**Metadata for Tacit collusion in EC mergers[[1]](#footnote-1)**

Sheet 1: *94 mergers*

Lists 94 mergers from all examined by the European Commission (EC) between 1990 and the revision to the EC merger regulation in 2004 in which one of the following phrases was used at least once in the merger report: joint dominance, collective dominance, (tacit) collusion, oligopolistic dominance.

Note that M.2389 – SHELL/DEA – 29.12.2001 and M.2533 – BP/E.ON – 20.12.2001 are treated as a single case as they were covered by the same investigation.

Subsequent sheets focus on the 62 of these 94 mergers for each of which the text of the Commission's report includes a non-trivial discussion of the possibility that the merger might lead to collective dominance in at least one market.

Sheet 2: *main 62 mergers (386mkts)*

These 62 mergers (listed in column B) cover 386 individual markets (product and geographic market defined in columns I and J) each numbered with an indicator in column A and each merger by an indicator in column D.

Merger type in column F detail whether the decision was in phase 1 or 2 and whether remedies were imposed. Phase in column G then lists whether or the case was decided in phase 1 or 2.

Indlet provides the letter from the NACE code identifying the sector in which the merging parties operate.

Where available me1ms and me2ms in columns K and L provide the separate market shares of the two merging firms (as a %).

Post s1, post s2, ………., post s5 are the post merger market shares of the first, second,……., fifth largest firms. HHI in column R is then the Herfindahl index calculated using these market shares.

Decision in column S indicates the EC’s decision in the market: 0=non-intervention, 1=single dominance and 2=collective dominance. In column T a 1 indicates that the collective dominance decision was based on structural links (see Davies et al., 2010).

Sum is post merger s1 + post merger s2 (column N + column M) and ratio is post merger s2/post merger s1 (column N/column M).

Big5EU: a dummy variable taking the value of 1 if at least one of the merging parties is based in one of the five largest member states .

us: a dummy variable taking the value of 1 if at least one of the merging parties is based in the US.

monti: a dummy variable taking the value of 1 for decisions taken after September 15 1999 (i.e. for decisions taken under Commis- sioner Monti).

appeal: a dummy variable taking the value of 1 if the merger decision was appealed.

national: a dummy variable taking the value of 1 if the relevant geographical market is national or smaller (as opposed to a World or EEA market).

proh: a dummy variable taking the value of 1 if the merger was prohibited.

The following are a series of dummy variables equal to 1 if the EC identified the following factors in the market:

ptrans: price is transparent

buyerpower: no significant countervailing buyer power

entry: barriers to entry

fringe: a competitive fringe

capacity: capacity of rivals is constrained, such that they are unable to expand  sufficiently rapidly post-merger (in single dominance cases), or that capacity constraints do not render punishment non-credible (in collective dominance cases)

fluctms: fluctuating market shares

smallinc: merger results in a small increment in market shares.

decms: mergering parties market shares declining.

hetdiffproducts: heterogenous/differentiated products.

decliningmkt: a declining market

growingmkt: a growing market

innovation: an innovation market

costasymm: asymmetric costs

easytoswitch: easy for consumers to switch

biddingtendering: a bidding/tendering market

failingfirm: failing firm defence

misc: miscellaneous

X is a dummy variable taking the value of 1 if all of entry, buyerpower, ptrans, capacity and biddingtendering are equal to 0 (see Davies et al., 2010).

Sheet 3: *206 mkts with pre ms* adds further information for the 206 markets where the separate pre merger market shares of the merging parties are available.

Pre1 is the market share of the largest firm and pre2 the market share of the second largest firm pre merger.

Presum is pre1 + pre2 and preratio = pre2/pre1.

Chsum, chratio and chhi are the change in sum, ratio and the hhi pre to post merger.

M1 and m2 are the separate market shares of the two merging firms.

Sheet 4: *84 st remedy mkts* provides further information on the 84 markets where structural remedies were imposed.

MS Div asset is the market share of the divested asset.

Div asset compares the size of the divested asset to the merging parties:

smaller = equal to the market share of the smaller of the merging parties.

larger = equal to the market share of the larger of the merging parties.

More smaller = greater than the market share of the smaller of the merging parties.

Overlap = the increment in market share resulting from the merger.

ME MS post remedy is the market share of the merged entity post remedy.

Buyer identifies who bought the divested asset: entrant, incumbent or a prohibition return to the status quo.

Rank me post remedy identifies whether post remedy the merged entity is the largest firm (1), second largest firm (2) or outside the top 2 (0).

Rem s1 is the market share of the largest firm and rem s2 the market share of the second largest firm post merger.

Sheet 5: *rank ME post* includes all the markets where X=0 (see sheet 2).

Rankmepost is a dummy variable equal to 1 if the merged entity is the largest firm post merger.

Dumcd is a dummy variable equal to 1 if the EC intervened for collective dominance (with structural links).

Sheet 6: *Post 2004 data* covers the period from the start of the new EC merger regulation in 2004 to the 2nd of 2007. We identified 19 mergers (covering 334 markets - product and geographic market defined in columns D and E) in which there were interventions and the decision documents reveal that coordinated effects (CE) was seriously considered.

The mergers are listed in column A and numbered in column B. Column C provides an indicator for each merger and market. ME is the market share of the merged entity and O1 and O2 the market share of the first and second largest firms outside the merger.

Column I provides the reason why the EC intervened: SD=single dominance, UE=unilateral effects and CE=coordinated effects. Then in column J 0=no intervention, 1=single dominance or unilateral effects and 2=coordinated effects.

Column K contains notes on some of the decisions.

S1 is the market share of the largest firm and S2 the market share of the second largest firm post merger. Position ME is the rank of the merged entity post merger. Column O indicates when the coordinated effects case was based on structural links and when the EC may have suggested the possibility of both unilateral and coordinated effects.

1. For more detail see Davies, S.W., Olczak, M., and Coles, H., (2010). Tacit collusion, firm asymmetries and numbers: evidence from EC merger cases. International Journal of Industrial Organization, 29(2), 221-31. and Davies, S.W., and Olczak, M., (2010). Assessing the efficacy of structural merger remedies: choosing between theories of harm, Review of Industrial Organization, 37, 83-99.  [↑](#footnote-ref-1)