

Turkish Competition Board: No Further Investigation of Price Fixing Needed in Eastern Mediterranean Cement Market

3 May 2017

The Turkish Competition Board ("**Board**") recently published a reasoned decision, deciding not to initiate a full scope investigation into an anonymous allegation of customer sharing and price fixing for bulk cement by six cement producers in the Eastern Mediterranean region. In a majority decision, the Board decided the price movements were likely the result of production cost increases and limited clinker capacities, declining to conduct further investigation.

The Board defined the relevant product and geographic markets as grey cement in Adana, Mersin, Osmaniye, Hatay, Kilis, Gaziantep and Kahramanmaraş.

The Board considered bulk cement sales for the 2014 to 2016 period in this market, focusing particularly on changes in sales volumes, price movements and other factors affecting cement costs. It considered the undertakings' customer range, particularly focusing on whether customers supplied with cement between January 2014 and May 2016 made purchases from different undertakings.

The Board concluded that since the investigated undertakings have common customers, there was no evidence to support the allegations of customer sharing.

In a majority decision, the Board ruled not to initiate a full scope investigation. The Board noted:

- The amounts and percentages of price increases by separate undertakings in February to April 2016 were not consistent.
- Cement prices underwent a slight upward trend in 2014 and 2016 during March and February. However, prices actually decreased in this period in 2015.
- Production costs increased in November 2015 to January 2016, with the first price increases following in March 2016.
- Demand in February and March 2016 was much higher than in the same period for past years.
- In February 2016, demand increased relative to the previous month. Demand also increased again in March 2016.
- Demand increase prior to March 2016 (when the alleged violations occurred) were likely to increase prices.
- Capacity utilization rates were high throughout 2016.

However, a single dissenting Board member (Fevzi Özkan) argued that almost all of the undertakings increased their prices between February 2016 and April 2016, even if the increases were for different percentages and different quantities. He claimed this is an indicator of concerned practice because it cannot be reasonably explained by other factors.

Please see this [link](#) for the full text of Board decision number 16-33/579-255, dated 13 October 2016; published on the Competition Authority's website on 6 February 2016 (only available in Turkish).

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