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MASTER'S THESIS

THE MAIN PURPOSES AND PRINCIPLES OF THE EUROPEAN UION MERGER CONTROL SYSTEMS.

EUROPOS SĄJUNGOS KONCENTRACIJŲ KONTROLĖS SISTEMOS PAGRINDINIAI TIKSLAI IR PRINCIPAI.

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ABSTRACT AND KEYWORDS

This work scrupulously analysis the European Union merger control system which is a critical component of the European Union competition policy mainly aimed at maintaining market integrity and protecting consumer welfare. The study explores the primary purpose of the merger control framework, including the protection of consumer interests, the maintenance of competitive market structures and the prevention of excessive market concentration. However, the thesis also identifies significant challenges faced by the EU merger control system particularly in adapting to the complexities of digital markets and the realities of globalization. In a nutshell, this thesis encompasses the vital role of the EU merger control system in fostering competition and innovation within the internal market.

Keywords: EU Merger Control, Consumer Welfare, Competition Policy, Market Structure, Economic Efficiency, Digital markets.

Šis darbas kruopščiai analizuoja Europos Sąjungos koncentracijų kontrolės sistemą, kuri yra kritinė Europos Sąjungos konkurencijos politikos dalis, daugiausia skirta rinkos vientisumui išlaikyti ir vartotojų gerovei apsaugoti. Tyrimas nagrinėja pagrindinę koncentracijų kontrolės sistemos paskirtį, įskaitant vartotojų interesų apsaugą, konkurencingų rinkos struktūrų išlaikymą ir pernelyg didelės rinkos koncentracijos prevenciją. Tačiau disertacijoje taip pat nustatomos reikšmingos problemos, su kuriomis susiduria ES koncentracijų kontrolės sistema, ypač prisitaikant prie skaitmeninių rinkų sudėtingumo ir globalizacijos realijų. Trumpai tariant, ši disertacija apima ES koncentracijų kontrolės sistemos svarbą skatinant konkurenciją ir inovacijas vidaus rinkoje.

Raktiniai žodžiai: ES susijungimų kontrolė, vartotojų gerovė, konkurencijos politika, rinkos struktūra, ekonominis efektyvumas, skaitmeninės rinkos

CONTENT

INTRODUCTION

The Relevance of the research Understanding how regulatory frameworks affect market competition, corporate strategy, and economic growth within one of the biggest trade blocs in the world is the foundation of analysing the European Union's (EU) merger control system. Acquisitions and mergers have a significant impact on customer welfare, industry shaping, and innovation. For several reasons, including fostering competitive markets, influencing economic integration and investment, tackling issues in the digital and globalized market, encouraging consumer welfare and innovation, and having legal and policy ramifications, it is imperative to examine the EU's approach to merger regulation.

The merger control system, which was established to prevent mergers and acquisitions that would materially harm healthy competition inside the EU's internal market, is a crucial component of the EU's framework for competition policy. By preserving a market structure that is conducive to competition, the system was established under the EU merger regulation (EUMR), formerly known as Council Regulation (EC) No 139/2004. Its goals are to protect consumer welfare, foster innovation, and advance economic efficiency (European commission, 2004). Maintaining a competitive market, preventing the formation or consolidation of dominant market positions, and safeguarding consumer interests by preventing fewer options, increased prices, and lower-quality goods and services are the main objectives of the EU merger control system. Additionally, the system aims to promote efficiency and innovation by ensuring that businesses are under pressure from competition to operate economically and invest in new technologies (European Commission, 2004).

Two of the key principles of the EU merger control procedure are ex-ante control and the necessity that mergers that fulfill specific criteria inform the European Commission before completion. The commission conducted a comprehensive analysis, paying close attention to factors like market shares and competitive dynamics, to ascertain whether a merger would seriously obstruct healthy competition. Other tenets include identifying the market, providing remedies and a pledge to resolve competition-related issues, and ensuring that processes are impartial and open during the assessment process. Wish and Bailey (2018). The EU merger control system makes a substantial contribution to maintaining the integrity of the domestic market, fostering fair competition for businesses, and ensuring that consumers benefit from a vibrant and competitive market by adhering to these rules.

Study Overall Aim.

The study aim is to analyses and evaluate the effectiveness of the European Union (EU) merger control system in promoting competition, protecting consumer welfare and fostering economic integration across the EU. The study seeks to understand how the principles and procedures of the EU merger control system influence merger outcomes, corporate strategies and market dynamics within the European single market. Additionally, the research aims to identify challenges the system faces, particularly in adapting to digital and global markets, and to access the broader financial and economic consequences of merger control on companies, consumer and the economy. By examining case law, policy papers, economics theories, this study provides insight into the relevance and impact of EU merger control, while also highlighting areas where the systems could be improved to better serve its objectives in a rapidly evolving market landscape.

Research Tasks and Objectives:

This study is built on 3 specific objectives.

i. To elucidate the primary goals of the EU merger control system, including maintaining competitive market, protecting consumer welfare, promoting innovations, and ensuring market integrations.
ii. To analyze the key principles guiding the EU merger control process, such as ex-ante control, substantive assessment, market definition, remedies and commitment and procedural fairness.
iii. To evaluate the effectiveness of EU merger control system in achieving its stated objective and identifying areas of potential improvement.

Problems and solving methods:

There is a dearth of empirical research in assessing the impact of mergers on market competition which involves complex economic and legal analyses. The European commission must consider factors such as market shares, competitive dynamics, potential barriers to entry and the overall structure of the market. Due of this intricacy, it may be difficult to precisely estimate the future impact of mergers and may require extensive investigations. Acquiring comprehensive information about market shares, merger cases, and competitive impacts can be a difficult task. For a complete study, organizations' proprietary information is frequently required, but they could be hesitant to divulge sensitive information because of privacy concerns. Furthermore, in-depth legal knowledge was needed to comprehend and interpret the subtleties of the EU merger legislation and associated legal texts. Decisions and assessments on mergers may become inconsistent due to differences in interpretation.

The European Commission uses sophisticated economic modelling and analytical techniques to simulate market circumstances and forecast merger effects to handle the complexity. Accurately assessing the potential outcome is made feasible by methods including competitive effect evaluation, market stimulation, and econometric research. (Papandropoulos, P., Seabright, P., & Neven, D.J., 1998). Second, by forging stronger confidentiality agreements with businesses to guarantee the security of sensitive data, the European Commission can enhance data collecting. Cooperation with industry regulators and improved data exchange standards can also make it easier to obtain the information you need. To augment its analysis, the commission may make use of thirty-party market research and publicly available data (European commission, 2020). Finally, the European Commission can help him by offering precise instructions and a notice that clarifies how EU merger laws should be applied. These policies ought to be updated often to take changing legal interpretations and market realities into account. Furthermore, guaranteeing consistency and minimizing ambiguities can be achieved by building a strong body of precedents in law through transparent and consistent decision-making. (Jones and Sufrin 2016).

