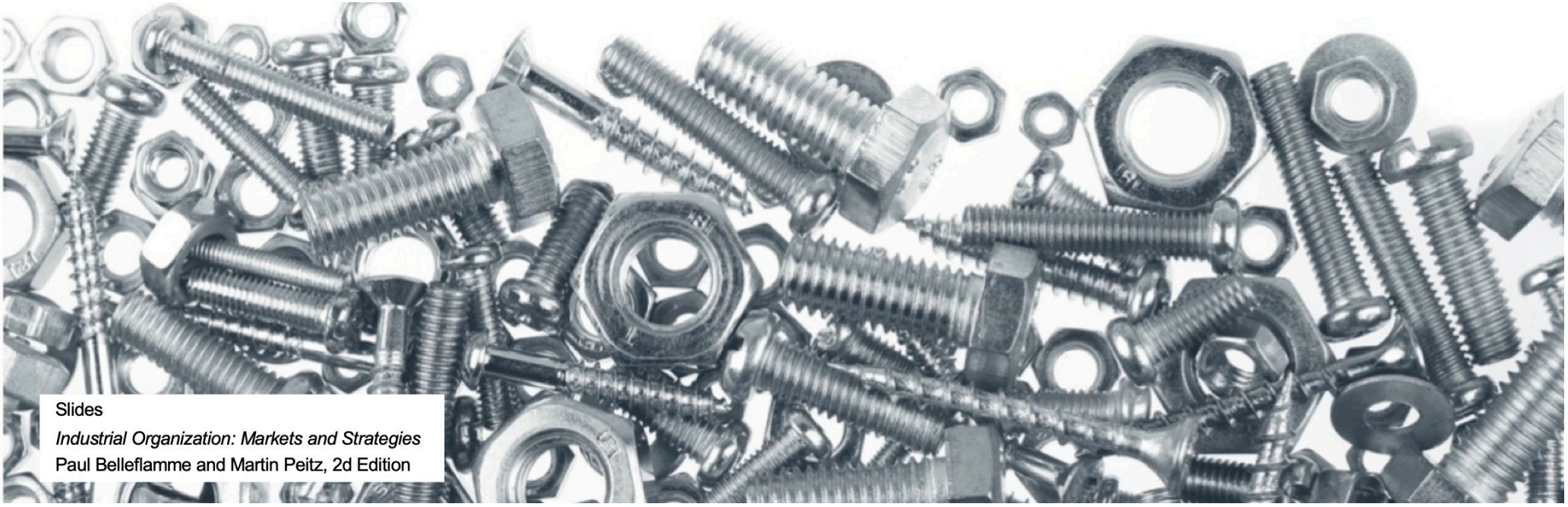
Industrial Economics

Chrysovalantou Milliou

AUEB – Erasmus Program



Slides

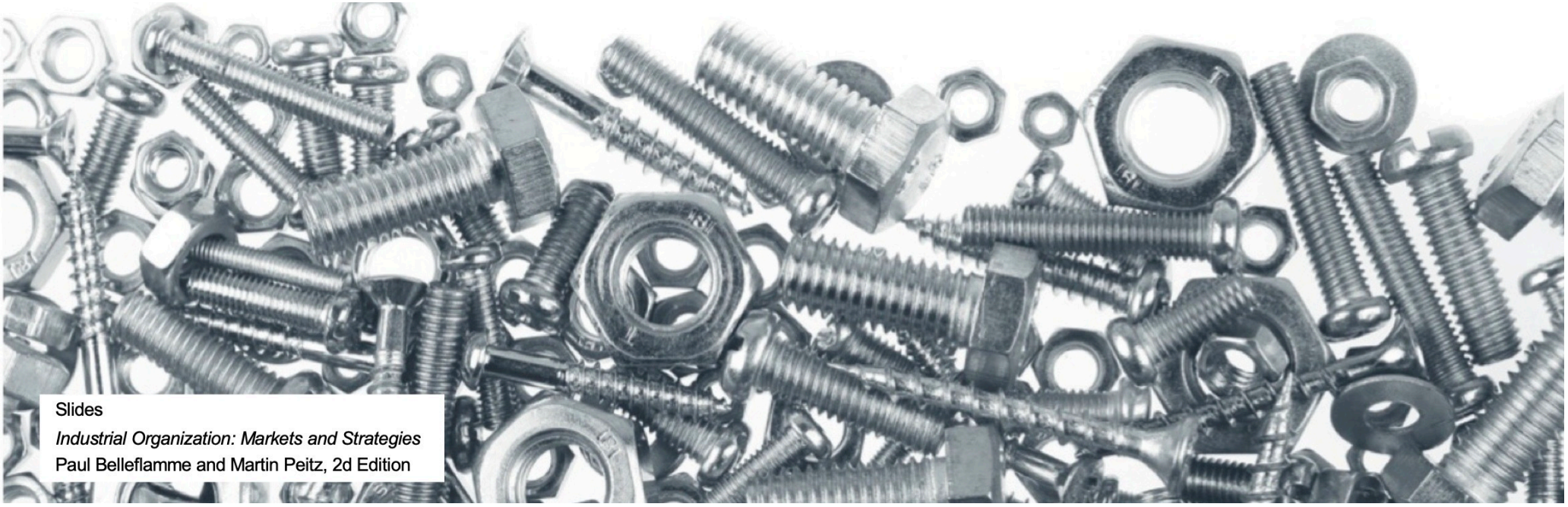
Industrial Organization: Markets and Strategies

Paul Belleflamme and Martin Peitz, 2d Edition

Couse Outline

1. Basic Concepts ✓
2. Monopoly ✓
3. Static Oligopoly ✓
4. Dynamic Oligopoly ✓
5. Product Differentiaton ✓
6. Cartels & Tacit Collusion ✓
7. Horizontal Mergers
8. Vertically Related Markets
9. R&D

7. HORIZONTAL MERGERS



Slides

Industrial Organization: Markets and Strategies

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7.3 Mergers & Competition Policy

7.1 Introduction

7.1 Introduction

Merger/Acquisition: Previously independent firms unite/become one.

Crucial element the change in the “control” of a firm.

- Merger: A and B agree to combine to form C.
- Acquisition: A buys B and combines B into A.

In competition policy (and IO in most of the cases), the term “merger” is used for convenience to refer to both mergers & acquisitions.

7.1 Introduction

The Guardian

BA and Iberia agree £5bn merger

Shareholders in British Airways and the Spanish carrier Iberia approve deal to create an airline carrying 57 million passengers a year

Press Association

Mon 29 Nov 2010 12.17 GMT

BA and Iberia will keep their individual identities after the merger Photograph: Albert Gea/Reuters

7.1 Introduction

FINANCIAL TIMES

Last updated: May 5, 2015 12:41 pm

Mergers and acquisitions boom driven by 'jumbo' deals

Arash Massoudi, M&A Correspondent

Share Author alerts Print Clip Comments

Corner a banker at a cocktail party to explain the current boom in mergers and acquisitions and he or she will point to soaring stock prices, low interest rates for debt financing and the return of animal spirits in boardrooms.

But ask a shareholder and they will take a far more sceptical view.

After the financial crisis, so this counter-narrative goes, companies suspended payouts to investors and looked inward to aggressively cut costs. Even as balance sheets improved, executives remained timid and turned to share repurchases and dividends to keep shareholders at bay.

7.1 Introduction

7.1 Introduction

TECHNOLOGY NEWS AUGUST 23, 2012 / 3:40 AM / 7 YEARS AGO

FTC clears Facebook's acquisition of Instagram

Alexei Oreskovic

3 MIN READ

SAN FRANCISCO (Reuters) - The U.S. Federal Trade Commission cleared Facebook Inc's acquisition of Instagram, voting unanimously to close its antitrust investigation into the deal without taking any action.

7.1 Introduction

TECHNOLOGY NEWS APRIL 10, 2014 / 11:02 PM / 6 YEARS AGO

Facebook says WhatsApp deal cleared by FTC

Alexei Oreskovic

3 MIN READ

SAN FRANCISCO (Reuters) - Facebook Inc said U.S. regulators have cleared its $19 billion acquisition of mobile messaging service WhatsApp, even as the Federal Trade Commission warned the two Internet companies on Thursday that they must not backtrack on commitments to user privacy.

7.1 Introduction

TECH

Microsoft Closes Acquisition of LinkedIn

Deal, valued at roughly $26 billion, is biggest in tech company's history

Microsoft CEO Satya Nadella, shown in a November photo, announced the closure of the deal in a LinkedIn post.

PHOTO: ASSOCIATED PRESS

By Joshua Jamerson

Updated Dec. 28, 2016 1:45 pm ET

Microsoft Corp. MSFT **0.14%** ▲ closed its roughly $26 billion deal to buy professional-networking site LinkedIn, cementing the largest acquisition in the tech giant's history.

7.1 Introduction

Three different types of mergers:

1. Horizontal Mergers

Between firms that compete with each other in the market, i.e., firms that produce substitute products and sell them in the same geographic market.

e.g., Peugeot & Citroen, Kraft & Heinz, British Airways & Iberia

2. Vertical Mergers

Between firms operating at different stages of the same vertical production chain. There is (potentially) a seller-buyer relationship between them.

e.g., eBay & PayPal, Netflix and Original Content Studios, IKEA & Forestry Operations

3. Conglomerate Mergers

Between companies whose products are completely unrelated (independent) or complementary from the perspective of their buyers.

e.g. Essilor/Luxottica, Booking/eTraveli, Google/Fitbit

Horizontal Mergers: Theories of Harm & Defenses

"*A theory of harm (ToH) is a hypothesis about how the process of rivalry could be harmed as a result of a merger.*" (CMA, 2021)

- There are three main theories of harm for Horizontal Mergers:

  Unilateral effects: Internalization of competitive externalities post merger leads to higher market power.

