2019/Altis	(....)
Fiat Doblo (2010)	(....)
Peugeot Rifter (2018)	(....)
Fiat Qubo (2008)	(....)
Honda Civic (2016)	(....)
Renault Megane IV (2016)	(....)

Source: Data acquired from the undertakings (NCBS survey)

<sup>167</sup> A version of Ford Courier

(320) Similar to the list for Fiat Doblo, Volkswagen Caddy ranks the first in the list of 10 competing models seen as an alternative to Ford Courier, which has settled in the first three ranks in the 10 most preferred models in the last five years in Türkiye. Apart from that, Fiat Doblo ranks the fifth, Peugeot Rifter ranks the sixth whereas remaining seven models are passenger cars. As a consequence, it is understood that the parties' products are seen as alternatives to Ford Courier to a limited extent. It is passenger car models that are mainly seen as an alternative.

(321) In light of those evaluations and the data in Table 46, TOFAŞ and STELLANTIS TR are close competitors in *the market for light commercial vehicles between 0 and 3.5 tons*. However, per the Horizontal Guidelines, the level of closeness identified as a result of close competitor analysis is also important. Therefore, as another important factor affecting consumers' preferences in a market with differentiated products is price, in order to find how close the parties are as competitors, the models of TOFAŞ and STELLANTIS TR are handled in the context of sales prices. Accordingly, the table below is prepared by taking as a basis the cheapest prices<sup>168</sup> in 2022 and 2023 of the most sold versions of the ten best-selling models in the said years to see the course of consumer preferences.

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<sup>168</sup> The prices are based on the prices in December for 2022 and prices in May for 2023. Since TOFAŞ launched its new Fiat Doblo model in June 2023, the list price of the most sold version of Fiat Doblo is provided by TOFAŞ for May-June period.

Table 50: The best-selling versions of 10 most preferred models in 2022 and 2023, and their prices<sup>169</sup> (0-3.5 tons)

Year	2022			2023		
Order	Model	Version	Sales Price	Model	Version	Sales Price
1	(....)	(....)	(....)	(....)	(....)	(....)
2	(....)	(....)	(....)	(....)	(....)	(....)
3	(....)	(....)	(....)	(....)	(....)	(....)
4	(....)	(....)	(....)	(....)	(....)	(....)
5	(....)	(....)	(....)	(....)	(....)	(....)
6	(....)	(....)	(....)	(....)	(....)	(....)
7	(....)	(....)	(....)	(....)	(....)	(....)
8	(....)	(....)	(....)	(....)	(....)	(....)
9	(....)	(....)	(....)	(....)	(....)	(....)
10	(....)	(....)	(....)	(....)	(....)	(....)

Source: Calculations made under the scope of the file based on the data obtained from the parties.

<sup>169</sup> Prices are based on on-the-road prices that are recommended as the best price in December sale price lists in the relevant year sent by the suppliers to their dealers.

(322) Table 50 shows that product prices changed between (....) TL and (....) TL in 2022; and between (....) TL and (....) TL in 2023. Without ignoring other factors affecting price, it is possible to say that price competition is high in the market. The products of FORD OTOSAN and TOFAŞ, which are mostly preferred by consumers and which have had a place in the first three places in the list in both years, and the products of MAİS have lower prices than other providers. The products of those three distributors have similar prices. In addition, the table indicates that the parties' products shown in the table, which the consumers prefer more, differ considerably in terms of price. The competitive pressure from the products of STELLANTIS TR on the products in the upper ranks of the list with respect to consumer preference is undeniable.

(323) Depending on Table 50, which shows the versions of the most preferred ten models in 2022 and 2023, prices of TOFAŞ vehicles and STELLANTIS TR vehicles are relatively different. This is because products are different in terms of technical features, intended use and body type. In addition to all indicators related to close rivalry, a comparison is made based on product prices, body type and technical features in the close competitor analysis of the parties. Before comparing price levels by identifying a body type as a sample for light commercial vehicles between 0 and 3.5 tons, the prices of all of the products of the parties in the market are analyzed. The vehicle models offered for sale by TOFAŞ and STELLANTIS TR along with their technical specifications and details of various versions, including their prices for 2023 are provided below.

Table 51: The products of the parties to the transaction in the market for light commercial vehicles between 0 and 3.5 tons (TL)<sup>170</sup>

TOFAŞ			
Brand	Model	Version	Price
FIAT	Doblo Cargo	1.5 100 HP BlueHDI E6.4	(....)
	Doblo Cargo Maxi	1.5 100 HP BlueHDI E6.4	(....)
	Doblo Combi Easy	1.5 100 HP BlueHDI E6.4	(....)
	Doblo Combi Urban	1.5 130 HP BlueHDI E6.4	(....)
	Doblo Combi Urban	1.5 130 HP BlueHDI E6.4 AT	(....)
	Doblo Combi Premio Plus	1.5 130 HP BlueHDI E6.4 AT	(....)
	Fiorino Cargo	1.3 M.Jet 95 Hp E6.4	(....)
	Fiorino Cargo Plus	1.3 M.Jet 95 Hp E6.4	(....)
	Fiorino Combi S2 1.4 Fire Pop	1.4 77 Hp Fire E6DF	(....)
	Fiorino Combi S2 1.4 Fire Safeline	1.4 77 Hp Fire E6DF	(....)
	Fiorino Combi S2 1.4 Fire Premio	1.4 77 Hp Fire E6DF	(....)
	Fiorino Combi S2 1.4 Eko Pop	1.4 77 Hp Fire E6DF	(....)
	Fiorino Combi S2 1.4 Eko Safeline	1.4 77 Hp Fire E6DF	(....)
	Fiorino Combi S2 1.4 Eko Premio	1.4 77 Hp Fire E6DF	(....)
	Fiorino Combi S2 1.3 Diesel Pop	1.3 M.Jet 95Hp E6.4	(....)
	Fiorino Combi S2 1.3 Diesel Safeline	1.3 M.Jet 95Hp E6.4	(....)
	Fiorino Combi S2 1.3 Diesel Premio	1.3 M.Jet 95Hp E6.4	(....)

<sup>170</sup> The prices are based on the recommended on-the-road prices included in the price lists provided by the undertakings in December 2023 to their authorized dealers.

	Fiorino Combi S2 1.3 Diesel 100th Anniversary Special Edition	1.3 M.Jet 95 Hp E6.4	(....)
	Scudo S1 Van Maxi Business	2.0 Multijet3 145 HP E6.4	(....)
	Ulysse S1 Lounge Maxi 8+1	2.0 Multijet3 177 HP AT8 E6.4	(....)
	Ulysse S1 Lounge Maxi 8+1	2.0 Multijet3 177 HP AT8 E6.4 Panoramic Package	(....)
	Ulysse S1 Lounge Maxi 8+1	2.0 Multijet3 177 HP AT8 E6.4 Comfort Package	(....)
STELLANTIS TR			
Brand	Model	Version	Price
OPEL	Combo Life	1.5 Diesel MT-6 102 HP Edition	(....)
	Combo Life	1.5 Diesel AT-8 130 HP Edition	(....)
	Combo Life	1.5 Diesel AT-8 130 HP Elegance	(....)
	Combo Life	1.5 Diesel AT-8 130 HP Ultimate	(....)
	Combo Cargo	1.5 102 HP Diesel MT6 Edition	(....)
	Combo Cargo	1.5 102 HP Diesel MT6 Elegance XL	(....)
	Combo Cargo	1.5 130 HP Diesel MT6 Elegance XL	(....)
	Vivaro Cargo	2.0 145 HP Diesel MT6 Elegance XL	(....)
	Vivaro Cargo	2.0 180 HP Diesel AT8 Elegance XL	(....)
	Vivaro City Van	2.0 145 HP Diesel MT6 Elegance XL	(....)
PEUGEOT	Zafira Life	2.0 Diesel AT-8 180 HP Elegance XL	(....)
	Rifter	ALLURE 1.5 BlueHDI 100hp	(....)
	Rifter	ALLURE 1.5 BlueHDI 130 hp 6MT	(....)
	Rifter	ALLURE 1.5 BlueHDI 130hp EAT8	(....)
	Rifter	GT 1.5 BlueHDI 130hp EAT8	(....)
	Partner Van	1.5 BlueHDI 100 hp 6.2 Stop & Start	(....)
	Expert Van	STANDART (L2) 1.5 BlueHDI 120 HP	(....)
	Expert Van	UZUN (L3) 2.0 BlueHDI 145 HP	(....)
	Expert Combi Van	(4+1) 2.0 BlueHDI 145hp EU6.3	(....)
	Expert Traveller	ALLURE L3 8+1 2.0 BlueHDI 180hp EAT8	(....)
CITROËN	Expert Traveller	L3 8+1 2.0 BlueHDI 145hp MT	(....)
	Berlingo	1.5 BlueHDI 100 HP - 6 İleri Manuel Feel Bold	(....)
	Berlingo	1.5 BlueHDI 130 HP - EAT8 Feel Bold	(....)
	Berlingo	1.5 BlueHDI 130 HP - EAT8 Shine	(....)
	Berlingo	1.5 BlueHDI 130 HP - EAT8 Shine Bold	(....)
	Berlingo Van	1.5 BlueHDI 100 HP HP 5 Forward Manual	(....)
	Berlingo Van	1.5 BlueHDI 130 HP S&S EAT8	(....)
	Jumpy	2.0 BlueHDI 145 HP - Spacetourer - 6 Forward Manual	(....)
	Jumpy	2.0 BlueHDI 180 HP - Spacetourer - EAT8	(....)

	Jumpy Van	2.0 BlueHDI 145 HP - 6 Forward Manual City Van (5+1)	(....)
	Jumpy Van	2.0 BlueHDI 145 HP- 6 Forward Manual Panelvan	(....)

Source Calculations made based on the data obtained from the undertakings.

(324) The data in the table indicate that the parties have products almost in all body types in the light commercial vehicles between 0 and 3.5 tons. When the products are matched in terms of body type, when the lowest and the highest price in terms of the trim level of the products offered in the same body type and technical specifications are compared, the results are similar to those in light commercial vehicles between 3.5 and 6 tons. The prices of all versions of TOFAŞ's Fiat Fiorino are much lower than other brands and models. This affected the sales amounts in 2023. Fiat Fiorino models ranked the first with (....). The reason why Fiat Fiorino is cheaper is that in addition to being domestically produced, it has a noticeably smaller interior space and relatively lower engine power compared to other light commercial vehicles with a gross weight of under 3.5 tons. As seen from the table above, Fiorino versions are primarily offered with a 77 HP engine and the Fiorino version with the highest engine power has 95 HP.

(325) Similar to the analyses for light commercial vehicles between 3.5 and 6 tons, for vehicles with a gross weight of under 3.5 tons, price levels are examined based on trim level variations with similar technical specifications and intended use. The prices are given on the basis of van body type and the prices in December 2023. The chart showing the price levels of light commercial vehicles with van body type between 0 and 3.5 tons is given below.

Chart 7: (....) (TL)

(....) TRADE SECRET (....)

Source: Data acquired from the undertakings

(326) The chart indicates that the cheapest trim level of Fiat Fiorino has the lowest price among all models whereas its highest-priced trim level is less costly than the highest-priced trims of other models. The price of MERCEDES (....) is higher compared to the lowest-priced and highest-priced trims of other models. When it comes to models of parties, in terms of the lowest-priced trims, the models are priced quite similarly apart from Fiat Fiorino; this similarity is even more evident in the highest-priced trims. Therefore, the parties are considered to be important competitors in terms of price competition. However, in *the market for light commercial vehicles between 0 and 3.5 tons*, more brands and models impose competitive pressure on the products of the parties in the context of price. The products that make competitive pressure on the parties' products are the lowest-priced and the highest-priced trims of FORD OTOSAN's (....), MAİS's (....), TOYOTA's (....) and DOĞUŞ's (....)

(327) In *the market for light commercial vehicles between 0 and 3.5 tons*, in light of the factors explained above, the parties which rank the first and the second in 2023, are close competitors with respect to market shares, consumer preferences and price. The Horizontal Guidelines point out that the merging firms' incentive to raise prices will be constrained in cases where the substitutability of competing undertakings' products is high. Regardless of model variations, parties have 12 models under three brands in the relevant product market. There are four models belonging to four competing

suppliers, which can make competitive pressure with respect to price. Therefore, primarily the parties exert competitive pressure on each other in terms of price; thus they are more closer competitors in the relevant market.

### **iii) Customers Have Limited Possibilities of Switching Supplier**

(328) As stated under “Unilateral Effects” section, if switching between suppliers does not require important switching costs the merged entity’s incentive to increase prices will be constrained. There should be alternative suppliers in the market and such suppliers should be in a position to provide services to the customers escaping price increase so that the possibility of switching supplier without a significant switching cost would be meaningful and the merged entity’s incentive to increase prices would be constrained.

(329) In both relevant product markets defined for light commercial vehicles, due to the market structure, although the possibilities of customers to switch supplier is limited it is possible. As explained in “Information about the Sector” section, light commercial vehicles market is a market where product differentiation exists, although less than the passenger cars market and although fewer in number compared to the passenger cars market, there are strong suppliers.

(330) As stated in “Barriers to Entry” section, establishing a distribution network is a barrier to entry in the automotive sector. Both local manufacturers and distributors importing vehicles need to establish a distribution network to deliver their products to end consumers as well as an authorized service and spare part network to provide after-sales maintenance and repair services. In terms of after-sales services, providers wishing to operate in Türkiye are required by After-sales Services Regulation, which was published in the Official Gazette dated 13.06.2014 and numbered 29029, a total of 20 service centers across seven geographical regions<sup>171</sup>. According to the Communiqué on the Importation of Certain Electric Vehicles, which was published by the Ministry of Trade and which entered into force on 01.01.2024, undertakings wishing to become electric vehicle importers in Türkiye are required, as a precondition for carrying out their activities, to obtain an “Authorization Certificate”, establish at least 20 authorized service stations in accordance with TSE standards across the seven geographical regions and for each imported brand, to operate a Turkish-language call center established in Türkiye with minimum 40 employees<sup>172</sup>. The aforementioned regulations constitute barriers to entry in the motor vehicles sector. For end consumers, dealership networks, authorized service, maintenance and repair facilities as well as access to spare parts and after-sales services are important. Factors such as the breadth of the distribution network, the range of products available at dealers, the availability of spare parts for the purchased vehicle and particularly the quality and accessibility of authorized service centers during the warranty period constitute key differentiating elements in the motor vehicles sector.

(331) The table showing the number of the authorized dealers and authorized repairers of the important competitors of the parties is given below.

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<sup>171</sup><https://www.mevzuat.gov.tr/mevzuat?MevzuatNo=19783&MevzuatTur=7&MevzuatTertip=5>

Accessed: 29.01.2024

<sup>172</sup><https://www.mevzuat.gov.tr/mevzuat?MevzuatNo=40591&MevzuatTur=9&MevzuatTertip=5>

Accessed: 29.01.2024

Table 52: The Number of Dealers and Authorized Repairers of the Suppliers operating in the Light Commercial Vehicles Market

Undertaking	The number of dealers	The number of authorized repairers
STELLANTIS TR	(....)	(....)
TOFAŞ	(....)	(....)
FORD OTOSAN	(....)	(....)
DOĞUŞ	(....)	(....)
MERCEDES	(....) <sup>173</sup>	(....)
MAİS	(....)	(....)

Source: Response letters

(332) The analysis of both product markets in light of the explanations above make the following conclusions: Suppliers have extensive dealership networks for sales and widespread authorized service networks for after-sales services. End consumers can purchase products by comparing them without incurring additional costs, either by visiting dealers or by browsing the websites of both suppliers and third party online platforms. It is relatively easy to access authorized service centers. Thus, there are no switching costs for final consumers when they change their suppliers. However, this evaluation is made on the basis of the current structure of the market. After the transaction, the merged entity will have a wider dealer, repairer and spare part network and it may expand in years. Taking into account this fact, final consumers may prefer the vehicles sold by the merged entity compared to its competitors with respect to availability of repairers and spare parts. In other words, as a result of the transaction, TOFAŞ may gain competitive advantage over its competitors in the eye of the consumers.

(333) Nevertheless switching suppliers seems more rigid for dealers. A dealer in the automotive sector may carry out dealership activities of more than one brand simultaneously. For instance, there are (....) dealers, which engage in the dealership activities of STELLANTIS TR' Citroën, DS, Peugeot and/or Opel and its competitors at the same time. Similarly, there are (....) undertakings, which are dealers of Fiat brand and competing brands. Being a dealer of more than one distributor or brand is associated with the capacity and the amount of investment. Although being a dealer of more than one distributor may provide a flexibility for changing suppliers, it should not be ignored that a dealer should bear fixed costs on the facility/showroom. For an undertaking that is planning to be a dealer or is already a dealer in the automotive sector, TOFAŞ's post-transaction brand portfolio may be an attractive investment. Following the transaction, a dealer will be able to sell all brands and models under the umbrella of TOFAŞ in a single premises, which may make TOFAŞ more preferable compared to other suppliers with less brands. As stated under "Merged Undertaking has enough capacity to hinder expansion by its competitors" section, TOFAŞ will switch to qualitative selective distribution system and as a result it will add the dealer candidates that meet the necessary criteria to its distribution system. Thus, undertakings wishing to be a dealer and/or maintain their dealership will prefer the dealership network of TOFAŞ, whose brand and model portfolio is wider. Consequently, TOFAŞ will have advantage over its competitors in terms of expanding its dealership network.

<sup>173</sup> MERCEDES stated that it switched from dealership system to agency system for the sale of new vehicles and the figures given are the number of agencies.

(334) In light of the explanations above, it is concluded that TOFAŞ will gain advantage compared to its competitors in terms of both final consumer' and dealers' incentive to switch suppliers.

**iv) Competitors are Unlikely to Increase Production in Response to Price Increase**

(335) According to the Horizontal Guidelines, another factor to deal when evaluating unilateral effects is whether competitors can react competitively - especially- in the sense of production in response to possible price increases by the merged entity. The Horizontal Guidelines state that if the competitors of the merging parties are unlikely to increase their supply substantially in response to prices increase, the merged undertaking may aim to reduce output below the combined pre-merger levels, thereby raising market price. Again, according to the Horizontal Guidelines, in markets where the products are homogeneous, the supply side and in markets where the products are differentiated, the demand side should be analyzed because in markets with differentiated products, competitors' idle capacity may reduce the risk of unilateral effects. In a market where the products are differentiated, in case the undertakings producing close substitutes merge and in case consumers will not be the buyers of competing suppliers unilateral effects may occur.

(336) Product variety is high in the light commercial vehicles market even if product differentiation is low compared to passenger cars market. In order to evaluate how the competitors may react in cases where the merged entity has an incentive to reduce output and raise prices, first whether there is idle capacity and whether the products of merging entities are close substitutes in *the market for light commercial vehicles between 0 and 3.5 tons*, which is considered to involve more anticompetitive risks, are examined.

(337) Undertakings manufacturing light commercial vehicles between 0 and 3.5 tons in Türkiye are ISUZU, FORD OTOSAN, KARSAN and TOFAŞ Other distributors supply products through import. Although ISUZU and KARSAN manufacture light commercial vehicles in Türkiye, a detailed evaluation is not made about the said undertakings since their amount of production is very small and thus they cannot react to the merged entity's price increases with production. As stated before, TOFAŞ ranks the first, STELLANTIS TR ranks the second and FORD OTOSAN ranks the third in the market in question (Table 38). In addition, although FORD OTOSAN is a close competitor, the close competitor relation between the merging parties TOFAŞ and STELLANTIS TR is more obvious and in case the transaction is realized FORD OTOSAN's competitive pressure will weaken.

(338) The table below shows FORD OTOSAN's production capacities and capacity use rates in the last five years.

Table 53: FORD OTOSAN's production capacities and capacity use rates in the last five years

Undertaking	Manufacturing Facility	Model	Total Production Capacity			Capacity Use Rate (%)		
			2021	2022	2023	2021	2022	2023
FORD OTOSAN	YENİKÖY	Courier	(....)	(....)	(....)	(....)	(....)	(....)
		Yeni Custom	(....)	(....)	(....)	(....)	(....)	(....)
	GÖLCÜK	Transit (0-3,5)	(....)	(....)	(....)	(....)	(....)	(....)
		Transit (3,5-6)	(....)	(....)	(....)	(....)	(....)	(....)

	Custom	(....)	(....)	(....)	(....)	(....)	(....)	(....)
CRAIOVA	New Courier	(....)	(....)	(....)	(....)	(....)	(....)	(....)

