

GEDİK & ERAKSOY

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Sector Inquiry into Movie Theatre Services

In February 2014, The Turkish Competition Authority (**TCA**) announced on its website that it has initiated a sector inquiry into the movie theatre market. Sector inquiries are investigations that the TCA carries out into sectors of the economy, and into types of agreements across various sectors, when it believes that a market is not performing as well as it should and also believes that breaches of competition rules may be a contributory factor.

The triggering event that caught the TCA's attention in this specific market was the merger between AFM and Mars, the two biggest movie theatre chains across the country, in 2011. At the time, the transaction was investigated for almost a year and, in the end, based on the parties' commitments to sell certain theatres located in the overlapping regions, the Turkish Competition Board (**TCB**) gave clearance for the merger. The parties also made a commitment to regularly report their price changes to the TCA.

In this regard, the TCA would like to determine post-transaction whether the authorized merger had any negative effect on competition in the market, and whether the proposed commitments were sufficient to satisfy the anti-competition concerns of the TCB in the first place. In addition to these objectives, considering that the market is going through a digitalization process due to technological developments, the TCA would like to identify possible competition problems that may arise out of this process, and propose adequate policy solutions in advance.

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