

Table of Contents

	<u>Page</u>
EXECUTIVE SUMMARY	1
CHAPTER 1	
GLOBALIZATION AND ITS IMPLICATIONS FOR ANTITRUST COOPERATION AND ENFORCEMENT	33
THE MANDATE OF THE INTERNATIONAL COMPETITION POLICY ADVISORY COMMITTEE	34
THE GLOBAL ECONOMY AND COMPETITION POLICY	36
STRUCTURE OF THE REPORT	38
CHAPTER 2	
MULTIJURISDICTIONAL MERGERS: FACILITATING SUBSTANTIVE CONVERGENCE AND MINIMIZING CONFLICT	41
INTERNATIONALIZATION OF ANTITRUST MERGER CONTROL LAW	43
Globalization and the Merger Wave	43
Overview of Substantive Approaches to Merger Analysis	48
Challenges Presented by Diverse Policy Goals and Approaches	52
<i>Potential for Divergence in Analyses and Results</i>	52
<i>Friction Among Jurisdictions</i>	54
STRATEGIES FOR FACILITATING SUBSTANTIVE CONVERGENCE AND MINIMIZING CONFLICT .	57
Facilitate Greater Transparency	59
Develop Disciplines for Merger Review	62
Continue to Enhance Cross-Border Cooperation	64
Develop a Framework for Cooperation and the Exchange of Confidential Business Information	68
<i>Protocol for Cooperation in Merger Investigations</i>	69
<i>Model Waivers of Confidentiality</i>	69
<i>Policy Statement</i>	71
<i>Notice of Information Exchange</i>	75
Develop Work-Sharing Arrangements	76
<i>Work Sharing in the Remedy Stage</i>	76
<i>Work Sharing in the Review Stage</i>	78
<i>Potential for Advanced Work Sharing</i>	81
SUMMARY OF RECOMMENDATIONS	82

Table of Contents

CHAPTER 3

MULTIJURISDICTIONAL MERGERS: RATIONALIZING THE MERGER REVIEW PROCESS

THROUGH TARGETED REFORM	87
Benefits of Antitrust Merger Notification	88
Challenges Presented by the Proliferation of Merger Regimes	90
Rationalizing the Merger Review Process in Light of Globalization	94
TARGETED REFORM: CASTING THE MERGER REVIEW NET APPROPRIATELY	98
Using Notification Thresholds to Screen Out Mergers That Are Unlikely to Have Appreciable Anticompetitive Effects Within the Reviewing Jurisdiction	99
<i>Nexus to the Jurisdiction</i>	99
<i>Appreciable Anticompetitive Effects within the Reviewing Jurisdiction</i>	104
Reducing Uncertainty and Unnecessary Burden Imposed by Notification Thresholds	106
<i>Objectively Based Notification Thresholds</i>	106
<i>Transparency</i>	107
TARGETED REFORM: REDUCING BURDENS ON TRANSACTIONS IN THE MERGER REVIEW NET	108
Setting Reasonable Deadlines and Time Frames for Review	109
<i>Triggering Events</i>	109
<i>Initial Review Periods</i>	111
<i>Second-Stage Review Periods</i>	112
Refining Information Requests	113
<i>Initial Filing Requirements</i>	114
<i>Second-Stage Investigations</i>	120
ADVISORY COMMITTEE RECOMMENDATIONS FOR TARGETED REFORM IN THE UNITED STATES	123
Recommendations on Threshold Requirements	124
<i>Nexus to the Jurisdiction</i>	124
<i>Appreciable Anticompetitive Effects</i>	126
Recommendations on Deadlines and Time Frames for Review	130
Recommendations on Focused Information Requirements	134
<i>Initial Filing and “One and a Half” Requests</i>	134
<i>The Second-Request Process</i>	137
Multiple Review of Mergers by Antitrust and Sectoral Regulators	142
<i>The U.S. Competition Policy System in Merger Review</i>	144
<i>Impact of Multiplicity</i>	145
<i>The Magnitude of the Problem</i>	147
<i>Possible Approaches to Reducing Costs and Achieving Domestic Policy</i> <i>Harmonization</i>	150
<i>Recommendations and Issues for Further Study</i>	153

Table of Contents

SUMMARY OF RECOMMENDATIONS 154

CHAPTER 4

INTERNATIONAL ANTICARTEL ENFORCEMENT AND INTERAGENCY ENFORCEMENT COOPERATION

THE U.S. ENFORCEMENT RECORD 165

 Surge in U.S. International Cartel Prosecutions 166

 Examples of Recent International Cartels 171

Citric Acid and Lysine Cartels (Food and Feed Additives Cartels) 171

Graphite Electrodes Cartel 172

Vitamins Cartel 174

KEY ISSUES BEFORE THE ADVISORY COMMITTEE 175

 An Increase in Cartels or in Detection? 175

 Changes in U.S. Enforcement Policy 177

 Interagency Anticartel Enforcement Cooperation 181

U.S. Antitrust Enforcement Cooperation Through MLATs 182

Antitrust Enforcement Assistance Through Traditional International Law Mechanisms 183

 Anticartel Enforcement in Other Countries 185

Assessment of Recent Trends 190

 Greater Cooperation Through Increased Awareness 190

THE USE AND MANAGEMENT OF CONFIDENTIAL INFORMATION 191

 Agency Accountability in Safeguarding Information 192

 Transparency 193

 Notice 193

 Transparency and Notice Issues in Civil Nonmerger Matters 195

 Other Confidentiality Proposals Considered 196

THE IMPORTANCE OF POSITIVE INCENTIVES 196

SUMMARY OF RECOMMENDATIONS 198

CHAPTER 5

WHERE TRADE AND COMPETITION INTERSECT 201

THE ADVISORY COMMITTEE’S DEFINITION OF RELEVANT PRACTICES 203

 Private Anticompetitive or Exclusionary Restraints 204

 Governmental Practices 206

 Not All Competition Problems are Trade Problems 210

Table of Contents

CHAPTER 5 (CONT'D.)