Source: Response Letter

(339) As seen from the table above, FORD OTOSAN's production capacity for vehicles with a gross weight under 3.5 tons is (....) in 2021 and (....) in 2022. Its capacity reached (....)% in 2022 for its best-selling model Ford Courier. The capacity use rate for Ford Transit is (....)% and (....)% for Ford Custom in 2022. In 2023, FORD OTOSAN increased its capacity with Yeniköy and Romania facilities for vehicles with a weight below 3.5 tons. Thus, Türkiye and Romania facilities reached a capacity of (....) light commercial vehicles with a gross weight between 0 and 3.5 tons. In addition, FORD OTOSAN used over capacity being (....)% for its (....) model in 2023. In addition it used (....)% for New Custom, (....)% for Ford Transit and (....)% for Custom models.

(340) In order to use an objective criterion for evaluating capacity use rates of FORD OTOSAN, it is deemed appropriate to refer to the ideal capacity utilization projected by the database called *Harbour Report*, which provides information on production capacity and capacity use rate. The Board made use of the said capacity utilization in the evaluation about the parties' capacity use rates in *FCA/PSA* decision. *Harbour Report* measures assume that the ideal capacity use rate for a facility operating at a desired level is 130%. FORD OTOSAN is one of the four undertakings manufacturing light commercial vehicles in Türkiye and it is the only undertaking that can react to price increases by the merged entity with production. It is understood with *Harbour Report* reference that FORD OTOSAN has idle capacity except (....) model.

(341) The data concerning light commercial vehicles in Table 53 shows that FORD OTOSAN's idle capacity (....) compared to vehicles with a gross weight of under 3.5 tons. FORD OTOSAN's production capacity was (....) and (....) between 2021 and 2023 for the relevant vehicles and the capacity use rate for the said period was between (....)% and (....)%.

(342) Depending on this information, FORD OTOSAN is the single undertaking that can actually react to a possible price increase by the merged entity and this fact does not reduce the likelihood of unilateral effects. Although FORD OTOSAN has idle capacity in the manufacturing line, as stated under "ii) Merging Parties are Close Competitors" section, consumers see the products of FORD OTOSAN and TOFAŞ as close competitors and the Horizontal Guidelines state that this may restrict unilateral effects; however the products of the parties are more close competitors, which increases the likelihood of unilateral effects. In addition there are competitive concerns about competitors' reacting to the merged entity's price increases, given the following risks: despite FORD OTOSAN's idle capacity, the market share to be obtained by the merged entity, the low number of undertakings manufacturing light commercial vehicles in Türkiye, the fact that FORD OTOSAN is the only one that has a competitive power against the merged entity in terms of production, the coordination risk stemming from the structural links between FORD OTOSAN and the merged entity.

**v) Merged Undertaking Has Enough Capacity to Hinder Expansion by Its Competitors**

(343) According to the Horizontal Guidelines, some mergers if proceed, may result in granting the merged undertaking a position where it will have the incentive to make the expansion of relatively smaller or potential competitors more difficult or restrict the ability of competitors to compete and encourage the merged undertaking's behavior to

these ends. In such a case, competitors will not, either individually or together, be in a position to exercise pressure on the merged entity so that it will not increase prices or take other actions that may harm competition. The Horizontal Guidelines gives as an example the cases where the merged undertaking may have such a degree of control over inputs or distribution channels that expansion or entry by competitors may be more costly. Similarly, the Horizontal Guidelines explain that the merged undertaking's control over patents or other types of intellectual property rights may bear the same results and in the assessments, the financial strength of the merged undertaking should be taken into account, *inter alia*.

(344) Related to this subject, paragraph 18 of Dominant Position Guidelines points out the following:

*"Barriers stemming from the characteristics of the undertaking in question include possession of key inputs, special know how, spare capacity, a vertically integrated structure, a strong distribution network and a large product portfolio, high brand recognition, and financial and economic power. Such characteristics of the examined undertaking can make market entry or expansion by competitors harder by providing advantages to the undertaking over its actual or potential competitors."*

(345) Access to distribution channels is crucial in the relevant product markets. In this context, the structure of TOFAŞ's existing dealership and after-sales services network and post-transaction change in the said network should be examined. TOFAŞ builds its sales and after-sales services network in the form of quantitative selected distribution system for Fiat brand covering passenger cars and light commercial vehicles<sup>174</sup>. Block Exemption Communique no 2017/3 on vertical Agreements In The Motor Vehicles Sector stipulates that in order for a supplier to establish a quantitative selective distribution system its market share should be below 30% in the market where it supplies vehicles and to establish a quantitative selected distribution system its market share should be below under 30% in the market where it supplies those services In the calculations made based on ODMD's 2023 sales data, the market share of the merged entity is 33.95% considering the market for the sale of passenger cars and the sale of light commercial vehicles together. The merged entity has 30.96% market share in the market for the sale of passenger cars (Table 7) and 44.82% in the market for the sale of light commercial vehicles (Table 35). Therefore, the merged entity would exceed 30% threshold indicated in the Motor Vehicles Communiqué. TOFAŞ's establishment of quantitative selective distribution system for selling light commercial vehicles after the transaction cannot benefit from block exemption. TOFAŞ is expected to switch to quantitative distribution system. In line with the expression in the Guidelines Explaining The Block Exemption Communiqué On Vertical Agreements In The Motor Vehicles Sector "*a supplier who adopts a qualitative selective distribution system may only introduce qualitative criteria for its distributors and will be required to allow all distributors meeting those criteria to operate under the framework of the network, including those whose agreements have expired but who wish to continue their operations under the supplier's network*", TOFAŞ should add the dealer candidates meeting the qualitative criteria to its distribution network.

<sup>174</sup> The Board decision dated 01.11.2018 and numbered 18-41/658-322 and numbered ruled that "*Dealership Agreement for the Sale and/or Service and/or Distribution of Spare Parts*" could benefit from block exemption provided by the Block Exemption Communiqué On Vertical Agreements In The Motor Vehicles Sector no 2017/3 considering the market share and other provisions, with respect to the provisions on executing spare part and repair and maintenance services according to quantitative selective distribution system."

(346) Considering factors such as the wide product range due to TOFAŞ housing many brands, the advantages stemming from domestic production and its strong position in the market, the undertaking is expected to become an attractive supplier for distributors following the transaction. TOFAŞ will have to add the distributors meeting the necessary qualitative criteria thus the number of its dealers is projected to increase. As a result, distributors' possible inclination to TOFAŞ may hinder rival suppliers' access to distribution channels -particularly in *the market for light commercial vehicles with a gross weight of under 3.5 tons*-thereby limiting their market penetration and thus their expansion opportunities. Accordingly, considering post-transaction effective market power and brand variety of TOFAŞ, the merged entity will be advantageous compared to its competitors in terms of distribution network and competitors' opportunities to expand especially in light commercial vehicles market (Table 35), where its market power will be high, will be restricted.

(347) Some of the competitors argue that due to TOFAŞ's post-transaction wide product range and effective market power, TOFAŞ will control the prices and supply unilaterally and distort competition in favor of itself. (....) and (....) emphasized the merged entity's post-transaction market power in terms of authorized sellers and authorized repairers and argue that the merged entity will have competitive advantage concerning distribution and after-sales services and this will distort competition in the markets. (....) state the following: Distribution channels constitute a barrier to entry. TOFAŞ will be a critical supplier for resellers as it will distribute most of the important automotive brands after the planned transaction. With a high market power and vehicle distribution portfolio, TOFAŞ's practices in relation to its distributors are likely to result in exclusionary effects. One of the undertakings which presented a favorable opinion about light commercial vehicles market, (....), assumes that the merged entity will establish a different dealership structure based on brand.

(348) (....) stated in its response letter that with respect to product strategy, TOFAŞ, which has competing products in the same segments, may position those models in a way that they will have the slightest impact on each other while it is designing price, product and equipment strategies for those models and may make a common strategy targeting competing brands. In addition (....) states that in case there is no inventory in one of the brands distributed by TOFAŞ within the same segment, in order to increase the sale of other brands, prices may be temporarily raised in the brand with the inventory shortage. Customers may be directed to other brands with inventory and potential customers may be influenced to choose one of the brands distributed under the umbrella of TOFAŞ. (....) emphasizes that TOFAŞ will have a unique competitive advantage by ruling all segments more easily; consequently, its rising market share will be much higher and it may be decisive in terms of price in the markets at the same time.

(349) In addition to the information given above, considering *the market for light commercial vehicles between 0 and 3.5 tons* separately, after the transaction, due to K0 model light commercial vehicles, which will be manufactured for each of Citroën, Fiat, Opel and Peugeot brands to be added to the umbrella of TOFAŞ and (....) cost advantage related to the four brands and due to the fact that TOFAŞ will determine the prices of the said brands alone, TOFAŞ will strengthen its market position. As a result of this, suppliers operating through import will have difficulty in competing with TOFAŞ and their opportunity to expand will be restricted.

(350) In light of those explanations, it is concluded that considering post-transaction effective market power and brand variety of TOFAŞ, the merged entity might be advantageous

compared to its competitors in terms of distribution network and competitors' opportunities to expand especially in *light commercial vehicles market*, where its market power will be high, the merged undertaking might have enough capacity to hinder expansion by its competitors.

#### **vi) Merger Eliminates an Important Competitive Force**

(351) Taking into account that some undertakings have more influence on the competitive process in the market they operate than their market shares or similar indicators suggest, the Horizontal Guidelines state that a merger involving such a firm may cause significant and anti-competitive changes on competitive dynamics of the market, in particular in case the relevant market is concentrated, and the existence of such an undertaking should be examined in the transaction under assessment. The Horizontal Guidelines gives as an example the case where one of the merging parties may be an undertaking which has recently entered the market and which is expected to exert significant competitive pressure on the actual participants in the market in the future. In addition, the Horizontal Guidelines highlight that in markets where innovation is an important competitive force, a merger may increase the merged undertaking's ability and incentive to bring innovations to the market, which may result in creating competitive pressure on competitors to offer innovations in that market or increase the current pressure. Similarly, a merger between two innovators may significantly lessen competition.

(352) When example decisions where potential competition and innovation competition are evaluated<sup>175</sup>, it is seen in *General Motors/ZF Friedrichshafen* acquisition file in the US that the DOJ addressed innovation competition by defining a third relevant product market that would encompass the development of products and technological advancements in the relevant product markets in which the parties operate in order to account for future technological developments in the two relevant product markets referenced in the complaint. Another decision is the *Synergy* decision by the FTC. FTC decided that the company, with its product possessing a disruptive potential was a potential competitor to Steris - a well-established player in the relevant product market and the acquiring entity - and requested that the transaction not be approved.

(353) In *Dow/DuPont* decision dated 2017, the Commission evaluated the transaction's effect on innovation competition while also making assessments on potential competition<sup>176</sup>. The decision concluded the following: The parties to the transaction, active in the market for the production of chemical agricultural products, were among only five global players in the market. R&D and innovation were important in the market where parties operated. Dow and DuPont were in fact more significant players than the indicators related to their market shares in the downstream market and R&D expenditures alone would reflect.

(354) The acquired party, STELLANTIS TR is the distributor of Citroën, Peugeot, Opel and DS brands of STELLANTIS, which operates at the global level, in Türkiye. It is an established undertaking both globally and at Türkiye level. The acquiring party, TOFAŞ is an established undertaking and the representative of six brands in Türkiye, being Fiat, Fiat Professional, Alfa Romeo, Jeep, Maserati and Ferrari. Therefore, the parties are not type of undertakings that the Horizontal Guidelines refer to in terms of potential

<sup>175</sup> OLGUN B. (2022), *Rekabet Hukuku Perspektifinden Yıkıcı İnovasyon*, Competition Authority Expert Thesis Series, No: 382, p.44-49.

<sup>176</sup> HİMİMETOĞLU A.Ö. (2020), *Birleşmelerin Kontrolünde İnovasyon Rekabetinin Değerlendirilmesi: AB Uygulamaları Ve Türkiye İçin Öneriler*, Competition Authority Expert Thesis, No: 362, p.45-50.

competition assessment. They are incumbent undertakings and currently competitors of each other. Moreover, both parties are distributors of STELLANTIS products. Although TOFAŞ is a national manufacturer, it manufactures several models that are under the body of STELLANTIS since FCA/PSA merger in 2020. Given those facts, even if the transaction is not realized, it is expected that there will not be potential product competition in the sense of manufacturing and R&D between the parties.

(355) Automotive market in general and light commercial vehicles market specifically are called traditional markets in the literature. Nevertheless, as emphasized in the notification, innovation has gained importance in recent years in those markets due to the developments in engine technologies. Light commercial vehicles market is unsaturated in terms of innovation. In the light commercial vehicles markets, there are a few electric vehicle models compared to the passenger cars market. Therefore, it is expected that innovative developments such as electric engines, which contribute to decreasing fuel consumption as well as reducing repair and maintenance costs, will make competitive pressure in light commercial vehicles, which are generally used for commercial purposes. However, it is not possible to make a prediction whether such competitive pressure will occur on TOFAŞ after the transaction. Following the transaction, if TOFAŞ develops innovations such as using electric engines and autonomous driving in light commercial vehicles, such pressure will be on its competitors. It should be noted that its competitive advantage stemming from local manufacturing capacity can increase with innovation work in the future.

(356) In summary, regardless of the structure of light commercial vehicles market, depending on the fact that all brands held by the parties before the transaction essentially belong to STELLANTIS and that situation would not change afterwards, the transaction in question will not raise competitive concerns as indicated in the Horizontal Guidelines in terms of prevention of innovation.

#### **G.5.2.4.2. General Evaluation about the Unilateral Effects of the Transaction in Light Commercial Vehicles Market**

(357) Within the framework of the information and explanations given above, in *the market for light commercial vehicles between 3.5 and 6 tons*, the parties' total market share is (....)% in 2023. Post-transaction concentration in the market will be limited. Thus, it is concluded that unilateral effects will not arise with respect to *the market for light Commercial Vehicles between 3.5 and 6 tons*.

(358) On the other hand, in terms of *light commercial vehicles between 0 and 3.5 tons*, competition concerns regarding unilateral effects arise due to the following reasons: i) the total market share of the parties is (....)% in 2023, (ii) the products offered by the parties are close competitors with respect to price and features, (iii) the wide scope of distribution network, product variety, and availability of spare parts will provide TOFAŞ competitive advantage regarding consumers' ability to switch suppliers, (iv) there are a few undertakings manufacturing light commercial vehicles in Türkiye and among those only FORD OTOSAN has a competitive power against the merged entity; however, there are coordination risks stemming from the structural links between FORD OTOSAN and the merged entity (the details will be given below) and lastly (v) after the transaction TOFAŞ will have a enough capacity to hinder expansion by its competitors.

#### **G.5.2.4.3. The Coordinated Effects of the Transaction in the Market for Manufacture and Sale of Light Commercial Vehicles**

(359) Depending on the findings obtained and assessments made, it is deemed necessary to evaluate possible anticompetitive coordination risks elaborately in the relevant product markets due to the following reasons and by considering the conditions and concentration levels in the relevant markets: in *the markets for light commercial vehicles between 0 and 3.5 tons and light commercial vehicles between 3.5 and 6 tons*, STELLANTIS/KOÇ HOLDİNG and FORD/KOÇ HOLDİNG joint ventures manufacture and/or distribute separately both TOFAŞ and FORD OTOSAN brands. KOÇ HOLDİNG has joint control over those undertakings and is involved in the management structure. The distribution network of STELLANTIS TR and the brands it offers in Türkiye will be included in the body TOFAŞ. Therefore, first the structural link between TOFAŞ and FORD OTOSAN will be explained. Then, the notified transaction will be examined with regard to coordinated effects in the relevant product markets, under the guidance of the Horizontal Guidelines.

##### **i) The Structural Link between TOFAŞ and FORD OTOSAN**

(360) Structural links can take various forms such as cross shareholdings, interconnected management structures, the presence of shared directors, shareholdings established through a common third party, R&D agreements, joint ventures, strategic partnerships or shareholdings in common suppliers. Such structural links between competitors may facilitate the exchange of competitively sensitive information, thereby paving the way for unilateral exercise of market power or the facilitation of tacit collusion<sup>177</sup>.

(361) In this scope, the structural link between TOFAŞ and FORD OTOSAN is examined. The field of operation of TOFAŞ covers manufacturing, import and sale of especially passenger cars and light commercial vehicles as well as manufacturing of various spare parts. TOFAŞ is the representative of totally six brands, Fiat, Fiat Professional, Alfa Romeo, Jeep, and Maserati and Ferrari, which it distributes through Fer Mas Oto Ticaret AŞ (FER MAS). It operates in the product development processes for different models under STELLANTIS through R&D center. TOFAŞ executes the said activities under the joint control of KOÇ HOLDİNG and STELLANTIS.

(362) The field of activity of FORD OTOSAN, which is jointly controlled by KOÇ HOLDİNG and FORD, include the design, manufacture, and assembly of automobiles, trucks and all types of motor vehicles and transportation equipment, as well as the design, production and assembly of their parts and components and the sale, import and export of all these products. Since KOÇ HOLDİNG is one of the parent undertakings controlling FORD OTOSAN, KOÇ HOLDİNG is a party to both TOFAŞ and FORD OTOSAN joint ventures; consequently, there is an indirect link between competitors operating in passenger cars market and light commercial vehicles market through a joint shareholder.<sup>178</sup>

(363) Regarding the structural links between TOFAŞ and FORD OTOSAN, the Board's FCA/PSA decision discussed the potential coordination risk between the relevant undertakings in detail. The parties submitted comprehensive commitments to resolve the competitive concerns, which were considered sufficient by the Board. In terms of the transaction in question, the parties stated the following: Any person who is a

<sup>177</sup> COMPETITION AUTHORITY (2019), *Rekabet Terimleri Sözlüğü*, revised sixth edition, Competition Authority, Ankara, p. 51-52.

<sup>178</sup> 41% shares of FORD OTOSAN belong to FORD, 41% shares belong to KOÇ HOLDİNG and 18% shares are publicly held.

member of TOFAŞ board of directors will not be assigned to FORD OTOSAN board of directors. Likewise, any person who is a member of FORD OTOSAN board of directors will not be assigned to TOFAŞ board of directors. In addition, the structure and functioning established within the framework of the commitments in FCA/PSA decision related to privacy policies and privacy agreements made under the scope of Chinese wall measures will continue to be implemented after STELLANTIS TR is incorporated into TOFAŞ.

(364) It is seen from the information obtained within the scope of the file that the members of the boards of directors of TOFAŞ and FORD OTOSAN are completely different; however, Ömer Mehmet KOÇ is the chairman of the Board of Directors of TOFAŞ and Ali Yıldırım KOÇ, who is the brother of Ömer Mehmet KOÇ, is the chairman of the Board of Directors of FORD OTOSAN. There is a structural link between TOFAŞ and FORD OTOSAN since the members of Koç Family take part in the boards of directors in both TOFAŞ and FORD OTOSAN because KOÇ HOLDİNG is a shareholder in both undertakings.

(365) In addition, TOFAŞ was asked to provide information about the scope of KOÇ HOLDİNG Automotive Group Head (.....)'s duty and role in the management of FORD OTOSAN and TOFAŞ. TOFAŞ responded that KOÇ HOLDİNG Automotive Group Head (.....)'s duties are (.....). TOFAŞ also stated that the person in question is not a member of the board of directors of TOFAŞ and FORD OTOSAN or has a direct or indirect effect on TOFAŞ's strategic commercial decisions or daily commercial work. Although it is usual that a person assigned as a group head in holding structures can take charge in reporting mechanisms, such position in the nature of a coordinator can play a role in increasing the competitive concerns about coordinated effects after the transaction is realized, given the market shares of TOFAŞ and FORD OTOSAN.

(366) In the assessment of the notified transaction, the effects to occur due to the indirect link between TOFAŞ and FORD OTOSAN, persons taking charge in the chairman position from the same family in the boards of directors in TOFAŞ and FORD OTOSAN, and KOÇ HOLDİNG Automotive Group Head having responsibilities concerning TOFAŞ and FORD OTOSAN are important. Although undertakings have legitimate reasons for assigning the same or related persons in decision mechanisms, this may lead to negative effects such as changing competitively sensitive information and facilitating collusion<sup>179</sup>.

## ii) The Structure of the Market and Symmetry

(367) Coordinated effects are more likely to emerge in markets where it is relatively simple to reach a common understanding on the terms of coordination. At this point, factors such as the number of players in the market, concentration rate, the homogeneity of the products, uncertainty about demand and buyer power are determinant. According to paragraph 47 of the Horizontal Guidelines, the more the undertakings in the relevant market have symmetric structure in terms of cost structures, market shares, capacity levels and levels of vertical integration, the easier it is for them to reach coordination. Moreover, structural links are also among the factors that encourage undertakings to harmonize their conduct.

