



**EUROPEAN COMMISSION**

**PRESS RELEASE**

Brussels, 5 December 2013

## **Mergers: Commission cuts red tape for businesses**

The European Commission has adopted a package to simplify its procedures for reviewing concentrations under the EU Merger Regulation. This package widens the scope of its simplified procedure to review unproblematic mergers, bringing the total ratio of cases treated under this procedure to 60-70%. The Commission has also reduced the amount of information required for notifying transactions in all cases, whether under the simplified procedure or not. This is expected to bring significant benefits for businesses and advisers in terms of preparatory work and related costs. The merger simplification package will be applicable as of 1 January 2014.

This initiative is a concrete step towards the goals of the Commission's Regulatory Fitness and Performance (REFIT) programme to make rules and procedures less burdensome for business.

Commission Vice President in charge of competition policy, Joaquín Almunia, said: *"The Merger simplification package shows that we are listening to our stakeholders. It is the most comprehensive reform of our merger procedures to date and will make them much simpler. This will reduce the administrative burden and cost for business at a time when it needs it most."*

In order to further streamline and speed up the review of mergers at EU level, the Commission has reviewed its procedures and, as a result, has revised two texts: (i) the Notice on simplified procedures and (ii) the merger implementing regulation (see also [MEMO/13/1098](#)). In parallel, the Commission has updated its model texts for divestiture commitments.

### **Changes to the notice on simplified procedures**

Under this notice, mergers that are generally unlikely to raise competition problems are examined by the Commission under a simplified procedure. Companies may use a shorter notification form and the Commission may clear such cases without a market investigation. The Commission has now expanded the scope of the simplified procedure in light of its experience:

- For markets in which two merging companies compete ("horizontal overlap"), mergers below a 20% combined market share will now qualify for the simplified procedure (instead of 15% currently).
- For mergers where one of the companies sells an input to a market where the other company is active ("vertically related markets"), such as a merger between a producer of car parts and a car manufacturer, mergers below a 30% combined market share will be assessed under the simplified procedure (instead of 25% currently).
- Under a new criterion introduced by the reform, if the combined market shares of two merging companies are between 20% and 50% but the *increase* in market shares due to the merger is small, the merger may now also be assessed under the simplified procedure.

The measures allow the Commission to treat between 60-70% of merger cases under the simplified review procedure (i.e. 10% more than today). This will reduce the in-house work that companies undertake before they notify a merger and could also lead to a reduction of lawyers' fees by up to one third.

### **Changes to the Merger Implementing Regulation**

The information required to notify a merger to the Commission will also be reduced, particularly for cases being assessed under the simplified procedure but also for other cases. The package also makes it simpler for the merging companies to ask the Commission to waive their obligation to provide certain information in their notification. Finally, the information required from companies that request a referral of a case from the Commission to Member States or vice versa has also been significantly reduced.

These changes are also expected to simplify the exchanges between companies and the Commission before a notification (the so-called 'pre-notification contacts'), reducing the time needed for these contacts even further. The package also foresees that in some very straightforward cases, companies may prefer to forgo pre-notification contacts altogether and notify their merger immediately.

### **Changes to standard commitments texts**

Merging parties may offer commitments in order to remove competition problems raised by a notified merger. The Commission has developed model texts for offering commitments to divest assets and for the establishment of a mandate for the trustees who will monitor the implementation of the commitments. While the use of these models is voluntary, they make it easier for parties to design commitments that effectively address competition concerns. In parallel to the simplification package, the Commission has updated these standard model texts, aligning them to the revised notice on remedies that was adopted in 2008 (see [IP/08/1567](#)). The changes also integrate the Commission's experience since the standard texts were first published in 2003.

The standard model texts are available at:

[http://ec.europa.eu/competition/mergers/legislation/best\\_practice.html](http://ec.europa.eu/competition/mergers/legislation/best_practice.html).

### **Background**

The adoption of the package follows a public consultation earlier in 2013, to which a large number of stakeholders replied. The final texts take account of the views expressed during the public consultation.

### **Merger rules and procedures**

The Commission has the duty to assess mergers and acquisitions involving companies with a turnover above certain thresholds (see Article 1 of the [Merger Regulation](#)) and to prevent concentrations that would significantly impede effective competition in the EEA or any substantial part of it.

The vast majority of notified mergers do not pose competition problems and are cleared after a routine review. From the moment a transaction is notified, the Commission generally has a total of 25 working days to decide whether to grant approval (Phase I) or to start an in-depth investigation (Phase II).

Mergers treated under the simplified procedure are and will remain fully subject to the system of merger control as provided for by the Merger Regulation. They must be notified to the Commission, are reviewed by it and may only be implemented after the Commission has taken a decision authorising the merger. However, for cases dealt with under the simplified procedure, this is done in a way that is far less burdensome for the merging companies.

The proposed initiative is a technical reform within the existing framework of EU merger control as defined by the Merger Regulation. It does not entail an amendment of the Merger Regulation itself.

The replies to the public consultation on the simplification package as well as the consultation documents are available at:

[http://ec.europa.eu/competition/consultations/2013\\_merger\\_regulation/index\\_en.html](http://ec.europa.eu/competition/consultations/2013_merger_regulation/index_en.html)

The Commission has also launched an initiative aiming at a broader review of the working of the Merger Regulation, which goes beyond the simplification exercise adopted today. For further information on that initiative, please refer to the following website:

[http://ec.europa.eu/competition/consultations/2013\\_merger\\_control/index\\_en.html](http://ec.europa.eu/competition/consultations/2013_merger_control/index_en.html)

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