The Originality of this Research: The current emphasis on assessing how well the EU merger control system handles the difficulties of a more digitized and globalized economy is what makes research on the system so interesting. Although EU merger laws have been examined from a legal and historical standpoint, this study places a special emphasis on how these principles should be modified to reflect contemporary economic circumstances, including network effects, cross-border data flows, and digital market dynamics, which are not adequately covered in conventional merger control literature.

The structure of the Thesis

The structure of this thesis comprises of the introduction, Main Purpose, Guiding principle, Legal framework, Procedures and case analysis, Challenges, solutions and Conclusions.

Difficulties and Limitations

Merger evaluation requires complex legal and economic analysis. Sophisticated analytical abilities and techniques were needed to comprehend market dynamics, forecast future market behaviour, and assess competition implications. The state of the market might fluctuate greatly between industries and geographical areas. Applying a consistent set of rules and criteria for every merger examination is difficult due to this variety. Although sophisticated economic models and analytical techniques are helpful in this evaluation, they are not perfect. Predicting the course of the market and the outcome of competition is never completely guaranteed. There are instances where errors or omissions result from the use of theoretical models and assumptions. Furthermore, because every market is different, the conclusions and rulings from one instance might not apply to another. This makes it more difficult to create standardized procedures and may produce uneven results.

By doing so, this thesis can provide valuable insight and contribute to a boarder understanding of the main purposes and principles of the European union merger control system.

1. MAIN PURPOSES OF EU MERGER CONTROL SYSTEM.

The purpose of the EU's merger control mechanism is to stop anti-competition mergers and acquisitions that might hurt the domestic market. Protecting consumer welfare, maintaining market integration, encouraging economic efficiency, and maintaining a competitive market structure are among its primary goals. One of the main goals of the EU merger control system is to:

Protect Consumer Welfare by avoiding mergers that can result in inferior quality, higher costs, or less innovation. Several cases, such as the well-known *Airtours v. Commission 2022* case, have seen the European Court uphold this objective. The court ruled that the European Commission must make sure that mergers do not result in lower quality or higher prices by decreasing competition (General Court, 2022). According to Motta (2004), the primary criterion for evaluating mergers should be consumer welfare since mergers that limit consumer choice or raise costs eventually impair the ability of competitive markets to function. The consumer surplus technique in merger analysis, according to practitioners, guarantees that any efficiencies emerging from a merger are suitably passed on to consumers, maintaining the advantage of competitive market behaviour (Jones & Sufrin, 2022). Once more, the *Airtours* case demonstrates how the EU recognized that anti-competition mergers may directly hurt consumers and took proactive measures to stop possible price increases and service cuts in the vacation sector. Furthermore, to avoid fewer options for consumers and higher costs in the music industry, the EU first prohibited the *2004 SONY/BMG* merger. Even though the ruling was eventually reversed, it showed how the EU considered consumer welfare when evaluating mergers. The General Court (2006).

Maintaining a Competitive Market Structure by preventing the establishment or bolstering of a dominating position is another essential goal of the EU merger control regulatory framework. In the *General Electric/Honeywell 2001 case*, for instance, the European Commission forbade the merger because it would have resulted in a negative "Portfolio effect" by uniting two businesses with complementary market dominance, which would have caused serious competition problems (European Commission, 2001). The significance of maintaining a competitive market structure is reflected in the significant obstacle to effective competition (SIEC) test, which was established by the EU merger rule (European Commission, 2022). By using this test, the commission may make sure that mergers don't restrict competitive dynamics by considering a variety of possible competitive effects, including coordinated and non-coordinated outcomes. The system approach has also evolved to address non-horizontal mergers that involves vertical or conglomerate relationship. This was particularly evident in the *Telefonica UK/Vodafone UK/ Everything Everywhere 2012 case,* where the EU approved the joint venture but imposed conditions to prevent foreclosure in the telecommunication market. This adaptability demonstrates the system effectiveness in addressing complex, cross-market mergers where competition may be impacted differently. However, there are criticism regarding the EU's control of digital and data-driven merger. As noted by *Ezrachi and Stucke 2016,* digital market tends to exhibit strong network effect and data concentration, which traditional EU merger guidelines might not adequately address. In cases like *Facebook/WhatsApp 2014*, Despite worries that data concertation would impact future competition, the commission authorized the transaction with little interference (European Commission, 2014). These instances indicate that although the EU's strategy works well in general, it could need to be updated further to meet the unique difficulties presented by mergers in the digital market. According to Wish and Bailey (2021), the concept of sustaining market structures involves more than just avoiding oligopoly and monopoly situations; it also involves ensuring that new companies can enter the market and that smaller competitors are not unjustly penalized by increased concentration.

Another crucial goal of the EU merger control regime is to **Promote Economic Efficiency**. To guarantee that consumer benefits are finally realized, mergers must be evaluated against any possible harm to competition. However, they can result in efficiency improvements like cost savings and innovation (Kroes, 2005). The general court acknowledged the importance of efficiencies in *Ryanair v. Commission (2010), case T-342/07*, but stressed that these had to be merger-specific and verifiable to support the competitive arm (General Court, 2010). This strategy is supported by Motta (2004), who emphasizes that fostering economic efficiency is consistent with the overarching goal of improving welfare in the EU market. By blocking mergers that would result in the re-nationalization of competition, the EU merger control system also seeks to support the development and upkeep of the internal market (European Commission, 2022). The European Court of Justice (ECJ) established in *Continental v. Commission 1973* that merger evaluations must take cross-border effects into account, which advances the larger objective of European market integration (ECJ, 1973). To make sure that no obstacles are erected within the internal market, policy documents like the Commission Notice on Market Definition 1997 emphasize how crucial it is to take the market's geographic dimension into account. This objective is also reflected in the EU merger regulation's one-stop-shop principle, which avoids conflicting regulatory decisions from several national competition authorities by offering a standardized framework for evaluating mergers with a community component. Commission for Europe, 2023.

Finally, **Preventing Excessive Market Concentration** that can lessen competition in the internal market is another key goal. The European Commission emphasized the need to avoid excessive concentration that could impede innovation and reduce consumer choice, and the merger was scrutinized in the *Vodafone/Mannesmann 2000* case because of worries about diminished competition in the telecommunications market (European Commission, 2000).