(368) Thus, whether there is a symmetric structure in the markets examined and whether it is relatively easy to reach a common understanding in the market are addressed within

<sup>179</sup> ÜNÜBOL, Neyzar (2019), "Avrupa Birliği Rekabet Hukukunda Birbirine Bağlı Yönetim Kurulları", Competition Journal, Ankara, s.96.

the framework of undertakings' market share and concentration rates, barriers to entry, product homogeneity, capacity, similarity of costs, multi market relations, buyer power, demand uncertainty and the expansion in the market.

**a) Undertakings' Market Share and Concentration Rates**

(369) The low number of undertakings in the market and high level of market concentration are factors that enhance coordination effects and facilitate the establishment of coordination. Depending on a classification based on gross weight of light commercial vehicles, the following are observed: According to ODMD data, there are 15 undertakings operating in *the market for light commercial vehicles with a gross weight between 0 and 3.5 tons*. CR4 value for this market is 78.39% in 2023. The data in Table 38 shows that the market shares of the top third undertakings - STELLANTIS TR, TOFAŞ and FORD OTOSAN - in the market for light commercial vehicles with a gross weight between 0 and 3.5 tons are higher than other undertakings and total market shares of STELLANTIS TR and TOFAŞ is (....)%. .

(370) There are nine undertakings operating in *the market for light commercial vehicles with a gross weight between 3.5 and 6 tons*. CR4 value for this market is 84.21% in 2023. The data in Table 37 shows that FORD OTOSAN has (....)% market share in 2023 whereas the total markets shares of merging parties - STELLANTIS TR and TOFAŞ - is (....)%.

(371) Even if a distinction is not made based on gross weight, as seen in Table 35, CR4 value for the relevant market in 2023 is 78.59% and the total market shares of the merging parties is (....)%. The market shares of the top third undertakings - STELLANTIS TR, TOFAŞ and FORD OTOSAN - are higher than other undertakings

(372) Finally, when HHI values are examined to measure the concentration level in the market, as seen in Table 39, in HHI calculations without sub-categorization based on weight, post-transaction HHI is close to 3.000 whereas HHI change is 983. Those figures are well above the value deemed reasonable in the Horizontal Guidelines. According to HHI calculations with sub-categorization of light commercial vehicles market based on weight, shown in Table 40, it is seen that post-transaction HHI is over 2.000 in *the market for light commercial vehicles between 0 and 3.5 tons* and the change in the index is significantly higher than the 150-point threshold indicated in the Horizontal Guidelines. Similarly post-transaction HHI is above 2.000 in *the market for light commercial vehicles between 3.5 and 6 tons* and the change in the index is above 150-point threshold.

(373) As a result, it is concluded that the the light commercial vehicles market and its sub-categories *light commercial vehicles with a gross weight between 0 and 3.5 tons* and *light commercial vehicles with a gross weight between 3.5 and 6 tons* are susceptible to competitive concerns related to coordination, given the number of players, market shares of merging parties and competitors and concentration levels.

**b) Barriers to Entry**

(374) As explained in detail under "Barriers to Entry" section, the high level of barriers to entry in the automotive sector is demonstrated by the substantial capital requirements to operate, the importance of R&D expenditures to maintain a competitive position, the need for mass production capabilities to achieve cost advantages, access to distribution channels, legal requirements and the ability to meet consumer demands for safety, reliability and durability. In addition, taking into account the robust structure of light commercial vehicles market, high CR4 level and the fact that only DOĞAN

OTOMOTİV entered the market between 2019 and 2023, the market can be said to have entry barriers due to its structure. It is not possible that the entry of undertakings that are not currently operating in the light commercial vehicles market is likely, timely and sufficiently because of high entry barriers.

(375) Another indication of whether barriers to entry are high in the *market for light commercial vehicles with a gross weight of under 3.5 tons* is the number of models that are offered by the parties and competitors as well as that exited and entered the market. The table below shows information about the models offered by the undertakings in the market in question in 2023.

Table 54: The name and the number of models launched by undertakings with respect to light commercial vehicles weight with a gross weight between 0 and 3.5 tons

Undertaking	The name of the model	The number of models
TOFAŞ	Fiat Doblo (0-3.5 ton) (Van) Fiat Fiorino (0-3.5 ton) (Van) Fiat Pratico (0-3.5 ton) (Light Truck) Fiat Scudo (0-3.5 ton) (Van) Fiat Ulysee (0,3-5 ton) (Minibus)	5
STELLANTIS	Opel Combo (0-3.5 ton) (Van) Opel Vivaro (0-3.5 ton) (Van/Minibus) Opel Zafira (0-3.5 ton) (Minibus) Peugeot Expert (0-3.5 ton) (Van/Minibus) Peugeot Express (0-3.5 ton) (Van) Peugeot Rifter (0-3.5 ton) (Van) Peugeot Partner (0-3.5 ton) (Van) Citroën Jumpy (0-3.5 ton) (Van/Minibus) Citroën Berlingo (0-3.5 ton) (Van)	9
FORD OTOSAN	Ford Tourneo Courier (0-3.5 ton) (Van) Ford Transit (0-3.5 ton) (Light truck) Ford Transit Custom (0-3.5 ton) (Van/Minibus) Ford Transit Courier (0-3.5 ton) (Van) Ford Ranger (0-3.5 ton) (Pickup) Ford Tourneo Custom (0-3.5 ton) (Minibus) Ford Tourneo Connect (0-3.5 ton) (Van) Ford Transit Connect (0-3.5 ton) (Van)	8
MAİS	Renault Trafic (0-3.5 ton) (Van/Minibus) Renault Express (0-3.5 ton) (Van)	2
DOĞUŞ	Volkswagen Caddy (0-3.5 ton) (Van) Volkswagen Transporter (0-3.5 ton) (Van/ Light truck) Volkswagen Amarok (0-3.5 ton) (Pickup) Volkswagen California (0-3.5 ton) (Camper) Volkswagen Caravelle (0-3.5 ton) (Minibus) Volkswagen Multivan (0-3.5 ton) (Minibus)	6
NISSAN	Navara (0-3.5 ton) (Pickup)	1
TEMSA	Mitsubishi L200 (0-3.5 ton) (Pickup)	1
MERCEDES	Mercedes-Benz Vito (0-3.5 ton) (Van/MinibusLight Truck)	1
DOĞAN OTOMOTİV	Maxus e-Deliver 3 (0-3.5 ton) (Van)	1
BORUSAN	Land Rover Defender (0-3.5 ton) (Light Truck)	1
HYUNDAI	H100 (0-3.5 ton) (Light Truck) Staria (0-3.5 ton) (Minibus)	2
TOYOTA	Hilux (0-3.5 ton) (Pickup) Proace (0-3.5 ton) (Van)	2
ÇELİK	Kia Bongo (0-3.5 ton) (Light Truck)	1
ISUZU	Isuzu D-Max (0-3.5 ton) (Pickup)	1
ŞAHSUVAROĞLU	DFSK C31 (0-3.5 ton) (Pickup)	5

Undertaking	The name of the model	The number of models
	DFSK C32 (0-3.5 ton) (Pickup) DFSK EC31 (0-3.5 ton) (Pickup) DFSK EC35 (0-3.5 ton) (Pickup) SSANGYONG Musso Grand (0-3.5 ton) (Pickup)	

Source: Prepared within the scope of the file based on the data obtained from the undertakings.

(376) According to the information in the table, the number of models in light commercial vehicles between 0 and 3.5 tons is 46; 14 of which are offered by the parties. Taking the relation between FORD OTOSAN and TOFAŞ into account, the number of models provided by the parties is 22 and by other undertakings is 24. In addition, within the framework of the information in the Board's FCA/PSA Decision, the number of models in the market in 2019 is 44 whereas that number reached to only 46 in 2023. Taking into account the number of models offered by competing undertakings in 2023 according to vehicle types, the number of models offered by those undertakings is fewer than the undertakings which have a structural link. Moreover, although there are entries and exits in the market, there is not a considerable increase in the number of models in 2019. At this point, the number of models that entered and exited *the market for light commercial vehicles with a gross weight between 0 and 3.5 tons* is lower than the market for passenger cars.

(377) In order to see the outlook of the market, the market players are asked which models they discontinue/are planning to discontinue manufacturing and which models they are planning to launch. Depending on the responses, the following tables are made.

Table 55: Models that have been discontinued and those planned to be discontinued

Estimated discontinuation date	Type of vehicle	Distributor	Model
July 2024	Van	(....)	(....)
3rd quarter 2024	Van	(....)	(....) <sup>180</sup>
June 2024	Light truck	(....)	(....)
July 2024	Light truck	(....)	(....)

Source: Response letters

Table 56: Models planned to be launched

Estimated launch date	Type of vehicle	Distributor	Model
September 2024	Van	(....)	(....)
September 2024	Minibus	(....)	(....)
September 2024	Van	(....)	(....)
1st quarter 2024	Van	(....)	(....)
2025	Van	(....)	(....)
2025	Van	(....)	(....)
2025	Van	(....)	(....)

Source: Response letters

(378) Although it is seen from the information in the table that suppliers discontinued/plan to discontinue models with certain equipment and/or plan to launch models with new equipments, this factor will not lead to a significant increase in the total number of models in the market. At this point, it should be recalled that TOFAŞ is planning to manufacture light commercial vehicles with a gross weight of up to 3.5 tons for each of Fiat, Citroën, Peugeot and Opel brands under the scope of K0 project. By TOFAŞ under the scope of K0 project during 2024-2032 totally (....).

<sup>180</sup> (....)

(379) On the other hand, (....) and (....) presented the following opinions: Although new models to be launched by the competitors may lead to positive results in the sense of competitive pressure, they will not be sufficient to eliminate coordination risks, considering undertakings' market positions, the distribution of models in favor of structurally linked undertakings, the new structure to be formed after the transaction and the new models planned to be launched by the parties. Taking into consideration also the body type, the assessment of models that are offered currently and that are planned to be offered by the competitors concludes that the number of models that the competitors have is low compared to the structurally linked undertakings in case K0 project is realized, this difference will be even wider; and this will limit the power of competitors to create an impact to eliminate the coordination risk or to make competitive pressure.

(380) Finally, the number of models in *the market for light commercial vehicles with a gross weight of up to 3.5 tons* is fewer than that in the passenger cars market. The entries and exits in the market are limited. The best-selling models during the period in question remained the same. As a result of those facts, entry to the market is much more difficult.

(381) When the above-mentioned assessments are made for light commercial vehicles between 3.5 and 6 tons, it is observed that the coordination risk in this market is much higher compared to vehicles with a gross weight of up to 3.5 tons because the product variety range in the market for light commercial vehicles with a gross weight between 3.5 and 6 tons is very limited. The table below lists the models offered by the undertakings in the market in question in 2023.

Table 57: The name and the number of models offered by undertakings with respect to light commercial vehicles weight with a gross weight between 3.5 and 6 tons

Undertaking	The name of the model	The number of models
TOFAŞ	Fiat Ducato (3,5-6 ton) (Light Truck/Van/Minibus)	1
STELLANTIS	Peugeot Expert (3,5-6 ton) (Van/Minibus) Citroën Jumper (3,5-6 ton) (Van)	2
FORD OTOSAN	Ford Transit (3,5-6 ton) (Light Truck/Van/Minibus)	1
MAİS	Renault Master (3,5-6 ton) (Light Truck/Van)	1
DOĞUŞ	Volkswagen Crafter (3,5-6 ton) (Van/Minibus) Volkswagen Grand California (3,5-6 ton) ()	2
MERCEDES	Mercedes-Benz Sprinter (3,5-6 ton) (Van/Minibus/Light Truck)	1
ISUZU	N-Wide (3,5-6 ton) (Light Truck)	1
IVECO	Daily (3,5-6 ton) (Light Truck/Van)	1
KARSAN	Jest (3,5-6 ton) (Minibus)	1

Source: Response letters

(382) As understood from the table, there are only 11 models in *the market for light commercial vehicles between 3.5 and 6 tons* and this number has not changed considerably through years. There were 12 models in 2019, 10 models in 2020, 2021 and 2022 11 models in 2023 in the relevant market. In addition, out of this limited number of models, five of those belong to the structurally linked undertakings. Moreover, the change in the ten best-selling models in the market is very limited as explained in detail under the "Unilateral Effects of the Transaction in Light Commercial Vehicles Market" section.

(383) It is expected that the facts mentioned in the assessment of Table 57 will remain in the market, the limited preference options will be maintained and it will not be easy to change the ranking of the best-selling models in the market. When undertakings operating in light commercial vehicles market are asked which models they discontinued and they plan to discontinue, and models they plan to launch, they answered that there were not models planned to be discontinued or be launched in 2023 and after in their near future plans. Therefore, the predictions regarding *the light commercial vehicles with a gross weight of up to 3.5 tons* will happen in a more strict manner in *the market for light commercial vehicles between 3.5 and 6 tons*. Therefore, the coordination risk is much higher and the possibility that one or more undertakings in the market will eliminate a likely coordination with competitive pressure is so low.

**c) Product homogeneity**

(384) Light commercial vehicles are motor vehicles primarily designed and manufactured for the transportation of goods and they possess technical and technological features suitable for the type and weight of the load they carry. Light commercial vehicles are generally categorized into sub-segments based on body type, loading volume or weight in order to support this specific usage need. In passenger cars, segments are defined according to body type and vehicle sizes. Moreover, passenger cars classified by body type can be further divided into sub-segments. Based on ODMD data, it can be observed that the number of segments in light commercial vehicles is lower compared to passenger cars.

(385) In the Board's *FCA/PSA* decision, the following is stated: "...*The level of product differentiation is different for passenger cars and light commercial vehicles. In addition to the intended use, additional personal perceptions such as equipment, optional features, color and comfort also play an important role in the preference of vehicles. In light commercial vehicles, the intended use is generally the primary factor and accordingly the impact of product differentiation on customers is limited.*" Thus, it is acknowledged that there is product differentiation in light commercial vehicles but in terms of consumer perception, the intended use is regarded to be more important and level of differentiation is limited compared to passenger cars. Consequently, in *FCA/PSA* decision, light commercial vehicles market is considered to be more favorable for coordination compared to passenger cars.

(386) Finally, taking into account the data and the assessments given above, the opinions of the undertakings operating in the market summarized under "Relevant Product Market" and the Board's observations in *FCA/PSA* decision, it is found that product differentiation is more limited in light commercial vehicles market compared to passenger cars market. Thus, parallel to the Board's finding in *FCA/PSA* decision, light commercial vehicles market is more liable to coordination compared to passenger cars market.

**d) Capacity**

(387) The portion of production capacity that remains unused during the operations of an economic unit established with a certain capacity is referred to as idle capacity, whereas an undertaking operating at a lower production scale than originally designated is called excess capacity.<sup>181</sup>

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<sup>181</sup> See Rekabet Terimleri Sözlüğü, <https://www.rekabet.gov.tr/tr/Sayfa/Yayinlar/rekabet-terimleri-sozlugu/terimler-listesi>, Accessed: 06.06.2024

(388) According to paragraph 33 of the Horizontal Guidelines, players with the ability to increase product supply can make a stronger competitive pressure than the players with limited capacity can. According to paragraph 34, although capacity constraints are regarded as important for markets where goods are relatively homogeneous, they may also be important for markets for differentiated products depending on the substitutability between products.

(389) The Board's *FCA/PSA* decision made use of the database called *Harbour Report*, which provides production capacity and capacity use rate, in the assessment on capacity use rates. In this file, parties were asked to provide *Harbour Report* data. The parties responded that they did not join *Harbour Report* since 2021 and thus even access to databases was provided, their data were not available in *Harbour Report*. According to *Harbour Report* calculations referred to in the Board's *FCA/PSA* decision, the ideal capacity use rate of a facility operating at the desired level is assumed to be 130%.

(390) During the final examination process, sector players were asked to provide information about their capacity and capacity use rates. Those who do not manufacture goods nationally did not provide information as they do not have manufacturing activities in Türkiye. The assessments made with the responses are given below.

(391) Regarding the capacity use rates, TOFAŞ stated the following: TOFAŞ manufactures only C segment passenger cars and light commercial vehicles between 0 and 3.5 tons in Türkiye. They plan to manufacture (....) vehicles with (....)% capacity use. In 2025, in case K0 project is realized, they plan to manufacture (....) vehicles with (....)% capacity use. In case K0 project is not realized, (....). TOFAŞ's production capacity is not a barrier to entry. There is not any important barriers to import vehicles in Türkiye. Since 2021, the negative effect of the outbreak delaying the supply process has ended; thus, the supply process for import products has become more efficient and effective. Many automotive brands such as Renault, Nissan, Mitsubishi, Volkswagen, Mercedes and Toyota are operating in the light commercial vehicles market in Türkiye without manufacturing. Even TOFAŞ, which has a manufacturing facility in Türkiye, terminated national manufacturing in June 2023 and imported Doblo to Türkiye. STELLANTIS TR is among the undertakings that do not manufacture vehicles but operate in Türkiye through selling import cars; therefore, not manufacturing in Türkiye is not a barrier to entry. In addition, global players such as Renault, Nissan, Mitsubishi, Volkswagen and Daimler, who are operating in Türkiye, can easily increase the amount of supply by using their production capacity out of Türkiye.

(392) FORD OTOSAN stated the following about capacity use rates and supply process: It takes (....) to (....) days to deliver import light commercial vehicles to be sold in Türkiye to dealers in case they are coming from Europe. If they are coming from Africa, this period is (....) to (....) days. However, Türkiye has an important source power in terms of manufacturing light commercial vehicles that are sold both in Türkiye and Europe. Although automotive market is considered to have high barriers to entry, new investments and the fact that Türkiye is an attractive market with respect to light commercial vehicles should be taken into account. There are state aids and investment subsidies in the manufacturing of passenger cars and light commercial vehicles in Türkiye. According to ODMD data, light commercial vehicles market has developed considerably in the last decade; thus FORD OTOSAN's capacity is not an additional barrier to entry.

(393) The capacities and capacity use rates of FORD OTOSAN and TOFAŞ, which manufacture vehicles in Türkiye, are given in the table below.

Table 58: The Capacity of FORD OTOSAN

Undertaking	Manufacturing Facility	Model	Total Production Capacity			Capacity Use Rate (%)		
			2021	2022	2023	2021	2022	2023
TOFAŞ <sup>182</sup>	BURSA	Fiat Doblo+Fiat Fiorino	(....)	(....)	(....)	(....)	(....)	(....)
FORD OTOSAN	YENİKÖY	Courier	(....)	(....)	(....)	(....)	(....)	(....)
		New Custom	(....)	(....)	(....)	(....)	(....)	(....)
	GÖLCÜK	Transit (0-3,5)	(....)	(....)	(....)	(....)	(....)	(....)
		Transit (3,5-6)	(....)	(....)	(....)	(....)	(....)	(....)
		Custom	(....)	(....)	(....)	(....)	(....)	(....)
	CRAIOVA	New Courier	(....)	(....)	(....)	(....)	(....)	(....)

Source: Response letters

(394) The examination of the capacity information and capacity use rates on the basis of facility indicates that FORD OTOSAN's Courier model manufactured in Yeniköy (....). Apart from that TOFAŞ and FORD OTOSAN (....).

(395) According to the Horizontal Guidelines it is often an attractive choice for coordinating undertakings to increase their market share by deviating from the terms of coordination, for instance through lowering prices, offering secret discounts, increasing quality or capacity or trying to win new customers. Although idle capacity is not a directly decisive factor, it can give competitors an incentive to deviate from coordination and an opportunity to break up it. It is possible to infer that TOFAŞ's (....) capacity use rate gives it a significant incentive to deviate from coordination. However, it should be kept in mind that in case K0 project is realized, TOFAŞ's capacity use rate will increase, in which case TOFAŞ will be less motivated to deviate from coordination. It is possible to say that FORD OTOSAN and TOFAŞ have idle capacity, increasing their incentive to deviate from coordination. Nevertheless, the structural links between those undertakings may also decrease their incentive to deviate from coordination.

(396) Depending on the information obtained within the scope of the file, it takes averagely (....) days for TOFAŞ's nationally manufactured light commercial vehicles and generally (....) to (....) days for import cars from making an order over the system to arrival to the dealer/delivery to final consumer.

Table 59: Supply period for the parties' national and import vehicles

Undertaking	Type of vehicle	The average period between making a vehicle order over the system and arrival to the dealer/delivery to the final consumer
TOFAŞ	Light commercial vehicles (domestic manufacturing)	(....)
	Light Commercial Vehicles (import)	(....)
STELLANTIS TR	Light Commercial Vehicles (import)	(....) <sup>183</sup>

Source: Response Letter

<sup>182</sup> (....).<sup>183</sup> The party stated (....).

