

Industrialization Executive Committee

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The Presidential Decree No. 68 on the Industrialization Executive Committee (the “**Decree**”) was published in the Official Gazette No. 31274 dated 14 October 2020. The Decree establishes the Industrialization Executive Committee (the “**Committee**”), a high-level body, which is likely to have a say in the fields of industry, technology and public procurement in Turkey going forward.

1) Purpose and Composition

The Committee is established with the aim of (i) improving domestic production and technological capability through various ways including public procurement, (ii) facilitating investment, production and financing processes, and (iii) increasing competitiveness. The Committee consists of the President, the Vice President to be appointed by the President, the Minister of Industry and Technology, the Minister of Treasury and Finance, the Minister of Trade and the Head of the Strategy and Budget.

2) Powers and Duties

The Decree grants broad authority to the Committee to decide on a wide range of subjects. Among others, the prominent duties and powers of the Committee are as follows:

- To take decisions regarding public procurement as per the priorities of industrialization, domestic production, and national technology policies;
- To take necessary measures to facilitate the investment, production and financing processes of industrialists and technology manufacturers;
- To ensure investment in strategic areas where domestic production is limited;
- To take decisions on transactions regarding changes in the shareholding structures of companies that are critical for the country which could risk the continuity of domestic production and national security;
- To take decisions to increase the global competitiveness of the real sector by ensuring the coordination between institutions in areas such as finance, customs, environment, infrastructure, logistics and energy; and

- To take decisions to guide public practices with the aim of strengthening the capital structures of manufacturing companies, to encourage company mergers when necessary, to design policies that will increase productivity and to increase product diversity.

3) Scope of Application

The Decree adopts a peculiarly broad definition for “public procurement” compared to the accustomed definition in the public procurement legislation. Accordingly, not only are all kinds of goods and services and construction, leasing and financial leasing procured by public entities considered as public procurement; public-private partnerships, concessions, establishment of real rights on property, licensing and authorization agreements that grant private or exclusive rights to private entities are also considered as a public procurement within the scope of the Decree. As a result, public-private partnership, concession and similar projects may be subject to the Decree and therefore fall under the scope of the Committee’s authority.

4) Final Remarks

The Committee’s scope of activity is limited with industrialization, technology and domestic production. Yet, through the broad definition of public procurement, the Decree appears to have a broad scope of application, including PPPs and concessions, where the Committee has a wide range of authority (such as, having a say in changes to shareholding structures of “companies critical to the country”). The Committee is likely to have a say in the fields of industry, technology and public procurement in Turkey going forward. Yet, its exact role and potential implications on public procurement remain to be seen over time.

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