The EU merger control system faces several significant challenges, particularly when adapting to complexities of digital markets and globalized business practices. These challenges impact the EU’s ability to fully access the financial and economic consequences of mergers on companies, consumers and the broader economy.

i. Adapting to Digital Market

Digital market characterized by rapid growth, network effects, data dependency and complex business models, present unique challenges that traditional merger control framework often struggles to address effectively. Some key difficulties include:

Data-driven market power: in digital markets, data ownership and processing capabilities can create significant market power that traditional metrics (e.g market share) do bot capture effectively. For example, in the *Facebook/WhatsApp 2014 case*, the European commission faced criticism for underestimating the future impact of data consolidation on market power, which is essential for assessing competitive harm in digital age (European Commission 2014).

Network effect and market concentration: many digital markets exhibit strong network effect, where a firms users based grows rapidly as more users join. This can lead to high concentration in this market, making its difficult to maintain competitive conditions. The *Google/Fitbit 2020* case illustrate tis issues, as Google access the Fibit's health data raised concerns about data concentration and its potential effect on competition (European Commission, 2020).

Innovation and dynamism: digital markets are characterized by constant innovation and rapid evolution, which complicates long-term competitive assessment. Mergers like *Microsoft/LinkedIn 2016* posed challenges for EU regulators as they tried to predict how the combination of services will impact innovation in the professional networking space (European Commission 2016). The EU must balance preventing market monopolization with allowing beneficial innovation, a difficult task when predicting long-term effect in fast evolving digital sectors.

ii. Challenges In a Globalized Economy.

In a globalized business environment, companies increasingly operate across brooders, making it difficult for the EU merger control system to access and regulate that have worldwide competitive effects.

Jurisdictional conflicts an inconsistency: Mergers involving multinational companies often face varying regulatory requirements across jurisdictions, leading to conflicts between EU rules and other countries' regulations, such as those in the U.S or China. This was seen in the

Alstom/Siemens 2019 case, where the EU competition concerns about potential market dominance conflicted with calls for a stronger European presence to counter global competitors like CRRC, the Chinese rail giant (European Commission, 2019).

Regulatory cooperation and harmonization: As global markets grow interconnected, international cooperation among competition authorities become crucial. However, differences in competition standards, legal framework, and economic goals complicate cross- border regulatory harmonization, impacting how effectively the EU can prevent anti-competitive mergers globally.

Cross-border data flow and privacy: digital mergers often involve companies that operate globally, making data flows an important regulatory concern. However, enforcing EU competition rules related to data privacy and security when firms operate internationally remains challenging. Cases like *Google/DoubleClick 2008* showed that EU had to access not only competitive but also data privacy implication, highlighting the complexity of addressing these issues in a global context (European Commission, 2008).

iii. Financial and Economic Consequences for Companies, Consumers and Economy.

The EU merger control system also has broader financial and economic implication that affect not only individual companies and consumer but also the overall EU economy.

Impact on company strategy and growth: Mergers are often pursued to gain synergies, economic of scale, or access to new market. The strict regulatory environment may deter companies from pursuing beneficial mergers that could increase efficiency and shareholder value. For instances, the blocking of the *Alstom/Siemens* merger was seen as a missed opportunity to create a European champion in the rail industry that could compete globally (European Commission, 2019). This highlights the potential cost of blocking mergers that may otherwise strengthen companies' global competitiveness.

Effects on consumer welfare and pricing: By preventing mergers that may harm competition, the EU aims to protect consumer welfare, particularly regarding prices and product quality. However, some argue that stringent mergers control can prevent efficiency gains from being passed on to consumers in the form of lower prices. A 2020 OECD reports suggests that in certain sectors, mergers could reduce cost and improve access, thus benefiting consumers. (OECD, 2020).

Macroeconomic effects and integration objectives: By establishing a stable, integrated single market, the EU merger control system also influences the EU's more general economic integration objectives. The EU promotes economic integration and prevents market fragmentation by implementing uniform competition laws. However, as the digital market grows, there is a significant chance that digital monopolies may cause economic distortion, indicating the need for regulatory modifications to preserve market competition and integration in this new environment.

The EU merger control system effectively maintain competition and protect consumer welfare within the EU. However, as digital and global markets continue to evolve, the system faces significant challenges in adapting its frameworks to address new forms of market power, data-related concerns, and cross- jurisdictional complexities. To improve the effectiveness of the EU merger control system, regulators may need to adapt their approaches, increase international cooperation, and update guidelines that account for the specific characteristics of digital and global markets.

2. CONCEPUTALIZATION OF EU MERGER REGULATIONS.

By prohibiting mergers and acquisitions that can hurt consumers or lessen competitive market dynamics, the European Union's (EU) merger regulations aim to protect competition within the single market. Principles from economic theory, consumer protection, competition law, and regulatory governance are all integrated into the conceptual underpinnings of EU merger laws. These rules are enforced by the European Commission under the auspices of the EU Merger Regulation (EUMR), which was first implemented in 1989 and has since developed to handle the intricacies of contemporary markets. A legislative framework for evaluating and regulating mergers and acquisitions with a "community dimension" is provided by the EU Merger Regulation (Regulation 139/2004). If the combined turnover of the merging businesses reaches a specific threshold, a merger or acquisition is deemed to have a community dimension, indicating that it impacts several EU member states. The main objective is to prevent mergers from establishing or strengthening a market dominance, which would seriously hinder healthy competition (European Commission, 2022). Both vertical mergers—between businesses operating at different supply chain levels—and horizontal mergers—between competitors in the same market—are subject to the EUMR. Additionally, it considers conglomerate mergers, which include businesses from unrelated industries that, because of their size or breadth, may nevertheless have a big impact on the market (Jones & Sufrin, 2022).

Economic theory and legal ideas serve as the foundation for the conceptualization of EU merger regulation. Legally, the rules are a part of EU competition law's border body, which also include provisions from the Treaty on the Functioning of the European Union (TFEU), namely Articles 101 and 102, which forbid anti-competitive agreements and the abuse of dominance. In particular, the EUMR addresses the ex-ante laws of market structure, which concentrate on the possibility that mergers could undermine competition before they take place. From an economic perspective, competition economics—specifically, the structure-conduct-performance (SCP) paradigm, which studies how market structure affects business behaviour and market outcomes—informs EU merger legislation. The rules are intended to stop mergers that would worsen consumer welfare by increasing costs, decreasing quality, or limiting innovation, as well as increase market concentration and decrease competition (Bishop & Walker, 2018).

The overarching objective of EU merger control are to:

i. Preserve market competition by making sure mergers don't result in oligopolies or monopolies that could control a market and stifle competition.
ii. Protect consumer welfare by avoiding mergers that can result in worse quality, fewer options, or greater costs for customers.
iii. Encourage economic efficiency: if mergers don't hurt competition, support those that result in production, distribution, or innovation efficiencies.
iv. Preserve market integration: make sure that mergers don't impede entry or cross-border commerce, which would upset the EU's market integration.