(397) The table below shows FORD OTOSAN's supply period between 2019 and 2023 individually.

Table 60: Supply period for the FORD OTOSAN's national and import vehicles

Undertaking	Type of vehicle	The average period between making a vehicle order over the system and arrival to the dealer/delivery to the final consumer				
		2019	2020	2021	2022	2023
FORD OTOSAN	Light commercial vehicles (domestic manufacturing)	(....)	(....)	(....)	(....)	(....)
	Light Commercial Vehicles (import-Europe)	(....)	(....)	(....)	(....)	(....)
	Light Commercial Vehicles (import-Africa)	(....)	(....)	(....)	(....)	(....)

Source: Response Letter

(398) The tables show that average supply period for TOFAŞ for domestic light commercial vehicles manufacturing is shorter compared to FORD OTOSAN. With respect to import light commercial vehicles, both TOFAŞ and STELLANTIS TR have shorter average supply periods compared to FORD OTOSAN. It is understood that TOFAŞ and STELLANTIS TR have similar supply periods in import vehicles. TOFAŞ and FORD OTOSAN, which have structural links, have the opportunity to supply domestic vehicles in a shorter time compared to import vehicles as they manufacture those domestically.

(399) Although it is not possible to make a certain comment about post-transaction future effects in terms of capacity use and supply periods under the scope of current conditions, after the transaction, capacity similarity between the merged entity and FORD OTOSAN will increase especially if K0 project is realized and the symmetry will be stronger. ISUZU and KARSAN also manufactures vehicles in the light commercial vehicles market in Türkiye. Since their output is too low to effect the assessment, FORD OTOSAN and TOFAŞ are essentially manufacturing, which strengthens the coordination risk. In addition, TOFAŞ's low capacity use rates can be considered as a factor that may increase the incentive to deviate from coordination. On the other hand, with the implementation of K0 project, TOFAŞ's capacity use rate will increase and its incentive to deviate will weaken. In terms of supply periods, there is no finding that indicates the competitors' opportunity to supply in a sufficiently short time to distort a likely coordination.

#### e) Cost Similarity

(400) Another element to address in relation with the symmetry between the undertakings in the market is the cost structure. It is likely that undertakings with similar cost structures have similar incentives. According to paragraph 54 of the Horizontal Guidelines, the more the undertakings in the relevant market have symmetric structure in terms of cost structures, the easier it is for them to reach coordination.

(401) In order to make an assessment about cost similarity, parties and FORD OTOSAN were asked to provide information about cost items (together with the share of each cost item in total costs) for passenger cars and light commercial vehicles that are imported or manufactured in Türkiye. STELLANTIS TR stated that they do not keep separate records for passenger cars and light commercial vehicles and provided the data about passenger cars and light commercial vehicles together. TOFAŞ stated that they started to make segment-based financial table monitoring according to Türkiye

Financial Reporting Standards (TFRS) since 2020 due to cost system change an the information submitted is prepared according to TFRS records. FORD OTOSAN stated that cost shares concerning domestic vehicle manufacturing are only the average cost shares of the manufacturing of light commercial vehicles whereas average cost shares concerning import vehicles are average cost shares of all passenger cars and light commercial vehicles imported by FORD OTOSAN. The tables which are prepared in light of the responses and which show undertakings' cost items and the share of those cost items in total costs are given below.

Table 61: Cost Shares of TOFAŞ and STELLANTIS TR in 2023

Undertaking	Cost Item	Share (%)
TOFAŞ <sup>184</sup>	Direct material and commercial commodity good costs	(....)
	Direct labor costs	(....)
	Other manufacturing costs (energy, auxiliary material, etc.)	(....)
	Wear and depreciation costs	(....)
	Sales, marketing and distribution costs	(....)
	General management and administrative costs	(....)
	Total	100.00
STELLANTIS TR <sup>185</sup>	New vehicle delivery costs	(....)
	Cost of goods sold (including import cost)	(....)
	Warranty expenses	(....)
	Marketing expenses	(....)
	General expenses (average of all activities)	(....)
	Financial result (average of all activities)	(....)
	Total	100.00

Source: Response Letter

Table 62: Cost Shares of FORD OTOSAN in 2023

Undertaking	Cost Item	Share (%)
Domestic vehicle cost item	Material	(....)
	Variable marketing	(....)
	Labor and general production	(....)
	License	(....)
	Depreciation	(....)
	Transport	(....)
	Marketing and sales	(....)

<sup>184</sup> The cost items in the table and cost shares in the table are related to light commercial vehicles manufactured by the undertaking in Türkiye.

<sup>185</sup> STELLANTIS TR stated in the response that STELLANTIS TR provided the said data together for the markets in question as they do not keep records separately for light commercial vehicles and passenger cars.

	Warranty	(....)
	Fixed marketing	(....)
	Exchange income and expense	(....)
	Management	(....)
	Interest income and expense	(....)
	Other income and expenses	(....)
	Product development	(....)
	Total	100.00
Import vehicle cost item <sup>186</sup>	Import vehicle cost	(....)
	Variable marketing	(....)
	Fixed marketing	(....)
	Exchange income and expense	(....)
	Warranty	(....)
	Transport	(....)
	Marketing and sales	(....)
	Management	(....)
	Interest income and expense	(....)
	Other income and expenses	(....)
	Total	100.00
Source: Response Letter		

(402) The tables above indicate that the difference between cost items of TOFAŞ and of STELLANTIS TR stems from the fact that TOFAŞ is manufacturing vehicles in Türkiye whereas the vehicles distributed by STELLANTIS TR are imported. Accordingly, while there are “direct material and commercial commodity good costs”, “direct labor costs” and “other manufacturing costs” are among the cost items of TOFAŞ, STELLANTIS TR’s cost items generally stem from importing vehicles.

(403) The examination of the cost items of TOFAŞ and FORD OTOSAN together shows that their cost structures are similar, as expected, since they manufacture vehicles in Türkiye. In 2023, Fiat Egea, Fiat Doblo and Fiat Fiorino models are manufactured in TOFAŞ Bursa facility whereas Transit and Transit Custom models are manufactured in Kocaeli facility and Courier model is manufactured in Yeniköy facility of FORD OTOSAN. It is seen in the table that “material costs” have the highest share in the costs of light commercial vehicles manufactured in Türkiye by TOFAŞ and FORD OTOSAN. The share of “direct material and commercial commodity good costs” in TOFAŞ’s cost items is (....)%. The share of “material” is (....)% in FORD OTOSAN’s cost items.

(404) As seen from the table, parties use different classifications for cost items. Since STELLANTIS TR do not keep separate records for light commercial vehicles and

<sup>186</sup> It is stated in the response that import vehicle cost shares are related to all imported passenger cars and light commercial vehicles.

passenger cars, the relevant data are provided together for light commercial vehicles and passenger cars. Therefore, it is not possible to make a distinction between light commercial vehicles and passenger cars. The shares of import vehicle costs of FORD OTOSAN is related to all average costs for imported passenger cars and light commercial vehicles. Due to the explained reasons, it is very difficult to compare all cost items of the parties. Consequently, since the parties could not provide a comparable cost data for the relevant product markets, it is not possible to make a certain evaluation of whether their cost structures are similar.

**f) Multiple Market Relation**

(405) Coordination cannot be regarded as sustainable unless coordinating undertakings are convinced that that it is in their best interest to adhere to the terms of coordination among other opportunities. Sustainability of the coordination among competitors depend on the credibility of the retaliation mechanism that can be activated by other undertakings against those deviating from coordination.

(406) According to article 62 of the Horizontal Guidelines, retaliation does not have to take place in the same market as the deviation. When the coordinating firms have commercial interaction in other markets, it will be possible to apply various methods of retaliation. The retaliation could take many forms, including cancellation of joint ventures or other forms of cooperation or selling of shares in jointly owned companies.

(407) As observed from the information given in the previous sections, not only the merging parties but also their rivals compete with each other in both passenger cars market and light commercial vehicles market as well as their downstream markets. Since there are multiple market relations within the scope of the file, it is possible to apply retaliation mechanisms with respect to coordination between competitors.

**g) Buyer Power**

(408) Another factor to consider for the continuance of coordination is whether customers have countervailing buyer power. In the Horizontal Guidelines, countervailing buyer power is defined as the bargaining strength that they gain vis-à-vis the seller in commercial transactions due to their size, significance for the seller and ability to switch to alternative suppliers. If the customers have significant buyer power, even undertakings with very high market shares will not be able to significantly lessen competition. According to article 96 of the Horizontal Guidelines countervailing buyer power which offsets anti-competitive effects of a merger cannot be found in case only a particular segment of customers with bargaining strength is shielded from significantly higher prices created by the merger.

(409) Distributors in Türkiye were asked to provide information on the top ten customers generating the highest annual sales along with the share of the sales to these customers in the total sales in the relevant year. The table prepared on the basis of undertakings' responses are given below.

Table 63: The share of the sales to the top ten customers in the total sales in the market for light commercial vehicles between 0 and 3.5 Tons between 2019 and 2023 (in units, %)

Undertaking	The share of the sales to top ten customers in the total shares				
	2019	2020	2021	2022	2023
TOFAŞ	(....)	(....)	(....)	(....)	(....)
STELLANTIS TR	(....)	(....)	(....)	(....)	(....)
FORD OTOSAN	(....)	(....)	(....)	(....)	(....)

HYUNDAI	(....)	(....)	(....)	(....)	(....)
MAİS	(....)	(....)	(....)	(....)	(....)
DOĞUŞ	(....)	(....)	(....)	(....)	(....)

Source: Calculations made based on the information provided by undertakings under the scope of the file.

Table 64: The share of the sales to the top ten customers in the total sales in the market for light commercial vehicles between 3.5 and 6 Tons between 2019 and 2023 (in units, %)

Undertaking	The share of the sales to top ten customers in the total shares				
	2019	2020	2021	2022	2023
TOFAŞ	(....)	(....)	(....)	(....)	(....)
STELLANTIS TR	(....)	(....)	(....)	(....)	(....)
FORD OTOSAN	(....)	(....)	(....)	(....)	(....)
MAİS	(....)	(....)	(....)	(....)	(....)

Source: Calculations made based on the information provided by undertakings under the scope of the file.

(410) It is observed that the share of the sales to top ten customers in *the market for light commercial vehicles between 0 and 3.5 tons and between 3.5 and 6 tons* generally corresponds to less than half for some undertakings whereas the said shares are lower or higher for others. Accordingly, it is not possible to talk about a countervailing buyer power stemming from undertakings' first ten customers.

(411) In order to make a more comprehensive analysis on the existence of countervailing buyer power, undertakings were asked to provide information about the sales made to fleet customers and the discounts offered under the scope of those sales. Firstly, 2023 Operational Leasing Sector Report<sup>187</sup>, prepared by the Association of All Car Rental Companies (TOKKDER) was reviewed. The report indicates that the estimated number of vehicles of the undertakings active in the fleet rental sector reached 254,000 in 2023, Renault, Fiat and Toyota ranked as the top three most rented car brands, in the ranking of the most preferred vehicles by segment, C-segment vehicles hold 47.5% share, followed by B-segment with 29%, D-segment with 11.7% and light commercial vehicles with 6% share. Consequently, the ability of fleet customers to create countervailing buyer power in the market for light commercial vehicles is weak since light commercial vehicles represent a smaller proportion compared to passenger cars within the fleet composition.

<sup>187</sup> <https://tokkder.org/tokkder-dergi/3139>, Accessed: 07.06.2024

(412) The table below shows the weight of fleet sales in the total sales of undertakings active in the light commercial vehicles market in 2023.

Table 65: Shares of Fleet Sales in Light Commercial Vehicles in 2023 (%)

Undertaking	The share of fleet sales (0-3,5 Ton)	The share of fleet sales (3.5-6 Ton)
TOFAŞ	(....)	(....)
STELLANTIS TR	(....)	(....)
FORD OTOSAN	(....)	(....)
MAİS	(....)	(....)
MERCEDES-BENZ	(....)	(....)

Source: Information obtained from undertakings.

(413) The table shows that fleet sales have a low share in total shares regarding light commercial vehicles. It is understood from the evaluation of the share of fleet sales in total sales together with TOKKDER data, which shows that light commercial vehicles are preferred less in rental services, that undertakings engaging in fleet rental services do not have power to determine vehicle purchase conditions. It is unlikely that buyers would engage in vertical integration to operate in the upstream market or shift their purchases to another undertaking intending to enter the upstream market thereby encouraging the entry of new undertakings to the market. As a result, it is not possible to say that there is a countervailing buyer power in the market for the manufacture and sale of light commercial vehicles with a gross weight of up to 3.5 tons and of light commercial vehicles with a gross weight between 3.5 and 6 tons.

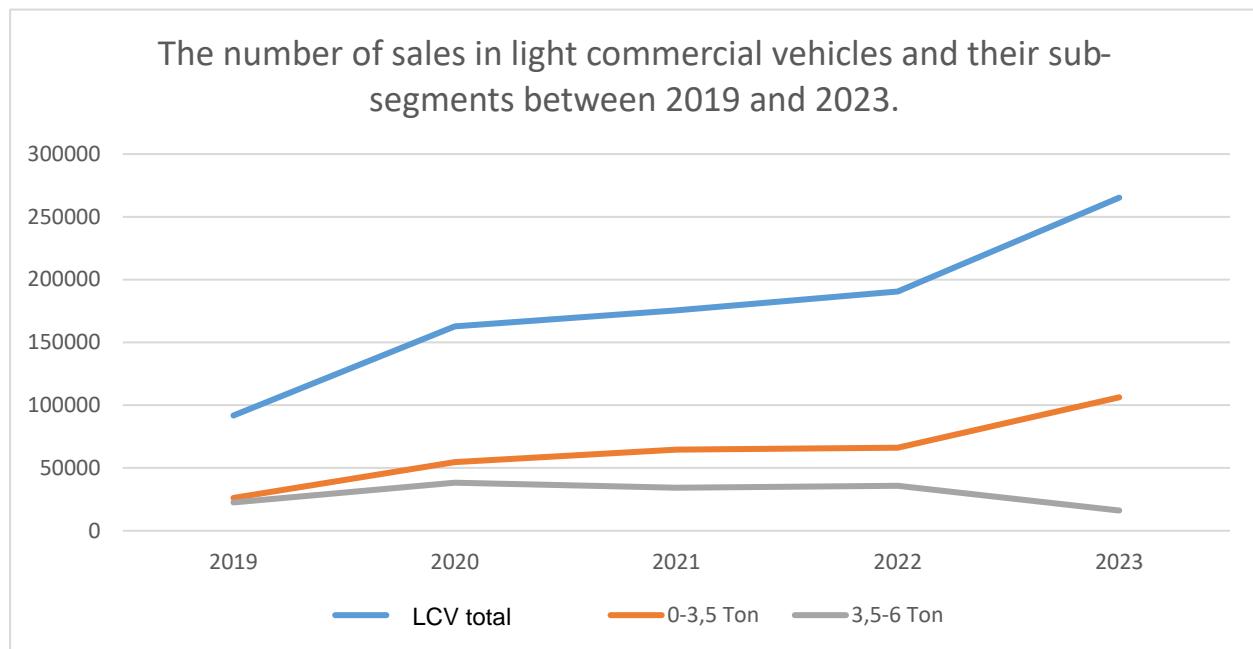
#### **h) Demand Uncertainty and Expansion in the Market**

(414) Paragraph 51 of the Horizontal Guidelines states that the less complex and the more stable the economic environment in the relevant market is, the easier it is for the undertakings to reach a common understanding on the terms of coordination. According to this, it is easier to coordinate on price when demand and supply conditions are more stable than when they are continuously changing. Fluctuating demand, ease of market entry and the current state of the relevant market indicate that the market is not stable enough to allow for coordination. The effect of technological advancement can also be considered in this regard; however, it is sometimes difficult to make predictions about those effects.

(415) It is stated under “Information about the Sector” section that between January and December, 2023, the passenger car and light commercial vehicles market in Türkiye grew by 57.4% compared to the same period of the previous year, 1,232,635 vehicles were sold in the market, and the sale of light commercial vehicles increased by 39.2% reaching to 265,294 units. The share of electric vehicle sale in all vehicle sales is gradually increasing, raised SCT scale has affected this positively, the number of battery electric car sales sold in 2023 reached to 65,562. One of the positive effects of the increase in the number of electric car sales on competition is the increase in the number of market entries.

(416) The chart below shows the number of sales in light commercial vehicles and their sub-segments between 2019 and 2023.

Chart 8: The number of sales in light commercial vehicles and their sub-segments between 2019 and 2023.



Source: Information obtained from undertakings.

(417) What is noteworthy in the chart is that although the total sales of light commercial vehicles and the sale of light commercial vehicles between 0 and 3.5 tons move similarly, after 2022, the sale of light commercial vehicles between 3.5 and 6 tons decreased. This decrease is considered to stem from the supply problems in 2023 for (.....), which is the best-selling model among light commercial vehicles. Due to this course of the market, the demand cannot be said to be fluctuating.

(418) Consequently, the sales in the market for light commercial vehicles with a gross weight of up to 3.5 tons have increased steadily since 2019; the fall in the sales of light commercial vehicles between 3.5 and 6 tons in 2023 was a temporary situation occurred due to supply problems; thus the demand in the market is regarded stable. In addition, the shift to electric and hybrid vehicles, which bring innovation to the sector, cannot play a role in increasing new entries yet; however, it is expected that the use of electric and hybrid vehicles will increase, which will affect new entries in the future.

### iii) Historical Behavior of the Players in the Market

#### a) Price Update Dates

(419) The parties to the notified transaction and sector players were asked to provide information about price update dates as well as information on updated prices. The information about price update dates show that:

- TOFAŞ updates the prices of light commercial vehicles (.....) every month and sometimes (.....) the prices irregularly.
- STELLANTIS TR updates the prices of light commercial vehicles (.....) every month and rarely (.....).
- FORD OTOSAN updates the prices of light commercial vehicles (.....) every month in 2021 and 2022 and (.....) every month in 2023.

- ÇELİK generally updates the prices of light commercial vehicles (....) every month and sometimes (....).
- DOĞUŞ updates the prices of light commercial vehicles belonging to Maxus on different days of the month.
- DOĞUŞ updates the the prices of light commercial vehicles on different dates in (....) week of every month, generally (....).
- HYUNDAI updates the prices of light commercial vehicles (....) every month.
- IVECO updates the prices of light commercial vehicles in different days (....) every month.
- MAIS updates the prices of leading light commercial vehicles (....) every month.
- MERCEDES updates the prices of light commercial vehicles (....) on different dates, mostly on the same dates.
- NISSAN updated the price of its light commercial vehicle Navara on different dates between 2019 and 2022.
- TOYOTA generally updates the prices of light commercial vehicles (....) every month and sometimes (....).

(420) It is understood that undertakings operating in the market for light commercial vehicles update the prices of vehicles mostly on (....) day or (....) week every month. It is observed that although TOFAŞ updates the prices in a parallel manner to the tendency in the sector, it may update prices (....) times, whereas STELLANTIS Tr's update dates are similar to the tendency in the sector but it may sometimes update its prices (....). FORD OTOSAN's price update dates are similar to other distributors being (....) of the month in 2021 and 2022 and (....) of the month in 2023. As stated by the notifying parties, prices are normally updated once a month. On the other hand, the changes in VAT, MVT and SCT and the fluctuations in foreign exchange may affect vehicle prices and change the price update dates and frequency. Those factors concern all the players in the sector. Therefore, macroeconomic developments such as tax, import, foreign exchange rate, inflation, etc. may have sector wide impact regardless of distributor, brand or model. Due to the mentioned reasons, there is a similarity in price update dates and frequency throughout the sector including TOFAŞ, STELLANTIS TR and FORD OTOSAN. Nevertheless, it is not possible to argue that this similarity indicates the existence of coordination.

#### **b) Board Decisions Related to the Sector**

(421) The automotive sector has been brought before the Board either through individual applications or ex officio, and the conduct of undertakings operating in this sector has been evaluated within the scope of the Act no 4054. Some of these decisions involve granting negative clearance/exemption, while others concern whether Article 4 of the Law has been violated. Information regarding the prominent Board decisions is provided below:

- In the decision dated 18.04.2011 and numbered 11-24/464-139, the Board ruled that meetings held by various undertakings operating in the automotive market to exchange information regarding stock, targets, sales, and pricing strategies constituted a violation of Article 4 of the Act. The examinations revealed that the combined market share of the top 12 players in the passenger car and light commercial vehicle markets exceeded 80%, and the combined market share of the top four undertakings in the light commercial vehicle market exceeded 70%,

indicating that the market had an oligopolistic structure and that coordination could be more easily achieved in such a market.