  Coordinated effects: The merger may facilitate of collusion.

  Innovation ToH: The merger may reduce firms investment in innovation.

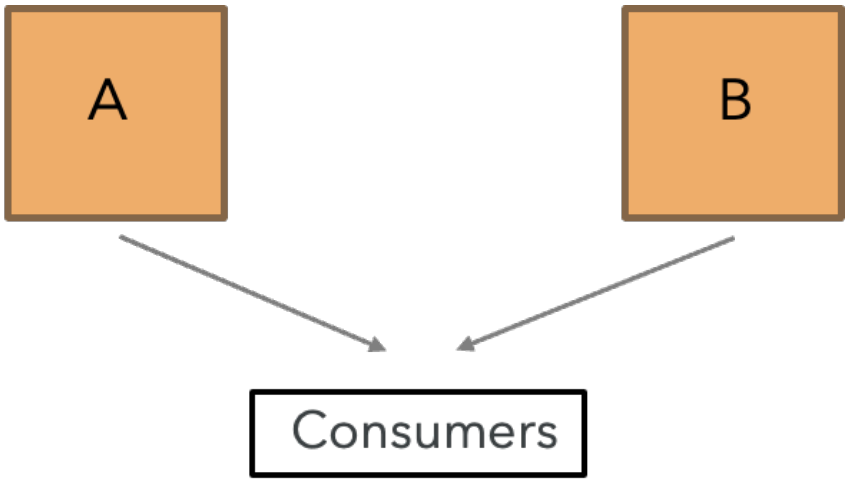
- There is one main defense in favor or Horizontal Mergers:

  Efficiency gains: They may arise from merger-induced synergies in procurement, production or distribution, economies of scale.

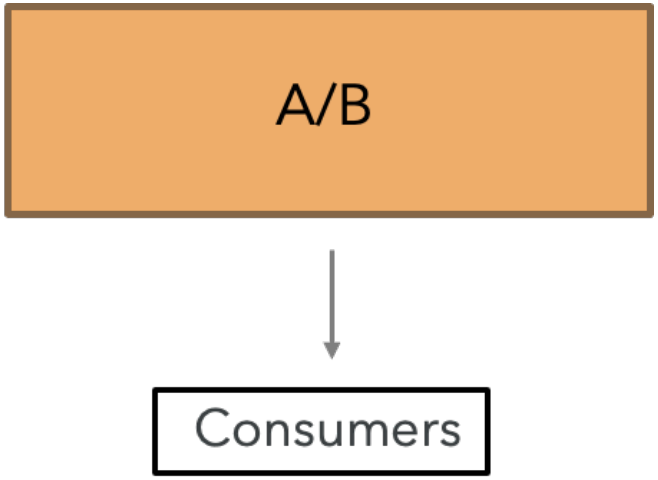
7.2 Economics of Horizontal Mergers

7.2 Economics of Horizontal Mergers

Status Quo (Before the Horizontal Merger):

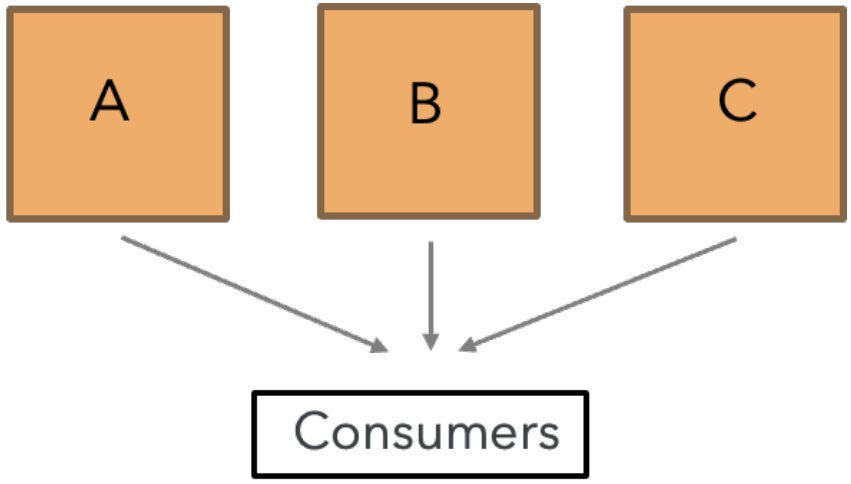


Horizontal Merger:

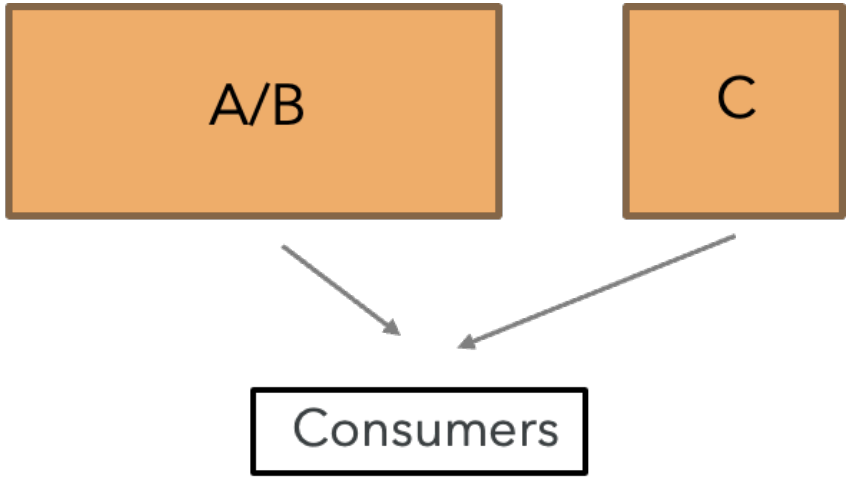


7.2 Economics of Horizontal Mergers

Status Quo (Before the Horizontal Merger):



Horizontal Merger:



Merger to Monopoly

- **Model Assumptions:**
  - $n = 2$ firms $(i = 1, 2, \ldots, n)$
  - Homogeneous products with the following market demand function:

    $$P(q) = a - q$$

    where total quantity $q = q_1 + q_2$
  - Cost function of firm i: $C_i(q_i) = cq_i$ with $a > c \rightarrow$ symmetric MC: c
  - Dynamic game:

    Stage 1: Each firm decides whether or not it will merge with the other.

    Stage 2:

    No merger: Firms choose simultaneously and separately their quantities.

    Merger: The firm that results from the merger (monopolist) chooses its quantity.
  - No efficiency gains (i.e., no changes in the cost of firms post-merger).

Merger to Monopoly

- **Model Solution – Equilibrium:**

  Solution by Backward Induction:

  - Stage 2

  There are two subgames. We find the Nash equilibrium in each of them.

  (i) No Merger: *Cournot oligopoly*

  Each firm i, with $i, j = 1, 2$ and $i \neq j$, solves the following:

$$\underset{q_i}{\text{Max}} \ \pi_i = P(q_i, q_j)q_i - C(q_i) = (a - q_i - q_j)q_i - cq_i$$

  FOC:

$$\frac{d\pi_i}{dq_i} = a - 2q_i - q_j - c = 0$$

Merger to Monopoly

- **Model Solution – Equilibrium** (cont.)**:**

  In Nash equilibrium each firm "plays" its Best-response:

$$q_1(q_2) = \frac{a - c - q_2}{2} \quad \& \quad q_2(q_1) = \frac{a - c - q_1}{2}$$

  Solving the system of the BRs, we find:

$$q_1^{X\Sigma} = \frac{a-c}{3} \;\&\; q_2^{X\Sigma} = \frac{a-c}{3}$$

Note: XΣ is notation for No Merger while Σ is for Merger

$$\rightarrow \quad P^{X\Sigma} = \frac{a + 2c}{3}$$

$$\rightarrow \quad \pi_1^{X\Sigma} = \pi_2^{X\Sigma} = \frac{(a-c)^2}{9}$$

Merger to Monopoly

- **Model Solution – Equilibrium** (cont.)**:**

(ii) Merger: *Monopoly*

We know (see section 2) that the equilibrium outcomes are:

$$P^{\Sigma} = \frac{a+c}{2} \quad Q_{12}^{\Sigma} = \frac{a-c}{2} \quad \pi_{12}^{\Sigma} = \frac{(a-c)^2}{4}$$

- Stage 1

If they merge:

$$\pi_{12}^{\Sigma} = \frac{(a-c)^2}{4}$$

If they do not merge:

$$\pi_1^{X\Sigma} + \pi_2^{X\Sigma} = 2\frac{(a-c)^2}{9}$$

Comparing:

$$\frac{(a-c)^2}{4} - 2\frac{(a-c)^2}{9} > 0$$

Firms have incentive to merge.