The EU merger control system incorporate several key concepts in merger Assessment:

1. SIEC, or Significant Impediment to Effective Competition, is a key idea in EU merger laws. The European Commission evaluates whether a proposed merger would create or

reinforce a dominating market position, which could represent a serious obstacle to its effectiveness.

2. Market Definition: Determining the relevant market in terms of product and geographic breadth is one of the first phases in the merger evaluation process. The European Commission (2023) investigates whether the combination would lessen competition in this specific sector.
3. dominating Position: The commission assesses whether the merger will result in the establishment or strengthening of a dominating position, enabling the combined company to act independently of rivals and customers. Market shares, ownership of important resources, and obstacles to other companies' entry are all included in the evaluation (Motta, 2004).
4. Efficiency: mergers that result in efficiencies, including lower costs or better innovations, may be permitted provided that the advantages to customers outweigh any drawbacks for rivals. However, it is the merging companies' responsibility to prove these efficiencies.
5. Remedies: The commission may impose remedies or commitments on the merging parties in situations where a combination has the potential to improve competition but is also likely to impair it. To lessen the merger's anti-competitive impacts, these remedies may be behavioural (such as pledges not to raise prices) or structural (such as asset disposal). Commission for Europe, 2019).

Pre-notification talks, a formal notification procedure, and a two-phrase probe are all part of the procedural side of EU merger control. The commission performs an initial evaluation in phase 1, and the merger is approved if no serious competition concerns are discovered. A Phase 2 inquiry is started for a closer look if the problems are found. Although the merging parties must show proof of any purported economies or benefits the merger would bring, the European Commission bears the burden of proving that a merger will hurt competition. Globalization, the emergence of platform markets, data-driven companies, and the changing nature of markets have all led to changes in the way mergers are evaluated, particularly regarding network effects, data monopolies, and cross-border competition (Khan, 2019). As a result, EU merger regulations have changed over time to address these new issues. A strong theoretical foundation that incorporates ideas from competition economics, regulatory theory, and legal doctrine underpins the European Union's (EU) merger control mechanism. Analysing how merger control is intended to preserve market competition, improve consumer welfare, and foster efficiency within the EU internal market requires an understanding of this framework.

The fundamental theories for evaluating how mergers affect market dynamics are provided by competition economics, which is at the heart of the EU merger control system. This is cantered on the structure-conduct-performance (SCP) paradigm, which holds that a market's structure affects business behaviour, which in turn affects market performance. According to Schaefer (1983), this paradigm aids in regulating and forecasting how mergers may change market structure and competitive behaviours. The foundation of EU merger control is still competition economics, which has developed to consider modern market dynamics. Recent developments place more emphasis on the importance of innovation and dynamic competition than on static indicators of market coordination. The Schumpeterian method, which emphasizes the rewards for technological advancement and innovation, has become more well-known (Kwoka & White, 2020). According to this viewpoint, mergers can either foster or inhibit innovation based on how they affect the distribution of resources and the pressure from competitors. Additionally, measures related to market structure and coordination have been improved. Even if conventional metrics like the Herfindahl-Hirschman index (HHI) are still useful, new research suggests more sophisticated strategies that consider elements like network effect, entry barriers, and market contestability in digital markets (Bishop & Wares, 2018). The improvements make it possible to evaluate mergers' effects on market competition in a variety of quickly changing industries with greater accuracy.

One of the key ideas supporting merger control is consumer welfare theory. It focuses on consumer outcomes including product quality, variety, and costs. This thesis states that mergers ought to be assessed according to how much they could improve or harm consumer welfare. To protect the interests of consumers, the EU has implemented merger control that may result in higher pricing, fewer options, or lower-quality goods and services (Whish & Bailey 2018). To better understand customer behaviour and preferences, new theoretical developments have incorporated behavioural economics. Behavioural welfare economics provides a more thorough assessment of merger effects on welfare by examining how cognitive biases and information asymmetry can affect customers' decisions (Tirole, 2017). Furthermore, the New Empirical Industrial Organization (NEIO) method promotes data-driven studies that represent actual customer experience and market conditions, highlighting the significance of empirical evidence in evaluating consumer harm (Djankov et al., 2020).

According to Baumol, Panzar, and Willing's (1982) theory of contestable markets and potential competition, potential competition is crucial for preserving market efficiency and averting monopolistic practices. The threat of new competitors can limit the pricing and result decisions made by established businesses, even in markets with few competitors. To sustain competitive pressure, the EU merger control system considers both the ease with which a new entrant can confront merging companies and the existing market players (Baumol et al., 1982). The importance of platform markets and multi-side marketplaces, where network effects and ecosystem dependencies may impact the entry of a new rival, is highlighted by recent theoretical contributions (Evans, 2019). When assessing mergers in technology-driven industries, where conventional contestability indicators might not be sufficient, these insights are essential.

Institutional theory and regulatory theory both offer a prism through which to view the planning and execution of merger controls. The adaptive regulatory framework that can react to shifting market conditions and technology advancements is emphasized by recent authors. EU merger policies have been influenced by the idea of responsive regulation, which promotes an adaptable and iterative approach to regulation (Ayres & Braithwaite, 2020).

Regulatory theory offers guidance on how to best construct merger review procedures in the context of EU merger control, striking a balance between thoroughness and efficiency. Maintaining trust and legitimacy in regulatory action requires transparency, accountability, and procedural fairness, all of which are reflected in the European Commission's approach to merger control (Stigler, 1971; Baldwin & Cave, 1999). Understanding how institutional norms, the legal system, and governance structures affect merger control procedures is another area in which institutional theory is useful. Institutional coherence and policy harmonization are crucial for efficient merger regulation, according to recent evaluations that concentrate on the interaction between national competition agencies and EU-wide legislation (Whish & Bailey 2021).

Judicial precedent and legal doctrine that interpret and enforce competition laws also influence precedent theory and legal doctrine. The principles and standards utilized in merger assessment are informed by legal theories pertaining to antitrust legislation and monopolistic practices. To ensure that mergers are assessed in accordance with accepted legal norms and economic principles, the EU merger control system depends on a corpus of case law that offers consistency and predictability in regulatory decisions (Jones & Sufrin, 2016). Behavioural economics sheds light on how regulators' and companies' cognitive biases and decision-making processes might affect the result of mergers. By addressing prospective and strategic behaviours that merely rational models could miss, an understanding of this behavioural element might improve the efficacy of merger control. A more sophisticated and successful regulatory action may result from using a behavioural perspective (Thaler, 2016).