- In the decision dated 07.12.2011 and numbered 11-60/1559-552, the Board examined whether the separate agreements concluded by FORD OTOSAN and TOFAŞ to jointly procure vehicle transportation services could create the possibility of concerted practices through cost similarities. It was concluded that transportation costs represented a very small share of total product costs and, therefore, potential cost similarities were unlikely to lead to price coordination. It was also determined that although the market share of FORD OTOSAN and TOFAŞ in the purchasing market reached 30%, this share was not sufficient to restrict competitors' access to vehicle transport services or to reduce the diversity of services offered by transport companies.
- In the individual exemption decision dated 24.12.2015 and numbered 15-45/755-277, the Board evaluated the protocol among TOFAŞ, FCA, and PSA concerning cooperation in the development and production of light commercial vehicles - Fiat Fiorino, Peugeot Bipper, and Citroën Nemo models. It was noted that the vehicles were produced through the same production process, leading to similar production costs among the parties. Since production costs accounted for approximately 80% of the vehicles' pre-tax retail prices, the protocol could potentially facilitate price coordination among the parties.
- In the decision dated February 28.02.2019 and numbered 19-10/115-46, the Board examined the impact of SCT and VAT reductions implemented to revive the automotive market, which had contracted severely following the increase in foreign exchange rates in August 2018. It was determined that undertakings had entered intense competition as the market began to shrink and that SCT and VAT reductions positively affected this competition. The Board concluded that there was no evidence of a violation of Article 4 of the Act.
- In the decision dated 21.10.2021 and numbered 21-51/714-355, which concerned the request for negative clearance/individual exemption by the Automotive Manufacturers Association (OSD) regarding the expansion of the scope of publicly disclosed information, the Board found that the cumulative production and export data based on data breakdown planned to be collected and shared by OSD were not of a nature to affect the sales and pricing decisions of undertakings. Since the data collection and sharing would not lead to coordination or market foreclosure, it was determined that the practice would not restrict competition. Accordingly, the transaction subject to notification could be granted a negative clearance certificate under Article 8 of the Act no 4054.
- In the decision dated 17.08.2023 and numbered 23-39/723-247, the Board evaluated the allegations that undertakings operating in the light, medium, and heavy commercial vehicle sectors violated Article 4 of the Act no 4054 and concluded that there was no evidence indicating that the undertakings had engaged in information exchanges restricting competition.

(422) As emphasized in the summaries above, the Board observed that given the unique dynamics of the sector, consumer behavior, and the position of undertakings in the market, the automotive market is prone to coordination risks and production/supply processes can result in similar costs for undertakings, potentially leading to coordination among them. Moreover, in 2011, meetings involving the exchange of strategic information among the undertakings under investigation were considered a violation. On the other hand, in the decision following the preliminary inquiry conducted

in 2023, it was found that, due to the way the sector operates, undertakings closely monitor competitors' prices through market research, can easily obtain information about other players' price offers via customers, and that customers commonly share price offers from one undertaking with another to obtain better terms and strengthen their bargaining power. Although the sector's susceptibility to coordination and its transparent structure have been noted in several decisions, no competition infringement has been identified in the sector in recent years.

#### **iv) Transparency**

(423) According to article 46 of the Horizontal Guidelines, publicly available key information, exchange of information through associations of undertakings, or information received through cross-shareholdings or joint ventures may also help reaching coordination. The more complex the conditions of the relevant market are, the more transparency or communication is needed to reach a common understanding on the terms of coordination. Therefore, first publicly available list prices and discounts in the sector in order to understand to what extent the actual prices of sector players differ from the published list prices, then the explanations about the information shared by associations of undertakings, ODMD and OSD are given.

##### **a) Retail Sale Price Information Published on Undertakings' Websites**

(424) Undertakings active in the market post list prices and recommended campaign price for each model and separately for equipment, transmission type and fuel type on their websites. This increases the transparency in the market.

(425) On the other hand, the notifying parties stated the following about pricing strategy: The resale price recommended to the dealers based on wholesale prices is determined by taking into account the economic environment including sales volume and product and distribution costs to attain the profitability goals, desired competition and especially foreign exchange rates. According to the commercial conditions, additional actions may be provided such as customer loan incentive, trade-in support and cash payment support. Final prices may differ from the recommended prices with discounts made based on dealers or sales volume. In this case, the discounts made to especially to sales to commercial actors (B2B) and fleet sales are remarkable; thus, sales made to fleet companies are evaluated due to the actions based on sales volume, which are important for the sale of light commercial vehicles. TOFAŞ stated that (....)% of its sales of light commercial vehicles between 0 and 3.5 tons and (....)% of the sale of light commercial vehicles between 3.5 and 6 tons was made to fleet channel in 2023. STELLANTIS TR stated that (....)% of its sales of light commercial vehicles between 0 and 3.5 tons and (....)% of the sale of light commercial vehicles between 3.5 and 6 tons was made to fleet channel in 2023.

(426) Although it may be accepted that the actual prices differ from recommended prices depending on the discounts based on dealers and sales volume as the notifying parties stated, to what extent the actual prices differ from the list prices due to discounts is examined under "Discounts" section.

##### **b) Discounts**

(427) Although suppliers announce the recommended resale price to the public, it is important to know whether final purchasing price differs significantly from the announced prices with respect to the transparency of the market. In order to understand to what extent sector players' actual prices differ from the list prices,

information on discounts provided by the undertakings and evaluation of that information are given below.

(428) The explanations regarding the discounts made for light commercial vehicles and passenger cars are as follows:

- (....) stated the following: Depending on economic and commercial conditions that change seasonally, discounts may vary according to exchange rate and stock level, sales targets and market dynamics. Distributors and/or authorized sellers may make additional discounts to retail customers who plan to buy a single car. The discounts offered to retail customers may take the form of general discounts based on model and/or version that increase sales or cash support. Also, sellers may make additional discounts for customers with their initiative. Additional fleet discounts may be given to SMEs that demand more than one vehicles, firms that rent vehicles for short/long terms and fleet customers such as superstructure firms, those discounts may vary according to sales volume.
- (....) stated the following: Most of the sales are made to authorized sellers. Some of the sales are made directly to public institutions. Discounts are made equally to dealers based on the maturity period of the dealer. Dealers may apply special prices or discounts depending on customers' demand or crowd sales. (....) discount is made according to the directive.
- (....) stated the following: The sales are made to the dealers in Turkish market; thus they do not make direct sales to customers. In exceptional cases like fleet sales or mass vehicle purchases, discounts are made to the fleet customers according to sales volume and payment type. Campaigns may be made related to financing or on a monthly basis. In addition, there are discounts such as trade-in and loyalty campaigns.
- (....) stated the following: All vehicles are sold to the authorized dealers under the same conditions. Dealers decide how much profit margin will be reflected to their final prices. Where needed, additional campaigns designed seasonally to final customer purchases, which meet the conditions, are offered to each dealer under the same conditions. Depending on sales volume, there are lists of recommended discounted prices for fleets and customer groups that make mass purchases.
- (....) stated the following: All vehicles are sold to the authorized dealers under the same conditions. Discounts are limited to payments in cash.
- (....) stated the following: There may be different campaigns made for dealers or final customers in sales made to dealers. There are discount types such as cash payment discount, loan support, trade-in support, fleet discounts and occupational discounts. In case dealers make sales to special customers such as fleet customers, discounts may be made on the dealer's purchase price depending on the change in exchange rates.
- (....) stated the following: Annual discounts rates related to vehicle models for fleets may change in proportion to the number of vehicles purchased. For retail customers, discounts that are classified according to purchase and standardized discounts may be made.
- (....) stated the following: Discounts are made seasonally and as a recommendation by considering market conditions and inventory balances. Discounts in fleet sales are determined according to company strategies,

market conditions and dealer and customer demands. There is not a standard discount rate.

- (....) stated the following: 3% discount is applied to the sales made to dealers. Based on the annual sales volume, a vehicle purchase term is applied and discounts may be offered for early payments.
- (....) stated the following: There is not a standard discount rate in sales. Discounts may be made considering whether the customer demanding a vehicle has a distribution network (freight, furniture, carpet, soft drink, etc.), whether it has products of different brands, whether it has the potential to affect other customers/potential customers in its neighborhood and its sales volume.
- (....) stated the following: Most of the sales are made by the authorized dealers. Monthly campaign amounts may change according to market conditions. There are not direct sales to fleets, sales are made through dealers. Discounts offered to fleets may change depending on competition conditions in the market, market conditions and customer/procurement demands.
- (....) stated the following: Dealers may obtain additional discounts in some cases to offer more competitive prices especially to customers who give large orders or organize tenders. There are discount types such as cash payment discounts, tax certificate discount, campaigns for customers who purchased (....) brand before and trade-in campaigns. Cash/loan campaigns that are announced monthly to dealers and customers may be made. Customers who reach a certain amount of purchase from (....) group and customers who purchase a certain amount simultaneously and similar sales made under certain conditions are regarded as fleets. Sales as well as discounts in this channel may vary seasonally.
- (....) stated the following: Discounts are arranged according to the market position of (....) brand cars in line with the structure and development of the market. The discount rate is around 3-5% for SMEs compared to retail price. Key customer discount is around 10-16% compared to retail price. Depending on market conditions, additional actions may be offered such as customer loan incentive, trade-in support and cash payment support. There is not a standard discount mechanism. The discounts may vary depending on brand and model.
- (....) stated the following: Basic profit margin and discount rates recommended according to brands vary depending on model, engine and equipment options as well as customer group. Fleet sales are made by the authorized seller and recommended profit margin may change according to volume in fleet sales.

According to the information given, it is understood that distributors mostly or generally make sales through dealers, same sales prices and discounts are applied to the dealers as a general practice; however, additional discounts may be made especially by taking into account the number of vehicles fleet customers demand, the distinction between light commercial vehicles and passenger cars does not play an important role in setting the discounts.

(429) In light of the information given and explanations made above, it is concluded that the publication of recommended list price and recommended campaign price for each model, equipment, transmission type and fuel type play a role in making the sector more transparent. Discounts over 10% are mostly given to fleet customers and the share of fleet sales in total sales is (....)%. In 2023, (....)% and (....)% (respectively for 0-3.5 tons and 3.5-6 tons) of TOFAŞ's light commercial vehicle sales and (....)% and (....)% of STELLANTIS TR's light commercial vehicle sales were made to fleet

channel. For the remaining (.....)% part, the discount rates are not significant. In this sense, publicly announced prices constitute an indication and play a role in increasing transparency. Besides, although the name of the fleet customers are not explicitly given in ODMD Report, undertakings provide monthly fleet sales by classifying them as fleet sale, car rental, leasing and special sales, which increases the transparency in the market.

**c) Information Published by ODMD and OSD**

(430) ODMD was established by the general distributors in Türkiye of motor vehicles such as buses, minibuses, midibuses, trailer tractors, tractors, off-road vehicles, automobiles, trucks, light trucks, and motorcycles, manufactured or commissioned for manufacture by a main producer either domestically or abroad<sup>188</sup> As of 2024, ODMD has 32 members representing 52 international brands. The information shared through ODMD has been examined in various Board decisions, and the findings reached regarding such information are summarized below.

(431) In the decision dated 15.04.2004 and numbered 04-26/287-65, the Board granted negative clearance to the website established by ODMD containing statistical information on the Turkish motor vehicle market on the grounds that considering both the nature of the market and products, and the type of information published on the website, such sharing would not give rise to behaviors coordinating competition among rivals. The decision emphasized that motor vehicles are not homogeneous products and that competition in the market does not rely solely on price. Factors such as quality, effective marketing, responsiveness to changing demand, capability to develop new models, product variety, and the extent of the service network were considered highly important elements of competition in the market.

(432) In the decision dated 14.07.2011 and numbered 11-43/916-285, the Board decided to grant a negative clearance certificate under Article 8 of the Act no 4054 for ODMD's publication of information such as the number of personnel, authorized dealers, and authorized services within brand networks on its website on different dates. However, with respect to the publication of the following data:

- Quarterly data showing the distribution of total passenger and commercial vehicle sales by province,
- Tentative launch schedules of new models planned to be released quarterly,
- Shares of brands in passenger and light commercial vehicle fleet sales classified by buyer groups such as the state, rental companies, taxis, leasing, and private sales

the Board decided that negative clearance could not be granted under Article 8 of the Act no 4054. Nonetheless, it was decided that individual exemption under Article 5 could be granted provided that:

- The provincial data would not include brand, model, or sub-segment breakdowns,
- Launch-related information would not include coordination-inducing details such as recommended or final sales prices, sales strategies, targets, or supply quantities,
- Fleet sales data would not include information about the names of buyers.

(433) Another Board decision related to ODMD concerns an examination under Article 4 of the Act no 4054 of the exchange of future information (such as prices, production, and

<sup>188</sup> [https://www.odmd.org.tr/web\\_2837\\_1/neuralnetwork.aspx?type=18](https://www.odmd.org.tr/web_2837_1/neuralnetwork.aspx?type=18), Accessed 05.06.2024

sales) by members of ODMD and OSD during various meetings held under the association. In the decision dated 09.09.2009, and numbered 09-41/998-225, the Board concluded that sharing information on current market shares, current prices, and general market forecasts did not have the purpose or effect of preventing, distorting, or restricting competition.

(434) As can be seen from the decisions above, the Board examined information shared through ODMD by considering both the market's characteristics and the nature of the data. In the decision dated 14.07.2011, the Board set specific restrictions on which information could be shared for granting negative clearance, particularly regarding provincial data, launch information, and fleet sales figures, since the said information is detected comprehensively.

(435) Currently, the main information published on ODMD's website consists of various reports related to motor vehicles, including:

- Monthly passenger car and light commercial vehicle market evaluation reports,
- Monthly retail sales data for 55 brands<sup>189</sup> (domestic/imported, passenger/light commercial), compiled from distributor data
- Monthly macroeconomic evaluation reports on the Turkish automotive market
- Monthly evaluation reports on the European automotive market<sup>190</sup>,
- Monthly European automotive data compiled from publicly available foreign sources
- Quarterly European commercial vehicle data compiled from publicly available foreign sources,
- Quarterly global automotive data compiled from publicly available foreign sources,
- Monthly reports, since January 2020, prepared by sahibinden.com showing the most frequently listed vehicles and brands in a given month,
- A launch calendar for vehicles to be introduced in 2024, prepared based on distributor information.

(436) ODMD also publishes detailed regional/provincial statistical data on total (domestic and imported) passenger and light commercial vehicle sales and market shares in Türkiye. It is observed that data on domestic/imported and passenger/light commercial vehicle retail sales were shared annually between 2004 and 2009, and monthly from 2010 to 2024. Therefore, the frequency of data publication has increased, and since the most recent data published each month is related to the previous month, the shared information is considered to be current in nature. This conclusion is also supported by the detailed information shared with industry players through ODMD. The said information is given below.

(437) According to the information in the file, ODMD's database shares the following monthly data on passenger and light commercial vehicles:<sup>191</sup>

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<sup>189</sup> Regarding retail sales during 2024 January-May period: Alfa Romeo, Alpine, Aston Martin, Audi, Bentley, BMW, BYD, Chery, Citroën, Cupra, Dacia, DFSK, DS, Farizon, Ferrari, Fiat, Ford, Honda, Hongqi, Hyundai, Isuzu, Iveco, Jaguar, Jeep, Karsan, KG Mobility (SsangYong), Kia, Lamborghini, Land Rover, Leamotor, Lexus, Maserati, Mercedes-Benz, MG, Mini, Mitsubishi, Neta, Nissan, Opel, Peugeot, Porsche, Renault, Seat, Seres, Skoda, Skywell, Smart, Subaru, Suzuki, Tesla, Togg, Toyota, Volkswagen, Volvo.

<sup>190</sup> The date of the last monthly evaluation report on the European automotive market published by ODMD is December 2022.

<sup>191</sup> The titles in the said data base are consolidated and shortened within the scope of the file.

- Brand
- Model
- Equipment
- Manufacturing location
- Body type (Cabrio, Coupe, Hatchback, Sedan, SUV, CDV, MPV etc.)
- Engine type (Gasoline, Diesel, Electric, Hybrid),
- Engine displacement (cc),
- Maximum power (hp),
- Emission control level,
- Transmission type (Automatic, Semi-automatic, Manual, etc.),
- Curb and gross vehicle weight (kg),
- Launch date,
- Model year,
- Sales volumes (e.g., data report for January 2024 includes 2023 annual sales),
- Recommended price (e.g., December 2023 prices in January 2024 report),
- Recommended campaign price (e.g., December 2023 campaign prices in January 2024 report),
- Audio system features (number of speakers, CD player, radio, Bluetooth, navigation, USB input, AUX input, smartphone integration, etc.),
- Display screen features (touchscreen, color display, etc.),
- Body features (roof, doors, spoiler, etc.),
- Brake features (hill-start assist, descent control, etc.),
- Seat features (number, heating, upholstery),
- Air conditioning features,
- Steering features,
- Trunk features (remote control, electric trunk lid, etc.),
- Parking systems (parking sensors, rear-view camera, parking assist, etc.),
- Headlight features,
- Tire and rim features,
- Air bag features,
- Cruise control systems.

(438) It is understood that the reports shared monthly with member distributors via ODMD contain detailed specifications of passenger and light commercial vehicles. Therefore, ODMD's datasets provide undertakings with a degree of market transparency that could potentially allow them to gain insights into their competitors' market positions.

(439) Similar to ODMD's reports, the Automotive Manufacturers Association (OSD) also publishes various motor vehicle-related reports on its website, including:

- Monthly evaluation reports on the automotive market,
- Annual automotive industry production bulletins,
- Annual global automotive sector evaluation reports,
- Annual statistics including manufacturing locations, capacities, and production volumes of undertakings producing vehicles in Türkiye.

(440) Based on the above information, although the data shared by ODMD and OSD appears to be historical, the content, scope, frequency, and recency of these data indicate that information sharing through ODMD and OSD contributes to market transparency and could thereby lead to the formation of a common understanding among market players.

**v) The Evaluation of Reaching a Common Understanding about Terms of Coordination and Sustainability of Coordination**

(441) Some market structures may make it possible, economically rational, and hence preferable for undertakings operating in that markets to adopt on a sustainable basis a behavior pattern aimed at making sales at increased prices. Mergers realized in such markets may strengthen undertakings' tendency to coordinate their market behavior or make the current coordination stronger for undertakings which were already coordinating their behavior before the merger. In this scope, the relations between the undertakings, market structure, historical behavior and transparency factors in the market are examined in detail in terms of whether the merger will lead to coordination under previous sections. This section addresses whether the three conditions listed in the Horizontal Guidelines to establishing and maintaining coordination are met in the markets for the manufacture and sale of light commercial vehicles with a gross weight of up to 3.5 tons and between 3.5 and 6 tons.

(442) In light of the explanations in the previous sections, the market conditions are favorable for reaching a common understanding about terms of coordination. With the transaction, not only the market share but also the number of brands distributed by one of the undertakings which have structural links will increase, but the number of players in the market will decline in both light commercial vehicles markets. The very high transparency level in the market is demonstrated in previous Board decisions, mainly in FCA/PSA decision as well as this file. In addition to the conditions of the market, the notified transaction may lead to risk of exchanging information and increase transparency, given the market power of undertakings with a structural link. In the FCA/PSA decision, it was determined that "*With the transaction, the symmetry between the undertakings that are structurally linked will increase in terms of their market shares and production capacity, and considering that light commercial vehicles with a gross weight of 0-3.5 tons are produced domestically only by TOFAŞ and FORD OTOSAN, the incentive for the parties to reach a common understanding, particularly through means such as supply coordination or market sharing, may increase.*" To eliminate this risk, certain behavioral commitments were obtained under the transaction subject to that decision, aimed at ensuring confidentiality and preventing coordination risks between TOFAŞ and FORD OTOSAN. However, with the transaction subject to the current file, in the resulting concentrated market structure, it can be stated that the transaction may facilitate reaching an understanding related to coordinated conduct. Although there are behavioral commitments to eliminate the coordination risk between the undertakings that are structurally linked many factors increase the possibility of reaching an understanding related to coordinated conduct. Those factors include the following: The market structure is already transparent. KOÇ HOLDİNG has right of control over TOFAŞ and FORD OTOSAN, which are the biggest players in the market. Koç Family members are members of the board of directors in those undertakings. The symmetry among undertakings in the market, especially between TOFAŞ and FORD OTOSAN, which play a major role in the domestic production of light commercial vehicles.

