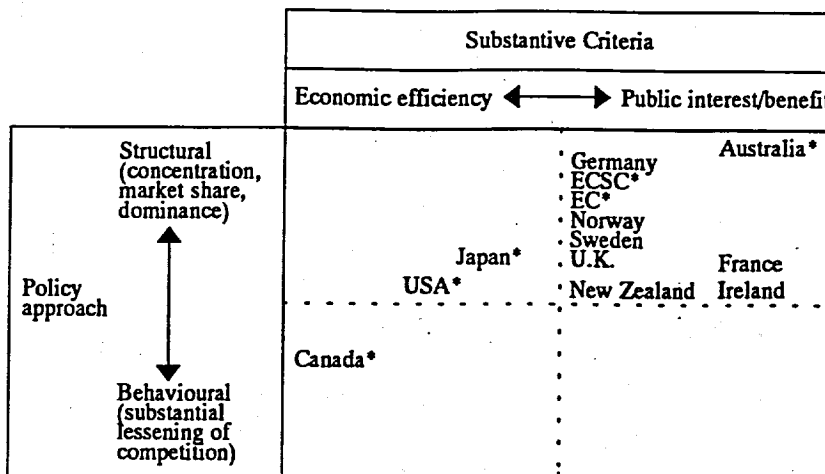


CHART 8
Schematic Illustration of Alternative Approaches To Merger Policy:
A Cross Country Comparison



Source: Based on OECD, Committee on Competition Law and Policy, "Objectives of Competition Policy", DAFFE/CLP(92)2, March 23, 1992, pp. 14-15.

Notes:

- * Australia has a mixed system comprising prohibition of mergers leading to strengthening of market dominance but with a procedure for advance authorization subject to a wide public benefit test.
- * Canada has no rigid concentration or market share thresholds specified in the competition legislation or administrative practices. Specific exemption for efficiency gains that are greater than and outweigh substantial lessening of competition is provided.
- * European Communities. ECSC Treaty Article 66 provides systematic control of mergers only in the iron and steel industries. Mergers are prohibited subject to prior authorization. The EC merger control regulation (1990) applies to mergers above a certain market share/size threshold. There is no specific defence based on economic efficiency gains.
- * Japan's administrative procedure standards (1980) for examining mergers specifies market share thresholds among other factors. No specific reference to efficiency is made, but "overall business capability", "technology", etc. are considered. July 1991 guidelines on distribution systems and business practices rely on thresholds.
- * United States Department of Justice Merger Guidelines (1984) set the administrative procedures adopted in examining mergers which include concentration (Herfindahl-Hirschman Index) level thresholds and efficiency as among the relevant factors. No legislative defence or exception is provided for mergers giving rise to substantial lessening of competition which may also result in significant efficiencies. The substantive criteria places emphasis on consumer vs. total economic welfare.