2.1 Roles and Responsibilities of European Commission and DG Comp.

Enforcing competition law in the European Union, including merger and acquisition regulation, is a major responsibility of the European Commission, namely the Directorate-General for Competition (DG COMP). To safeguard consumers, encourage innovation, and preserve competitive market structures, the commission oversees making sure that mergers don't obstruct efficient competition inside the EU's internal market.

The European commission’s role in merger control is as follow:

i. **Legislative and Regulatory Authority**.

The European commission is the executive body of the European union, responsible for implementing decisions, proposing legislation, and ensuring EU regulations are respected. Under the EU Merger Regulation (EUMR), the commission is tasked with evaluating mergers and acquisitions that have a "community dimension"—that is, those that surpass a specific turnover threshold and have the potential to materially impact competition among several EU member states (European Commission, 2023). To avoid oligopolies or monopolies from forming that would impair the competitive structure of the EU's internal market, the commission's job is to implement EU competition legislation regarding mergers. It works to prevent mergers from raising costs, limiting options, or stifling innovation—all of which could have a detrimental effect on customers.

ii. **Decision Making Authority**.

Mergers falling under EURM's purview may only be approved, conditionally approved, or blocked by the commission. This implies that the commission will have to evaluate the merger's effect on competition after it is notified and decide whether it may move forward. Notification, market research, and evaluation are some of the processes in the decision-making process. For preliminary analysis, the commission may start a phase 1 inquiry. If serious barriers to effective competition are suspected, a more thorough phase 2 investigation is started (Jones & Sufrin, 2022).

iii. **Enforcement and Monitoring**.

The European Commission is responsible for overseeing adherence to any obligations or conditions placed on a merger after it has been authorized, whether unconditionally or subject to remedies. This could involve behavioural commitment, access to necessary facilities, or asset divestiture. A punishment or the reversal of the merger may follow noncompliance (European Commission, 2019).

DG Comp Roles and Responsibilities.

The European Commission's Directorate-General for Competition (DG Comp) division oversees managing competition policy issues, such as merger control. To complement the commission's work and guarantee that mergers assessments are thorough, open, and founded on reliable economic analysis, DG Comp is essential.

i. **Investigation function**.

The technical and financial study needed to evaluate mergers is carried out by DG COMP. This entails identifying the pertinent market, assessing the competitive environment, and figuring out if the merger would result in a major obstacle to effective competition (SIEC). Through market research and consultations, DG COMP obtains data from the merging parties, competitors, clients, and other stakeholders (Whish & Bailey, 2021). Economic models and tools are also used in the inquiry phase to forecast the possible impact of a merger. For instance, to assess the possibility of a price increase or decreased competition following a merger, DG COMP uses quantitative techniques such price concentration analysis and the upward pricing pressure (UPP) model (Bishop & Walker, 2018).

Recommendation and Advising Role.

Following its inquiry, DG COMP writes a report and makes suggestions to the European Commission's decision-making body, the College of Commissioners. DG COMP offers advice on whether to accept, approve with remedies, or prevent a merger. The College of Commissioners has the last say, despite the influence of DG COMP's recommendation (European Commission, 2022).

ii. **Designing and Negotiating Remedies**.

When a merger has potential advantages but is likely to hurt competition, DG COMP works with the merger parties to explore remedies. These solutions may be behavioural (such as guaranteeing non-discriminatory access to necessary input) or structural (such as selling a portion of the company). It is the responsibility of DG COMP to make sure that the suggested remedies are appropriate for the competition issues found during the investigation and that they are successful in preserving competition (European Commission, 2021).

iii. **Advocacy and Policy Development**.

Additionally, DG COMP is essential to the formulation of competition policy. It keeps a close eye on market developments, researches the impact of mergers, and offers advice to help Mold future competition laws. Because of DG Comp's experience, EU merger laws can adapt to new developments in technology, the economy, and new issues including data monopolies and digital marketplaces (Khan, 2019).

iv. **Cooperation with National Competition Authorities**.

Working with National Competition Authorities (NCAs) via the European Competition Network (ECN) is another duty of DG COMP. This collaboration guarantees that merger cases are handled effectively and uniformly throughout the EU, especially in circumstances where a merger could have a big impact on both the national and EU levels. (2020, European Commission).

Procedural framework and Transparency.

Transparency, equity, and due process are guaranteed by the procedural framework in which the European Commission and the DG Comp function. The commission must be notified initially by companies wishing to merge, and there are deadlines for each step of the merger assessment procedure, such as phase 1 and phase 2 investigation. Sufrin and Jones, 2022). By posting their decisions, recommendations, and promises on the official EU website, the commission and DG Comp further guarantee transparency by giving the public and stakeholders access to their decision-making procedures.

2.2 Procedures for Merger Notification, Assessment and Decision Making.

A systematic procedure is used by the European Union's (EU) merger control system to assess mergers and acquisitions to make sure they don't materially reduce competition in the internal market. The process consists of several steps, such as assessment, notification, and decision-making, all of which are intended to offer a thorough analysis of the merger's possible effects on competition. Under the EU Merger Regulation, this process is supervised by the European Commission (EUMR).

i. **Notification of Merger**.

The first official phase in the EU merger control procedure is the notification stage. Prior to the transaction's implementation, parties to a merger who satisfy the jurisdictional threshold outlined in the EUMR are required to notify the European Commission (European Commission, 2022). Mergers with a community component that have a combined global turnover of more than $5 billion and a combined EU-wide turnover of at least two parties over $250 million need to be reported. A standard form called Form CO, which offers comprehensive details regarding the merging parties, their operations, the market impacted, and the merger's competitive impact, must be used for the notification (Jone & Sufrin, 2022). Once submitted, the notification triggers the formal merger review process.

ii. Initial Assessment (Phase I).

A Phase I Assessment is carried out by the commission when it receives the notification. The goal of this preliminary evaluation, which might take up to 25 working days, is to find any serious competition issues. In this stage, the commission assesses how the merger will affect competition, considering variables such market shares, possible effects on competition, and whether the merger would establish or bolster a dominant position (Whish & Bailey, 2021). At the conclusion of phase I, the commission gives a clearance judgment, permitting the merger to proceed if there are no competition concerns. If competition issues are found, the merging parties may commit to remedies, like selling off a portion of their company or granting access to infrastructure (European Commission, 2023).

iii. In-Depth Investigation (Phase II).