(443) According to the Horizontal Guidelines, coordination is sustainable under the following conditions:

- i) The coordinating undertakings must be able to monitor to a sufficient degree whether the terms of coordination are being adhered to.
- ii) Second, there must be some deterrence mechanism that will be activated if deviation from coordination is detected.
- iii) The outsiders, such as current and future competitors that are not within the scope of the coordination, as well as customers, should not be able to jeopardize the results expected from the coordination.

(444) Regarding the first condition, the relevant market must be sufficiently transparent to allow the coordinating undertakings to monitor to detect those deviating from the common strategy and to retaliate in time if necessary. Thus, the first point to be noted is the structural relation between one of the transaction parties TOFAŞ with FORD OTOSAN, a strong competitor due to its market position. As explained above, the behavioral commitments given to remove the functionality of the structural link under the scope of the transaction subject to *FCA/PSA* decision are still valid. However, as mentioned in detail under "The Structural Link between TOFAŞ and FORD OTOSAN", there are certain links between the undertakings concerned that strengthens the coordination risk. The nature of the transaction requires a new evaluation about the said links according to current conditions. Indeed, this structural link, which manifests as interconnected management through the third-party shareholder Koç Family and KOÇ HOLDING, may constitute one of the key elements that could strengthen the market monitoring mechanism by providing the parties, particularly with respect to their competitors, access to each other's strategic commercial information. Secondly, as established in the Board's decision dated 17.08.2023 and numbered 23-39/723-247, the list prices publicly shared on platforms, the fact that end consumers use price information as a bargaining tool and convey it between dealers, the availability of capacity and capacity utilization rates in OSD reports, and the detailed, up-to-date, and monthly information on various market segments shared by ODMD and OSD all play a significant role in ensuring that the sector maintains a transparent structure. Furthermore, the fact that only a few undertakings operate in the markets examined, the limited product differentiation in the light commercial vehicle market compared to passenger cars, the stable and predictable nature of demand, and the unlikelihood that current technological developments will affect the market in a way that changes these assessments in the short term, all support the conclusion reached in earlier sections of this analysis that the market has a structure enabling monitoring mechanisms. In this regard, it is concluded that the first condition for the sustainability of coordination is met in both light commercial vehicle markets.

(445) According to the second condition, sustainability of the coordination among competitors depend on the credibility of the retaliation mechanism that can be activated by other undertakings against those deviating from coordination. The Horizontal Guidelines state that the speed at which deterrence mechanisms can be executed and therefore their credibility is essentially related to transparency. The risk of sharing competitively sensitive information between the two undertakings, which will have more symmetric market shares and may reach market leadership positions following the transaction, arising from their indirect links and the reduction in the number of players in the market -thus moving toward an oligopolistic structure could allow undertakings' behaviors to be monitored without significant delay, thereby making deterrence mechanisms faster and more credible. The fact that the market is not characterized by infrequent and large-volume orders, and that there is no buyer with significant buyer power for whom cooperation among suppliers would be

advantageous, also means that the gains from deviation would not be substantial. The transparency of the market enables undertakings to observe each other's behavior on a monthly and even shorter basis. In addition, according to the Horizontal Guidelines, when the coordinating firms have commercial interaction in other markets, it will be possible to apply various methods of retaliation. It is known that not only the merging parties but also their rivals compete with each other in both passenger cars market and light commercial vehicles market as well as their downstream markets. Therefore, the existence of multi-market contact is also significant in terms of satisfying the second condition.

(446) The success of the coordination with respect to the third condition will depend on the condition that the actions of non-coordinating undertakings and potential competitors, as well as customers, do not jeopardize the outcome expected from coordination. It is considered that, in addition to increasing market concentration, the increase in the market share of one of the undertakings that are structurally linked following the notified transaction under review may also enhance the symmetry between these undertakings, thereby strengthening their incentive to engage in coordination.

(447) In view of the potential coordination that could be established and maintained through the exchange of strategic information between the undertakings that are structurally linked following the planned transaction, the fact that the remaining undertakings maintain low market shares, a limited number of models, and models with low consumer preference over the years indicates that their ability to play a disruptive role against potential coordination would be limited. Considering also that the structurally linked undertakings play a leading role in the domestic production of light commercial vehicles, that rival undertakings do not have the ability to secure supply in the short term in a manner that could disrupt potential coordination given vehicle supply times and that there is no countervailing buyer power in the relevant market, it is concluded that the third condition is fulfilled.

(448) In light of the assessments set out above, it is concluded that, with the notified transaction, all three conditions required for the sustainability of coordination in the relevant market are present; and that the transaction may, through its coordination-inducing effects, restrict effective competition in both *the market for light commercial vehicles with a gross weight of 0–3.5 tons and the market for light commercial vehicles with a gross weight of 3.5–6 tons*.

### **G.5.3. Evaluation of Written Opinions**

#### **G.5.3.1. Opinions related to the Nature of the Transaction**

##### **The Argument that the Transaction Does Not Lead To An Increase In Market Shares Or Concentration Actually In Any Market In Türkiye**

(449) During the discussion process for the notified transaction, the parties stated that as an alternative method (.....), this would result in employee dismissals in STELLANTIS TR, they plan to carry out the transaction through the acquisition of shares so as to prevent consequent grievances of STELLANTIS TR employees as well as due to certain commercial and legal priorities. Within this scope, (.....) if realized through an alternative method, a transaction that would not be subject to the authorization of the Board has been taken under final examination.

(450) Additionally, it is stated that the overlaps arising from the transaction are merely theoretical, that these overlaps and the increases in market shares were already examined by the Board in the FCA/PSA decision, and that the relevant concentration

was approved and has in practice already materialized. Given this, the question has been raised as to how the current transaction could be regarded as creating a new concentration. Furthermore, it is argued that the brands distributed by both TOFAŞ and STELLANTIS TR belong to STELLANTIS, and that the fundamental commercial strategies of these brands are ultimately determined by the same company. Therefore, assuming that STELLANTIS TR would, in any event, exert a competitive pressure on TOFAŞ similar to that of an independent third-party company would amount to an assessment inconsistent with economic reality. In this framework, it is asserted that the transaction would not, in essence, lead to an increase in market share; that the Board, within the scope of the current file, is in effect reassessing the overlaps from a transaction it has already approved; and that the notified transaction should not be used as a means to reconsider the compatibility of the *FCA/PSA* decision, but rather should be evaluated solely in terms of the new effects arising as a result of the transaction. It is also stated that the transaction would not have an impact on inter-brand competition and, at most, could give rise to a minimal effect within a single brand.

#### **Evaluation:**

(451) Article 5 of the Communiqué no 2010/4 states “*a) a merger by two or more undertakings or b) the acquisition of direct or indirect control over all or part of one or more undertakings by one or more undertakings or by one or more persons who currently control at least one undertaking, through the purchase of shares or assets, through a contract or through any other means shall be considered a merger or an acquisition within the scope of article 7 of the Act, provided there is a lasting change in control.*” In the third paragraph of the Guidelines on Cases Considered As a Merger or an Acquisition and the Concept of Control, it is stated that the main factor in accepting a case as a merger or an acquisition is the permanent change in the control of the undertaking. Thus, a transaction leading to a permanent change in control is subject to the authorization of the Board if the thresholds set in article 7 of the Communiqué no 2010/4 are exceeded. As explained under the heading “The Assessment of the Nature of the Transaction”, the notified transaction makes a permanent change in the form of shifting from single control to joint control in the structure of STELLANTIS TR. At this point, whether the transaction will lead to a real increase in market share or concentration will not change the fact that it is subject to authorization by nature. Accordingly, it is an acquisition within the framework of the principles listed in article 5 of the Communiqué no 2010/4 and subject to authorization since the thresholds stated in article 7(1)(b) of the same Communiqué are exceeded.

#### **G.5.3.2. Opinions About The Market for the Manufacture and Sale of Passenger Cars**

##### **The Argument That the Relevant Market Should be Defined on a Segment Basis**

(452) TOFAŞ stated that in the Board’s recent decisions<sup>192</sup> concerning transactions between automotive companies, the relevant markets were defined as either the “market for new passenger cars” or the “market for the manufacture and sale of passenger cars,” and that there is no circumstance in the current case that would require the determination of a relevant product market different from the Board’s established precedent. In this context, it is emphasized that TOFAŞ and STELLANTIS TR are not undertakings exerting competitive pressure on each other through different brands, as the brands sold by both parties belong to STELLANTIS. Therefore, it is asserted that

<sup>192</sup> Board decisions dated 30.12.2020 and numbered 20-57/794-354, dated 01.06.2017 and numbered 17-18/269-115, dated 04.08.2016 and numbered 16-26/445-201.

the transaction could not give rise to any competition concerns under any market definition.

**Evaluation:**

(453) As explained above under the section titled “Relevant Market,” in order to fully assess the competitive effects of the transaction, the potential impacts of the transaction have also been examined with respect to the sub-segments of the passenger car market. However, based on the information obtained within the scope of the file and in light of previous Board and Commission decisions, the relevant product markets are defined as “*the market for the manufacture and sale of passenger cars*,” “*the market for the production and sale of light commercial vehicles with a gross weight of up to 3.5 tons*,” and “*the market for the production and sale of light commercial vehicles with a gross weight between 3.5 and 6 tons*.”

**The Argument that the Transaction Would not Result in Significant Lessening of Efficient Competition in the Market for Passenger Cars on a Segment Basis**

(454) It is stated by the parties that STELLANTIS had no sales in Türkiye in the A, E, F and S segments during 2020, 2021, 2022, and the first eleven months of 2023; therefore, no overlap would occur in these segments, and the transaction would not give rise to any competitive concerns in these market segments<sup>193</sup>. The explanations on the possible effects of the competition are as follows:

- The increases in the market shares of the parties in the B-segment passenger car market in 2022 and 2023<sup>194</sup> were limited<sup>195</sup>; although STELLANTIS TR's market share in the B-segment was around (....)%, TOFAŞ's market share in the same segment had been steadily declining since 2020 (respectively (....)%, (....)%, (....)%); the HHI levels in the B-segment did not lead to concerns, and the change in the HHI remained below the threshold defined in the Horizontal Guidelines<sup>196</sup>.
- In the C-segment passenger car market, the total market share of the STELLANTIS brands distributed by TOFAŞ and STELLANTIS TR consistently remained below 40%, except for 2022, when the combined market share of the undertakings in the C-segment reached (....)%. However, this exception did not reflect the true dynamics of the market, as it was mainly driven by TOFAŞ's launch of the automatic transmission Egea Cross model in 2022. Furthermore, STELLANTIS TR's market share in 2023 was around (....)%, and therefore, the market share increase in the C-segment following the transaction would be limited to approximately (....)%.
- The C segment constitutes the largest segment in the Turkish passenger car market and has a highly competitive structure, with Volkswagen Group and Renault Group holding market shares similar to that of STELLANTIS TR since 2018.

<sup>193</sup> The parties stated that ODMD does not collect a separate data for J (SUV) segment, it included the sale of SUV cars in the relevant passenger car segment after classifying according to their size; in addition, since ODMD started to accept M type passenger cars as light commercial vehicles as of 2020, M segment car sales are demonstrated under the scope of light commercial vehicles.

<sup>194</sup> Explanations regarding 11 month-data for are included for 2023.

<sup>195</sup> TOFAŞ states that the increase in the total market shares of the parties in the first eleven months of 2023 in the market for B-segment passenger cars is (....)% compared to the previous year.

<sup>196</sup> According to the information submitted by TOFAŞ, depending on the calculations made by using the market share data pertaining to the first eleven months of 2023, pre-transaction HHI is 2,177.8 and post-transaction HHI is 2,220 whereas the change in HHI is 43.

- Both under the legislation and the Board's case law, undertakings with market shares below 40% are generally considered unlikely to hold a dominant position.
- C-segment models have been under pressure from especially B-segment models in recent years; while the C segment contracted during 2020–2022, the B-segment grew steadily<sup>197</sup>. The fact that some C-segment customers shifted to the B segment indicates inter-segment competition and shows that consumers perceive B-segment vehicles as alternatives to C-segment models.
- The Parties' product portfolios were not close substitutes. Indeed, in the FCA/PSA decision, the Board had concluded that the PSA models sold by STELLANTIS TR in Türkiye were not close competitors to the FCA models sold by TOFAŞ. Fiat Egea was the strongest among FCA's C-segment models, which are under TOFAŞ's portfolio. According to 2022 NCBS data, PSA models were viewed as alternatives to Fiat Egea at a very low rate. The same data also showed that vehicles in the B, C, and D segments were preferred by customers as alternatives to the C-segment Fiat Egea<sup>198</sup>.
- The General Court's 2020 *CK Telecoms* decision<sup>199</sup> held that, to establish a significant reduction of competition, it is not sufficient merely to demonstrate that the merging parties are relatively close competitors in certain segments.
- STELLANTIS TR is not a close competitor of TOFAŞ in the C segment, and brands other than STELLANTIS — namely Renault, Dacia, Toyota, and Volkswagen — ranked among the ten best-selling passenger car models in the C segment in Türkiye between 2020 and 2023 (November). Among the brands sold by STELLANTIS TR, only Peugeot appeared in this list, by a single model (Peugeot 3008).
- TOFAŞ's presence in the D segment in Türkiye was limited (market share of (....) % for the first eleven months of 2023), and the market share increase resulting from the transaction in this segment would be around % (....) and thus insignificant. HHI levels calculated for the first eleven months of 2023 supported this finding<sup>200</sup>. Moreover, Volkswagen Group was the leading player in this segment with a market share of (....)%, followed by BMW with (....)%. Daimler Group (Mercedes) operates in this segment with (....)% market share in 2023. Accordingly, the transaction would not cause any significant increase in market shares in the D segment, and global OEMs would continue to exert competitive pressure after the transaction.

It was therefore asserted that the transaction would not result in a significant lessening of effective competition in the market for the manufacture and sale of passenger cars or in any of its sub-segments. The issues raised by the parties were analyzed in detail under the section titled “The Transaction's Impact on The market for the Manufacture and Sale of Passenger Cars” and it was concluded that the transaction raises competitive concerns in relation to passenger cars.

<sup>197</sup> It is stated that the main reason for this is the enforcement of European Emission Standards known as Euro 6D at the beginning of 2021; this regulation raised car prices, leading to a termination of some of the best-selling models in the C segment.

<sup>198</sup> According to 2022 NCBS data, the first five ranks in terms of the rates of being regarded as an alternative to Fiat Egea by customers are as follows: Toyota Corolla-Altis with (....)%, ile Renault Megane with (....)%, Hyundai i20 with (....)%, Renault Clio with (....)%, Honda Civic with (....)%.

<sup>199</sup> CK Telecoms UK Investments Ltd. decision numbered T-399/16.

<sup>200</sup> According to the information submitted by TOFAŞ, depending on the calculations made by using the market share data pertaining to the first eleven months of 2023 in D segment, pre-transaction HHI is 1,175 and post-transaction HHI is 1,176.84 whereas the change in HHI is 1.84.

### **G.5.3.3. Opinions about the market for the manufacture and sale of light commercial vehicles**

#### **The Argument that the Transaction Would not Result in Significant Lessening of Efficient Competition in the Market for Light Commercial Vehicles Between 3.5 and 6 Tons**

(455) Regarding the market shares of TOFAŞ in the market for light commercial vehicles between 3.5–6 tons, it is stated that TOFAŞ's sales volume amounted to (....) units in 2020, (....) units in 2021, (....) units in 2022, and (....) units in the first eleven months of 2023; and that its market share for the years 2020, 2021, 2022, and 2023 was respectively (....)%, (....)%, (....)%, and (....)%. STELLANTIS TR's sales volume was reported as (....) units in 2020, (....) units in 2021, (....) units in 2022, and (....) units in the first eleven months of 2023; with market shares of (....)%, (....)%, (....)%, and (....)% for those years. Accordingly, the combined market shares of STELLANTIS TR and TOFAŞ in the relevant years were (....)%, (....)%, (....)%, and (....)% respectively. In addition, it was stated that TOFAŞ's market share was higher than usual in 2023 thanks to vehicle availability issues; that TOFAŞ sells the Fiat Ducato model in the relevant segment; and that, since this vehicle is imported, its supply cannot not be maintained on a regular basis.

(456) TOFAŞ stated that, according to market data for the first eleven months of 2023, the pre-transaction HHI value was calculated as 3,196, the post-transaction HHI value as 3,360 and the change in the HHI value as 164. HHI figures indicate that the level of concentration in the 3.5-6 ton segment of the market would not change significantly as a result of the transaction. In addition, it was noted that TOFAŞ has strong competitors in the 3.5-6 ton light commercial vehicle segment, such as FORD OTOSAN and Daimler. FORD OTOSAN's market share in the 3.5-6 ton light commercial vehicle segment was reported as (....)% of 2023 (first 11 months, while Daimler's market share for the same period was (....)%. As a result, it was argued that no competitive concerns would arise from the transaction in the market for light commercial vehicles with a gross weight between 3.5 and 6 tons.

(457) The matters raised by the party were examined in detail in the section above titled "Effects of the Transaction on the Light Commercial Vehicles Market."

#### **The Argument that the Transaction Would not Result in Significant Lessening of Efficient Competition in the Market for Light Commercial Vehicles Between 0 And 3.5 Tons In Terms Of Unilateral Effects**

(458) TOFAŞ made the following statements regarding the view that the transaction would not result in a significant lessening of effective competition in the market for light commercial vehicles between 0 and 3.5 tons in terms of unilateral effects:

- A table showing the market shares in the market for light commercial vehicles between 0 and 3.5 tons was provided. In this context, it was stated that TOFAŞ's and STELLANTIS TR's market share levels in 2023 were driven by extraordinary factors and that this increase did not reflect the normal course of the market or its competitive dynamics. It was further indicated that, apart from 2023, the combined market share of TOFAŞ and STELLANTIS TR generally remained within the (....)% range. Similarly, FORD OTOSAN maintained a market share exceeding (....)%, which was close to the combined market share of the STELLANTIS brands distributed by TOFAŞ and STELLANTIS TR; that there were significant market share fluctuations in 2023, during which the

combined market share of TOFAŞ and STELLANTIS TR increased considerably compared to their competitors.

Table 66: Sales Figures and Market Shares in the Market for Light commercial vehicles between 0 and 3.5 tons<sup>201</sup>

Undertaking	The amount of sales				Market shares (%)			
	2020	2021	2022	2023	2020	2021	2022	2023
TOFAŞ	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)
STELLANTIS TR	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)
TOFAŞ+STELLANTIS TR	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)
Ford	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)
Volkswagen Group	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)
Renault Group	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)
Toyota	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)
Daimler	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)
Other	(....)	(....)	(....)	(....)	(....)	(....)	(....)	(....)
Total	152,319	166,601	182,864	222,123	100	100	100	100

Source: Data provided by TOFAŞ.

- Although there was an increase in market shares in 2023, it was argued that this situation did not indicate the existence of market power, the combined market share of the parties remained below 50%, and that FORD OTOSAN exerted competitive pressure on the parties with its market share of (....)%.
- The following was stated: The decrease in FORD OTOSAN's market share in 2023 was said to stem from certain disruptions in the production process, and it was expected that FORD OTOSAN's market share would increase once these issues were resolved. In this context, supply problems related to one of FORD OTOSAN's best-selling models, (....), were expected to be eliminated, and the availability issue that arose in the first half of 2023 due to the insufficient supply of the (....) model to Türkiye had already been resolved. Furthermore, with the introduction of a new-generation van model to be produced at FORD OTOSAN's Yeniköy plant, FORD OTOSAN's market share in the relevant segment was expected to increase significantly as of 2024.
- It was emphasized that the light commercial vehicle market is highly competitive, and that any market share losses experienced by FORD OTOSAN are redistributed among other brands; while Volkswagen recorded significant market share gains in January 2023, brands distributed by TOFAŞ achieved strong market share growth in October and November 2023.
- It was argued that STELLANTIS TR is not TOFAŞ's closest competitor in the 0–3.5 ton light commercial vehicle segment, and that Toyota, Volkswagen, and Renault-Nissan-Mitsubishi (including Dacia models) have well-known and popular light commercial vehicle models preferred by customers in Türkiye. These models consistently rank among the top-selling models, and this remained true even in 2023, when STELLANTIS TR achieved a market share well above its normal performance. In this regard, it was stated that there are several global OEMs exerting strong competitive pressure on the merged entity, that the transaction would not reduce the number of OEMs operating in the

<sup>201</sup> 2023 data cover the first eleven months.

market, and that the parties would continue to face intense competitive pressure from these OEMs after the transaction.

