CONTENTS

PART 3: EFFECTS OF CHANGES IN MARKET STRUCTURE

INTRODUCTION

This work is divided into three parts. Part 1 introduces the various economic concepts of efficiency and places them in the context of various market forms such as perfect competition, monopoly, and oligopoly. Moreover, it considers the concepts of game theory essential to investigations of, in particular, oligopolies.

Part 2 addresses the relationship between the economic concept of market power and the legal concept of dominance. It explains both direct and indirect methods of determining market power and dominance and discusses the notions of market definition. The approaches taken in practice to define the relevant market and establish dominance are analysed in detail and reviewed in terms of their consistency with the concepts of economic theory.

Part 3 deals with the impact on competition of changes in the market structure. The examination of possible merger effects begins with the creation or strengthening of a dominant position of a single undertaking (single dominance). The following section is devoted to those effects of mergers on oligopolistic markets referred to in the literature as non-coordinated effects and addresses the question whether such effects can be better identified by the dominance test or a different test. Finally, the notions relating to collective dominance and the coordinated effects of a merger leading to the creation or strengthening of such a market position are explained. This is followed by a discussion of other factors relevant to the assessment of merger effects. Particular attention is given to the question of whether and how potential efficiencies should be considered in the context of merger control. The next section deals with vertical and conglomerate mergers, the specific characteristics of which have recently received increased attention.

The analysis of each of the above points includes an examination of the practice of the European Commission and the Community courts. Where appropriate, the practice in Germany is also examined. The decisions cited in the various sections were selected on account of their application of the economic methods of analysis discussed in the study.