THE SCOPE OF THE PROBLEM	211
Anecdotal Evidence	211
<i>U.S. Complaints about Japanese Business Practices</i>	211
<i>U.S. Complaints about Japanese Competition Law</i>	215
<i>U.S.-European Conflicts</i>	216
<i>Complaints about Latin American Practices</i>	218
<i>Anticompetitive and Exclusionary Practices Alleged to Exist in</i> <i>Other Countries</i>	219
Complaints Raised before the WTO Working Group	220
Evidence from Business Associations	223
The Advisory Committee's Assessment of the Evidence	224
POSITIVE COMITY	226
Evolution of Positive Comity	227
<i>1991 U.S.-EC Agreement</i>	229
<i>1998 Supplemental Agreement</i>	230
Positive Comity in Practice	232
<i>Formal Use: Computer Reservation Systems</i>	232
<i>Informal Applications</i>	234
Assessments of Positive Comity	235
The Advisory Committee's Assessment of Positive Comity	237
The Advisory Committee's Recommendations for Strengthening Positive Comity ...	239
U.S. ENFORCEMENT TO GAIN MARKET ACCESS	241
The U.S. Government's Extraterritorial Enforcement Policy	242
<i>The Government Case Record</i>	244
Private Enforcement Record	246
Reactions from Abroad to Extraterritorial Enforcement	248
Consideration of Proposals for Dealing with Anticompetitive Practices Abroad	249
The Advisory Committee's Approach for Applying U.S. Extraterritorial Enforcement	252
<i>Consider Foreign Enforcement</i>	252
<i>Using Extraterritorial Enforcement When Necessary</i>	253
<i>Develop a Base of Evidence on Export Restraints</i>	254
THE ROLE FOR INTERNATIONAL ORGANIZATIONS	255
The Organization for Economic Cooperation and Development	258
The World Trade Organization	259
<i>Competition Policy Features of Existing WTO Agreements</i>	261
<i>The Working Group on the Interaction Between Trade and Competition Policy</i> ..	263

Table of Contents

CHAPTER 5 (CONT'D.)

Views on the Appropriate Role for the WTO	264
<i>Views of Governments</i>	264
<i>Business and Labor Viewpoints</i>	268
<i>Other Expert Views</i>	269
The Seattle Ministerial and Its Treatment of Competition Policy	271
The Advisory Committee's Assessment on a Role for the WTO	272
<i>Private Restraints</i>	275
<i>Mixed Governmental and Private Restraints</i>	276
SUMMARY OF RECOMMENDATIONS	277

CHAPTER 6

PREPARING FOR THE FUTURE	281
EXPANDING THE DIALOGUE: A GLOBAL COMPETITION INITIATIVE	281
Why This Global Competition Initiative Is Needed and What It Would Do	282
The Mission and Activities of the Initiative	284
INTERNATIONAL MEDIATION OF COMPETITION POLICY DISPUTES	286
ELECTRONIC COMMERCE AND COMPETITION POLICY: A NEW FRONTIER	287
Traditional Antitrust Problems	289
Network Effects	290
Hidden Mercantilism	291
Alternative Approaches for Policymakers to Consider	292
THE ROLE OF COMPETITION POLICY IN U.S. FOREIGN ECONOMIC POLICY	294
Expanding the U.S. Profile in International Competition Policy	296
SUMMARY OF RECOMMENDATIONS	300

ANNEXES

ANNEX 1-A	Separate Statement of Advisory Committee Member Eleanor M. Fox
ANNEX 1-B	Biography of Members
	List of Advisory Committee Public Meetings and Hearings
	Advisory Committee Hearings Programs
ANNEX 1-C	U.S. Experience With International Antitrust Enforcement Cooperation
ANNEX 2-A	HSR Filing and Enforcement Statistics
ANNEX 2-B	Transactions Reported Under HSR Involving a Foreign Acquiring Person or a Foreign Acquired Entity
ANNEX 2-C	Worldwide Antitrust Merger Notification Systems
ANNEX 2-D	Model Waivers of Confidentiality Protections
ANNEX 2-E	Model Framework for Policy Statements

Table of Contents

ANNEX 3-A Filing Fees of Selected Jurisdictions

ANNEXES (CONT'D.)

ANNEX 3-B The Relationship Between Antitrust Agencies and Sectoral Regulators

ANNEX 4-A U.S. International Cartel Prosecutions During the 1990s

ANNEX 4-B U.S. Corporate Leniency Program and Antitrust Penalties in Select Jurisdictions

ANNEX 4-C Anticartel Enforcement in Canada and Japan

ANNEX 5-A Summary of Outbound Restraint Cases

ANNEX 6-A U.S. Antitrust Technical Assistant Programs