- It was also indicated that TOFAŞ plans (.....), that the production of the Fiat Doblo -holding a market share of (.....)% in the light commercial vehicles market in 2022- was discontinued in Türkiye in June 2023 and shifted to imports, and that (.....) TOFAŞ would continue to operate in the same market only with the (.....) model. This situation was expected to cause a significant decrease in TOFAŞ's market share, particularly due to (.....).
- The following arguments are made: Given the existence of strong competitors with significant market shares in the 0-3.5 ton light commercial vehicle segment, the transaction would not affect the competitive structure of the market, and thus these undertakings would continue to exert competitive pressure on TOFAŞ. In this respect, global competitors such as FORD OTOSAN, Volkswagen Group, and Renault Group would continue to operate in the market and maintain competitive pressure on TOFAŞ following the transaction. The transaction would not affect the competitive structure between brands in the market. It was also emphasized that the number of competitors in the market has increased since 2020, that Toyota effectively entered the market as a result of the commitments given in the EU following the FCA/PSA merger, and that Toyota's ability to achieve a market share of around (.....) % in a short time as a new entrant demonstrates the market's openness to entry.
- It was noted that several new model launches are expected in the 0-3.5 ton light commercial vehicle market in the near future, and that FORD OTOSAN is expected to maintain its strong position in the market with the launch of the new Ford Courier model planned for 2024. With the ensured availability of Volkswagen's automatic transmission Caddy model, total market sales are also expected to increase. Additionally, HYUNDAI is expected to raise its market share with its Staria model, while Renault Group is expected to continue its competitive activities in the market with the launch of the new Renault Trafic and its electric version in 2024.

(459) The matters raised were examined in detail in the section above titled "Effects of the Transaction on the Light Commercial Vehicles Market."

**The Argument that the Transaction Would not Result in Significant Lessening of Efficient Competition in the Market for Light Commercial Vehicles Between 0 and 3.5 Tons in Terms Of Coordinated Effects**

(460) TOFAŞ made the following statements regarding the view that the transaction would not result in a significant lessening of effective competition in the market for light commercial vehicles between 0 and 3.5 tons in terms of coordinated effects:

- It was stated that FORD OTOSAN is a completely independent player from TOFAŞ, and that the cross-shareholding structure of KOÇ HOLDING does not raise any competitive concerns in light of the commitments submitted within the scope of the FCA/PSA merger, the parties are subject to competitive pressure from FORD OTOSAN in *the market for light commercial vehicles between 0 and 3.5 tons*.
- It was emphasized that the members of the Boards of Directors of TOFAŞ and FORD OTOSAN are different, and that, pursuant to the commitments submitted by KOÇ HOLDING within the scope of the FCA/PSA merger, no person serving as a member of TOFAŞ's Board of Directors may be appointed to the Board of

Directors of FORD OTOSAN, and vice versa; thus, there would be no overlap in this regard.

- In addition, it was stated that under the “Confidentiality Policy Regarding Competitively Sensitive Information for Members of Tofaş Board of Directors,” TOFAŞ’s Board members recognize FORD OTOSAN as a competitor and undertake not to share competitively sensitive information with competitors. The same policy also stipulates that, when TOFAŞ Board of Directors members must report to the shareholder who appointed them, such reports may only be shared with the relevant shareholder after taking appropriate measures to prevent the disclosure of competitively sensitive information to any rival company belonging to the same shareholder group. Furthermore, it was noted that TOFAŞ provides its employees with competition law training on a regular basis, continues to do so, and conducts annual audits within this framework.
- It was stated that TOFAŞ and FORD OTOSAN have separate facilities, separate IT systems, and separate operational management structures. In this context, mechanisms are already in place to prevent the exchange of competitively sensitive information between the two undertakings due to KOÇ HOLDING’s cross-shareholding, and these mechanisms were further reinforced by the commitments submitted within the scope of the FCA/PSA decision.
- It was emphasized that, due to the competitive characteristics of the light commercial vehicles market, the likelihood of coordinated effects arising in this market is low, which was also noted by the Commission in its *Peugeot/Opel* decision<sup>202</sup>.
- The following arguments are made: Both the passenger car and light commercial vehicles markets comprise heterogeneous products, and competition occurs not only in terms of price but also across numerous parameters such as brand image, comfort, safety, aesthetics, fuel efficiency, innovation, and service network coverage. With additional factors specific to light commercial vehicles, the environment becomes even more complex. Considering that the transaction would not reduce the number of OEMs and brands active in either the passenger or commercial vehicle markets, the transaction would not alter the competitive and dynamic structure of the market.
- It was stated that paragraph 51 of the Horizontal Guidelines stipulates that establishing coordination is more difficult in markets with multiple players and differentiated products, in the *Demirdöküm/Vaillant* decision<sup>203</sup>, the Board explained that for coordination to occur, the market and demand must have stabilized, and a homogeneous product must exist.
- It was noted that KOÇ HOLDING has been a shareholder in both TOFAŞ and FORD OTOSAN since their establishment, and that its partnerships with FORD OTOSAN and FCA (subsequently STELLANTIS, following the FCA/PSA merger) date back many years, the Board has never concluded that this structure resulted in coordination between the two companies; on the contrary, the Board has consistently regarded TOFAŞ/FCA and FORD OTOSAN as competitors.<sup>204</sup>

<sup>202</sup> Commission decision dated 05.07.2017 and no Case M.8449

<sup>203</sup> Board decision dated 21.08.2007 and numbered 07-65/804-299.

<sup>204</sup> Board decisions dated 07.12.2011 and numbered 11-60/1559-552, dated 28.02.2019 and numbered 19-10/115-46, dated 18.04.2011 and numbered 11-24/464-139, dated 31.01.2013 and numbered 13-08/93-54, dated 24.12.2015 and numbered 15-45/755-277.

- It was stated that the commitments submitted within the scope of the FCA/PSA transaction<sup>205</sup> were considered sufficient by the Board to prevent any potential coordination risk between TOFAŞ and FORD OTOSAN. Moreover, KOÇ HOLDİNG extended the confidentiality commitment letter, which is within the scope of the commitments offered under FCA/PSA transaction, and required employees working in all relevant departments to sign it. In addition, FORD OTOSAN and TOFAŞ representatives will not be allowed to attend the meetings organized under the scope of KOÇ HOLDİNG's practices within the holding where competitively sensitive information might be discussed. Furthermore, it was emphasized that TOFAŞ and FORD OTOSAN are both publicly traded companies, and that the members of their boards of directors and executives are subject to the provisions of Capital Markets Law No. 6362. Accordingly, individuals who possess inside information are obliged to maintain confidentiality, and any disclosure of such information to third parties in violation of the relevant capital market regulations may result in the imposition of sanctions defined under those regulations.
- It was also noted that FORD OTOSAN's other shareholder, FORD, and STELLANTIS are competitors not only in Türkiye but also globally. Therefore, any potential coordination between FORD OTOSAN and TOFAŞ would give rise to accountability concerns vis-à-vis each company's respective global partner, which are direct competitors on a worldwide scale.
- In conclusion, based on the explanations set out above, it was asserted that the transaction would not have any adverse effects on competition in the market, that the risk of coordination between TOFAŞ and FORD OTOSAN has been eliminated under the commitments submitted in the FCA/PSA transaction, and that the transaction would not, in any case, facilitate potential coordination in the market.

(461) These matters are examined in detail in the section titled "The Structural Link Between TOFAŞ and FORD OTOSAN."

#### **G.5.4. The Commitments Offered Within the Scope of the File**

(462) As explained in detail in the "Stages of the File Section", during the final examination process, KOÇ HOLDİNG and TOFAŞ submitted commitments which entered the Authority records with the letters dated 10.06.2024 and numbered 52839 and dated 25.06.2024 and numbered 53231 (First Commitment Packages). The Board discussed the said commitments in its meeting on 24.10.2024 and took the decision numbered 24-43/1027-M that the commitments submitted by the applicants are not sufficient for the authorization of the transaction. In the following stages of the final examination process, the letter including KOÇ HOLDİNG's commitments entered the Authority records on 18.04.2025 with the number 66630 whereas the revised final text of the commitments submitted by TOFAŞ before within the scope of the final examination entered the Authority records on 18.04.2025 with the number 66629 (The Second Commitment Packages).

(463) First, the content of the First Commitment Packages and the Board decision concerning those will be presented. Then the Second Commitment Packages offered by the undertakings and the evaluation thereof will be provided below.

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<sup>205</sup> Board decision dated 30.12.2020 and numbered 20-57/794-354, paragraph 497.

#### **G.5.4.1. The First Commitment Packages Submitted by TOFAŞ and KOÇ HOLDİNG**

##### **G.5.4.1.1. The First Commitment Package Submitted by TOFAŞ**

(464) The commitments submitted by TOFAŞ under the scope of the First Commitment Package are as follows:

###### **The Commitments related to the Structure of the Board of Directors**

- (i) Within the framework of the commitments that became binding through the Board's decision dated 30.12.2020 and numbered 20-57/794-354, KOÇ HOLDİNG undertook not to appoint any person who is a member of the Board of Directors of TOFAŞ to the Board of Directors of FORD OTOSAN, nor to appoint any person who is a member of the Board of Directors of FORD OTOSAN to the Board of Directors of TOFAŞ, and has certificated that to the Authority that it has fulfilled this commitment. Expanding this commitment and subject to paragraph (i) under the heading "Duration of the Commitments Submitted by TOFAŞ", TOFAŞ undertakes that, from the closing of the transaction onwards, as long as any member of the Koç Family serves on the Board of Directors of FORD OTOSAN, the Board of Directors of TOFAŞ shall be constituted in such a way that it does not include any member of the Koç Family.
- (ii) TOFAŞ, subject to paragraph (i) under the heading "Duration of the Commitments Submitted by TOFAŞ", undertakes that the membership of the Koç Family members serving on the Board of Directors of TOFAŞ at the time of the transaction closing date shall be terminated within thirty (30) business days following the closing of the transaction.

###### **Commitments related to Confidentiality Policies**

- (i) Within the framework of the commitments that became binding through the Board's decision dated 30.12.2020 and numbered 20-57/794-354, TOFAŞ has established a confidentiality policy applicable to all TOFAŞ employees who have access to competitively sensitive information, setting out the measures to be taken for the protection of such information. This confidentiality policy, in summary, defines competitively sensitive information, imposes an obligation not to share TOFAŞ's competitively sensitive information with competing undertakings, and specifically includes a statement that, since FORD OTOSAN is a competitor of TOFAŞ, competitively sensitive information must not be shared with FORD OTOSAN or its employees. TOFAŞ, going beyond the relevant commitments, has communicated and had this confidentiality policy signed not only by TOFAŞ employees who have access to competitively sensitive information, but by all TOFAŞ employees. Following the closing of the transaction and the subsequent merger process, TOFAŞ undertakes to continue this practice in order to demonstrate its diligence on this matter, to remind its employees of the policy, covering all TOFAŞ employees including those hired in the intervening period, STELLANTIS TR employees who will become TOFAŞ employees, and members of the TOFAŞ Board of Directors.
- (ii) Within the framework of the commitments that became binding through the Board's decision dated 30.12.2020 and numbered 20-57/794-354, TOFAŞ ensures that its employees who are currently involved in the provision, receipt, and processing of competitively sensitive information receive annual competition law training explaining their responsibilities regarding the protection of such information and the prohibition on disclosing it to third parties, including

competitors. To reinforce this commitment, such training will be designed and coordinated to also cover topics including joint control, single economic entity, competition law sensitivities concerning the exchange of competitively sensitive information, and, in this context, the fact that holding cross-shareholdings granting control rights in multiple joint ventures active in the same market may render those joint ventures competitors of one another under the Act no. 4054 and the relevant secondary legislation. In addition, TOFAŞ will ensure that these training sessions are also provided to the members of the TOFAŞ Board of Directors.

#### **Commitments related to the Car Rental Market**

- (i) TOFAŞ undertakes that, following the closing of the transaction and with respect to the car rental market, it will not apply any discriminatory conditions, including but not limited to price, term and payment conditions, or ease of access to vehicles, in favor of OTOKOÇ, a company within the Koç Group, or its vehicle rental brands Avis, Avis Filo, and Budget, vis-à-vis their competitors in the rental market. This commitment shall also remain valid for any car rental companies or brands that may subsequently be established from scratch within the Koç Group and/or acquired or joined through mergers or acquisitions after the completion of the transaction.

#### **Commitments related to the Structure of the Dealership Network**

- (i) Fiat (and Fiat Professional), Ford, and STELLANTIS TR brands (Peugeot, Citroën, and Opel) shall be sold in separate showrooms/facilities. There shall be a minimum distance of one (1) kilometer in the same direction between the relevant showrooms/facilities. Peugeot, Citroën, and Opel brands may continue their dealerships within the same facility or in adjacent facilities without being subject to the one (1) kilometer distance requirement, and new dealerships may be established within this framework.
- (ii) Following the closing date of the transaction, vehicle sales dealers that are part of and/or will be admitted to the distribution network shall not simultaneously sell, within the same or adjacent facilities, light commercial vehicles belonging to the Fiat (and Fiat Professional) brand, the Ford brand, and any of the Peugeot, Citroën, or Opel brands.
- (iii) The following cases shall constitute exceptions to these commitments:
  - a. After the closing date of the transaction, TOFAŞ may grant dealership, limited to passenger cars, for only one of the Peugeot, Citroën, or Opel brands, in addition to the Fiat (and Fiat Professional) brand, to vehicle sales dealers that are currently part of, or will be admitted to, the distribution network within the same facility or in adjacent facilities.
  - b. Dealers that currently hold dealership authorizations for Fiat (and Fiat Professional) and more than one of the Peugeot, Citroën, and Opel brands (as listed in Annex-1<sup>206</sup>) shall not be considered in breach of the commitments as long as they continue with their existing brands.
  - c. Dealer candidates that have already signed preliminary dealership agreements for the Peugeot, Citroën, and Opel brands (as listed in Annex-2<sup>207</sup>) shall not be considered in breach of the commitments as long as they continue with their existing brands.

<sup>206</sup> (.....)

<sup>207</sup> (.....)

- d. Dealers listed in Annex-3<sup>208</sup>, which currently sell the Ford brand simultaneously with one or more of the Fiat (and Fiat Professional), Peugeot, Citroën, or Opel brands, shall not be considered in breach of the commitments as long as they continue with their existing brands.
- (iv) TOFAŞ undertakes to enter into separate dealership agreements for each brand with its dealers for all brands it will distribute following the transaction.
- (v) Subject to paragraph (i) under the heading "Duration of the Commitments Submitted by TOFAŞ," TOFAŞ further undertakes to submit to the Authority, within six (6) months from the date of notification of the short decision, a detailed report explaining the measures taken to fulfill the commitments.

#### **Duration of the Commitments Submitted by TOFAŞ**

- (i) The commitments shall become valid only upon the fulfillment of the following conditions: (a) their submission to the Authority, (b) the adoption of a decision granting approval to the transaction based on these commitments, and (c) the closing of the transaction as specified in the transaction documents.
- (ii) The commitments set out under the headings "Commitments Related to the Structure of the Board of Directors" and "Commitments Related to Confidentiality Policies" shall remain in force as long as KOÇ HOLDİNG holds shareholdings that confer joint control in both TOFAŞ and FORD OTOSAN.
- (iii) The commitment set out under the heading "Commitments Related to the Car Rental Market" shall remain in force as long as KOÇ HOLDİNG holds shareholdings that confer joint control in TOFAŞ and control in OTOKOÇ.
- (iv) With respect to the commitments submitted by TOFAŞ concerning its dealership network under the heading "Commitments Related to the Structure of the Dealership Network," if TOFAŞ believes that there has been a change in the markets necessitating a revision of the commitment, it may submit a written application to the Authority requesting the revision or termination of the behavioral commitments.
- (v) However, if after the decision, the Board adopts another decision determining that maintaining the commitments (or any specific commitment) is no longer necessary to ensure effective competition, the relevant commitments shall expire on the date of that Board decision.

#### **G.5.4.1.2. The First Commitment Package Submitted by KOÇ HOLDİNG**

(465) The commitments submitted by KOÇ HOLDİNG under the scope of the First Commitment Package are as follows:

- (i) KOÇ HOLDİNG undertakes to define the scope of the duties of the Automotive Group Head within the framework of the proper exercise of shareholder rights in its equal-share joint ventures FORD OTOSAN and TOFAŞ. Accordingly KOÇ HOLDİNG Automotive Group Head has the following duties: administratively monitoring the performance of undertakings and high level executives of undertakings, which are under the area of responsibility, monitoring by KOÇ HOLDİNG of the business outcomes achieved by undertakings according to the objectives set by their executives and board of directors, managing the relations with the representatives of the partners in joint ventures, attending meetings, supporting undertakings from a shareholder perspective in establishing long-term visions in consultation with the partners. However,

<sup>208</sup> (.....)

decisions regarding TOFAŞ's and FORD OTOSAN'S activities and ongoing operations are taken by the relevant management levels and board of directors of the undertaking in line with the principles and authorizations, and KOÇ HOLDİNG Automotive Group Head is not involved in these processes. According to the commitment given by KOÇ HOLDİNG to the Authority in FCA/PSA transaction in 2020, KOÇ HOLDİNG Automotive Group Head is not a member of the Board of Directors in both of the companies. In this way, separation within the decision-making mechanisms has been guaranteed. In addition, KOÇ HOLDİNG declares and undertakes that KOÇ HOLDİNG Automotive Group Head (without having an executive title in TOFAŞ) does not and will not have direct or indirect influence on TOFAŞ's strategic commercial decisions or day-to-day commercial operations (such as determining production and sales volumes, setting prices and campaigns, preparing budgets or making decisions regarding dealership and after-sales network)

#### **Duration of the Commitments Submitted by KOÇ HOLDİNG**

- (i) The commitments shall become valid only upon the fulfillment of the following conditions: (a) their submission to the Authority, (b) the adoption of a decision granting approval to the transaction based on these commitments, and (c) the closing of the transaction as specified in the transaction documents.
- (ii) The commitments shall remain in force as long as KOÇ HOLDİNG holds shareholdings that confer joint control in TOFAŞ and control in OTOKOÇ
- (iii) However, if after the decision, the Board adopts another decision determining that maintaining the commitments (or any specific commitment) is no longer necessary to ensure effective competition, the relevant commitments shall expire on the date of that Board decision.

#### **G.5.4.1.3. The Board Decision concerning the First Commitment Packages Submitted by TOFAŞ and KOÇ HOLDİNG**

(466) As stated before, the commitments submitted by TOFAŞ and KOÇ HOLDİNG, whose contents are explained above, were discussed in the Board meeting dated 24.10.2024. The decision numbered 24-43/1027-M was taken that the commitments are not sufficient to authorize the transaction.

#### **G.5.4.2. The Second Commitment Packages Submitted by TOFAŞ and KOÇ HOLDİNG**

##### **G.5.4.2.1. The Second Commitment Package Submitted by TOFAŞ**

(467) The commitments submitted by TOFAŞ under the scope of the Second Commitment Package are as follows:

###### **Commitments related to Investment**

- In addition to the project called "K0", which has a light commercial vehicle production capacity of (.....) units, another investment will be made to a (.....) vehicle project with an annual production capacity of (.....) units in 2027. Except for cases such as force majeure and unforeseeable economic conditions<sup>209</sup> to be determined by the Board

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<sup>209</sup> It should be noted that unforeseeable economic conditions cover market conditions, global and/or national tax and customs regulations, subsidies and practices (for instance the changes in the existing tax regime applicable to light commercial vehicles in Türkiye).

- (....)<sup>210</sup> Commitments are (....) .
- TOFAŞ undertakes that as long as the projected increase in capacity utilization is consistent with the actual production figures, the number of employees, which is (....) as of the end of 2023, will reach (....). It is envisaged that (....) .
- It is guaranteed that with the said two projects, export production capacity will reach 200.000 - 220.000 units. It is expected that(....). Moreover, it is envisaged that (....) .
- It is envisaged that (....) .

The investment commitments submitted by TOFAŞ are indicated in the table below:

Table 67: The Investment Commitments Submitted by TOFAŞ

	2024 (Realized) <sup>211</sup>	2027 (Envisaged)*
Project Production Capacity (CBU <sup>212</sup> + CKD <sup>213</sup> )* - Units	(....)	(....)
Installed capacity utilization rate	(....)	(....)
The Company's employment consistent with the project production capacity - number of employees	(....)	(....)
Export production capacity - units	(....)	200.000 - 220.000

\*The number of knockdown vehicles are also included in the capacity calculation.