The commission launches a Phase II investigation if the Phase I evaluation identifies serious competition concerns that cannot be addressed with commitment. Up to 90 working days may pass during this thorough evaluation, with the possibility of an extra 20 working days in some cases (European commission, 2022). The commission performs a more thorough examination in phase II, which frequently include extensive market testing and stakeholder interactions with suppliers, customers, and competitors (Bishop & Walker, 2018). Determining whether the combination would materially obstruct effective competition in the relevant market is the goal of the phase II examination. To bolster its research and guarantee that every facet of the merger is carefully considered, the commission may ask the merging parties for more information.

iv. Market Test and Remedies.

To get information about the possible effects of the merger, the commission may do a market test during both stages of the evaluation process by asking interested parties, including rivals, customers, and suppliers, for their opinions (European Commission, 2023). The input aids the commission in determining whether the remedies suggested by the merging parties are adequate to allay competition worries. At any stage of the examination, the merging parties may suggest remedies to resolve competition-related concerns. Remedial measures might be behavioural, like committing to give third parties access to specific technology or infrastructure, or structural, such divestitures (Motta, 2004).

v. Decision Making.

The commission decides whether to approve, approve with conditions, or block the merger after the investigation is over. The four probable results are as follows: Unconditional clearance: this means that the commission has not discovered any serious competition issues, and the merger is permitted without any limits. Conditional clearances: conditions (remedies) intended to address identified competition concerns are required before the merger can be permitted (European Commission, 2022).

Prohibition: The commission has the authority to forbid a merger if it determines that it will seriously hinder competition and that there are no suitable alternatives. Referral to national authorities: If the commission feels that the National Competition Authorities (NCAs) of the relevant member state are better qualified to evaluate the merger's effects on regional competition, it may occasionally refer the merger to them (Whish & Bailey, 2021).

vi. Judicial Review.

The merging parties have the right to appeal to the European Union's general court if they disagree with the commission's judgment. The court evaluates the commission's decision according to the reasonableness of the result reached, the sufficiency of the evidence, and the correctness of the procedure (Jones & Sufrin, 2022). This preserves procedural justice and due process by guaranteeing that the commission's decisions are susceptible to judicial review.

3. Interplay Between the Principles of EU Union and Merger Control Systems.

The European Union's (EU) merger control mechanism functions within the larger context of the EU's core values, which include advancing economic integration, safeguarding consumer welfare, encouraging market innovation, and ensuring fair competition. The Treaty on the Functioning of the European Union (TFEU) places a strong emphasis on the idea of fair competition, especially in articles 101 and 102, which forbid anti-competitive agreements and abuses of dominant market positions, respectively. This idea is supported by the EU's merger control regime, which forbids mergers that might stifle competition. Through several well-known cases, the General Court and European Court of Justice (ECJ) have emphasized the significance of preserving fair competition. The European Court of Justice (ECJ) emphasized in *Kali & Salz v. Commission (1998)* that merger control is an essential instrument for preserving fair competition by avoiding excessive market concentration that would jeopardize it. The ruling made clear that, especially in markets with significant entry barriers, competition authorities must make sure that merging firms do not obtain an unfair advantage that could distort competition. The significant impediment to effective competition (SIEC) test, which offers a structured evaluation of whether a merger would hurt competition, also promotes fair competition, according to Jones & Sufrin (2022). The framework supports an environment where both large incumbents and smaller new entrants can compete equally by avoiding anti-competitive consolidations.

The EU merger control system is directly related to the EU's focus on fostering innovation and market efficiency. By lowering competitive pressure or removing a major innovator from the market, the system seeks to prevent mergers that can impede innovation. The European Commission examined the possible effects of the merger on data-related service innovation in the Microsoft/LinkedIn (2016) case and determined that specific remedies were required to keep the combined company under competitive pressure to keep innovating (European Commission, 2016). This instance demonstrates the commission's efforts to prevent mergers from lessening the incentive for innovation or creating a less dynamic market. According to Jones and Sufrin (2022), the EU merger control system places a high priority on efficiency. The commission must determine whether the alleged efficiencies are merger-specific and transferable to consumers to improve market efficiency, according to the Horizontal Merger Guidelines 2004 (European Commission, 2004). In keeping with the EU's larger commitment to social welfare and safeguarding the interests of stakeholders beyond consumers, the EU merger control mechanism also aims to strike a balance between economic and social goals. The system considers the potential effects of a merger on suppliers, employees, and other stakeholders. The *2010 Kraft/Cadbury* merger commission examination considered both the transaction's competitive consequences and the possible repercussions on jobs and local economies. Commission for Europe, 2010). This strategy demonstrates how merger control can be used to solve social concerns in the EU.

3.1. Interplay Between EU Merger Control Principles and Broader EU Policies.

In addition to preserving fair competition inside the EU, the EU merger control mechanism is made to be consistent with other EU regulations. This alignment creates a balanced framework that considers both competitive and regulatory factors, enabling merger control to serve industrial, digital, and global competition objectives. The EU can successfully address issues in contemporary markets, especially those pertaining to industrial competitiveness, digital data protection, and cross-border collaboration, thanks to the interaction of merger control with these policies.

i. Alignment with EU Industrial Policy.

EU merger control has increasingly intersected with industrial policy, particularly in sector where the EU seeks to foster "European Champion" capable of competing globally. This approach supports EU industries while avoiding excessive market concentration. However, this objection can sometimes clash with competition rules, which primarily focus on market competition rather than creating or supporting large, competitive firms.

ii. International Cooperation and Global Competition Policy.

In a globalized economy, mergers often involve companies operating across multiple jurisdictions, requiring EU regulators to contribute with foreign competition authorities to ensure consistent outcome. This is especially important for mergers involving U.S or Asian companies that also have significant operations within the EU. Collaboration with the U.S Federal Trade Commission (FTC) and other global bodies has become essential for the EU, as differing regulatory approaches can lead to complication and regulatory conflicts.

For instance, the *Bayer/Monsato 2018* case required coordination between the EU, U.S, and other jurisdiction due to the companies' significant cross border agricultural activities. The European commission approved the merger with extensive remedies to address competition concerns in the agrochemical market. This case highlighted the EU's efforts to harmonize decision with other regulatory bodies, ensuring that global merger is assessed with consistent criteria to avoid market distortion.

iii. Relationships with Single Market Integration.

EU merger controls ensure cross broader mergers do not create regional monopolies or disrupt single market integration. A case example of *Vodafone/Mannesmann (2000)* was a landmark cross-boarder merger in the telecommunication sector. The commission approved it, emphasising the merger's alignment with the single market's principles by ensuring no significant impediment to effective competition. A challenge example of *GE/Honeywell (2001)*, the merger was blocked due to its potential to harm competition in aviation and industrial markets, despite approval in the US. This decision highlighted the EU's commitment to preserving single market integrity, even in the face of international pressure.

iv. Roles in Digital Economy and Data Privacy.

