



“Friendliness helps”

SUN & WIND ENERGY spoke with Dr. Jochen Brandhoff, attorney and managing partner of the law firm Brandhoff & Partners, about the company entry into the Italian and Turkish PV markets. The international law firm specialises in photovoltaics and wind energy.



Dr. Jochen Brandhoff

S&WE: *When a photovoltaics company wants to gain a foothold in the Turkish or Italian market, it has two options: it can do it alone or look for a local partner. Which approach do you recommend, and why?*

Dr. Jochen Brandhoff: That’s a trade-off between the risk of entering unknown territory alone and the risk of being dependent on someone else. What is crucial is the goal of the PV company in the foreign market – for instance, project development or “merely” a service desk with storage, how much funding it has for the market entry, how much expertise it can draw on, from employees that come from the country, for example – and whether a suitable partner is available. Resources are

often very limited. In that case, we always advise starting with a partner, if the company has found one. This speeds up the market entry and brings down the costs.

S&WE: *What should a company primarily look for in a local partner?*

Brandhoff: That both expectations and the approach to work are a good fit – and whether the partner is well connected. It is good to have already worked through a disagreement, because disagreements are sure to come in the course of the cooperation.

S&WE: *Is a loose cooperation adequate, or it is better to form a joint venture?*

Brandhoff: In general, cooperation is less risky and lays good groundwork for the formation of a joint venture later on. But if the level of investment needed is equal, it is advisable to have a fixed framework in the form of a joint venture from the beginning. Acquisition of a company may present another alternative. This reduces the risk of stoppages when partners argue.

S&WE: *Which legal forms do you recommend?*

Brandhoff: In Turkey, we recommend the limited şirket (Ltd. Sti.), which is the Turkish equivalent of the German GmbH, and the anonim şirket (A.Ş.), which is similar to a German AG. Because of the slightly lower start-up costs, the limited şirket is usually the form of choice. The anonim şirket, however, provides tax and legal benefits associated with the sale of shares. In Italy the società a responsabilità limitata (S.r.l.), a form that most closely corresponds to a GmbH, is usually established. Other corporate forms are sometimes more suitable. Establishing a company in South Tyrol can be advantageous for German companies.

S&WE: *What other legal aspects are important?*

Brandhoff: A raft of legal and tax issues arise both before and during a market entry. Solving these problems from the beginning pays for itself, quickly.

S&WE: *What advantage does a country branch office offer?*

Brandhoff: The start-up cost is somewhat lower. This is offset by some disadvantages, however. One example is that claims against the branch office can directly be enforced against the parent company.

S&WE: *Italy’s PV boom has been and gone, but in Turkey PV market development has just begun.*

What can companies that now want to operate in Turkey, learn from problems that may have occurred in Italy?

Brandhoff: Yes, for project developers, EPC contractors and component manufacturers, the boom in Italy is over, unfortunately, until there is a secure legal framework for distributed power in place. On the secondary market, however, we’re advising several investors to purchase PV for their own operations. They can learn a lot. For instance, they should be prepared for return on investment to take longer than planned.

S&WE: *How important are cultural aspects?*

Brandhoff: Very. In both countries, friendliness and patience can often be a better recipe for success than pressure and standing on principle. Most cultural differences can be bridged with friendliness.

S&WE: *And if the collaboration doesn’t work out, what then?*

Brandhoff: Then it is good if arrangements for the termination of the partnership are established in advance. This increases the chances of an amicable separation. If it’s legally possible, the German company should specify German jurisdiction or a suitable arbitration agreement.

The interview was conducted by Ina Röpcke.