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# **Merger Policy, Competition and Innovation Leadership: Implications for the UK's Investment Attractiveness**

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**Brussels, 16 October 2023** - The Competition and Markets Authority (CMA) of the United Kingdom has garnered attention for its increasingly stringent approach to transnational mergers and acquisitions. Recent data reveals that since 2019, the CMA has blocked the majority of mergers under investigation, doubling the rate compared to the previous five years.

While the CMA's mandate to regulate technology giants has expanded, growing concerns exist that such aggressive enforcement could hinder the UK's aspirations to become a global leader in trade, technology, and innovation.

***"Acquisitions within the technology sector have come under increasing scrutiny in the past decade,"*** says Matthias Bauer, and adds, ***"authorities often cite theoretical concerns about post-acquisition market structures and the concept of "killer acquisitions" without any solid empirical evidence."*** Different ideological approaches can lead to varied outcomes in assessments undertaken by different competition authorities, as seen in the case of Microsoft's proposed acquisition of Activision Blizzard, approved by EU and US regulators but initially questioned by the UK CMA.

Many competition authorities still understate or entirely overlook efficiency criteria and consumer benefits, which are crucial in technology-driven industries. Authorities need to recognise that highly competitive tech companies are essential drivers of innovation and productivity growth, contributing significantly to the economy.

Competition policy must not deter future investors. Investors require legal certainty when considering investments. Uncertainty regarding merger outcomes can deter financing in countries known for aggressive merger enforcement.

This policy brief explores the relationship between merger enforcement and a country's investment attractiveness and offers recommendations for a more balanced approach.

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