The rise of digital market has introduced complexities in merger control, particularly regarding data driven mergers. A case of *Facebook/WhatsApp (2014),* the merger raised concerns over fakebook's access to user data, which could reinforce its dominance in the digital advertising market. The commission approved the merger but later fined Facebook for providing misleading information. The *Commission's Guideline on Market Definition (2021*) were updated to address challenges in digital markets, emphasizing the importance of data as a competitive asset. Practitioners argue that traditional competition tools may require adaptation to assess non price effects, such as data control and network effects, in digital markets (Ezrachi, 2020).

v. Contribution to Sustainability and Green Policies.

The EU merger control system increasingly consider sustainability as part of boarder policy objectives. A hypothetical scenario is a merger between two renewable energy companies could reduce competition but contribute to climate goal. The commission could access whether the mergers environmental be Relationships with Single Market Integration benefits outweigh its anticompetitive effects. The European Green Deal emphasises the integration of sustainability into competition law. In 2021, the European commission held a public consultation on incorporating sustainability into antitrust assessment. Monti (2021) highlight the need for competition law to adapt to substantiality challenges without comprising on core principles.

vi. Balancing Consumer Welfare and Industrial Competitiveness.

A core challenge for EU merger control is balancing consumer welfare with broader industrial objectives. A case of *T-Mobile/Tele2 (2019),* this merger in the Dutch telecommunication market was approved, as it was deemed to ehnace consumer benefits reducing the number of competitors. The decision highlighted the EU's nuanced approach to balancing market consolidation with potential consumer benefits. *Jones and Sufrin (2022)* argue that consumer welfare should remain the primary objective, but industrial competitiveness cannot be entirely ignored in strategies sectors.

vii. Roles in Fostering Innovation.

EU merger controls consider how mergers innovation, especially in sectors like pharmaceuticals and technology. A case of Dow/Dupont (2017), the merger was approved with significant conditions, including divesture, to address concerns about reduced innovation in agrochemicals. The EU's horizontal merger guidelines stress the importance of preserving innovation competition in dynamics market. Competition experts suggest that mergers in the R&D intensive industries should be scrutinize for long-term effect on innovation pipelines (Ezrachi, 2018).

4. Effectiveness and Challenges of the Eu Merger Control System.

The EU's merger control mechanism has received recognition for preserving internal market competition while guaranteeing welfare, market integration, and innovation. Notwithstanding its efficacy in numerous domains, the system encounters noteworthy obstacles such as managing the political aspect of cross-border mergers, resolving the intricacies of digital markets, and striking a balance between economic efficiency. The difficulties are listed here, while the efficacy was already mentioned in 1.1. The EU merger control system now faces additional difficulties because of the growth of digital markets. Network effects, data concentration, and a quickly changing market are characteristics of the digital economy that make it challenging for standard merger control methods to accurately depict the competitive dynamics at play. The *Google/Fitbit 2020* case brought to light the difficulties in evaluating mergers in the digital sector, especially when it comes to data concentration. Even though the European Commission finally approved the merger, it placed stringent restrictions to make sure Google couldn't use Fibit's data to undermine competition in the advertising and digital health sectors (European Commission, 2020). The challenges of regulating data-driven mergers, where the competitive impact is frequently indirect and hard to measure, were illustrated by this case. According to Whish & Bailey (2021), the current framework isn't always appropriate for handling the special characteristics of the digital market, like the importance of data and network effects. Calls for a more sophisticated method of evaluating mergers in the digital economy have resulted from this.

The political aspect of mergers must also be managed by the EU merger control system, especially when cross-border mergers are involved. The commission's goal of encouraging fair competition throughout the internal market may occasionally clash with the competing national interests of member states. Despite intense political pressure from France and Germany in support of the agreement, the European Commission prevented a merger of major European train manufacturers in the *2019 Alstom/Siemens case*. To the detriment of customers, the commission concluded that the combination would have decreased competition in the high-speed train and rail signalling areas (European commission, 2019). The ruling emphasized the independence of the system while also emphasizing the difficulty of controlling commercial and political interests that occasionally conflict with the goals of competition policy. Despite mounting political pressure, the European Union must continue to prioritize competition law, according to the European Commission's 2020 Foreign Subsidies White Paper (European Commission, 2020).

i. **Competition Rules in the EU**.

Certain practices that are incompatible with the internal market are prohibited by the Treaty on the Functioning of the European Union (TEFU). Any form of corporate collaboration that has the purpose of limiting or skewing wider competition within the internal market is included in these practices. The most obvious instance of this type of unlawful behaviour is when rival businesses band together as a hidden cartel to fix prices or market shares, unjustifiably raising their profits at the expense of customers. Cooperation may be allowed if it is done to further economic or technical advancement or to improve the production or distribution of commodities. This is the need that consumers gain equally from the outcomes and that the effect on competition is proportionate and not eliminated.

The TEFU also prohibits companies which holds a dominants position in each market from abusing that position with a view to eliminating or educing competition example of such behaviour include:

* Requiring buyers to purchase a particular kind of product only from the dominant undertaking (exclusive purchasing).

* Setting prices at a loss-making level (predatory pricing).

* Imposing an unfair condition to preventing competitors from entering.

ii. The Commission's Role as Enforcer of Competition Rules.

Under the treaties, the EU has exclusive competences for establishing the competition rules necessary for the functioning of the internal market. The commission is responsible for the uniform enforcement of these rules. This is essential for a functioning EU internal market because corrects imperfections in the functioning of market and takes actions when companies do not respect the rules. The independence of competition authorities is a perquisite for effective enforcement. In other words, a competition authority should decide independently from economic actors from government and their political priorities on which cases to investigate and enforce. Independences also implies that competition authorities need sufficient resources (both humans and technical) to act as effective enforcers. EU legislation confers several important investigative and decision-making powers on the commission such as inspecting companies, prohibiting cartels, or other anticompetitive conducts or imposing peculiar penalties on companies that violates EU competition rules. Such investigation ae commonly known as "Anit-trust Proceedings". Commission decision prohibiting a specific anti-competitive practice are binding on the companies involved, but the also set precedent for analogue cases, within the framework of the TFEU, Regulation 1/2003 and case law set by the EU courts, the commission enjoys discretion in:

- Defining the objectives and underlying economic concept of "effective competition".
- Deciding how to use its investigative powers and conducts its investigations.
- Defining the remedies necessary to stop anti-competitive practices or problematic concentrations.

iii. Roles of Member State Authorities and Antitrust Proceedings.