Merger to Monopoly

- **Model Solution – Equilibrium** (cont.)**:**

Merger Implications:

$$P^{\Sigma} = \frac{a+c}{2} > P^{X\Sigma} = \frac{a+2c}{3}$$ Unilateral effect

$$\pi_{12}^{\Sigma} = \pi^{M} > \pi_{1}^{X\Sigma} + \pi_{2}^{X\Sigma}$$

$$CS^{\Sigma} < CS^{X\Sigma}$$

$$TS^{\Sigma} < TS^{X\Sigma}$$

The horizontal merger which creates a monopoly in the market benefits the firms, harms consumer surplus and total welfare.

Merger Not to Monopoly

- **Model Assumptions:**
  - $n > 2$ firms $(i = 1, 2, \ldots, n)$
  - Homogeneous products with the following market demand function:

    $$P(q) = a - q$$

    where total quantity $q = q_1 + q_2 \ \ldots + q_2$
  - Cost function of firm i: $C_i(q_i) = cq_i$ with $a > c \rightarrow$ symmetric MC: c
  - Dynamic game:

    Stage 1: Firms 1 & 2 decide whether or not they will merge with each other.

    Stage 2:

    No merger: Firms choose simultaneously and separately their quantities.

    Merger: The firm that results from the merger and each of the no merged firms choose simultaneously and separately their quantities.
  - No efficiency gains

Merger Not to Monopoly

- **Model Solution – Equilibrium:**
  - Stage 2

(i) No Merger: *Cournot with n firms*

Each firm i, with $i, j = 1, 2, 3, \ldots, n$ and $i \neq j$, solves the following:

$$\underset{q_i}{\text{Max}} \ \pi_i = (a - q_i - Q_{-i})q_i - cq_i$$

where $Q_{-i} \equiv \sum_{j \neq i} q_j$

FOC:

$$\frac{d\pi_i}{dq_i} = a - 2q_i - Q_{-i} - c = 0$$

$$\rightarrow \quad q_i(Q_{-i}) = \frac{a - c - Q_{-i}}{2} \qquad \textit{Best-response function}$$

Since firms are symmetric, we know that in the Nash equilibrium, their quantities will be equal:

$$q_1 = q_2 = q_i = \ldots = q_n$$

Merger Not to Monopoly

- **Model Solution – Equilibrium** (cont.)**:**

Solving the system of the BRs:

$$q_i(Q_{-i}) = \frac{a - c - Q_{-i}}{2} \rightarrow q_i = \frac{a - c - (n-1)q_i}{2}$$

$$\rightarrow 2q_i + (n-1)q_i = a - c$$

$$\rightarrow q_i^{X\Sigma} = \frac{a-c}{n+1}$$

$$\rightarrow P^{X\Sigma} = \frac{a+nc}{n+1} \;\&\; \pi_i^{X\Sigma} = \frac{(a-c)^2}{(n+1)^2}$$

Note: When n increases, the price, the quantity and the profit of *each* firm decreases.

Merger Not to Monopoly

- **Model Solution – Equilibrium:**

  (ii) Merger: *Cournot with n -1 firms*

  Solving in a similar way as before, we find:

$$q_i^{\Sigma}=\frac{a-c}{n} \rightarrow P^{\Sigma}=\frac{a+(n-1)c}{n} \quad \& \quad \pi_i^{\Sigma}=\frac{(a-c)^2}{n^2}$$

  - Stage 1

    If they merge:

$$\pi_{12}^{\Sigma}=\frac{(a-c)^2}{n^2}$$

    If they do not merge:

$$2\pi_i^{X\Sigma}=2\,\frac{(a-c)^2}{(n+1)^2}$$

    Comparing: $\pi_{12}^{\Sigma}<2\pi_i^{X\Sigma}$

    Firms do not have merger incentives.

    "Merger Paradox"

    Note: Although the merger leads to increase in price.

Merger Not to Monopoly

- **Explanation for the "Merger Paradox":**

  Quantity Competition ("strategic substitutes"): A decrease in the quantity of one firm is combined with an increase in the quantity of its competitors.

  When two firms merge, they reduce their total quantity ($q_{12}^{\Sigma} < q_1^{X\Sigma} + q_2^{X\Sigma}$) as they now operate as one firm.

  →

  The optimal response of their competitors ("outsiders") is to increase their own quantity ($q_3^{\Sigma}, q_4^{\Sigma}, \ldots$) – "Business stealing effect".

  →

  The merger leads to an increase in price but not a sufficient increase due to the behaviour of competitors.

  The competitors of the merging firm ("outsiders") - and not the merging firms benefit from the merger.

Model of Salant, Switzer & Reynolds (1983)

- **Model Assumptions:**

  The same assumptions as in the previous model with one main difference:

  Assumption that k from the $n > 2$ firms, with $k > 2$ decide if they will merge between them.

- **Model Solutions - Equilibrium:**

  - Stage 2

  (i) No Merger: *Cournot with n firms*

  Same solution as before:

$$q_i^{X\Sigma} = \frac{a - c}{n + 1}$$

$$P^{X\Sigma} = \frac{a+nc}{n+1} \quad \& \quad \pi_i^{X\Sigma} = \frac{(a-c)^2}{(n+1)^2}$$

Model of Salant, Switzer & Reynolds (1983)

- **Model Solutions – Equilibrium (cont.):**

(ii) Merger: *Cournot with* $n-k+1$ *firms*

The solution now is:

$$q_i^{\Sigma} = \frac{a-c}{n-\mathrm{k}+2} \quad \& \quad \pi_i^{\Sigma} = \frac{(a-c)^2}{(n+1)^2}$$

- Stage 1

If they merge:

$$\pi_i^{\Sigma} = \frac{(a-c)^2}{(n+1)^2}$$

If they do not merge:

$$k\pi_i^{X\Sigma} = \boldsymbol{k}\,\frac{(a-c)^2}{(n+1)^2}$$

Comparing:

$$\pi_i^{\Sigma} = \frac{(a-c)^2}{(n+1)^2} > k\pi_i^{X\Sigma} = \boldsymbol{k}\,\frac{(a-c)^2}{(n+1)^2}$$

Merger if and only if: $k > \frac{1}{2}\left(2n+3-\sqrt{4n+5}\right) > 0.8n$ **"Rule of 80%"**

Model of Salant, Switzer & Reynolds (1983)

Mergers between multiple firms are only profitable for Cournot competition if a highly concentrated market results.

Profitability depends on 2 opposite forces:

- By internalizing previous rivalry, the merged entity reduces its quantity and thereby increases its profit.
- But, outside firms react by increasing their quantity, which reduces the profitability of the merger.

For the 1st effect to dominate, the number of “outside” firms must be small enough.

Model with Bertrand Competition with $n > 2$ firms & Homogeneous Products

Due to the "Bertrand Paradox", the equilibrium price = marginal cost in both subgames (No Merger & Merger).

→ Firms' profits will be zero in both subgames.

→ Firms will be indifferent to whether they merge or not.

Model with Bertrand Competition with $n > 2$ firms & Horizontally Differentiated Products

Firms, even when $k = 2$, will have merger incentives (no "Merger Paradox").

Why? Price increase by merged firm is matched by price increase of competitors ("outsiders") – strategic complements Reaction of outsiders reinforces initial price increase that results from merger.

→ Merger of any size is beneficial for merging firms.

Other Model Variations

- Cournot with horizontally differentiated products
- Cournot with firms that have asymmetric costs
- Bertrand with firms that have asymmetric costs
- ….

Merger with Efficiency Gains

- If merger confers an advantage to merged entity with respect to the outside firms:

  Merged firm does not ↓ its production so much.

  → Outside firms do not ↑ their production so much.

  More mergers should become profitable in the presence of efficiency gains.

- There are different types of efficiency gains:
  - Economies of scale
  - Synergies

(Next we focus on synergies)

Merger with Efficiency Gains (Synergies)

- **Model Assumptions:**
  - $n > 2$ firms $(i = 1, 2, \ldots, n)$
  - Homogeneous products with the following market demand function:

    $$P(q) = a - q$$

    where total quantity $q = q_1 + q_2 \ \ldots + q_2$
  - Cost function of firm i: $C_i(q_i) = cq_i$ with $a > c \ \rightarrow$ symmetric MC: c
  - Dynamic game:

    Stage 1: Firms 1 & 2 decide whether or not they will merge with each other. If they merge, the MC of the merged firm becomes $c - x$, with $0 < x \leq c$

    Stage 2:

    No merger: Firms choose simultaneously and separately their quantities.

    Merger: The firm that results from the merger and each of the no merged firms choose simultaneously and separately their quantities.

Merger with Efficiency Gains (Synergies)

- **Model Solution – Equilibrium:**
  - Stage 2

(i) No Merger: *Cournot with n firms*

$$\rightarrow q_i^{X\Sigma} = \frac{a-c}{n+1}$$

$$\rightarrow \quad P^{X\Sigma} = \frac{a+nc}{n+1} \quad \& \quad \pi_i^{X\Sigma} = \frac{(a-c)^2}{(n+1)^2}$$

(ii) Merger: *Cournot with n -1 asymmetric firms*

$$q_{12}^{\Sigma} = \frac{a-c+(n-k+1)x}{n-k+2} \quad \& \quad q_O^{\Sigma} = \frac{a-c-x}{n-k+2}$$

Mergers between Cournot competitors that do not result in a highly concentrated market are profitable only if they entail sufficiently large synergies.

7.3 Mergers & Competition Policy

Treatment of Mergers by the European Union (EU)

Which mergers are examined by the European Commission (EC)?

