International aspects of merger policy: A survey✩

Holger Breinlicha,b, Volker Nockeb,c, Nicolas Schutzc,*

a University of Nottingham and CEP, University Park, Nottingham, NG7 2RD, United Kingdom
b CEPR, United Kingdom
c University of Mannheim, L7 3-5, 68131 Mannheim, Germany

Article history:
Available online xxx

JEL Classification:
F12
F13
L13
L44

Keywords:
Mergers and acquisitions
Merger policy
Trade policy
Oligopoly
International trade

1. Introduction

In a globalizing world, an increasing share of mergers involves firms selling in multiple countries. Due to international differences in market structure and consumer preferences,

✩ We thank the editor Michelle Sovinsky and an anonymous referee for helpful comments. Nocke gratefully acknowledges financial support from the European Research Council (Project no. 313623). Part of this research was conducted while Schutz was visiting the Kyoto Institute of Economic Research at Kyoto University. He is grateful to KIER for their hospitality and to the International Research Unit of Advanced Future Studies for providing financial support.

* Corresponding author. Tel.: +49-(0)621-181-1872.
E-mail addresses: holger.breinlich@nottingham.ac.uk (H. Breinlich), nocke@uni-mannheim.de (V. Nocke), schutz@uni-mannheim.de (N. Schutz).

http://dx.doi.org/10.1016/j.ijindorg.2016.05.001
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Please cite this article as: H. Breinlich et al., International aspects of merger policy: A survey, International Journal of Industrial Organization (2016), http://dx.doi.org/10.1016/j.ijindorg.2016.05.001
but also due to the presence of trade costs and to the ownership structure of the merging
and non-merging firms in the industry, any such merger can have different effects in
different countries. In fact, it may well improve market performance in some countries,
and worsen it in others. This may in turn lead national antitrust authorities to reach
opposite conclusions on that merger.

Over the past twenty years, a number of merger cases have exemplified such conflict
between national antitrust authorities. In 1997, the merger between aircraft manufactur-
ers McDonnell Douglas and Boeing was cleared by the U.S. Federal Trade Commission
(FTC). The EU antitrust authority expressed serious concerns and threatened to block
the merger. A trade war was avoided at the last minute after the merging parties agreed
to some remedies. In 2000, the attempted joint acquisition of BOC Group by indus-
trial gas suppliers Air Liquide and Air Products received approval from the EU, Canada
and Australia, but was subsequently challenged by the FTC. Other prominent examples
include the General Electric/Honeywell merger, which was cleared by the U.S. Depart-
ment of Justice and blocked by the EU Commission in 2001, and the Metlac/Akzo Nobel
merger, which was cleared by several antitrust authorities including the German Bun-
deskartellamt, but blocked by the UK Competition Commission in 2012.

More generally, every year, many mergers involve firms that are active in multiple
countries. Fig. 1 shows the number of mergers between manufacturing firms where the two
parties had joint sales of at least USD one billion before the merger or takeover. We focus

Fig. 1. Number of M&As between Manufacturing Firms with Combined Sales above USD 1 billion.
Source: Bureau van Dijk Zephyr, authors’ calculations. Notes: The figure shows the yearly worldwide num-
ers of mergers and acquisitions (M&As) between manufacturing firms with combined sales of more than
USD one billion before the merger or takeover. Domestic M&As are transactions where the acquirer and
the target are from the same country; cross-border M&As are transactions where the acquirer and target
are from different countries.
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