The commission and the EU member states' national competition authorities (NCAs) are both empowered to directly enforce EU competition rules in the antitrust cases affecting trade between member states. Authority of each member state's national competition authorities. In addition to national competition laws, NCAs also enforce EU competition laws. They take independent action, and the decisions they make are enforceable in the relevant member state. Subject to the harmonisation measures mandated by Directive 2019/1, procedural rules and the severity of fines continue to fall entirely within the purview of the member state. Member states may, under specific circumstances, apply harsher competition rules to unilateral conduct and issue sanctions that are higher or lower than those imposed by the commission in conformity with their national legislation. Although the area of application of the EU antitrust laws has been greatly expanded by this decentralized method of "parallel enforcement," the commission is still ultimately in charge of making sure that NCAs follow the regulations accurately. Decisions that affect the entire European Economic Area (EU member states, Iceland, Liechtenstein, and Norway) can also be made by the commission.

The parallel enforcement of EU antitrust rules requires close corporation between the commission and the NCAs. To this end, the commission and the NCAs have set up the European commission network (ECN) a mechanism through which they decide which competition authority will investigate a case and exchange information about investigative measures and enforcement decisions they intend to take. The ECN also features an advisory committee comprising representative of NCAs which the commission must consult before adopting final competition decision. National courts play a complementary role in enforcement as they deal with litigations between private parties involving questions of EU antitrust rules. National courts decisions cannot overrule a commission decision. NCAs has considerable discretion whether to investigate an infringement and what penalties to impose. In their decision which was binding for the territory of member state, they must respect the principles established by the commission's own court decision or by a court. The commission's notice and guidelines regarding the enforcement of antitrust case are not binding for the NCAs but they influence their decision. National courts may request opinions on the interpretation of EU competition rules from the commission and may submit request for preliminary ruling to the EU court of justice. When the commission initiate its own investigation, the NCAs are relived from further involvement with the case concerned.

5. EU Merger Control System and its Financial and Economic Consequences.

To prevent corporate mergers and acquisitions from impairing competition in a single market, the EU merger control mechanism is essential. Businesses, sectors, and the larger European economy are all impacted financially and economically by this system. The EU aims to prevent monopolies, encourage competition, safeguard welfare, and stimulate innovation through merger regulation. However, depending on the merger situation, these interventions might have both beneficial and negative financial and economic effects. The financial effects of merger control are related to the burden of compliance and transaction costs. The transaction costs related to the merger approval procedure are among the most obvious financial effects of the EU merger control regime on businesses. These expenses cover the time needed to wait for clearance, legal and financial counsel, and notification preparation. Navigating the system can be expensive for major mergers with a community component. For instance, both businesses made significant investments in preparing their arguments before the European Commission in the *General Electric/Honey 2001* case. The merger was prohibited despite their efforts, and the transaction costs were eventually sunk (European Commission, 2001).

This expense may discourage businesses from seeking mergers or cause proposed transactions to alter their financial structures to gain regulatory approval. According to Motta (2004) and Wish & Bailey (2021), although the burden of compliance is required to guarantee that anti-competitive mergers are avoided, smaller businesses or those who are not familiar with the EU's regulatory environment may find the expense especially onerous. Furthermore, there may be financial repercussions if the merger clearance process is delayed, especially in sectors like technology where timing is crucial. The EU's merger control regime is significantly impacted by the financial impact on shareholder value. Stock prices may rise in response to approved mergers, particularly ones featuring efficiency improvements or synergies, because of the anticipated increase in profitability. However, if a merger is forbidden or allowed under severe terms, the market can react negatively and share values might drop. The drop in Ryanair's share price after the commission's decision to prohibit the airline's proposal to purchase Aer Lingus in the *Ryanair v. Commission 2010 case* (General Court, 2010) reflected investor fears about lost synergies and growth potential.

On the other hand, share values frequently increase when mergers are authorized with few recourse options because of the expected cost savings and market expansion. According to economic research, the announcement of a merger typically results in a favourable stock price response for the target company and a milder impact for the acquiring company. These responses, however, may be influenced by the level of regulatory uncertainty around the merger. Before a final judgment is made, stock prices may fluctuate due to regulatory risk imposed by the EU merger control system, especially in complicated businesses (Motta, 2004). Promoting competition and avoiding monopolies are the two main economic effects of merger control. The main economic benefit of the EU merger control system is that it encourages competition by avoiding market structures that lead to monopolies. The EU maintains market competitiveness by preventing mergers that would result in the formation of dominating market actors, which benefits consumers by lowering costs, expanding their options, and producing high-quality goods. The European Commission prevented a merger that may have produced a dominant force in the potash business in the *Kali & Salz v. Commission case from 1998*, underscoring the financial significance of preserving a competitive market structure (European Court of Justice, 1998). Smaller rivals were shielded by the ruling, which also stopped a dominant company from growing and raising rates for industrial clients throughout Europe. The horizontal merger guidelines, which stress the significance of avoiding mergers that seriously obstruct effective competition, reflect this idea (European Commission, 2004). The EU merger control system, according to practitioners, supports economic efficiency, innovation, and consumer welfare by preserving competitive markets, all of which help long-term economic growth.

CONCLUSION AND RECOMMENDATION.

The EU merger control system is a vital component of the European union's competition policy, safeguarding the principles of fair competition, market efficiency, and consumer welfare. Over the years, the system has demonstrated its effectiveness in preventing anti-competition mergers, fostering innovation and maintaining the integrity of the single market. Landmark cases such as *Microsoft/LinkedIn (2016)* and *Bayer/Monsanto (2018)* highlighted the European Commission's ability to rigorously assess complex and impose remedies to address competition concerns.

However, the system is not without challenges. The rise of digital markets, characterized by data driven business models and platform economies, has exposed gaps in traditional competition frameworks. Cases like *Google/Fitbit (2020)* underscore the need for nuanced approaches to addressing issues of data control and privacy. Additionally, globalization and the increasing scale of cross-border mergers pose jurisdiction and procedural challenges, requiring enhanced cooperation with other competition authorities worldwide. Balancing EU wide competition principles with national interest remains a contentious issue, as seen in the *Siemens/Alstom (2019)* case, where the pursuit of European industrial champions clashed with the EU's commitment preserving competitive market. Moreover, the integration of sustainability and environmental goals into merger control, as advocated by the European Gren Deal, highlight the evolving scope of competition policy in addressing boarder societal objectives.

In conclusion, while the EU merger control system have successfully adapted to numerous economic and legal challenges, its continued effectiveness will depend on its ability to evolve in the face of digital transformation, global competition and emerging policy priorities. By refining its framework and fostering collaboration, the EU can ensure that's its merger control system can remains a global benchmark for promoting competition and innovation while addressing the complexities of modern markets.

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