If the annual turnover of the combined firms exceeds specified thresholds in terms of global and European sales, the proposed merger must be notified to the EC. Below these thresholds, the national competition authorities may review the merger.

These rules apply to all mergers no matter where in the world the merging companies have their headquarters or production facilities.

The EC may also examine mergers which are referred to it from the national competition authorities of the EU member-states.

Member-states, through their national competition authorities and national law, control mergers without EU dimension that affect their national markets.

Treatment of Mergers by the European Union (EU)

The original merger control regulation was Council Regulation 4064/89 of 1989.

Currently in force: Council Regulation (EC) No 139/2004 of 2004 on the control of concentrations between undertakings (hereafter the EU Merger Regulation).

According to the EU Merger Regulation:

“A concentration which would significantly impede effective competition (SIEC), in the common market or in a substantial part of it, in particular as a result of the creation or strengthening of a dominant position, shall be declared incompatible with the common market."

Treatment of Mergers by the European Union (EU)

According to the EU Horizontal Merger Guidelines:

- Post-merger market shares of 20% or less are presumed to be compatible with the common market.

- The EC is unlikely to challenge a merger with a post-merger market concentration *H*-index below 0,1. It is also unlikely to challenge a merger with a post-merger *H*-index between 0,1 and 0,2 and an addition to the *H*-index of less than 0,025 points.

- "Efficiencies brought about by a merger counteract the effects on competition and in particular the potential harm to consumers that it might otherwise have."

Treatment of Mergers by the European Union (EU)

Procedure:

The EC must be notified of any merger with an EU dimension prior to its implementation.

There are two main examination phases in the merger analysis:

1st phase: Duration 25 days

More than 90% of all cases are resolved in Phase I.

It involves requests for information from the merging firms or third parties & questionnaires to competitors or customers seeking their views aimed at clarifying the conditions for competition in a given market or the role of the merged firms in that market.

There are two possible conclusions of the 1st phase:

- The merger is cleared, either unconditionally or subject to accepted remedies;
- The merger still raises competition concerns and the EC opens a 2nd phase investigation.

Treatment of Mergers by the European Union (EU)

2nd phase: Duration 90 days

It typically involves more extensive information gathering, including firms' internal documents, extensive economic data, more detailed questionnaires to market participants, and/or site visits.

In phase II the EC also analyses claimed *efficiency gains* which the firms could achieve when merged together. If the positive effects of such efficiencies for consumers would outweigh the mergers' negative effects, the merger can be cleared.

In order to be taken into account, efficiencies must fulfill strict conditions and it is for the merging firms to prove that they are met:

1. The claimed efficiencies must be verifiable (such as that the EC can be reasonably certain that they will materialize and be substantial enough).

2. The efficiencies must be merger specific (i.e. they cannot be achieved by other means than by a merger).

3. The efficiencies must be likely passed-on to consumers, and not only recapped by the merging companies alone.

Treatment of Mergers by the European Union (EU)

Following the 2nd phase investigation, the EC may either:

- Unconditionally clear the merger; or
- Approve the merger subject to remedies; or
- Prohibit the merger if no adequate remedies to the competition concerns have been proposed by the merging parties.

Judicial review

All decisions and procedural conduct of the EC are subject to review by the General Court and ultimately by the EU Court of Justice.

The firms or other parties demonstrating an interest can appeal within 2 months of the decision.

Treatment of Mergers by the European Union (EU)

Treatment of Mergers by the European Union (EU)

Remedies

If the EC has concerns that the merger may significantly affect competition, the merging firms may offer remedies ("commitments"), i.e. propose certain modifications to the project that would guarantee continued competition on the market.

Firms may offer remedies in 1st phase or 2nd phase.

The EC analyses whether the proposed remedies are viable, and sufficient to eliminate competition concerns.

If remedies are accepted, they become binding upon the firms. An independent trustee is then appointed to oversee compliance with these commitments.

Treatment of Mergers by the European Union (EU)

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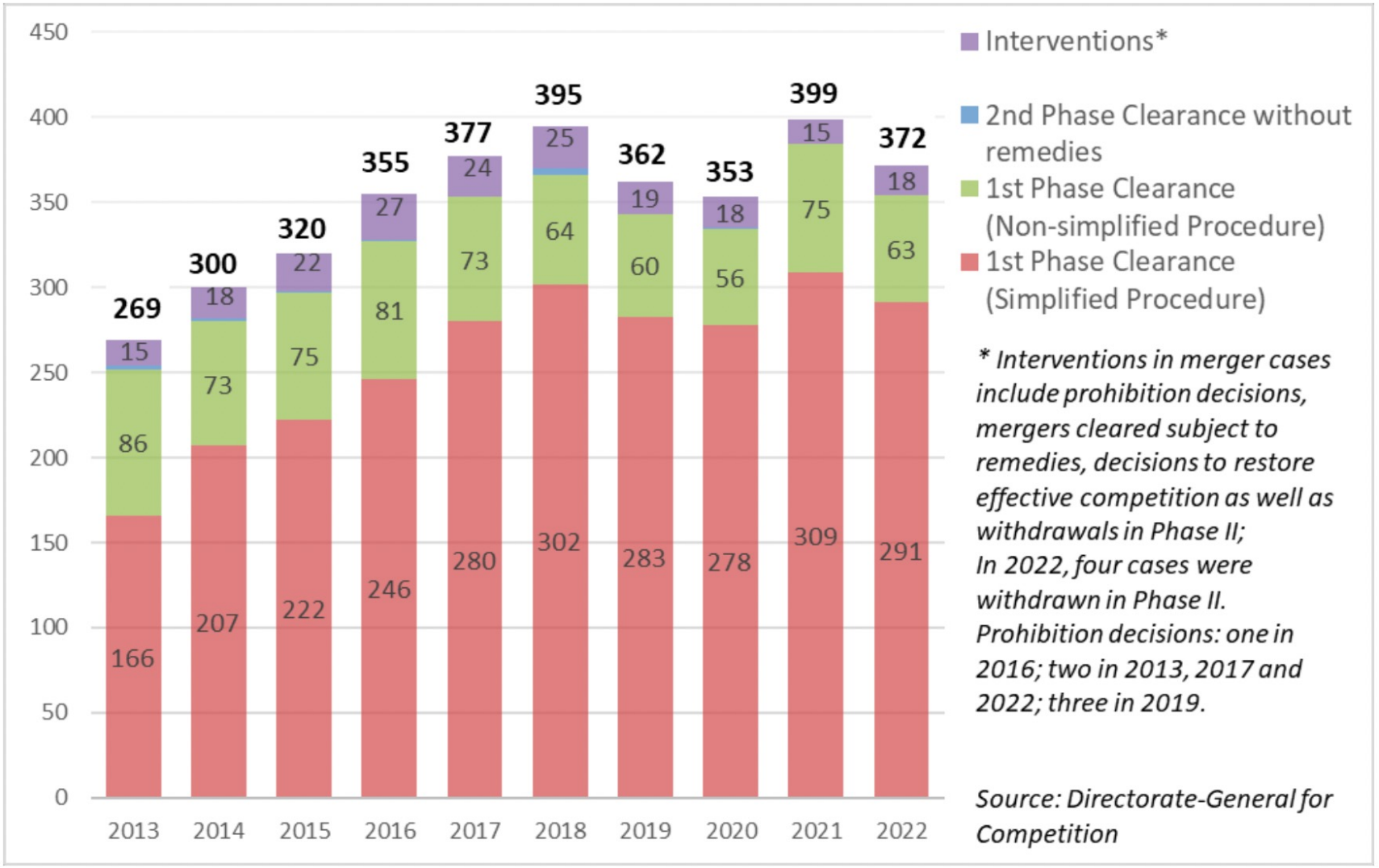
European Commission Decisions 2013 -2022



EU MERGER CONTROL

Interventions from December 2019

European Commission | COMPETITION

Since December 2019, 32 transactions were approved with remedies (of which 23 were cleared in Phase 1 and nine after an in-depth Phase 2 investigation). Remedies can be structural (such as full divestments), quasi-structural (e.g. data silos) or behavioural (such as access or interoperability conditions). Only one transaction was approved in Phase 2 without remedies, and five transactions were abandoned while under in-depth review, three of which after a Statement of Objections had been issued. One proposed transaction has been prohibited.

