

Solution

1. a) Sum up MAN's aims and how have they tried to achieve them.

Introduction. MAN's aims: to become the market leader in Europe & to gain a strong position globally (emerging markets!); save €500m a year through synergy effects - chance to combine the production of light and heavy trucks (29, 14), benefits of economy of scale (20)

3 steps taken by MAN:

1st approach: proposed cooperation, e.g. axes, beneficial to both parties, (14f),

2nd approach: friendly takeover, consensual: Samuelsson seeks the backing of Scania's owners (2f),

3rd approach: hostile bid with the goal of purchasing the majority of shares of Scania without consent of the owners (25ff)

b) Sum up Scania's reaction. Explain their intentions.

Refusal by Scania: against any merger: strong brand, already most profitable, danger of sinking profit margins, loss of focus on European market and on heavy trucks (33ff)

2. The number of mergers and takeovers, both nationally and internationally, has sharply increased in recent years. Explain the main reasons and the consequences for the market(s). Give selected examples.

Rationale for mergers & acquisitions: increase of profitability because of

- economies of scale
- synergies (cost savings, gains in revenue)
- access to new markets, globalization (see MAN-SCANIA example)
- diversification
- "natural match" between two companies
- vertical integration

Consequences for market(s):

- reduced competition/access to markets > less innovation etc.
- monopolies can set prices
- laying off employees (unemployment)
- advantages for consumers (lower prices)

Examples...

3. "...the deal [i.e. Volvo's attempt to take over Scania] was blocked by the EU's antitrust watchdog": What is meant by 'the EU's antitrust watchdog'? Describe its function.

European Commission, examination of mergers, prohibition of mergers, cartels illegal, see worksheet. (in Germany: Bundeskartellamt)