### The Commitments related to the Structure of the Board of Directors

- Within the framework of the commitments that became binding through the Board's decision dated 30.12.2020 and numbered 20-57/794-354, KOÇ HOLDING undertook not to appoint any person who is a member of the Board of Directors of TOFAŞ to the Board of Directors of FORD OTOSAN, nor to appoint any person who is a member of the Board of Directors of FORD OTOSAN to the Board of Directors of TOFAŞ, and has certificated that to the Authority that it has fulfilled this commitment. Expanding this commitment and subject to paragraph (i) under the heading below "Duration of the Commitments Submitted by TOFAŞ", TOFAŞ undertakes that, from the closing of the transaction onwards, as long as any member of the Koç Family serves on the Board of Directors of FORD OTOSAN, the Board of Directors of TOFAŞ shall be constituted in such a way that it does not include any member of the Koç Family.
- TOFAŞ, subject to paragraph (i) under the heading below "Duration of the Commitments Submitted by TOFAŞ", undertakes that the membership of the Koç Family members serving on the Board of Directors of TOFAŞ at the time of the transaction closing date shall be terminated within thirty (30) business days following the closing of the transaction.

<sup>210</sup> (....)

<sup>211</sup> 20204 data reflects actual production and export figures of all models manufactured by Tofaş and employment figures. 2027 data are based on envisaged project production capacities and employment figures consistent with the said project production capacity.

<sup>212</sup> "Completely Built Units".

<sup>213</sup> "Completely Knocked Down".

### **Commitments related to Confidentiality Policies**

- (i) Within the framework of the commitments that became binding through the Competition Board's decision dated 30.12.2020 and numbered 20-57/794-354, TOFAŞ has established a confidentiality policy applicable to all TOFAŞ employees who have access to competitively sensitive information, setting out the measures to be taken for the protection of such information. This confidentiality policy, in summary, defines competitively sensitive information, imposes an obligation not to share TOFAŞ's competitively sensitive information with competing undertakings, and specifically includes a statement that, since FORD OTOSAN is a competitor of TOFAŞ, competitively sensitive information must not be shared with FORD OTOSAN or its employees. TOFAŞ, going beyond the relevant commitments, has communicated and had this confidentiality policy signed not only by TOFAŞ employees who have access to competitively sensitive information, but by all TOFAŞ employees. Following the closing of the transaction and the subsequent merger process, TOFAŞ undertakes to continue this practice in order to demonstrate its diligence on this matter, to remind its employees of the policy, covering all TOFAŞ employees including those hired in the intervening period, Stellantis Türkiye employees who will become TOFAŞ employees, and members of the TOFAŞ Board of Directors.
- (ii) Within the framework of the commitments that became binding through the Competition Board's decision dated 30.12.2020 and numbered 20-57/794-354, TOFAŞ ensures that its employees who are currently involved in the provision, receipt, and processing of competitively sensitive information receive annual competition law training explaining their responsibilities regarding the protection of such information and the prohibition on disclosing it to third parties, including competitors. To reinforce this commitment, such training will be designed and coordinated to also cover topics including joint control, single economic entity, competition law sensitivities concerning the exchange of competitively sensitive information, and, in this context, the fact that holding cross-shareholdings granting control rights in multiple joint ventures active in the same market may render those joint ventures competitors of one another under the Act no. 4054 on the Protection of Competition and the relevant secondary legislation. In addition, TOFAŞ will ensure that these training sessions are also provided to the members of the TOFAŞ Board of Directors.

### **Commitments related to the Car Rental Market**

- (i) TOFAŞ undertakes that, following the closing of the transaction and with respect to the car rental market, it will not apply any discriminatory conditions, including but not limited to price, term and payment conditions, or ease of access to vehicles, in favor of OTOKOÇ, a company within the Koç Group, or its vehicle rental brands Avis, Avis Filo, and Budget, vis-à-vis their competitors in the rental market. This commitment shall also remain valid for any car rental companies or brands that may subsequently be established from scratch within the Koç Group and/or acquired or joined through mergers or acquisitions after the completion of the transaction.

### **Commitments related to the Structure of the Dealership Network**

- (i) Fiat (and Fiat Professional), Ford, and Stellantis Türkiye brands (Peugeot, Citroën, and Opel) shall be sold in separate showrooms/facilities. TOFAŞ shall ensure that as of the date of on which an agreement is reached regarding the

location of the relevant dealer, there is a driving distance of at least 2 (two) kilometers diriving distance between the showrooms/facilities where Fiat (and Fiat Professional), Stellantis Türkiye brands (Peugeot, Citroën and Opel) are sold. For showrooms/ facilities that are in violation of this rule (those listed in Annex-2<sup>214</sup>), the non-compliance shall be remedied within 3 (three) years from the date of the reasoned decision issued by the Competition Board regarding this transaction.

(ii) The following cases shall constitute exceptions to this commitment:

- a. Showrooms/facilities of Fiat (and Fiat Professional), Stellantis Türkiye brands (Peugeot, Citroën and Opel) shall be excluded from this scope in cases where a competing brand's showroom/facility is located within a driving distance under 2 kilometers from showrooms/facilities where Fiat (and Fiat Professional), Stellantis Türkiye brands (Peugeot, Citroën and Opel) are present.
- b. Peugeot, Citroën, and Opel brands may continue their dealerships within the same facility or in adjacent showrooms/facilities without being subject to distance requirement, and new dealerships may be established within this framework.
- c. Dealer candidates that have already signed preliminary dealership protocols for the Peugeot, Citroën, and Opel brands (as listed in Annex-3<sup>215</sup>) shall not be considered in breach of the commitments as long as they continue with their existing brands.

(iii) TOFAŞ undertakes to enter into separate dealership agreements for each brand with its dealers for all brands it will distribute following the transaction.

#### **Duration of the Commitments Submitted by TOFAŞ**

- (i) The commitments shall become valid only upon the fulfillment of the following conditions: (a) their submission to the Authority, (b) the adoption of a decision granting approval to the transaction based on these commitments, and (c) the closing of the transaction as specified in the transaction documents.
- (ii) TOFAŞ undertakes to present a detailed report explaining the measures taken to fulfill the commitments ("the Report") within 6 (six) months as of the notification of the short decision.
- (iii) TOFAŞ undertakes to present a detailed report showing that it has fulfilled the commitments listed under "Commitments related to Investment" and "Commitments related to the Structure of the Dealer Network" at the end of 2028.
- (iv) The commitments set out under the headings "Commitments Related the Structure of the Board of Directors" and "Commitments Related to Confidentiality Policies" shall remain in force as long as KOÇ HOLDİNG holds shareholdings that confer joint control in both TOFAŞ and FORD OTOSAN.
- (v) The commitment set out under the heading "Commitments Related to the Car Rental Market" shall remain in force as long as KOÇ HOLDİNG holds shareholdings that confer joint control in TOFAŞ and control in OTOKOÇ.

<sup>214</sup>The dealers to be subject to separation, where there is no dealer selling brands other than Fiat (and Fiat Professional), Stellantis Türkiye brands (Peugeot, Citroën and Opel) within a driving distance under 2 km: (.....)

<sup>215</sup> Dealer candidates that have already signed preliminary dealership protocols for the Peugeot, Citroën and Opel brands are: (.....)

- (vi) With respect to the commitments submitted by TOFAŞ concerning its dealership network under the heading "Commitments Related to the Structure of the Dealership Network," if TOFAŞ believes that there has been a change in the markets necessitating a revision of the commitment, it may submit a written application to the Authority requesting the revision or termination of the behavioral commitments.
- (vii) However, if after the decision, the Competition Board adopts another decision determining that maintaining the commitments (or any specific commitment) is no longer necessary to ensure effective competition, the relevant commitments shall expire on the date of that Competition Board decision.

#### **G.5.4.2.2. The Second Commitment Package Submitted by KOÇ HOLDİNG**

(468) The commitments submitted by KOÇ HOLDİNG under the scope of the Second Commitment Package are as follows:

- (i) KOÇ HOLDİNG undertakes to define the scope of the duties of the Automotive Group Head within the framework of the proper exercise of shareholder rights in its equal-share joint ventures FORD OTOSAN and TOFAŞ. Accordingly KOÇ HOLDİNG Automotive Group Head has the following duties: administratively monitoring the performance of undertakings and high level executives of undertakings, which are under the area of responsibility, monitoring by KOÇ HOLDİNG of the business outcomes achieved by undertakings according to the objectives set by their executives and board of directors, managing the relations with the representatives of the partners in joint ventures, attending meetings, supporting undertakings from a shareholder perspective in establishing long-term visions in consultation with the partners. However, decisions regarding TOFAŞ's and FORD OTOSAN'S activities and ongoing operations are taken by the relevant management levels and board of directors of the undertaking in line with the principles and authorizations, and KOÇ HOLDİNG Automotive Group Head is not involved in these processes. According to the commitment given by KOÇ HOLDİNG in FCA/PSA transaction in 2020 to the Competition Authority, KOÇ HOLDİNG Automotive Group Head is not a member of the Board of Directors in either of the companies. In this way, separation within the decision-making mechanisms has been guaranteed. In addition, KOÇ HOLDİNG declares and undertakes that KOÇ HOLDİNG Automotive Group Head (without having an executive title in TOFAŞ) does not and will not have direct or indirect influence on TOFAŞ's strategic commercial decisions or day-to-day commercial operations (such as determining production and sales volumes, setting prices and campaigns, preparing budgets or making decisions regarding dealership and after-sales network)

#### **Duration of the Commitments Submitted by KOÇ HOLDİNG**

- (i) The commitments shall become valid only upon the fulfillment of the following conditions: (a) their submission to the Authority, (b) the adoption of a decision granting approval to the transaction based on these commitments, and (c) the closing of the transaction as specified in the transaction documents.
- (ii) The commitments shall remain in force as long as KOÇ HOLDİNG holds shareholdings that confer joint control in TOFAŞ and control in OTOKOÇ.
- (iii) However, if after the decision, the Competition Board adopts another decision determining that maintaining the commitments (or any specific commitment) is

no longer necessary to ensure effective competition, the relevant commitments shall expire on the date of that Competition Board decision.

#### **G.5.4.2.3. Evaluation of The Second Commitment Packages Submitted by TOFAŞ and KOÇ HOLDİNG**

(469) Previous sections discuss the possible effects of the transaction in terms of each relevant market defined under the scope of the file. The concerns to be raised by the transaction in *the market for the manufacture and sale of light commercial vehicles with a gross weight up to 3.5 tons* are noted and it is concluded that the the planned transaction will significantly restrict effective competition through the said unilateral effects and coordinated effects. Within the framework of the provision under article 14(1) of the Communiqué no 2010/4 stating "*Undertakings may submit commitments concerning a merger or an acquisition to eliminate the competition problems which may arise within the scope of article 7 of the Act. The commitments submitted by undertakings must be capable of eliminating the competitive problems completely.*" undertakings are allowed to offer remedies to eliminate competitive problems to arise under the scope of article 7 of the Act no 4054 and the Board is allowed to impose conditions and obligations to ensure the fulfillment of the remedies in its authorization decision.

(470) The basic classification related to merger remedies is to categorize them as structural and behavioral. Basically, the remedies aimed at affecting the structure of the market are "structural" whereas the remedies aimed at regulating the merging undertakings' conduct are "behavioral."

(471) The Guidelines on Remedies that are Acceptable by the Turkish Competition Authority in Merger/Acquisition Transactions state that if there are serious concerns that a concentration transaction might significantly restrict efficient competition, it notifies this situation to the parties of the transaction and it is within the parties' discretion whether or not to make proposals aimed at eliminating the competition problems. The Guidelines also point out that it is the responsibility of the Board to evaluate whether a concentration transaction may result in the violation of article 7 of the Act no 4054. In order for the remedies proposed by the parties at the preliminary examination stage to form the basis of the Board's authorization decision,

- They must identify substantial and practical issues committed by the parties precisely and comprehensively.
- They must be signed by a duly authorized person.
- A copy of the commitments, which covers sufficient information about the commitments to make an analysis and which does not include business secrets must be presented to the Authority. This copy must allow third parties to fully analyze the workability and the effectiveness of the proposed remedy to remove the competitive concerns.

(472) Accordingly, the Board shall accept only those proposed remedies that fulfill the requirements listed above and that are sufficient for eliminating competitive concerns that are notified to the parties. Thus, it is emphasized that proposed remedies must eliminate the competitive concerns related to the transaction without any room for uncertainty and in a sustainable manner and must be intelligible in every aspect. Furthermore, the Guidelines note that since market conditions may change, proposed remedies must be capable of being implemented effectively as soon as possible.

(473) Thus, it is stated that the remedies are submitted by the parties and the Board conditions its authorization decision on the application of the remedies. At this point, as the provisions for and legal consequences of noncompliance with requirements and obligations are different according to the Act no 4054, the difference between requirement and obligation must be noted. For instance divestiture of a business is a requirement whereas the practical stages related to divestiture such as appointment of a divestiture trustee and submitting necessary reports to the Board are obligations. In case of noncompliance with a requirement, the authorization will automatically be invalid and the authorization decision will be void as the violation of Article 7 of the Act no 4054 is not resolved. Under those circumstances, the right of the Board to apply the provisions of Article 16 of the Act no 4054 is reserved. On the other hand, in case of noncompliance with obligations, the parties may be subject to administrative fines provided for in Article 17 of the Act no 4054.

(474) Basically, in order for a concentration to be allowed within the framework of the commitments, the commitments should be eligible for eliminating the competitive concerns related to the transaction completely, illegible in every aspect and effective. The commitment designed effectively and in a way to leave no room for discussion or doubt by taking these points into consideration should be applicable in a short time. Consequently, the commitments submitted by the parties are evaluated under the scope of the issues mentioned above.

(475) Within the scope of the file, the commitment, which was submitted by KOÇ HOLDİNG, related to the scope of the Head of the Automotive Group of KOÇ HOLDİNG and the commitment related to maintaining confidentiality policy, which was submitted by TOFAŞ and established with the Board decision dated 30.12.2020 and numbered 20-57/794-354, will prevent the exchange of strategic commercial information among competitors and eliminate the incentive and ability of the parties to reach an understanding on or sustain coordination. In fact, the following assessments were made in the Board's *FCA/PSA* decision: The risk of sharing competitively sensitive information that may arise due to a common third shareholder can be addressed by means of commitments on Chinese wall and confidentiality agreement. Under the confidentiality policy, information defined as competitively sensitive including, in particular, production capacity, costs, pricing and margins, can also eliminate the potential coordination risk between the parties.

(476) In the article titled "Commitments related to Investment" in the commitment text submitted by TOFAŞ, TOFAŞ undertakes to invest in (....) vehicle project with an annual production capacity of (....) units in 2027 in addition to the project called "K0", which has an annual production capacity of (....) light commercial vehicles. (....) will raise to annually 200,000-220,000 units. In addition, (....)% increase compared to 2024 is expected in the number of vehicles to be exported. The first project called K0 (....). The aim of (....) project is (....) in Turkish market beside K0. Also, the number of employees, which is (....) as of the end of 2024 will reach (....) after (....) project. When these objectives are achieved, the volume of light commercial vehicle import will decrease and accordingly there will be gains in terms of Turkish economy.

(477) TOFAŞ undertakes in article 1.2 of the commitment text concerning the structure of the Board of Directors that, from the closing of the transaction onwards, as long as any member of the Koç Family serves on the Board of Directors of FORD OTOSAN, the Board of Directors of TOFAŞ shall be constituted in such a way that it does not include any member of the Koç Family. The said commitment will limit the parties' incentive to have a common understanding and it is appropriate and sufficient in this respect.

(478) In the article titled “Commitments related to Confidentiality Policies” of the commitment text TOFAŞ undertakes to continue the practices related to the confidentiality policy that is established within the framework of the commitments, which became binding per the Board decision dated 30.12.2020 and numbered 20-57/794-354 in a way to cover all TOFAŞ employees including those hired in the intervening period, STELLANTIS TR employees who will become TOFAŞ employees, and members of the TOFAŞ Board of Directors. TOFAŞ also undertakes to expand the scope of annual competition law trainings. The said commitment will prevent the exchange of strategic commercial information among competitors and eliminate the incentive and ability of the parties to reach an understanding on or sustain coordination.

(479) In article 1.4 of the commitment text regarding the commitments related to the car rental market, TOFAŞ undertakes that it will not apply any discriminatory conditions, including but not limited to price, term and payment conditions, or ease of access to vehicles, in favor of OTOKOÇ, a company within the Koç Group, or its vehicle rental brands Avis, Avis Filo, and Budget, vis-à-vis their competitors in the rental market. This will prevent the vehicles manufactured by TOFAŞ from being more advantageous compared to its competitors due to the strategies adopted in their sales to Koç Group companies in car rental services market. Therefore, the said commitment submitted by TOFAŞ will eliminate possible competitive concerns related to car rental services market.

(480) The article titled “Commitments related to the Structure of the Dealership Network” covers the commitments related to parties’ distribution network. Within this framework, Fiat (and Fiat Professional), Ford and STELLANTIS TR (Peugeot, Citroën and Opel) brand vehicles will be sold in different showrooms/facilities; there will be a driving distance of at least 2 (two) kilometers between showrooms/facilities where Fiat (and Fiat Professional), Ford and STELLANTIS TR (Peugeot, Citroën and Opel) brand vehicles are present. In the same article, TOFAŞ also undertakes to enter into separate dealership agreements for each brand with its dealers for all brands it will distribute following the transaction. However, in cases where a competing brand’s showroom/facility is already located within a driving distance under 2 kilometers from showrooms/facilities where Fiat (and Fiat Professional), STELLANTIS TR brands (Peugeot, Citroën and Opel) are present, showrooms/facilities of Fiat (and Fiat Professional), STELLANTIS TR brands (Peugeot, Citroën and Opel) shall be excluded from this scope, Peugeot, Citroën, and Opel brands may continue their dealerships within the same facility or in adjacent showrooms/facilities without being subject to distance requirement, dealer candidates that have already signed preliminary dealership protocols for the Peugeot, Citroën, and Opel brands shall not be considered in breach of the commitments as long as they continue with their existing brands. Within the framework of the commitments related to the structure of the dealership network, the following assessments are made: The sale of Fiat (and Fiat Professional), STELLANTIS TR brands (Peugeot, Citroën and Opel) in separate facilities/showrooms will protect the dealership system before the transaction. TOFAŞ will not be able to sell the vehicles that it will add to its umbrella in the same or adjacent showrooms. Therefore, TOFAŞ will be prevented from being “a single point” in terms of the sale of passenger cars and/or light commercial vehicles vis-à-vis its competitors due to its product range and market power it will have.

(481) It is stated in article 2 of the commitment text that The commitments submitted by TOFAŞ shall become valid only upon the fulfillment of the following conditions: (a) their submission to the Authority, (b) the adoption of a decision granting approval to the

transaction based on these commitments, and (c) the closing of the transaction as specified in the transaction documents. TOFAŞ undertakes to present a detailed report explaining the measures taken to fulfill the commitments within six months as of the notification of the short decision. Also TOFAŞ undertakes to present a detailed report showing that it has fulfilled the commitments listed under "1.1. Commitments related to Investment" and "1.5. Commitments related to the Structure of the Dealer Network" at the end of 2028.

(482) A result of the assessments made on the commitment texts submitted by TOFAŞ and KOÇ HOLDİNG, It is concluded that the commitments submitted are proportional to the competition problems detected in the file, able to solve those, quickly realizable and efficiently applicable.

## **H. CONCLUSION**

(483) Depending on the report prepared and the contents of the file analyzed, it has been decided UNANIMOUSLY that,

1. The notified transaction is subject to authorization under the scope of article 7 of the act no 4054 and the Communiqué no. 2010/4 issued based on that article on Mergers and Acquisitions Calling for the Authorization of the Competition Board,
2. As a result of the transaction in question, market shares and concentration levels in the market for production and sale of passenger cars might raise certain competitive concerns,
3. As a result of the planned transaction, unilateral and coordinated effects may significantly reduce efficient competition in the market for the manufacture and sale of light commercial vehicles with a gross weight of up to 3.5 tons as well as in the market for manufacture and sale of light commercial vehicles with a gross weight between 3.5 and 6 tons.
4. However, the transaction might be authorized subject to conditions within the framework the commitment package which entered the authority records on 18.04.2025 with the numbers 66629 and 66630,
5. The execution of the commitments submitted by Tofaş Türk Otomobil Fabrikası AŞ and Koç Holding AŞ should be documented to the Authority within six months as of the notification of the short decision,
6. It would be appropriate that Tofaş Türk Otomobil Fabrikası AŞ present a detailed report showing that it has fulfilled the commitments listed under "1.1 Commitments related to Investment" and "1.5. Commitments related to the Structure of the Dealer Network" at the end of 2028.
7. The conditions imposed with regard to the authorization decision constitute obligations, in case these obligations are violated, administrative fines stipulated under article 17 of the Act no 4054 on the Protection of Competition shall be imposed on the parties along with other possible measures.

with the decision subject to appeal before Ankara Administrative Courts within 60 days as of the notification of the reasoned decision.