Varta AG acquires Energizer's divested business

BATTERIES AND PORTABLE LIGHTING

Phase 1 Commitments Decision
Commitment: supply hearing-aid batteries globally

3 December 2019

Danaher Corporation acquires General Electric's Healthcare Life Sciences Biopharma Business

BIOPROCESSING

Phase 1 Commitments Decision
Divestment: 5 biotech equipment and consumables businesses around the world

18 December 2019

AbbVie acquires Allergan

BIOLOGICAL TREATMENTS FOR INFLAMMATORY BOWEL DISEASES

Phase 1 Commitments Decision
Divestment: pipeline R&D project in inflammatory bowel diseases

10 January 2020

Synthomer acquires Omnova

SPECIALTY CHEMICALS

Phase 1 Commitments Decision
Divestment: Synthomer's global VP Latex business

15 January 2020

Assa Abloy acquires Agta Record

PEDESTRIAN AND INDUSTRIAL AUTOMATIC DOORS

Phase 1 Commitments Decision
Divestment: door businesses in certain EU countries and the UK

27 February 2020

Merger of Mylan and Pfizer's Upjohn Division

PHARMACEUTICAL PRODUCTS AND PREPARATIONS

Phase 1 Commitments Decision
Divestment: Mylan's business in several relevant markets

22 April 2020

Johnson & Johnson acquires Tachosil

HAEMOSTATIC PATCHES

Opening of phase 2 investigation on 25 March 2020
Withdrawal of notification on 8 April 2020

8 April 2020

Gategroup acquires Lufthansa Service Group (LSG EU)

IN-FLIGHT CATERING SERVICES

Phase 1 Commitments Decision
Divestment: overlap businesses, including intangible assets

3 April 2020

United Technologies Corporation (UTC) acquires Raytheon

DEFENCE COMMUNICATION EQUIPMENT

Phase 1 Commitments Decision
Divestment: Military communications businesses in the United States

13 March 2020

Telecom Italia and Vodafone acquire joint control of INWIT

TELECOMMUNICATIONS

Phase 1 Commitments Decision
Commitment: Make space available on 4,000 towers in Italy for third parties

6 March 2020

Aurubis acquires Metallo

METAL RECYCLING (COPPER)

Phase 2 (Article 8(1))
Concentration cleared without remedies

4 May 2020

Creation of JVs by Boeing and Embraer

AIRCRAFT MANUFACTURE

Opening of phase 2 investigation on 4 October 2019
Withdrawal of notification on 8 May 2020

8 May 2020

Elanco Animal Health Inc. acquires Bayer AG's animal health division

PHARMACEUTICAL PRODUCTS FOR PETS AND LIVESTOCK

Phase 1 Commitments Decision
Divestment: Products/pipeline assets for certain products in the EEA/UK, and for certain products globally

8 June 2020

PKN Orlen acquires Lotos

CRUDE/REFINED OIL, NATURAL GAS, MOTOR/JET FUEL

Phase 2 commitments decision
Divestment/Commitment: various assets in Poland; make jet fuel available to competitors in the Czech Republic

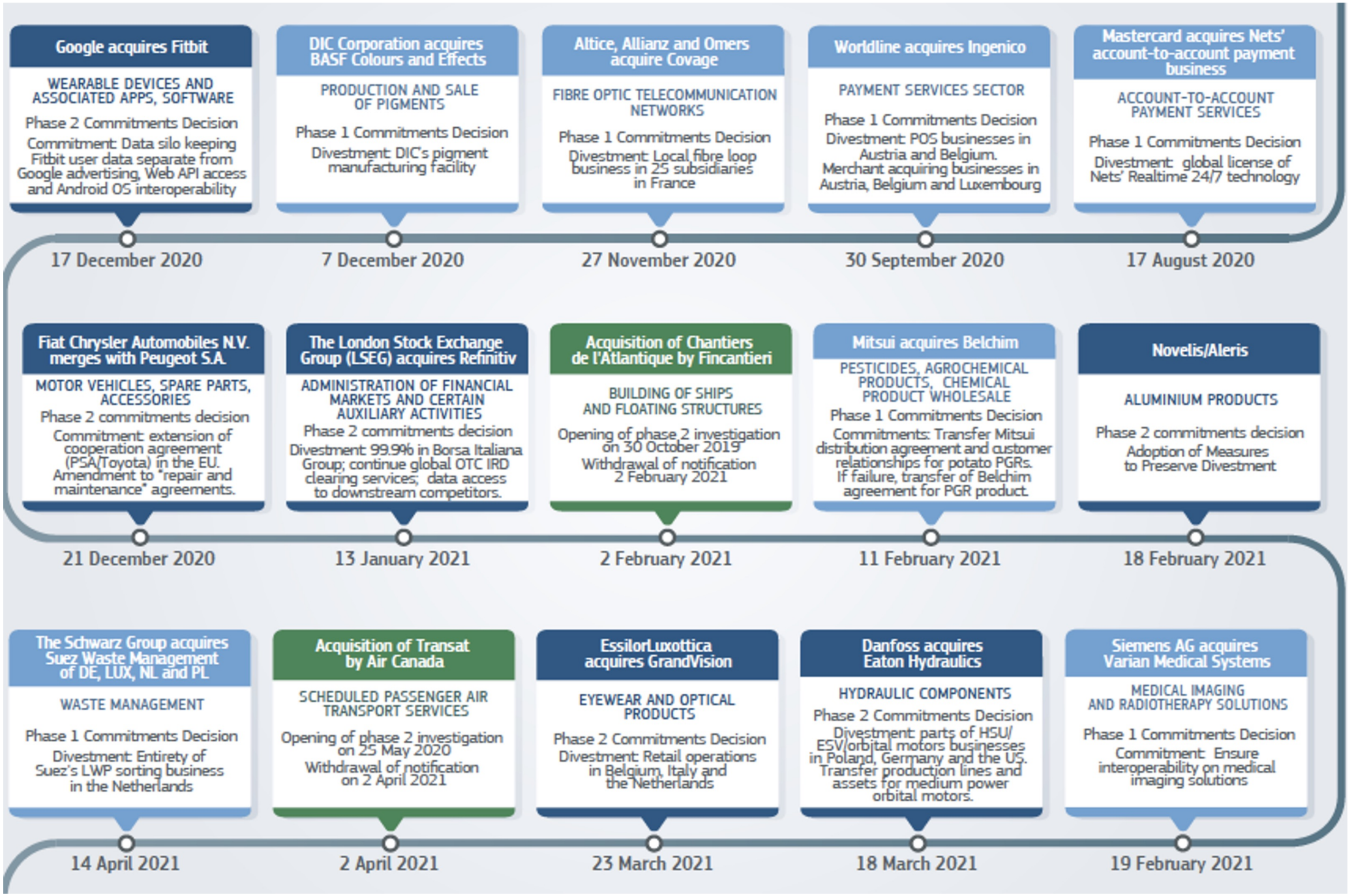
14 July 2020

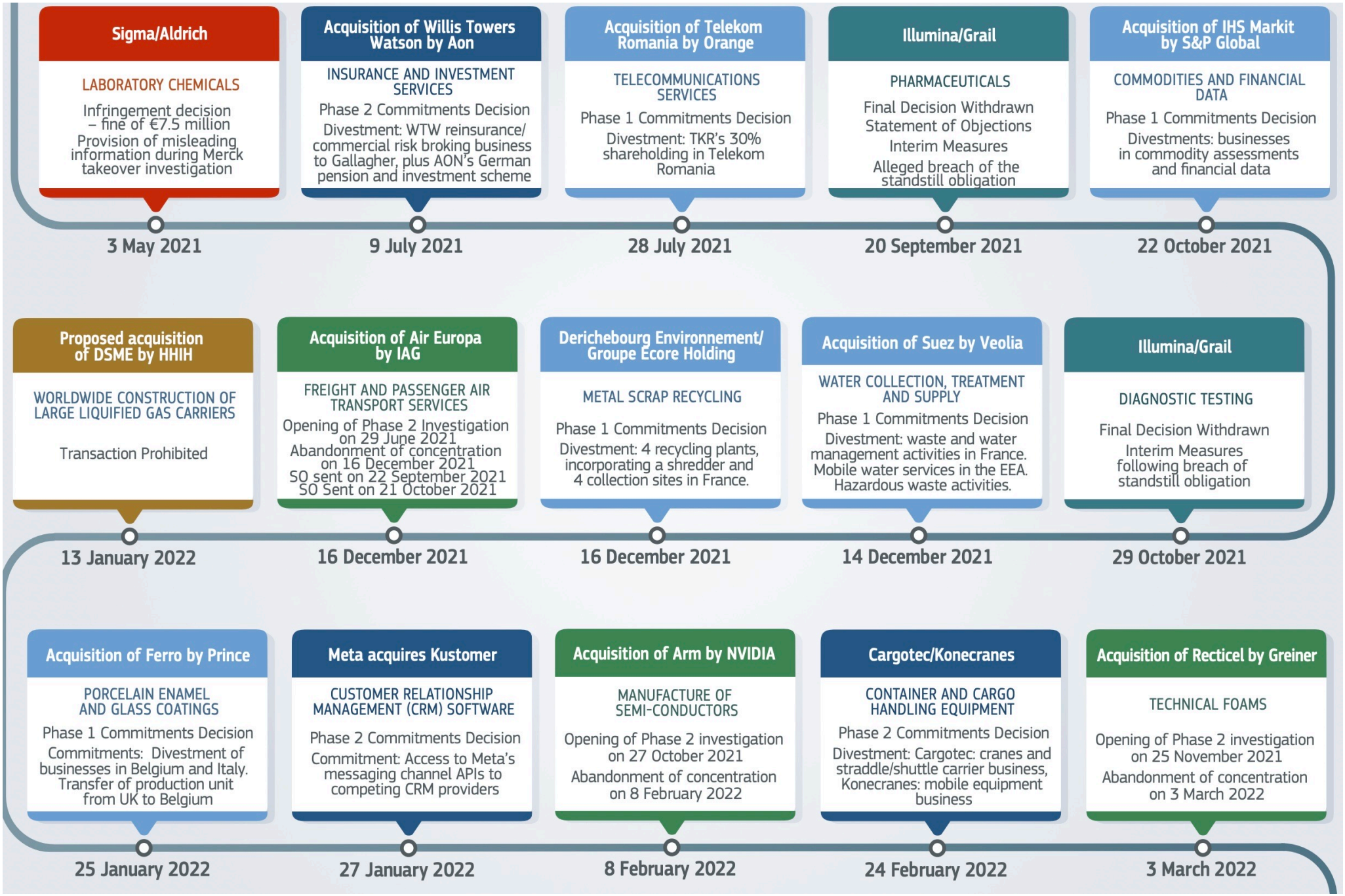
Alstom acquires Bombardier Transportation

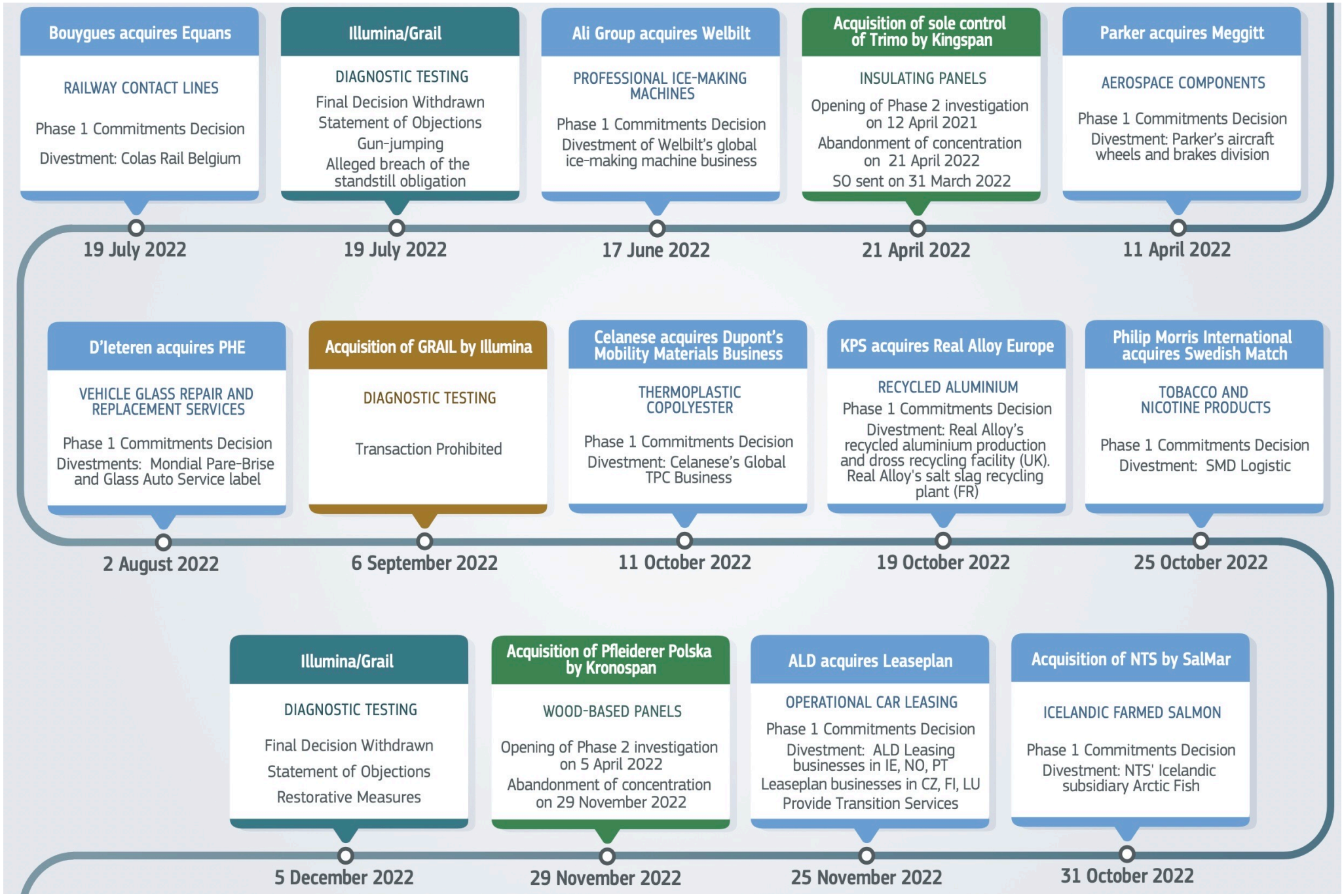
VERY HIGH SPEED TRAINS, MAINLINE TRAINS AND SIGNALLING

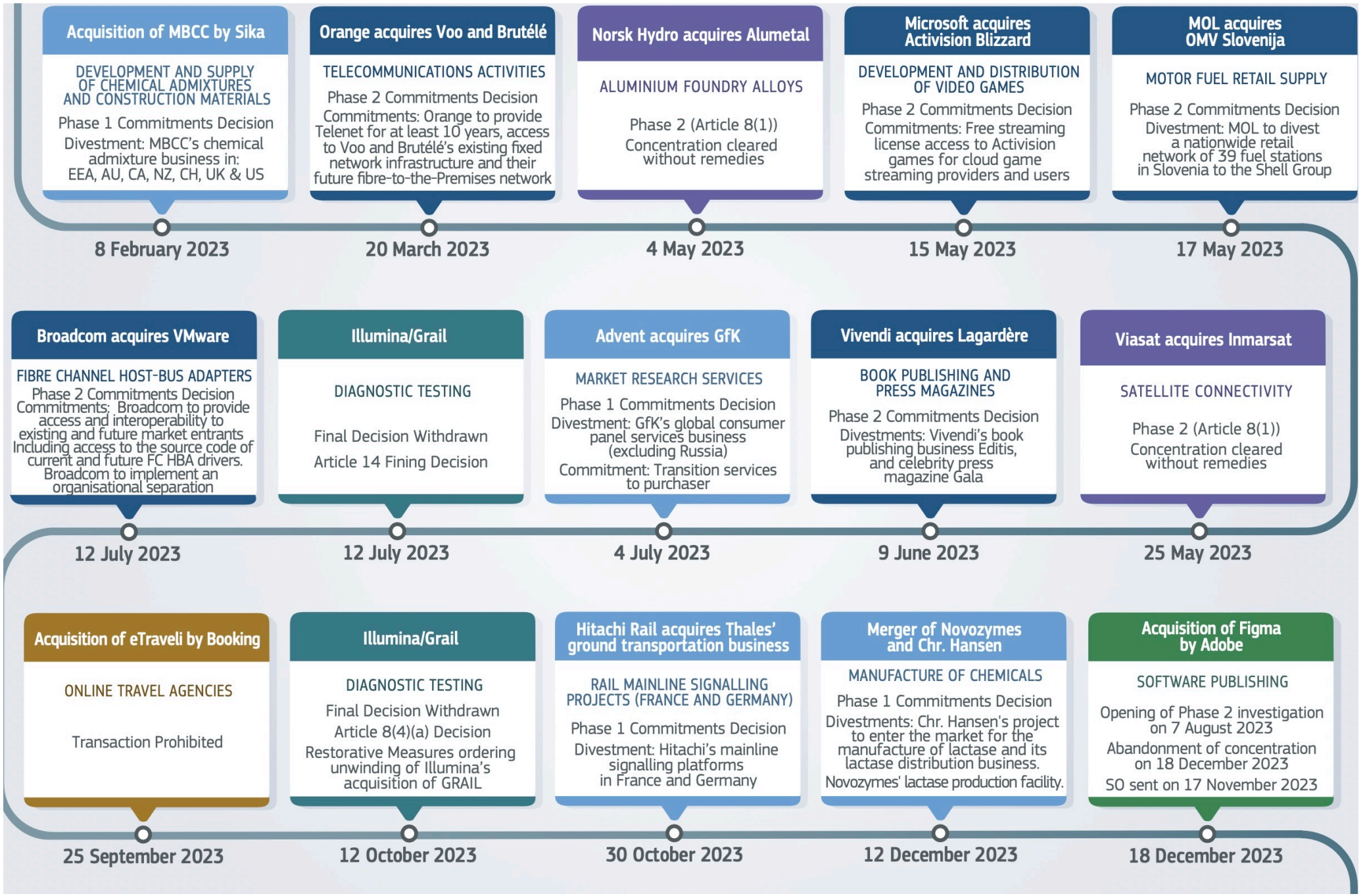
Phase 1 Commitments Decision
Divestment: assets in "Zefiro V300", assets in France and Germany, supply of legacy OBUs to NL

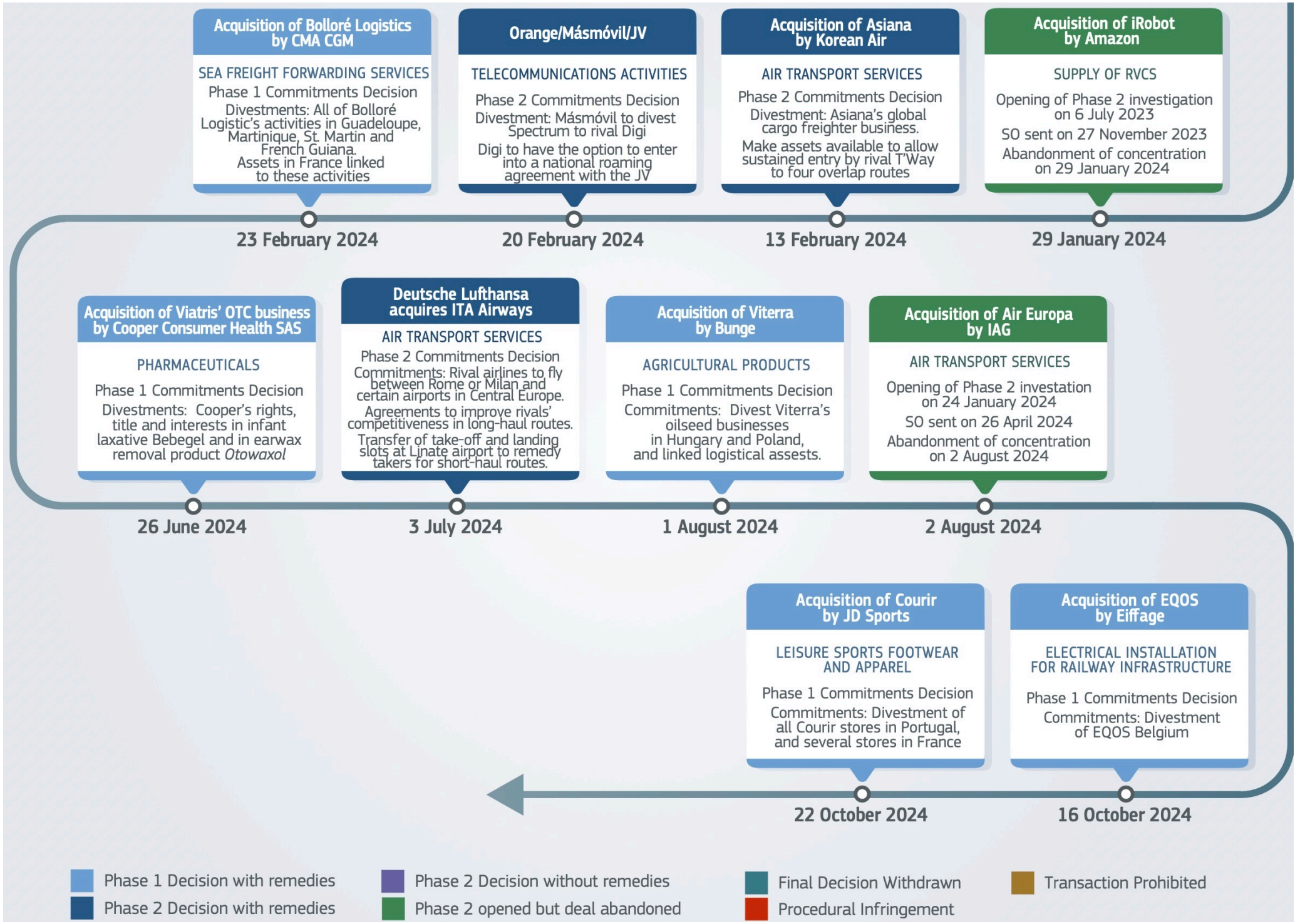
31 July 2020


Google acquires Fitbit
WEARABLE DEVICES AND ASSOCIATED APPS, SOFTWARE
Phase 2 Commitments Decision
Commitment: Data silo keeping Fitbit user data separate from Google advertising, Web API access and Android OS interoperability
17 December 2020
DIC Corporation acquires BASF Colours and Effects
PRODUCTION AND SALE OF PIGMENTS
Phase 1 Commitments Decision
Divestment: DIC's pigment manufacturing facility
7 December 2020
Altice, Allianz and Omers acquire Covage
FIBRE OPTIC TELECOMMUNICATION NETWORKS
Phase 1 Commitments Decision
Divestment: Local fibre loop business in 25 subsidiaries in France
27 November 2020
Worldline acquires Ingenico
PAYMENT SERVICES SECTOR
Phase 1 Commitments Decision
Divestment: POS businesses in Austria and Belgium. Merchant acquiring businesses in Austria, Belgium and Luxembourg
30 September 2020
Mastercard acquires Nets' account-to-account payment business
ACCOUNT-TO-ACCOUNT PAYMENT SERVICES
Phase 1 Commitments Decision
Divestment: global license of Nets' Realtime 24/7 technology
17 August 2020
Fiat Chrysler Automobiles N.V. merges with Peugeot S.A.
MOTOR VEHICLES, SPARE PARTS, ACCESSORIES
Phase 2 commitments decision
Commitment: extension of cooperation agreement (PSA/Toyota) in the EU. Amendment to "repair and maintenance" agreements.
21 December 2020
The London Stock Exchange Group (LSEG) acquires Refinitiv
ADMINISTRATION OF FINANCIAL MARKETS AND CERTAIN AUXILIARY ACTIVITIES
Phase 2 commitments decision
Divestment: 99.9% in Borsa Italiana Group; continue global OTC IRD clearing services; data access to downstream competitors.
13 January 2021
Acquisition of Chantiers de l'Atlantique by Fincantieri
BUILDING OF SHIPS AND FLOATING STRUCTURES
Opening of phase 2 investigation on 30 October 2019
Withdrawal of notification 2 February 2021
2 February 2021
Mitsui acquires Belchim
PESTICIDES, AGROCHEMICAL PRODUCTS, CHEMICAL PRODUCT WHOLESALE
Phase 1 Commitments Decision
Commitments: Transfer Mitsui distribution agreement and customer relationships for potato PGRs. If failure, transfer of Belchim agreement for PGR product.
11 February 2021
Novelis/Aleris
ALUMINIUM PRODUCTS
Phase 2 commitments decision
Adoption of Measures to Preserve Divestment
18 February 2021
The Schwarz Group acquires Suez Waste Management of DE, LUX, NL and PL
WASTE MANAGEMENT
Phase 1 Commitments Decision
Divestment: Entirety of Suez's LWP sorting business in the Netherlands
14 April 2021
Acquisition of Transat by Air Canada
SCHEDULED PASSENGER AIR TRANSPORT SERVICES
Opening of phase 2 investigation on 25 May 2020
Withdrawal of notification on 2 April 2021
2 April 2021
EssilorLuxottica acquires GrandVision
EYEWEAR AND OPTICAL PRODUCTS
Phase 2 Commitments Decision
Divestment: Retail operations in Belgium, Italy and the Netherlands
23 March 2021
Danfoss acquires Eaton Hydraulics
HYDRAULIC COMPONENTS
Phase 2 Commitments Decision
Divestment: parts of HSU/ESV/orbital motors businesses in Poland, Germany and the US. Transfer production lines and assets for medium power orbital motors.
18 March 2021
Siemens AG acquires Varian Medical Systems
MEDICAL IMAGING AND RADIOTHERAPY SOLUTIONS
Phase 1 Commitments Decision
Commitment: Ensure interoperability on medical imaging solutions
19 February 2021


Sigma/Aldrich
LABORATORY CHEMICALS
Infringement decision – fine of €7.5 million
Provision of misleading information during Merck takeover investigation
3 May 2021
Acquisition of Willis Towers Watson by Aon
INSURANCE AND INVESTMENT SERVICES
Phase 2 Commitments Decision
Divestment: WTW reinsurance/ commercial risk broking business to Gallagher, plus AON's German pension and investment scheme
9 July 2021
Acquisition of Telekom Romania by Orange
TELECOMMUNICATIONS SERVICES
Phase 1 Commitments Decision
Divestment: TKR's 30% shareholding in Telekom Romania
28 July 2021
Illumina/Grail
PHARMACEUTICALS
Final Decision Withdrawn
Statement of Objections
Interim Measures
Alleged breach of the standstill obligation
20 September 2021
Acquisition of IHS Markit by S&P Global
COMMODITIES AND FINANCIAL DATA
Phase 1 Commitments Decision
Divestments: businesses in commodity assessments and financial data
22 October 2021
Proposed acquisition of DSME by HHIH
WORLDWIDE CONSTRUCTION OF LARGE LIQUIFIED GAS CARRIERS
Transaction Prohibited
13 January 2022
Acquisition of Air Europa by IAG
FREIGHT AND PASSENGER AIR TRANSPORT SERVICES
Opening of Phase 2 Investigation on 29 June 2021
Abandonment of concentration on 16 December 2021
SO sent on 22 September 2021
SO Sent on 21 October 2021
16 December 2021
Derichebourg Environnement/ Groupe Ecore Holding
METAL SCRAP RECYCLING
Phase 1 Commitments Decision
Divestment: 4 recycling plants, incorporating a shredder and 4 collection sites in France.
16 December 2021
Acquisition of Suez by Veolia
WATER COLLECTION, TREATMENT AND SUPPLY
Phase 1 Commitments Decision
Divestment: waste and water management activities in France. Mobile water services in the EEA. Hazardous waste activities.
14 December 2021
Illumina/Grail
DIAGNOSTIC TESTING
Final Decision Withdrawn
Interim Measures following breach of standstill obligation
29 October 2021
Acquisition of Ferro by Prince
PORCELAIN ENAMEL AND GLASS COATINGS
Phase 1 Commitments Decision
Commitments: Divestment of businesses in Belgium and Italy. Transfer of production unit from UK to Belgium
25 January 2022
Meta acquires Kustomer
CUSTOMER RELATIONSHIP MANAGEMENT (CRM) SOFTWARE
Phase 2 Commitments Decision
Commitment: Access to Meta's messaging channel APIs to competing CRM providers
27 January 2022
Acquisition of Arm by NVIDIA
MANUFACTURE OF SEMI-CONDUCTORS
Opening of Phase 2 investigation on 27 October 2021
Abandonment of concentration on 8 February 2022
8 February 2022
Cargotec/Konecranes
CONTAINER AND CARGO HANDLING EQUIPMENT
Phase 2 Commitments Decision
Divestment: Cargotec: cranes and straddle/shuttle carrier business, Konecranes: mobile equipment business
24 February 2022
Acquisition of Recticel by Greiner
TECHNICAL FOAMS
Opening of Phase 2 investigation on 25 November 2021
Abandonment of concentration on 3 March 2022
3 March 2022


Bouygues acquires Equans
RAILWAY CONTACT LINES
Phase 1 Commitments Decision
Divestment: Colas Rail Belgium
19 July 2022
Illumina/Grail
DIAGNOSTIC TESTING
Final Decision Withdrawn
Statement of Objections
Gun-jumping
Alleged breach of the standstill obligation
19 July 2022
Ali Group acquires Welbilt
PROFESSIONAL ICE-MAKING MACHINES
Phase 1 Commitments Decision
Divestment of Welbilt's global ice-making machine business
17 June 2022
Acquisition of sole control of Trimo by Kingspan
INSULATING PANELS
Opening of Phase 2 investigation on 12 April 2021
Abandonment of concentration on 21 April 2022
SO sent on 31 March 2022
21 April 2022
Parker acquires Meggitt
AEROSPACE COMPONENTS
Phase 1 Commitments Decision
Divestment: Parker's aircraft wheels and brakes division
11 April 2022
D'Ieteren acquires PHE
VEHICLE GLASS REPAIR AND REPLACEMENT SERVICES
Phase 1 Commitments Decision
Divestments: Mondial Pare-Brise and Glass Auto Service label
2 August 2022
Acquisition of GRAIL by Illumina
DIAGNOSTIC TESTING
Transaction Prohibited
6 September 2022
Celanese acquires Dupont's Mobility Materials Business
THERMOPLASTIC COPOLYESTER
Phase 1 Commitments Decision
Divestment: Celanese's Global TPC Business
11 October 2022
KPS acquires Real Alloy Europe
RECYCLED ALUMINIUM
Phase 1 Commitments Decision
Divestment: Real Alloy's recycled aluminium production and dross recycling facility (UK). Real Alloy's salt slag recycling plant (FR)
19 October 2022
Philip Morris International acquires Swedish Match
TOBACCO AND NICOTINE PRODUCTS
Phase 1 Commitments Decision
Divestment: SMD Logistic
25 October 2022
Illumina/Grail
DIAGNOSTIC TESTING
Final Decision Withdrawn
Statement of Objections
Restorative Measures
5 December 2022
Acquisition of Pfleiderer Polska by Kronospan
WOOD-BASED PANELS
Opening of Phase 2 investigation on 5 April 2022
Abandonment of concentration on 29 November 2022
29 November 2022
ALD acquires Leaseplan
OPERATIONAL CAR LEASING
Phase 1 Commitments Decision
Divestment: ALD Leasing businesses in IE, NO, PT
Leaseplan businesses in CZ, FI, LU
Provide Transition Services
25 November 2022
Acquisition of NTS by SalMar
ICELANDIC FARMED SALMON
Phase 1 Commitments Decision
Divestment: NTS' Icelandic subsidiary Arctic Fish
31 October 2022


Acquisition of MBCC by Sika
DEVELOPMENT AND SUPPLY OF CHEMICAL ADMIXTURES AND CONSTRUCTION MATERIALS
Phase 1 Commitments Decision
Divestment: MBCC's chemical admixture business in: EEA, AU, CA, NZ, CH, UK & US
8 February 2023
Orange acquires Voo and Brutélé
TELECOMMUNICATIONS ACTIVITIES
Phase 2 Commitments Decision
Commitments: Orange to provide Telenet for at least 10 years, access to Voo and Brutélé's existing fixed network infrastructure and their future fibre-to-the-Premises network
20 March 2023
Norsk Hydro acquires Alumetal
ALUMINIUM FOUNDRY ALLOYS
Phase 2 (Article 8(1))
Concentration cleared without remedies
4 May 2023
Microsoft acquires Activision Blizzard
DEVELOPMENT AND DISTRIBUTION OF VIDEO GAMES
Phase 2 Commitments Decision
Commitments: Free streaming license access to Activision games for cloud game streaming providers and users
15 May 2023
MOL acquires OMV Slovenija
MOTOR FUEL RETAIL SUPPLY
Phase 2 Commitments Decision
Divestment: MOL to divest a nationwide retail network of 39 fuel stations in Slovenia to the Shell Group
17 May 2023
Broadcom acquires VMware
FIBRE CHANNEL HOST-BUS ADAPTERS
Phase 2 Commitments Decision
Commitments: Broadcom to provide access and interoperability to existing and future market entrants Including access to the source code of current and future FC HBA drivers. Broadcom to implement an organisational separation
12 July 2023
Illumina/Grail
DIAGNOSTIC TESTING
Final Decision Withdrawn
Article 14 Fining Decision
12 July 2023
Advent acquires GfK
MARKET RESEARCH SERVICES
Phase 1 Commitments Decision
Divestment: GfK's global consumer panel services business (excluding Russia)
Commitment: Transition services to purchaser
4 July 2023
Vivendi acquires Lagardère
BOOK PUBLISHING AND PRESS MAGAZINES
Phase 2 Commitments Decision
Divestments: Vivendi's book publishing business Editis, and celebrity press magazine Gala
9 June 2023
Viasat acquires Inmarsat
SATELLITE CONNECTIVITY
Phase 2 (Article 8(1))
Concentration cleared without remedies
25 May 2023
Acquisition of eTraveli by Booking
ONLINE TRAVEL AGENCIES
Transaction Prohibited
25 September 2023
Illumina/Grail
DIAGNOSTIC TESTING
Final Decision Withdrawn
Article 8(4)(a) Decision
Restorative Measures ordering unwinding of Illumina's acquisition of GRAIL
12 October 2023
Hitachi Rail acquires Thales' ground transportation business
RAIL MAINLINE SIGNALLING PROJECTS (FRANCE AND GERMANY)
Phase 1 Commitments Decision
Divestment: Hitachi's mainline signalling platforms in France and Germany
30 October 2023
Merger of Novozymes and Chr. Hansen
MANUFACTURE OF CHEMICALS
Phase 1 Commitments Decision
Divestments: Chr. Hansen's project to enter the market for the manufacture of lactase and its lactase distribution business.
Novozymes' lactase production facility.
12 December 2023
Acquisition of Figma by Adobe
SOFTWARE PUBLISHING
Opening of Phase 2 investigation on 7 August 2023
Abandonment of concentration on 18 December 2023
SO sent on 17 November 2023
18 December 2023


Acquisition of Bolloré Logistics by CMA CGM
SEA FREIGHT FORWARDING SERVICES
Phase 1 Commitments Decision
Divestments: All of Bolloré Logistic's activities in Guadeloupe, Martinique, St. Martin and French Guiana. Assets in France linked to these activities
23 February 2024
Orange/Másmóvil/JV
TELECOMMUNICATIONS ACTIVITIES
Phase 2 Commitments Decision
Divestment: Másmóvil to divest Spectrum to rival Digi
Digi to have the option to enter into a national roaming agreement with the JV
20 February 2024
Acquisition of Asiana by Korean Air
AIR TRANSPORT SERVICES
Phase 2 Commitments Decision
Divestment: Asiana's global cargo freighter business.
Make assets available to allow sustained entry by rival T'Way to four overlap routes
13 February 2024
Acquisition of iRobot by Amazon
SUPPLY OF RVCS
Opening of Phase 2 investigation on 6 July 2023
SO sent on 27 November 2023
Abandonment of concentration on 29 January 2024
29 January 2024
Acquisition of Viatris' OTC business by Cooper Consumer Health SAS
PHARMACEUTICALS
Phase 1 Commitments Decision
Divestments: Cooper's rights, title and interests in infant laxative Bebegel and in earwax removal product *Otowaxol*
26 June 2024
Deutsche Lufthansa acquires ITA Airways
AIR TRANSPORT SERVICES
Phase 2 Commitments Decision
Commitments: Rival airlines to fly between Rome or Milan and certain airports in Central Europe.
Agreements to improve rivals' competitiveness in long-haul routes.
Transfer of take-off and landing slots at Linate airport to remedy takers for short-haul routes.
3 July 2024
Acquisition of Viterra by Bunge
AGRICULTURAL PRODUCTS
Phase 1 Commitments Decision
Commitments: Divest Viterra's oilseed businesses in Hungary and Poland, and linked logistical assests.
1 August 2024
Acquisition of Air Europa by IAG
AIR TRANSPORT SERVICES
Opening of Phase 2 investation on 24 January 2024
SO sent on 26 April 2024
Abandonment of concentration on 2 August 2024
2 August 2024
Acquisition of Courir by JD Sports
LEISURE SPORTS FOOTWEAR AND APPAREL
Phase 1 Commitments Decision
Commitments: Divestment of all Courir stores in Portugal, and several stores in France
22 October 2024
Acquisition of EQOS by Eiffage
ELECTRICAL INSTALLATION FOR RAILWAY INFRASTRUCTURE
Phase 1 Commitments Decision
Commitments: Divestment of EQOS Belgium
16 October 2024
Phase 1 Decision with remedies
Phase 2 Decision with remedies
Phase 2 Decision without remedies
Phase 2 opened but deal abandoned
Final Decision Withdrawn
Procedural Infringement
Transaction Prohibited